



Boryszew S.A.

REPORT OF THE MANAGEMENT BOARD ON THE OPERATIONS OF BORYSZEW CAPITAL GROUP FOR THE FINANCIAL YEAR 2020

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

*The report was approved for publication on:
30 April 2021*



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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.

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 approximately 10 000 people.

2. PREPARATION OF THE REPORT

This report on the activity of Boryszew S.A. and Boryszew Capital Group in 2020, an integral part of the consolidated financial statements of Boryszew S.A. for 2020, was approved for publication by the resolution of the Management Board of Boryszew S.A. on 30 April 2021 and presents the situation of Boryszew S.A. and Boryszew Capital Group in accordance with legal requirements for the period between 1 January 2020 and 31 December 2020, including any events which occurred by the date of preparation of this report for publication. A significant part of the information contained herein was presented in more detail in the Company's current announcements which are available at Company's website www.boryszew.com which also contains a great deal of other information on the Company and the Capital Group.

This report contains information the scope of which is specified in § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and interim information to be submitted by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Regulation).

Under § 62 section 6 of the Regulation, this report includes disclosures of information required for the report on the Issuer's activities referred to in § 70 section 1 item 4 of the Regulation, and thus the Issuer did not prepare a separate report on the activities of the Parent Company.

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

The Company drafts a separate report on non-financial information referred to in Article 49b section 9 and Article 55 section 2b of the Accounting Act. The statement has been drafted both at the standalone basis for Boryszew S.A. as well as consolidated basis for Boryszew Capital Group.

The report is available on the Company's website - www.boryszew.com from 30 April 2021.

3. ORGANIZATIONAL STRUCTURE

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

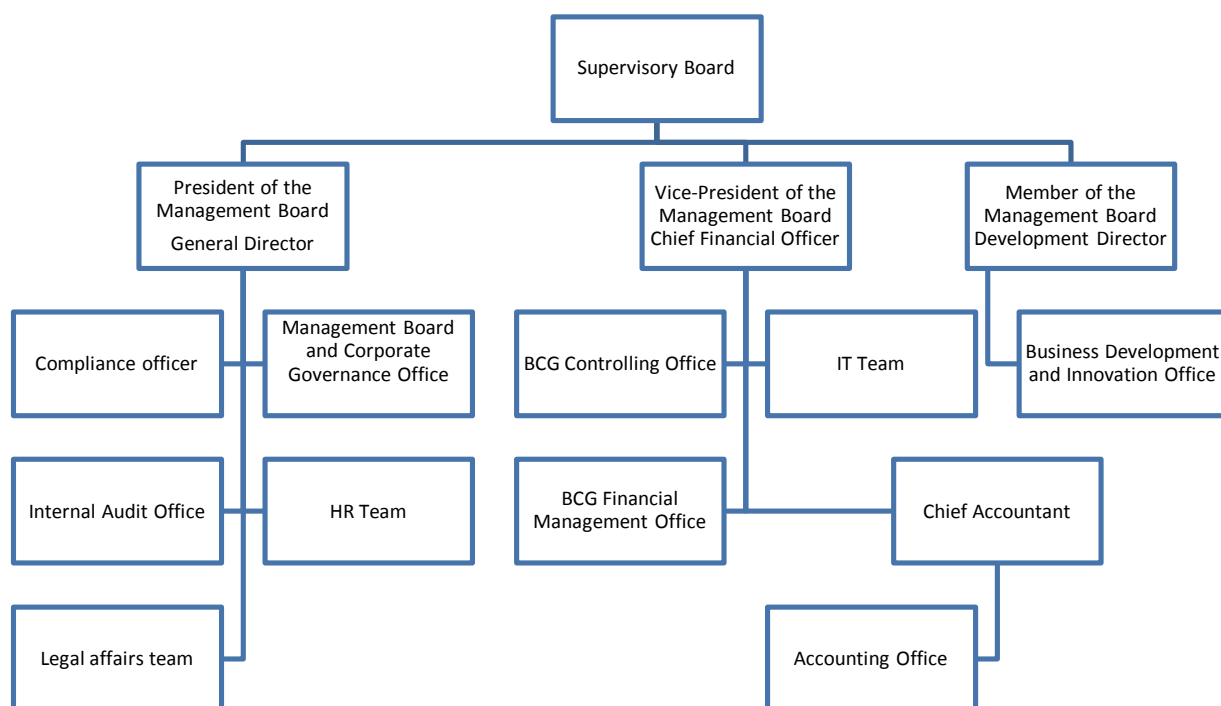
The core business of the Head Office in Warsaw is management of the Capital Group, and its objective is to increase the Company's goodwill in the long run.

In 2020 Boryszew S.A. carries out its activity through the following units:

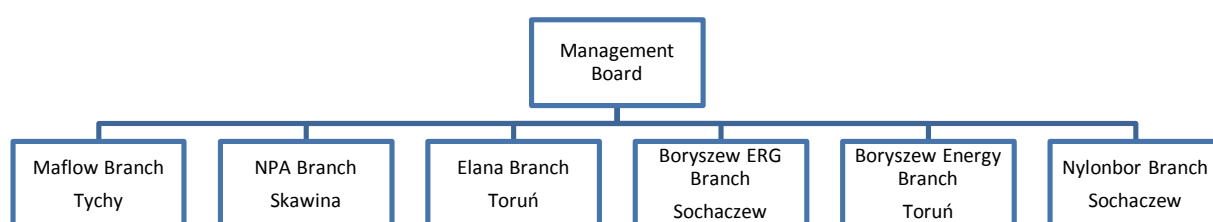
- Maflow Branch in Tychy – manufacturer of tubes for the automotive industry, including mainly air-conditioning tubes, power steering systems and various rubber components. The Branch's assets, constituting the largest productive assets of Maflow Group, were purchased on 10 August 2010.
- Elana Branch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

In 2019 the Management Board of the Company, authorised by the General Meeting, started the process of separating Boryszew S.A. Branch Nylonbor in Sochaczew and Branch Nowoczesne Produkty Aluminiowe Skawina from the organisational structure and transferring the business of these branches to special purpose vehicles. As of today, no decisions have been made on the spin-off.

**SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW S.A. (WITH RESPONSIBILITIES OF INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD)
AS AT 31 DECEMBER 2020**



SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW S.A WITH BRANCHES ON 31 DECEMBER 2020



STRUCTURE OF BORYSZEW GROUP

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

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

In the years 2011-2012, the Company continued its development strategy through acquisitions of automotive companies. In July 2011, the Company signed takeover agreements in respect of two German capital groups (AKT/ICOS – Theysohn) in the plastics processing sector, and in March 2012 share acquisition agreement for shares of YMOS Group, leading European producer of plastic, galvanized and chromium-plated components for the automotive industry.

In June 2014 Boryszew S.A. assumed control over Tensho Poland Corporation Sp. z o.o. based in Ostaszewo (currently: Boryszew Tensho Poland Sp. z o.o.), a manufacturer of high quality plastic products.

In 2019, Boryszew Group assumed control over Alchemia Capital Group and the following Alchemia Group companies: Alchemia S.A., Huta Bankowa Spółka z o.o. and Laboratoria Badań Batory Spółka z o.o. The core business of Alchemia Group is production of steel products in the form of seamless steel tubes as well as other specialist steel products. The business of Alchemia Group was transferred to the Metal segment.

On 5 November 2020 Boryszew S.A. purchased from Impexmetal S.A. shares in Capital Group companies, which belonged directly to Impexmetal S.A., namely:

- 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 Olawa, 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.

On 6 November 2020 Boryszew S.A. sold 125 000 000 registered shares of Impexmetal S.A. to third party - Granges AB based in Stockholm and as at 31 December 2020 Boryszew S.A. held no shares of Impexmetal S.A.

On 23 December 2020 SPV Impexmetal Sp. z o.o. acquired from RKK Investments Sp. z o.o. 100% shares in EW Rywałd Sp. z o.o. EW Rywałd is involved in implementing an investment project of a wind farm featuring a total capacity of 27 MW (EW Rywałd was sold on 27 April 2021 to a third party investor).

SEGMENTS OF THE CAPITAL GROUP BUSINESS

Automotive	Boryszew S.A. Oddział Maflow w Tychach, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow Automotive Mexico S.de. RI. De.C, MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Impexmetal S.A. (until 06.11.2020), Impexmetal Holding Spółka z o.o., Hutmen Sp. z o.o., WM Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A NPA Skawina Branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratoria Badań Batory Sp. z o.o., SPV Impexmetal Spółka z o.o., FLT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd., FLT Metals Ltd., FLT USA L.L.C., Symonvit Ltd. w likwidacji, Remal Sp. z o.o. (until 06.11.2020), Zakład Utylizacji Odpadów Sp. z o.o.
Chemical products	Elana Pet Sp. z o.o., Boryszew S.A. Elana branch, Boryszew S.A. Boryszew ERG branch, Boryszew S.A. Nylonbor branch, Elimer Sp. z o.o.
Other	Boryszew S.A. – Headquarters, Boryszew S.A. Energy Branch, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. w likwidacji, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. w likwidacji.

AS AT 31 DECEMBER 2020 THE FOLLOWING COMPANIES WERE INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
<i>Head Office</i>	Warsaw			Other
<i>Elana Branch</i>	Toruń			Chemical products
<i>Boryszew Energy Branch</i>	Toruń			Other
<i>Maflow Branch</i>	Tychy			Automotive
<i>NPA Skawina Branch</i>	Skawina			Metals
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>Nylonbor Branch</i>	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
Elana Pet Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Chemical products
Elana Energetyka Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Other
Maflow Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100.00	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Spain	100.00	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	France	100.00	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Maflow Polska Sp. z o.o. (21%), Boryszew S.A. (79%)	Automotive
Maflow Components Co. Ltd	China	100.00	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	India	100.00	Boryszew S.A.	Automotive

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
MAFMEX S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U (3.34%), Maflow Polska Sp. z o.o. (96,66%)	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100.00	Maflow Polska Spółka z o.o.	Automotive
Boryszew Components Poland Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
ICOS GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Germany	100.00	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100.00	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	100.00	Boryszew S.A., Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	93.68	Boryszew S.A.	Automotive
Hutmen S.A.	Wrocław	100.00	Boryszew S.A, Impex – invest Sp. z o.o., SPV Impexmetal Sp. z o.o.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Hutmen S.A, Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. in liquidation	Katowice	61.77	Polski Cynk Sp. z o.o.	discontinued operations
ZM SILESIA S.A.	Katowice	100.00	Boryszew S.A.	Metals
Baterpol S.A.	Katowice	100.00	Polski Cynk Sp. z o.o.	Metals
Alchemia S.A.	Warsaw	100.00	Eastside Bis Sp. z o.o., Boryszew S.A., Alchemia S.A. (own shares)	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	100.00	Alchemia S.A.	Metals
Laboratoria Badań Batory	Chorzów	100.00	Alchemia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	100.00	Boryszew S.A.	Metals
FłT Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Metals
Metalix Ltd w likwidacji	Great Britain	100.00	Boryszew. S.A.	Metals
FLT USA L.L.C	the US	100.00	FłT Polska Sp. z o.o.	Metals
FLT Bearings Ltd.	Great Britain	100.00	FLT France SAS	Metals
FLT France SAS	France	100.00	FłT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Germany	100.00	FłT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Italy	100.00	FłT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	China	100.00	FłT Polska Sp. z o.o.	Metals
SPV Lakme Investment Sp. z o.o.	Warsaw	100.00	SPV Impexmetal Sp. z o.o.	Other
Impex – Invest Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
Symonvit Ltd w likwidacji	Cyprus	100.00	Boryszew S.A.	Metals
Baterpol Recycler Sp. z o.o.	Wrocław	100.00	Polski Cynk Sp. z o.o.	Metals
SPV Impexmetal Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Eastside BIS Sp. z o.o.	Warsaw	100.00	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. z o.o.,	Konin	59.97	Boryszew S.A.	Metals

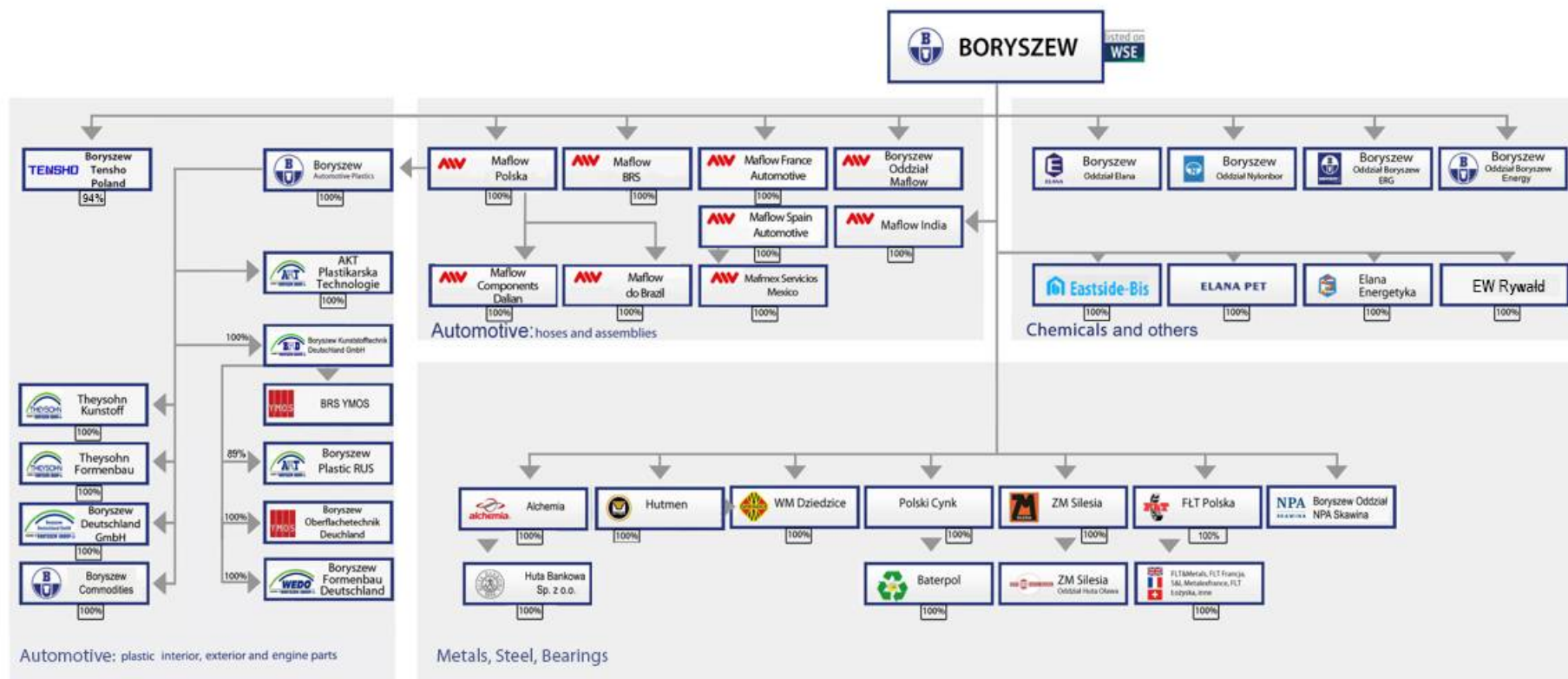
Companies not included in the consolidated financial statements

Company name	Based in	share of the parent in share capital (%)	share in voting rights (%)	Core activity
Brick factory Wostocznaja - Sp. z o.o.	Belarus	30	30	trade, production of secondary raw materials
Elana Ukraina Sp. z o.o.	Ukraine	90	90	dormant company
Nylonbor Sp. z o.o.	Sochaczew	100	100	dormant company
Brasco Inc	the US	100	100	dormant company
Hutnik Sp. z o.o. – in liquidation,	Konin	94	94	dormant company
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100.00	100	company has not commenced operations
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warsaw	100	100	dormant company
EW Rywałd Sp. z o.o.	Toruń	100	100	company has not commenced operations

Associated companies

Company name	Seat	share of the parent in share capital (%)	shareholder	Core activity
RAPZ Sp. z o.o.	Dąbrowa Górnicza	42.67	Huta Bankowa Spółka z o.o.	repair and maintenance services

SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW GROUP WITH AGGREGATE HOLDINGS IN INDIVIDUAL ENTITIES AS AT 31.12.2020



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

CAPITAL INVESTMENTS

The list of shares and stocks held by Boryszew Capital Group companies is presented in point 3 of the report.

Significant capital investments outside Boryszew Capital Group

Stocks and shares

Boryszew S.A. holds 3 330 364 shares accounting for 3.1% of the share capital of Granges AB based in Stockholm (including 2 442 264 shares acquired as settlement of Impexmetal S.A. share sale on 6 November 2020). As at 31 December 2020, the value of shares held in Granges AB amounted to PLN 153.4 million.

Bonds

As at 31 December 2020 Boryszew Capital Group held bonds of entities from outside the Capital Group

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

LOANS GRANTED

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

REAL PROPERTY

In 2020 and until the date of publication of the report the Company acquired no significant real estate.

In December 2020, SPV Impexmetal Sp. z o.o., a subsidiary of the Group, signed a preliminary conditional agreement on the purchase of real estate property at Jagiellońska street No. 78 in Warsaw for PLN 90 million. The deadline for concluding the final agreement was determined as 31 December 2021.

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

5. SIGNIFICANT EVENTS

BORYSZEW S.A.

Arrangement of essential prerequisites for granting financing to the Company and its subsidiaries

On 12 March 2020, Boryszew S.A. and the consortium of: HSBC France Branch in Poland and Santander Bank Polska S.A. ("Consortium Organisers") agreed the Termsheet for granting financing to the Company and its subsidiaries ("Capital Group") in the form of a loan and concluded with the Consortium Organisers an agreement

on mandate letter of a consortium of institutions (which will also include the Consortium Organisers) which will grant financing to the Company in accordance with the terms and conditions provided for in the Termsheet ("Consortium"). The Termsheet regulates the rules of providing financing to the Group companies in the form of a loan up to approximately PLN 1.7 billion within 3 years of the date of concluding a binding loan agreement with the Consortium ("Loan") with the possibility of extending the financing period to 5 years.

The Termsheet does not create financial obligations for the Company. As a result of the initiated negotiations, a Loan Agreement will be concluded with the Consortium, and providing the Loan available to the Company will require the fulfilment of conditions precedent, such as establishment of appropriate collateral, standard in this type of loan agreements.

According to the Termsheet, the provisions of the Loan Agreement on Company's obligations, possible sanctions or the option of its termination or withdrawal by the Consortium will not deviate from the conditions commonly applied in such agreements.

The Company intends to use the funds obtained under the Loan to: refinance the Capital Group's current debt and to finance the Company and the Capital Group companies on an ongoing basis.

Until the date of publication of the report, no significant decisions were made within the scope of the Termsheet.

Selection of the auditor to audit the financial statement of Boryszew S.A. for 2020 - 2021

On 26 May 2020 the Supervisory Board of Boryszew S.A., acting on the ground of § 15 sec. of the Articles of Association of Boryszew S.A. appointed 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.

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.

Conclusion of a preliminary conditional agreement for sale of significant assets

On 6 November 2020 Boryszew S.A. and Gränges AB based in Stockholm (the "Parties"), following the fulfilment of the conditions precedent provided for in the preliminary conditional agreement for sale of Impexmetal shares (the "Agreement"), closed the transaction described in the Agreement, thus concluding the actions involving the transfer of the ownership right of 125 000 000 registered shares of Impexmetal by Boryszew S.A. to Gränges AB at 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, Boryszew S.A. assumed 2 442 268 shares issued by Gränges AB, 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.

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.

IMPEXMETAL S.A.

Adoption of a resolution by the Ordinary General Meeting on payment of dividend

On 29 October 2020 the Ordinary General Meeting of Impexmetal S.A. ("Impexmetal"), for which Boryszew S.A. is a parent company, passed a resolution on payment of dividend from Impexmetal reserve capital, which according to CCC Art. 348 § 1 can be allocated for distribution. The amount of dividend due to Boryszew S.A., as the only entitled entity, is PLN 913 million. Dividend payment date (the date of the establishment of the right to dividend) is 29 October 2020. The Ordinary General Meeting authorised the Management Board of Impexmetal to determine the manner in which to fulfil the liability due to dividend.

On 5 November 2020 Boryszew S.A. concluded agreements with Impexmetal S.A. ("Impexmetal"), under which financial claims of Boryszew, 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 ("Dividend") were partially satisfied by transferring to Boryszew S.A. the ownership rights to shares of other companies, held by Impexmetal, the ownership right to real estate property owned by Impexmetal and to claims due to Impexmetal. The total value of Impexmetal assets to be transferred, according to market valuation, is PLN 907.7 million.

SPV IMPEXMETAL SP. Z O.O.

Conclusion of preliminary agreement on acquisition of shares of EW Rywałd Spółka z o.o. based in Toruń

On 23 December 2020 SPV Impexmetal Sp. z o.o. ("Buyer") and RKK Investments Spółka z o.o. with its registered seat in Warsaw ("Seller") concluded the final share purchase agreement and closed the transaction of transferring 100% of shares in EW Rywałd Sp. z o.o. ("EW Rywałd") to the Buyer. The final price for 100% of shares in EW Rywałd was PLN 39 million.

Impact of the COVID-19 epidemic on the business of Boryszew S.A. and Boryszew Capital Group

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

Boryszew S.A.

Until the date of drafting this report Boryszew S.A. recorded some negative impact of the epidemic on the results. 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. In the reporting period temporary suspension of production took place in Boryszew S.A. Maflow Branch. 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). 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. 2020 was 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 PRODUCTS 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. But due to increased sales of high-margin products and a change of the product distribution system in the automotive segment, the financial result was significantly better than in previous years.

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). In 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.

Boryszew Capital Group

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

The reporting period saw temporary suspensions of production in the companies of Maflow Group and BAP Group. Short-term production limitations could be experienced in Baterpol S.A. and ZM Silesia S.A. At the end of the reporting period and as at the report date, the Group experienced no limitations in production, inventory management or supply chain management, and its liquidity remained at a good level. Liquidity forecasts are updated on an ongoing basis and verified on the basis of applicable agreements in order to secure cash at an appropriate

level. The Group benefited from some elements of shielding programs in Poland (including subsidies to salaries, guarantees from the Liquidity Guarantee Fund of Bank Gospodarstwa Krajowego as well as schemes of the Polish Development Fund and deferred payment of tax liabilities) and in other countries where Boryszew Group is present. The group had no problems with access to external financing. Commercial contract contain no provisions that may pose a material risk due to COVID-19 at the end of the reporting period and at the time of publication of the report. Owing to constant monitoring of contractors' situation and security measures implemented, the Group is not exposed to additional risks resulting from the difficult situation of its customers or suppliers.

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

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

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

AUTOMOTIVE SEGMENT

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

METAL SEGMENT

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

In 2020, Zakład Utylizacji Odpadów Sp. z o.o. recorded sales at the level higher by 50% against previous year. Hutmen Sp. z o.o. recorded in the reporting period turnover which slightly exceeded the figure of the previous year. Walcownia Metali Dziedzice S.A. and FLT Group experienced the impact of the disruption caused by the COVID-19 pandemic as their turnover dropped in 2020 (2020/2019 year-on-year), but both companies rebuilt their turnover volumes in Q4 of 2020 and recorded sales at a level similar to the previous year.

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

CHEMICAL PRODUCTS SEGMENT

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

Production and sale of ERG CleanSkin disinfecting liquids was launched in Boryszew S.A. Boryszew ERG Branch in March 2020. The new product was very positively received by consumers on the Polish market and contributed to a significant improvement of the financial result. Furthermore, the margin improved due to exports of ERG CleanSkin to Western European countries, mainly Spain and France.

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). In 2020 no significant negative impact of the pandemic on sales was observed, compared to the budget assumptions. EBITDA may be lowered in case of significant deviations from the assumed natural gas consumption volumes at Boryszew Energy Branch Customers. Until the date of the report Contractors notified no planned significant contract drops.

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

Events after the balance sheet date

Conclusion of a loan agreement with BNP Paribas

On 8 April 2021 Boryszew S.A. signed an 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.

Sale of shares in EW Rywałd Sp. z o.o.

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

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

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

Attachment of bank accounts of a subsidiary

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

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

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

BORYSZEW S.A.

Pursuant to IFRS no. 8, the following four business segments were defined in 2020 (in order of revenue value):

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

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

Automotive

- **Scope of business**

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

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

- **Sales and Markets**

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

Company	Product range	Value [PLN thousand]	
		2020	2019
Boryszew Maflow Branch	Air-conditioning tubes and other*	519 708	573 787
Total - Automotive Segment		519 708	573 787

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

2020 ended for the Automotive Segment with lower sales revenues mainly due to the decline in sales of parts, which was caused by the stagnation on the automotive market caused by the COVID-19 pandemic.

The customer that generates more than 10% of Boryszew S.A. sales revenues is Volkswagen Group - some 14,0% share in sale of the Company.

Main directions of sales in the Segment for 2020 - 2019 are shown in the following table:

Sales structure [%]	2020	2019
Country	5%	5%
Germany	24%	22%
Sweden	13%	12%
Great Britain	8%	11%
Spain	7%	8%
Slovakia	7%	6%

France	6%	7%
The Netherlands	5%	6%
The Czech Republic	5%	4%
Italy	4%	2%
Other	15%	17%
Export sales as % of total sales	95%	95%

Maflow Branch generated its revenue mainly on export sales, which account for 90% of turnover. Only some of the export destinations changes. Sales to the German market increased by 2pp and to the UK market decreased by 3pp.

- **Market share**

Maflow Branch is the largest entity of Maflow Group. On the European market, Maflow Group is the third biggest supplier of air-conditioning tubes. The share of Maflow Group on the global market remained on the last year's level of around 7%. The production share in Western European markets remained at a similar level as in 2019 and amounted to 23-24%.

NAFTA Maflow identified a number of prospects for business development on the market and is preparing acquisitions of new projects. Pursuing its development plans, the subsidiary in Mexico launched new projects.

- **Competition**

Direct competitors in the automotive industry, in which Boryszew entities of the Segment operate, include: **Contitech, Eaton, Hutchinson, TI Automotive Daytech, Parker, SMA, Hanon (Visteon), SAAA, Tenglong**. Some of these companies are multinational corporations where production of air-conditioning tubes is neither the only nor primary business.

Maflow Branch operates on the basis of contracts of several years' duration concluded with the world's leading car manufacturers. The contracts are shared, in order to secure continuity of supply, with one or two competitors. The competition element is present only when bidding for new contracts.

- **Sources of supplies**

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

- **Particularly key parameters for the Segment**

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

Metal Segment

- **Scope of business**

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

- **Sales and Markets**

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

Company	Product range	Quantity [T]		Value [TPLN]	
		2020	2019	2020	2019
Boryszew NPA Skawina Branch					
	Wire rods	23 968	20 743	203 957	184 483
	Alloy rods	3 139	2 531	30 810	25 638
	Non-wire rods	1 560	2 672	13 278	23 167
	Wire	1 408	1 179	17 057	13 739
	Overhead lines	3 615	3 165	38 149	36 205
	Other (solids, aluminium and alloy tubes)	1 779	712	17 649	7 345
	Other (goods, materials, services)	773	629	9 522	9 498
Total		36 242	31 631	330 422	300 075
Total for the Metals Segment		36 242	31 631	330 422	300 075

By volume, 2020 was better for NPA Skawina Branch than 2019. The Branch recorded higher sales volumes of rolled wire, alloy rods, wires and overhead conductors were recorded, which was mainly due to the implementation of investments in the Company in 2019.

Main directions of sales in the Segment for 2020 - 2019 are shown in the following table:

Sales structure [%]	2020	2019
Country	47%	47%
The Czech Republic	9%	9%
Austria	7%	8%
Germany	7%	4%
Luxembourg	6%	2%
Sweden	6%	9%
Canada	4%	7%
Italy	3%	4%
Slovakia	3%	1%
The Netherlands	2%	2%
Other	8%	7%
Export sales as % of total sales	53%	53%

In 2020 the share of export sales remained at 53%. In the structure of export sales, the largest changes were seen in Germany, up by 3 pp.

- **Market share**

NPA Skawina holds negligible market share in the global and European market. For wire rods, the global market share in 2020 was below 0.1% and for the share in European market was at the level of approximately 0.0% to 0.7%. For aluminium wires, the global market share was between 0.3% and 0.6% and the European market share was 1.7%.

- **Competition**

The largest competitors of NPA Skawina include:

- In rolled products: Alro Vimetco Romania, Rusal Russia, Trimet France, Hydro Aluminium Norway, Inotal Hungary, Alcoa Iceland, Lamifil Belgium, Manfisa Spain, Midal Bahrain Mozal Mozambique, Sural Venezuela and Canada, Has Celik Turkey.
- In processed products: Fabryka Przewodów Energetycznych Będzin, Tele-Fonika Kable S.A., producers from Turkey, China and India, Fux of Hungary, Trefinasa of Spain, Lumpi of Austria, WDI of Germany, Midal Cable of Bahrain.
- **Raw materials and sources of supplies**
The basic raw materials for production at NPA Skawina include aluminium pig sows and blocks, as well as aluminium scraps, which are imported (pure metal, alloys) or purchased at home (scraps).
- **Particularly key parameters for the Segment**
 - the amount of trade bonus that affects revenues and results,
 - the amount of subsidies for the main raw material (aluminium), scrap price level, which affect production costs.

Chemical products segment

- **Scope of business**

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

- staples, continuous filaments – used mainly in textile, furniture and clothing industries,
- chemical (among others: plasticizers, stabilizers, grease used for production of plastics),
- automotive (among others: engine coolants, brake fluids, installation fluids, de-icing fluids),
- construction (among others: wall siding, doors, coffers),
- packaging (among others: Styrofoam moulds, polyethylene drums),
- construction polyamides (universal plastics used, among others, in conveyor rolls and stretching rolls, gears, tracks, etc.),
- special products (among others: flares, smoke signalling products, white theatrical smoke, smoke hand grenades),
- hand and surface disinfectant liquids that respond to the market demand in the wake of the Covid-19 pandemic outbreak.

- **Sales and Markets**

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

Company	Product range	Quantity [T]		Value [PLN thousand]	
		2020	2019	2020	2019
Boryszew Elana Branch	Elana (chopped fibre, elball, Artec)	8 735	10 251	37 330	44 017
	Goods and materials	632	581	2 398	2 406
	Other services (processing)			2 084	2 447
	Total	9 367	10 832	41 812	48 870
Boryszew Branch RG	Chemicals	10 225	13 326	47 523	71 885
	Automotive and de-icing fluids	11 737	15 182	35 892	57 639
	Construction materials			14 023	13 924
	Packaging			11 155	11 046
	Other (including disinfectant)	1 362		33 159	8 853
	Total	23 324	28 508	141 751	163 346
Boryszew Branch Nylonbor	Polyamides	76	81	1 740	1 920
	Special production			6 609	11 294
	Other	35	41	1 836	2 217

Total	111	122	10 185	15 431
Chemical Segment total	32 802	39 462	193 748	227 647

2020 ended with lower sales by volume for the Chemicals Segment, which is related, among other things, to lower sales volumes of cut fibres in Elana Branch and lower sales volumes for chemical products and automotive in Boryszew ERG Branch.

Main directions of sales in the Segment for 2020 - 2019 are shown in the following table:

Sales structure [%]	2020	2019
Country	74%	68%
Germany	8%	8%
Ukraine	7%	11%
Spain	2%	1%
The Czech Republic	2%	2%
Lithuania	2%	2%
Italy	1%	1%
Great Britain	1%	1%
Hungary	1%	2%
Bulgaria	1%	0%
Other	1%	3%
Export sales as % of total sales	26%	32%

The domestic market is still the main market for the Chemicals Segment companies, generating 74% of the business (up from 68% in 2019). However, export sales, in particular to the Ukrainian market, declined.

Market share

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

Product range	Market share % in domestic market
Automotive products:	
Coolants	35%
Installation fluids	45%
De-icing fluids	40%
Chemical market:	
depending on the range	3-20%
Construction (wall siding and headliner)	20%
Fibres	below 10%
Packaging (depending on the range)	5-20%

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

a) Competition

Competitors on the filaments includes:

- **Silon** – Czech manufacturer of, primarily, fibres used for technical and hygienic purposes.
- **Maerkische Faser** – German manufacturer of more specialised fibres used for technical and hygienic purposes,

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

Competitors on the automotive market include:

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

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

On the siding market, competitors include: **Gamrat S.A., ASKO, VOX Industrie, Royal Europa**.

Competitors on the packaging market are: **Knauf, HSV Polska, HIRSCH**.

b) **Raw materials**

Main raw materials for Chemicals Segment include:

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

Other

- **Scope of business**

The Other Activities Segment covers:

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

BORYSZEW CAPITAL GROUP

MAIN ENTITIES OF BORYSZEW GROUP BY OPERATING SEGMENTS

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

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

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

AUTOMOTIVE SEGMENT

The Automotive Segment within the Boryszew Capital Group includes: BAP Group and Maflow Group.

a) Scope of business

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

BAP Group companies include:

- Companies manufacturing parts
 - Boryszew Kunststofftechnik Deutschland GmbH (BKD) – manufacturer of plastic components for automotive equipment (internal, engine peripheral components), including inter alia components of dashboards, compartments, ventilation nozzles, elements of bonnets, doors.
 - Theysohn Kunststoff GmbH (TKS) - manufacturer of exterior plastic parts for automotive equipment (wheel arches, chassis covers, etc.)
 - AKT Plastikarska Technologie s.r.o. (AKT) - manufacturer of plastic products for automotive industry (engine compartment hoods, roof boxes) and household equipment industry,
 - Boryszew Oberflächentechnik GmbH (BOD) - manufacturer of galvanised plastic components used in automotive equipment (mainly doorknobs, frames),
 - Boryszew Plastik Rus (BPR) - manufacturer of plastic external car components and accessories,
 - Boryszew Tensho Poland Sp. z o.o. (BTP) - manufacturer of plastic elements (including lacquered ones) to provide for the needs of the automotive and RTV sectors,
 - BRS YMOS GmbH - manufacturer of injection-moulded components based on ZnAl (handles, doorknobs, emblems).
- Companies manufacturing tools:
 - Boryszew Formenbau Deutschland GmbH (BFD) - manufacturer of small and large injection moulds,
 - Theysohn Formenbau GmbH (TFB) - production of large injection moulds.
- Companies performing management and service functions (for other BAP Group entities)
 - Boryszew Automotive Plastics Spółka z o.o. – is the holding and parent company in BAP Group,
 - Boryszew Deutschland GmbH - sales, procurement and project management functions.
 - ICOS GmbH - formerly the head office of Theysohn Group, mainly temporary work agent activities for Theysohn,
 - Boryszew Commodities Sp. z o.o. - central prpurement of key materials for BAP Group,
 - Boryszew HR Service Sp. z o.o. - outsourcing of employees.

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

Maflow Group is composed of the following entities:

- Boryszew Maflow Branch - described in the part pertaining to Boryszew S.A.,
- Maflow BRS s.r.l. (Maflow Italy) - manufacturer of rubber tubes, customers include Maflow Group and others,
- Maflow France Automotive S.A. Maflow France – manufacturer of air-conditioning tubes,
- Maflow Spain Automotive S.L.U(Maflow Spain) - installation of air-conditioning tubes,
- Maflow do Brasil Ltda(Maflow Brazil) - manufacturer of air-conditioning tubes,
- Maflow Components Co. Ltd(Maflow China) - manufacturer of rubber tubes and air-conditioning tubes,
- Maflow India Private Limited(Maflow India) - manufacturer of air-conditioning tubes,
- MAFMEX S.DE R.L.DE C.V(Maflow Mexico) - manufacturer of air-conditioning tubes
- Maflow Polska Sp. z o.o.

b) Sales and Markets

Revenues from Automotive Segment sales in 2020 and 2019 are presented in the table below:

Company	Product range	Value [PLN thousand]	
		2020	2019
BAP Group			
Boryszew Kunststofftechnik GmbH	Plastic components	307 289	287 899
Theysohn Kunstoff GmbH	Plastic components	107 721	152 812
AKT Plastikarska Technologie spol.sr.o (AKT Czech Republic)	Plastic components	150 410	134 559
BRS YMOS GmbH	ZnAl components	66 500	70 859
BRS Oberflächetechnik GmbH	Plastic components	80 907	94 537
Theysohn Formenbau GmbH	Injection moulds production	21 055	41 990
Boryszew Formenbau GmbH (Wedo)	Injection moulds production	33 033	29 635
ICOS GmbH	Holding company	18 765	22 985
Boryszew Plastic RUS	Plastic components	69 109	69 318
Boryszew Tensho Poland Sp. z o.o.	Plastic components	72 904	98 288
BDE Boryszew Deutschland GmbH	Shared service company	9 960	9 576
Boryszew Automotive Plastics Toruń	Shared service company	22 233	15 766
Boryszew HR Service Sp.z o.o,	Outsourcing of employees	9 319	12 037
Boryszew Commodities Sp. z o.o.	Centralised purchase of raw materials	26 244	122 034
Total for BAP Group		995 449	1 162 295
Maflow Group			
Boryszew Maflow Branch	Air-conditioning tubes and other*	519 708	573 787
Maflow Italy	Rubber tubes	105 547	109 175
Maflow France	Air-conditioning tubes and other*	71 892	97 195
Maflow Spain	Air-conditioning tubes and other*	70 442	90 553
Maflow Brazil	Air-conditioning tubes and other*	31 952	42 210
Maflow China	Air-conditioning tubes and other*	66 852	67 738
Maflow Mexico	Air-conditioning tubes and other*	47 304	53 385
Maflow India	Air-conditioning tubes and other*	9 375	16 681
Total for Maflow Group		923 072	1 050 724
Consolidation adjustments		-302 946	-435 873
Total - Automotive Segment		1 615 575	1 777 146

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

In 2020, the Automotive segment decreased its sales revenues, mainly as a result of the implementation of the COVID-19 pandemic.

The main sales destinations for in the Automotive Segment for the period 2020 - -2019 are presented in the table below:

Sales structure [%]	2020	2019
Country	9%	8%
Germany	37%	40%
Czech Republic	10%	7%
France	6%	6%
Spain	5%	6%

China	4%	4%
Russia	4%	3%
Slovakia	4%	4%
Sweden	4%	3%
Mexico	3%	3%
Great Britain	3%	3%
Other	12%	13%
Export sales as % of total sales	91%	92%

The main market for the Automotive segment remains the European Union, including almost 40% of products sold on the German market.

The customer that generates more than 10% of Boryszew Group sales revenues in Volkswagen Group.

c) Market share

The estimated share of Maflow Group on the global market remained on the last year's level of around 7%. The production share in Western European markets remained at a similar level as in 2019 and amounted to 23-24%. NAFTA Maflow identified a number of prospects for business development on the market and is preparing acquisitions of new projects. Pursuing its development plans, the subsidiary in Mexico launched new projects.

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

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

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

d) Competition

Competitors for BAP Group include: **Magna International, Johnson Controls, Lear, Faurecia, Valeo**. These are global corporations for which the production of car parts made of plastics is neither the sole nor primary activity. These companies are integrators of complete products used in automotive industry, the so called Tier 1. BAP Groups is frequently a sub-supplier for these competitors (such as Valeo, Faurecia, Johnson Controls).

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

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

Maflow Group operates on the basis of contracts of several years' duration concluded with the world's leading car manufacturers. The contracts are shared, in order to secure continuity of supply, with one or two competitors. The competition element is present only when bidding for new contracts.

e) Sources of supplies

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

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

f) Particularly key parameters for the Segment

- profitability of acquired contracts,
- operational efficiency of the Segment production plants,
- condition of the automotive market (detailed description can be found in the financial analysis section).

METAL SEGMENT

The Metals Segment comprises: Aluminium, Copper, Zinc and Lead, Steel as well as Trade and Others.

ALUMINIUM

a) Scope of business

The following entities are included in the Aluminium business: Aluminium Konin Plant (Impexmetal S.A.) - until 6 November 2020, NPA Skawina Branch, SPV Impexmetal Sp. z o.o., Remal Sp. z o.o. (until 6 November 2020) and Symonvit Ltd. (in liquidation)

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

Main products of the Aluminium business include:

- metal sheets and strips (hot rolled and cold rolled) – used in electrical engineering industry, chemical and automotive industry as well as construction,
- thin sheets and strips – used in production of cooling radiators, bottle screw tops, trays, window blinds and construction slats,
- aluminium and alloys wire rods, an input product for manufacturing of wires, power cables,
- non-wire rods, which are used in steel-forming as deoxidizers,
- naked aluminium wire and power conductors/cables.

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

SPV Impexmetal Sp. z o.o. in 2020 managed the intellectual property. Symonvit Ltd. is currently in the process of liquidation.

b) Sales and Markets

Sales volumes and revenues from sales in the Aluminium business in 2020 and 2019 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN thousand]	
		2020	2019	2020	2019
Impexmetal (Zakład Aluminium Konin)					
	Rolled products	75 244	99 002	823 606	1 130 972
	Goods and materials			10 193	27 019
	Services + other			12 043	11 274
	Total	75 244	99 002	845 842	1 169 265

Company	Product range	Quantity [T]		Value [PLN thousand]	
		2020	2019	2020	2019
Boryszew NPA Skawina Branch					
	Wire rods	23 968	20 743	203 957	184 483
	Alloy rods	3 139	2 531	30 810	25 638
	Non-wire rods	1 560	2 672	13 278	23 167
	Wire	1 408	1 179	17 057	13 739
	Overhead lines	3 615	3 165	38 149	36 205
	Other (solids, aluminium and alloy tubes)	1 779	712	17 649	7 345
	Other (goods, materials, services)	773	629	9 521	9 498
	Total	36 242	31 631	330 421	300 075

Total for the Aluminium business	111 486	130 004	1 176 263	1 502 983
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Sales by volume in 2020 in Aluminium Konin Plant is lower by 24% against 2019 due to the sale of the company at the beginning of Q4 '2020 (the period following the sale of the Company is not included in the results)
NPA Skawina Branch recorded a 14.6% increase in sales volumes, in all production assortments.

The main sales directions in the Aluminium Segment for 2020 – 2019 are presented in the table below:

Sales structure [%]	2020	2019
Country	45%	43%
Czech Republic	11%	12%
Germany	10%	10%
Sweden	3%	3%
Austria	2%	2%
Ukraine	2%	3%
Hungary	2%	2%
Italy	2%	2%
Romania	2%	2%
Switzerland	2%	2%
Spain	2%	2%
other	18%	18%
Export sales as % of total sales	55%	57%

Only a slight change in sales destinations Aluminium Segment was seen in 2020. Still, under 50% of sales are generated on the domestic market. The largest export sales market is the Czech Republic (which slightly dropped - 11% compared to 12% in 2019), followed by Germany.

a) Market share

In case of Zakład Aluminium Konin global market potential for aluminium rolled products, according to various studies, is estimated at approx. 27 million tons per year. 5 million tons for Europe. With reference to the above values, the market share of Impexmetal in the global market is estimated at 0.3%, while in the European market at 2%. It must be noted that Impexmetal range does not include all rolled products available on the market hence the actual share in the range of product offered by the company is higher than provided above.

NPA Skawina holds negligible market share in the global and European market. For wire rods, the global market share in 2019 was below 0.1% and for the share in European market was at the level of approximately 0.0% to 0.7%. For aluminium wires, the global market share was between 0.3% and 0.6% and the European market share was 1.7%.

b) Competition

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

The largest producers operating on the European market are multinational corporations such as: ALCOA, CONSTELLUM, NOVELIS, ALERIS, GRÄNGES, HYDRO. They are technology leaders with specialised manufacturing in individual production plants. They own renowned brands. We may observe a vertical integration in the supply chain in case of the majority of them. These companies have their own sources of raw materials. They also offer, as part of vertical integration, a comprehensive range of rolled, extruded and cast aluminium products. Their additional offer is supplemented with varnished products, aluminium laminates and construction composites. Independent European companies are also direct competitors: ALINVEST, IMPOL, ELVAL, ALCOMET, ALRO, AMAG, EUROMETAL, PROFIGLASS, ALUDIUM and companies from Turkey: ASSAN, PMS, TEKNİK and PANDA. These companies represent diverse technological levels and, similarly to IMPEXMETAL, they offer a wide mix of products manufactured by a single plant.

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

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

c) Raw materials and sources of supplies

The companies of the Segment own a diverse portfolio of suppliers. In 2020, it used many offers in the scope of primary aluminium, aluminium blocks, alloy mortars and aluminium scrap.

The largest suppliers in 2020 were Glencore International AG, DK Trade AG, Alcoa, BAGR Berliner Aluminiumwerk GmbH and Cauvin Metals.

d) Particularly key parameters for the Segment

- the amount of trade bonus that affects revenues and results,
- the amount of subsidies for the main raw material (aluminium), scrap price level, which affect production costs.

COPPER

a) Scope of business

In the Copper area, the Boryszew Group has two key manufacturers: Hutmen Sp. z o. o. and WM Dziedzice S.A., which operate on partly overlapping markets.

The most important products in the Segment are:

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

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

b) Sales and Markets

The sales volumes and revenues from sales of the Copper business in 2020 and 2019 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN thousand]	
		2020	2019	2020	2019
Hutmen	Casting alloys	1 185	1 225	22 534	24 753
	Copper wire, bars and profiles	4 530	4 432	126 867	123 184
	Copper pipes (including plumbing pipes)	5 497	5 659	160 308	160 611
	Bronze bars and pipes	224	248	6 817	7 723
	Materials			4 503	1 931
	other			8 137	7 981
	Total	11 436	11 565	329 166	326 183

Company	Product range	Quantity [T]		Value [PLN thousand]	
		2020	2019	2020	2019
WM Dziedzice	Brass bars	22 487	22 074	306 376	360 210
	Brass pipes (including capacitor pipes)	4 617	5 354	80 092	100 363
	Brass strips	594	657	14 511	16 557

Coin blanks and keys	1 443	2 080	42 761	60 497
Other	1 112	1 020	24 654	23 848
Total	30 252	31 186	468 394	561 476
Total for the Copper Segment	41 688	42 751	797 560	887 659

For the Copper segment 2020 ended with lower volume sales by 2.5% and lower sales revenues by 10.2%. The decrease in sales volumes comes from WM Dziedzice S.A. products - brass bars and pipes. For Hutmen Sp. z o.o. the drop in sales hit mainly the range of bronze bars and pipes as well as casting alloys.

The main sales destinations in the Copper business in 2020 – 2019 are presented in the table below:

Sales structure [%]	2020	2019
Country	44%	43%
Germany	21%	21%
Czech Republic	8%	8%
Italy	7%	5%
Spain	5%	2%
Great Britain	3%	3%
U.S.A.	3%	1%
Slovakia	2%	2%
Turkey	1%	1%
Denmark	1%	1%
Slovenia	1%	1%
other	4%	12%
Export sales as % of total sales	56%	57%

The main sales destinations in 2020 in the Copper segment did not change significantly. The domestic market remained dominant. An increase in sales in the Italian and Spanish markets was recorded.

c) Market share

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

In 2020, the companies of the Copper business were rather minor suppliers on the European market. The largest market share on the European market for copper bars and profiles amounted to approx. 2,5%. On the world markets, the share of the Copper Segment remains below 1%.

In 2020 the share of the Copper business on the domestic market by product groups amounted to:

- brass bar market - approx. 42% (domestic leader position),
- plumbing copper pipes market - approx. 67%,
- copper bars, flat bars and profiles market - approx. 23%,

d) Competition

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

HME - established after the acquisition of the bar part of *KME* (the world's largest manufacturer of products in the non-ferrous metals industry) by the *Hajliang* concern. It has manufacturing facilities in Italy, Germany and France, *Wieland AG* – a German company involved in manufacturing of products made of non-ferrous metals, with 9 production plants worldwide and 500 thousand tonnes of copper and copper alloys products produced annually, *Eredi Gnutti S.p.A.*, *Carlo Gnutti*, *Almag* – an Italian corporation manufacturing brass bars, rolled products in the form of strips,

Domestic competitors include:

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

e) Raw materials and sources of supplies

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

f) Particularly key parameters for the Copper business

- level of copper prices, due to the existence of alternative materials for plumbing copper pipes, used in the construction industry,
- repair policy in the energy sector, the main customer of condenser tubes.

ZINC AND LEAD BUSINESS

a) Scope of business

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

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

The basic products from this area include:

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

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

b) Sales and Markets

The sales volumes and revenues from sales of the Zinc and Lead Segment in 2020 and 2019 are presented in the table below:

Company	Product range	Quantity [T]		Value [TPLN]	
		2020	2019	2020	2019
Baterpol	Lead and alloys	31 694	34 976	257 625	299 577
	Lead products	259	386	4 233	8 829
	By-products	6902	8399	5 632	7 472
	Other	194	971	344	5 877
	Total	39 049	44 732	267 834	321 756

ZM Silesia (Katowice)					
	Metal sheets	8 148	7 789	94 568	97 613
	Anodes	2 153	2 289	22 480	25 957
	Wire	1 698	2 140	21 216	29 015
	Casting alloys				
	Other			3 268	2 575
Total		12 000	12 218	141 531	155 160
ZM Silesia (Oława Branch)					
	Zinc oxides and lead oxides	21 563	25 971	187 330	240 855
	Other			209	713
Total		21 563	25 971	187 539	241 568
Polski Cynk					
Baterpol Recycler				151	
Total for the Zinc and Lead Segment		72 611	82 922	597 055	718 484

In the Zinc and Lead Segment, 2020 was closed sales volumes drop by 12.4% compared to 2019, i.e. by 10.3 thousand tonnes. The drop at Baterpol S.A. sales resulted from changes on the battery scrap market and the increase in raw material prices, as well as the change in the scrap mix used for production. ZM Silesia suffered drop in sales of most of its assortments except sheet metal. In addition, sales of the segment were adversely affected by the COVID-19 pandemic, which resulted in lower demand for Group's products due to short term shutdown or reduction of the business in most European Union countries, which remain the largest customers for the companies of the Metal Segment.

The main sales destinations in the Zinc and Lead business in 2020 – 2019 are presented in the table below:

Sales structure [%]	2020	2019
Country	56%	60%
Germany	13%	11%
Czech Republic	12%	11%
Spain	6%	5%
France	6%	4%
Austria	1%	1%
South Korea	1%	1%
Great Britain	1%	0%
Italy	1%	1%
Hungary	0%	1%
Luxembourg	0%	1%
other	3%	3%
Export sales as % of total sales	44%	40%

In 2020 the domestic market remained the dominant market with a share of approx. 56% in total sales. This results from the dominance of domestic recipients for Baterpol SA. Increases in sales volumes were recorded mainly in sales to Germany and the Czech Republic.

c) Market share

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

European Market:

Product range	shares in %
Lead and alloys	2%
Lead oxides	16%
Zinc wire	5%
Zinc oxides	7%
Zinc anodes	4%
Zinc-titanium sheets	4%

Domestic market:

Product range	shares in %
Lead and alloys	22%
Lead oxides	97%
Galvanised wire	70%
Zinc oxides	50%
Zinc anodes	70%
Zinc-titanium sheets	65%

d) Competition

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

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

e) Raw materials and sources of supplies

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

f) Key parameters of Zinc and Lead area

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

STEEL BUSINESS

a) Scope of business

The subsidiary involved in the steel business is Alchemia Group and its companies, acquired in 2020. These group companies are: *Alchemia S.A.*, *Huta Bankowa Sp. z o.o.* and *Laboratoria Badań Batory Sp. z o.o.*

The key products in the Segment are:

- Steel pipes and ingots,
- Forged products,
- Steel processing services,
- Long rolled products,
- Forged-rolled rings and rims,

The most important sales market for the products of the Steel segment is the construction industry.

b) Competition

Alchemia Group and its companies compete in tenders. Alchemia competes mainly in tenders in Poland. *Huta Bankowa* competes in most international tenders for train and tram rims. In most of them, depending on the target market, the competitors are from Europe, China, India, Ukraine and Africa.

List of the largest competitors of Alchemia Group from Poland, China, Turkey and Ukraine.

Products of *Huta Bankowa*

Competitors in forged-rolled rings and rims in the markets as indicated include:

Poland - Zarmen FPA Sp. z o.o.
China - GINSHU RAILTECH INDUSTRIAL CO. LTD.
Ukraine - Interpipe

For long products:

Turkey - Özkan Demir Çelik Sanayi A.Ş.
Ukraine - PrJSC "Dnepropetsstal"
Poland - Cognor Spółka Akcyjna, HSJ Branch in Stalowa Wola
China - DANGBEI STEEL MILL WUHAN STEEL MILL

Products of Alchemia S.A:

Ukraine - Interpipe/Vallourec, Dnepropetrovsk Tube Works,
China - Hubei, Baosteel, Guangdong Lizz Steel Pipe, Haneda, Hengyang Valin

a) Raw materials and sources of supplies

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

TRADE AND OTHER BUSINESS

b) Scope of business

In 2020, the Commence and Other segment, as a part of Metals Segment, included the following Companies/entities: FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd, Metalix Ltd in Liquidation (f. FLT Metals Ltd.); Zakład Utylizacji Odpadów Sp. z o.o., Metal Zinc Sp. z o.o.

c) Competition

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

d) Raw materials and sources of supplies

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

e) Particularly key parameters for the Segment:

Relationship with FŁT Krasnik, which is the main supplier of FŁT Polska,

CHEMICAL PRODUCTS SEGMENT

a) Scope of business

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

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

- staples, continuous filaments – used mainly in textile, furniture and clothing industries,
- PET flakes used as a raw material in chemical, textile and packaging industries,
- repair and maintenance as well as technical services,
- chemical - including plasticizers, stabilizers, grease - used for production of plastics,
- automotive (including: engine coolants, brake fluids, de-icing aircraft and runway fluids),
- construction (including: wall siding, doors, coffers),
- packaging (including: Styrofoam moulds, polyethylene drums),
- construction polyamides (universal plastics used, among other things, in conveyor rolls and stretching rolls, gears, tracks, etc.)
- special products (including: flares, smoke signalling products, smoke hand grenades),
- hand and surface disinfectant liquids that respond to the market demand in the wake of the Covid-19 pandemic outbreak.

b) Sales and Markets

Sales volumes and revenues from sales in the Chemical Segment in 2020 and 2019 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2020	2019	2020	2019
Boryszew Elana Branch	Elana (chopped fibre, elball, Artec)	8 735	10 251	37 330	44 017
	Goods and materials	632	581	2 398	2 406
	Other services (processing)			2 084	2 447
	Total	9 367	10 832	41 812	48 870
Boryszew Branch RG	Chemicals	10 225	13 326	47 523	71 885
	Automotive and de-icing fluids	11 737	15 182	35 892	57 639
	Construction materials			14 023	13 924
	Packaging			11 155	11 046
	Other (including disinfectant)	1 362		33 156	8 853
	Total	23 324	28 508	141 748	163 346
Boryszew Branch Nylonbor	Polyamides	76	81	1 740	1 920
	Special production			6 609	11 294
	Other	35	41	1 836	2 217
	Total	111	122	10 185	15 431
Elana Pet	PET flakes	7 420	9 193	20 602	29 742
	Repair and maintenance services			5 173	6 792
	Other	477	688	234	2 217
	Total	7 898	9 881	26 009	38 751
Consolidation adjustments				-11 639	-13 598
Chemical Segment total		40 699	49 343	208 115	252 800

For the Chemical Segment, 2020 closed with a lower sales level in terms of both quantity as well as the revenues. The drop was lower than in, mainly due to the reduction of production in segment companies in Q1 '2020 due to the COVID-19 pandemic.

The main sales directions in the Chemicals Segment in years 2020 – 2019 are presented in the table below:

Sales structure [%]	2020	2019
Country	74%	67%
Germany	7%	8%
Ukraine	6%	9%
Lithuania	3%	3%
Czech Republic	3%	2%
Spain	2%	2%
Italy	1%	2%
Great Britain	1%	1%
Hungary	1%	2%
Denmark	0%	0%
Other	2%	4%
Export sales as % of total sales	26%	33%

The domestic market remained the main market for the Chemicals Segment companies, generating 74% of the business. Its share is up 7 percentage points against 2019. The Ukrainian and German markets are still the main markets for the Chemicals Segment.

c) Market share

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

The share of the most important product groups on the domestic market in 2020 was as follows:

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

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

d) Competition

Competitors on the filaments includes:

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

Competitors on the automotive market include:

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

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

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

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

e) Raw materials and sources of supplies

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

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

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

OTHER

a) Scope of business

Boryszew S.A. – Headquarters, Boryszew S.A. Energy Branch, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. w likwidacji, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. w likwidacji.

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

Other entities are mainly involved in sale of gas and electrical energy (Boryszew S.A. Energy Branch and Elana Energetyka Sp. z o.o.), rental of office and warehouse space and land (Eastside – Bis Sp. z o.o.).

ANALYSIS OF MARKET SITUATION IN 2020

ECONOMIC SITUATION

The average values of the PMI index, which determines the level of industrial activity in the economy of the country for the Capital Group, were slightly lower than in the previous year. This was mainly because of a rather strong decline in the index at the beginning of Q2 '2020 as a result of the COVID-19 pandemic. The following months of 2020 saw an improvement in the index, which passed the 50-point mark in July and remained at that level through the end of the year. The situation was similar for the Euro zone and Germany.

PMI	2020	2019
EU	48.6	47.1
Poland	47.1	47.9
Germany	49.2	43.9

Moreover, the upward trend of the indicator for both Poland and the EU also continued in 2021.

Given the Covid19 epidemic and the expected drop in economic activity, GDP growth forecasts deteriorated. However, the latest GDP forecasts for Poland for 2021 are optimistic and predict growths above 3%.

Forecast of GDP growth for Poland	2021
NBP	4.1%
World Bank	3.3%
European Commission	3.1%

EXCHANGE RATES

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

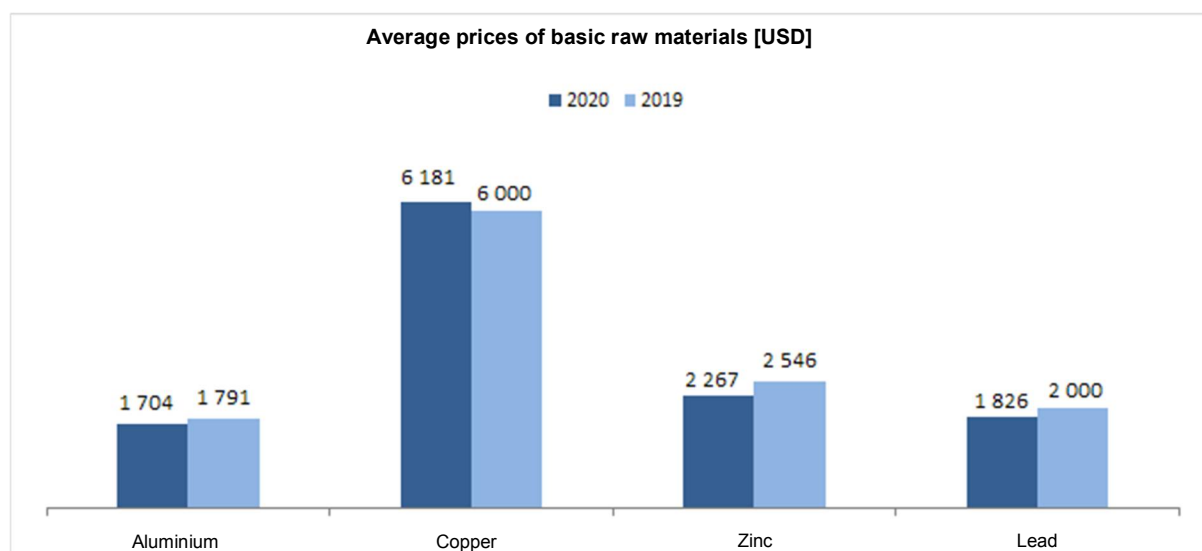
The level of US dollar rates has an impact on revenues of the Group, as it is linked to metal rates, which are the major component of product price. In the reviewed period USD strengthened against PLN by 1.5%.

The level of the Euro rate is important for the Group, given the predominance of the processing margins expressed in this currency and more than 65% share of export sales (most of the sales in the Automotive segment), mainly to the Euro zone. In 2020, the average EUR quotations were higher by 3.4% against PLN than in the corresponding period of the previous year.

EUR/USD is up 1.6% year-on-year at 1.14 with 1.12 for EUR/USD in 2019.

METAL PRICES

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



	2020	2019	% change
Aluminium [USD]	1 704	1 791	-5%
Copper [USD]	6 181	6 000	3%
Zinc [USD]	2 267	2 546	-11%
Lead [USD]	1 826	2 000	-9%

EUR/PLN	4.44	4.30	3%
USD/PLN	3.90	3.84	2%
EUR/USD	1.14	1.12	2%

	2020	2019	% change
Aluminium [PLN]	6 642	6 878	-3%
Copper [PLN]	24 091	23 039	5%
Zinc [PLN]	8 836	9 778	-10%
Lead [PLN]	7 116	7 679	-7%

The metal price listings at the London Metal Exchange (LME) have a decisive impact on revenues from sales due to the fact that nearly 68% of revenue in Boryszew Capital Group is generated by companies operating in the non-ferrous metals sector. The level of metal listings is the primary component of products prices.

In the discussed period average prices of most basic metals i.e.: aluminium (by 5%), zinc (by 11%) and lead (by 9%) decreased significantly.

Metal prices expressed in PLN also fell by 3% for aluminium, by 10% for zinc and by 7% for lead.

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

Another important factor for the Capital Group in market premium, that will depend on the sales range in relevant month and on current procurement needs.

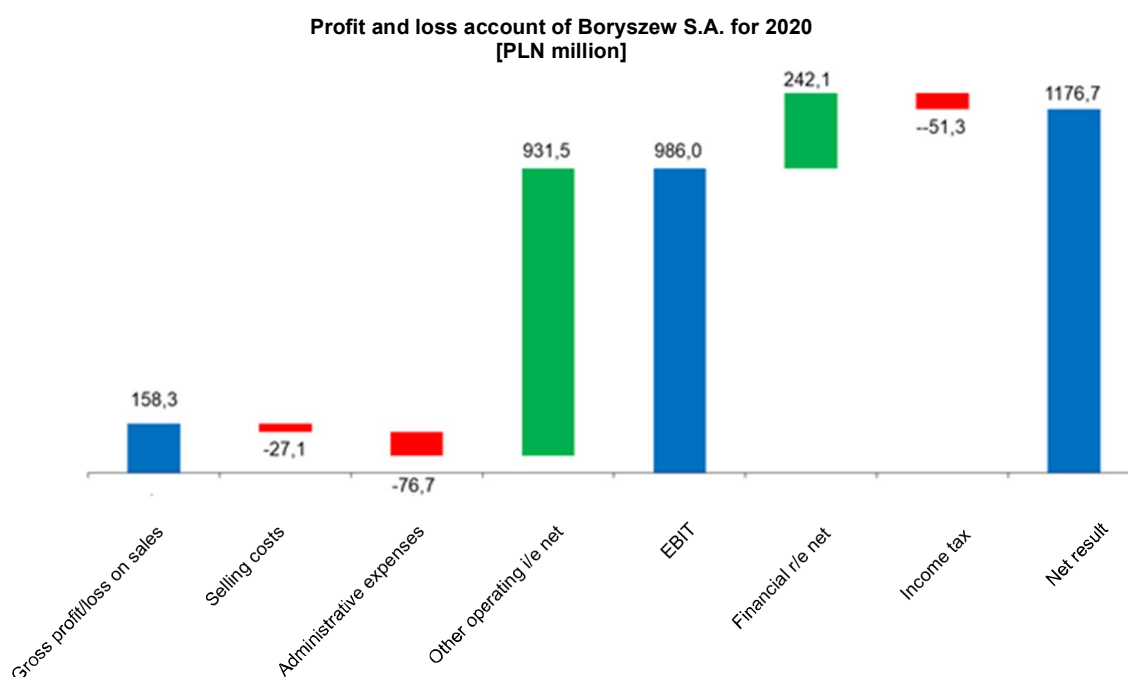
BORYSZEW SA

ANALYSIS OF SELECTED ITEMS OF INCOME STATEMENT

Selected items of the income statement of Boryszew S.A. for 2020, as compared to 2019, are presented in the table below:

in PLN million	2020	2019
Revenues from sale	1 183.3	1 382.7
Gross profit on sales	158.3	153.4
Profit on sales	54.4	55.0
EBITDA	1 029.6	74.2
Operating profit	986.0	30.9
Gross profit	1 228.0	-174.3
Total net profit	1 176.7	-173.8

The following chart presents the impact of individual components of the income statement on the net result for 2020.



REVENUES FROM SALE

in PLN million	2020	2019
Revenues from sale, including:	1 183.3	1 382.7
Automotive Segment	519.7	573.8
Metals Segment	330.4	300.1
Chemicals segment	192.1	227.6
Other	157.7	293.1
Intercompany Corrections	-16.6	-11.9
Export sales as % of total sales	61%	56%

In 2020 revenues from sale amounted to PLN 1 183.3 million and dropped by 14.4% for the following reasons:

- outbreak of the Covid - 19 pandemic, which caused a decline in sales in all segments (except for the Metals segment),
- decrease in sales volumes in companies of the Chemical segment,

ECONOMIC CONDITION OF THE AUTOMOTIVE MARKET

Another important parameter with an impact on the dynamics and results of Boryszew S.A. is the sale of cars (the Automotive segment accounts for approximately 44% of Boryszew S.A. turnover).

In 2020 car sales dropped. According to ACEA, the passenger car market in Europe declined by 23.7% compared to the same period of last year. The above-mentioned decline is mainly caused by the COVID-19 pandemic. The introduction of restrictions, freezing of production facilities and the uncertain situation on the European market affected significantly the volume of car sales throughout Europe.

The main customer for the segment - Volkswagen Group - recorded a decrease in car sales on the European Market of 21.7% in 2020 (compared to the corresponding period of 2019).

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

	January-December				
	% share		Quantity		% change
	2020	2019	2020	2019	20/19
VW Group	25.4	24.6	3 040 030	3 881 582	-21.7
PSA Group	14.4	15.6	1 718 656	2 467 268	-30.3
RENAULT Group	10.3	10.5	1 227 884	1 653 033	-25.7
BMW Group	7.1	6.6	847 481	1 048 266	-19.2
HYUNDAI Group	7.0	6.7	841 520	1 065 227	-21.0
DAIMLER	6.4	6.4	765 365	1 004 804	-23.8
FCA Group	5.9	6.0	700 534	946 586	-26.0
TOYOTA Group	5.8	5.1	695 293	798 764	-13.0
FORD	5.5	6.1	654 729	958 921	-31.7
NISSAN	2.4	2.5	290 343	394 784	-26.5
VOLVO CAR CORP.	2.4	2.1	286 841	339 774	-15.6
JAGUAR LAND ROVER Group	1.3	1.4	159 423	228 626	-30.3
MAZDA	1.2	1.6	149 418	256 341	-41.7
MITSUBISHI	0.9	0.9	103 411	148 248	-30.2
HONDA	0.7	0.8	80 699	122 066	-33.9

SALES VOLUME

In 2020, Boryszew S.A. recorded a drop in the sales volume by 2.9%, i.e. 2.1 thousand tons. Main reasons are lower sales volume in Boryszew ERG Branch by 5.2 thousand tons, Elana Branch by 1.5 thousand tons. The effect was to a large extent offset by increased sales volume in Boryszew NPA Skawina Branch by 4.6 thousand tons.

For Boryszew S.A. Elana Branch this drop is a result of lower sales of cut fibres due to high pressure from competitors on the domestic market.

The decrease of revenues in Boryszew S.A. Boryszew ERG Branch hit almost all assortments, except hand and surface disinfectants, which were introduced to the market in March 2020.

Volume increase in Boryszew S.A. NPA Skawina Branch was generated virtually on all production assortments.

For the Automotive Segment, the decrease in sales was caused mainly by the outbreak of the Covid-19 pandemic, leading to temporary shutdown of some production facilities.

OPERATING RESULTS

The gross sales in 2020 increased by PLN 4.9 million to attain the level of PLN 158.3 million. The costs of sales increased by PLN 0.4 million, while general and administrative expenses were up by PLN 5.0 million.

The balance of other operating income/expenses amounted to PLN 931.5 million and was by PLN 955.6 million higher as compared to previous year. This increase was generated mainly by the dividend of PLN 913.0 million paid to Boryszew S.A. by Impexmetal S.A.

EBITDA for major operating segments was as follows:

in PLN million	2020	2019
EBITDA, including:	1 029.6	74.2
Automotive Segment	70.5	25.0
Metals Segment	17.7	13.4
Chemicals segment	20.6	10.9
Other	920.9	24.9

The change in EBITDA of 2020 as compared to the previous year in individual segments was a consequence of:

- higher results in **the Automotive segment** - despite lower revenues by 9.4%, Maflow Branch generated higher EBITDA compared to 2019, mainly due to significantly reduced value of write-offs on overdue trade receivables, subsidies, reversal of write-off on receivables and optimisation measures implemented at the Branch.
- higher results in **Metals Segment** - NPA Skawina Branch recorded better results compared to the previous year due to higher sales in almost all assortments as well as higher subsidies.
- higher results in **Chemicals Segment** - the increase of results is mainly attributable to Boryszew ERG Branch, due to higher unit processing margins. In Q1 '2020, the Branch, in response to market demand, launched hand and surface disinfectant liquids, which also contributed to EBITDA growth. Other companies of the Segment recorded a slight decrease of EBITDA against the previous year.
- significantly higher result of **Other operations** due to the dividend of PLN 913.0 million received from Impexmetal S.A., already mentioned.

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of financial income/expenses amounted to PLN 242.1 million and was PLN 447.3 million higher as compared to previous year.

The improvement of that balance is mainly the result of one-off events of PLN 251.2 million i.e. the sale of shares, increase in the balance of impairment write-offs on financial assets by PLN 121.1 million and increase in the balance of other financial income/expenses by PLN 68.3 million against the same period of the previous year.

Net profit on continuing operations in 2020 amounted to PLN 1 176.7 million and was higher by PLN 1 350.5 million than in the same period of the previous year

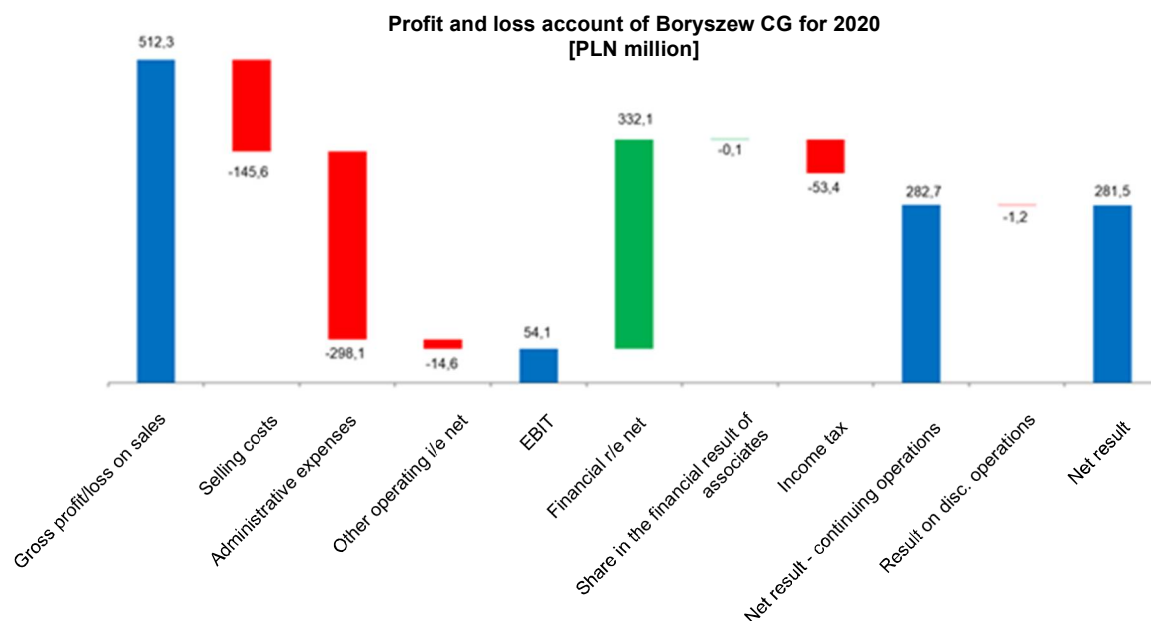
BORYSZEW CAPITAL GROUP

Selected items of the income statement of Boryszew Capital Group for 2020, as compared to 2019, are presented in the table below:

ANALYSIS OF SELECTED ITEMS OF INCOME STATEMENT

in PLN million	2020	2019
Revenues from sale	5 554.6	6 259.5
Gross profit on sales	512.3	551.3
Profit on sales	68.6	121.7
EBITDA	249.4	413.6
Operating profit	54.1	210.3
Gross profit	336.1	-23.1
Net profit on continuing operations	282.7	-96.8
Net profit on discontinued operations	-1.2	-2.0
Total net profit	281.5	-98.7

The following chart presents the impact of individual components of the income statement on the consolidated net result for 2020.



SALES REVENUES BY SEGMENTS

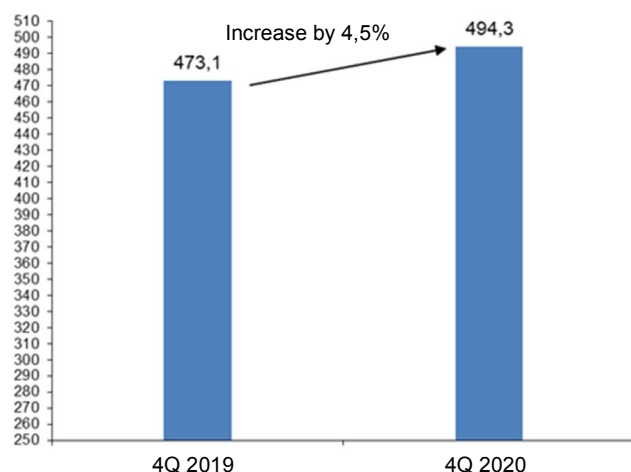
in PLN million	2020	2019
Revenues from sale, including:	5 554.6	6 259.5
Automotive Segment	1 615.6	1 777.1
Metals Segment	3 670.2	4 020.5
Chemicals segment	208.1	252.8
Other Activities Segment	189.2	336.5
Consolidation exclusions	-128.5	-127.4
Export sales as % of total sales	66%	65%

Sales revenues in 2020 decreased by 11.3% to PLN 5 554.6 million. All segments recorded lower revenues against the corresponding period of the previous year. The decrease in revenue was directly associated with the outbreak of the COVID-19 pandemic. Furthermore, the drop in revenues in the Metals Segment came from decreasing prices (expressed in PLN) of most of the offered products (related to metal prices on LME) and the sale of Aluminium Konin to Impexmetal S.A. on 6 November 2020.

VOLUME OF SALES

Boryszew Group recorded an increase in sales volumes against the same period of the previous year mainly as a result of an increase in volumes in the Metals Segment (following the inclusion of Alchemia financials for the whole year in the 2020 report, in the previous period Alchemia was included as of the moment of acquisition, i.e. from Q2 '2019 onwards).

**Sales volume, Boryszew Capital Group, 2019 vs. 2020
continued operations [thousand T]**



Decrease in sales volumes was recorded by most entities of the Capital Group, except for NPA Skawina. Furthermore, importantly, the level of sales of Boryszew Group was also influenced by the sale of Aluminium Konin Plant on 6 November 2020.

In 2020 car sales dropped. According to ACEA, the passenger car market in Europe declined by 23.7% compared to the same period of last year. The above-mentioned decline is mainly caused by the COVID-19 pandemic. The introduction of restrictions, freezing of production facilities and the uncertain situation on the European market affected significantly the volume of car sales throughout Europe.

The main customer for the segment - Volkswagen Group - recorded a decrease in car sales on the European Market of 21.7% in 2020 (compared to the corresponding period of 2012).

ECONOMIC CONDITION OF THE AUTOMOTIVE MARKET

A very important factor that shapes the level of revenues in the Boryszew Capital Group is the economic situation in the automotive industry. The main sales market for the Automotive Segment is that of the European Union countries. According to ACEA, in 2020 the car market in Europe shrank by 23.7%.

The VW Group, the largest customer of the Automotive Segment, reported a 21.7% decrease in sales. The European market remains the key market for the Automotive Segment.

The above declines were primarily due to the COVID-19 pandemic, the introduction of restrictions, freezing of production facilities and the uncertain situation on the European market affected significantly the volume of car sales throughout Europe.

ACHIEVED FINANCIAL RESULTS

Gross profit on sales decreased by PLN 39.0 million in 2020, to PLN 512.3. Refer to the "Operating Results" section for comments on results by segments.

The costs of sales as well as general and administrative expenses increased by PLN 14.0 million compared to the previous year.

The balance of other operating income/costs amounted to PLN -14.6 million and was lower by PLN 103.2 million against 2019. The decrease in that balance is primarily due to the negative balance of provisions reversed/created in the amount of PLN 107.3 million.

OPERATING RESULT

1. Consolidates figures:

In 2020 EBITDA on continuing operations amounted to PLN 249.4 million compared to PLN 413.6 million in the corresponding period of the previous year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	2020	2019	differen ce
EBITDA, including:	249.4	413.6	-164.3
Automotive Segment	32.7	61.7	-29.0
Metals Segment	156.2	325.8	-169.6
Chemicals segment	22.3	12.5	9.9
Other Activities Segment	38.2	13.7	24.5

2. Automotive Segment

The result on the EBITDA level in the Automotive Segment was significantly affected by the outbreak of the Covid-19 pandemic, which caused the shutdown of some production facilities and thus reduced sales. The reduction in car production and sales resulting from the WLTP procedure implemented in 2018 also played a role. 2020 continued to see the negative impact of WLTP environmental standards, which affected the main customer of BAP Group - VW Group (mainly VW and Audi brands) to the greatest extent. Importantly, the drop in sales was seen for selected car models, which translates into different values of sales deviations from the plans and results of individual entities in the Automotive Segment.

The positive year-to-year deviation in Maflow Group mainly came from the optimisation measures implemented in the Group.

3. Metals Segment

The segment recorded a decline in performance against 2019. EBITDA dropped in most entities of this Segment. NPA Skawina Branch and Zakład Utylizacji Odpadów Sp. z o.o. were the only businesses to outperform in 2019.

For NPA Skawina, the main reason for the increase in operating profit is higher sales.

The increase in results in Zakład Utylizacji Odpadów Sp. z o.o. is mainly due to higher sales of services.

The drop in results of Impexmetal S.A. Aluminium Konin is the result of the disposal of this company on 6 November 2020. The 2020 report includes results up to the point of sale.

Hutmen Sp. z o. o. also reported worse results mainly due to a decrease in the balance of dividends received/paid, compared to 2019. Additionally, a significant drop in the operating result in 2020 came from recognition of provisions due to potential tax liabilities and increase in other operating expenses in 2020.

Worse performance of ZM SILESIA S.A. was mainly driven by the drop in revenues from white certificates and other energy certificates as well as the increase in non-activated development costs.

Baterpol S.A. performed results mainly due to much lower (by 12.7%) sales volumes and due to falling unit processing margins coming from adverse changes on the battery scrap market and changes in the scrap mix used in production.

FŁT Group reported lower results due to shutdowns at major customers caused by the COVID-19 pandemic.

WM Dziedzice S.A. suffered a decrease in results due to lower unit processing margins on most of the sales assortments as well as drop in sales volumes by 3.0% against the same period of the previous year.

4. Chemical products segment

The increase in EBITDA of the Chemicals Segment came in particular from Boryszew S.A. ERG Branch. Higher result of ERG Branch is mainly the result of higher unit processing margins. In Q1 '2020, the Branch, in response to market demand, launched hand and surface disinfectant liquids, which generated over 17% of total sales revenues of Boryszew ERG Branch in 2020, which also contributed to the increase of EBITDA in the remaining part of 2020.

5. Other

Segment Other recorded a slightly worse result than in the corresponding period of the previous year as a result of the absence of significant one-off events in both periods. Also the result of the segment was negatively influenced by the discontinuation of wholesale trade on the electricity market by Boryszew S.A. Energy branch.

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of income/operating expenses amounted to PLN 332.1 million and it was PLN 386.4 million higher than in the same period of 2016. Improvement of this result came mainly from the sale of shares in Impexmetal S.A. Aluminium Konin.

Net income from continuing operations amounted to PLN 282.7 million and was higher by PLN 379.5 million against 2019. The biggest impact on 2020 net result came from one-off event - the sale of Impexmetal S.A. (profit on the transaction of PLN 376.0 million).

7. DESCRIPTION OF ASSETS, EQUITY AND LIABILITIES STRUCTURE

BORYSZEWSA

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

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

in PLN million	2020	2019
Non-current assets	1 510.7	910.6
including:		
tangible assets	245.6	230.3
investment property	17.2	16.5
intangible assets	32.8	31.4
financial assets	120.8	60.1
Shares in related parties	853.7	405.4
other	240.7	166.9
Current assets	1 034.3	725.7
including:		
inventory	208.3	178.2
trade receivables	187.1	289.1
cash and cash equivalents	32.9	35.8
other	606.1	222.6
Total assets	2 545.0	1 636.3
Equity	1 597.8	429.3
Total liabilities	947.3	1 207.0
including:		
Long-term liabilities, including:	226.6	282.2
financial obligations	141.2	207.1
Short-term liabilities, including:	720.7	924.8
trade liabilities	203.6	262.6
financial obligations	411.8	609.2
Balance sheet total	2 545.0	1 636.3

Fixed asset increase was primarily due to:

- PLN 448.3 million - increase in the value of shares in subsidiaries,

Current asset increase was primarily due to:

- PLN 383.4 million - increase in other current assets,

The increase in shareholders' equity was primarily due to:

- PLN 1 350.5 million - increase in net profit for the current period,

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

- (-263.4) million - a decrease in long-term and short-term financial liabilities.

ANALYSIS OF WORKING CAPITAL

in PLN million	2020	2019
Non-cash working capital (PLN million)	191.7	204.7
Inventory turnover (in days)	64	47
Turnover of trade receivables (in days)	58	76
Turnover of trade payables (in days)	63	69
Working capital turnover (in days)	59	54

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

Turnover ratios are calculated based on revenues

As at the end of 2020, working capital amounted to PLN 191.7 million and decreased by 6.3% or PLN 13.0 million against the end of 2019. Working capital decreased primarily as a result of a decline in trade receivables. Inventory turnover increased by 36.6%, while trade payables turnover decreased by 9.4% compared to the same period in 2019. The real level of working capital in Boryszew S.A., calculated as turnover ratio (based on revenues) expressed in days decreased by 5 days.

ANALYSIS OF INTEREST BEARING DEBT

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

in PLN million	2020	2019
Interest liabilities, including:	553.0	816.3
Long-term interest liabilities	141.2	207.1
including: bonds	0.0	12.0
including: loans, borrowings, leases	141.2	195.1
Short-term interest liabilities	411.8	609.2
including: bonds	64.0	130.4
including: loans, borrowings, leases	347.8	478.8
Cash and cash equivalents	32.9	35.8
Interest payable to related parties	81.3	258.8
Net debt	438.7	521.8
Net debt/EBITDA	0.4	7.0
Value of gross (total) debt to assets*	22.7%	40.3%

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

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

**liabilities due to loans, borrowings, bonds, leasing (financial and operating), factoring (recourse and non-recourse factoring) to assets, combined*

The interest debt of Boryszew S.A. (less cash and cash equivalents and liabilities to related entities) as at the end of 2020 amounted to PLN 438.7 million and was lower by PLN 83.1 million than at the end of 2019. The gross (total) debt to assets ratio was 22.7% at the end of 2020 compared to 40.3% at the end of 2019.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2020	2019
Current ratio	1.6	0.8
Quick ratio	1.3	0.6

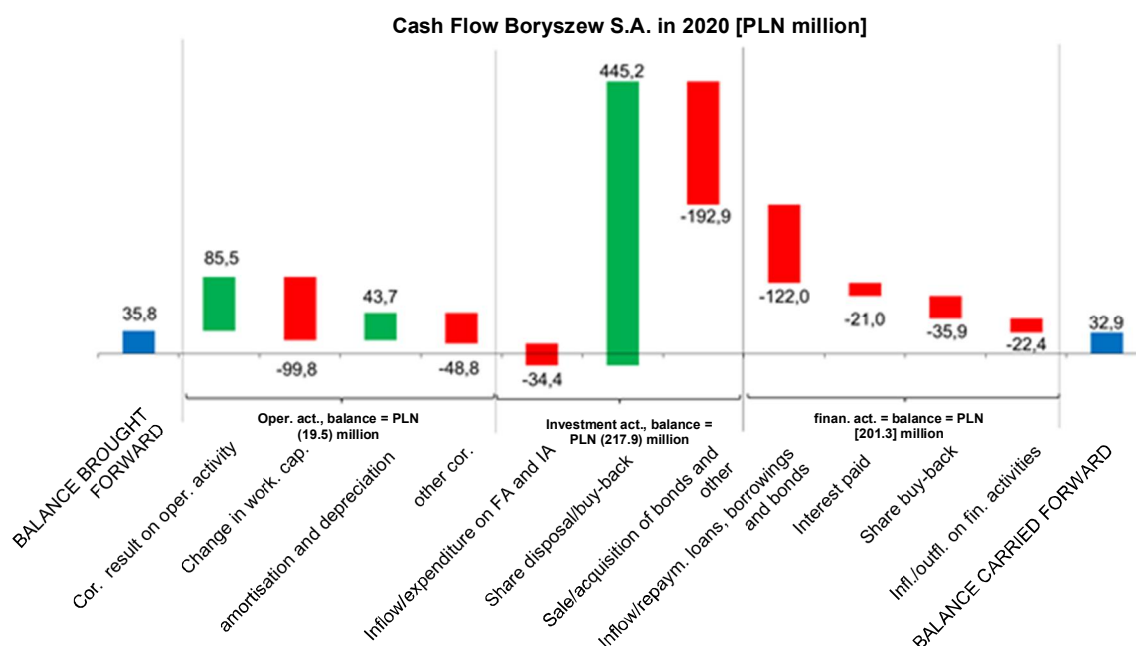
Current ratio = current assets / short-term liabilities

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

In 2020, the current ratio and the quick ratio were at significantly higher levels compared to 2019. This is a result of an increase in current assets by PLN 308.6 million and a decrease in short-term liabilities by PLN 204.1 million.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Major item of separate statement of cash flows for Boryszew S.A. in 2020 is presented in the following table.



The chart below shows the main factors that shaped the cash flows of Boryszew S.A. in 2020.

in PLN million	2020	2019
Net cash flow from operating activities	-19.5	92.0
Net cash flow from investment activities	217.9	90.9
Net cash flow from financial activities	-201.3	-176.5
Total cash flow	-2.9	6.5

In 2020 Boryszew S.A. generated positive inflows from investment activity, which were spent mainly on repayment of loans and borrowings.

The largest item of investing activities are the proceeds from the disposal of shares in CG companies, with a balance of PLN 445.2m.

Investments in fixed and intangible assets took place mainly Maflow Branch (modernisation and machines), NPA Skawina Branch (mainly replacement investments) and Boryszew ERG Branch (mainly modernisations).

BORYSZEW CAPITAL GROUP

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

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

in PLN million	2020	2019
Non-current assets	1 886.5	2 464.6
including:		
tangible assets	1 303.1	1 814.5
investment property	152.1	159.2
intangible assets	48.1	45.8
shares and stocks	318.1	369.2
financial assets	1.0	1.7
other	64.0	74.2
Current assets	2 211.3	2 322.8
including:		
inventory	981.0	1 222.8
receivables	731.1	755.1
cash and cash equivalents	185.2	219.6
other	314.0	125.4
Assets held for sale	1.0	1.0
Equity	1 633.6	1 535.1
Total liabilities	2 465.2	3 253.3
including:		
Long-term liabilities	634.8	1 160.9
Short-term liabilities	1 812.9	2 076.1
Liabilities associated with fixed assets held for sale	0.0	0.0
Balance sheet total	4 098.8	4 788.4

The decrease in the level of assets and liabilities, fixed assets and inventories was mainly driven by the sale of Impexmetal S.A. in 2020.

Relative debt, as measured by the ratio of net debt to EBITDA (excluding non-recurring events), was 2.5 and decreased against the previous year.

By contrast, the gross (total) debt to assets ratio stood at 25.7% at the end of 2020, compared to 34.4% at the end of 2019.

ANALYSIS OF INTEREST BEARING DEBT

in PLN million	2020	2019
Interest liabilities, including:	1 055.1	1 648.7
Long-term interest liabilities	249.1	719.4

including: bonds	0.0	0.0
including: loans, borrowings, leases	249.1	719.4
Short-term interest liabilities	806.1	929.4
including: bonds	0.0	0.0
including: loans, borrowings, leases	806.1	929.4
Cash and cash equivalents	185.2	219.6
Net debt	869.9	1 429.1
Annualised EBITDA (excluding one-off events)	346.4	413.64
Net debt/EBITDA	2.5	3.5

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

Net debt = interest liabilities – cash and cash equivalents

**liabilities due to loans, borrowings, bonds, leasing (financial and operating), factoring (recourse and non-recourse factoring) to assets, combined*

The interest debt of Boryszew Capital Group (less cash and cash equivalents) as at the end of 2020 amounted to PLN 869.9 million and was lower by PLN 559.2 million than that at the end of 2019.

ANALYSIS OF WORKING CAPITAL

in PLN million	2020	2019
Non-cash working capital (PLN million)	1 013.6	996.2
Inventory turnover (in days)	64	71
Turnover of trade receivables (in days)	48	44
Turnover of trade payables (in days)	46	57
Working capital turnover (in days)	67	58

working capital = inventory + trade receivables - trade liabilities.

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

The demand for working capital as at the end of 2020 amounted to PLN 1 013.6 million and increased against the end of 2019 - by PLN 17.4 million.

The actual level of working capital in Boryszew Capital Group, computed as a turnover ratio (calculated based on revenues) expressed in days decreased by 67 days.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2020	2019
Current ratio	1.5	1.2
Quick ratio	0.8	0.6

Current ratio = current assets / short-term liabilities

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

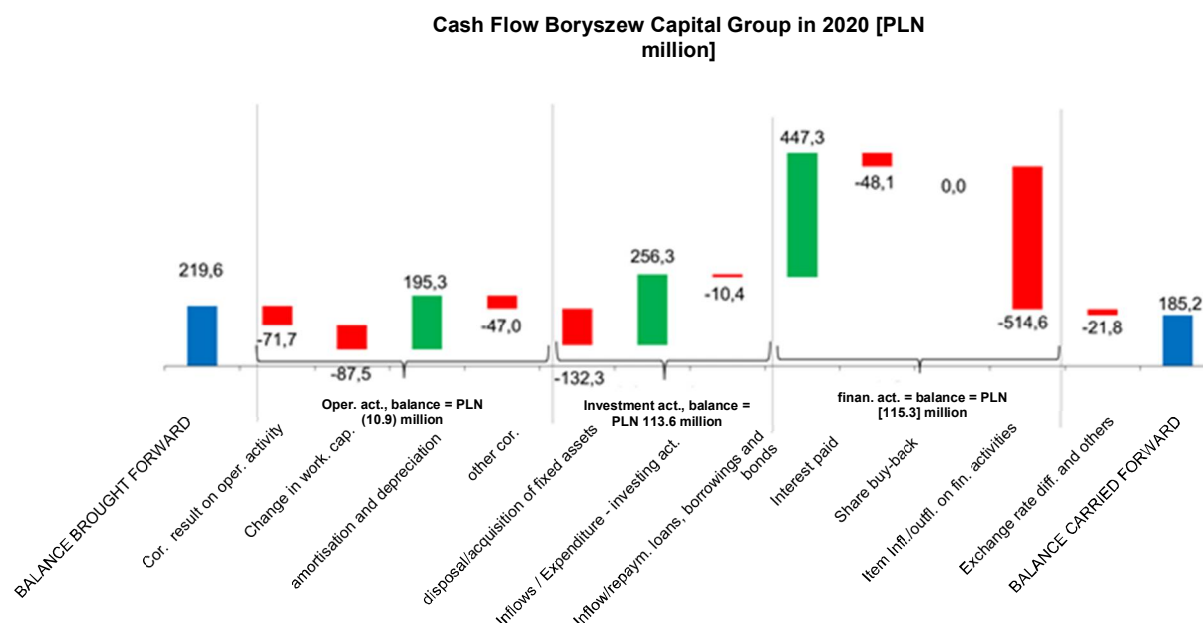
In 2020 the current and quick liquidity ratios increased, mainly as a result of lower inventories and current liabilities. The above ratios confirm that the Group has sufficient financial liquidity to pay current and future liabilities.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Main items of the consolidated cash flow statement of Boryszew Group in 2020, as compared to the corresponding period of previous year, are presented in the table below:

in PLN million	2020	2019
Net cash flow from operating activities	-10.9	455.4
Net cash flow from investment activities	113.6	-538.8
Net cash flow from financial activities	-115.3	148.6
Total cash flow	-12.6	65.2

The following chart presents the main factors shaping the cash flow of Boryszew Capital Group in 2020:



In 2020 the Group generated positive cash flow from directly operational activity, which was allocated mainly to investments in non-current assets, buy-back of shares and bonds as well as debt service (payment of loans and borrowings, payment of interest and redemption of financial lease liabilities).

The total value of investment expenditure in 2020 amounted to PLN 175.1 million. The table below presents the division of investment expenditure into segments:

in PLN million	2020
CAPEX, including:	175.1
Metals Segment	117.9
Automotive Segment	48.8
Chemicals segment	7.6
Other Activities Segment	0.8

The largest investments in fixed assets in 2020 were made by companies in the Metals Segment. In Aluminium Konin investment expenditure amounted to PLN 74.4 million, and in Baterpol S.A. investment expenditure involved mainly environmental protection (PLN 5.1 million). Moreover, NPA Skawina Branch continued its vital modernisation and development investment of the planned total value of PLN 86 million (including PLN 28 million of the planned EU subsidy) to develop an innovative wire rod production technology.

In Maflow Group the majority of capital expenditure was allocated to overseas production facilities, where PLN 20.3 million was spent on modernisation and additional equipment (PLN 35.6 million in the whole Group). Lower

concentration of capital expenditure was seen in BAP Group, where AKT Plastikarska Technologie spent PLN 5.0 million, mainly for new machines, and the whole BAP Group spent PLN 13.0 million.

8. DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS

Guarantees and sureties as at 31.12.2020

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee	Expiry date of guarantee
		PLN '000	
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	23 074	indefinite validity
MAFMEX S. de R.L. de C.V.	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
Total		57 908	

Guarantees and sureties for repayment of financial liabilities granted to subsidiaries and jointly-controlled companies
Liabilities due to tax risk

As at 31.12.2020	As at 31.12.2019
57 908	115 443
70 804	38 900
128 712	154 343

9. SIGNIFICANT CONTRACTS

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

In 2020 the following entities accounted for more than 10% of sales revenue generated by Boryszew S.A.:

Company	Conclusion date	Subject matter of the Agreement	Value of the agreement in 2020	Share	Relations with the issuer
				[%]	
VW Group	Orders (nominations)	delivery of air-conditioning tubes	PLN 166 million	14%	none

In 2020 the following entities account for more than 10% of sales revenue generated Boryszew Capital Group:

Company	Conclusion date	Subject matter of the Agreement	Contract value in 2020	Share [%]	Ties with the issuer
VW Group	Orders (nominations)	delivery of air-conditioning tubes	PLN 874 million	15.7%	none

The value of purchase or sale contracts from other contractors of the Company or the Capital Group in 2020 remained below 10% of revenues from sales of Boryszew S.A. or Boryszew Capital Group respectively.

SIGNIFICANT AGREEMENTS OF THE CAPITAL GROUP

BORYSZEW AUTOMOTIVE PLASTICS GROUP

Name of the party to the contract	Conclusion date	Subject matter of the Agreement	Value of the agreement in 2020
VW Group	orders	sale of parts to automotive	PLN 564 million

MAFLOW GROUP

Name of the party to the contract	Conclusion date	Subject matter of the Agreement	Contract value in 2020
VW Group	orders	sale of parts to automotive	PLN 224 million

Other agreements material for the operations of the Capital Group companies

HUTMEN SP. Z O. O.

Conclusion date	Subject matter of the Agreement	Estimated value of the contract in 2020
19.12.2019	DHP ingots	PLN 146 million
17.12.2019	ETP ingots rework	PLN 103 million

WALCOWNIA METALI DZIEDZICE S.A.

Conclusion date	Subject matter of the Agreement	Estimated value of the contract in 2020
06.02.2015	supply of raw materials (scrap)	PLN 76.5 million
22.07.2011	supply of strip for further rolling and for coin blank production	PLN 63,0 million

ZM SILESIA S.A.

Conclusion date	Subject matter of the Agreement	Estimated value of the contract in 2020
23.01.2020 28.01.2020	delivery of raw materials	PLN 128,1 million
16.12.2019	delivery of raw materials	PLN 129,6 million

BATERPOL S.A.

Conclusion date	Subject matter of the Agreement	Estimated value of the contract in 2020
20.12.2019	sale of lead and alloys	PLN 77.5 million

FLT POLSKA SPÓŁKA Z O.O.

Conclusion date	Subject matter of the Agreement	Estimated value of the contract in 2020
multi annual agreements	purchase of bearings	PLN 113.4 million

ALCHEMIA GROUP

Conclusion date	Subject matter of the Agreement	Estimated value of the contract in 2020
Multi-year contract	purchase of raw materials	PLN 226.2 million

INSURANCE CONTRACTS

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

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

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

10. SIGNIFICANT CAPITAL INVESTMENTS AND CHANGES IN THE STRUCTURE

Acquisition of Alchemia S.A. shares

On 30 January and 28 May 2020, Alchemia S.A. acquired a total of 14 000 000 own shares, which accounts for 8.07% of the share capital and votes at the General Meeting of Alchemia S.A.

In 2020 Eastside Bis Sp. z o.o. acquired a total of 44 980 000 shares of Alchemia S.A., which accounts for 25.93% of the share capital and votes at the General Meeting of Alchemia S.A.

On the day of publication of the report Boryszew Capital Group holds 100.00% of Alchemia S.A. shares.

Conversion of receivables of Boryszew SA from Maflow to Brasil Ltda

Boryszew SA converted Company's receivables from Maflow to Brasil Ltda with its registered seat in Brazil, arising from:

- 1) loans granted, EUR 11 932 500
 - 2) commercial claims of EUR 13 117 212,
- in the total amount of EUR 25 152 515.42 to share capital of the company, in exchange for 117 733 649 shares with a nominal value of R\$1 each.

As at 31 December 2020 Boryszew S.A. holds directly 79% of shares in the share capital of this company.

Conversion of receivables of Boryszew SA from Mafmex S. de R.L. de C.V.

Boryszew S.A. converted its receivables from Mafmex S. de R.L. de C.V., based in Mexico ("company"), resulting from trade receivables in the amount of EUR 11 013 526.89 (equivalent of MXN 239 398 865.86 at the time of the conversion) to company's supplementary capital, in exchange for 239 398 865.86 series B shares (without voting rights during shareholders' meeting).

Merger of Boryszew S.A. based in Warsaw and SPV Boryszew 3 Spółka z o.o. based in Warsaw

On 25 June 2020 the registry court of the National Court Register issued a decision on the registration of the merger of Boryszew S.A. and SPV Boryszew 3 Spółka z o.o.. 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. - as per the provisions of CCC Article 494 § 1 - will enter into all rights and obligations of SPV Boryszew 3 as of the merger date. The merger was effected without increasing the Issuer's share capital.

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.

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

1. 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 Sp. z o.o. in total amount of PLN 31 000 000, with redemption date on 30 June 30 2021.
2. 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.
3. 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.
4. assumed 6 154 383 shares of Hutmen S.A. accounting for 24.04% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 8 822 915 shares of Hutmen S.A. own shares accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.

Deletion of Torlen Spółka z o.o. from the register of entrepreneurs of the National Court Register

On 20 May 2020, Torlen Spółka z o.o. based in Toruń was deleted from the Register of Entrepreneurs of the National Court Register (the liquidation process was completed in the third quarter of 2019).

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

Information on the purchase of on shares is provided in detail in point 5 of the Report - Significant events.

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

Information on transactions under joint control, purchase of shares and stocks in subsidiaries from Impexmetal S.A. is provided in detail in point 3 of the Report - Organisational structure

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 F&T 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,

The market value of the shares sold was recognised at a total of PLN 693.3 million.

During preparation of the consolidated financial statements for the third quarter of 2020, the Management Board of the Company decided to conduct an in-depth assessment to verify in detail the fair value of the financial assets which were acquired from Impexmetal on 5 November 2020. This assessment is aimed, in particular, at the balance sheet allocation of value impairment, resulting from valuations prepared for the purpose of the transaction described above, to relevant fixed assets. Given the complexity and relevance of the assessment, it is the intention of the Management Board to involve an independent expert in this process. The tests resulted in write-offs recognised in the Issuer's consolidated financial statements, adjusting the value of the assets being used of PLN 50 million in total.

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

The value of recognised write-offs will be included in the consolidated statement of Boryszew Capital Group for 2020, due to publication on 30 April 2021.

Sale of shares in Impexmetal S.A.

On 6 November 2020 Boryszew S.A. and Gränges AB based in Stockholm (the "Parties"), following the fulfilment of the conditions precedent provided for in the preliminary conditional agreement for sale of Impexmetal shares (the "Agreement"), closed the transaction described in the Agreement, thus concluding the actions involving the transfer of the ownership right of 125 000 000 registered shares of Impexmetal by Boryszew S.A. to Gränges AB at 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, Boryszew S.A. assumed 2 442 268 shares issued by Gränges AB, 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:

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

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>	<i>470 400</i>
<i>Proceeds from the sale - settlement of Granges shares</i>	<i>90 000</i>
Price adjustment in accordance with the agreement /price adjustment - cash settlement in 2021	6 055

Acquisition of shares in EW Rywałd Spółka z o.o.

On 23 December 2020 SPV Impexmetal Sp. z o.o. based in Warsaw ("Buyer") and RKK Investments Spółka z o.o. with its registered seat in Warsaw ("Seller") concluded the final share purchase agreement and closed the transaction of transferring 100% of shares in EW Rywałd Sp. z o.o. ("EW Rywałd") to the Buyer. The final price for 100% of shares in EW Rywałd was PLN 39 million.

Conversion of loans granted to Boryszew Kunststofftechnik Deutschland GmbH by Boryszew S.A.

Due to the negative equity of Boryszew Kunststofftechnik Deutschland GmbH ("BKD") and the resulting need for measures increasing the equity of BKD, Boryszew S.A. agreed to convert the loan granted to BKD in total amount of EUR 17 500 000 into subordinated (mezzanine) shares, which will be repaid by 31 December 2040 in a single transaction.

Transformation of Hutmen S.A.

On 22 March 2021 District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register registered the transformation of Hutmen S.A. into a limited liability company. As of the report publication date, the partners of the company are:

- Impex - Invest Spółka z o.o. based in Warsaw,
- Boryszew S.A. with its registered office in Warsaw,
- SPV Impexmetal Spółka z o.o. based in Warsaw.

Sale of EW Rywałd Spółka z o.o.

On 27 April 2021, SPV Impexmetal Sp. z o.o., based in Warsaw and KGAL ESPF 4 Holding S.à r.l. ("Buyer") signed an agreement on the sale of 1 000 shares of a nominal value of PLN 50 each, accounting for 100% of the share capital of EW Rywałd Sp. z o.o. based in Toruń.

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

11. RESEARCH AND DEVELOPMENT

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

MAFLOW GROUP

In 2020 the most important R&D achievement of Maflow Group include approval obtaining by Boryszew S.A. Maflow Branch from VW Group for products dedicated to use R744 (CO₂) refrigerant. This created opportunities to develop technology already used by other electric car manufacturers. The technology of transfer of the cooling agent of Maflow Branch leads to significant extension of the range of an electric car in temperatures below 0°C, with the use of components by other OEMs. In 2020 the company carried out further development work on the implementation of this solution into series production.

Maflow R&D activity was focused on the development works driven by new RFQs from leading car manufacturers, which have not been part of the portfolio of Maflow Group clients so far. Maflow products were assessed as consistent with the requirements of these customers, opening an opportunity to increase the customer portfolio for the company. In the coming years Maflow Group will also develop new process technologies, including:

1. Laser welding - this process will feature much higher capabilities than the traditional soldering process and much higher productivity. The implementation of the laser welding/soldering process will create an opportunity to significantly reduce the cost of leakage-related deficiencies. Changing the technology of joining blocks from soldered to moulded.
2. Use of CO₂ - air conditioning ducts with the new CO₂ refrigerant (R744), air conditioning systems based on carbon dioxide refrigerant operating at high operating pressures up to 200 bar. As a result, two new types of air conditioning ducts were introduced. The CO₂ technology drives new methods of production (cutting, assembly, testing of ducts).

BORYSZEW ERG BRANCH OF BORYSZEW S.A. IN SOCHACZEW

Significant R&D achievements of the Branch in 2020 include:

1. implementation of Task III in Project POIR.01.02.00-0-0031/17 "Environmental friendly nano-fluid for car radiators with innovative performance parameters" under the INNOCHEM programme;
2. work on antiviral disinfectants - launch of a new range of products;
3. development of new refrigerants in G12++ and G13 technology;
4. work on cleaning fluids for aluminium and other metals;
5. work on a range of cosmetics for the automotive industry.

BORYSZEW S.A. NOWOCZESNE PRODUKTY ALUMINIOWE SKAWINA BRANCH

In 2020, in the ongoing development project, co-financed by EU funds, "Development of the innovative technology of rods production from highly resilient aluminium alloys of 2xxx, 5xxx, and 7xxx series" the branch developed and commercialised a technology for production of wire rod from 5xxx series aluminium alloys.

In particular, wire rods of 5052, 5154, 5754 and 5019 aluminium alloys were sold to customers.

The project is scheduled for completion in 2021 and further commercialisation of its results is planned.

WM DZIEDZICE S.A.

2020 saw completion of the project referred to as "BRASS CAST&DRAW® Tech - Innovative technology for manufacturing products of copper alloys featuring a new standard of geometric quality intended for material removal machining on high-speed cutting machines".

The Company also implemented projects to improve the quality and profitability of its products.

ZM SILESIA S.A.

In 2020, the Company implemented further phases of the programme No. POIR.01.01-00-0361/17 "Development of technology and implementation into production of a full assortment range of zinc-aluminium alloy wires intended for corrosion protection by spray metallisation". In 2019, following the successful industrial research in phase 1, the development work of the second phase of the Project continued and ended in June 2020. This stage the construction and installation ended with successful completion of the last two elements of the demonstration line: the new prototype of the casting machine and the new prototype of the rolling mill unit, which technically are the final form of the line and the demonstration of the actual operating conditions.

In H2 2020, the Company successfully completed phase 3 of the research program. The development work during this stage involved a technology for producing a full range of new products made of ZnAl₂, ZnAl₄, ZnAl₁₅, ZnAl₂₂ alloys. Experiments were conducted in industrial conditions on the strength properties of new finished products by selecting the combination of the chemical composition of an alloy, the combination of technological parameters of continuous casting and rolling lines, wire rod heat treatment parameters and deformations in the wire drawing process. Work in phase, in accordance with the planned schedule, was completed on 31.12.2020. The development work enabled production of the first test batches of wire featuring a diameter of 2.5 mm of all grades foreseen in the project; the test products were then sent to a third party for spray metallisation in order to obtain a preliminary assessment defining the behaviour of wires in metallising machines and for evaluation of the applied protective layer.

Phase 4 is underway, launched on 01.01.2021 and due to be completed on 30.06.2021. This stage was planned as a part of the Project completing a series of industrial research and development works on obtaining technological capacity to produce a full range of ZnAl₂, ZnAl₄, ZnAl₁₅ and ZnAl₂₂ alloy wires and includes test production based on the production paths developed in phase 3 for each of the product lines planned in the Project. The purpose of the planned tests planned is the final confirmation of technological readiness of machines following modifications of their operational advantages, verification of the functionality of the newly developed technological paths in terms of production planning and organisation, as well as validation of functional properties of the finished products.

ALCHEMIA S.A.

In 2020, as in 2019, all subsidiaries of Alchemia were involved in activities aimed at optimising the production process in terms of technology and quality of manufactured products; R&D was also continued.

In 2020 Walcownia Rur Andrzej in Zawadzkie slowed down the implementation of R&D work on three projects, subsidised by NCRD, which was caused by COVID-19 and the collapse of the market.

Project **"Innovative grade of high chromium martensitic steel for boiler tubes in conventional power generation applications for supercritical conditions"** under the Smart Growth Operational Programme. The agreement between the National Centre for Research and Development and Alchemia S.A. was signed in May 2017. In this project the co-financing amounted to PLN 37.1 million, which accounts for 40.51% of the total expenditure eligible for support under the project. So far research phase 1 of project has been completed. Second half of 2020 saw negotiations with NCRD on the change from product innovation to process innovation. This is due to the tests of the new steel grade, which failed to yield the expected results, mainly because of the high cost to produce the required grade of charge. The company is now awaiting NCRD position.

Project **"Innovative bainitic steel tubes with TRIP effect for high-strength products for the mining industry, featuring enhanced performance"** under the Smart Growth Operational Programme. The agreement between the National Centre for Research and Development and Alchemia S.A. was signed in June 2018. In this project the co-financing amounted to PLN 30.5 million, which accounts for 40.78% of the total expenditure eligible for support under the project. So far research phase 1 of project has been completed. On 28 April 2020, a Report on its implementation was submitted. This report was approved by NCRD on 28 October 2020. Second half of 2020 saw negotiations with NCRD on extending the deadline for project implementation. The company is now awaiting NCRD position.

Project **"Innovative technology of rolling seamless pipes made of alloyed steel with designed quality parameters for power and mining industry"** The objective of the project is R&D leading to an innovative technology of rolling seamless pipes made of martensitic alloy steels with 8÷15% of Cr and of bainitic steels. The project obtained co-financing of PLN 48.15 million, which accounts for 40.61% of total expenditure eligible for support under the project. Due to the above-mentioned circumstances and related difficulties, the project was not launched. Second half of 2020 saw negotiations with NCRD on extending the deadline for project implementation. The company is now awaiting NCRD position.

In 2020 the Rurexpol Branch continued works launched in 2019 on non-socket tube rolling (invention: **Mandrel clamping unit for pilgrim milling machine**). In May 2020, a preliminary assessment of invention application P.430135 was obtained confirming that "in accordance with the regulations, the patent claims are fully supported by the description of the invention, indicate an inventive step and meet the requirement of novelty and uniformity of solution." Together with the Częstochowa University of Technology, an application was filed in the patent office for granting a patent for: **Mandrel clamping unit for pilgrim milling machine**. As on the date of drafting this report, proceedings are pending.

In 2020, a chemical composition was developed for the batch obtained at Stalownia Batory (in the form of siphon ingots), which enables production of pipes in steel grades for the construction of offshore pipelines according to API 5L/18 Annex J and offshore structures according to PN-EN 10225:2009. Steel grades according to the above mentioned standards feature a reduced carbon content (up to 0.16%), while maintaining the strength properties for grade 355 and high impact strength at -40°C. The rolling tests, as well as tests of the strength properties of the produced pipes brought positive results. This enables extension of the commercial offer to include pipes in grades produced according to the above mentioned standards. Currently, the chemical composition of the production batch for pipes according to the same standards but obtained at AMP Dąbrowa Górnicza and line pipes, grade P460NL1 according to PN-EN 10216-3 / 2014, is under development.

Tests of shot-blasting of bars with diameters of Ø80 ÷ Ø150 for Huta Bankowa Sp. z o.o. (before NDT examination) were also carried out with positive results. A positive result opens the possibility to offer this service to potential customers.

In 2020 Walcownia Rur Batory Branch in Chorzów in 2020 launched works on the modification of the forging mill. Mechanical, electrical, hydraulic and process control parts will be modernised. The existing four feeders will be replaced by two, the roller setting will be changed and the whole process will be automated. The upgrade will bring an improve product with lower dimensional tolerances and increased yield. The program to improve the

surface finish of oil and gas transfer, structural and boiler pipes continued in 2020. A belt sander was commissioned to grind the exterior surface. In an earlier phase, a pipe blasting machine was installed and commissioned. The next step was to develop a concept for the construction of a grinder for the internal surface of pipes, which will be built in late 2021 and early 2022. Combining these devices into one system will multiply the efficiency of production of pipes that need special surface preparation and will make the offer of the Branch more attractive.

In 2020, the Stalownia Batory Branch conducted the following R&D work and implementation of solutions in production:

- work on application of mechanical pumps in the system of VAD device to obtain vacuum in steel degassing process - an application for co-financing from the Provincial Fund for Environmental Protection and Water Management in Katowice was filed,
- new steel grade M-2000 for metal sheets in the armaments industry,
- work on improvement of the surface quality of tubular ingots through the use of new casting compounds for ingot casting,
- tests with new highly refractory ceramic materials (bottom zone, metal zone, slag zone) for installation in casting ladles,
- reduction of oxygen content (max. 20 ppm) in the manufacturing process of steel grade P91.

In 2020, unlike previous years, Stalownia Batory Branch refrained from implementing R&D tasks, mainly due to Covid-19. The Branch pursued activities in optimisation of the technical and technological aspects of its production process and activities improving in the quality of the manufactured products; the works were carried out by the Branch employees and maintenance technicians; the Heat Treatment Department was responsible for modification and modernisation of the cooling system in the hardening tanks, to increase the intensity of bars and forging cooling in the hardening process. Following the modernisation, certain assortments and grades of steel improved strength requirements compared to the same properties prior to the modernisation; improved mechanical properties for a certain assortments and grades is expected by customers of the Branch and helps attract orders.

HUTA BANKOWA SP. Z O.O.

In 2020, despite the ongoing pandemic and a significant slowdown in construction works which was due to the fact that it was impossible to maintain the principle of competitiveness in contract award procedures (restrictions on travel, restriction of meetings and visits of potential bidders and other restrictions), Huta Bankowa Sp. z o.o. continued its 3 basic R&D projects, implemented with co-financing from the ERDF for 2014-2020.

Project No. 0164/16 **“SBR-x: Unique forged and rolled special-purpose steel ring with advanced, designed cross-section and adjustable operating properties”**, co-financed under the INNOSTAL programme for the construction of a new rolling stand for rims and rings was technically completed in 2019. Q1 '2020 saw optimisation work on the new rolling stand. In collaboration with the Wrocław University of Technology, a measurement strategy was developed and the first pilot batches of products were manufactured. Based on the results of the development works, the Final Report has been drafted, presenting the way the project parameters were achieved, and on 31 March 2020 the project was formally completed and the Application for final payment was submitted. Finally, on 16 November 2020, information was received that the financial settlement of the project and the Final Report had been accepted with no comments. Thus began a 5-year period of project sustainability.

Project No. 0143/16 **“Designed rolling of large size long bars with non-furnace treatment - a new technology for the production of quality long rolled bars made of alloy steel with designed properties for the engineering industry”**, implemented under the DEMONSTRATOR programme was moved to the next phase of implementation. Due to the pandemic situation, the agreement with the National Centre for Research and Development for funding of this project is now extended until 31 March 2022. Due to the restrictions introduced, the work of the project team focused primarily on design and research. The design of the rolling stands: crusher and reversing mill was prepared and verified for the next stage of implementation. On 21 December 2020, a contract award procedure was announced for the construction of these stands in accordance with the technical design. Modernisation of rolling stands should take place at the turn of 2021 and 2022. Another demonstration station in this project is a modern cold storage facility for products. Given the current market analysis and the development perspective of the market for steel products, the scope of this task was revised in order to provide the main functions of the bar cooling station, namely adjustable sliding of bars in the cooling plant, their rotation with speed control and forced cooling with a cooling medium (water and air). Together with IMŻ Gliwice, two experiments were carried out in 2020 in conditions similar to production conditions, using a specially constructed experimental stand. The results obtained in these experiments are presented in the Report on R&D works on the development of temperature characteristics of a new technological line as well as technical and technological parameters for the control system

of the process of controlled cooling of strands after rolling - as initial guidelines for the design of the cooling station. In H1 '2021, one more experiment will be carried out and then technical assumptions will be determined for the construction of the rod cooling station.

In order to make the best use of the existing infrastructure, it was decided to partially use one of the existing cold stores for the construction of the new stand. A bidding campaign was held for the development of a mechanical-hydraulic concept for such a station

In Project 028/17 **"Automated line for quality control and examination of for rings and rims with intelligent system for identification and measurement of internal defects using the PA method, form measurements by means of 3D measurement heads and the SMART-HARD mechanical properties measurement station"**, implemented under the FAST TRACK programme, an Annex was signed with NCRD to the agreement, extending the project implementation period until the end of 2022, also due to the epidemic and difficulties in the implementation of the project tasks. In February 2020, the final stage of research work by the Warsaw University of Technology was completed; it included an assessment of the effect of surface preparation on the amplitudes of reflected ultrasonic waves, supplementing the developed research methodology in terms of testing large-size forgings, numerical simulations of ultrasonic testing of forgings of different sizes and shapes, and numerical simulations of ultrasonic testing of forgings with equivalent defects of varying size, orientation and morphology. This enabled to formulate basic assumptions for the configuration of the UT test system.

Following the market and economic analysis re-assessment, the dimensional range of products in the new testing system, which will be created under the project, was verified. It will cover products up to 1800 mm in diameter and 1500 kg in weight - that is 100% of the rims produced and about 91% of the forged-rolled rings offered. During preparation of contract award procedures for the first test benches, technical specifications were drafted in 2020 for the shot blasting machine and the ultrasonic test bench. Apart from works in projects co-financed by the EU, the Company also carried out investment tasks with its own funding. They included the stage 2 of modernisation of the rotary furnace for batch heating in production of rings and rims. The energy efficiency achieved as a result of the modernisation will be possible to assess after the completion of technological tests for the selected range. We estimate that it will be possible to confirm the effects and obtain energy efficiency certificates in the first half of 2021.

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

12. TRANSACTIONS WITH AFFILIATED ENTITIES

Transactions between subsidiaries mainly include commercial transactions concluded between companies of the Capital Group with regard to sale or purchase of traded goods and products of typical, conventional nature for the Group's operations. Also, standard liquidity management measures at the level of the Capital Group involved cash loan agreements between Group's companies. These transactions were intra-group in nature and are excluded from the process of consolidation of financial statements.

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

Borrowings

On 29 June 2020 Boryszew S.A. granted a loan of up to EUR 1 000 000.00 to Unibax Spółka z o.o., with repayment by 31 March 2021. The loan was repaid on 22 March 2021. The interest rate on the above loans was determined on the arm's length basis: EURBOR 3M + margin.

On 30 April 2020 SPV Impexmetal Sp. z o.o. granted a cash loan of PLN 10 000 000 to Unipartner Sp. z o.o. based in Warsaw, with repayment by 31 December 2021.

On 30 April 2020, FŁT Polska Sp. z o.o. granted a cash loan of PLN 10 000 000 to Unipartner Sp. z o.o. based in Warsaw. The repayment date was set to 31 December 2021.

On 4 November 2020 SPV Impexmetal Sp. z o.o. granted a cash loan to Przedsiębiorstwo Badań Geofizycznych Sp. z o.o. in the amount of PLN 350 000, with repayment on 30 November 2021.

On 3 March 2021 SPV Impexmetal Sp. z o.o. granted a cash loan to "Unipartner" Sp. z o.o. in the amount of PLN 7 000 000.00. The repayment date was set to 30 June 2021.

The interest rate on the above loans was determined on the arm's length basis. WIBOR 3M + margin

On 23 December 2020 SPV Impexmetal Sp. z o.o. acquired from RKK Investments Sp. z o.o. based in Warsaw trade receivables due from EW Rywałd Sp. z o.o. based in Toruń for deliveries and loans in total amount of PLN 5 903.8 thousand.

Acquisition of assets

In 2020 Alchemia S.A. acquired from an entity associated with the Issuer (a natural person) 14 000 000 shares in Alchemia S.A., accounting for 8.07% of the share capital and the total number of votes at the General Meeting of Shareholders of the company.

In 2020 Eastside Bis Sp. z o.o. purchased from entities associated with the Issuer (natural persons) a total of 44 980 000 shares of Alchemia S.A., accounting for 25.93% of the share capital and the total number of votes at the General Meeting of Shareholders of the company.

On 23 December 2020 SPV Impexmetal Sp. z o.o. with based in Warsaw and RKK Investments Sp. z o.o. based in Warsaw concluded an agreement on the purchase 100% of shares in EW Rywałd Sp. z o.o. for PLN 39 million.

All the above-mentioned transactions were concluded on arm's length basis.

Acquisition of bonds issued by SPV BORYSZEW 3 Sp. z o.o. resulting from the acquisition of the issuer

On 25 June 2020, following the merger of Boryszew S.A. and SPV Boryszew 3 Spółka z o.o., Boryszew S.A. entered into rights and obligations of the issuer (i.e. SPV Boryszew 3 Spółka z o.o.) of bonds subscribed by Hutmen S.A. in total amount of PLN 31 000 000 with the redemption date on 30 June 2021.

13. LOANS AND BORROWINGS

Boryszew S.A.

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
mBank	9 700	8 000	1 700	2021-01-15	WIBOR + margin	mortgage
mBank	8 397	-	8 397	2021-09-27	WIBOR + margin	liquidity guarantee by BGK, transfer of receivables
mBank	13 000	-	13 000	2021-09-23	WIBOR + margin	liquidity guarantee by BGK

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
BNP Paribas	-	-	-	28.02.2021	WIBOR + margin	
ALIOR Bank	-	36 919	(36 919)	2022-03-31	EURIBOR + margin	
ALIOR Bank	-	14 000	(14 000)	2020-05-24	WIBOR + 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	
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)			

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

Caixa	1 084	31	1 053
Commerzbank AG	21 279	20 437	842
Credit Agricole Bank Polska S.A.	32 942	17 100	15 842
Credit Agricole Bank Polska S.A.	22 258	17 164	5 094
Credit Agricole Bank Polska S.A.	-	5 321	(5 321)
Credit Agricole Bank Polska S.A.	-	2 414	(2 414)
Credit Agricole Bank Polska S.A.	-	-	-
ČSOB	2 948	3 067	(119)
ČSOB	2 704	2 813	(109)
ČSOB	1 225	1 349	(124)
ČSOB	251	276	(25)
DNB Bank Polska S.A.	-	17 664	(17 664)
DNB Bank Polska S.A.	-	12 796	(12 796)
DNB Bank Polska S.A.	-	-	-
DNB Bank Polska S.A.	-	16 421	(16 421)
DNB Bank Polska S.A.	-	907	(907)
DNB Bank Polska S.A.	-	4 821	(4 821)
DNB Bank Polska S.A.	-	5 781	(5 781)
HSBC FRANCE Branch in Poland	-	3 333	(3 333)
HSBC FRANCE Branch in Poland	8 125	8 750	(625)
HSBC FRANCE Branch in Poland	-	21 224	(21 224)
HSBC FRANCE Branch in Poland	-	270 000	(270 000)
ING Bank Śląski S.A.	22 774	3 361	19 413
ING Bank Śląski S.A.	17 375	-	17 375
Liberbank	1 061	1 823	(762)
Liberbank	-	298	(298)
Liberbank	923	532	391
mBank S.A.	-	62	(62)
mBank S.A.	25 848	28 110	(2 262)
Millennium SA	-	14 186	(14 186)
Millennium SA	36 208	26 459	9 749
Millennium SA	-	9 511	(9 511)
Millennium SA	-	14	(14)
Millennium SA	-	55	(55)
Millennium SA	-	9 588	(9 588)
Millennium SA	-	7 566	(7 566)
Pekao S.A.	-	1 896	(1 896)
Pekao S.A.	-	4 860	(4 860)
Pekao S.A.	15 139	18 603	(3 464)
Pekao S.A.	60	10	50
Pekao S.A.	-	17 968	(17 968)
PKO BP S.A.	31 361	40 000	(8 639)
PKO BP S.A.	20 607	26 649	(6 042)
PKO BP S.A.	14 624	26 492	(11 868)
PKO BP S.A.	1 941	17 086	(15 145)

PKO BP S.A.	-	4 482	(4 482)
PKO BP S.A.	-	3 631	(3 631)
PKO BP S.A.	-	3 510	(3 510)
UniCredit Bank	14 488	16 045	(1 557)
UniCredit Bank	11 060	1 863	9 197
UniCredit Bank	673	-	673
UniCredit Bank	6 313	-	6 313
UniCredit Bank	1 587	-	1 587
overdraft	-	3 883	(3 883)
factoring	-	4 041	(4 041)
Loans of subordinated companies	480 600	977 629	(497 029)
Total Boryszew Capital Group	897 260	1 472 617	(575 357)

All loans are secured. Loan collaterals include:

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

Termination of credits or loans

None occurred.

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.

LOANS GRANTED BY BORYSZEW S.A. IN 2020

The summary of claims due to loans granted is presented in the Financial Statement of Boryszew S.A. for 2020 in point 20.

14. GUARANTEES AND SURETIES

SURETIES AND GUARANTEES GRANTED BY BORYSZEW S.A., AS AT 31.12.2020

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee in its currency	Value of guarantee in its currency	Value of guarantee	Expiry date of guarantee
			EUR	USD	PLN	
Boryszew HR Service Sp. z o.o.	30.08.2016	Endorsement of a loan agreement for mBank			700 000	15.01.2021

Boryszew Kunststofftechnik Deutschland GmbH	31.01.2013	Guarantee granted to Commerzbank	5 000 000		23 074 000	indefinite validity
	24.07.2017	Guarantee granted to ALD AutoLeasing D GmbH	167 000		770 672	30.06.2022
	07.08.2017	Guarantee granted to Deutsche Leasing International GmbH	619 000		2 856 561	indefinite validity
	08.06.2018	Guarantee granted to Deutsche Leasing International GmbH	326 000		1 504 425	08.06.2023
	06.03.2019	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	3 526 000		16 271 785	31.03.2022
	13.06.2019	Guarantee granted to Deutsche Leasing International GmbH	1 790 000		8 260 492	31.08.2024
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	15.03.2016	Guarantee granted to Wurth Leasing GmbH	80 554		371 742	15.03.2022
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	9 747 000		44 980 456	31.12.2028
Boryszew Plastic RUS	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	5 000 000		23 074 000	indefinite validity
	25.02.2019	Guarantee granted to Alfa Bank	270 000		1 245 996	31.12.2024
	15.07.2019	Payment guarantee granted to Engel Austria	2 666 000		12 303 057	25.08.2023
Boryszew Tensho Poland Sp. z o.o.	13.06.2016	Guarantee granted to HSBC Bank Polska S.A.			8 125 000	11.09.2021
	17.10.2017	Aval of lease agreement for mLeasing	58 670		270 750	15.04.2021
	17.10.2017	Aval of lease agreement for mLeasing	634 796		2 929 458	15.04.2021
	22.10.2018	Bill of exchange guarantee for SGB Leasing Sp. z o.o.			357 100	30.09.2025
	04.03.2019	Aval of lease agreements for mLeasing	1 680 000		7 752 864	15.04.2024
	10.10.2019	Guarantee granted to PKO Leasing Sp. z o.o.			11 195 523	10.10.2022
	30.03.2020	Guarantee granted to ENEA Obrót S.A.			164 756	31.01.2021
Theysohn Formenbau GmbH	06.09.2017	Guarantee granted to akf Leasing GmbH	1 072 000		4 947 066	31.08.2023
Theysohn Kunststoff GmbH	28.09.2018	Guarantee granted to PKO Leasing Sp. z o.o.	1 093 000		5 043 976	31.12.2021

Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	21.12.2020	Guarantee granted to Borealis AG for commercial liabilities	1 000 000		4 614 800	31.12.2021
	06.07.2020	Guarantee granted to BSB Recycling GmbH	1 500 000		6 922 200	06.07.2023
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH, Boryszew Plastic RUS LLC, AKT Plastikarska Technologie Czechy Spol. S.R.O.	06.07.2020	Guarantee granted to Basell Sales & Marketing Company B.V.	2 000 000		9 229 600	31.12.2021
Maflow BRS s.r.l.	19.11.2020	Guarantee granted to Intesa Bank	5 000 000		23 074 000	01.12.2026
Maflow France Automotive S.A.S.	07.07.2016	Guarantee granted to Natixis Lease	377 000		1 739 780	31.12.2021
MAFMEX S. de R.L. de C.V.	15.07.2019	Guarantee granted to Volkswagen Group of America		960 000	3 608 064	01.06.2021
	13.11.2020	Mafmex's performance bond for AB Volvo	5 000 000		23 074 000	term of the Agreement
	14.01.2020	Mafmex's rent payment bond to Innova Dintel		3 128 960	11 759 883	01.01.2030
Alchemia S.A.	16.10.2020	Guarantee granted to Arcelormittal Poland S.A.	2 500 000		11 537 000	31.12.2021
WM Dzierżycie S.A.	30.03.2020	Guarantee granted to ENEA Obrót S.A.			1 127 552	31.01.2021
ZM Silesia S.A.	26.09.2018	Surety granted to PKO BP S.A.			8 000 000	28.02.202
	20.12.2019	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.			5 000 000	indefinite validity
Total guarantees and sureties granted by Boryszew SA			51 107 021	4 088 960	285 886 559	X

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

14. OWN SHARES

Boryszew S.A. will acquire its own shares acting upon the authorization granted by 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. (changed by Resolution of the Extraordinary General Meeting of Boryszew S.A. of 25 January 2021) and according to Art 362 § 1 point 8) and art. 362 § 4 of the Commercial Companies Code,

As at 31 December 2020 the direct and indirect ownership of shares of Boryszew S.A. is 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.

15. ISSUES OF SECURITIES

ISSUES OF BONDS

In 2020 and until the date of publication of the report the Company issued no debt securities.

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 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.

REDEMPTION OF THE BONDS ISSUED BY BORYSZEW S.A. AFTER THE BALANCE SHEET DATE

After the balance sheet date, the Company redeemed 36 registered bonds with the total nominal value of PLN 36 million:

1. 2 registered bonds, A20 series with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 issued by SPV Lakme Investment Sp. z o.o. on 16 October 2018,
2. 1 registered bonds, A32 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 1 000 000.00, subscribed for by Eastside Capital Investments Sp. z o.o. on 17 December 2018
3. 15 registered bonds, A28 series, with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 15 000 000.00, subscribed for by Hutmen Sp. z o.o. on 29 October 2018,

4. 6 registered bonds, A34 series, with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 6 000 000.00, subscribed for by Hutmen Sp. z o.o. on 31 December 2018,
5. 12 registered bonds, A18 series, with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 12 000 000.00, subscribed for by Zakład Utylizacji Odpadów Sp. z o.o. on 1 September 2018,

On the day of report publication, Boryszew liabilities due to bonds amount to PLN 28 million.

16. EQUITY SECURITIES

In 2020 and until publication of the report the Company did not issue any equity securities.

17. DIVIDEND PAID OR DECLARED

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.

Coverage of loss for 2019

On 23 July 2020 the Ordinary General Meeting of Boryszew S.A. by the resolution No. 18 decided to cover the net loss reported in the financial statements of the Company for 2019 in the amount of PLN 173 789 thousand with future profits.

18. FINANCIAL RESULT FORECAST

In 2020 the Management Board of Boryszew S.A. published no forecasts of the financial result for the current year.

19. PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES

BORYSZEW S.A.

Boryszew S.A. follows an active policy of financial resources management. The organisational structure of financial departments at divisions is closely adapted to the specific nature of individual entities within the Group. The company cooperates with several banks, but also holds talks with other financial institutions to optimize costs in terms of financing the operational activity.

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

Boryszew S.A. is also considering to start negotiations with financial institutions in order to modify financing structure of the Company and the Capital Group.

BORYSZEW CAPITAL GROUP

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

Group's entities show no arrears in servicing their interest debt, both in terms of principal amounts as well as interest. Companies monitor the working capital cycle on an on-going basis as well as aim to reduce the collection period of receivables and at the same time to extend the terms for repayment of liabilities. Unfortunately, this process is not easy to carry out, especially within the scope of suppliers of key raw materials. Companies follow an active policy regarding financial risk management and raw materials price variability risk. The majority of companies of the metal segment of the Group has introduced a risk management policy accepted by the Supervisory Board. This policy regulates the rules of application of security metal prices and exchange rates in relation to conducted commerce activity.

20.ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS

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

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

1) activities of holding companies include acquisitions of other entities in compliance with the guidelines of the Group's growth strategy. This strategy defines the range of geographical expansion, expansion into new products and markets, and the integration of the value chain within markets in which the Group operates, etc.

2) Within the framework of their production activities, companies carry out investment tasks aiming to maintain the ability of fixed assets to support on-going contracts. Another group of investments comprises expenditure ensuring the maximum economic life of fixed assets in order to achieve additional return on the assets held. If new contracts are concluded (such as a successful tender for long-term deliveries of components to car manufacturers), investments are implemented to enable these contracts to generate maximum return while at the same time maintaining superior quality of products and security of deliveries.

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

21.FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT

BORYSZEW S.A.

Significant one-off factors affecting the results in 2020 are described in the commentary to relevant segments.

CAPITAL GROUP

In the discussed period the COVID-19 pandemic broke out, which had an impact on the decrease in the Group's results (mainly the Automotive segment). This affected the supply chains, resulting in production cuts by companies in the first six months of 2020. 2020 results were also impacted by the following non-recurring events:

1. provisions for tax risks,
2. results of asset impairment tests,
3. sale of Impexmetal S.A.

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

BORYSZEW AUTOMOTIVE PLASTICS GROUP

In Boryszew Automotive Plastics Group development plans are being implemented as well as activities aimed at optimisation and improvement of operating profitability of the production facilities. The tasks under implemented include projects aimed at reducing the weight of produced details by foaming plastics. Each year BAP Group implements several process automation projects both for newly implemented projects and as optimisations of existing processes.

The Group expects to obtain new nominations at a similar or faster pace than in the previous two years.

MAFLOW GROUP

Maflow Group will follow the trends shaping the market, especially those related to the electrification of car drives. As a result, Maflow will focus on central, integrated modules such as heat pumps and cooling systems for automotive batteries in addition to its current active response to the market demand for traditional air-conditioning ducts. Maflow also plans to significantly expand its offer related to the use of an alternative coolant, namely CO₂, in mobile automotive applications. The company intends to gradually expand its research and development activities in order to increase its market offer and establish cooperation in research and development with our customers and with leading research and development institutions.

An important element of Maflow future will be the dissemination of uniform standards of operation and implementation of best operational, technical and organisational practices throughout the Group. In all areas, cost optimisation activities will be carried out for continuous improvement of quality and logistics processes, as well as organisation of production processes.

Due to the constant increase of labour costs in key locations of the Maflow Group and constant increase of quality requirements of the clients, it will be crucial for the Company to find competitive methods of production, therefore the company will evaluate the profitability of implementing selective automation and the results of these evaluations will determine the degree of implemented automation and saturation with advanced technologies of individual plants of the Maflow Group. Currently in Maflow is pursuing implementation of several projects in the automation of the basic production processes.

Maflow also plans to implement a fully automated production line for one of the world's leading car manufacturers. The automated production line will feature a high level of process integration and new solutions for embedded product quality control.

Maflow Group, together with the change in the destination of car sales, will carry out an organised monitoring of business activities of its customers and competitors, a review of the global automotive market situation and analysis of the potential of individual local markets. Hence Maflow intends to focus its attention on the North American market, which will require an expansion of production capacity of the facility in Mexico. The new part of the facility will be dedicated to electric car projects and truck platforms manufactured in the US.

In addition, it continues its works on building a new production facility in China and on preparations for the relocation of both rubber products and air conditioning hoses. These actions are justified by the intend to increase competitiveness of Maflow by decreasing fixed costs and ensuring a higher standard of production processes and by increasing the quality of products delivered.

The relocation of the Dalian facility to the new location will help increase production capacity.

The consolidated sales area of Maflow and BAP will be more focused on the development of marketing functions, diversification of clients' portfolio by acquiring new nominations as well as on further strengthening relations with the existing clients.

WM DZIEDZICE S.A.

The Company's strategy for the coming years is largely based on the commercialisation of the effects of the project "BRASS CAST&DRAW® Tech - Innovative technology for manufacturing products of copper alloys featuring a new standard of geometric quality intended for material removal machining on high-speed cutting machines"

ALCHEMIA S.A./ALCHEMIA CAPITAL GROUP

The strategy of Alchemia Capital Group provides for strengthening the Group's market position as the only domestic manufacturer of seamless pipes and railway rims and other specialist steel products. The aim of the business is to use the increased scale of operations to improve profitability while taking advantage of the synergy effects and to increase sales of products with added value, mainly for the energy and OCTG industries as well as for the engineering industry.

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

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

The key challenge and objective for Alchemia Capital Group is to search for and implement modern and effective processes and process solutions, and consequently to increase its competitiveness and the level of innovation of the offered products. The main focus of the Capital Group's research projects will be processes to reduce energy consumption of the technologies used and obtain technologically advanced, innovative products with better utility properties, as well as direction in which the products should be developed.

OTHER COMPANIES OF BORYSZEW CAPITAL GROUP

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

23. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS

Boryszew Capital Group

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

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

Credit risk

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

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

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

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

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

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

Net debt to equity ratio

Loan, lease, borrowings debt
Cash and cash equivalents

Net debt

Equity

Net debt to equity

As at 31.12.2020	As at 31.12.2019
1 057 315	1 648 723
(185 211)	(219 641)
872 104	1 429 082
1 633 594	1 535 057
53%	93%

Debt ratio

Liabilities
Assets

Debt rate

As at 31.12.2020	As at 31.12.2019
2 465 184	1 147 520
4 098 778	1 761 873
59%	64%

Liquidity ratios

current ratio
quick ratio
current ratio

As at 31.12.2020	As at 31.12.2019
1.46	1.21
0.81	0.57
0.12	0.11

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

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

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

	As at 31.12.2020	As at 31.12.2019
Cumulative revaluation write-downs on receivables		
Impairment write-off for receivables		
impairment write-offs on trade receivables	73 920	75 161
revaluation write-offs of loan receivables	-	4
revaluation write-offs of bond receivables	514	18
risk related to granting guarantees	992	992
doubtful debt allowance on other receivables	13 301	34 856
Total	88 727	111 031

Boryszew Group is exposed to credit risk associated with credit-worthiness of customers being parties to transactions of sale of products and traded goods. The risk is limited by application of internal procedures for setting credit limits of customers and managing trade receivables. Of crucial importance in crediting activities is evaluation of credit-worthiness of customers and adequate collateral provided by the borrower, which enables reduction of losses in case of customer's failure to repay the debt. The customer's credit risk is assessed prior to conclusion of contract and then again, periodically, on subsequent deliveries of goods according to procedures in force. Companies monitor the working capital cycle on an on-going basis as well as aim to reduce the collection period of receivables and at the same time to extend the terms for repayment of liabilities.

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

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

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

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

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

Liquidity risk

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

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

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

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	226 503	208 776	310 550	120 185	29 773	1 473	897 260	897 260
Maturities of borrowings	1 186	1 192	7 415	16 778	-	-	26 571	26 571
Maturities of liabilities on issued bonds	-	-	-	-	-	-	-	-
Maturities of leasing liabilities	17 364	13 819	22 199	62 980	17 005	-	133 367	131 287

Maturities of liabilities of leased rental services	555	4 273	4 547	22 057	10 562	1 683	43 677	41 951
Maturity of PMA fees	3 300	-	-	6 847	6 600	203 718	220 465	77 331
Maturity of PMA fees - investment real estate	114	-	-	227	227	7 394	7 962	57 067
payment of trade liabilities and other items	674 420	5 586	7 161	11 209	-	-	698 376	576 149
Total	923 442	233 646	351 872	240 283	64 167	214 268	2 027 678	1 807 616

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

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

Foreign exchange rate change risk

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

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

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

Analysis of sensitivity to risk of foreign exchange rates changes 2020

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

Analysis of sensitivity to risk of foreign exchange rates changes 2019

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

Market risk - metal prices and currency exchange rates

The main risks arising from the specific activities of the Group are risks associated with the price of metals on the London Metal Exchange (LME) and the change in currency exchange rates.

Description of exposure

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

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

Metals in case of which price changes have an impact on Group's results include: copper, aluminium, lead, zinc, tin, steel. The Group applies a hedging policy but it does not cover 100% of purchases.

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

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

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

In case of currency operational risk, the risk source is mainly the operational risk of metal segment and in part the sales to the Automotive Segment, so to obtain the full effect of hedging it is also necessary to determine the currency exposure. In addition, there is still operational risk from the time the fixed price for sale or purchase is determined (e.g. sales invoice issue) until the moment of making or receiving the payment.

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

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

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

Interest rate risk

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

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

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

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

Analysis of sensitivity to interest rate changes

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

	As at 31.12.202 0	Interest rate increase	Interest rate decrease
		by 0.5 p.p.	by 0.5 p.p.
Interest-bearing (variable %) financial assets	58 227	291	(291)
Loans granted	23 648	118	(118)
Debt instruments	34 579	173	(173)
other			
		-	-
Interest-bearing (variable %) financial liabilities	1 057 315	(5 287)	5 287
Loans	841 353	(4 207)	4 207
Factoring	55 907	(280)	280
Borrowings	26 571	(133)	133
Debt instruments	-	-	-
Financial leasing of fixed assets	133 484	(667)	667
Other		-	-
Impact on future profit/loss before tax		(4 996)	4 996
Impact on future net profit/loss		(4 047)	4 047

	As at 31.12.201 9	Interest rate increase	Interest rate decrease
		by 0.5 p.p.	by 0.5 p.p.
Interest-bearing (variable %) financial assets	34 711	174	(174)
Loans granted	182	1	(1)
Debt instruments	34 529	173	(173)
other			
		-	-
Interest-bearing (variable %) financial liabilities	1 648 723	(8 244)	8 244
Loans	1 423 587	(7 118)	7 118
Factoring	49 030	(245)	245
Borrowings	17 160	(86)	86
Debt instruments	0	0	0
Financial leasing of fixed assets	158 946	(795)	795

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

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

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

Fair value

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

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

In the reporting period as well as in the comparable period, no shift of instruments between level 1 and 2 occurred. In the reporting period as well as in the comparable period, level 3 instruments were not reclassified to level 1 and 2

Fair value of financial assets and liabilities

Fair value of financial assets and liabilities measured 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	4 250	22 881	Level 2
Financial obligations			
Derivative financial instruments	12 811	5 024	Level 2

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

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

Insurance of risks

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

The insurance cover was contracted for:

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

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

24. FACTORS WHICH WILL INFLUENCE THE ISSUER'S FINANCIAL PERFORMANCE IN 2021

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

- the duration and scale of the Covid-19 pandemic and the resulting economic problems, hitting in particular the automotive sector,
- global economic situation, especially in the key sectors (motorization and construction) as well as in the main sales markets (the European Union, including Germany).
- demand for new cars, especially for products of the VW Group, which is the most important customer of the Boryszew Capital Group,
- cost of key energy carriers, particularly in the energy-intensive metal processing industry and in chemistry,
- legislation in energy prices (in the European Union and in Poland),
- costs of adapting production processes to the environmental requirements of the European Union (particularly the non-ferrous metals industry),
- the level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales.
- higher economic protectionism in international trade, resulting in restrictions to access markets,
- costs of raw materials, including in particular scrap prices and the amount of the metal premium,
- PLN exchange rate against foreign currencies; due to the significant share of export sales, which in effect affects the level of margins earned in PLN,
- prices of crude oil and, as a consequence, prices of organic chemicals derivatives - plastics and components for the production of plastic parts for cars in injection moulding technology,
- volatility of tax law regulations and stricter attitude of fiscal authorities during tax audits.

25. EMPLOYMENT

EMPLOYMENT AT BORYSZEW S.A

Employment

Employment structure (in full-time equivalents)

	As at 31.12.2020	As at 31.12.2019
Blue-collar workers	2 224	2 283
White-collar workers	584	639
Total	2 808	2 922

EMPLOYMENT AT BORYSZEW CAPITAL GROUP

Employment

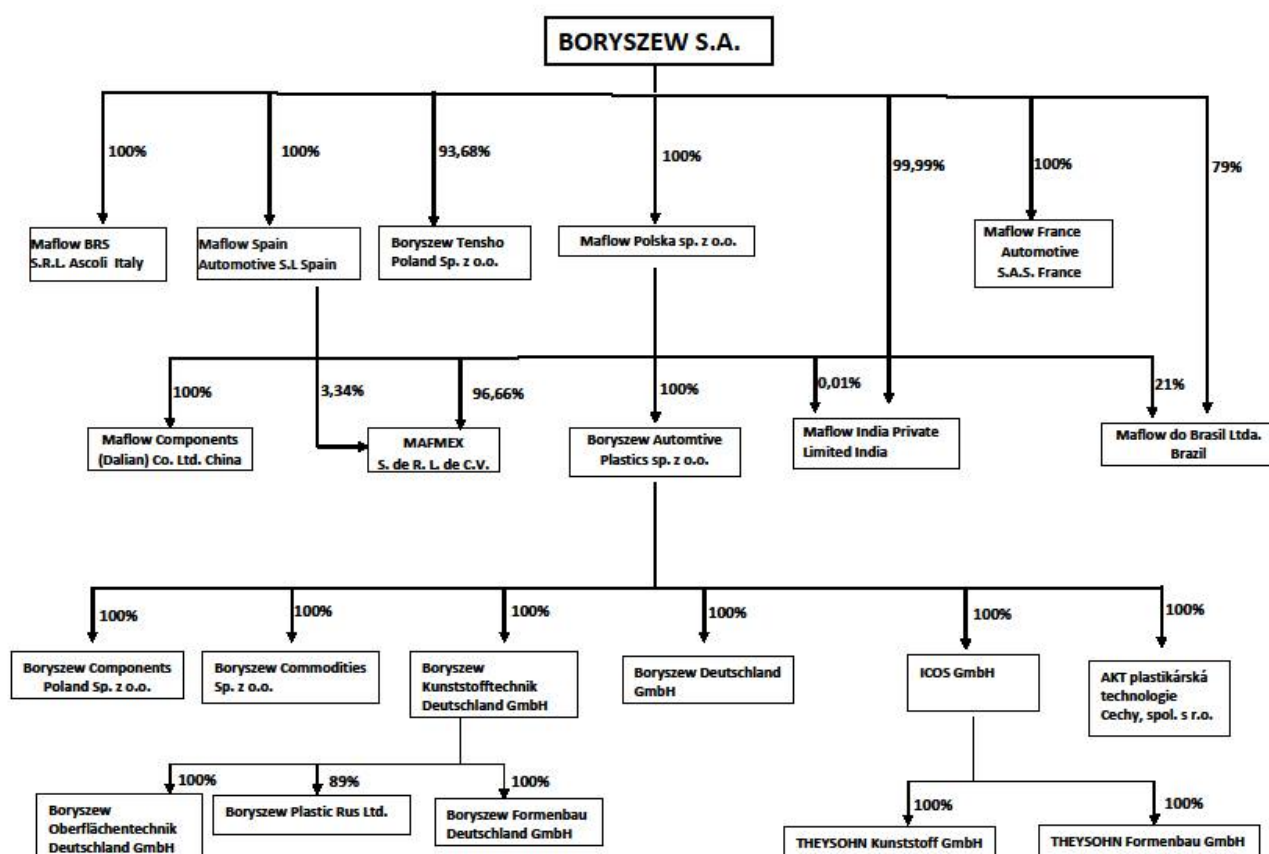
Employment structure (in full-time equivalents)

	As at 31.12.2020	As at 31.12.2019
Blue-collar workers	7 672	8 770
White-collar workers	2 208	2 384
Total	9 880	11 154

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

Under the share sale agreement of 29 December 2020 Maflow Polska sp. z o. o. acquired from Boryszew S.A. all shares of Boryszew Automotive Plastics sp. z o. o., thus obtaining 100% of shares in its share capital. As a result Maflow assumed the supervisory function over the whole Boryszew Automotive Plastics Group.

The organisational structure of relations and capital ties between companies of the Maflow Group is reflected in the chart below:



In 2020, no other significant changes occurred in the basic principles of management of the Issuer enterprise and its Capital Group.

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

According to the managerial contract, in case of its termination before the end of the Management Board term of office as a result of dismissal from the Management Board, the Management Board member is entitled to a severance pay equivalent to 3 times monthly remuneration. The Management Board member is not entitled to the severance pay if their dismissal from the Management Board resulted from a material breach of the duties on the position held or of applicable laws, or in the event of their resignation from the Management Board.

28. REMUNERATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

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

2020	Paid out	Due	Total
Piotr Lisiecki - President of the Management Board	696	430	1 126
including:			
basic salary	696	0	696
additional remuneration	0	430	430
other	0	0	0
Mikołaj Budzanowski – Member of the Management Board	573.5	300	873.5
including:			
basic salary	573.5	0	573.5
additional remuneration	0	300	300
other	0	0	0
Krzysztof Kołodziejczyk – Member of the Management Board	580	500	1 080
including:			
basic salary	580	0	580
additional remuneration	0	500	500
other	0	0	0
Andrzej Juszczyński - Vice-President of the Management Board	37.3	0	37.3
including:			
basic salary	37.3	0	37.3
additional remuneration			
other	0	0	0
Total	1 886.8	1 230	3 116.8

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

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

		2020
Arkadiusz Krężel - Chairman of the Supervisory Board	-	77.1
Janusz Wiśniewski - Deputy Chairman of the Supervisory Board	-	38.5
Mirosław Kutnik – Secretary of the Supervisory Board	-	67.7
Jarosław Antosik – Member of the Supervisory Board	-	67.7
Wojciech Kowalczyk - Chairman of the Supervisory Board	-	49.1
Andrzej Juszczuński - Deputy Chairman of the Supervisory Board	-	37.8
Małgorzata Waldowska - Member of the Supervisory Board.	-	64.3
Total		402.3

Gross remuneration for members of subsidiaries' bodies (in PLN '000)**Members of the Supervisory Board****COMPANY****TOTAL: 364.4**

including:

Arkadiusz Krężel	167.8
Małgorzata Iwanejko	45.4
Janusz Wiśniewski	30.8
Jarosław Antosik	46.2
Mirosław Kutnik	46.2
Wojciech Kowalczyk	28.0

Members of the Management Board**COMPANY****TOTAL: 14.3**

including:

Piotr Lisiecki	14.3
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The company has no obligations arising from pensions and similar benefits for former managers, supervisors or liabilities incurred in connection with these pensions.

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

The Company's shares held by members of the Management Board and Supervisory Board as at 31.12.2017 and as at the date of this report

As at 31 December 2020 and as at the day of submitting the report for publication the managing and supervising persons hold no shares of Boryszew S.A.

Shares in Entities affiliated with the Issuer, held by the Management Board and the Supervisory Board members as at 31.12.2020 and as at the date of drafting this report.

As at 31 December 2020 and as at the day of submitting the report for publication the managing and supervising persons hold no shares of affiliated entities.

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

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

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

*) pledge established under a pledge agreement entered into on 5 February 2020.

The Company has no information on other such agreements.

31. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES

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

32. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR

On 4 August 2020 the Management Board of Boryszew S.A. signed with BDO Spółka z o.o. sp. k. the Agreement on audit services. According to the Agreement, the amount of remuneration for its implementation:

- 1) for 2020 amounted to PLN 331 260 net, including
 - PLN 88 280 as remuneration for the review of interim separate and consolidated financial statements prepared as at 30 June 2020, drafted in accordance with International Accounting Standards (IAS 34).
 - PLN 242 980 as remuneration for audit of separate and consolidated financial statements drafted as at 31 December 2020 in accordance with International Financial Reporting Standards.
- 2) for 2021 will amount to PLN 331 260 net, including:
 - PLN 88 280 as remuneration for the review of interim separate and consolidated financial statements prepared as at 30 June 2020, drafted in accordance with International Accounting Standards (IAS 34).
 - PLN 242 980 as remuneration for audit of separate and consolidated financial statements drafted as at 31 December 2021 in accordance with International Financial Reporting Standards.

The Company had used the services of the aforesaid auditor with respect to audit and review of financial statements pertaining to years 2018 – 2019.

33. LITIGATION UNDERWAY

PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY

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

TAX PROCEEDINGS IN THE CAPITAL GROUP COMPANIES

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

Proceedings completed at first instance

1. On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.9 million plus interest on tax arrears in the amount of PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 26 April 2021 the company received the decision of the Head of the Fiscal Administration Chamber in Katowice dated 19 April 2021 determining overdue VAT liability of ZM SILESIA S.A. for 2012 in the amount of PLN 28.6 million, plus interest on outstanding tax liability. This decision is final. Following different assessment of the above circumstances, the Company intends to appeal against that decision to the Provincial Administrative Court. On 29 April 2021 ZM SILESIA received a notice from the Head of the Fiscal Office in Katowice on the freezing of ZM SILESIA's bank accounts as a security of claims associated with the execution of the Decision ZM SILESIA prepares relevant explanations in order for its bank accounts to be release.
2. On 24 September 2020 ZM SILESIA S.A. received the decision of the Head of the Małopolska Customs and Tax Office determining the overdue VAT tax liability for 2013 and 2014 in the amount of PLN 97.3 million plus interest on outstanding tax liability. According to the position of the Office, ZM SILESIA S.A. failed to exercise due

diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 8 October 2020, the Company filed an appeal against this decision with the head of the tax administration. An appeal is currently pending. On 15 December 2020, the company received a decision on extending the appeal deadline to 6 August 2021.

3. On 14 February 2018 Hutmen Sp. z o. o. filed a cassation complaint against the judgment of the Provincial Administrative Court in Warsaw dismissing the company's complaint against the decision of the Director of the Tax Chamber in Warsaw concerning VAT settlement for November 2012. The subject of the dispute is the amount of PLN 548 thousand, which the Company paid and recognised in the result in 2018.
4. On 3 April 2018, Hutmen Sp. z o. o. received the decision issued on 26 March 2018 by the Head of the Lower Silesian Tax and Customs Office (Office), which sets out company's VAT arrears for Q4 of 2014 at PLN 3.04 million plus interest on tax arrears. As claimed by the Office, Hutmen Sp. z o. o. failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. appealed with the Tax Chamber against the decision of the office. On 23 September 2019 Director of the Fiscal Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 16 November 2020, the company received a decision of the Head of the Lower Silesian Customs and Tax Office (Office) in Wrocław, determining again the outstanding VAT liability for Q4 '2014 in the amount of PLN 3.04 million plus interest on tax arrears. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. appealed with the Tax Chamber against the decision of the office. The decision is not final and is not enforceable. The anticipated date for hearing the appeal was indicated by the Director of the Tax Administration Chamber as 21.06.2021.
5. On 10 September 2018 Hutmen Sp. z o. o. received a decision of the Tax Administration Chamber (Office) in Wrocław dated 4 September 2018 determining the outstanding VAT liability of Hutmen Sp. z o. o. for October and December 2012 in the amount of PLN 1.14 million plus interest on tax arrears. As claimed by the Office, Hutmen Sp. z o. o. failed to observe due diligence in verifying the tax reliability of some of its contractors, and as a consequence did not have the right to deduct input VAT. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office to the Provincial Administrative Court in Wrocław. On 13 March 2019 the Provincial Administrative Court issued a decision in favour of Hutmen Sp. z o. o., the judgment is final and binding. On 3 September 2019 the Director of the Fiscal Administration Chamber in Wrocław repealed fully the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 11 December 2019 Hutmen Sp. z o. o. received a refund of the entire amount of the tax in question together with interest. On 12 April 2021, Hutmen Sp. z o. o. received the decision issued on 8 April 2021 by the Head of Mazowiecki Tax and Customs Office, which again sets out company's VAT arrears for Q4 of 2012 at PLN 1.14 million plus interest on overdue tax liability. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. appealed with the Tax Chamber against the decision of the office. The decision is not final and is not enforceable.
6. Audit by the Małopolska Customs and Fiscal Office in Kraków, Tarnów Branch - audit of the correctness of VAT for 2015 - expected date of completion postponed to 12 October 2020. On 13 November 2020, Hutmen Sp. z o. o. received a Protocol on the audit of the books of accounts in tax proceedings in which the Office claims that the company failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. will raise objections to protocol received from the Office. On 28 December 2020 Hutmen Sp. z o. o. received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków determining the outstanding VAT liability of Hutmen Sp. z o. o. in the first half of 2015 in the amount of PLN 7.8 million plus interest on outstanding tax liability. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. appealed with the Tax Chamber against the decision of the office. The decision is not final and is not enforceable. The expected date of completion of the case - 31.05.2021.

Other significant pending VAT proceedings in the Capital Group companies

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

Litigations underway:

1. ZM SILESIA S.A. - pending VAT audit proceedings for the period January - June 2015. On 25 January 2021 the Company received a notification from the Head of Małopolska Customs and Tax Office in Kraków on the expected date of completing the case - 28 June 2021

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

Other important proceedings in Capital Group companies

Boryszew S.A.

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

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

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

The balance of provisions in the consolidated financial statement of Boryszew S.A. amounts to PLN 148 933 thousand (high risk). In addition, the Parent Company reduced its contingent liabilities to PLN 34.262 thousand (medium or low risk).

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

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

34.SPONSORING AND CHARITY ACTIVITIES

The sponsoring activity of Boryszew S.A. is focused on promoting the image of the Company and Boryszew Capital Group. The activities carried out are aimed at supporting the organization of cultural events, including exhibitions, concerts and festivals, primarily on the local level, at the operation locations of the Group and its members. The Group also helps local communities in charity activities, supporting them, inter alia, through donations.

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

35.REMUNERATION POLICY

Boryszew Capital Group

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

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

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

The Rules and Corporate Collective Labour Agreement contain the following remuneration rules:

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

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

The rules of remuneration of the Management Board and the Supervisory Board of Boryszew S.A. are determined in the "Remuneration Policy for the Management Board and the Supervisory Board" (hereinafter: "Policy") adopted by the General Meeting of Shareholders on 23 July 2020. The Policy is available on Boryszew S.A. website <https://www.boryszew.com.pl/polityka-wynagrodzen/>.

Management Board of Boryszew S.A.

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

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

Supervisory Board of Boryszew S.A.

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

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

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

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

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

3. Supervisory Board Members - PLN 6 000.

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

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

36. CORPORATE GOVERNANCE PRINCIPLES STATEMENT

As per § 70 section 6 item 5 and § 29 section 3 of the Regulations of the Warsaw Stock Exchange S.A., the Management Board of Boryszew S.A submits its Statement on application of corporate governance rules in 2020.

Boryszew Spółka Akcyjna listed on the Warsaw Stock Exchange was bound to observe in 2020 the rules of corporate governance specified in the "Code of Best Practice for WSE Listed Companies 2016" (attachment to Resolution No 26/1413/2015 of the Warsaw Stock Exchange Supervisory Board of 13 October 2015.) The content of the rules is available on the website of the Warsaw Stock Exchange.

The Company is making every effort to follow the corporate governance principles in all aspects of its activity.

Moreover, in order to pursue an clear and efficient information policy, it ensures its shareholders, analysts and investors s fast and secure access to information, utilising both the traditional as well as modern technologies for publishing information on the Company to the widest possible extent.

THE CORPORATE GOVERNANCE RULES WHICH APPLY TO BORYSZEW S.A., WHERE THESE RULES ARE AVAILABLE, THE EXTENT OF THE COMPANY'S DEPARTURE FROM THE SET OF CORPORATE GOVERNANCE RULES AND THE REASONS FOR THIS.

In 2020, the Company complied with the general corporate governance standards included in the "Code of Best Practice of WSE Listed Companies", except for the following rules/recommendations:

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

	Recommendation / Principle	Explanation of non-compliance with specific rules in 2020
I.Z.1.20.	A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation, the course of general assembly in audio or video form	<i>The Company has not so far recorded the course of general assembly in audio or video form. Due to the failure to register the course of the general meeting in any other method than by preparing the protocol required by law, the Company does not publish the course of the general meeting in its audio or video form on its website.</i>
IV.R.2.	If justified due to the shareholder structure or the shareholders' expectations reported to the company, provided that the company is able to provide the technical infrastructure necessary for the orderly conduct of the general meeting by means of electronic communication, it shall enable shareholders to participate in the general meeting using such means	<i>In 2020, the Company did not follow the recommendation. Some risks are involved in the implementation of this recommendation at present, including the quality of transfer, delay in the data transfer etc and also it would undermine the effectiveness of the Resolutions adopted by the General Meeting. The Company does not rule out the possibility of implementing this rule the future.</i>
IV.Z.2.	If justified due to the company's shareholder structure, the company shall provide a real-time generally available broadcast of the general meeting	<i>According to the Company, a real-time generally available transmission of the general meeting is not expected by shareholders. In addition, the current form of documenting the debates of the General Meeting allowed for transparency and protection of shareholders' rights. The Company provides information on the adopted resolutions in the form of current reports, and publishes it on its website www.boryszew.com</i>

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

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

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

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

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

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

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

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

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

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

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

The Company updates the accountancy rules on an on-going basis, based on which it prepares financial reports.

In order to ensure the stability of Boryszew Capital Group, the Company co-ordinates and influences the activities of its subsidiaries through representatives of the Company in statutory bodies of companies

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

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2020 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).

(**) 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.

LIMITATIONS ON VOTING RIGHTS ON SECURITIES ISSUED BY BORYSZEW S.A.

No statutory restrictions exist regarding exercise of voting rights attached to securities such as restrictions on exercise of voting rights by holders of any particular part or number of votes, timing restrictions regarding exercise of the voting rights or provisions under which, with the Company's co-operation, equity rights attached to securities are separated from the holding of securities.

Boryszew S.A. and subsidiaries do not exercise voting rights from the shares held in Boryszew S.A.

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

Company's shares are transferable. No limitations exist on the transfer of proprietary rights to securities issued by Company.

PRINCIPLES OF APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND THEIR POWERS

Pursuant to the Company's Articles of Association, duties of the Supervisory Board include appointing and recalling from office the Management Board Members. the Supervisory Board first appoints a President and on his proposal the remaining Management Board Members.

The term of office of the Management Board is three years and is common for all members of the Management Board. The Management Board, under the chair of the President, manages the Company's affairs and represents the Company.

The powers of the Management Board include all matters which are not reserved either by law or by provisions of the Company's Articles of Association.

The Management Board of the Company has no special rights to make decisions on the issue or redemption of shares.

RULES ON AMENDING ARTICLES OF ASSOCIATION

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

In order to amend the Articles of Association, the Management Board quotes, in the notification on General Meeting of the Company's Shareholders, the provisions then in force and the proposed amendments. If the intended amendments are extensive, the Management Board must also include the proposed consolidated text of the entire Articles of Association in the notification along with a list of its new or amended provisions.

Any amendment to the Articles of Association must be adopted by the General Meeting with the majority of $\frac{3}{4}$ of votes.

An amendment to the Articles of Association becomes effective upon its registration with the National Court Register. The responsibility for registration of any such amendments lies with the Company's Management Board. The Management Board is obliged to file an amendment to the Articles of Association within 3 months after adoption of relevant resolution. If the given amendment to the Articles of Association consists in increase in the Company's share capital, it may be filed within 6 months of resolving to increase the Company's share capital, and in the event that the consent has been granted to the introduction of a new issue to public trading – within 6 months of the date of such consent being granted, provided that the application for granting of the same is filed no later than four months after resolving to increase the Company's share capital. Resolution on reduction of the share capital should be filed with the National Court Register no later than 6 months after adoption of the same.

While filing an amendment with the registration Court, the Management Board must include the full consolidated text of the Articles of Association.

DESCRIPTION OF THE MANNER IN WHICH THE GENERAL MEETING ACTS, AS WELL AS OF ITS PRINCIPAL POWERS AND THE MANNER OF EXERCISING THE SAME

General Meeting of Shareholder is the ultimate body of the Company.

The General Meeting acts pursuant to the provisions of the Commercial Companies Code and of the Company's Articles of Association. The Company's Articles of Association provide that the General Meeting of Shareholders may adopt the General Meeting Regulations, which stipulate the principles of its functioning. The Regulations of the General Meeting were adopted in the Company. The Company's Articles of Association and the Regulations of the General Meeting of Shareholders are available on the Company's website www.boryszew.com.

The General Meeting is convoked by the Management Board. The Supervisory Board may convoke an Ordinary General Meeting in the event that the Management Board should fail to convoke the same at the prescribed time, and an Extraordinary General Meeting where they deem it appropriate. Shareholders representing at least half of the share capital or at least half of all votes in the Company may convoke an Extraordinary Meeting of Shareholders. Shareholders appoint the chairman of the Meeting. A Shareholder or Shareholders representing at least 1/20 of the share capital may demand convocation of an Extraordinary Meeting of Shareholders and placement of specific matters on the agenda of that Meeting.

The General Meeting convoked by the Management Board as an Ordinary General Meeting takes place once per year, no later than in June. In 2020 the Ordinary General Meeting of Boryszew S.A. took place on 23 July 2020 (because of the COVID-19 pandemic the dates of the meeting were changed).

The agenda of the General Meeting is determined by the Management Board. A Shareholder or Shareholders representing at least 1/20 (one-twentieth) of the share capital may demand placement of specific matters on the agenda of the next General Meeting. Such request should be submitted to the Management Board no later than twenty-one days prior to the date of the Meeting.

The General Meeting is convoked by way of notification published on the Company's website and in the manner prescribed for passing current information according to the provisions of law. Such notification must be published at least twenty-six days before the date of the General Meeting.

The General Meeting of Shareholders is valid regardless of the number of shares represented and resolutions of the General Meeting are adopted with absolute majority of votes cast, unless the Commercial Companies Code or the Articles of Association provide otherwise.

Pursuant to the Articles of Association of Boryszew S.A., apart from other matters stipulated by the Commercial Companies Code, the following matters require a resolution of the General Meeting of Shareholders:

- considering and approval of the Management Board's report on the Company's activities and financial statements for the previous year,
- adopting a resolution on distribution of profit or covering of loss,
- acknowledgement of fulfilment of duties by member of the Company's governing bodies,
- amending the Company's Articles of Association, including increasing and decreasing the share capital and changing the object of the Company's activities,
- decisions concerning claims to remedy a loss inflicted upon incorporation of the Company or upon exercising management or supervision of the same.
- appointment and dismissal of members of the Supervisory Board,
- determining the principles of remuneration for members of the Supervisory Board and the amount of their remuneration,
- redemption of shares or determining terms of such redemption,
- issue of senior bonds or convertible bonds,
- disposal or lease-out of the enterprise or of an organized part of the same, and establishing a limited right in rem on the same,

- dissolution of the Company and appointment of liquidators,
- establishing the record date for the purposes of dividend and the date of dividend payment.

The General Meeting of Shareholders may resolve to refrain from considering a matter placed on the agenda only for important reasons. Resolutions on removal of a matter from the agenda or on refraining from consideration of any matter placed on the agenda at the request of Shareholders require the majority of 75% of votes cast, provided that those Shareholders present at the General Meeting who petitioned that the matter be placed on the agenda have already granted their consent to removal of the same from the agenda or to refraining from consideration of the same. All matters raised at the General Meeting are first presented to the Supervisory Board for consideration.

Shareholders participate in the General Meeting in person or by a proxy.

The power of attorney to participate in the General Meeting and to exercise the voting right must be made in writing to be valid.

The power of attorney to participate in the General Meeting of a public corporation and to exercise the voting right must be granted in writing or in an electronic form. Power of attorney granted in an electronic form does not require confirmation with a secure electronic signature having a valid qualified certificate.

A member of the Management Board and an employee of the Company may serve as proxies at the General Meeting of a public corporation.

If a member of the Management Board, a member of the Supervisory Board, a liquidator, an employee of a public corporation, or a member of governing bodies or an employee of a company or a cooperative being a subsidiary of that corporation serves as a proxy at the General Meeting, the power of attorney may authorise such person to participate in only one General Meeting. The proxy is obliged to disclose to the Shareholder any circumstances indicating existence of a possible conflict of interests. Granting of a further power of attorney shall be excluded.

The proxy votes in accordance with instructions given by the Shareholder.

The principles of participation in General Meetings and of exercising the voting rights are regulated by the Rules of the General Meeting of Shareholders of Boryszew S.A.

Voting at the General Meeting of Shareholders is open. A secret ballot is to be ordered at elections of and upon voting upon motions to dismiss members of the Company's governing bodies or liquidators of the Company, or on holding them accountable, as well as in personnel matters. Also, a secret ballot is to be ordered when requested by at least one of the Shareholders present or represented at the General Meeting.

Resolutions of the General Meeting of Shareholders are passed with simple majority of votes, unless provisions of the Commercial Companies Code stipulate otherwise.

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

Pursuant to the Rules of the Sessions of General Meeting of Shareholders, the Chairperson oversees proper and efficient proceedings of the Meeting. Chairperson of the General Meeting of Shareholders also ensures that rights and interests of all Shareholders are respected. The Chairperson must not resign the position without important reason.

The shareholders of Boryszew S.A. are entitled to no rights other than those resulting from generally applicable laws.

PERSONAL COMPOSITION AND PRINCIPLES OF FUNCTIONING OF MANAGING AND SUPERVISORY BODIES AND THEIR COMMITTEES

SUPERVISORY BOARD

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of at least five members. Members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders. Any member of the Supervisory Board whose mandate expired during the Board's term of office must be compulsorily replaced by the Supervisory Board with another person appointed to hold the position. Appointment of members of the Supervisory Board during the Supervisory Board's term of office must be approved by the next General Meeting of Shareholders. Should the General Meeting of Shareholders refuse to approve any of the new members of the Supervisory Board appointed during the Supervisory Board's term of office, the General Meeting will elect a new member of the Supervisory Board to replace the person who was not approved.

The term of office of a member of the Supervisory Board is three years and is common for all members of the Supervisory Board.

The Supervisory Board, on its first meeting, elects its Chairperson, Deputy Chairperson and Secretary from among its members, in secret ballot.

The Supervisory Board exercises continuous supervision over the Company's operation in all fields of its activity. Members of the Supervisory Board when performing their functions have regard to the interests of the Company. The emphasis of the Supervisory Board includes measures to improve the efficiency of management of the Company to

obtain maximum financial performance of the Company as well as increase its stock market value and ensure its long-term development.

The tasks of the Supervisory Board include:

- approving annual business plans of the Company and long-term Company's growth plans,
- assessment of the Management Board's report and financial statements for previous financial year in terms of compliance with books, documents and facts as well as proposals of the Management Board on distribution of profit or coverage of loss and submitting annual written report to the General Meeting of Shareholders on the results of the assessment,
- determining the number of the Management Board members, appointing and dismissing any or all Members of the Company's Management Board,
- suspending from service, for important reasons, of any or all Members of the Company's Management Board
- determining the remuneration for Management Board members,
- delegating Members of the Supervisory Board, for a period not longer than three months, to temporarily perform duties of Members of the Management Board who have been dismissed, resigned or are unable to perform their duties for other reasons.
- selecting statutory auditors for conducting the audit of the financial statements,
- approving proposals of the Management Board to establish and discontinue branches and other organized units of the Company,
- approving acquisition and disposal of real estate property, perpetual usufruct or share in real estate,
- approving transactions concerning subscribing to, disposal or acquisition of shares and stocks where the transaction value exceeds 1/20th of the Company's share capital,
- approving acquisition and disposal of fixed assets the value of which exceeds 1/20th of the Company's share capital,
- approving conclusions by the Company of loan, borrowing agreements, granting guarantees and sureties if the value exceeds in each case 1/20th of the Company's share capital,
- adopting the consolidated text of the Company's Articles of Association for internal purposes of the Company,
- approving draft resolutions submitted by the Management Board to the General Meeting of Shareholders,
- determining the issue price of new shares approving proposals of the Management Board on concluding an agreement with a sub-issuer,
- adoption of the Regulations of Management Board and Company's Organizational Rules,

The Supervisory Board holds its meetings as required, but not less than three times a year. Meetings of the Supervisory Board are convened by its Chairman on his or her own initiative or at the request of the authorised parties. Should a meeting be requested by the Management Board or a member of the Supervisory Board, the Chairman of the Supervisory Board is obliged to convene a meeting within two weeks of receipt of such request. Should the Chairman fail to convene a meeting of the Supervisory Board, the applicant may convene it individually, stating the date, time and proposed agenda.

Validity of resolutions of the Supervisory Board requires proper notice of the meeting of all the members of the Supervisory Board and presence of at least half of the members of the Supervisory Board, including the Chairman or Vice-Chairman.

The agenda of the meeting of the Supervisory Board is determined 5 days before the scheduled date of the meeting and approved by the Chairman and then submitted to the members of the Supervisory Board along with other materials, unless extraordinary circumstances exist justifying shortening of this period. The agenda may be amended or supplemented if all members of the Supervisory Board are present and express consent.

In emergency, the Chairman of the Supervisory Board may order another way to notify members of the Board on the date of the meeting.

In order to enable the Supervisory Board to exercise constant supervision over the Company, the Management Board provides basic financial information on the Company and Boryszew Capital Group as well as information on any events that could significantly affect the results of operations or the state of the Company's assets.

Management Board members are invited to attend meetings of the Supervisory Board and in the case of discussing matters concerning them directly, in particular: removal, responsibilities and remuneration of the Management Board Members, Supervisory Board meetings held without participation of the Management Board members. Meetings of the Supervisory Board may also be held without formal convocation if all members of the Supervisory Board were notified and agree to hold a meeting and include specific items on the agenda. The Supervisory Board adopts resolutions only on matters included in the agenda. The Chairman administers and leads the work of the Supervisory Board and represents it to other bodies of the Company and other parties.

At each meeting of the Supervisory Board the Management Board reports on all relevant matters associated with Company's operations. In urgent matters the members of the Supervisory Board are notified by the Management Board

by circulation. The President may, on their own initiative or upon a written motion of Management Board or members of the Supervisory Board, invite other persons to the meeting, in particular employees of the Company, who are responsible for the issues discussed.

The Supervisory Board may - without prejudice to the competences of other bodies of the Company - express opinions on all matters of the Company, including motions and proposals to the Management Board, which, in such case, is obliged to submit to the Chairman information on the intended use of these motions and proposals within twenty one days from the date of submission.

Members of the Supervisory Board may exercise their rights and carry out their duties in person.

Supervisory Board resolutions are adopted by an absolute majority of votes, i.e. with the number of votes exceeding half of valid votes when at least half of the Supervisory Board members are presents and all members were invited.

In the event of a tie in the voting the Chairman has the casting vote.

The Supervisory Board may pass resolutions in writing or using direct means of distance communication. The resolution is valid if all member of the Supervisory Board have been notified of the contents of the draft resolution.

Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing, acting through another Member of the Supervisory Board who attends the meeting.

The procedure of casting a vote in writing cannot be applied with respect to matters added to the agenda in the course of the given meeting of the Supervisory Board. The voting is open.

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

Meetings of the Supervisory Board are recorded. The minutes are to be signed by all members present during the meeting. List of attendance at the meeting is attached to the minutes.

The administrative and technical support for the Supervisory Board is provided by the Management Board, by appointing from employees of the Company the person directly responsible for handling and documentation of meetings of the Board.

Members of the Management Board must notify the Supervisory Board on any existing conflict of interest resulting from their performed functions. Statement format is determined by the Regulations of the Supervisory Board.

Remuneration of the members of the Supervisory Board is determined by the General Meeting, subject to the remuneration of Supervisory Board members, delegated to temporarily perform the duties of a member of the Management Board, being determined by resolution of the Supervisory Board.

The total remuneration of all members of the Supervisory Board, as well as each of individual members of the Board, is disclosed in the annual report.

Detailed principles of operation of the Supervisory Board are determined in the Rules for Supervisory Board of Boryszew S.A.

Supervisory Board Committees

The Audit Committee operates in the structure of the Supervisory Board.

In accordance with the Rules of the Supervisory Board, adopted on 18 August 2020, the Supervisory Board may also appoint a Remuneration Committee if necessary.

Audit Committee

Composition of the Audit Committee as at 1 January 2020:

Mr Jarosław Antosik - Chairman

Mr Janusz Wiśniewski

Mr Arkadiusz Krężel.

On 6 April 2020 Mr Janusz Wiśniewski resigned from his membership at the Audit Committee and was replaced by Mr Wojciech Kowalczyk appointed to the Audit Committee by the Supervisory Board on 16 June 2020.

Following the appointment of the Supervisory Board on 20 July 2020 for a new term of office, the Supervisory Board appointed the Audit Committee with the following members:

Mr Jarosław Antosik - Chairman

Mr Andrzej Juszczynski

Mr Mirosław Kutnik

On 1 September 2020 the Audit Committee elected Mr Jarosław Antosik as its Chairman.

On 11 December 2020, Mr Andrzej Juszczynski, who is an independent member of the Audit Committee, resigned from the Supervisory Board. On the same day the Supervisory Board appointed Mr Damian Pakulski to the Supervisory

Board of the Company and to the Audit Committee. Mr Damian Pakulski is an independent member of the Audit Committee.

As of 31 December 2020, the Audit Committee had the following members:

Mr Jarosław Antosik - Chairman

Mr Mirosław Kutnik

Mr Damian Pakulski

By the date of publication of the report, no changes occurred in the composition of the Committee.

The Audit Committee operates on the basis of applicable laws and regulations, including but not limited to the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (the Act), Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the Regulation), the Company's Articles of Association and the Regulations of the Supervisory Board of Boryszew S.A.

The Audit Committee meets the independence criteria and other requirements of Article 128 and Article 129 of the aforementioned Act, namely at least one member of the Audit Committee has knowledge and skills in accounting or auditing financial statements:

- 1)
 - a. Mr Jarosław Antosik is a graduate of the Warsaw School of Economics, Higher School of Finance and Banking (1997). In 1998 he graduated a post graduate program with the French Institute of Management earning his International Management Diploma. In 2002 he became a certified tax advisor (member of the Audit Committee between 1 January and 31 December 2020).
 - b. Mr Andrzej Juszczynski is a graduate of the Faculty of Mathematics at Maria Curie-Skłodowska University (UMCS) in Lublin and postgraduate studies at the Warsaw School of Economics (Management Accounting and Controlling), ESCP Europe Campus London Controlling Business School and Solvay Brussels School Economics & Management /Professional in Real Estate/ (member of the Audit Committee between 18 August and 11 December 2020).
- 2) at least one member of the Audit Committee has knowledge and skills in the industry in which the Company or its individual members operate; in accordance with certain rules, this knowledge and these skills are:
 - a. Mr Arkadiusz Krężel has knowledge and skills in the industry in which the Company operates gained during his long years in the Supervisory Board of the Company and also as the of President of the Management Board for Agencja Rozwoju Przemysłu S.A. (Industrial Development Agency). (member of the Audit Committee until 23 July 2020).
 - b. Mr Janusz Wiśniewski has many years of experience gained in his functions in management and supervisory boards for commercial law companies, including public companies, operating in the processing industry. (member of the Audit Committee until 6 April 2020).
 - c. Mr Damian Pakulski has knowledge and skills in the industry in which the Company operates gained during his long years in commercial law companies, including public companies. (member of the Audit Committee as of 11 December 2020).
- 3) The majority of the members of the Audit Committee, including the Chairman, are independent of the Company:
 - a. Mr Jarosław Antosik - Chairman of the Audit Committee, according to the statement submitted to the Company, meets the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision.

Mr Damian Pakulski - according to the statement submitted to the Company, meets the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision. The Audit Committee is an advisory and consultative body of the Supervisory Board for the correct financial reporting, internal control and internal audit principles applied in the Company as well as the risk management system. The Audit Committee cooperates with the Management Board and employees of the Company and the certified auditor for a good understanding of the company's operating principles and to form its own opinion on the Company's financial statements integrity.

The tasks of the Audit Committee include:

- 1) monitoring:
 - financial reporting process,
 - effectiveness of internal control and risk management systems as well as internal audit, including financial reporting,
 - performing financial auditing activities, in particular audits by an audit company, including all conclusions and findings of the Polish Financial Supervision Authority resulting from inspections carried out in the audit firm;
- 2) controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when the audit firm provides services to the public interest entity other than audit of financial statements;

- 3) notifying the supervisory board or other supervisory body or control body of public interest entity about the results of the audit and explaining how this audit contributed to the reliability of financial reporting in the public interest entity, and what was the role of the audit committee in the audit process;
- 4) evaluating the independence of the auditor and consenting to the provision by the auditor of permitted non-audit services to the public interest entity;
- 5) drafting a policy of selecting an audit firm to conduct the audit;
- 6) drafting a policy on provision of permitted non-audit services by the audit company engaged to carry out audits of financial statements, by economic operators associated with that audit firm as well as by a member of the audit firm's network;
- 7) determining the procedure for selecting an audit firm by a public interest entity;
- 8) presenting to the supervisory board or other supervisory or control body, or to the body referred to in art. 66 par. 4 of the Accounting Act of 29 September 1994, recommendation referred to in art. 16 sec. 2 of Regulation No. 537/2014, in accordance with the policies referred to in points 5 and 6;
- 9) submitting recommendations aimed at ensuring the reliability of the financial reporting process in a public interest entity.

The Committee holds its meetings as required, but not less than once every quarter. The meetings of the Audit Committee shall be convened by its Chairman and in his absence – by the Vice-Chairman or another Committee member indicated by the Chairman. The Meetings of the Audit Committee may also be convened by the Chairman of the Supervisory Board.

The Audit Committee has access to all Company documents and is entitled to request specific information and explanations from the Company and its employees.

The Audit Committee may conduct or commission (with the consent of the Supervisory Board) the execution of specific assessments or monitoring activities within the scope of its responsibility.

The Audit Committee shall submit the following to the Supervisory Board:

- annual reports on its activities in a given financial year and a situation assessment for the Company and the Capital Group in areas within its competence,
- the conclusions, positions and recommendations developed in relation to the performance of the Audit Committee functions in a timely manner enabling the Supervisory Board to take appropriate actions.

Audit firm selection policy

The Audit Committee of the Supervisory Board for Boryszew S.A. recommends an entity authorised to audit financial statements of Boryszew S.A. on the basis of adopted policies and procedures. The auditor is selected by the Supervisory Board on the basis of a recommendation by the Audit Committee.

In the course of preparing recommendations for the Supervisory Board by the Audit Committee, the following is considered:

- whether the auditing firm meets the independence requirements referred to in Articles 69-73 of the Act on certified auditors;
- the existence of threats to the independence of the audit firm and the application of safeguards to minimise them;
- knowledge of the industry in which the Company operates;
- the price conditions of the offer,
- whether the audit firm has competent staff, time and other resources at its disposal to conduct the audit properly;
- whether the person designated as the key auditor has the qualifications to carry out mandatory audits, obtained in the European Union member state where the audit is required, including whether that person is registered in the relevant registers of auditors maintained of the European Union member state where the audit is required.
- independence of the audit firm and persons involved in financial audit activities in the light of Articles 69-73 of the Act on certified auditors;
- statutory restrictions on providing services to the Company, possible conclusions and guidelines contained in the annual audit report issued by the Audit Supervision Committee, referred to in Article 90 section 5 of the Act on certified auditors that may influence the appointment of an audit firm.

The selection is made from any audit firms which submitted a bid to provide the statutory audit service in accordance with accepted procedures, provided that:

- the audit firm that audited the Financial Statements of the Company after the expiry of the maximum duration of the mandate may not undertake the audit of the Company's financial statements within four consecutive years,
- the organisation of the procurement procedure may not exclude from participation in the selection procedure companies which have received less than 15% of their total audit fees from public-interest entities in the European Union member state concerned, in the previous calendar year, included on the list of audit firms,

Restrictions on choice

- the maximum continuous duration of statutory audit engagements carried out by an audit firm or any member of the network established in the European Union to which these audit firms belong may not exceed 5 years;
- The key certified auditor may not conduct an audit of the annual financial statements in the Company for a period longer than 5 years;
- The key certified auditor may again perform audits of the Company's annual financial statements after at least 3 years from the end of the last audit.
- the first agreement on auditing the Financial Statements is concluded with the Eligible Entity for a period of not less than two years with the possibility of extension for further periods of at least two years.

Remuneration rules:

Remuneration for the audit work received by the audit firm, its statutory auditors and subcontractors acting in their name and on their behalf may not be:

- dependent on any conditions, including the result of the audit;
- shaped or dependent on the provision to the Company or its related entities of additional services which are not audited by an Entitled Entity or any entity related to an audit firm or belonging to a network.

The audit fees must reflect the workload and complexity of the work and the qualifications required.

Appointment of an audit firm to audit financial statements for 2020 and 2021

The Audit Committee during its meeting on 2 April 2020 recommended to the Supervisory Board to appoint BDO Sp. z o. o. sp. k. to audit the financial statements for 2020 - 2021.

The recommendation of an entity authorised to audit financial statements was prepared in accordance with the requirements of the Act of 11 May 2017 on certified auditors, audit firms and public supervision, Company's policy and procedure on selection of an entity authorised to audit financial statements in Boryszew S.A.

The Supervisory Board, having reviewed of the recommendation of the Audit Committee, on 26 May 2020 appointed BDO Sp. z o. o. sp. k. to conduct the audit of the separate financial statements of Boryszew S.A. and the consolidated financial statements of Boryszew Capital Group for 2020 and 2021.

Services allowed

Policy on provision of permitted non-audit services by the audit company engaged to carry out audits of financial statements, by economic operators associated with that audit firm as well as by a member of the audit firm's network;

The policy of providing permitted services was prepared by the Audit Committee operating within the Supervisory Board of the Company. In accordance with the policy adopted by the Company, the provision of permitted services is possible only after the Audit Committee has carried out an assessment of threats and safeguards of independence referred to in Articles 69-73 of the Act on certified auditors.

The Audit Committee of Boryszew S.A., following appropriate assessment of risks and independence safeguards as per Art. 5 sec. 4 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on the detailed requirements for statutory audits of public interest entities, consented to the performance by BDO Spółka z ograniczoną odpowiedzialnością Spółka komandytowa the following services:

- verification of the dividend capacity of Impexmetal capital.
- verification of the electricity consumption intensity factor.
- BDO's assessment of the Supervisory Board's report on the implementation of the remuneration policy for the Management Board and Supervisory Board.

Audit Committee meetings

In 2020 the Audit Committee held 9 meetings, the main topics of which were associated with the fulfilment of its statutory duties.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

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 Juszczynski,
Mr Wojciech Kowalczyk,
Mr Mirosław Kutnik,
Ms Małgorzata Waldowska.

On 11 December 2020, Mr Andrzej Juszczynski 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 Juszczynski.

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 THE COMPANY

Pursuant to the Company's Articles of Association of Boryszew S.A., the Company's Management Board is composed of one to five persons, including: President of the Management Board, up to two Vice-Presidents and members of the Management Board. The term of office of the Management Board is three years and is common for all members of the Management Board. The Management Board, under the chair of the President, manages the Company's affairs and represents the Company.

The Board is responsible for the fair conduct of the Company's affairs and implementation of its statutory functions, in accordance with law and good practice. All matters that are not reserved for the competence of the General Meeting of Stockholders and the Supervisory Board fall within the competence of the Management Board. The Management Board prepares the strategy of the Company and is responsible for its implementation and execution. The strategy is subject to approval by the Supervisory Board. The Management Board of the Company carefully analyses all actions and decisions.

A resolution of the Management Board is required in matters falling beyond the scope of ordinary management, in particular on:

- incurring loans,
- issuing sureties and guarantees
- disposal and acquisition of fixed assets,
- approval for publication of midyear and annual Management Board's reports on the activities of the Company and of the Capital Group, as well as financial statements of the Company and consolidated statements of the Capital Group,
- proposals for profit distribution or loss coverage,
- adoption of the growth programme for the Company and for the Capital Group,
- adoption of the budget of the Company and of the Capital Group,
- establishing of proxies,
- appointing, on the basis of civil law, representatives to perform certain tasks within the limits of their authorisation (with the exception of one-time power of attorney to perform certain legal actions and powers of attorney to sign the papers and documents that do not result in incurring liabilities by the Company or disposing property rights of the Company as well as power of attorney ad litem)
- approving the remuneration system and work regulations based on agreements with the trade unions,
- taking a position on issues commissioned by the Supervisory Board in the form of a resolution.

Subject to the pending share buyback, the Management Board holds no individual rights to buy back own shares. The Management Board may not resolve on share issue.

The Board recommends to the Supervisory Board the appointment of an auditor, upon analysis of the tenders submitted.

Authorized to make declaration of will and sign documents on behalf of the Company are: the President of the Management Board acting independently or two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial proxy.

The Management Board convenes on as-needed basis. Management Board meeting can be participated by employees of the Company or other persons, competent for the matters discussed.

Resolutions of the Management Board are adopted by an absolute majority of votes. In case of a tied vote, the President has the casting vote.

A member of the Management Board, absent during a meeting, shall acknowledge and follow, on the first day at work after absence, resolutions passed during his or her absence, confirming it with a signature on the original copy of the minutes.

Meetings of the Management Board are recorded and signed by members of the Management Board present during the meeting.

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

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

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

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

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

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.

DESCRIPTION OF DIVERSITY POLICY

No formal document has been drafted by the Company on its diversity policy in relation to the management body and management team. Recruitment of Management Board members and key managers is based on experience, qualifications and competences of candidates, in line with legislation on equal treatment of employees. The Company is committed to ensure diversity of gender, education, age, professional experience for all its employees, with particular emphasis on senior management and key managers.

DECLARATIONS OF THE MANAGEMENT BOARD

The Management Board of Boryszew S.A. represent hereby that:

- a) to the best of their knowledge the annual financial statements of Boryszew S.A. and the comparable data were compiled as per the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition as well as the financial result Boryszew S.A.
- b) the annual consolidated financial statements of Boryszew Capital Group for the first six months and the comparable data were compiled as per the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition as well as the financial result of Boryszew Capital Group.
- c) this annual report on operations presents a true view of development, accomplishments and situation Boryszew S.A. and Boryszew Capital Group, including a description of fundamental risks and threats.

37. INFORMATION OF THE MANAGEMENT BOARD ON THE SELECTION OF THE AUDIT FIRM TO CARRY OUT THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH THE PROVISIONS, INCLUDING THOSE CONCERNING THE SELECTION AND PROCEDURE FOR THE SELECTION OF THE AUDIT FIRM

The Management Board for Boryszew S.A. based on the statement of the Supervisory Board for Boryszew S.A. of 29 April 2021 on the selection of BDO Spółka z ograniczoną odpowiedzialnością sp. k., based in Warsaw, to audit the annual financial statements in accordance with the regulations, including the selection and selection procedure of the auditing firm, declares that:

- a) BDO Spółka z ograniczoną odpowiedzialnością Sp.k. and members of the team auditing the separate and consolidated financial statements for 2020 met the conditions for the preparation of an impartial and independent report on the audit of the annual financial statements in accordance with the applicable regulations, professional standards and rules of professional ethics,
- b) Boryszew S.A. observes the applicable regulations on the rotation of the audit firm and the key statutory auditor as well as on the mandatory grace periods,
- c) The Company pursues the "Policy for selection of the entity authorized to audit financial statements of Boryszew S.A." and the "Policy for the provision of permitted non-audit services by the auditing firm conducting the audit, by entities affiliated with the auditing firm and by a member of the auditing firm's network"

Visit www.boryszew.com for all corporate documents of the Company, as well as current and periodical information. The Company also runs its website in English.

SIGNATURES OF THE PERSONS REPRESENTING THE COMPANY AND APPROVING THIS REPORT FOR PUBLICATION:

Piotr Lisiecki - President of the Management Board absent*

Andrzej Juszczynski - 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.

Warsaw, 30 April 2021