



Boryszew S.A.

REPORT ON THE ACTIVITIES OF BORYSZEW CAPITAL GROUP IN THE FIRST SIX MONTHS OF 2021

*The report was approved for publication on:
23 September 2021*





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1. INTRODUCTION

COMPANY DETAILS

Boryszew Spółka Akcyjna is located in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register under KRS number 0000063824. The Company was assigned statistical number REGON 750010992 and NIP 837-000-06-34.

The company is established for an indefinite period of time.

HISTORY

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

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

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

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

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

The Capital Group employs approximately 10 000 people.

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	–	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.

On 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

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



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, the Supervisory Board decided to appoint Mr Wojciech Kowalczyk to the Management Board and entrusted him with the function of the President of the Management Board, CEO of the Company.

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 Juszczyński	–	Vice-President of the Management Board, CFO,
Mr Mikołaj Budzanowski	–	Member of the Management Board

2. APPROVAL OF THE REPORT FOR PUBLICATION

This report on the activity of Boryszew Capital Group in the first six months of 2021, an integral part of the consolidated mid-year report of Boryszew Capital Group for the period between 1 January 2021 and 30 June 2021, was approved for publication by the resolution of the Management Board of 23 September 2021 and presents the situation of Boryszew Capital Group in accordance with legal requirements for the period between 1 January 2021 and 30 June 2021, including any events which occurred by the date of approval of this report for publication.

A significant part of the information contained herein was presented in more detail in the Company's current reports available on www.boryszew.com which also contains other information on the Company and the Group.

3. ACCOUNTING PRINCIPLES APPLIED

The financial statements for the first six months of 2021 were drafted in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state as well as International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The accounting principles and calculation methods applied by the Group (except for the changes due to the implementation of IFRS 9, 15) remained unchanged in the period covered by this Report; these principles are presented in detail in the consolidated annual report for 2020 published on 29 April 2021. These financial statements were drafted on the basis of International Financial Reporting Standards as approved by the European Union (EU).

**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)

CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES:

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>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>Nylonbor Branch</i>	Sochaczew			Other
<i>NPA Skawina Branch</i>	Skawina			Metals
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
Nylonbor Sp. Z o.o.	Sochaczew	100.00	Boryszew S.A.	Other
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.	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 (90,00%), Maflow Polska Sp. z o.o. (10.00%)	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100.00	Maflow Polska Spółka z o.o.	Automotive
Boryszew Components Poland Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
ICOS GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Germany	100.00	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100.00	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive

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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 Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	100.00	Boryszew S.A., Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	93.68	Boryszew S.A.	Automotive
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.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Hutmen Sp. o.o. in liquidation 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
RAPZ Sp. z o.o.	Dąbrowa Górnicza	42.67	Huta Bankowa Sp. z o.o.	Metals



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(amounts expressed in PLN '000 unless specified otherwise)

COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company name	Seat	share of the parent company in capital (%)	share in votes (%)	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 Wostocznaja - 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.

4. SIGNIFICANT ACHIEVEMENTS OR FAILURES IN CURRENT PERIOD; ACHIEVED PROFIT/LOSS

A. OVERALL MACROECONOMIC SITUATION

Market (segments and geographical structure) of the Boryszew Capital Group ("Group", "BCG"):

Structure of revenues by segments					Geographical structure of revenues				
	H1 2021		H1 2020			H1 2021		H1 2020	
Chemical products	136 394	4.5%	104 352	3.7%	Poland	957 706	31.3%	966 408	34.5%
Automotive	894 620	29.3%	712 469	25.4%	Germany	634 568	20.8%	727 170	25.9%
Metals	1 962 607	64.2%	1 964 433	70.0%	Other EU countries	1 282 162	41.9%	973 746	34.7%
Other *	63 127	2.1%	23 849	0.9%	Other	182 312	6.0%	137 779	4.9%
TOTAL	3 056 748	100%	2 805 103	100.0%	TOTAL	3 056 748	100%	2 805 103	100.0%

* this item also includes consolidation exclusions between segments

Key determinants:

Market sentiment - PMI and GDP:

Since more than 94% of revenues at Boryszew Capital Group is generated in Europe, then the overall economic situation within the European Union (including in Germany) is critical for Group's performance.

In EU countries as well as in Poland itself, the general macroeconomic sentiment in the first six months of 2021 was more optimistic than in the period of the previous year.



The average values of the PMI index, which determines the level of activity in industry of the most important economies in the Euro zone, Poland and Germany were at a level higher than in the same period of the previous year.

PMI	H1 2021	H1 2020
EU	63.4	43.7
Poland	59.4	43.0
Germany	65.1	42.4

In Poland PMI was also higher than in the same period last year, above 50, indicating a strong revival in the manufacturing sector triggered by the loosening of restrictions and stronger demand resulting from opening of new sectors of the economy.

Forecast of GDP growth for Poland	2021	2022
NBP	5.0%	5.4%
World Bank	3.8%	4.5%
European Commission	4.8%	5.2%

In its July forecast, the European Commission expects Poland's GDP to grow by 4.8% (vs. 4.0% growth in the May 2021 forecast). The projected GDP growth of 5.2% in 2022 is above the EU average. The increase in the forecast is due to a stronger recovery in the economy compared to previous forecasts.

The European Commission's GDP growth forecasts are less optimistic compared to the NBP's forecast of 5.0% for 2021 and 5.4% for 2022.

Market sentiments - Sales of cars:

Another important parameter with an impact on the dynamics and results of the Group is the sale of cars (the Automotive segment accounts for over 29% of Group's turnover).

European car sales increased in the first half of 2021. According to ACEA, the passenger car market in Europe increased by 27.1% year-on-year.

The main customer of the Automotive Segment, Volkswagen Group, recorded a 26.6% increase in car sales in the European market after 6 months of 2021 (compared to the same period last year). Importantly, despite the presence of the Automotive segment entities on the markets of South America and Asia, the key market for this segment remains the European market, accounting for approximately 94% of sales value.

Market sentiments - basic products of the Metals segment:

The situation on the market of the basic products of this Segment - aluminium wire rod and aluminium alloys - is very good. Wire rod is used in production of wires, cables and wires. In particular the segment of overhead conductors and wires records a continuous increase in demand of several percent. Boryszew S.A. NPA Skawina Branch is the only manufacturer of the above mentioned products in Poland. The prevailing trend in the automotive industry, which can be currently observed, enforced by restrictive environmental standards, has led to a widespread use of lightweight materials, including aluminium.

As predicted last year, the situation in the steel market has improved. Long-term forecasts are optimistic and assume this above trend will continue.

Market sentiment - Prices of basic raw materials:

Since nearly 64% of Boryszew Capital Group's sales is in the metals industry segment, Group's performance is exposed to fluctuations in average prices of metals quoted on the London Metal Exchange (LME). The hedge policy for metal price and exchange rates, followed by the Group, has a significant effect on risk reduction. However, the level of income and working capital still remain sensitive to the volatility of these parameters.

In the discussed period, average prices of all four basic metals (in USD) increased significantly: copper (by 65%), zinc (by 38%), lead (by 18%) and aluminium (by 41%).

Also metal prices expressed in PLN increased yoy by 55% (copper), 30% (zinc), 11% (lead) and 32% (aluminium) respectively, which was due to changes in the USD to PLN exchange rate.



Metal scrap (including battery scrap), which is the basic or significant raw material for production, is an important raw material for the Group.

Market sentiments - significant currency pairs

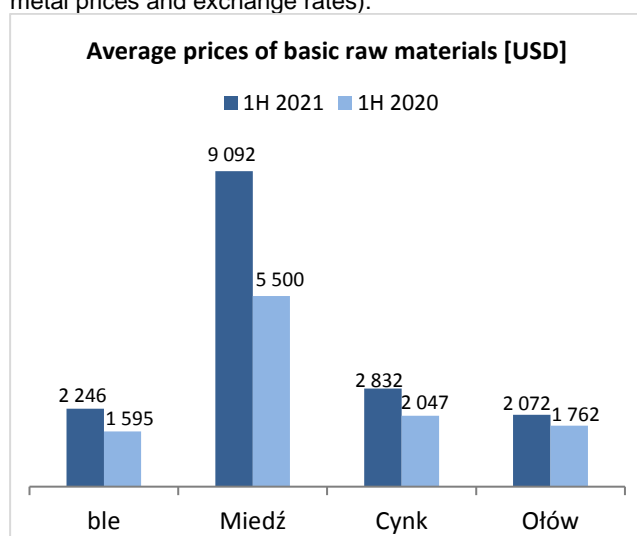
The U.S. dollar has an impact on Group's raw material costs. In the discussed period the dollar weakened against PLN by 6%. This affected the quotations of basic metals expressed in PLN and the profitability of sales on this account.

The exchange rate of the Euro affects the Group's revenues. Sales denominated in Euro account for approximately 58% of Group's sales. In reviewed period of 2019 the average EUR listings increased by 3% in relation to PLN.

In the first half of 2021, the EUR/USD exchange rate stood at 1.20, or some 10% higher than in the corresponding period of the previous year.

A slight strengthening of Euro against the PLN had a positive impact on the Group's results, especially its trade margins.

Refer to the chart and table below for detailed information on the trend of the above key parameters (daily average metal prices and exchange rates):



	H1 2021	H1 2020	% change
Aluminium [USD]	2 246	1 595	41%
Copper [USD]	9 092	5 500	65%
Zinc [USD]	2 832	2 047	38%
Lead [USD]	2 072	1 762	18%

EUR/PLN	4.54	4.41	3%
USD/PLN	3.77	4.01	-6%
EUR/USD	1.20	1.10	10%

	H1 2021	H1 2020	% change
Aluminium [PLN]	8 462	6 398	32%
Copper [PLN]	34 260	22 054	55%
Zinc [PLN]	10 670	8 207	30%
Lead [PLN]	7 808	7 065	11%

Source: Daily listings of LME, NBP

Revenues from sales / Demand for Group's products

The revenues of Boryszew Group for the first half of 2021 amounted to PLN 3 056.7 million and were by 9.0% higher than in the same period last year.

By segments, the sales revenues and volumes are as follows:

in PLN million	H1 2021	H1 2020	difference
Revenues from sale, including:	3 056.7	2 805.1	251.6
Automotive Segment	894.6	712.5	182.2
Metals Segment	1 962.6	1 964.4	-1.8
Chemicals segment	136.4	104.4	32.0
Other *	63.1	23.8	39.3

* including consolidation adjustments



(in thousand tonnes)	H1 2021	H1 2020	difference
Volume of sales, including:	257.4	262.1	-4.7
Metals Segment	231.5	245.1	-13.6
Chemicals segment	25.9	17.0	8.9

The decline in the volumes of the Metals segment was mainly due to the absence of Impexmetal S.A., which was sold in the fourth quarter of 2020. Revenues are at a similar level y/y, which is mainly resulting from the increase in metal prices.

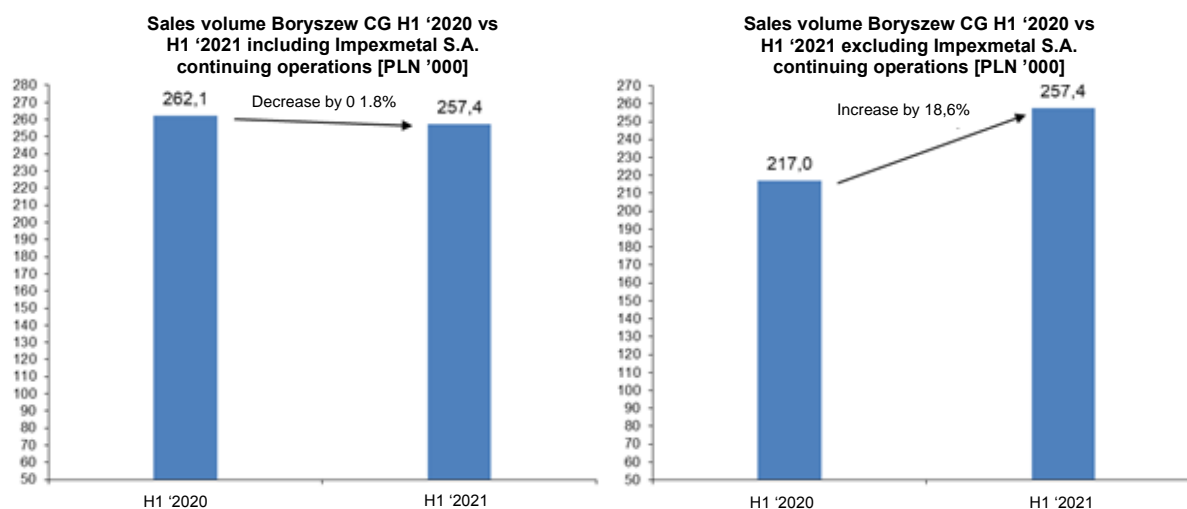
Eliminating the effect of Impexmetal S.A., both revenues and volumes would be higher than in the corresponding period of the previous year. Most segment companies achieved higher sales volumes compared to the first quarter of 2020.

The increase in revenues in the Automotive Segment was due to an increase in sales of parts, which followed the gradual improvement of the situation in the automotive market. According to ACEA, the number of newly registered cars increased by around 25.2% y/y.

The Chemicals segment reported higher revenue compared to the same period in the prior year with higher sales volumes primarily due to reduction in production in the first six months of 2020 caused by the COVID-19 pandemic. The increase in volumes in the Chemicals Segment was recorded in all Companies and amounted to 52.6% (8.9 thousand tonnes).

The increase of sales revenues in other companies is mainly due to the launch of sales of electricity to end customers by Boryszew S.A. Energy branch at the end of 2020.

The comparison of the total sales volumes of the Capital Group in the discussed periods is presented in the following charts:



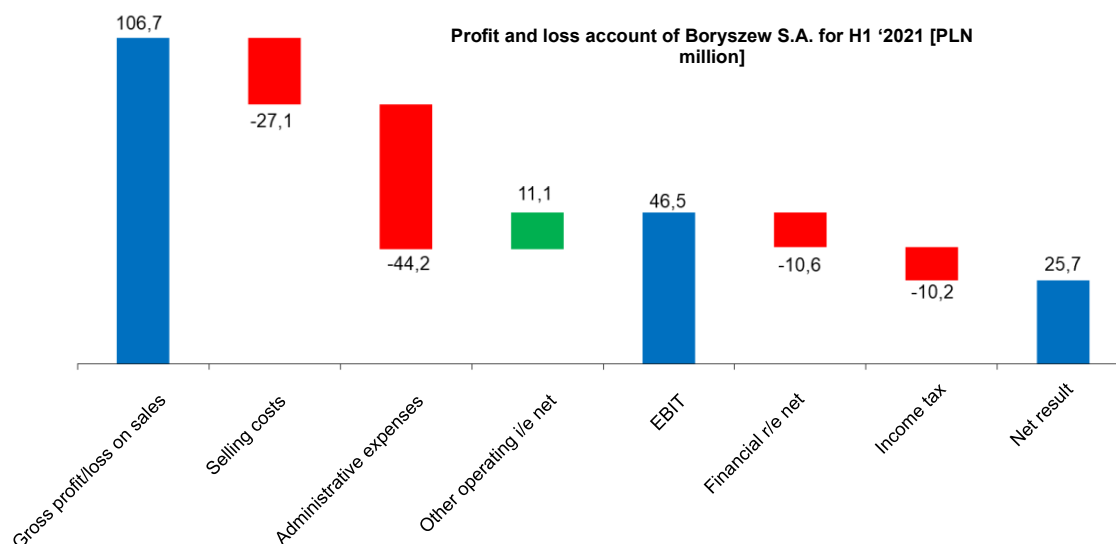
In terms of comparable data, after eliminating the sales volumes of Impexmetal S.A. for the same period of the previous year, the Group achieved a higher sales volume in H1 '2021 by 40.4 thousand tonnes (or 18.6%).



B. ACHIEVED FINANCIAL RESULTS

Separate figures

The chart below compiles components of the profit and loss account of Boryszew S.A. after the first six months of 2021



The gross result on sales after the first six months of 2021 amounted to PLN 106.7 million and was higher by PLN 29.1 million compared to the result in the corresponding period of the previous year. The increase in gross profit is a consequence of improved results in the most significant operating Segments.

The average gross profitability on sales dropped from 14.5% at the end of the first six months of 2020 to 12.8% at present.

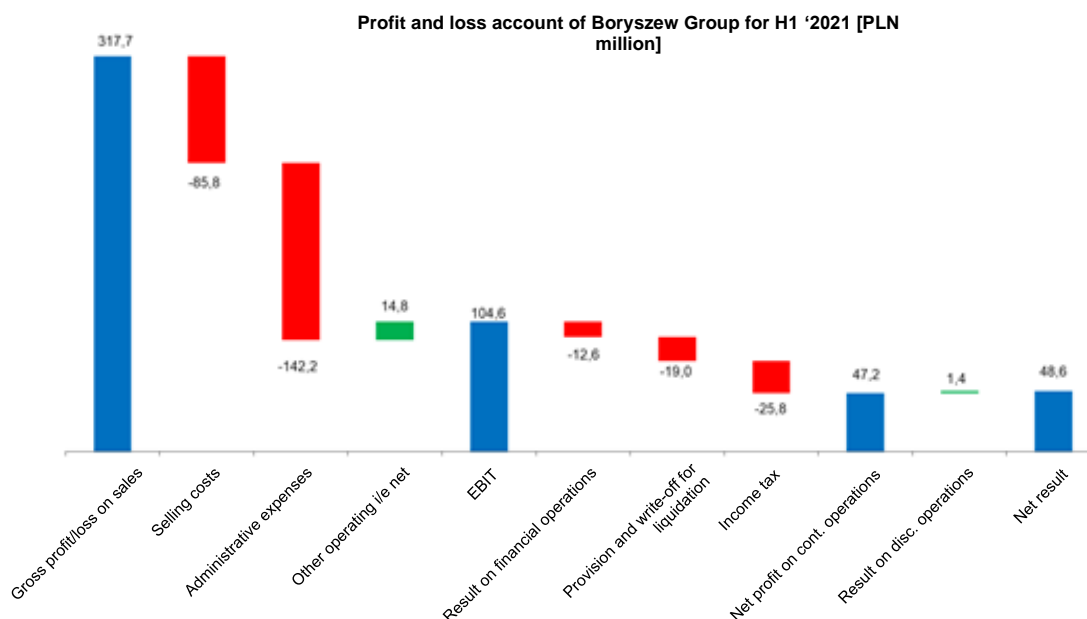
Costs of sales were higher by PLN 8.8 million or 47.8% as compared to the corresponding period of the previous year, mainly due to sales revenues higher by PLN 300 million.

General and administrative expenses were by PLN 11.2 million or 34.0% higher as compared to H1 '2020.

The balance of operating income/expenses amounted to PLN 11.1 million and was lower by PLN 3.6 million than in the corresponding period of 2020, mainly as a result of a lower balance of income/expenses from the sale of assets and a decrease in subsidies received.

Consolidates figures:

The chart below shows the size of the components making up different items in the income statement after the first half of 2021.



The gross result on sales after the first six months of 2021 amounted to PLN 317.7 million and was higher by PLN 58.9 million compared to the result in the corresponding period of the previous year. The increase in gross profit is a consequence of improved results in most of the Group's Segments.

Average gross profitability on sales increased from 9.2% at the end of the first half of 2020 to 10.4% at present.

Costs of sales were higher by PLN 8.3 million, or by 10.8% against the same period of the previous year.

General and administrative expenses were down by PLN 2.3 million, or 1.6%, compared to H1 '2020.

The balance of operating income/costs amounted to minus PLN 14.8 million and was lower by PLN 16.1 million than in the corresponding period of 2020, mainly due to lower subsidies and lower impairment write-off on fixed assets.

The result on financial operations amounted to minus PLN 12.6 million and was up by PLN 30.0 million compared to the same period of the previous year, mainly due to lower interest on loans and the gain on sale of the subsidiary.

OPERATING RESULTS BY SEGMENTS

Separate figures

At the end of H1 '2021, EBITDA on continuing operations of Boryszew S.A. amounted to PLN 68.9 million compared to PLN 62.6 million in the corresponding period of the previous year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	H1 '2021	H1 '2020	difference
EBITDA, including:	68.9	62.6	6.4
Automotive Segment	42.0	32.4	9.6
Metals Segment	11.0	10.7	0.4
Chemicals segment	10.5	13.5	-3.0
Other Operations Segment	5.4	6.0	-0.5

* including consolidation adjustments



Improved performance of the Automotive Segment came from the improvement in the automotive market. Importantly, the outbreak of the COVID-19 pandemic in March 2020 has hit the AUTOMOTIVE sector parts suppliers hard.

In Metals segment better results came from higher sales volumes and higher unit margins in Boryszew S.A. NPA Skawina Branch.

The decrease in results of the Chemical Segment was caused by lower sales of the Boryszew ERG Division (mainly ERG Clean Skin disinfectants) than in 2020.

The deterioration in results in the non-segmented entities (Other) was associated with lower royalty income compared to the same period in 2020.

Consolidates figures:

After the first half of 2021, EBITDA on continuing operations amounted to PLN 188.5 million compared to PLN 167.1 million in the corresponding period of the previous year. Importantly, EBITDA increased despite the absence of the impact of Impexmetal S.A. following its sale in Q4 2020. In relevant operating segments, the EBITDA result was as follows:

in PLN million	H1 2021	H1 2020	difference
EBITDA, including:	188.5	167.1	21.4
Automotive Segment	51.0	6.7	44.3
Metals Segment	127.3	145.6	-18.3
Chemicals segment	11.6	13.6	-1.9
Other *	-1.4	1.3	-2.7

* including consolidation adjustments

1. Metals Segment

Lower results in the Metals Segment than last year are mainly attributable to the aforementioned non-recognition of the impact of the sale of Impexmetal S.A. in Q4 '2020.

Other entities of the Segment, in most cases, achieved a higher EBITDA than last year indicating an improvement in the market dominated by the COVID-19 pandemic.

2. Automotive Segment

Higher EBITDA in the Automotive Segment is mainly due to the already mentioned improvement in the automotive market. Importantly, the outbreak of the COVID-19 pandemic in March 2020 has hit the AUTOMOTIVE sector parts suppliers hard. Temporary shutdowns at the main clients' of Maflow Group and BAP Group caused the deterioration of financial situation of the Companies in 2020.

3. Chemical products segment

The decrease of EBITDA in the Segment is mainly attributable to Boryszew S.A. O/Boryszew ERG, which in the same period of previous year recorded high result due to the launch of ERG Clean Skin disinfectant.

4. Other

Results of Other segment are at a lower level to last year's due to the higher impact of non-recurring events than in the same period last year.

NET PROFIT/LOSS

Separate figures

Net result of Boryszew S.A. for the first six months of 2021 amounts to PLN 25.6 million and is lower than in the same period of the previous year by PLN 7.1 million.

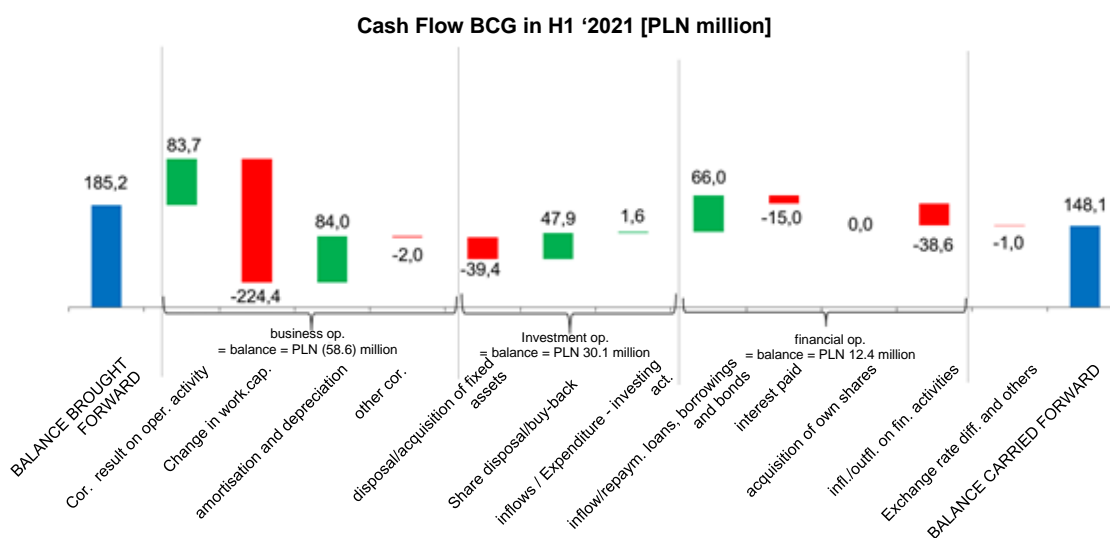
**Consolidates figures:**

Net result on continuing operations amounted to PLN 47.2 million and was higher by PLN 47.1 million than the result after the first six months of the previous year.

The total net result including continued and discontinued operations amounted to PLN (48.6) million and was higher than the result after H1 '2018 by PLN 49.2 million, while the net result attributable to shareholders of the parent company amounted to PLN 1.4 million - higher than last year's result by PLN 42.4 million.

C. CASH FLOW

Cash flows for the first half of 2021 are presented in the chart below:



After the first half of 2021 Boryszew Capital Group generated negative cash flows from operating activities mainly due to increase in working capital as a result of increase in prices of main metals.

The positive balance of cash flows from investing activities resulted mainly from the sale of shares in EW Rywałd.

After Q2 '2021, the Boryszew Capital Group's net debt amounted to PLN 935.3 million and was higher by PLN 63.2 million compared to the end of 2020.

The net debt/EBITDA ratio was 2.5x after the second quarter of 2021 and remained at a similar level compared to the end of 2020, where:

*net debt = interest-bearing liabilities** - cash and cash equivalents.

**interest-bearing liabilities = non-current liabilities + current liabilities (resulting from loans and borrowings + issue of debt securities + leasing).

5. 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.

6. DESCRIPTION OF FUNDAMENTAL RISKS AND THREATS

The activity of Boryszew and Boryszew Group generates exposure to market risk (including interest rate risk, currency risk and risk of change in prices of raw materials and products), credit risk, liquidity risk and risk of volatility of legal regulations.

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

- market risks, including, but not limited to:



- foreign exchange rate risk (change in the exchange rate of PLN to other currencies),
- interest rate risk (increase in interest rates),
- risk of change in prices of primary raw materials and products,
- risks related to the stability of debt and financial flows:
 - liquidity risk.
 - credit risk.
- risk of volatility of legal regulations

Capital management, liquidity risk and credit risk

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

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

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

- trade receivables from business partners,
- loans granted,
- guarantees and sureties granted,
- cash and bank deposits.

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

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

Liquidity risk

Boryszew Group is exposed to liquidity risk due to high proportion of short-term third party financing (overdraft facilities and working capital facilities) in the Group's financing structure. Currently, the Group has access to external financing and extends existing credit limits for further periods.

Foreign exchange rate change risk

Currency risk is an inevitable element of a business activity denominated in foreign currencies. The sources of currency risk to which companies of Boryszew Group were exposed in H1 '2021 included: transactions of raw materials purchase, transactions of product sales, loans and borrowings incurred and cash denominated in foreign currencies. Adverse changes in exchange rates may lead to decrease in the financial results of Boryszew Group.

Market risk - metal prices and currency exchange rates

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

Description of exposure

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

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

Metals in case of which price changes have an impact on Group's results include: copper, aluminium, lead, zinc.

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



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

Strategic risk involving currencies is associated with throughput bonus (USD/PLN and EUR/PLN) This risk exists in case of: Boryszew S.A. branch NPA Skawina, S.A., Baterpol S.A., Hutmen S.A., Walcownia Metali Dziedzice S.A., ZM SILESIA S.A., Alchemia S.A., Huta Bankowa Sp. z o.o,

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

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

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

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

Interest rate risk

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

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

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

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

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

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

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

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

Boryszew S.A.

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.

Boryszew Capital Group

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.

8. REVENUES AND RESULTS ATTRIBUTABLE BY BUSINESS SEGMENTS FROM THE BEGINNING OF THIS YEAR

Boryszew Capital Group operates in three industry segments.

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 S.A., Impexmetal Holding Spółka z o.o., Hutmen S.A. 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., RAPZ Sp. z o.o.
Chemical products	Elana Pet Sp. z o.o., Boryszew S.A. branch Elana, Boryszew S.A. branch Boryszew ERG, Boryszew S.A. branch Nylonbor, Nylonbor Sp. z o.o., Elimer Sp. z o.o.

and companies not attributed to any of the main Segments

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.
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**REVENUES FROM SALE BY DESTINATION MARKET**

	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Sales revenues by geographical areas		
Continuing operations		
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
Total (revenues from continuing operations)	3 056 748	2 805 103

*) United Kingdom was counted among the other European countries

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:

	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Share of EU member states in intra-Community sales:		
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 THE FIRST SIX MONTHS OF 2021 (data regarding continuing operations)

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Continuing operations 01.01.2021 - 30.06.2021							
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
Result on sales within segment	22 852	104 378	183 933	13 166	324 329	(6 634)	317 695
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
Segment profit/loss	8 262	4 787	93 887	2 395	109 331	(4 763)	104 568
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
Continuing operations 01.01.2020 - 30.06. 2020							
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
Result on sales within segment	26 794	51 504	175 650	12 190	266 138	(7 370)	258 768
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
Segment profit/loss	9 978	(38 114)	94 672	5 594	72 130	(4 318)	67 812
Amortisation/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



9. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE AND 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. 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.

10. 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.

11. EVENTS WHICH HAVE FOLLOWED AFTER THE DAYS FOR WHICH THE FINANCIAL STATEMENTS PREPARED NOT ENTERED IN THIS REPORT, AND WHICH MAY BE ENTERED IN THE SIGNIFICANT ON THE FUTURE RESULTS OF THE GROUP

None occurred.



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)

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

SIGNIFICANT CHANGES IN THE CONDITIONS OF THE SURETY GRANTED AFTER THE BALANCE SHEET DATE BY COMPANIES OF BORYSZEW CAPITAL GROUP

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

13. ORGANISATION OF THE ISSUER'S CAPITAL GROUP

Boryszew S.A. is the Parent entity of Boryszew Capital Group. The Group features both domestic and foreign subsidiaries, jointly controlled entities, affiliates.

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 if 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.

STRUCTURE OF BORYSZEW GROUP

Boryszew Capital Group is one of the largest private industrial groups in Poland.



Boryszew Capital Group

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(amounts expressed in PLN '000 unless specified otherwise)

In 2005 Boryszew SA seized control of Impexmetal S.A., a company listed at the Warsaw Stock Exchange, a parent company of manufacturing enterprises involved in non-ferrous metals and bearing industry.

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

In the years 2011-2012, the Company continued its development strategy through acquisitions of automotive companies. In July 2011, the Company signed takeover agreements in respect of two German capital groups (AKT/ICOS – Theysohn) in the plastics processing sector, and in March 2012 share acquisition agreement for shares of YMOS Group, leading European producer of plastic, galvanized and chromium-plated components for the automotive industry. In June 2014 Boryszew S.A. assumed control over Tensho Poland Corporation Sp. z o.o. based in Ostaszewo (currently: Boryszew Tensho Poland Sp. z o.o.), a manufacturer of high quality plastic products. In 2019, Boryszew Group assumed control over Alchemia Capital Group and the following Alchemia Group companies: Alchemia S.A., Huta Bankowa Spółka z o.o. and Laboratoria Badań Batory Spółka z o.o.

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).

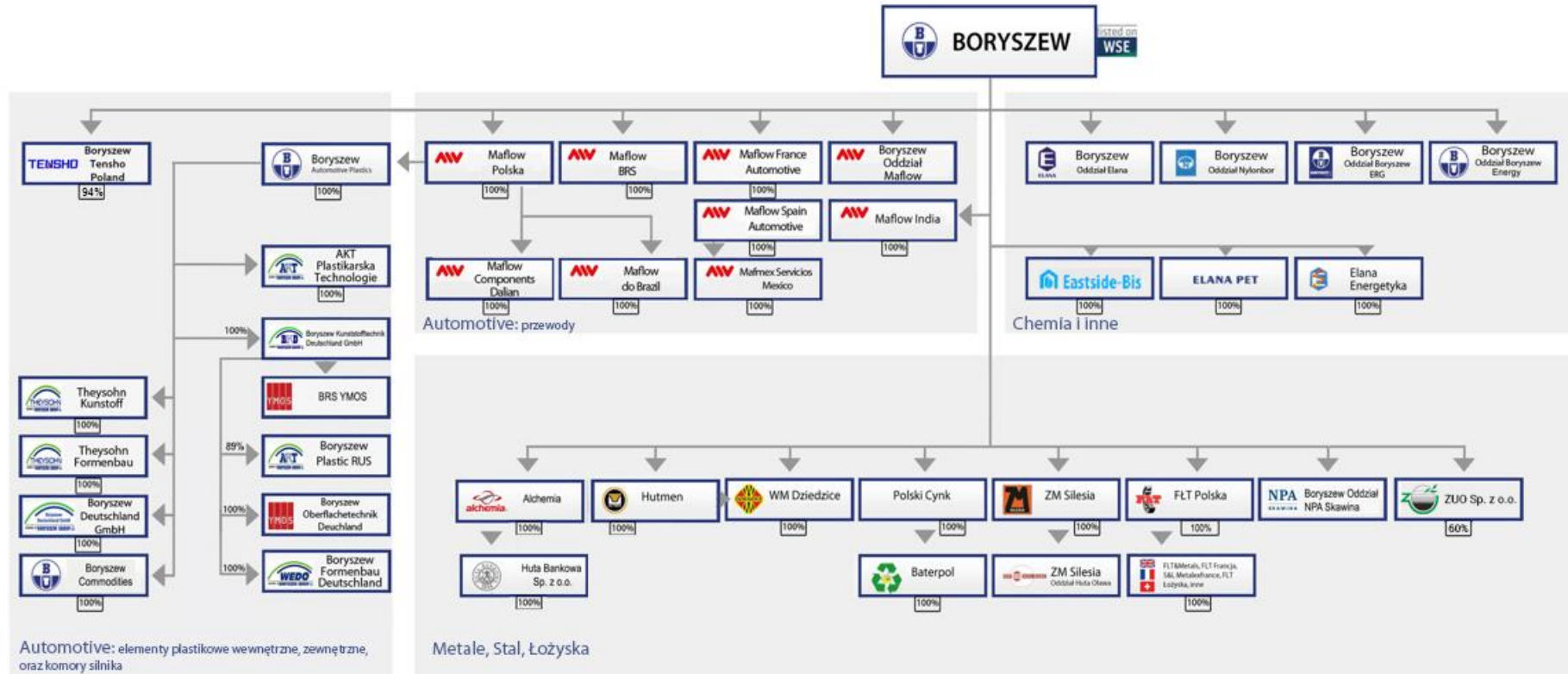


Boryszew Capital Group

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)

SIMPLIFIED ORGANIZATION CHART OF BORYSZEW GROUP WITH AGGREGATE HOLDINGS IN INDIVIDUAL ENTITIES AS AT 31.06.2021





14. IMPACT OF CHANGES IN THE STRUCTURE OF THE GROUP FROM THE YEAR, INCLUDING THE PAYMENT OF ECONOMIC UNDERTAKINGS, ACCEPTANCE OR SALE OF SUBSIDIARIES AND LONG-TERM INVESTMENTS, RESTRUCTURING AND DISSEMINATION OF LONG-TERM INVESTICES

Hutmen Spółka z o.o.

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.

Opening of liquidation of Hutmen Sp. z o.o.

On 30 June 2021 the General Meeting of Shareholders of Hutmen Sp. z o.o. adopted a resolution to liquidate the company. The liquidation of the company will be a two-stage process. Production and sales of products will be phased out first, with a planned completion date of 31 December 2021. Liquidation through the sale of assets and the completion of the company's affairs leading to its deletion from the National Court Register is planned to take place between 1 January 2022 and 31 December 2022.

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.

Events after the balance sheet date

Elana PET Spółka z o.o.

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.

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

15. 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.

16. 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 the list of Shareholders holding more than 5% of the share capital and of the total number of votes as on the date of approval of the present report for publication:



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

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

(**) Boryszew S.A. as per notification of 30 October 2020.

17. CHANGES IN THE OWNERSHIP STRUCTURE OF SUBSTANTIAL SHAREHOLDINGS OF THE COMPANY IN THE PERIOD FOLLOWING THE SUBMISSION OF THE PREVIOUS INTERIM 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.

18. 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.

19. 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

- 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 of 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



(amounts expressed in PLN '000 unless specified otherwise)

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 April 2021.

2. On 24 September 2020 ZM SILESIA S.A. received the decision of the Head of the Małopolska Customs and Tax Office determining the overdue VAT tax liability for 2013 and 2014 in the amount of PLN 97.3 million plus interest on outstanding tax liability. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget.

As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 8 October 2020, the Company filed an appeal against this decision with the Head of the 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 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.
6. 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:

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

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

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

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

The balance of provisions in the consolidated financial statement of Boryszew S.A. amounts to PLN 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.



20. 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)

Loans granted by Boryszew Group companies

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

Sale of electricity

In the first six months of 2021 Boryszew S.A. branch Boryszew Energy sold to Masterpress S.A. electric energy worth PLN 844.6 thousand net.

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.

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


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(amounts expressed in PLN '000 unless specified otherwise)

SURETIES AND GUARANTEES GRANTED BY BORYSZEW S.A. AS AT 30 JUNE 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

**Boryszew Capital Group**

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(amounts expressed in PLN '000 unless specified otherwise)

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 Guarantee granted to BSB Recycling GmbH	4 521 6 781	2021-12-31 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
Maftex S. de R.L. de C.V.	Maftex's performance bond for AB Volvo	22 604	term of the Agreement
	Maftex'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
Total:		216 819	

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

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee [in EUR '000]
Maftex 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

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. INFORMATION ON NON-REPAYMENT OF A CREDIT OR LOAN OR 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.

24. 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.

In case Maflow Group and Boryszew Automotive Plastics Group (BAP), the external factor that considerably influences their activity, development, future results and financial situation is the general situation on the automotive market including prices of raw materials used in the production process as well as situation and strategy of different customers, in particular the possibility to maintain the continuity of production of key Customers in this branch.

The worldwide crisis in semiconductor supply, in the first six months of 2021 caused a persistent bottleneck in supply chains. Both leading automotive companies and their suppliers had to face the challenge of planning their operations over at most two weeks ahead during the pandemic. Importantly, the supply chains of raw materials and semi-finished products in the automotive industry, where the Group operates, are not that flexible and, as a rule, lead times are between 12 and 15 weeks. Volatility of delivery plans and long periods of deliveries had an impact on an increase in inventories and, consequently, use of cash at suppliers and sub-suppliers of car manufacturers. This is a situation that affects the vast majority of contractors in the automotive supply chain. This factor also has an impact on the automotive segment of Boryszew Group - Maflow and BAP Groups companies.

As a result of the shortage of automotive semiconductors, automotive manufacturers decided to reduce production plans or, in more restrictive cases, to suspend production processes. Given the consequences of the pandemic on the car production industry, the high fixed costs additionally influenced the limited self-financing capacity of BAP Group including, in particular, the working capital and in case of Maflow Group limited the potential to generate satisfactory cash flows from its core activity. The attitude of car manufacturers, which may take individual actions to support specific links in the supply chain, will also be important for the situation of contractors in the automotive supply chain.

The Management Board of Boryszew keeps a close look at market trends in the industry and will make decisions concerning the operation on the automotive market also considering the relations with key contractors and their



possible engagement in reducing the negative impact of the above mentioned factors for further participants in the supply chain; such decisions will be communicated in relevant reports.

25. 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. The 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.

Impact of COVID-19 on Boryszew S.A. 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 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.

AUTOMOTIVE SEGMENT

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.

CHEMICAL PRODUCTS SEGMENT

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 COMPANIES NOT ALLOCATED 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.

BORYSZEW CAPITAL GROUP

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



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.

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

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.

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

AUTOMOTIVE SEGMENT

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 PRODUCTS 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 ALLOCATED 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.

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.



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)

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.

25. DECLARATIONS OF THE MANAGEMENT BOARD

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

- to the best of its knowledge, the mid-year consolidated financial statements of the Company and Boryszew Capital Group 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 mid-year report on the activity of Boryszew Capital Group contains a true view of development, accomplishments and situation of Boryszew Capital Group, including a description of fundamental risks and threats.

SIGNATURES:

This report was signed at the Company's registered office on 23 September 2021.

Wojciech Kowalczyk - President of the Management Board

Andrzej Juszczyński - Vice President of the Management Board

Mikołaj Budzanowski – Member of the Management Board
