



**CONSOLIDATED MID-YEAR REPORT OF  
BORYSZEW CAPITAL GROUP**  
for the period between 1 January and 30 June  
2021

**Report publication date:  
24 September 2021**





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**Boryszew Capital Group**

Mid-year abbreviated consolidated financial report for the period between 1 January and 30 June 2021 drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

**SELECTED FINANCIAL DATA**

	in PLN '000		in EUR '000	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>data regarding abbreviated consolidated financial statements</b>				
Revenue from continuing operations	3 056 748	2 805 103	672 226	631 595
Operating profit	104 568	67 812	22 996	15 269
Net profit on continuing operations	47 197	146	10 379	33
Profit on continuing and discontinued operations	48 646	(507)	10 698	(114)
Net profit attributable to the parent	43 804	1 398	9 633	315
Weighted average number of shares	202 000 000	202 000 000	202 000 000	202 000 000
Earnings per share attributable to shareholders of the Parent (in PLN/EURO)	0.22	0.01	0.05	-
Net cash flow from operating activities	(58 621)	(3 068)	(12 892)	(691)
Net cash flow from investment activities	10 093	(147 509)	2 220	(33 213)
Net cash flow from financial activities	12 442	79 481	2 736	17 896
	<b>Balance on 30.06.2021</b>	<b>Balance on 31.12.2020</b>	<b>Balance on 30.06.2021</b>	<b>Balance on 31.12.2020</b>
Total assets	4 338 757	4 098 778	959 732	888 181
Total liabilities and provisions	2 639 665	2 465 184	583 893	534 191
Assets of continuing operations	4 337 405	4 097 774	959 433	887 964
Liabilities of continuing operations	2 623 239	2 447 657	580 260	530 393
Equity	1 699 092	1 633 594	375 839	353 990
Equity attributable to the parent company	1 677 111	1 612 540	370 977	349 428

	in PLN '000		in EUR '000	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>SELECTED FINANCIAL DATA</b>				
<b>data regarding separate condensed financial statements</b>				
Revenues from sales	836 478	536 492	183 955	120 796
Operating profit	46 472	40 906	10 220	9 210
Net profit	25 648	32 700	5 640	7 363
Weighted average number of shares	205 205 000	220 656 301	205 205 000	220 656 301
Profit per ordinary share in PLN/EUR	0.12	0.15	0.03	0.03
Net cash flow from operating activities	68 116	(19 693)	14 980	(4 434)
Net cash flow from investment activities	(91 554)	(52 709)	(20 134)	(11 868)
Net cash flow from financial activities	19 923	53 803	4 381	12 114
	<b>Balance on 30.06.2021</b>	<b>Balance on 31.12.2020</b>	<b>Balance on 30.06.2021</b>	<b>Balance on 31.12.2020</b>
Total assets	2 720 353	2 545 049	601 742	551 497
Total liabilities and provisions	1 073 429	947 257	237 442	205 265
Equity	1 646 924	1 597 792	364 299	346 232

**ABBREVIATED MID-YEAR CONSOLIDATED  
FINANCIAL STATEMENTS**

**Boryszew Capital Group  
for the period between 1 January and 30 June 2021**



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>	<b>01.04.2021 - 30.06.2021</b>	<b>01.04.2020 - 30.06.2020</b>
<b>Continuing operations</b>				
Revenues from sales	3 056 748	2 805 103	1 605 810	1 231 397
Prime cost of sale	2 739 053	2 546 335	1 442 312	1 109 314
<b>Gross profit on sales</b>	<b>317 695</b>	<b>258 768</b>	<b>163 498</b>	<b>122 083</b>
Selling costs	85 750	77 402	48 837	38 146
Administrative expenses	142 196	144 484	69 448	68 782
Other operating revenue	47 622	57 177	30 392	35 698
Other operating expenses	29 356	20 328	20 839	10 887
Profit/loss on impairment of trade and other receivables	(3 447)	(5 919)	(83)	(4 064)
<b>Operating income</b>	<b>104 568</b>	<b>67 812</b>	<b>54 683</b>	<b>35 902</b>
Financial revenues	19 643	11 648	5 119	478
Financial expenses	36 464	54 199	14 376	(9 088)
Profit on sales of subsidiary	4 352	-	4 352	-
Profit/loss on impairment of financial assets	(96)	(43)	(87)	73
<b>Financial profit/loss</b>	<b>(12 565)</b>	<b>(42 594)</b>	<b>(9 344)</b>	<b>9 639</b>
Provisions and write-offs due to the liquidation of Hutmen Sp. z o.o. in liquidation	(19 032)	-	(19 032)	-
Share in profit of affiliates	15	29	34	12
<b>Profit before taxation</b>	<b>72 986</b>	<b>25 247</b>	<b>30 693</b>	<b>45 553</b>
Income tax	25 789	25 101	11 139	7 696
<b>Net profit on continuing operations</b>	<b>47 197</b>	<b>146</b>	<b>19 554</b>	<b>37 857</b>
<b>Net profit/loss on discontinued operations</b>	<b>1 449</b>	<b>(653)</b>	<b>(205)</b>	<b>(309)</b>
<b>Profit on continuing and discontinued operations</b>	<b>48 646</b>	<b>(507)</b>	<b>19 349</b>	<b>37 548</b>
<b>including attributable to:</b>				
<i>to shareholders of the parent</i>	43 804	1 398	16 827	36 546
<i>to non-controlling interests</i>	4 842	(1 905)	2 522	1 002
<b>Earnings / Diluted earnings per share</b>	<b>43 804</b>	<b>1 398</b>	<b>16 827</b>	<b>36 546</b>
Weighted average number of shares	202 000 000	202 000 000	202 000 000	202 000 000
Earnings / Diluted earnings per share (PLN)	0.22	0.01	0.08	0.18

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - continued**

	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.04.2021 - 30.06.2021	01.04.2020 - 30.06.2020
<b>Net profit</b>	<b>48 646</b>	<b>(507)</b>	<b>19 349</b>	<b>37 548</b>
<b>Earnings recognised in equity</b>				
<i>Earnings recognised in equity, to be transferred to income statement</i>	<b>1 509</b>	<b>(12 541)</b>	<b>(1 370)</b>	<b>1 514</b>
Hedge accounting	(219)	(12 123)	(498)	20 778
Valuation of financial assets transferred to profit or loss		-	-	-
Exchange differences on translating foreign operations	1 686	(2 721)	(967)	(15 316)
Income tax expense (-provision/+asset)	42	2 303	95	(3 948)
<i>Earnings recognised in equity, not to be transferred to income statement</i>	<b>19 258</b>	-	<b>3 581</b>	-
Gains/losses on valuation of equity instruments	22 684	-	3 330	-
Income tax	(4 310)	-	<b>(633)</b>	-
Gains/losses on disposal of equity instruments	1 091	-	1 091	-
Income tax	(207)	-	(207)	-
<b>Total earnings recognised in equity to shareholders of the parent</b>	<b>20 767</b>	<b>(12 541)</b>	<b>2 211</b>	<b>1 514</b>
<i>to non-controlling interests</i>	-	-	-	-
<b>Total comprehensive income, including attributable:</b>	<b>69 413</b>	<b>(13 048)</b>	<b>21 560</b>	<b>39 062</b>
<i>to shareholders of the parent</i>	64 571	(11 143)	19 038	38 060
<i>to non-controlling interests</i>	4 842	(1 905)	2 522	1 002

**CONSOLIDATED INCOME STATEMENT – discontinued operations**

	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.04.2021 - 30.06.2021	01.04.2020 - 30.06.2020
Revenues from sales	9	15	7	7
Prime cost of sale	9	15	7	7
<b>Gross profit (loss) from sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Selling costs	-	-	-	-
Administrative expenses	-	-	-	-
Other operating revenue	2 259	2	109	2
Other operating expenses	786	663	404	330
<b>Profit (loss) from operating activity</b>	<b>1 473</b>	<b>(661)</b>	<b>(295)</b>	<b>(328)</b>
Financial revenues	53	23	42	-
Financial expenses	66	15	1	(19)
<b>Financial profit/loss</b>	<b>(13)</b>	<b>8</b>	<b>41</b>	<b>19</b>
<b>Profit (loss) before income tax</b>	<b>1 460</b>	<b>(653)</b>	<b>(254)</b>	<b>(309)</b>
Income tax	11	-	(49)	-
<b>Net profit (loss) on discontinued operations</b>	<b>1 449</b>	<b>(653)</b>	<b>(205)</b>	<b>(309)</b>
<i>in the parent company</i>	1 347	193	94	63
<i>to non-controlling interests</i>	102	(846)	(299)	(372)

**CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>	<b>Balance on 30.06.2021</b>	<b>Balance on 31.12.2020</b>	<b>Balance on 31.12.2020</b>
<b>Non-current assets</b>			
Non-current assets	1 285 088	1 303 109	1 807 114
Investment property	148 180	152 079	157 771
Goodwill	6 418	6 418	23 464
Intangible assets	45 296	48 102	46 834
Right-of-use assets	301 926	317 929	353 580
Shares in affiliates	225	210	340
Financial assets	1 534	1 036	166
Derivative financial instruments	2	-	-
Non-current receivables	2 927	3 387	7 129
Deferred tax assets	24 822	26 580	26 237
Other assets	25 703	27 625	24 284
<b>Total fixed assets</b>	<b>1 842 121</b>	<b>1 886 475</b>	<b>2 446 919</b>
<b>Current assets</b>			
Inventory	1 024 671	980 958	1 151 177
Trade receivables and other receivables	1 001 211	731 083	822 815
Short-term financial assets	246 757	249 458	58 382
Derivative financial instruments	5 177	4 250	11 714
Current tax assets	6 374	8 306	9 942
Other assets	62 997	52 033	70 326
Cash and cash equivalents	148 097	185 211	148 242
<b>Total current assets</b>	<b>2 495 284</b>	<b>2 211 299</b>	<b>2 272 598</b>
<b>Assets classified as held for sale</b>	<b>1 352</b>	<b>1 004</b>	<b>1 038</b>
<b>Total assets</b>	<b>4 338 757</b>	<b>4 098 778</b>	<b>4 720 555</b>



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(amounts expressed in PLN '000 unless specified otherwise)

	Balance on 30.06.2021	Balance on 31.12.2020	Balance on 31.12.2020
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital	248 906	248 906	248 906
Share premium	114 435	114 435	114 435
Own shares	(236 753)	(236 753)	(236 753)
Hedge accounting capital	(6 427)	(6 250)	4 506
Capital reserve on translating employee payables	(1 851)	(1 851)	(2 602)
Revaluation reserve	51 050	31 792	(21 817)
Exchange differences on translating foreign entities	(54 856)	(56 542)	(21 456)
Retained earnings	1 562 607	1 518 803	1 237 152
<b>Total equity</b>	<b>1 677 111</b>	<b>1 612 540</b>	<b>1 322 371</b>
<b>Equity of non-controlling shareholders</b>	<b>21 981</b>	<b>21 054</b>	<b>145 572</b>
<b>Total equity</b>	<b>1 699 092</b>	<b>1 633 594</b>	<b>1 467 943</b>
<b>Liabilities and long-term provisions</b>			
Bank credits, loans, bonds	139 311	168 209	125 105
Lease liabilities	50 871	83 044	117 641
Liabilities associated with right-of-use assets	104 794	114 175	143 386
Payables on perpetual usufruct of investment land	56 817	56 826	58 331
Deferred tax provision	87 164	83 842	128 946
Employee benefit provisions	26 567	27 112	30 328
Other provisions	47 638	47 859	31 531
Other long term equity and liabilities	53 956	53 710	44 527
<b>Liabilities and long-term provisions - total</b>	<b>567 118</b>	<b>634 777</b>	<b>679 795</b>
<b>Short-term liabilities</b>			
Bank credits, loans, bonds	843 609	755 622	1 503 145
Lease liabilities	49 613	50 440	33 761
Liabilities associated with right-of-use assets	20 050	5 107	5 928
Payables on perpetual usufruct of investment land	241	241	248
Trade payables and other liabilities	815 210	698 454	844 908
Derivative financial instruments	11 171	12 811	13 116
Current tax liabilities	70 144	64 202	19 115
Employee benefit provisions	40 678	33 189	33 948
Other provisions	159 771	154 550	50 798
Other liabilities and equity	45 634	38 264	50 836
<b>Liabilities and short-term provisions - total</b>	<b>2 056 121</b>	<b>1 812 880</b>	<b>2 555 803</b>
<b>Liabilities directly associated with assets classified as discontinued operations</b>	<b>16 426</b>	<b>17 527</b>	<b>17 014</b>
<b>Total liabilities and provisions</b>	<b>2 639 665</b>	<b>2 465 184</b>	<b>3 252 612</b>
<b>Total equity and liabilities</b>	<b>4 338 757</b>	<b>4 098 778</b>	<b>4 720 555</b>



**CONSOLIDATED CASH FLOW STATEMENT**

	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>72 986</b>	<b>25 247</b>
<b>Adjustments for (+/-)</b>	<b>(131 607)</b>	<b>(28 315)</b>
Amortisation and depreciation	83 963	99 336
Profit/loss on financial activity (including interest on financial liabilities)	15 504	41 622
Profit / loss on investment activities	(4 744)	(17 966)
Change in receivables	(269 413)	(90 800)
Change in inventories	(43 713)	78 870
Change in liabilities	88 746	(93 409)
Change in provisions and accruals as well as prepayments	10 628	(11 951)
Other items	11 167	(4 718)
Income tax paid	(23 745)	(29 299)
<b>Net cash from operating activities</b>	<b>(58 621)</b>	<b>(3 068)</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	6 699	4 995
Proceeds from disposal of shares	47 857	-
Proceeds from redemption of bonds by issuers	-	1 084
Proceeds from repayment of loans granted	2 455	-
Other proceeds from investment activities	14 087	65
Expenses on acquisition of fixed assets	(46 105)	(74 010)
Acquisition of shares and stocks in capital group entities	-	(54 074)
Loans granted	(14 900)	(24 465)
Other capital expenditures	-	(1 104)
<b>Net cash from investing activities</b>	<b>10 093</b>	<b>(147 509)</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	201 976	258 452
Loans received	3 000	3 700
Proceeds from grants and other proceeds	3 527	9 919
Dividends paid	(3 915)	(27)
Loans repaid	(136 311)	(143 004)
Repayment of borrowings	(6 221)	(920)
Interest paid on loans, borrowings and leasing	(14 964)	(25 605)
Payment of liabilities under finance lease agreements	(34 650)	(23 034)
<b>Net cash from financing activities</b>	<b>12 442</b>	<b>79 481</b>
<b>Net change in cash</b>	<b>(36 086)</b>	<b>(71 096)</b>
Translation reserve	(1 028)	(303)
Cash opening balance	185 211	219 641
<b>Cash closing balance</b>	<b>148 097</b>	<b>148 242</b>



(amounts expressed in PLN '000 unless specified otherwise)

**CONSOLIDATED STATEMENT ON CHANGES IN EQUITY**

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>Balance on 01.01.2021</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>(6 250)</b>	<b>(1 851)</b>	<b>31 792</b>	<b>(56 542)</b>	<b>1 518 803</b>	<b>1 612 540</b>	<b>21 054</b>	<b>1 633 594</b>
Valuation of hedge instruments				(177)					(177)		(177)
Valuation of employee benefits					-						-
Measurement of financial assets						18 374			18 374		18 374
Disposal of financial assets						884			884		884
Currency translation differences (subsidiaries)							1 686		1 686		1 686
Profit/loss for the first six months of 2021								43 804	43 804	4 842	48 646
<b>Total revenue for the first six months of 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(177)</b>	<b>-</b>	<b>19 258</b>	<b>1 686</b>	<b>43 804</b>	<b>64 571</b>	<b>4 842</b>	<b>69 413</b>
Dividend distribution										(3 915)	(3 915)
Change of capital group structure											-
<b>Balance on 30.06.2021</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>(6 427)</b>	<b>(1 851)</b>	<b>51 050</b>	<b>(54 856)</b>	<b>1 562 607</b>	<b>1 677 111</b>	<b>21 981</b>	<b>1 699 092</b>

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

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	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>Balance on 01.01.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>14 326</b>	<b>(2 637)</b>	<b>(21 817)</b>	<b>(18 735)</b>	<b>1 248 784</b>	<b>1 346 509</b>	<b>188 548</b>	<b>1 535 057</b>
Valuation of hedge instruments				(9 820)					(9 820)		(9 820)
Currency translation differences (subsidiaries)							(2 721)		(2 721)		(2 721)
Profit/loss for the first six months of 2020								1 398	1 398	(1 905)	(507)
<b>Total revenue for the first six months of 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9 820)</b>	<b>-</b>	<b>-</b>	<b>(2 721)</b>	<b>1 398</b>	<b>(11 143)</b>	<b>(1 905)</b>	<b>(13 048)</b>
Dividend distribution									-	(27)	(27)
Change of capital group structure					35			(13 030)	(12 995)	(41 044)	(54 039)
<b>Balance on 31.12.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>4 506</b>	<b>(2 602)</b>	<b>(21 817)</b>	<b>(21 456)</b>	<b>1 237 152</b>	<b>1 322 371</b>	<b>145 572</b>	<b>1 467 943</b>



**ADDITIONAL INFORMATION**

to the consolidated quarterly report as at 30 June 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's REGON (Business ID) is 750010992 and NIP (tax ID) is 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 more than 9 000 employees.

### SUPERVISORY BOARD OF BORYSZEW S.A.

As at 1 January 2021, the composition of the Supervisory Board of Boryszew S.A. was as follows:

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.

On 10 August 2021, Mr Wojciech Kowalczyk, Chairman of the Supervisory Board of the Company, submitted his resignation from the position on that day.

On the same date the Supervisory Board of the Company appointed Mr Janusz Siemieniec to the Supervisory Board, replacing Mr Wojciech Kowalczyk.

On 7 September 2021, the Supervisory Board elected Ms Małgorzata Waldowska as the Chairperson of the Supervisory Board, Mr Mirosław Kutnik as Vice Chairman and Mr Damian Pakulski as Secretary.

As on the report publication day, the following persons were members of the Supervisory Board of Boryszew S.A.:

Ms Małgorzata Waldowska	–	Chairperson of the Supervisory Board.
Mr Mirosław Kutnik	–	Vice Chairman of the Supervisory Board,
Mr Damian Pakulski	–	Secretary of the Supervisory Board,
Mr Jarosław Antosik	–	Member of the Supervisory Board,
Mr Janusz Siemieniec	–	Member of the Supervisory Board.

### MANAGEMENT BOARD OF BORYSZEW S.A.

As at 1 January 2021, the following persons were members of the Management Board of Boryszew S.A.:

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

On 3 May 2021 the President of the Management Board of the Company, Mr Piotr Lisiecki, died.



Given these circumstances, on 18 May 2021 the Supervisory Board decided to delegate on the same day Mr Wojciech Kowalczyk - Chairman of the Supervisory Board - to temporarily perform the duties of the President of the Company's Management Board for a period of three months, on 10 August 2021 Mr Wojciech Kowalczyk was appointed to the Management Board as the President of the Management Board - General Director.

As on the report publication day, the following persons were members of the Management Board of Boryszew S.A.:

Mr Wojciech Kowalczyk	–	President of the Management Board, General Director
Mr Andrzej Juszczynski	–	Vice-President of the Management Board, CFO,
Mr Mikołaj Budzanowski	–	Member of the Management Board

## **2. BASIS FOR REPORT PREPARATION AND ACCOUNTING PRINCIPLES**

The information contained in the financial statements for H1 '2021 has been prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognising as equivalent information required under the laws of a non-member state (Journal of Laws 2018.757 of 20 April 2018) and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

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

Selected financial data in the initial part of the report were converted into EUR as per § 64 of the Regulation of the Minister of Finance of 29 March 2018 (Journal of Laws 2018.757 of 20.04.2018).

Balance sheet items were converted at the exchange rate of the last day of the reporting period and income statement items as well as cash flow statement items - at the average rate of the period.

The accounting principles and calculation methods applied by the Group have not changed in the period covered by these statements, and are presented in detail in the consolidated financial statements for 2020, published on 30 April 2021.

	<b>average EUR exchange rate in the period</b>	<b>EURO exchange rate as at the last day of period</b>
01.01 - 30.06.2020	4.4413	4.4660
01.01 - 31.12.2020	4.4742	4.6148
01.01 - 30.06.2021	4.5472	4.5208

## **CHANGES IN ACCOUNTING PRINCIPLES**

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

Accounting principles (policy) of applied when drafting these mid-year consolidated financial statements for the fiscal year ended on 30 June 2021 are consistent with those applied when drafting annual consolidated financial statements for the financial year ended on 31 December 2020, except for changes described below.

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

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

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



▪ **Changes resulting from changes in IFRS**

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

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

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

The Group is in the process of assessing the impact of this change, which will be reported in the 2021 annual report. In addition, as of 1 January 2021, following adoption by the European Commission in October 2020, the Group applies the Amendment to IFRS 16 *Leases: COVID-19 related rent concessions*. The amendment was published on 28 May 2020 and applies to annual periods beginning on or after 1 June 2020, with earlier application possible. The amendment introduces a simplification in IFRS 16 whereby lease modifications may not be recognised when changes occurred (through 30 June 2021) in payments, if related to the Covid-19 pandemic or other concessions were provided to lessees that change the original financial terms of leases due to the pandemic.

Amendments to IFRS 16 associated with Covid-19 relief had no material impact on the recognition of existing Leases.

1 January 2021 is also the effective date of an amendment to IFRS 4 published on 25 June 2020 - in terms of extending the period of exemption of insurers from the application of IFRS 9 *Financial Instruments* until 1 January 2023 in line with the extended effective date of IFRS 17 *Insurance Contracts*.

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

The implementation of the standards had no material impact on the financial statements. The Group decided to implement the standards on a prospective basis.

▪ **Changes introduced independently by the Group**

The Group made no adjustments to the presentation of comparative data on 31 December 2020 and for the six months ended 30 June 2020.

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

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

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

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

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

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

The Group will apply the amended standards as of 1 January 2023. As on the date of drafting these financial statements.

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

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

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





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

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

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

- Amendment to IFRS 16 *Leases - COVID-19-related rent concessions granted after 30 June 2021*.

The amendment to IFRS 16 was published on 31 March 2021 and applies to annual periods beginning on or after 1 April 2021. The purpose of the amendment to IFRS 16 is solely to extend by one year (to 30 June 2022) the period during which COVID-19-related rent concessions require no amendments to lease agreements. This amendment is closely associated with the already effective amendment to IFRS 16 published in May 2020.

The Group will apply the amendment to IFRS 16 as of the date determined by the European Commission in the legal act allowing for its application by EU countries. On the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the amended standard.

- Amendment to IAS 12 *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendment to IAS 12 was published on 7 May 2021 and applies to annual periods beginning on or after 1 April 2023. The amendments clarify that the exemption regarding initial recognition of deferred tax does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise at the time of initial recognition and entities are required to recognise deferred tax on such transactions, thereby clarifying the doubt as to whether the exemption applies to transactions such as leases and liabilities due to decommissioning.

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

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

- IFRS 17 *Insurance Contracts*, published on 18 May 2017, except for the amendments of 25 June 2020, which are effective in the EU as of 1 January 2021,
- Amendment to IAS 1 *Presentation of Financial Statements: Classification of liabilities as short-term and long-term* published on 23 January 2020, as amended on 15 July 2020,
- Amendments to IAS 1 - *Disclosure of Accounting Policies* and IAS 8 - *Definition of Accounting Estimates* published on 12 February 2021.
- Amendment to IFRS 16 *Leases - COVID-19-related rent concessions granted after 30 June 2021* published on 31 March 2021,
- Amendment to IAS 12 *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction* published on 7 May 2021.

**Boryszew Capital Group**

Mid-year abbreviated consolidated financial report for the period between 1 January and 30 June 2021 drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

**THE FOLLOWING COMPANIES WERE INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2020:**

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
<i>Head Offices</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
SPV Boryszew 5 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Boryszew 6 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Boryszew 8 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Boryszew 9 Sp. z o.o.	Warsaw	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. (99,99%), Maflow Polska Sp. z o.o. (0.01%)	Automotive
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 Mexico S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U (90%), Maflow Polska Sp. z o.o. (10%)	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

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(amounts expressed in PLN '000 unless specified otherwise)

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew Oberflächetechnik 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 Kunststofftechnik Deutschland GmbH (89,1%) Boryszew S.A. (10.9%)	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	93.68	Boryszew S.A.	Automotive
Impexmetal Holding Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
Hutmen Sp. z o.o. in liquidation	Wrocław	100.00	Boryszew S.A, Impex - invest Sp. z o.o., SPV Impexmetal Sp. z o.o. Hutmen Sp. o.o. in liquidation	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	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
Nylonbor Sp. z o.o.	Sochaczew	100.00	Boryszew S.A.	Chemical products
RAPZ Sp. z o.o.	Dąbrowa Górnicza	42.67	Huta Bankowa Spółka z o.o.	Metals

**COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

Company name	Seat	share of the parent in share capital (%)	share in voting rights (%)	Core activity
Elana Ukraina Sp. z o.o.	Ukraine	90	90	dormant company
Brasco Inc	the US	100	100	dormant company
Hutnik Sp. z o.o. – in liquidation,	Konin	94	94	dormant company

**Associated companies**

Company name	Seat	share of the parent in share capital (%)	shareholder	Core activity
Brick factory Wostoczna - Sp. z o.o.	Belarus	30.00	Boryszew S.A.	trade, production of secondary raw materials

Apart from the subsidiaries mentioned above, the Issuer holds a block of shares in Gränges AB accounting for 3.06% of the company's share capital; the value of the shares at the market price as at 31.06.2021 is PLN 172,229 thousand.

**3. NOTES ON THE SEASONALITY OF THE COMPANY'S BUSINESS IN THE REPORTED PERIOD**

Boryszew Capital Group is exposed to seasonality only to a limited extent.

In the Automotive segment seasonality affects holiday months as well as December, when production of cars falls considerably, causing also a fall in component orders.

In the Metal Segment, seasonality affects the range of products sold for the construction sector, which include:

- copper installation pipes and cupronickel condenser pipes manufactured by Hutmen S.A.
- brass condenser pipes used for district heating, manufactured by WM Dziedzice S.A.
- zinc-titanium roofing sheets and zinc wire manufactured by ZM SILESIA S.A.

The peak in sales of these products for the construction sector is recorded the second and third quarter, which is predominantly influenced by weather conditions, suitable for construction works, as well as the economic situation in the construction industry. Other products of this segment are not exposed to seasonality.

In the segment of Chemical products seasonality affects a certain range of products manufactured by Boryszew ERG, Branch of Boryszew S.A. in Sochaczew. This range includes cooling fluids for the automotive segment (with peak sales in the third and fourth quarter, shifting to the beginning of the first quarter), de-icing fluids for runways and aircraft (with peak sales in the fourth and first quarter).

No specific seasonality is observed for other products of the Capital Group.

Furthermore, in the fourth quarter of the year, due to the December Christmas holiday period and planned shutdowns by customers, lower sales are observed each year.

**4. INCOME AND PROFITS/LOSSES BY CONTINUING ACTIVITIES SEGMENTS OF AS FROM THE BEGGINING OF THE CURRENT YEAR**

Boryszew Capital Group operates in the area of four industry segments.

**Boryszew Capital Group**

Mid-year abbreviated consolidated financial report for the period between 1 January and 30 June 2021 drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

**OPERATING SEGMENTS**

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 Holding Spółka z o.o., Hutmen Sp. z o.o. in liquidation, WM Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A branch NPA Skawina, 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., 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; FLT USA L.L.C., Symonvit Ltd. in liquidation, 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. – HQ, Boryszew S.A. Energy branch, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. in liquidation, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., SPV Boryszew 5 Sp. z o.o., SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o.

**REVENUES FROM SALE BY DESTINATION MARKET****Sales revenues by geographical areas****Continuing operations**

	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>
Domestic sales	957 706	966 408
Sales to EU member states *)	1 770 095	1 566 000
Sales to other European countries	146 635	134 916
Export outside Europe	182 312	137 779
<b>Total (revenues from continuing operations)</b>	<b>3 056 748</b>	<b>2 805 103</b>

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

**SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:****Share of EU member states in intra-Community sales:**

	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>
Germany	38%	41%
The Czech Republic	16%	16%
Italy	10%	8%
Spain	6%	5%
France	5%	5%



(amounts expressed in PLN '000 unless specified otherwise)

**REVENUES AND RESULTS BY OPERATING SEGMENTS IN QUARTER 1 OF 2021 (data regarding continuing operations)**

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
<b>Continuing operations 01.01.2021 - 30.06.2021</b>							
Revenues from sales	136 394	894 620	1 962 607	162 898	3 156 519	(99 771)	3 056 748
Segment costs of sales	113 542	790 242	1 778 674	149 732	2 832 190	(93 137)	2 739 053
<b>Result on sales within segment</b>	<b>22 852</b>	<b>104 378</b>	<b>183 933</b>	<b>13 166</b>	<b>324 329</b>	<b>(6 634)</b>	<b>317 695</b>
General, administrative and sales expenses	16 637	101 887	97 500	15 345	231 369	(3 423)	227 946
Other operating profit/loss	2 047	2 296	7 454	4 574	16 371	(1 552)	14 819
<b>Segment profit/loss</b>	<b>8 262</b>	<b>4 787</b>	<b>93 887</b>	<b>2 395</b>	<b>109 331</b>	<b>(4 763)</b>	<b>104 568</b>
Amortisation and depreciation	3 354	46 165	33 426	2 717	85 662	(1 699)	83 963
EBITDA *)	11 616	50 952	127 313	5 112	194 993	(6 462)	188 531
Segment assets	264 898	1 427 643	2 970 629	2 612 766	7 275 936	(2 938 531)	4 337 405
Segment liabilities	114 757	1 841 894	1 315 592	636 533	3 908 776	(1 285 537)	2 623 239

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
<b>Continuing operations 01.01.2020 - 30.06.2020</b>							
Revenues from sales	104 352	712 469	1 964 433	77 167	2 858 421	(53 318)	2 805 103
Segment costs of sales	77 558	660 965	1 788 783	64 977	2 592 283	(45 948)	2 546 335
<b>Result on sales within segment</b>	<b>26 794</b>	<b>51 504</b>	<b>175 650</b>	<b>12 190</b>	<b>266 138</b>	<b>(7 370)</b>	<b>258 768</b>
General, administrative and sales expenses	16 972	93 088	110 112	9 352	229 524	(7 638)	221 886
Other operating profit/loss	156	3 470	29 134	2 756	35 516	(4 586)	30 930
<b>Segment profit/loss</b>	<b>9 978</b>	<b>(38 114)</b>	<b>94 672</b>	<b>5 594</b>	<b>72 130</b>	<b>(4 318)</b>	<b>67 812</b>
Amortisation and depreciation	3 584	44 809	50 899	2 882	102 174	(2 838)	99 336
EBITDA *)	13 562	6 695	145 571	8 476	174 304	(7 156)	167 148
Segment assets	251 203	1 371 218	4 565 425	1 435 979	7 623 825	(2 904 308)	4 719 517
Segment liabilities	110 158	1 785 861	1 771 800	584 374	4 252 193	(1 016 595)	3 235 598

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



## **5. DIVIDEND PAID OR DECLARED IN THE PERIOD FROM THE BEGINNING OF THE YEAR**

No dividend was paid in the reporting period.

## **6. INFORMATION ON THE ISSUE, REDEMPTION AND REPAYMENT OF NON-EQUITY AND EQUITY SECURITIES**

### **DEBT SECURITIES**

In the first half of 2021 and until the date of publication of this report, the Group issued no equity securities.

### **ISSUES OF BONDS**

In the first half of 2021 and until the date of publication of this report, the Group issued no debt securities.

### **REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.**

Since 1 January 2021, the Company has redeemed 36 registered bonds with a total nominal value of PLN 36 million:

- 1) 2 registered bonds, A2 series with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 subscribed for 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. in liquidation on 29 October 2018 (formerly: Hutmen SA.),
- 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. in liquidation 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.

### **CHANGE OF MATURITY OF BONDS ISSUED BY BORYSZEW S.A.**

On 31 May 2021 Boryszew S.A. concluded the agreement with Hutmen S.A. on extending until 31 March 2022 the redemption date of Boryszew S.A. bonds in total nominal amount of PLN 28 000 000.

### **EQUITY SECURITIES**

In H1 '2021 and until the report publication date, the Company issued no equity securities.

### **CAPITAL INVESTMENTS**

The list of shares held is presented in point 3 of the report.

Apart from the investments in point 3, the Issuer holds no other significant capital investments.

### **LOANS GRANTED**

Information on loans granted by other entities of the Capital Group is presented in point 21 of the report.

### **REAL PROPERTY**

In H1 '2021 and until the report publication date the Company acquired no significant real estate.

Boryszew Capital Group holds no other significant investments in securities, financial instruments, intangible assets or real estate outside Boryszew Capital Group.





## **7. DIVIDEND PAID OR DECLARED**

On 24 June 2021, the Ordinary General Meeting of Shareholders of Boryszew S.A., by Resolution No. 23, decided that the net profit of the Company for 2020 of PLN 1 176 737 thousand be allocated:

- to cover the 2019 loss in the amount of PLN 173 789 thousand,
- to reserve capital as retained earnings in the amount of PLN 1 002 948 thousand.

## **8. FACTORS AND EVENTS, IN PARTICULAR THOSE OF UNTYPICAL NATURE, AFFECTING THE FINANCIAL PERFORMANCE IN THE CURRENT PERIOD**

During the period under review, the Group's performance was not affected by the COVID-19 pandemic. The Group saw an increase in demand for its products.

## **9. FACTORS THAT WILL AFFECT THE COMPANY'S FINANCIAL PERFORMANCE FOR AT LEAST THE UPCOMING QUARTER**

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

- global economic situation, especially in the key sectors (automotive and construction) as well as in the main sales markets (the European Union, including Germany).
- the duration and scale of the COVID-19 pandemic,
- supply chain disruptions, in particular - semiconductor shortages,
- increase in sea freight costs,
- changing consumer sentiment,
- monetary policy of the National Bank of Poland, which has an impact on inflation and rules of granting financing by the banking sector,
- demand for new cars, especially for products of the VW Group, which is the most important customer of the Automotive Segment of Boryszew Capital Group,
- the level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales.
- an increase in demand following reduced availability of raw materials, especially metals,
- the cost of raw materials, including in particular scrap and ore prices
- 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,
- the cost of energy carriers (electricity and gas) given significant price hikes, in particular in the energy-intensive metal-processing and chemical industries.

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

- the effect of obtaining new contracts in the Automotive Segment,
- the effect of optimisation of manufacturing processes in all market segments,
- increase in the efficiency of the Automotive Segment operations as a result of BAP Group restructuring,
- availability of employees on the labour market, especially in the Silesian agglomeration.
- the process of reviewing strategic options for selected groups of assets.

**10. MOVEMENTS IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS WELL AS ESTIMATED DATA**

Contingent items	Balance on 30.06.2021	Balance on 31.12.2020	change
<b>Contingent liabilities</b>	<b>91 371</b>	<b>92 170</b>	<b>(799)</b>
<b>resulting from granted guarantees, sureties and other liabilities</b>	<b>57 109</b>	<b>57 908</b>	<b>(799)</b>
- guarantees and sureties associated with performance of contracts	57 109	57 908	(799)
- guarantees and sureties in favour of financial institutions	-	-	-
<b>contingent liabilities associated with tax risks</b>	<b>34 262</b>	<b>34 262</b>	<b>-</b>
<b>Increases / decreases in the period of 6 months ended on 30.06.2021, including</b>			<b>(799)</b>
<b>Additions</b>			<b>-</b>
- -Increase due to valuation of sureties			-
- Increase in surety amount			-
<b>Reductions</b>			<b>(799)</b>
- Reduction due to valuation of sureties			(799)
- Decrease in the amount of existing sureties due to expiration, reduction			-

**11. FINANCIAL INSTRUMENTS, FAIR VALUE AND ESTIMATED DATA****Financial assets per balance sheet on 30.06.2021**

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Shares and stock	225	5 584		172 597	178 406
Trade receivables, factoring	720 733	109 837			830 570
Derivative financial instruments		768	4 409		5 177
Loans granted	36 677				36 677
Bonds	33 433				33 433
Other debtors	51 171				51 171
Cash and cash equivalents	148 097				148 097
<b>Total</b>	<b>990 336</b>	<b>116 189</b>	<b>4 409</b>	<b>172 597</b>	<b>1 283 531</b>

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(amounts expressed in PLN '000 unless specified otherwise)

**Financial assets per balance sheet on 31.12.2020**

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

**Financial liabilities on 30.06.2021**

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	982 920			982 920
Bonds	-			-
Derivative financial instruments			947	10 224
Lease liabilities	100 484			100 484
Liabilities to SMA and due to right-of-use assets	124 844			124 844
Trade and other liabilities	678 624			678 624
<b>Total</b>	<b>1 886 872</b>	<b>947</b>	<b>10 224</b>	<b>1 898 043</b>

**Financial liabilities on 31.12.2020**

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	923 831			923 831
Bonds	-			-
Derivative financial instruments			1 626	11 185
Lease liabilities	133 484			133 484
Liabilities to SMA and due to right-of-use assets	119 282			119 282
Trade and other liabilities	576 149			576 149
<b>Total</b>	<b>1 752 746</b>	<b>1 626</b>	<b>11 185</b>	<b>1 765 557</b>

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

	Fair value as at		Hierarchy of fair value
	Balance on 30.06.2021	Balance on 31.12.2020	
<b>Financial assets</b>			
Listed shares	172 577	152 882	Level 1
Derivative financial instruments	5 177	4 250	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	11 171	12 811	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
	Balance on 30.06.2021	Balance on 31.12.2020	
<b>Financial assets</b>			
Shares and stock	5 604	39 473	Level 3
Bonds	33 433	34 579	Level 3
Borrowings	36 677	23 560	Level 3
Trade and other receivables	881 741	620 925	Level 3
Cash and cash equivalents	148 097	185 211	Level 1
<b>Financial obligations</b>			
Borrowings and loans	982 920	923 831	Level 2
Trade and other liabilities	678 624	576 149	Level 3
Lease liabilities	100 484	133 484	Level 2
Liabilities to SMA and due to right-of-use assets	124 844	119 282	Level 2

**Transactions with affiliated entities**

	Associates	Personally related entities
<b>in the period 01.01.2021 - 30.06.2021</b>		
Revenues from sales (of products, services, goods)	343	1 368
Interest income	-	819
Purchase of goods and services	5 411	2 834
Interest expense	-	88
<b>balance on 30.06.2021</b>		
Trade receivables	28	157
Loans granted	-	35 554
Bonds purchased	-	33 488
Other receivables (advances, deposits)	-	360
Trade liabilities	1 053	487
Other liabilities (advances, deposits)	-	356



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	Associates	Personally related entities
<b>in the period 01.01.2020 - 30.06.2020</b>		
Revenues from sales (of products, services, goods)	284	1 224
Interest income	-	546
Purchase of goods and services	2 683	19 959
Share acquisition	-	54 023
<b>balance on 31.12.2020</b>		
Trade receivables	76	6 093
Loans granted	-	23 560
Bonds purchased	-	34 479
Other receivables (advances, deposits)	-	6 849
Trade liabilities	-	529
Liabilities arising from loans and borrowings	1 049	2 307

## 12. ORGANISATION OF THE CAPITAL GROUP

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.

During the first 6 months of 2021 Boryszew S.A. conducted its activity based on:

- 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 – 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” type, and supply of energy carries to external customers.
  - Boryszew ERG Branch in Sochaczew - manufacturer of chemical and construction products. Company's flagship product in “Borygo” coolant,
  - Nylonbor Branch in Sochaczew – production of modern engineering polyamides, which are used for manufacture of machinery and equipment as well as battlefield simulators for military applications.
- Boryszew Energy Branch in Toruń - involved in sales of energy utilities (electricity, gas) for the companies of Boryszew Capital Group and external customers.



## **Boryszew Capital Group**

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

### **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 Mafrow 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.

On 5 November 2020 Boryszew S.A. purchased from Impexmetal S.A. shares in Impexmetal Capital Group companies.

On 6 November 2020 Boryszew S.A. sold Impexmetal S.A. to a third party (Gänges AB).

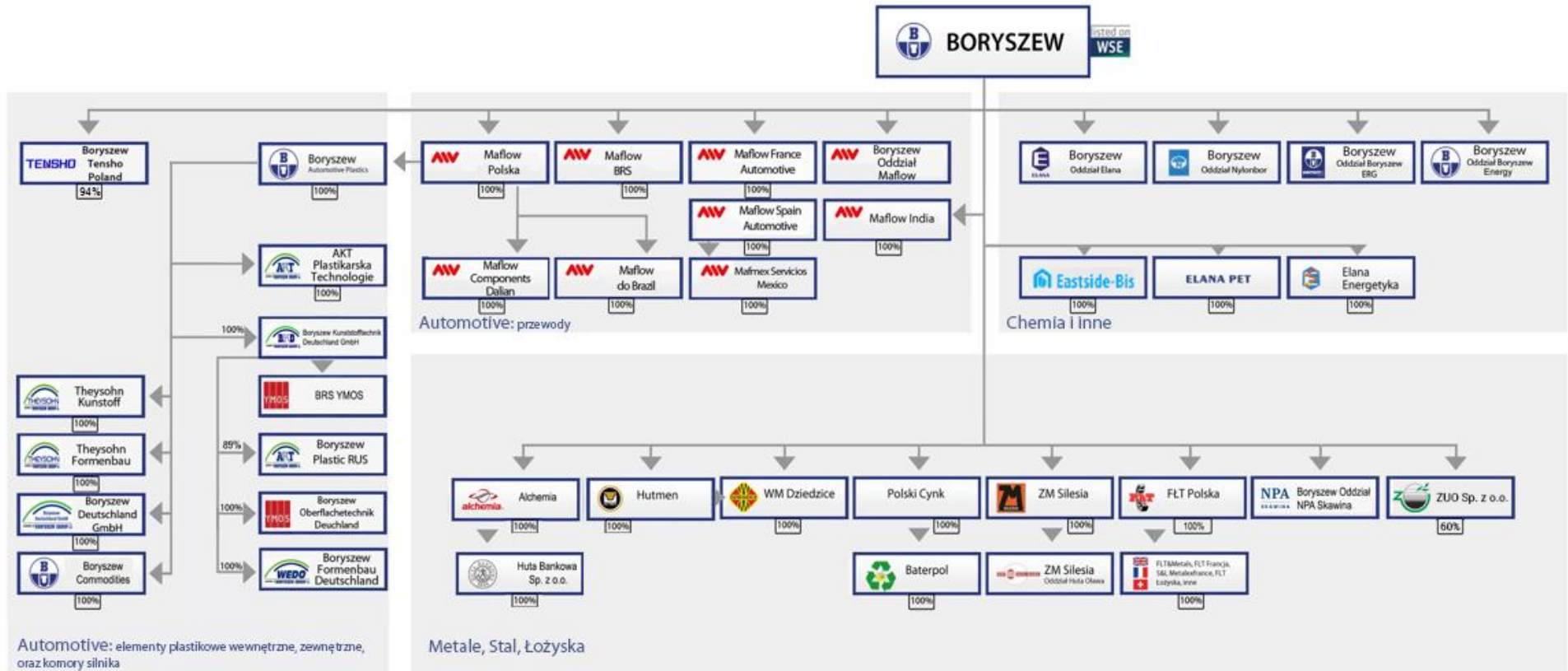


# Boryszew Capital Group

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## SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW CAPITAL GROUP (ON 30 JUNE 2021)







### **13. THE EFFECTS OF CHANGES IN THE GROUP'S STRUCTURE SINCE THE BEGINNING OF THE YEAR, INCLUDING MERGERS, ACQUISITIONS OR SALES OF SUBSIDIARIES AND LONG-TERM INVESTMENTS, RESTRUCTURING AND DISCONTINUATION OF OPERATIONS**

#### **Hutmen S.A.**

##### **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:

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

##### **Liquidation of Hutmen Sp. z o.o.**

On 30 June 2021 the Annual General Meeting of Shareholders of Hutmen Sp. z o.o. based in Wrocław ("Hutmen") adopted a resolution to dissolve the company, commence its liquidation and appoint a liquidator of Hutmen. Boryszew Capital Group owns 100% of shares in the share capital of Hutmen and the dissolution of Hutmen will take place after liquidation at the moment of removing the subsidiary from the register.

#### **SPV Impexmetal Spółka z o.o.**

##### **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 (including acquired debt of Euro 1.3 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, which should be completed by the end of 2022.

On the publication date of the report, EUR 1.1 million remained to be paid.

#### **Alchemia S.A.**

##### **Withdrawal from agreements with the National Centre for Research and Development**

The Management Board of Alchemia S.A. decided to terminate all three research projects at Walcownia Rur Andrzej Division in Zawadzkie, carried out under Measure 1.1 with the National Centre for Research and Development. "Enterprise R&D Projects", Smart Growth Operational Programme 2014-2020.

Accordingly, the Management Board of the Company submitted the following documents to National Centre for Research and Development on 30.06.2021:

- Final information on the progress of project No. POIR.01.01.01-00-0656/16-00: "Innovative grade of high chromium martensitic steel for boiler tubes in conventional power generation applications for supercritical conditions",
- Final information on the progress of project No. POIR.01.01.01-00-0887/17-00: "Innovative bainitic steel tubes with TRIP effect for high-strength products for the mining industry, featuring enhanced performance",
- Declaration of termination of the project funding agreement No: POIR.01.01.01-00-0793/18-00 "Innovative technology of rolling seamless pipes made of alloyed steel with designed quality parameters for power and mining industry".

The decision to abandon the above-mentioned projects was made upon evaluation of the demand for the products that were to be developed under these projects, their profitability and market trends, which ultimately makes it possible to conclude that they will not contribute to the achievement of the assumed results and the assumed profitability of implementation will not be achieved.



## Events after the balance sheet date

### BORYSZEW S.A.

#### **Conclusion of a preliminary conditional agreement for the sale of shares in FŁT Polska Sp. z o.o. based in Warsaw**

On 27 July 2021 Boryszew S.A. concluded a preliminary conditional agreement with Zhejiang XCC Group Co. Ltd. based in China ("XCC") for the sale of shares ("Agreement") of FŁT Polska Sp. z o.o. based in Warsaw ("FŁT").

Under the Agreement Boryszew S.A. agreed to sell 1 030 shares of FŁT accounting, on the date of conclusion of the Agreement, for 100.00% of the share capital, carrying 100.00% of votes at the General Meeting of Shareholders, along with the shares in subsidiaries owned by FŁT: FLT-Wälzlager GmbH, FLT & Metals s.r.l., FLT Bearings Ltd, FLT France SAS, FLT (Wuxi) Trading Co., FLT USA LLC ("FLT Group").

At the same time SPV Impexmetal Spółka z o.o., a subsidiary of Boryszew S.A. based in Warsaw agreed to sell to XCC trademarks associated with FŁT operations.

The Agreement was concluded subject to the fulfilment of conditions precedent specified therein, including but not limited to: (i) the condition to obtain approvals from relevant regulatory authorities of XCC to conclude the Transaction; and (ii) the condition to obtain an approval of the Supervisory Board of Boryszew S.A. On the publication date of the report the conditions mentioned above were fulfilled.

The total price for the shares and trademarks was established at PLN 100 million and will be corrected by the amounts of: mutual settlements between the Issuer and FŁT and other adjustments as per the terms of the transaction.

The provisions of the Agreement on the assurances made, termination of the Agreement, contractual penalties or withdrawal from the Agreement are not different to conditions generally applied in agreements of this type.

In 2020 FŁT Group generated sales revenues of PLN 276.3 million (in 2019: PLN 320.8 million), EBITDA (calculated as profit (loss) before financial costs (interest), taxes and depreciation) in 2020 amounted to PLN 17.7 million (in 2019: PLN 17.9 million).

The transaction is expected to close in Q4 '2021.

#### **Sale of shares in Elana - PET Sp. z o.o.**

On 30 August 2021 Boryszew S.A. concluded an agreement with LERG S.A. based in Pustków - Osiedle on sale of 19.364 shares of the nominal value of PLN 500 each, accounting for 100% of the share capital in Elana PET Sp. z o.o. based in Toruń ("Elana PET") for the price of PLN 30.8 million. The transfer of ownership of shares and payment of the price will take place on the date of conclusion of the sale agreement.

The provisions of the Agreement on the assurances made, termination of the Agreement, contractual penalties or withdrawal from the Agreement are not different to conditions generally applied in agreements of this type.

In 2020 Elana PET generated sales revenues of PLN 26.1 million (in 2019: PLN 38.8 million), EBITDA in 2020 amounted to PLN 1.4 million (in 2019: PLN 1.5 million) On 30 June 2021 the value of Elana PET shares in the books of Boryszew S.A. amounted to PLN 4.7 million.

#### **Decision on the intention to merge Boryszew S.A. based in Warsaw and SPV Impexmetal Sp. z o.o. based in Warsaw and Impex-invest Sp. z o.o. based in Warsaw**

On 10 September 2021 the Management Board of Boryszew S.A resolved to merge Boryszew S.A. based in Warsaw with its subsidiaries SPV Impexmetal Sp. z o.o. based in Warsaw and Impex-invest Sp. z o.o. based in Warsaw (the Acquired Companies).

The merger will be affected under art. 492 § 1 point 1 of the Commercial Companies Code by transferring all the assets of the above mentioned subsidiaries to Boryszew S.A.

The Company believes that the merger will result in further improvement of the efficiency of Boryszew Group management by simplification of its organisational structure and optimum use of assets.

## **14. POSITION OF THE MANAGEMENT BOARD' S POSITION ON THE POSSIBILITY OF PREVIOUS PREVIOUSLY PUBLISHED FINANCIAL RESULT FORECASTS IN THE CURRENT YEAR**

In the first half of 2021 the Management Board of Boryszew S.A. did not publish financial result forecasts for the current year.



## 15. SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE COMPANY AS AT THE DATE OF SUBMITTING THE REPORT

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 30.06.2021 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%
<b>Total:</b>	<b>240 000 000</b>	<b>100.00%</b>	<b>240 000 000</b>	<b>100.00%</b>

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

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

## 16. CHANGES IN THE OWNERSHIP STRUCTURE OF SUBSTANTIAL SHAREHOLDINGS OF THE COMPANY IN THE PERIOD FOLLOWING THE SUBMISSION OF THE PREVIOUS REPORT - SHARES IN VOTES DURING THE GENERAL ASSEMBLY OF SHAREHOLDERS

In the period since the submission of the previous report for publication on 28 May 2021, or the report for the first quarter of 2021, no changes occurred to the ownership structure of significant blocks of shares of Boryszew S.A.

## 17. COMPANY'S MANAGERS AND SUPERVISORS - CHANGES IN SHARE HOLDING OR SHARE OPTIONS IN THE CURRENT PERIOD SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT.

Members of the Management Board and Supervisory Board hold no shares of Boryszew S. A. or rights to shares of Boryszew S.A.

## 18. PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY

### 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. To secure tax liabilities for 2012, compulsory mortgages were established on part of the Company's land properties.  
On 29 April 2021 ZM SILESIA received a notice from the Head of the 2nd 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. On 7 May 2021, the Company's attorney filed a complaint against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 requesting that the decision be revoked in its entirety, claiming that the tax liabilities for the period between January and November 2012 had become time-barred and requesting that the Court suspend the execution of the decision appealed against. On 6 August 2021 the Company received a decision of the Provincial Administrative Court in Gliwice of 26 July 2021 on suspending the execution of the decision of the Head of the Fiscal Administration Chamber on determining VAT liability for 2012. On 8 September 2021, the Provincial Administrative Court in Gliwice notified on the scheduled hearing in the case on the complaint of ZM SILESIA SA against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19.04.2021.
2. On 24 September 24 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 Fiscal Administration Chamber in Katowice. The outcome of the appeal is currently pending. As expected, the case will be completed by 15 October 2021.
3. On 14 February 2018 Hutmen Sp. z o. o. in liquidation 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 for 2018.
4. On 3 April 2019, Hutmen Sp. z o. o. in liquidation received the decision issued on 26 March 2019 by the Head of the Lower Silesian Tax and Customs Office (Office), which sets out company's VAT arrears for Q4 '2014 at PLN 3.04 million plus interest on tax arrears. As claimed by the Office, Hutmen Sp. z o. o. in liquidation 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. in liquidation appealed against the decision of the office. The appeal was recognised and the case was referred back to the Director of the Tax Administration Chamber in Wrocław for further consideration. 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. The Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. Therefore, Hutmen Sp. z o.o. in liquidation has no outstanding tax liabilities on this account.
5. On 10 September 2018 Hutmen Sp. z o. o. in liquidation 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. in liquidation 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. in liquidation 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. The claim amount was paid in September 2018 and recognised in the company's 2018 results. 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 March 13, 2019, the Provincial Administrative Court ruled in favour of Hutmen Sp. z o.o. in liquidation, the judgment is final. 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. in liquidation received a refund of the entire amount of the tax in question together with interest. On 12 April 2021, Hutmen Sp. z o. o. in liquidation 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. The decision is not final and is not enforceable. Hutmen Sp. o.o. in liquidation appealed against the decision of the Tax Chamber.

- Audit by the Małopolska Customs and Fiscal Office in Kraków, Tarnów Branch - audit of the correctness of VAT for 2015. On 16 December 2020 Hutmen Sp. z o. o. in liquidation received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków ("Office") determining the outstanding VAT liability of company in the first half of 2015 in the amount of PLN 7.8 million plus interest on outstanding tax liability. As claimed by the Office, 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 body, Hutmen Sp. z o. o. in liquidation appealed with the Tax Chamber against the decision of the office. The Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. Therefore, Hutmen Sp. z o.o. in liquidation has no outstanding tax liabilities on this account.

#### **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:

- ZM SILESIA S.A. - pending VAT audit proceedings for the period January - June 2015. On 6 May 2021, the Company received Audit Results, drafted on the same date, issued by the Head of Małopolska Customs and Fiscal Office in Kraków ("Authority").  
According to the Authority, the tax books - records kept by the Company for the purpose of VAT settlements - were unreliable. ZM SILESIA S.A. disagrees with the assessment by the Authority and will undertake all explanatory and legal actions to defend its case. By decision of the Head of the Customs and Fiscal Office in Kraków of 11 June 2021, customs and fiscal control was transformed into tax proceedings. The authority determined a new deadline of 11 October 2021 to proceed in the matter.
- 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 September 2021.
- 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.
- Boryszew S.A. - on 12 April 2021 the Company received a notification from the Head of Mazovian Tax and Customs Office in Warsaw on the initiation of VAT settlements audit for the period December 2015 - March 2016. By the date of publication of the financial statements, the company has not received the audit protocol.

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

On 22 October 2020 the President of the Office of Competition and Consumer Protection initiated proceedings against Boryszew S.A. due to the company's excessive delays in meeting its cash obligations in the period June-August 2020. By the date of publication of the financial statements, the company has not received the audit protocol. Estimated date of case completion - 22 December 2021.

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:

- probable risk** (high risk) - a high probability of negative tax consequences (negative consequences are more probable to occur than not),
- risk possible** (medium risk) - risk of negative tax consequences, however, their occurrence or not is not equally probable,
- 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 149 543 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 Boryszew S.A. 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 Boryszew S.A. cannot exclude that in the event of new circumstances, the estimation of risks described above may change.

## **19. CONCLUSION BY THE COMPANY OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED PARTIES**

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)

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 22 March 2021 SPV Impexmetal Sp. z o. o. granted a cash loan to Unibax Sp. z o. o. in the amount of PLN 4 900 000.00. The repayment date was set to 31 December 2021.

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

On 23 March 2021 SPV SPV Lakme Investment Sp. z o.o. granted a cash loan to Unibax Sp. z o. o. in the amount of PLN 2 000 000.00. The repayment date was set to 31 December 2021.

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

On 25 March 2021 SPV Impexmetal Sp. z o. o. granted a cash loan to Unibax Sp. z o. o. in the amount of PLN 1 000 000.00. The repayment date was set to 31 December 2021.

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

## **TRANSACTION AFTER THE BALANCE SHEET DATE**

Transfer of Skotan S.A. bonds

On 27 August 2021 Boryszew S.A. concluded agreements with Elana - PET Sp. z o.o. upon which Elana - Pet Sp. z o.o. transferred to Boryszew S.A.:

- a) ownership of 30 series C bonds issued by Skotan S.A. based in Chorzów, total nominal value of PLN 3 000 000.00,
- b) ownership of 5 series E bonds issued by Skotan S.A. based in Chorzów, total nominal value of EUR 500 000.00, in order to release Elana - PET Sp. z o.o. from its debt in the amount of PLN 4 910 492 resulting from a due dividend;
- c) ownership of 10 Series D registered bonds, issued by Skotan S.A. based in Chorzów, number 001 through 010, nominal value of PLN 100 000 each, total nominal value PLN 1 000 000, for the price of PLN 939 508, along with the transfer of the bonds repayment collateral in a form of a registered pledge, registered pledges established to secure the claims under the bonds to Boryszew S.A. as a new pledgee.

## **20. INFORMATION ON BREACH OF MATERIAL PROVISIONS OF A CREDIT OR LOAN AGREEMENT, IN RELATION TO WHICH NO REMEDIAL ACTIONS WERE TAKEN UNTIL THE END OF THE REPORTING PERIOD**

As at 30 June 2021 no overdue liabilities occurred due to borrowings and loans and no breach occurred of material provisions of borrowing and loan agreements.

## **21. INFORMATION ON GRANTING BY THE COMPANY OR ITS SUBSIDIARY OF LOAN OR BORROWING SURETIES OR GUARANTEES – JOINTLY TO A SINGLE ENTITY OR ITS SUBSIDIARY, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR GUARANTEES IS MATERIAL**


**Boryszew Capital Group**

Mid-year abbreviated consolidated financial report for the period between 1 January and 30 June 2021 drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

**SURETIES GRANTED BY BORYSZEW S.A. AS AT 30.06.2021 GRANTED WITHIN THE GROUP**

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee in PLN '000	Expiry date of guarantee
Boryszew HR Service Sp. z o.o.	Endorsement of a loan agreement for mBank	1 000	2021-12-17
Boryszew Kunststofftechnik Deutschland GmbH	Guarantee granted to ALD AutoLeasing D GmbH	601	2022-06-30
	Guarantee granted to Deutsche Leasing International GmbH	2 084	indefinite validity
	Guarantee granted to Deutsche Leasing International GmbH	1 203	2023-06-08
	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	10 868	2022-03-31
	Guarantee granted to Deutsche Leasing International GmbH	6 962	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	Guarantee granted to Wurth Leasing GmbH	145	2022-03-15
Boryszew Oberflächentechnik Deutschland GmbH	Guarantee granted to Bank Gospodarstwa Krajowego	19 227	2028-12-31
Boryszew Plastic RUS	Guarantee granted to Alfa Bank	1 049	2024-12-31
	Payment guarantee granted to Engel Austria	9 474	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	Guarantee granted to HSBC Bank Polska S.A.	7 084	2021-12-31
	Aval of lease agreement for mLeasing	190	2021-07-15
	Aval of lease agreement for mLeasing	2 301	2022-01-30
	Aval of lease agreements for mLeasing	493	2024-12-15
	Aval of lease agreements for mLeasing	954	2024-12-15
	Aval of lease agreement for mLeasing	488	2024-12-15
	Aval of lease agreements for mLeasing	488	2024-12-15
	Aval of lease agreements for mLeasing	882	2025-02-15
	Aval of lease agreement for mLeasing	669	2025-02-15
	Guarantee granted to PKO Leasing Sp. z o.o.	8 906	2022-10-10
Theysohn Formenbau GmbH	Guarantee granted to akf Leasing GmbH	2 789	2023-08-31
Theysohn Kunststoff GmbH	Guarantee granted to PKO Leasing Sp. z o.o.	3 852	2021-12-31
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH	Guarantee granted to Borealis AG for commercial liabilities	4 521	2021-12-31
	Guarantee granted to BSB Recycling GmbH	6 781	2023-07-06



**Boryszew Capital Group**

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(amounts expressed in PLN '000 unless specified otherwise)

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee in PLN '000	Expiry date of guarantee
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH, 4) Boryszew Plastic RUS LLC, 5) AKT Plastikarska Technologie Czechy Spol. S.R.O.	Guarantee granted to Basell Sales & Marketing Company B.V.	9 042	2021-12-31
Maflow BRS s.r.l.	Guarantee granted to Intesa Bank	22 604	2026-12-01
Maflow France Automotive S.A.S.	Guarantee granted to Natixis Lease	511	2021-12-31
Alchemia S.A.	Guarantee granted to Arcelormittal Poland S.A.	11 302	2021-12-31
ZM Silesia S.A.	Surety granted to PKO BP S.A.	6 520	2025-02-28
	Bill of exchange surety for Millennium	726	2021-10-16
	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	15 994	indefinite validity
<b>Total:</b>		<b>159 710</b>	

**GRANTED OUTSIDE THE GROUP**

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee in PLN '000	Expiry date of guarantee
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	22 604	indefinite validity
Mafmex S. de R.L. de C.V.	Mafmex's performance bond for AB Volvo	22 604	term of the Agreement
	Mafmex's rent payment bond to Innova Dintel	11 901	2030-01-01
<b>Total:</b>		<b>57 109</b>	

**SURETIES AND GUARANTEES ISSUED BY BORYSZEW S.A. POST THE BALANCE SHEET DATE**

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee [in EUR '000]
Mafmex S. de R.L. de C.V.	BMW AG performance bond	6 000
Hutmen Sp. z o.o. in liquidation	Guarantee issued by Credit Agricole	3 500

**SIGNIFICANT CHANGES IN THE CONDITIONS OF THE SURETY GRANTED BY COMPANIES OF BORYSZEW CAPITAL GROUP**

In H1 '2021 no significant changes were made to the terms of the surety.



## **22. OTHER INFORMATION THAT IS RELEVANT FOR THE EVALUATION OF ITS HUMAN RESOURCES, FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CHANGES THEREOF AS WELL AS ANY INFORMATION RELEVANT FOR THE EVALUATION OF THE CAPACITY TO MEET OBLIGATIONS**

In the reporting period, there were no events other than those described above that would be significant for the assessment of the Group's personnel, property, financial standing, financial result and the ability of the Capital Group to meet its liabilities.

## **23. OTHER IMPORTANT EVENTS**

### **BORYSZEW S.A.**

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

On 8 April 2021 Boryszew S.A. signed on agreement on non-revolving facility in the amount of PLN 75 million with BNP Paribas Bank Polska S.A. in order to finance the Company's current operations. Financing term is 9 months of the agreement conclusion date.

Bank's claims are secured by a financial pledge on company's shares in Gränges AB, Stockholm.

#### **Decision to initiate the review of strategic options for selected groups of assets**

During analytical works concerning in the development strategy of Boryszew Capital Group for the coming years, on 20 May 2021 the Management Board of the Company chose to initiate the review of strategic options in the determination of key assets of the Group. The aim of the review is to assess scenarios of optimum utilisation of the assets held, in particular taking into consideration current financial results generated by different groups of assets, market and macroeconomic trends, regulatory and market environment, considering the capital needs of different business segments and groups of assets.

In review will consider different options for different asset classes including for assets identified as non-strategic, the possibility of preparing them for disposal, asset disposals, strategic partnerships or joint ventures.

So far, no decisions have been made to select a specific option or scenario for different asset groups. The Company will announce any further significant decisions regarding the above process in the form of relevant reports.

### **SPV IMPEXMETAL SP. Z O.O.**

#### **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 (including acquired debt of Euro 1.3 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, which should be completed by the end of 2022.

On the publication date of the report, EUR 1.1 million remained to be paid.

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



## **BORYSZEW CAPITAL GROUP**

### **Impact of COVID-19 on the Group during the first six months of 2021**

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. The COVID-19 pandemic was still ongoing during the period covered by this report.

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 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 Group's results.

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

**SEGMENT MOTORIZATION** Maflow Group recorded in the first half of 2021 sales higher by over 50% against the first half of 2020. Boryszew Automotive Plastics Group (BAP Group) recorded in the reporting period revenues at a level comparable to the same period of the previous year. In BAP Group, after the merger with the structures of Maflow Group, the program of operational processes optimisation is under way.

**METAL SEGMENT** Boryszew S.A. branch NPA Skawina did not experience a significant Covid-19 negative impact on sales volume in H1 '2021. In the reporting period, the turnover of the branch was 40% higher than in the first 6 months of 2020.

In the first half of 2021, Zakład Utylizacji Odpadów Sp. z o.o. recorded sales that were almost 60% higher than in the first half of the previous year. The turnover of Hutmen Spółka z o.o. in liquidation in the reporting period exceeded by almost 40% that of the corresponding period of 2020.

Also Walcownia Metali Dziedzice S.A. and FŁT Group recorded in H1 '2021 sales higher than in H1 '2020 by: 30% and 50% respectively.

ZM Silesia S.A. recorded sales higher by almost 40% (H1 '2021 / H1 '2020).

Baterpol S.A. generated in the first half of 2021 revenues higher by more than 30% compared to the first half of 2020.

Alchemia Group companies recorded in the first half of 2021 sales higher by over 25% against the first half of 2020; this excludes mutual transactions between group companies.

**CHEMICAL SEGMENT** In the first half of 2021 the Segment recorded an increase in sales revenue of almost 30% compared to the same period of 2020.

Sales revenues of Boryszew branch ERG in the first half of 2021 were higher by over 20% against the first half of 2020.

**OTHER COMPANIES NOT ASSIGNED TO SEGMENTS** The COVID-19 pandemic in H1 '2021 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). For the first 6 months of 2021 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, despite the stagnation in the real estate market, had no negative impact on the financial results of Eastside-Bis Sp. z o.o., which, despite a several percent decrease in revenue in the first half of 2021 against the first half of 2020, improved EBITDA and net profit.

**ADDITIONAL INFORMATION****Impairment test**

The Group tested the following cash-generating units in subsidiaries or branches of subsidiaries, for impairment of non-current assets at the end of 2020 Baterpol S.A., ZMS Silesia Branch Katowice, ZMS Silesia Branch Oława, Hutmen S.A., Alchemia SA, Huta Bankowa Sp. z o.o., WMD Dziedzice S.A, BAP Group and Companies of Mafrow Group.

At the end of June 2021, BAP Group was tested for impairment due to lower first half results compared to forecasts. The parameters adopted for the test are presented below.

Name of entity	Projection Period	Residual value	Actual / nominal cash flow*	Growth rate after the forecast period	WACC	Result of the test
BAP Group	5 years	Yes	Nominal	2.3%	5.65%	No write-off necessary

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

The tests showed no need for write-offs.

In accordance with IAS 36 point 12 d, the Company reviewed the validity of the assumptions used in the asset impairment tests performed for 31 December 2020, which revealed that the tested companies were performing in line with or above previous forecasts, additionally, no changes had occurred in the internal and external conditions underlying the previous tests.

Accordingly, the Company did not update the remaining impairment tests considering that the results of the tests performed for 31 December 2020 remain valid for 30 June 2021.

**Events after the balance sheet date****BORYSZEW S.A.****Conclusion of a preliminary conditional agreement for the sale of shares in FŁT Polska Sp. z o.o. based in Warsaw**

On 27 July 2021 Boryszew S.A. concluded a preliminary conditional agreement with Zhejiang XCC Group Co. Ltd. based in China ("XCC") for the sale of shares ("Agreement") of FŁT Polska Sp. z o.o. based in Warsaw ("FŁT"). Under the Agreement Boryszew S.A. agreed to sell 1 030 shares of FŁT accounting, on the date of conclusion of the Agreement, for 100.00% of the share capital, carrying 100.00% of votes at the General Meeting of Shareholders, along with the shares in subsidiaries owned by FŁT: FLT-Wälzlager GmbH, FLT & Metals s.r.l., FLT Bearings Ltd, FLT France SAS, FLT (Wuxi) Trading Co., FLT USA LLC ("FLT Group").

At the same time SPV Impexmetal Spółka z o.o., a subsidiary of Boryszew S.A, based in Warsaw agreed to sell to XCC trademarks associated with FŁT operations.

The Agreement was concluded subject to the fulfilment of conditions precedent specified therein, including but not limited to: (i) the condition to obtain approvals from relevant regulatory authorities of XCC to conclude the Transaction; and (ii) the condition to obtain an approval of the Supervisory Board of Boryszew S.A. On the publication date of the report the conditions mentioned above were fulfilled.

The total price for the shares and trademarks was established at PLN 100 million and will be corrected by the amounts of: mutual settlements between the Issuer and FŁT and other adjustments as per the terms of the transaction.

The provisions of the Agreement on the assurances made, termination of the Agreement, contractual penalties or withdrawal from the Agreement are not different to conditions generally applied in agreements of this type.

In 2020 FŁT Group generated sales revenues of PLN 276.3 million (in 2019: PLN 320.8 million), EBITDA (calculated as profit (loss) before financial costs (interest), taxes and depreciation) in 2020 amounted to PLN 17.7 million (in 2019: PLN 17.9 million).

The transaction is expected to close in Q4 '2021.



#### **Sale of shares in Elana - PET Sp. z o.o.**

On 30 August 2021 Boryszew S.A. concluded an agreement with LERG S.A. based in Pustków - Osiedle on sale of 19.364 shares of the nominal value of PLN 500 each, accounting for 100% of the share capital in Elana PET Sp. z o.o. based in Toruń ("Elana PET") for the price of PLN 30.8 million. The transfer of ownership of shares and payment of the price will take place on the date of conclusion of the sale agreement.

The provisions of the Agreement on the assurances made, termination of the Agreement, contractual penalties or withdrawal from the Agreement are not different to conditions generally applied in agreements of this type.

In 2020 Elana PET generated sales revenues of PLN 26.1 million (in 2019: PLN 38.8 million), EBITDA in 2020 amounted to PLN 1.4 million (in 2019: PLN 1.5 million) On 30 June 2021 the value of Elana PET shares in the books of Boryszew S.A. amounted to PLN 4.7 million.

#### **Decision on the intention to merge Boryszew S.A. based in Warsaw and SPV Impexmetal Sp. z o.o. based in Warsaw and Impex-invest Sp. z o.o. based in Warsaw**

On 10 September 2021 the Management Board of Boryszew S.A. resolved to merge Boryszew S.A. based in Warsaw with its subsidiaries SPV Impexmetal Sp. z o.o. based in Warsaw and Impex-invest Sp. z o.o. based in Warsaw (the Acquired Companies).

The merger will be affected under art. 492 § 1 point 1 of the Commercial Companies Code by transferring all the assets of the above mentioned subsidiaries to Boryszew S.A.

The Company believes that the merger will result in further improvement of the efficiency of Boryszew Group management by simplification of its organisational structure and optimum use of assets.

***Information on other important events was provided in the form of current reports of the Company, which are available at: [www.boryszew.com](http://www.boryszew.com)***

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

The Management Board of Boryszew S.A. represent hereby that:

- to the best of its knowledge, the consolidated financial statements of the Company and Boryszew Capital Group for H1 '2021 and the comparative 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 S.A. and Boryszew Capital Group.
- the report on activity of Boryszew Capital Group for H1 '2021 contains a true view of development, accomplishments and situation of Boryszew Capital Group, including a description of fundamental risks and threats.



**MID-YEAR ABBREVIATED FINANCIAL STATEMENTS**

**Boryszew S.A.**  
**for the period between 1 January and 30 June 2021**







## STATEMENT OF COMPREHENSIVE INCOME

	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.04.2021- 30.06.2021	01.04.2020- 30.06.2020
Revenues from sales	836 478	536 492	432 229	164 486
Prime cost of sale	729 822	458 952	377 879	121 637
<b>Gross profit on sales</b>	<b>106 656</b>	<b>77 540</b>	<b>54 350</b>	<b>42 849</b>
Selling costs	27 087	18 324	19 304	11 762
Administrative expenses	44 233	33 020	20 989	13 928
Other operating revenue	29 449	21 927	24 155	6 555
Other operating expenses	12 626	4 860	9 148	3 128
Profit/loss on impairment of trade and other receivables	(5 687)	(2 357)	(6 550)	(2 397)
<b>Operating income</b>	<b>46 472</b>	<b>40 906</b>	<b>22 514</b>	<b>18 189</b>
Financial revenues	15 310	39 946	(847)	35 198
Financial expenses	25 943	40 911	11 558	30 964
Profit/loss on impairment of financial assets	4	-	4	-
<b>Financial profit/loss</b>	<b>(10 629)</b>	<b>(965)</b>	<b>(12 401)</b>	<b>4 234</b>
<b>Profit before taxation</b>	<b>35 843</b>	<b>39 941</b>	<b>10 113</b>	<b>22 423</b>
Income tax	10 195	7 241	4 272	5 608
<b>Net profit</b>	<b>25 648</b>	<b>32 700</b>	<b>5 841</b>	<b>16 815</b>
<b>Earnings / Diluted earnings per share</b>				
Weighted average number of shares	205 205 000	220 656 301	205 205 000	220 656 301
Earnings / Diluted earnings per share (PLN)	0.12	0.15	0.03	0.08
	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>	<b>01.04.2021- 30.06.2021</b>	<b>01.04.2020- 30.06.2020</b>
<b>Net profit</b>	<b>25 648</b>	<b>32 700</b>	<b>5 841</b>	<b>16 815</b>
<b>Earnings recognised in equity</b>				
<i>Earnings recognised in equity, to be transferred to income statement</i>	<b>4 226</b>	<b>(3 863)</b>	<b>2 670</b>	<b>(4 769)</b>
Hedge accounting	5 217	(4 769)	3 296	(4 769)
<i>Income tax expense (-provision/+asset)</i>	(991)	906	(626)	-
<i>Earnings recognised in equity, not to be transferred to income statement</i>	<b>19 258</b>	-	<b>3 581</b>	-
Gains/losses on valuation of equity instruments	22 684	-	3 330	-
Income tax	(4 310)	-	(633)	-
Gains/losses on disposal of equity instruments	1 091	-	1 091	-
Income tax	(207)	-	(207)	-
<b>Total earnings recognised in equity</b>	<b>23 484</b>	<b>(3 863)</b>	<b>6 251</b>	<b>(4 769)</b>
<b>Total comprehensive income</b>	<b>49 132</b>	<b>28 837</b>	<b>12 092</b>	<b>12 046</b>





**Boryszew S.A.**

**Mid-year abbreviated report for the period between 1 January and 30 June 2021 drafted in accordance with IAS 34 as adopted by the European Union**

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

## STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>Balance on 30.06.2021</b>	<b>Balance on 31.12.2020</b>	<b>Balance on 31.12.2020</b>
<b>Non-current assets</b>			
Non-current assets	270 133	245 567	232 786
Investment property	17 243	17 243	16 671
Intangible assets	32 972	32 783	30 874
Right-of-use assets	100 140	112 658	116 804
Shares in subsidiaries and associates	864 011	853 656	470 065
Financial assets	148 718	120 752	69 404
Non-current receivables	108 311	116 932	35 179
Deferred tax assets	-	-	-
Other assets	10 131	11 120	7 532
<b>Total fixed assets</b>	<b>1 551 659</b>	<b>1 510 711</b>	<b>979 315</b>
<b>Current assets</b>			
Inventory	234 929	208 282	218 538
Trade receivables and other receivables	294 953	259 189	217 475
Short-term financial assets	582 152	511 876	288 171
Derivative financial instruments	16	482	197
Current tax assets	-	-	-
Other assets	27 265	21 615	23 095
Cash and cash equivalents	29 379	32 894	17 189
<b>Total current assets</b>	<b>1 168 694</b>	<b>1 034 338</b>	<b>764 665</b>
<b>Total assets</b>	<b>2 720 353</b>	<b>2 545 049</b>	<b>1 743 980</b>



<b>LIABILITIES AND EQUITY</b>	<b>Balance on 30.06.2021</b>	<b>Balance on 31.12.2020</b>	<b>Balance on 31.12.2020</b>
<b>Equity</b>			
Share capital	248 906	248 906	248 906
Share premium	112 346	112 346	112 346
Own shares	(182 816)	(182 816)	(146 871)
Hedge accounting capital	(1 879)	(6 105)	(5 775)
Gains on investments in equity instruments	51 050	31 792	-
Capital reserve on translating employee payables	(426)	(426)	(638)
Retained earnings	1 419 743	1 394 095	250 058
<b>Total equity</b>	<b>1 646 924</b>	<b>1 597 792</b>	<b>458 026</b>
<b>Liabilities and long-term provisions</b>			
Bank credits, loans, bonds	28 378	120 313	20 953
Liabilities under lease of fixed assets	13 660	20 868	34 283
Liabilities related to right-of-use assets - other assets	42 044	43 065	47 004
Payables on perpetual usufruct of investment land	1 932	1 941	1 941
Deferred tax provision	16 006	9 592	248
Employee benefit provisions	2 812	2 812	2 690
Other provisions	8 636	8 638	5 715
Other long term equity and liabilities	22 699	19 352	3 625
<b>Liabilities and long-term provisions - total</b>	<b>136 167</b>	<b>226 581</b>	<b>116 459</b>
<b>Short-term liabilities</b>			
Bank credits, loans, bonds	521 846	396 041	849 328
Liabilities under lease of fixed assets	10 085	15 732	12 396
Liabilities related to right-of-use assets - other assets	8 917	8 035	7 898
Trade payables and other liabilities	316 168	239 339	268 466
Derivative financial instruments	457	922	1 433
Current tax liabilities	53 367	44 623	1 967
Employee benefit provisions	9 451	6 465	5 467
Other provisions	8 568	6 044	5 983
Other liabilities and equity	8 403	3 475	16 557
<b>Liabilities and short-term provisions - total</b>	<b>937 262</b>	<b>720 676</b>	<b>1 169 495</b>
<b>Total liabilities and provisions</b>	<b>1 073 429</b>	<b>947 257</b>	<b>1 285 954</b>
<b>Total equity and liabilities</b>	<b>2 720 353</b>	<b>2 545 049</b>	<b>1 743 980</b>

**CASH FLOW STATEMENT**

	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>35 843</b>	<b>39 941</b>
<b>Adjustments for (+/-)</b>	<b>32 273</b>	<b>(59 634)</b>
Amortisation and depreciation	22 474	21 675
Profit/loss on financial activity (including interest on financial liabilities)	9 607	11 921
Dividend	(13 921)	(32)
Profit / loss on investment activities	(10 542)	(7 818)
Change in receivables	(31 571)	15 269
Change in inventories	(25 880)	(40 406)
Change in liabilities	78 005	(37 782)
Change in provisions and accruals as well as prepayments	5 490	(2 296)
Other items	(1 177)	(19 560)
Income tax paid	(212)	(605)
<b>Net cash from operating activities</b>	<b>68 116</b>	<b>(19 693)</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	1 413	1 505
Proceeds from disposal of shares	10 114	-
Proceeds from disposal of shares/dividends	7 010	32
Proceeds from redemption of bonds by issuers	-	1 084
Proceeds from repayment of loans granted	27 592	3 004
Other proceeds from investment activities	10 484	65
Expenses on acquisition of fixed assets	(24 373)	(7 787)
Acquisition of shares and stocks in capital group entities	(25)	(3)
Long term borrowings granted	(123 769)	(50 609)
<b>Net cash from investing activities</b>	<b>(91 554)</b>	<b>(52 709)</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	103 638	81 144
Loans received	95 297	20 584
Other inflows	3 999	4 059
Loans repaid	(81 205)	(31 332)
Repayment of borrowings	(44 693)	(1 948)
Redemption of bonds	(36 000)	-
Interest paid on loans, borrowings and leasing	(4 506)	(9 740)
Payment of liabilities under finance lease agreements	(16 607)	(8 964)
<b>Net cash from financing activities</b>	<b>19 923</b>	<b>53 803</b>
<b>Net change in cash</b>	<b>(3 515)</b>	<b>(18 599)</b>
Cash opening balance	32 894	35 788
<b>Cash closing balance</b>	<b>29 379</b>	<b>17 189</b>



(amounts expressed in PLN '000 unless specified otherwise)

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
<b>Balance on 01.01.2021</b>	<b>248 906</b>	<b>112 346</b>	<b>(182 816)</b>	<b>(6 105)</b>	<b>(426)</b>	<b>31 792</b>	<b>1 394 095</b>	<b>1 597 792</b>
Valuation of hedge instruments				4 226				4 226
Measurement of financial assets						18 374		18 374
Disposal of financial assets						884		884
Profit/loss for the first half of 2021							25 648	25 648
<b>Total revenue for the first six months of 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 226</b>	<b>-</b>	<b>19 258</b>	<b>25 648</b>	<b>49 132</b>
<b>Balance on 30.06.2021</b>	<b>248 906</b>	<b>112 346</b>	<b>(182 816)</b>	<b>(1 879)</b>	<b>(426)</b>	<b>51 050</b>	<b>1 419 743</b>	<b>1 646 924</b>
	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
<b>Balance on 01.01.2020</b>	<b>248 906</b>	<b>112 346</b>	<b>(134 251)</b>	<b>(1 912)</b>	<b>(638)</b>	<b>-</b>	<b>204 879</b>	<b>429 330</b>
Valuation of hedge instruments				(4 193)				(4 193)
Valuation of employee benefits					212			212
Measurement of financial assets						31 792		31 792
Profit/loss for 2020							1 176 737	1 176 737
<b>Comprehensive income for 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 193)</b>	<b>212</b>	<b>31 792</b>	<b>1 176 737</b>	<b>1 204 548</b>
Share buy-back (merger with a subsidiary)			(48 565)					(48 565)
Merger with a subsidiary							12 479	12 479
<b>Balance on 31.12.2020</b>	<b>248 906</b>	<b>112 346</b>	<b>(182 816)</b>	<b>(6 105)</b>	<b>(426)</b>	<b>31 792</b>	<b>1 394 095</b>	<b>1 597 792</b>
	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
<b>Balance on 01.01.2020</b>	<b>248 906</b>	<b>112 346</b>	<b>(134 251)</b>	<b>(1 912)</b>	<b>(638)</b>	<b>-</b>	<b>204 879</b>	<b>429 330</b>
Valuation of hedge instruments				(3 863)				(3 863)
Profit/loss for the first half of 2020							32 700	32 700
<b>Total revenue for the first six months of 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 863)</b>	<b>-</b>	<b>-</b>	<b>32 700</b>	<b>28 837</b>
Share buy-back (merger with a subsidiary)			(12 620)					(12 620)
Merger with a subsidiary							12 479	12 479
<b>Balance on 30.06.2021</b>	<b>248 906</b>	<b>112 346</b>	<b>(146 871)</b>	<b>(5 775)</b>	<b>(638)</b>	<b>-</b>	<b>250 058</b>	<b>458 026</b>



**Boryszew S.A.**

**Mid-year abbreviated report for the period between 1 January and 30 June 2021 drafted in accordance with IAS 34 as adopted by the European Union**

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

## **ADDITIONAL INFORMATION**

### **MID-YEAR ABBREVIATED FINANCIAL STATEMENTS OF BORYSZEW S.A. FOR THE FIRST HALF OF 2021**

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

The Management Board for Boryszew S.A.: Piotr Lisiecki, Andrzej Juszczyński, Mikołaj Budzanowski represent that to the best of their knowledge the consolidated financial statements for H1 '2021 and comparative data covering separate financial statements of Boryszew S.A. have been compiled in accordance with the binding accounting principles and that the financial statements truly, reliably and clearly reflect the actual and financial condition as well as the financial result of Boryszew S.A.

#### **2. Accounting principles applied**

The information contained in the financial statements for H1 '2021 has been prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognising as equivalent information required under the laws of a non-member state (Journal of Laws 2018.757 of 20 April 2018) and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

Selected financial data in the initial part of the report were converted into EUR as per § 64 of the Regulation of the Minister of Finance of 29 March 2018 (Journal of Laws 2018.757 of 20.04.2018).

Balance sheet items were converted at the exchange rate of the last day of the reporting period and income statement items as well as cash flow statement items - at the average rate of the period.

	<b>average EUR exchange rate in the period</b>	<b>EURO exchange rate as at the last day of period</b>
01.01 - 30.06.2020	4.4413	4.4660
01.01 - 31.12.2020	4.4742	4.6148
01.01 - 30.06.2021	4.5472	4.5208

## **CHANGES IN ACCOUNTING PRINCIPLES**

Accounting principles and calculation methods applied by Boryszew have not changed in the period of this Report and are presented in detail in the financial statements for 2020, published on 30 April 2021.

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

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

Accounting principles (policy) of applied when drafting these mid-year financial statements for the fiscal year ended on 30 June 2021 are consistent with those applied when drafting annual consolidated financial statements for the financial year ended on 31 December 2020, except for changes described below.

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

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

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

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

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



**Boryszew S.A.**

**Mid-year abbreviated report for the period between 1 January and 30 June 2021 drafted in accordance with IAS 34 as adopted by the European Union**

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

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

The Company is in the process of assessing the impact of this change, which will be reported in the 2021 annual report

In addition, as of 1 January 2021, following adoption by the European Commission in October 2020, the Company applies the Amendment to IFRS 16 *Leases: COVID-19 related rent concessions*. The amendment was published on 28 May 2020 and applies to annual periods beginning on or after 1 June 2020, with earlier application possible. The amendment introduces a simplification in IFRS 16 whereby lease modifications may not be recognised when changes occurred (through 30 June 2021) in payments, if related to the Covid-19 pandemic or other concessions were provided to lessees that change the original financial terms of leases due to the pandemic.

Amendments to IFRS 16 associated with Covid-19 relief had no material impact on the recognition of existing Leases.

1 January 2021 is also the effective date of an amendment to IFRS 4 published on 25 June 2020 - in terms of extending the period of exemption of insurers from the application of IFRS 9 *Financial Instruments* until 1 January 2023 in line with the extended effective date of IFRS 17 *Insurance Contracts*.

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

▪ **Changes introduced independently by the Company**

The Company made no adjustments to the presentation of comparative data on 31 December 2020 and for the six months ended 30 June 2020.

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

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

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

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

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

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

The Company will apply the amended standard as of 1 January 2023. As on the date of drafting these financial statements.

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

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

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

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

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

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

- Amendment to IFRS 16 *Leases - COVID-19-related rent concessions granted after 30 June 2021*.

The amendment to IFRS 16 was published on 31 March 2021 and applies to annual periods beginning on or after 1 April 2021. The purpose of the amendment to IFRS 16 is solely to extend by one year (to 30 June 2022) the



period during which COVID-19-related rent concessions require no amendments to lease agreements. This amendment is closely associated with the already effective amendment to IFRS 16 published in May 2020.

The Company will apply the amendment to IFRS 16 as of the date determined by the European Commission in the legal act allowing for its application by EU countries. On the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the amended standard.

- Amendment to IAS 12 *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendment to IAS 12 was published on 7 May 2021 and applies to annual periods beginning on or after 1 April 2023. The amendments clarify that the exemption regarding initial recognition of deferred tax does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise at the time of initial recognition and entities are required to recognise deferred tax on such transactions, thereby clarifying the doubt as to whether the exemption applies to transactions such as leases and liabilities due to decommissioning.

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

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

- IFRS 17 *Insurance Contracts*, published on 18 May 2017, except for the amendments of 25 June 2020, which are effective in the EU as of 1 January 2021,
- Amendment to IAS 1 *Presentation of Financial Statements: Classification of liabilities as short-term and long-term* published on 23 January 2020, as amended on 15 July 2020,
- Amendments to IAS 1 - *Disclosure of Accounting Policies* and IAS 8 - *Definition of Accounting Estimates* published on 12 February 2021.
- Amendment to IFRS 16 *Leases - COVID-19-related rent concessions granted after 30 June 2021* published on 31 March 2021,
- Amendment to IAS 12 *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction* published on 7 May 2021.

### 3. OFF-BALANCE-SHEET LIABILITIES

Contingent items	Balance on 30.06.2021	Balance on 31.12.2020	change
<b>Contingent liabilities</b>	<b>216 819</b>	<b>285 887</b>	<b>(69 068)</b>
<b>resulting from granted guarantees, sureties and other liabilities</b>	<b>216 819</b>	<b>285 887</b>	<b>(69 068)</b>
- guarantees and sureties associated with performance of contracts	76 854	79 744	(2 890)
- guarantees and sureties in favour of financial institutions	139 965	206 143	(66 178)
<b>Increases / decreases in the period of 6 months ended on 30.06.2021, including</b>			<b>(69 068)</b>
<b>Additions</b>			
- Increase due to valuation of sureties			-
- Increase in surety amount			12 020
<b>Reductions</b>			
- Reduction due to valuation of sureties			(3 367)
- Decrease in the amount of existing sureties due to expiration, reduction			(77 721)





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**GUARANTEES AND SURETIES ISSUED BY BORYSZEW S.A. AS AT 30.06.2021**

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee in PLN '000	Expiry date of guarantee
Boryszew HR Service Sp. z o.o.	Endorsement of a loan agreement for mBank	1 000	2021-12-17
Boryszew Kunststofftechnik Deutschland GmbH	Guarantee granted to ALD AutoLeasing D GmbH	601	2022-06-30
	Guarantee granted to Deutsche Leasing International GmbH	2 084	indefinite validity
	Guarantee granted to Deutsche Leasing International GmbH	1 203	2023-06-08
	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	10 868	2022-03-31
	Guarantee granted to Deutsche Leasing International GmbH	6 962	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	Guarantee granted to Wurth Leasing GmbH	145	2022-03-15
Boryszew Oberflächentechnik Deutschland GmbH	Guarantee granted to Bank Gospodarstwa Krajowego	19 227	2028-12-31
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	22 604	indefinite validity
	Guarantee granted to Alfa Bank	1 049	2024-12-31
	Payment guarantee granted to Engel Austria	9 474	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	Guarantee granted to HSBC Bank Polska S.A.	7 084	2021-12-31
	Aval of lease agreement for mLeasing	190	2021-07-15
	Aval of lease agreement for mLeasing	2 301	2022-01-30
	Aval of lease agreements for mLeasing	493	2024-12-15
	Aval of lease agreements for mLeasing	954	2024-12-15
	Aval of lease agreement for mLeasing	488	2024-12-15
	Aval of lease agreements for mLeasing	488	2024-12-15
	Aval of lease agreements for mLeasing	882	2025-02-15
	Aval of lease agreement for mLeasing	669	2025-02-15
	Guarantee granted to PKO Leasing Sp. z o.o.	8 906	2022-10-10
Theysohn Formenbau GmbH	Guarantee granted to akf Leasing GmbH	2 789	2023-08-31
Theysohn Kunststoff GmbH	Guarantee granted to PKO Leasing Sp. z o.o.	3 852	2021-12-31

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Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee in PLN '000	Expiry date of guarantee
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH	Guarantee granted to Borealis AG for commercial liabilities	4 521	2021-12-31
	Guarantee granted to BSB Recycling GmbH	6 781	2023-07-06
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH, 4) Boryszew Plastic RUS LLC, 5) AKT Plastikarska Technologie Czechy Spol. S.R.O.	Guarantee granted to Basell Sales & Marketing Company B.V.	9 042	2021-12-31
Maflow BRS s.r.l.	Guarantee granted to Intesa Bank	22 604	2026-12-01
Maflow France Automotive S.A.S.	Guarantee granted to Natixis Lease	511	2021-12-31
Mafmex S. de R.L. de C.V.	Mafmex's performance bond for AB Volvo	22 604	term of the Agreement
	Mafmex's rent payment bond to Innova Dintel	11 901	2030-01-01
Alchemia S.A.	Guarantee granted to Arcelormittal Poland S.A.	11 302	2021-12-31
ZM Silesia S.A.	Surety granted to PKO BP S.A.	6 520	2025-02-28
	Bill of exchange surety for Millennium	726	2021-10-16
	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	15 994	indefinite validity
<b>Total:</b>		<b>216 819</b>	

#### **SURETIES AND GUARANTEES ISSUED BY BORYSZEW S.A. POST THE BALANCE SHEET DATE**

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee [in EUR '000]
Mafmex S. de R.L. de C.V.	BMW AG performance bond	6 000
Hutmen Sp. z o.o. in liquidation	Guarantee issued by Credit Agricole	3 500

#### **4. Dividend paid or declared in the period from the beginning of the year**

No dividends were paid by the Company during the reported period.



**Boryszew S.A.**

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## **5. Information on the issue, redemption and repayment of bonds**

### **DEBT SECURITIES**

In H1 '2021 and until the report publication date, the Company issued no equity securities.

### **ISSUES OF BONDS**

In H1 '2021 and until the date of publication of the report the Company issued no debt securities.

### **REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.**

Since 1 January 2021, the Company has redeemed 36 registered bonds with a total nominal value of PLN 36 million:

- 1) 2 registered bonds, A2 series with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 subscribed for 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.

### **CHANGE OF MATURITY OF BONDS ISSUED BY BORYSZEW S.A.**

On 31 May 2021 Boryszew S.A. concluded the agreement with Hutmen S.A. on extending until 31 March 2022 the redemption date of Boryszew S.A. bonds in total nominal amount of PLN 28 000 000.



## 6. Operating segments

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
<b>01.01.2021 - 30.06.2021</b>							
Revenues from sales	123 611	334 870	244 693	147 814	850 988	(14 510)	836 478
Segment costs of sales	101 574	272 516	229 184	139 995	743 269	(13 447)	729 822
<b>Result on sales within segment</b>	<b>22 037</b>	<b>62 354</b>	<b>15 509</b>	<b>7 819</b>	<b>107 719</b>	<b>(1 063)</b>	<b>106 656</b>
General, administrative and sales expenses	15 713	36 468	8 053	12 532	72 766	(1 446)	71 320
Other operating profit/loss	1 717	(76)	522	9 465	11 628	(492)	11 136
<b>Segment profit/loss</b>	<b>8 041</b>	<b>25 810</b>	<b>7 978</b>	<b>4 752</b>	<b>46 581</b>	<b>(109)</b>	<b>46 472</b>
Amortisation and depreciation	2 447	16 187	3 065	775	22 474	-	22 474
EBITDA *)	10 488	41 997	11 043	5 527	69 055	(109)	68 946
Segment assets	230 811	641 880	228 525	1 947 935	3 049 151	(328 798)	2 720 353
Segment liabilities	99 475	684 624	148 493	445 414	1 378 006	(304 577)	1 073 429

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
<b>01.01.2020 - 30.06. 2020</b>							
Revenues from sales	95 880	217 152	171 706	59 571	544 309	(7 817)	536 492
Segment costs of sales	68 952	185 526	158 067	51 911	464 456	(5 504)	458 952
<b>Result on sales within segment</b>	<b>26 928</b>	<b>31 626</b>	<b>13 639</b>	<b>7 660</b>	<b>79 853</b>	<b>(2 313)</b>	<b>77 540</b>
General, administrative and sales expenses	15 252	22 575	8 875	7 320	54 022	(2 678)	51 344
Other operating profit/loss	(758)	8 229	2 823	4 818	15 112	(402)	14 710
<b>Segment profit/loss</b>	<b>10 918</b>	<b>17 280</b>	<b>7 587</b>	<b>5 158</b>	<b>40 943</b>	<b>(37)</b>	<b>40 906</b>
Amortisation and depreciation	2 600	15 136	3 103	836	21 675	-	21 675
EBITDA *)	13 518	32 416	10 690	5 994	62 618	(37)	62 581
Segment assets	220 940	582 916	240 062	884 808	1 928 726	(184 746)	1 743 980
Segment liabilities	97 879	663 869	168 986	539 966	1 470 700	(184 746)	1 285 954

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



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	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>
<b>Sales revenues by geographical areas</b>		
<b>Continuing operations</b>		
Domestic sales	333 131	211 110
Sales to EU member states *)	418 032	258 100
Sales to other European countries	49 261	33 928
Export outside Europe	36 054	33 354
<b>Total (revenues from continuing operations)</b>	<b>836 478</b>	<b>536 492</b>

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

	<b>01.01.2021 - 30.06.2021</b>	<b>01.01.2020 - 30.06.2020</b>
<b>Share of EU member states in intra-Community sales:</b>		
Germany	27%	26%
Sweden	13%	16%
The Czech Republic	12%	10%
Spain	9%	6%
Italy	7%	6%
Slovakia	6%	8%
The Netherlands	5%	6%

## **7. Notes on the seasonality of Boryszew S.A. business in the reported period**

Boryszew S.A. is exposed to seasonality only in a limited extent.

In the Automotive segment seasonality affects holiday months as well as December, when production of cars falls considerably, causing also a fall in component orders.

The Metal segment is barely exposed to any seasonality.

In the segment of Chemical products seasonality affects a certain range of products manufactured by Boryszew ERG, Branch of Boryszew S.A. in Sochaczew. This range includes cooling fluids for the automotive segment (with peak demand in the third and fourth quarter, shifting to the beginning of the first quarter), de-icing fluids for runways and aircraft (with peak demand in the fourth and first quarter). PWC siding and EPS decorative components follow the seasonality of the construction industry, showing peak demand in second and third quarter.

No specific seasonality is observed for other products of Boryszew S.A. It is important to note that the Christmas period in December is usually the time of scheduled shut-downs at our customers, hence sales also decline.

**8. Financial instruments, fair value, estimated data****Financial assets as at 30.06.2021**

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets at fair value through capital	Derivatives used for hedges	Carrying value
Listed shares	-	-	172 577	-	172 577
Bonds	8 421	-	-	-	8 421
Trade receivables, factoring	197 539	75 794	-	-	273 333
Derivative financial instruments	-	-	-	16	16
Loans granted	549 852	-	-	-	549 852
Other debtors	-	112 437	-	-	112 437
Cash and cash equivalents	29 379	-	-	-	29 379
<b>Total</b>	<b>785 191</b>	<b>188 231</b>	<b>172 577</b>	<b>16</b>	<b>1 146 015</b>

**Financial liabilities as at 30.06.2021**

	Financial liabilities measured at amortised cost	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	522 224	-	522 224
Liabilities on bonds	28 000	-	28 000
Derivative financial instruments	-	457	457
Lease liabilities	23 745	-	23 745
Liabilities to SMA and due to right-of-use assets	52 893	-	52 893
Trade and other liabilities	277 495	-	277 495
<b>Total</b>	<b>904 357</b>	<b>457</b>	<b>904 814</b>

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

	Fair value as at		Hierarchy of fair value
	Balance on 30.06.2021	Balance on 31.12.2020	
<b>Financial assets</b>			
Listed shares	172 577	152 862	Level 1
Derivative financial instruments	16	482	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	457	922	Level 2

**Fair value of financial assets and liabilities that are not measured at fair value on an ongoing basis**

	Fair value as at		Hierarchy of fair value
	Balance on 30.06.2021	Balance on 31.12.2020	
<b>Financial assets</b>			
Bonds	8 421	17 709	Level 3
Borrowings	549 852	462 037	Level 3
Trade and other receivables	385 770	343 793	Level 3
Cash and cash equivalents	29 379	32 894	Level 1
<b>Financial obligations</b>			
Borrowings and loans	522 224	452 354	Level 2
Liabilities on bonds	28 000	64 000	Level 2
Trade and other liabilities	277 495	205 559	Level 3
Lease liabilities	23 745	36 600	Level 2
Liabilities to SMA and due to right-of-use assets	50 961	51 100	Level 2

	<b>01.01.2021 - 30.06.2021</b>
<b>Impact of write-offs on assets and provisions on profit/loss</b>	
Creation of value impairment write-offs for accounts receivable	(844)
Reversal of write-downs on accounts receivable (-)	1 577
Revaluation write-offs of loan receivables	-
Reversal of revaluation write-offs on loans granted	4
Creation of value impairment write-offs on other receivables	(6 420)
Reversal of value impairment write-offs on other receivables	-
Creation of value impairment write-offs for inventories	(1 587)
Value impairment write-offs for inventories	3 306
Creation of provisions	-
Reversal of provisions ( - )	23
<b>Total impact on profit/loss</b>	<b>(3 941)</b>



**9. Transactions with affiliated entities**

	Subsidiaries	Personally related entities
<b>in the period 01.01.2021 - 30.06.2021</b>		
Revenues from sales (of products, services, goods)	137 550	1 034
Interest income	10 377	60
Dividends received and due	12 285	-
Purchases (of materials, goods, services)	47 858	409
Interest expense	777	61
<b>balance on 30.06.2021</b>		
Trade receivables	99 864	46
Bonds purchased	5 802	2 674
Loans granted	544 954	-
Other receivables (advances, deposits)	108 311	360
Lease liabilities	13 383	-
Trade liabilities	48 857	-
Loans received	71 506	-
Issued bonds	28 000	-
Other liabilities (advances, deposits)	25	-

	Subsidiaries	Personally related entities
<b>in the period 01.01.2020 - 30.06.2020</b>		
Revenues from sales (of products, services, goods)	81 123	543
Interest income	7 092	52
Dividends received and due	32	-
Purchases (of materials, goods, services)	32 258	12 410
Interest expense	4 231	71
<b>balance on 30.06.2020</b>		
Trade receivables	57 352	7 317
Bonds purchased	15 406	1 770
Loans granted	336 484	-
Other receivables (advances, deposits)	35 183	-
Lease liabilities	16 403	-
Trade payables and deposits	42 551	377
Loans received	133 073	4 466
Issued bonds	173 717	-



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## **10. Additional information**

### **INFORMATION ON BREACH OF MATERIAL PROVISIONS OF A CREDIT OR LOAN AGREEMENT, IN RELATION TO WHICH NO REMEDIAL ACTIONS WERE TAKEN UNTIL THE END OF THE REPORTING PERIOD**

As at 30 June 2021 no overdue liabilities occurred due to borrowings and loans and no breach occurred of material provisions of borrowing and loan agreements.

### **IMPACT OF THE COVID-19 EPIDEMIC ON THE ACTIVITIES OF BORYSZEW S.A.**

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. The COVID-19 pandemic was still ongoing during the period covered by this report.

At the end of the reporting period and as at the report date, the Company experienced no limitations in production, inventory management or supply chain management, and its liquidity remained at a good level. Liquidity forecasts are updated on an ongoing basis and verified on the basis of applicable agreements in order to secure cash at an appropriate level. Boryszew S.A. experienced no problems with access to external financing. Commercial contract contain no provisions that may pose a material risk due to COVID-19 at the end of the reporting period and at the time of publication of the report. Owing to constant monitoring of contractors' situation and security measures implemented, the Company is not exposed to additional risks resulting from the difficult situation of its customers or suppliers.

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

Boryszew S.A. Headquarters as well as the branches verify macroeconomic information on an ongoing basis as well as information obtained by the control and analysis departments during their operations, to forecast, on this basis, the impact of the pandemic on Company's results.

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

**SEGMENT MOTORIZATION** Boryszew S.A. branch Maflow recorded, in the first half of 2021, sales over 50% higher in comparing to the first half of 2020. 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. branch NPA Skawina did not experience a significant Covid-19 negative impact on sales volume in H1 '2021. In the reporting period, the turnover of the branch was 40% higher than in the first 6 months of 2020.

**SEGMENT CHEMIA** Boryszew S.A. Total sales revenues of Boryszew branch ERG Branch in the first half of 2021 were over 20% higher than in the first half of 2020.

**OTHER NON-ASSIGNED TO SEGMENTS** The COVID-19 pandemic in H1 '2021 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). For the first 6 months of 2021 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.



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

### **BORYSZEW S.A.**

#### **Conclusion of a preliminary conditional agreement for the sale of shares in FŁT Polska Sp. z o.o. based in Warsaw**

On 27 July 2021 Boryszew S.A. concluded a preliminary conditional agreement with Zhejiang XCC Group Co. Ltd. based in China ("XCC") for the sale of shares ("Agreement") of FŁT Polska Sp. z o.o. based in Warsaw ("FŁT").

Under the Agreement Boryszew S.A. agreed to sell 1 030 shares of FŁT accounting, on the date of conclusion of the Agreement, for 100.00% of the share capital, carrying 100.00% of votes at the General Meeting of Shareholders, along with the shares in subsidiaries owned by FŁT: FLT-Wälzlager GmbH, FLT & Metals s.r.l., FLT Bearings Ltd, FLT France SAS, FLT (Wuxi) Trading Co., FLT USA LLC ("FLT Group").

At the same time SPV Impexmetal Spółka z o.o., a subsidiary of Boryszew S.A, based in Warsaw agreed to sell to XCC trademarks associated with FŁT operations.

The Agreement was concluded subject to the fulfilment of conditions precedent specified therein, including but not limited to: (i) the condition to obtain approvals from relevant regulatory authorities of XCC to conclude the Transaction; and (ii) the condition to obtain an approval of the Supervisory Board of Boryszew S.A. On the publication date of the report the conditions mentioned above were fulfilled.

The total price for the shares and trademarks was established at PLN 100 million and will be corrected by the amounts of: mutual settlements between the Issuer and FŁT and other adjustments as per the terms of the transaction.

The provisions of the Agreement on the assurances made, termination of the Agreement, contractual penalties or withdrawal from the Agreement are not different to conditions generally applied in agreements of this type.

In 2020 FŁT Group generated sales revenues of PLN 276.3 million (in 2019: PLN 320.8 million), EBITDA (calculated as profit (loss) before financial costs (interest), taxes and depreciation) in 2020 amounted to PLN 17.7 million (in 2019: PLN 17.9 million).

The transaction is expected to close in Q4 '2021.

#### **Sale of shares in Elana - PET Sp. z o.o.**

On 30 August 2021 Boryszew S.A. concluded an agreement with LERG S.A. based in Pustków - Osiedle on sale of 19.364 shares of the nominal value of PLN 500 each, accounting for 100% of the share capital in Elana PET Sp. z o.o. based in Toruń ("Elana PET") for the price of PLN 30.8 million. The transfer of ownership of shares and payment of the price will take place on the date of conclusion of the sale agreement.

The provisions of the Agreement on the assurances made, termination of the Agreement, contractual penalties or withdrawal from the Agreement are not different to conditions generally applied in agreements of this type.

In 2020 Elana PET generated sales revenues of PLN 26.1 million (in 2019: PLN 38.8 million), EBITDA in 2020 amounted to PLN 1.4 million (in 2019: PLN 1.5 million) On 30 June 2021 the value of Elana PET shares in the books of Boryszew S.A. amounted to PLN 4.7 million.

#### **Decision on the intention to merge Boryszew S.A. based in Warsaw and SPV Impexmetal Sp. z o.o. based in Warsaw and Impex-invest Sp. z o.o. based in Warsaw**

On 10 September 2021 the Management Board of Boryszew S.A resolved to merge Boryszew S.A. based in Warsaw with its subsidiaries SPV Impexmetal Sp. z o.o. based in Warsaw and Impex-invest Sp. z o.o. based in Warsaw (the Acquired Companies).

The merger will be affected under art. 492 § 1 point 1 of the Commercial Companies Code by transferring all the assets of the above mentioned subsidiaries to Boryszew S.A.

The Company believes that the merger will result in further improvement of the efficiency of Boryszew Group management by simplification of its organisational structure and optimum use of assets.



**Boryszew Capital Group**

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**THE FINANCIAL STATEMENTS WERE SIGNED BY THE MANAGEMENT BOARD ON 23 SEPTEMBER 2021.**

**SIGNATURES:**

Wojciech Kowalczyk – President of the Management Board \_\_\_\_\_

Andrzej Juszczyński - Vice President of the Management Board \_\_\_\_\_

Mikołaj Budzanowski – Member of the Management Board \_\_\_\_\_

Agata Kęszczyk-Grabowska - Chief Accountant \_\_\_\_\_