



Boryszew S.A.

CONDENSED CONSOLIDATED QUARTERLY REPORT FOR BORYSZEW CAPITAL GROUP FOR THE 3RD QUARTER OF 2019

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**SELECTED FINANCIAL DATA**

SELECTED FINANCIAL DATA	in PLN thousand		in EUR '000	
	01.01.2019 -30.09.2019	01.01.2018 - 30.09.2018	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
data regarding condensed consolidated financial statements				
Revenue from continuing operations	4 788 227	4 686 239	1 111 319	1 103 319
Operating profit	178 463	200 295	41 420	47 157
Net profit on continuing operations	90 176	150 741	20 929	35 490
Profit on continuing and discontinued operations	79 097	151 820	18 358	35 744
Net profit attributable to the parent	61 916	98 461	14 370	23 181
Weighted average number of shares	202 595 305	212 815 067	202 595 305	212 815 067
Earnings per share attributable to shareholders of the Parent (in PLN/EURO)	0.31	0.46	0.07	0.11
Net cash flow from operating activities	431 795	106 468	100 217	25 067
Net cash flow from investment activities	(469 653)	(202 197)	-109 004	-47 605
Net cash flow from financial activities	81 683	25 471	18 958	5 997
	As at 30.09.2019	As at 31.12.2018	As at 30.09.2019	As at 31.12.2018
Total assets	5 111 431	4 236 757	1 168 701	985 292
Total liabilities and provisions	3 384 576	2 441 850	773 865	567 872
Assets of continued operations	5 110 277	4 226 093	1 168 437	982 812
Liabilities of continued operations	3 367 723	2 421 563	770 012	563 154
Equity	1 726 855	1 794 907	394 836	417 420



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018	01.07.2019 - 30.09. 2019	01.07.2018 - 30.09. 2018
Continuing operations				
Revenues from sales	4 788 227	4 686 239	1 577 174	1 437 010
Prime cost of sale	4 322 141	4 189 634	1 424 195	1 274 312
Gross profit on sales	466 086	496 605	152 979	162 698
Selling costs	121 584	114 776	45 232	38 227
General and administrative costs	199 901	199 672	73 563	77 976
Other operating revenue	52 559	46 294	16 541	8 986
Other operating expenses	16 788	28 156	4 414	12 040
Profit/loss on impairment of trade receivables	(1 909)		(4 193)	-
Operating income	178 463	200 295	42 118	43 441
Financial revenues	52 236	49 505	28 725	11 954
Financial expenses	90 647	66 577	37 391	2 517
Profit/loss on impairment of financial assets	(44)	-	14	-
Financial profit/loss	(38 455)	(17 072)	(8 652)	9 437
Share in profit of affiliates	820	13 242	2	3 791
Profit before taxation	140 828	196 465	33 468	56 669
Income tax	50 652	45 724	17 862	13 547
Net profit on continuing operations	90 176	150 741	15 606	43 122
Net profit/loss on discontinued operations	(11 079)	1 079	(9 168)	862
Net profit on continuing and discontinued operations, including attributable to:	79 097	151 820	6 438	43 984
<i>to shareholders of the parent</i>	<i>61 916</i>	<i>98 461</i>	<i>9 042</i>	<i>23 721</i>
<i>non-controlling interests</i>	<i>17 181</i>	<i>53 359</i>	<i>(2 604)</i>	<i>20 263</i>
Earnings / Diluted earnings per share	61 916	98 461	9 042	23 721
Weighted average number of shares	202 595 305	212 815 067	202 000 000	211 486 647
Earnings / Diluted earnings per share (PLN)	0.31	0.46	0.04	0.11

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONTINUED**

	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018	01.07.2019 - 30.09. 2019	01.07.2018 - 30.09. 2018
Net profit	79 097	151 820	6 438	43 984
Earnings recognised in equity				
<i>Earnings recognised in equity, to be transferred to income statement</i>	(3 743)	10 240	(4 091)	8 555
Hedge accounting	(8 999)	1 275	(8 487)	21 324
Measurement of financial assets recognised in income statement	-	-	-	-
Exchange differences on translating foreign operations	3 546	9 346	2 783	(9 423)
Income tax expense (-provision/+asset)	1 710	(381)	1 613	(3 346)
<i>Earnings recognised in equity, not to be transferred to income statement</i>	-	-	-	-
Total earnings recognised in equity	(3 743)	10 240	(4 091)	8 555
<i>to shareholders of the parent</i>	(3 743)	8 864	(4 374)	5 644
<i>non-controlling interests</i>	-	1 376	283	2 911
			-	-
Total comprehensive income, including attributable:	75 354	162 060	2 347	52 539
<i>to shareholders of the parent</i>	58 173	107 896	4 668	29 936
<i>non-controlling interests</i>	17 181	54 735	(2 321)	23 174



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED INCOME STATEMENT – DISCONTINUED OPERATIONS

Consolidated profit and loss account – discontinued operations	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018	01.07.2019 - 30.09. 2019	01.07.2018 - 30.09. 2018
Revenues from sales	2 062	43	67	10
Prime cost of sale	1 597	49	61	10
Gross profit (loss) from sales	465	(6)	6	0
Selling costs	21	-	-	-
General and administrative costs	2 627	-	274	-
Other operating revenue	1 997	3 070	1 090	1 196
Other operating expenses	8 173	1 915	7 245	327
Profit (loss) from operating activity	(8 359)	1 149	(6 423)	869
			0	0
Financial revenues	52	4	15	3
Financial expenses	2 772	74	2 760	10
Financial profit/loss	(2 720)	(70)	(2 745)	(7)
			0	0
Profit (loss) before income tax	(11 079)	1 079	(9 168)	862
Corporate income tax	-	-	-	-
Net profit (loss) on discontinued operations	(11 079)	1 079	(9 168)	862
in the parent company	(9 745)	1 176	(8 708)	622
<i>non-controlling interests</i>	(1 334)	(97)	(460)	240



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	As at 30.09.2019	As at 31.12.2018
Non-current assets		
Non-current assets	1 795 685	1 474 215
Investment property	148 494	150 906
Goodwill	253 953	23 464
Intangible assets	55 679	46 667
Right-of-use assets	338 311	
Shares in affiliates	254	316 582
Financial investments	16 155	4 374
Long-term receivables	4 455	4 840
Deferred tax assets	58 745	61 598
Other assets	21 475	21 593
Total fixed assets	2 693 206	2 104 239
Current assets		
Inventory	1 243 763	1 040 253
Trade receivables and other receivables	858 478	664 410
Short-term financial assets	33 267	195 545
Derivative financial instruments	11 787	23 907
Current tax assets	5 793	5 627
Other assets	82 650	54 445
Cash and cash equivalents	181 333	137 667
Total current assets	2 417 071	2 121 854
Assets classified as held for sale	1 154	10 664
Total assets	5 111 431	4 236 757



LIABILITIES AND EQUITY	As at 30.09.2019	As at 31.12.2018
Equity		
Share capital	248 906	248 906
Share premium	114 435	114 435
Own shares	(236 752)	(217 657)
Hedge accounting capital	844	4 797
Capital reserve on translating employee payables	(1 215)	(1 148)
Revaluation reserve	(19 454)	(13 142)
Exchange differences on translating foreign entities	(17 753)	(21 572)
Retained earnings	1 425 152	1 101 613
Total equity	1 514 163	1 216 232
Equity of non-controlling shareholders	212 692	578 675
Total equity	1 726 855	1 794 907
Liabilities and long-term provisions		
Bank credits, loans, bonds	664 633	441 206
Lease liabilities	70 602	70 215
Liabilities related to right-of-use assets	165 456	
Payables on perpetual usufruct of investment land	57 496	57 077
Deferred tax provision	136 972	99 330
Employee benefit provisions	27 528	22 140
Other provisions	46 093	46 071
Other long term equity and liabilities	29 453	11 520
Liabilities and long-term provisions - total	1 198 233	747 559
Short-term liabilities		
Bank credits, loans, bonds	827 897	742 793
Lease liabilities	55 135	32 505
Liabilities related to right-of-use assets	8 731	
Payables on perpetual usufruct of investment land	251	250
Trade payables and other liabilities	1 108 554	746 431
Derivative financial instruments	15 759	5 170
Current tax liabilities	24 427	32 406
Employee benefit provisions	29 327	24 069
Other provisions	54 095	52 185
Other equity and liabilities	45 314	38 195
Liabilities and short-term provisions - total	2 169 490	1 674 004
Liabilities directly related to assets classified as held for sale	16 853	20 287
Total liabilities and provisions	3 384 576	2 441 850
Total equity and liabilities	5 111 431	4 236 757

**CONSOLIDATED STATEMENT OF CASH FLOWS- CONTINUING OPERATIONS**

	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018
Cash flows from operating activities		
Profit before taxation	140 828	196 465
Adjustments for (+/-)	290 967	(89 997)
Amortisation and depreciation	142 151	110 916
Profit/loss on financial activity (including interest on financial liabilities)	40 655	30 736
Profit / loss on investment activities	(5 241)	(23 118)
Change in receivables	(18 109)	(157 358)
Change in inventories	91 045	(116 623)
Change in liabilities	107 137	100 516
Change in provisions and accruals as well as prepayments	(22 156)	12 432
Other items	(990)	(6 748)
Income tax paid	(43 525)	(40 750)
Net cash from operating activities	431 795	106 468
Cash flows from investment activities		
Proceeds from disposal of fixed assets	54 203	1 140
Proceeds from disposal of shares	-	-
Proceeds from redemption of bonds by issuers	182 724	-
Expenses on acquisition of fixed assets	(189 827)	(113 822)
Acquisition of shares in BCG entities	(460 370)	(36 525)
Long term borrowings granted	(1 383)	-
Expenditure on bonds	(55 000)	(52 990)
Net cash from investing activities	(469 653)	(202 197)
Cash flows from financial activities		
Incomes on credit and loan facilities	656 085	216 656
Loans received	9 483	-
Other inflows	7 180	-
Dividends paid	(11 396)	-
Share buy-back expense	(4 516)	(33 110)
Loans repaid	(479 402)	(104 779)
Repayment of borrowings	-	(3 991)
Interest paid on loans, borrowings and leasing	(40 655)	(30 736)
Payment of liabilities under finance lease agreements	(55 096)	(18 569)
Other financial expenditures	-	-
Net cash from financing activities	81 683	25 471
Net change in cash	43 825	(70 258)
Translation reserve	(159)	443
Cash opening balance	137 667	216 120
Cash closing balance	181 333	146 305



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
As at 01.01.2019	248 906	114 435	-217 657	4 797	-1 148	-13 142	-21 572	1 101 613	1 216 232	578 675	1 794 907
Valuation of hedge instruments				(7 289)					(7 289)		(7 289)
Currency translation differences (subsidiaries)							3 546		3 546		3 546
Profit/loss for 3rd quarter of 2019								61 916	61 916	17 181	79 097
Comprehensive income for 3rd quarter of 2019	-	-	-	(7 289)	-	-	3 546	61 916	58 173	17 181	75 354
Share buy-back			(4 516)						(4 516)		(4 516)
Dividend distribution									-	(11 396)	(11 396)
Change in the Capital Group			(14 579)	3 336	(67)	(6 312)	273	261 623	244 274	(371 768)	(127 494)
As at 30.09.2019	248 906	114 435	(236 752)	844	(1 215)	(19 454)	(17 753)	1 425 152	1 514 163	212 692	1 726 855



Boryszew Capital Group
Interim condensed consolidated report for the third quarter of 2019 drafted in accordance with IAS 34 adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
As at 01.01.2018	248 906	114 435	(170 567)	5 259	(775)	(12 024)	(39 569)	985 803	1 131 468	590 622	1 722 090
Valuation of hedge instruments				291					291	742	1 033
Currency translation differences (subsidiaries)							8 573		8 573	634	9 207
Profit/loss for 3rd quarter of 2018								98 461	98 461	53 359	151 820
Comprehensive income for 3rd quarter of 2018	-	-	-	291	-	-	8 573	98 461	107 325	54 735	162 060
Share buy-back			(33 110)						(33 110)		(33 110)
Change of capital group structure				484	(24)	(1 366)	636	35 885	35 615	(68 735)	(33 120)
As at 30.09.2019	248 906	114 435	(203 677)	6 034	(799)	(13 390)	(30 360)	1 120 149	1 241 298	576 622	1 817 920



ADDITIONAL INFORMATION TO CONSOLIDATED QUARTERLY REPORT DRAFTED AS AT 30 SEPTEMBER 2019

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1. INTRODUCTION

COMPANY DATA

Up until 30 June 2019 the Company's registered office was located in Warsaw at Jagiellońska street No. 76. On 1 July 2019 the Company moved to its new registered office in Warsaw, at Jerolimskie av. No. 92. 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 SA (the "Company") 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 non-ferrous metals and automotive manufacturing companies combined with their restructuring, mergers and organic growth in sales of Group's companies contributed to a significant improvement in the Group's results.

Boryszew Capital Group is one of the largest industrial groups in Poland, with production plants on 4 continents, operating in the automotive, non-ferrous metals and chemical industries. The Capital Group employs more than 9 000 employees.

SUPERVISORY BOARD OF BORYSZEW S.A.

As at 1 January 2019, the composition of the Supervisory Board was as follows:

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

On 17 January 2019, the Supervisory Board of the Company adopted a resolution on appointing Mr Janusz Wiśniewski to the Supervisory Board. Mr Janusz Wiśniewski was appointed to the Supervisory Board, replacing Mr Piotr Lisiecki, who resigned from his membership in the Supervisory Board on 7 November 2018.

On 1 April 2019 the Company was informed that on 31 March 2019 Mr Janusz Siemieniec, Chairman of the Supervisory Board of the Company, filed a resignation from the position of the Member of the Supervisory Board, effective as of the same day.

On 8 April 2019 the Supervisory Board appointed Mr Arkadiusz Krężel as Chairman and Mr Janusz Wiśniewski as Vice Chairman of the Supervisory Board for Boryszew S.A.

As at 30 September 2019 and as at the date of submitting the report for publication, the Supervisory Board was composed of the following persons:

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

MANAGEMENT BOARD OF BORYSZEW S.A.

As at 1 January 2019, the composition of the Management Board of Boryszew S.A. was as follows:

Mr Piotr Lisiecki - President of the Management Board, CEO,
Mr Aleksander Baryś – Member of the Management Board, CFO,
Mr Mikołaj Budzanowski – Member of the Management Board



(amounts expressed in PLN '000 unless specified otherwise)

Mr Cezary Pyszkowski – Member of the Management Board, Director for Automotive Sector Development,

On 29 April 2019 Mr Cezary Pyszkowski resigned, as of the same day, from his function of a Member of the Management Board for Boryszew S.A. His resignation was submitted because he was appointed as the President of the Management Board for Boryszew Automotive Plastics Sp. z o.o. based in Toruń, a subsidiary of the parent company.

On 29 July 2019, Mr Aleksander Baryś, Member of the Management Board for the Company, resigned from his function as of 31 August 2019.

At the same time, the Supervisory Board of the Company, on 29 July 2019, decided to appoint, as of 1 September 2019 Mr Krzysztof Kołodziejczyk as Member of the Management Board, Chief Financial Officer for Boryszew S.A.

On the date of submitting the report of, the Management Board for Boryszew S.A. includes the following persons:

Mr Piotr Lisiecki - President of the Management Board, CEO,

Mr Mikołaj Budzanowski – Member of the Management Board

Mr Krzysztof Kołodziejczyk - Member of the Management Board, Chief Financial Officer.

2. BASIS FOR REPORT PREPARATION AND ACCOUNTING PRINCIPLES

The report for the third quarter of 2019 was 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 2018 published on 25 April 2019.

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

Selected financial data in the initial part of the report were converted into EUR according to § 87 section 7 of the Regulation of the Minister of Finance of 19 February 2009 (Journal of Laws No. 33, item 259 of 2009).

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

	average EUR exchange rate in the period	EURO exchange rate as at the last day of period
01.01-30.09.2019	4.3736	4.3086
01.01-31.12.2018	4.2669	4.3000
01.01-30.09.2018	4.2535	4.2714

The accounting principles and computation methods applied by the Group were not modified in the period covered by this report; these principles are presented in detail in the consolidated financial statements for 2018, published on 25 April 2019, except for standards, which became effective after 1 January 2019.



CHANGES IN ACCOUNTING PRINCIPLES

▪ Changes resulting from changes in IFRS

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

Effects of applied accounting principles for IFRS 16

IFRS 16 establishes new accounting standards for reporting leases. As at 1 January 2019, the Group identified two new categories of lease agreements:

- long-term property lease agreements: factory halls, storage facilities, offices,
- perpetual usufruct of land;

In the previous period, it was a lease of machinery, technical equipment, cars and a liability for perpetual usufruct of land disclosed in assets as investment property.

The presentation of lease agreements in the statement of financial position depends mainly on: - the scope of agreements classified as leasing, - the lease period adopted for relevant types of agreements, which requires significant estimates to be made by the Management Board of the Company. The Management Board verifies adopted estimates on the basis of change of factors taken into account during their preparation, new information or established market practice.

The lease period covers the irrevocable period of the agreement, together with the periods for which the lease may be extended, if it can be assumed with sufficient certainty that the Group will exercise this right and the periods for which the lease may be terminated, if it can be assumed with sufficient certainty that the Group will not exercise this right.

The lease term was also determined taking into consideration the legal and customary regulations in force in the Polish legal environment, as well as the specific nature of Group's agreements. In particular, for agreements concluded for an indefinite period of time, the Group accepts the notice period as an irrevocable lease term. For lease agreements concluded for an indefinite period of time, most of the notice periods are shorter than 12 months and for these agreements the Group applied an exemption from recognition of short-term leases. Consequently, such contracts are treated as short-term contracts and are not measured or presented in the statement of financial position.

In case of limited property rights in buildings in which the Group has a telecommunication infrastructure, the lease term was set as the average life of buildings in the Group. The use of any option of early termination of the agreement has not been assessed as probable as at 1 January 2019. Agreements in which the use of the extension option was assessed as probable, have an immaterial impact on the valuation of lease liabilities.

The impact of the application of IFRS 16 on the Group concerns mainly the Group as a lessee and results in:

- a) recognition of all lease agreements as per a single model where the statement of financial position includes the right-of-use asset associated with the leased asset in correspondence with the lease liability;
- b) recognition of depreciation on the right-of-use asset and interest costs on the lease liability, instead of recognition of operating costs;
- c) accelerated recognition of costs related to lease agreements, resulting in particular from the interest component.

As at 1 January 2019, the Group applied the "modified retrospective method", without restating comparative data. The implementation of the standard had no impact on equity as at 1 January 2019, because the Group chose to measure the right-of-use asset at the value equal to the liability for leasing.

The Group chose to apply the exception under IFRS 16 point C.10. (c), whereby the requirements described in (a) to (c) above for leases for which the lease term expires within 12 months from the date of the first application may not be followed.

As a result of applying IFRS 16, certain changes were made to the presentation in the consolidated financial statements, which affected the comparative data.

All leased fixed assets at the end of the previous year were transferred from "Property, plant and equipment" to "Right-of-use assets".



(amounts expressed in PLN '000 unless specified otherwise)

Application of IFRS 16 had the following impact on the consolidated statement of financial position as at 1 January 2019:

Property, plant and equipment as at 01.01.2019	1 474 215
Fixed assets used under lease agreements	(151 879)
Tangible fixed assets after correction	1 322 336
Right-of-use assets	
Transfer from property, plant and equipment	151 879
Recognition of perpetual usufruct of land	84 027
Recognition of leasing of services (property lease agreements)	67 124
Total	303 030
Increase in total assets	151 151
Liabilities	
Leasing liabilities as at 01.01.2019	102 720
Increase in liabilities (implementation of IFRS 16)	151 151
Total	253 871
Increase of liabilities	151 151



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES:

Company name	Based in	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew S.A. :	Warsaw		Parent Company	
<i>Head Office</i>	Warsaw			Other
<i>Elana Branch</i>	Toruń			Chemical products
<i>Boryszew Energy Branch</i>	Toruń			Other
<i>Maflow Branch</i>	Tychy			Automotive
<i>NPA Skawina Branch</i>	Skawina			Metals
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>Nylonbor Branch</i>	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew SA	Chemical products
Torlen Sp. z o.o. w likwidacji	Toruń	100.00	Boryszew SA	liquidation was completed in 3rd quarter
Elana Pet Sp. z o.o.	Toruń	100.00	Boryszew SA	Chemical products
Elana Energetyka Sp. z o.o.	Toruń	100.00	Boryszew SA	Other
SPV Boryszew 3 Sp. z o.o.	Warsaw	100.00	Boryszew SA	Other
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warsaw	100.00	Boryszew SA	Inactive
Maflow Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100.00	Boryszew SA	Automotive
Maflow Spain Automotive S.L.U	Spain	100.00	Boryszew SA	Automotive
Maflow France Automotive S.A.	France	100.00	Boryszew SA	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Maflow Polska Sp. z o.o.	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
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U., Maflow Polska Sp. z o.o.	Company has not commenced operations
MAFMEX S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U., Maflow Polska Sp. z o.o.	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100.00	Boryszew S.A.	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 Oberflächetechnik GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive



(amounts expressed in PLN '000 unless specified otherwise)

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 S.A.	Warsaw	100.00	Boryszew S.A., SPV Boryszew 3 Sp. z o.o., Impexmetal S.A.	Metals
Hutmen S.A.	Wrocław	100.00	Boryszew S.A., SPV Boryszew 3 Sp. z o.o., Impexmetal S.A., Impex – invest Sp. z o.o., SPV Impexmetal Sp. z o.o.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Hutmen S.A., Impexmetal S.A., Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. – in liquidation	Katowice	61.77	Polski Cynk Sp. z o.o.	discontinued operations
ZM SILESIA S.A.	Katowice	100.00	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	100.00	Polski Cynk Sp. z o.o.	Metals
Alchemia S.A.	Warsaw	65.99	Impexmetal S.A., Eastside Bis Sp. z o.o., Boryszew S.A.	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	65.99	Alchemia S.A.	Metals
Laboratoria Badań Batory	41-506 Chorzów	65.99	Alchemia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	100.00	Impexmetal S.A.	Metals
FŁT Polska Sp. z o.o.	Warsaw	100.00	Impexmetal S.A.	Metals
FLT & Metals Ltd.	Great Britain	100.00	Impexmetal 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.	
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	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	100.00	Boryszew S.A., Impexmetal S.A.	Other
Symonvit Ltd w likwidacji	Cyprus	100.00	Impexmetal 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	Impexmetal S.A.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Remal Sp. z o.o.	Konin	80.90	Impexmetal 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., in Konin	Konin	59.97	Impexmetal S.A.	Metals



3. DESCRIPTION OF PERFORMANCE OF BORYSZEW GROUP IN Q3 '2019 INCLUDING FACTORS AND EVENTS WITH SIGNIFICANT IMPACT ON THE FINANCIAL RESULT

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				
	3Q 2019		3Q 2018			3Q 2019		3Q 2018	
Chemical products	191 496	4%	210 900	5%	Poland	1 724 518	36%	571 451	12%
Automotive	1 346 762	28%	1 433 617	31%	Germany	880 649	18%	982 577	21%
Metals	3 098 607	65%	2 874 411	61%	Other EU countries	1 738 238	36%	1 562 528	33%
Other *	151 362	3%	167 311	4%	Other	444 822	9%	1 569 683	33%
TOTAL	4 788 227	100%	4 686 239	100%	TOTAL	4 788 227	100%	4 686 239	100%

* this item also includes consolidation exclusions between segments

Key determinants:

Market sentiment - PMI and GDP:

More than 90% of revenues at Boryszew Capital Group is generated in Europe, hence 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 nine months of 2019 was less 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 for the Capital Group (the Euro zone, Germany, Poland) were at a much lower level compared to the same period of the previous year.

PMI	3Q 2019	3Q 2018
EU	45.7	53.2
Poland	47.8	51.4
Germany	41.7	53.7

PMI for Germany and the EU reached 41.7 points and 45.7 points respectively, which is one of the lowest readings since 2009 for Germany and since 2014 for the EU. As of March 2019, some stabilisation of readings could be noticed (in the same period of the previous year, PMIs were at the level of 53.7 points for Germany and 53.2 points for the EU).

In Poland the PMI reading is also lower than in the same period of the previous year and remains below the level of 50 points, which marks the line of economic slowdown, i.e. 47.8 points (with reading of 51.4 points in Q3 2018).

Forecast of GDP growth for Poland	2019	2020
NBP	4.3%	3.6%
World Bank	4.3%	3.6%
European Commission	4.1%	3.3%

In its autumn forecast, the European Commission (EC) lowered Poland's GDP growth forecast for this year to 4.1% (vs. the July forecast of 4.4%). The forecast for 2020 is now reduced to 3.3% from 3.6%. As the European



Commission claims, this reduction is to be attributed, among other things, to slightly weaker private consumption, which was at an extremely high level last year.

GDP growth forecasts for 2019 are, according to the European Commission, similar to those presented by the NBP and are more optimistic than those presented by the World Bank in April 2019.

The NBP expects 2019 growth at the level of 4.3% and 2020 - at 3.6%. This was likely due to a lower GDP reading in Q3 2012 and a lower forecast of domestic economic activity in the longer term. The current forecasts of the NBP are consistent with the forecasts of the World Bank.

Due to growing private consumption and investment recovery, the World Bank's current forecast for 2019 is more optimistic than the one presented in April and January (4.0%).

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 30% of Group's turnover).

During 9 months of 2019 car sales in Europe declined. According to ACEA, the passenger car market in Europe declined by 1.6% compared to the same period of last year.

After 9 months of 2019 the main customer of the Automotive segment, Volkswagen Group, recorded a 1.4% drop in car sales on the European market (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 86% of sales value.

Market sentiments - basic products of the Metals segment:

The situation on the market of the basic products of this Segment, i.e. aluminium rolled products, is very good. Forecasts speak of a double growth in the demand for sheets and tapes over the next ten years. Aluminium has been seeing a growing application in many industries of the economy. The markets of key importance for Aluminium Konin are automotive and packaging materials markets. 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. Also the segment of beverage bottle caps thrives from a continuous increase in demand in the scale of a few per cent.

Market sentiment - Prices of basic raw materials:

Since nearly 65% 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) dropped significantly: copper (by 9%), zinc (by 14%), lead (by 15%) and aluminium (by 16%).

Also metal prices expressed in PLN decreased by 2% (copper), 7% (zinc), 9% (lead) and 10% (aluminium) respectively, which resulted from changes in the USD to PLN exchange rate.

The raw materials important for the Group include metal scrap (including battery scrap), which are the main (Baterpol S.A., WM Dziedzice S.A.) or important (Impexmetal S.A., Zakład Aluminium Konin) raw materials for production.

Another key factor for the Capital Group in market premium, that will depend on the sales range in relevant period and on current procurement needs. In case of most of the Group companies (except Hutmen S.A.), base sales bonuses are lower than those obtained in 2018.



Market sentiments - significant currency pairs

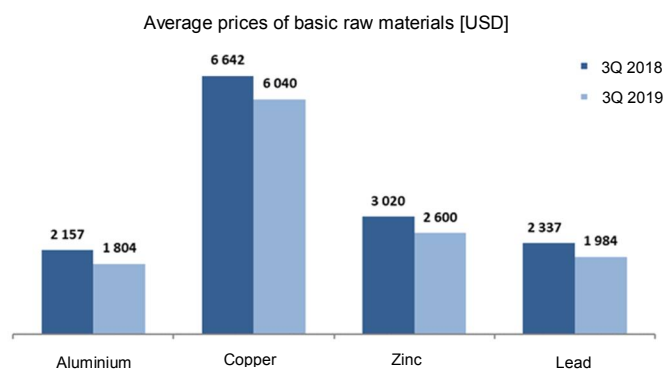
The level of US dollar rates has an impact on revenues of the Group, which to some large extent dependent also on the level of metal rates as metals are the major component of the price of Group's products. In the reviewed period of 2019, USD strengthened against the PLN by 7.4%, which also had an impact on the listings of basic metals expressed in PLN and on the sales profitability on this account.

The level of EUR rates is significant for the Group due to the predominance of processing margins denominated in this currency and due to the high share of EUR export sales (approximately 56%), mainly to the EURO zone. In reviewed period of 2019, the average EUR listings increased by 1.2% in relation to PLN.

In 9 months of 2019 the EUR/USD exchange rate stood at 1.12, which was 5.8% lower 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.

Detailed information on the above key parameters (daily average metal prices and exchange rates) are presented in the chart and table below:



	3Q 2019	3Q 2018	% change
Aluminium [USD]	1 804	2 157	-16%
Copper [USD]	6 040	6 642	-9%
Zinc [USD]	2 600	3 020	-14%
Lead [USD]	1 984	2 337	-15%
EUR/PLN	4.30	4.25	1.2%
USD/PLN	3.84	3.57	7.4%
EUR/USD	1.12	1.19	-5.8%
	3Q 2019	3Q 2018	% change
Aluminium [PLN]	6 920	7 702	-10%
Copper [PLN]	23 167	23 712	-2%
Zinc [PLN]	9 973	10 783	-8%
Lead [PLN]	7 611	8 342	-9%

Source: Daily listings of LME, NBP

Revenues from sales / Demand for Group's products

Revenues from sales generated by Boryszew Capital Group after 9 months of 2019 amounted to PLN 4 788.2 million PLN and were higher by 2.2% than those generated in the same period of 2018.



(amounts expressed in PLN '000 unless specified otherwise)

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

in PLN million	3Q 2019	3Q 2018	difference
Revenues from sale, including:	4 788.2	4 686.2	102.0
Automotive Segment	1 346,8	1 433,6	-86.9
Metals Segment	3 098.6	2 874.4	224.2
Chemicals segment	191.5	210.9	-19.4
Other Activities Segment	151.4	167.3	-15.9
(in thousand tonnes)	3Q 2019	3Q 2018	difference
Volume of sales, including:	232.4	247.1	-14.7
Metals Segment	196.2	208.5	-12.3
Chemicals segment	36.2	38.6	-2.4

The increase in revenues of the Metals segment was primarily related to the recognition, in the results for 9 months of 2019, of revenues of Alchemia Group amounting to PLN 406.8 million, due to the acquisition of control over Alchemia Group. Other entities of the Segment, except for ZM Silesia S.A. Oława branch and Impexmetal S.A. Aluminium Konin, Hutmen and WMD, recorded lower revenues against 9 months of the previous year. This was attributed to a drop in prices (expressed in PLN) of most of the products sold by the segment (resulting from metal prices on LME) and changes in Segment's sales volumes, which decreased by 5.9%, to the level of 196.2 thousand tons (without volumes of Alchemia Group).

The highest drop in sales volumes was suffered by Boryszew S.A. NPA Skawina branch: as much as 8.3 thousand tonnes (i.e. 26.2%). The decrease could be seen in almost entire range of production, except for aluminium monolithic conductors and was due to, among other things, the lack of tenders for power transmission lines

In case of Baterpol S.A., the decrease in volumes was 3.9 thousand tonnes (i.e. by 10.8%), which was mainly due to changes on the battery scrap market and the increase in raw material prices, as well as the change in the scrap mix used for production. This resulted in lower sales revenues.

ZM Silesia S.A. Katowice branch recorded a drop in sales of 1.2 thousand tons (i.e. by 11.1%) in all production assortments, but mainly in the sheet metal segment.

For WM Dziedzice S.A. the decrease in sales was 0.9 thousand tons (i.e. by 3.5%) mainly in bars and metal processing services offered by WM Dziedzice S.A.

In case of Hutmen S.A., the decrease was 0.5 thousand tons (i.e. by 4.9%). This came from a decrease in sales of copper wire, rods, profiles and pipes as well as bronze rods and tubes.

ZM Silesia S.A. Oława branch recorded an increase in sales volumes by 2.1 thousand tons, i.e. by 11.1%. It was mainly driven by zinc white, with sales level lower to that of the same period in previous year due to the delay in launch of its production.

In case of Impexmetal S.A. Zakład Aluminium Konin the increase in sales volumes by 0.4 thousand tonnes, i.e. by 0.6%, is a result of increased production capacity and thus improved sales opportunities brought about by investments completed in recent years.

The decrease in revenues in the Automotive segment came from a decrease in sales of parts by PLN 137.2 million and was mainly caused by new procedures under WLTP (Worldwide Harmonized Light Vehicles Test Procedure) and the observed slowdown in the passenger car market.

This translated into lower sales for part of the BAP Group by 10% (a decrease against sales in the same period of the previous year). Lower than planned sales for the BAP Group are due to the fact that some of the projects involve parts for older car models and therefore the demand for these vehicles is limited. The decrease in revenue from sales of parts (in the BAP Group) was offset by an increase in sales of tools (PLN 133 million).



In case of the Maflow Group, the decline in turnover was approximately 11% against the same period of the previous year (PLN 82.1 million). The decrease was partially compensated in the Maflow Group by higher sales of tools and materials (by PLN 5.1 million).

In 9 months of 2019, the Automotive segment acquired contracts for a total amount of approximately EUR 90.4 million.

The Chemicals segment recorded lower revenues than in the corresponding period of the previous year, with slightly lower sales volumes, mainly due to discontinuation of production in one of the companies in the segment, i.e. Torlen Spółka z o.o., which resulted from the initiation of the liquidation process.

The decrease in sales volumes by approx. 1.3% and a slight increase in sales revenues was recorded by Boryszew S.A. Boryszew ERG branch, mainly as a result of a much higher sale of de-icing fluids against the same period of 2018 (in particular against Q1 of 2019).

Elana Pet Sp. z o.o. recorded lower sales revenues against the same period of the previous year, mainly as a result of much lower volumes in sales of goods, namely by 5.4 thousand tons (by 88.8%).

Boryszew S.A. Elana branch recorded a decrease in revenues as a result of lower sales by 16.2% against the same period of the previous year. The decrease came mainly from lower sales of fibres.

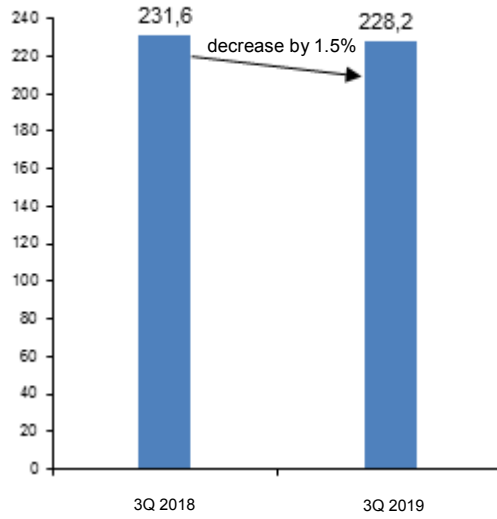
The decrease in revenues from sales in Segment Other was primarily caused by inter-segment exclusions. The main entity in the Segment, Boryszew S.A. Energy branch, improved its revenues against the same period of the previous year.

The comparison of the total sales volumes of the Capital Group in the discussed periods and rolling 12-month sales volumes are presented in the following charts:

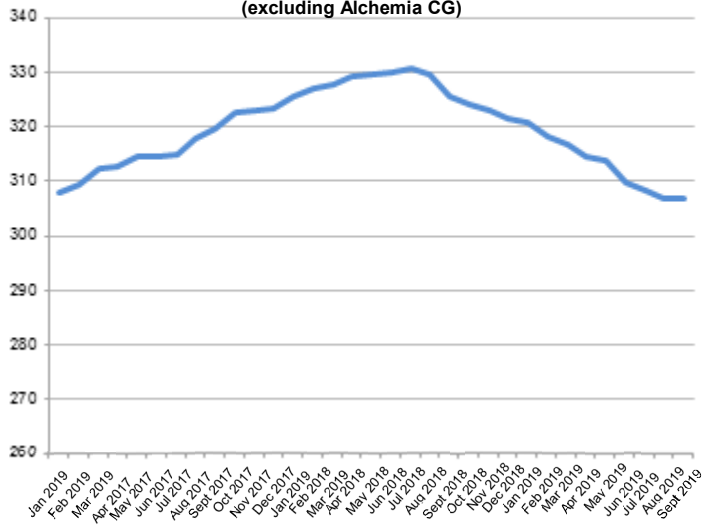


(amounts expressed in PLN '000 unless specified otherwise)

Sales volume of Boryszew Capital Group
3Q 2018 vs 3Q 2019
continued operations [tonnes '000] (excluding Alchemia Group)



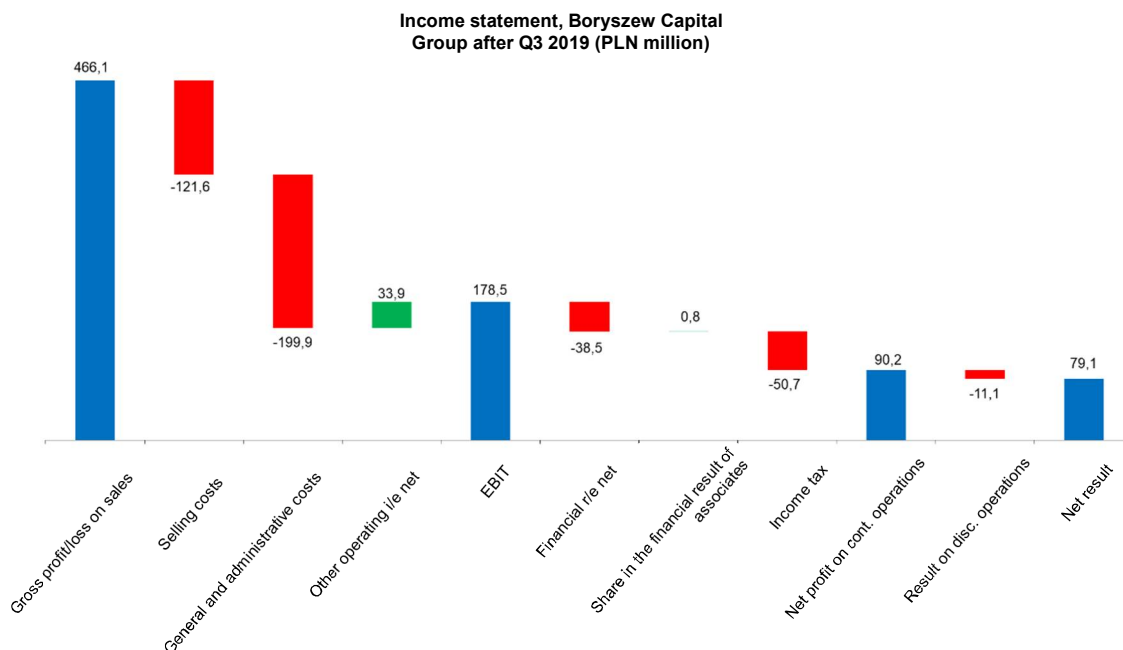
Rolling cumulative sales from
01.01.2017 [PLN '000]. T] Boryszew
Capital Group, continuing operations
(excluding Alchemia CG)





B. ACHIEVED FINANCIAL RESULTS

The graph below compiles components of the profit and loss account after 9 months of 2019.



The gross result on sales after 9 months 2019 amounted to PLN 466.1 million and was lower by PLN 30.5 million against the result for the corresponding period of the previous year. The decrease in gross profit is a consequence of the deterioration of results in all Segments.

The average gross return on sales dropped from 10.6% at the end of 2018 to 9.7% at present.

Costs of sales were lower by PLN 6.8 million, or by 5.9% against the same period of the previous year.

General and administrative expenses were slightly higher than in 9 months of 2018 - by 0.1%.

Net operating income/expenses amounted to PLN 33.9 million and was higher by PLN 15.7 million than in the corresponding period of 2018, mainly due to higher subsidies received (+PLN 2.8 million) and result on the sale of white certificates (+PLN 8.3 million). A positive result was also recorded from received and due compensations and claims amounting to +PLN 5.3 million (including +PLN 4.8 million for Alchemia). Write-downs on trade receivables and inventories closed with a negative balance of PLN 0.5 million.

Net financial income/expenses amounted to PLN 38.5 million negative and was lower by PLN 21.4 million against the corresponding period of the previous year, mainly due to a lower result on the sale of shares recognised as financial assets (PLN 6.8 million negative) and a loss on derivative financial instruments of PLN 3.4 million negative. Write-downs on bonds closed with a negative balance of PLN 11.9 million.

The share in the consolidated result of Alchemia S.A. - an associated company - for 9 months of 2019 amounted to PLN 0.8 million and was lower, by PLN 12.4 million, against the corresponding period of the previous year.



OPERATING RESULTS BY SEGMENTS

1. Consolidates figures:

After 9 months of 2019 EBITDA on continuing operations amounted to PLN 320.6 million, compared to PLN 311.2 million in the same period of the previous year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	3Q 2019	3Q 2018	difference
EBITDA, including:	320,6	311,2	9.4
Automotive Segment	82.5	60.2	22.3
Metals Segment	222.1	226.4	-4.3
Chemicals segment	10.2	10.5	-0.4
Other Activities Segment	5.8	14.1	-8.3

2. Metals Segment

Lower results, against last year, in the Metals Segment are mainly attributable to lower unit margins after considering raw material costs in Baterpol, WMD and Aluminium Konin and lower sales with lower trade margins in FLT Group. Among other group companies, only Hutmen S.A. and ZM Silesia S.A. Oława branch recorded higher results than in the same period of the previous year. Remaining companies performed worse than in the corresponding period of the previous year.

Hutmen S.A. recorded better results primarily due to higher average unit processing margins on all assortments it offers and simultaneous decrease in sales volumes by 4.9% against the first nine months of 2018.

While the increase of results in ZM SILESIA S.A. Oława branch is the effect of a significant increase in sales volumes (in particular of zinc white; in the same period of the previous year lower sales of zinc white resulted from a delay in the launch of its production), improvement of unit processing margins, mainly due to a decrease in raw material purchase costs and the result on sales of white certificates.

Worse performance of Impexmetal S.A. (Aluminium Konin) was caused by lower unit processing profitability coming from lower unit margin on raw material and trade bonus.

Baterpol S.A. performed results mainly due to much lower (by 10.8%) sales volumes and due to falling unit processing margins coming from adverse changes on the battery scrap market and changes in the scrap mix used in production.

The decrease in the results in Boryszew S.A. NPA Skawina branch was caused by significantly lower sales, (by 26.2%) in all sales assortments except for aluminium monolithic conductors and lower unit processing margins in the first 9 months of 2019.

The drop in the results of ZM SILESIA S.A. Katowice branch came from decreasing sales volumes (by 11.1%) in virtually all sales assortments, including in particular metal sheets and unit processing margins for most assortments except wires.

WM Dziedzice S.A. suffered a decrease due to lower unit processing margins on most of the sales assortments, mainly coming from higher material costs and salaries and lower sales volumes by 3.5% against the same period of the previous year.

Lower result of the segment was affected by lower sales in all FLT Group companies, including its largest company - FŁT Polska Sp. z o.o.

3. Automotive Segment

The increase in nominal EBITDA in the Automotive segment is primarily attributable to Maflow Group.

2019 continued to see the negative impact of WLTP environmental standards that were introduced by the automotive industry in September 2018, which affected the main customer of BAP Group - VW Group (mainly VW and Audi brands) to the greatest extent. Importantly, the drop in sales was seen for selected car models, which



translates into different values of sales deviations from the plans and results of individual entities in the Automotive Segment. For BAP Group, the estimated loss of EBITDA on this account is about PLN 40.2 million

In case of Maflow Group, the positive year-on-year deviation results mainly from the optimisation activities that took place in the Group.

4. Chemical products segment

The decline in EBITDA of the Chemicals Segment came in particular from lower EBITDA of: Boryszew S.A. Elana branch and Elana Pet Sp. z o.o..

Elana Pet Sp. z o.o. suffered a drop in results mainly due to significantly lower volumes in sales of goods, and thus lower revenues from sales against the same period of the previous year.

Lower results of Boryszew S.A. Elan branch came from lower sales volumes by some 17.8% and lower unit processing margins due to a significant increase in flake purchase price with a disproportionate increase in fibre prices, coming from the pressure of market prices instigated by the competition.

5. Other Activities Segment

Worse performance of the segment, against the same period of the previous year was mainly caused by the worse operating results of Elana Energetyka Sp. z o.o. as a result of lower unit trade margins on media sales than in the first nine months of the previous year.

NET PROFIT/LOSS

The net result on continued operations amounted to PLN 90.2 million and was lower by PLN 60.6 million than the result after 9 months of 2018.

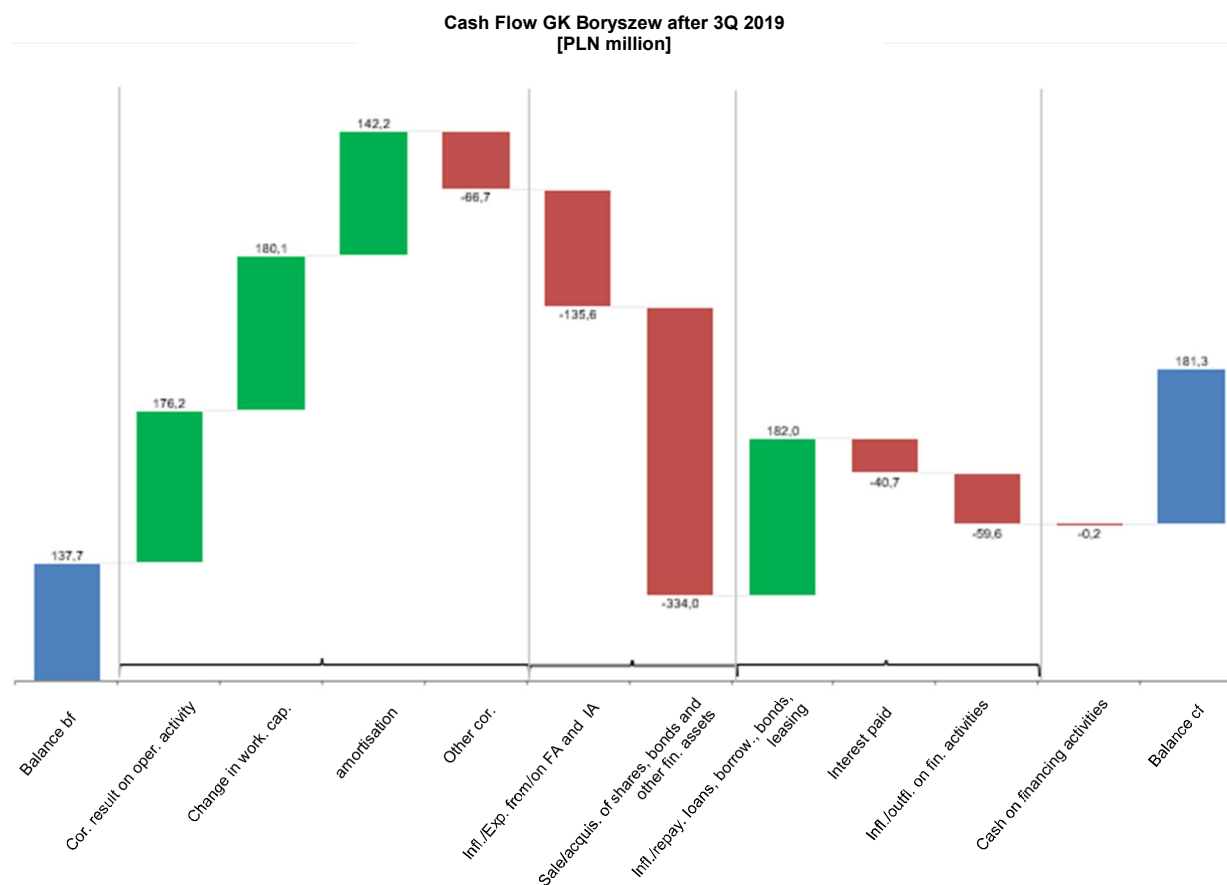
The total net result, including continued and discontinued operations, amounted to PLN 79.1 million and was lower than the result after 9 months of 2018 by PLN 72.7 million, while the net result attributable to shareholders of the parent company amounted to PLN 61.9 million - lower than last year's result by PLN 36.5 million.



(amounts expressed in PLN '000 unless specified otherwise)

C. CASH FLOW

Cash flows after 9 months of 2019 are presented in the chart below:



After nine months of 2019, Boryszew Capital Group generated positive cash flows from operating and financial activities, which were allocated to investments in tangible and financial assets (purchase of shares in Alchemia S.A. as well as Impexmetal S.A.). Due to the scale of the investment, the Group increased its external financing.

The negative balance of cash flows from investing activities came mainly from investments in fixed assets in the amount of PLN 189.8 million (with proceeds from the sale of assets in the amount of PLN 54.2 million) and the balance of acquisition/sale of financial assets (shares and bonds) in the amount of minus PLN 334.0 million.

The most important expenditure for investments in fixed assets were related to: In Metals segment (PLN 110.9 million excluding Alchemia) and in Automotive segment (PLN 50.4 million).

After 9 months of 2019, the net debt of the Boryszew Capital Group amounted to PLN 1 436.9 million and was higher by PLN 287.9 million compared to the end of 2018 (including a net debt increase of PLN 77.8 million at the end of Q3 '2019 due to consolidation of Alchemia Group),

The net debt to EBITDA ratio after 9 months of 2019 was 3.45x - higher than at the end of the previous year when it was 3.00x.

* the ratio includes annualised EBITDA of the Alchemia Group



OTHER IMPORTANT EVENTS

ALCHEMIA S.A.

Conclusion of an agreement on a tender offer for the sale of Alchemia S.A. shares

On 10 January 2019 Boryszew S.A. together with Mr Roman Karkosik, Ms Grażyna Karkosik, Impexmetal S.A. based in Warsaw and Eastside-Bis Sp. z o.o. based in Warsaw (the "Parties") concluded a shareholders' agreement of Alchemia S.A. concerning, among other things, determination of the rights and obligations of the Parties concerning the ownership of Alchemia shares and determination of the rules of cooperation between the Parties, in particular on the rules for acquisition of Alchemia shares and voting in concert during general meetings of Alchemia. Under this Agreement the Parties committed to act jointly in order to announce a tender offer for the sale of all Alchemia shares other than shares held by the Parties. In the event of failure to reach 90% of the total number of votes at the General Meeting of Alchemia under the tender offer announced as described in the previous sentence, the Parties will announce a tender offer for the sale of all Alchemia shares under Article 91 section 6 of the Act on public offering and terms of introducing financial instruments to organised trading and on public companies. The agreement was concluded for a definite period of time, until share dematerialisation is abolished.

On 11 January 2019 Boryszew S.A. together with Mr Roman Karkosik, Ms Grażyna Karkosik, Impexmetal S.A. based in Warsaw and Eastside-Bis Sp. z o.o. based in Warsaw, acting jointly as the Inviting party (the "Inviting party") announced through Santander Bank Polska S.A. an invitation to subscribe for the sale of 29 245 000 shares of Alchemia, that is for the sale of all Alchemia shares traded on the stock exchange, which are not held by the Inviting Party. Inviting Party's intention was to acquire 100% of the share capital/total number of votes at the General Meeting of Shareholders of Alchemia (the "Invitation"). The entity acquiring the shares was Impexmetal S.A. based in Warsaw. The Invitation was announced under Article 74 section 2 of the Act on Public Offering as the Inviting party exceeded the threshold of 66% of the total number of votes at the General Meeting of Alchemia. The purchase price of shares in the Invitation was set at PLN 4.80 per share, which corresponds to the criteria set forth in Article 79 of the Act on Public Offering.

Acquisition of Alchemia S.A. shares under the Invitation was financed by Impexmetal S.A. with a loan of PLN 124 million, granted by HSBC Bank PLC of London, guaranteed by Boryszew S.A.

On 5 March 2019 Impexmetal S.A. received information from Santander Bank Polska S.A. that as a result of the invitation for the sale of shares of Alchemia S.A. based in Warsaw announced on 11 January 2019, the subscriptions received covered a total of 23 436 074 shares at PLN 4.80 per one share.

As a result of this transaction, the direct and indirect share of Boryszew in the share capital and the total number of votes at the General Meeting of Alchemia changed by more than 1% and Boryszew indirectly exceeded the 50% threshold in the share capital and the total number of votes at the General Meeting of Alchemia, hence Boryszew (together with its subsidiary Impexmetal S.A. and Eastside-Bis Sp. z o.o.) gained control over Alchemia and, consequently, was able to exercise control over Alchemia's own shares held by Alchemia. The transaction was settled on 15 March 2019.

After the settlement of the transaction referred to above, Boryszew held in total, directly and indirectly through its subsidiaries Impexmetal S.A., Alchemia S.A. and Eastside-Bis Sp. z o.o., 129 121 074 Alchemia shares, accounting for 64.56%, (rounded off), of the share capital and carrying 129 121 074 votes at the General Meeting of Alchemia, which accounts for 64.56% of the total number of votes at the General Meeting of Alchemia, including:

- Boryszew - 500 000 shares in Alchemia, carrying 500 000 votes at the General Meeting of Alchemia, which accounts for 0.25% of the share capital and the total number of votes at the General Meeting of Alchemia;
- Impexmetal - 86 826 074 shares in Alchemia, carrying 86 826 074 votes at the General Meeting of Alchemia, which accounts for 43.41%, (rounded off), of the share capital and the total number of votes at the General Meeting of Alchemia;
- Alchemia - 26 550 000 Alchemia's own shares carrying 26 550 000 votes at the General Meeting, which accounts for 13.28% of the share capital and the total number of votes at the General Meeting of Alchemia.
- Eastside-Bis Sp. z o.o. – 15 245 000 shares in Alchemia, carrying 15 245 000 votes at the General Meeting of Alchemia, which accounts for 7.62%, (rounded off), of the share capital and the total number of votes at the General Meeting of Alchemia.



Registration by the Court of the reduction of share capital of Alchemia S.A.

On 29 March 2019 the Registry Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register registered the reduction of Alchemia S.A. share capital from PLN 260 000 000 to PLN 225 485 000, i.e. by PLN 34 515 000 through redemption of 26 550 000 of the Company's own shares carrying 26 550 000 votes and with a par value of PLN 1.30 per share.

After the registration of the above-mentioned decrease in Alchemia share capital, Boryszew held in total, directly and indirectly through its subsidiaries Impexmetal S.A. and Eastside - Bis Sp. z o.o., 102 571 074 of Alchemia shares, accounting for 59.14%, (rounded off), of the share capital and carrying 102 571 074 votes at Alchemia General Meeting, which accounts for 59.14% of the total number of votes at Alchemia General Meeting, including:

- Boryszew - 500 000 shares in Alchemia, carrying 500.000 votes at the General Meeting of Alchemia, which accounts for 0.29% of the share capital and the total number of votes at the General Meeting of Alchemia;
- Impexmetal - 86 826 074 shares in Alchemia, carrying 86 826 074 votes at the General Meeting of Alchemia, which accounts for 50.06%, (rounded off), of the share capital and the total number of votes at the General Meeting of Alchemia;
- Eastside-Bis Sp. z o.o. – 15 245 000 shares in Alchemia, carrying 15 245 000 votes at the General Meeting of Alchemia, which accounts for 8.79%, (rounded off), of the share capital and the total number of votes at the General Meeting of Alchemia.

Intent to acquire shares in Alchemia S.A. by squeeze-out

On 13 May 2019, the documentation related to Impexmetal S.A.'s intention to acquire Alchemia S.A. shares belonging to all other Alchemia shareholders by squeeze-out was submitted to the Polish Financial Supervision Authority and the Warsaw Stock Exchange.

According to the submitted documentation, the squeeze-out of Alchemia's shares included all the shares in Alchemia which were not held by the parties to the agreement, namely Boryszew, Impexmetal, Roman Krzysztof Karkosik, Grażyna Wanda Karkosik and Eastside - Bis Sp. z o.o., or 2 618 926 Alchemia shares in total, accounting for 1.51%, rounded off, of Alchemia's share capital and carrying 2 618 926 votes, accounting for 1.51%, (rounded off), of the total number of votes at Alchemia's General Meeting.

Settlement of squeeze-out of shares in Alchemia Spółka Akcyjna

On 5 June 2019 Boryszew S.A. was notified of settlement of the squeeze-out of Alchemia S.A. shares, with its registered office in Warsaw, held by all other Alchemia shareholders who are not parties to the shareholders' agreement. The squeeze-out covered all shares of Alchemia held by all other shareholders of Alchemia S.A. who are not parties to the shareholders' agreement, that is 2 618 926 ordinary bearer shares with a par value of PLN 1.30 each, accounting for 1.51%, (rounded off), of Alchemia share capital and carrying for their holders a total of 2 618 926 votes at the General Meeting of Alchemia, which accounts for 1.51%, rounded off, of the total number of votes during the General Meeting of Alchemia. All shares under the squeeze out were acquired by Impexmetal Spółka Akcyjna with its registered office in Warsaw.

On 2 July 2019 Impexmetal S.A. acquired, on the basis of a civil-law contract concluded outside the regulated market, 9 280 000 shares of Alchemia S.A., which accounts for 5.35% of Alchemia S.A. share capital

As at the day of the report, Impexmetal holds in total, directly and indirectly through its subsidiaries, Eastside-Bis Sp. z o.o. and Eastside – Bis Sp. z o.o., 114 470 000 Alchemia shares, accounting for 65.99%, (rounded off), of Alchemia share capital and carrying 114 470 000 votes at Alchemia General Meeting, which accounts for 65.99%, rounded off, of the total number of votes at Alchemia General Meeting, including:

- Boryszew - 500 000 shares in Alchemia, carrying 500 000 votes at the General Meeting of Alchemia, which accounts for 0.28%, (rounded off), of the share capital and the total number of votes at the General Meeting of Alchemia;
- Impexmetal - 98 725 000 shares in Alchemia, carrying 98 725 000 votes at the General Meeting of Alchemia, which accounts for 56.92%, (rounded off), of the share capital and the total number of votes at the General Meeting of Alchemia;



- Eastside-Bis Sp. z o.o. – 15 245 000 shares in Alchemia, carrying 15 245 000 votes at the General Meeting of Alchemia, which accounts for 8.79%, (rounded off), of the share capital and the total number of votes at the General Meeting of Alchemia.

Abolition of dematerialisation of Alchemia S.A. shares

On 29 August 2019 the Extraordinary General Meeting of Alchemia S.A. adopted a resolution on abolishing the dematerialisation of all shares, that is 173 450 000 A series ordinary bearer shares of Alchemia S.A., traded on the regulated market of the Warsaw Stock Exchange, by restoring their documentary form.

On 13 September 2019 Alchemia S.A. submitted a motion to the Polish Financial Supervision Authority to abolish the dematerialisation of Company's shares.

On 5 November 2019 the Polish Financial Supervision Authority granted its consent to the restoration of the documentary form to all 173 450 000 dematerialised shares in Alchemia S.A. (abolition of dematerialisation of shares). The Polish Financial Supervision Authority determined 13 November 2019 as the date on which the obligation of the Company under the Act of 29 July 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies ceased to exist.

On 8 November 2019 the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) adopted Resolution No. 1162/2019 on the exclusion of Company's shares from trade on WSE Main Market (Resolution). In accordance with the aforementioned Resolution, with reference to the decision of the Polish Financial Supervision Authority on granting the Company permission to restore documentary form of Company's shares (abolition of dematerialisation of shares), the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. decided to exclude from trade Alchemia S.A. shares, code PLGRBRN00012, as of 13 November 2019. In execution of the Resolution, 173 450 000 A series shares, or all Company's shares, were delisted from public trading.

Preliminary settlement of the acquisition of control over Alchemia S.A.

Following the consolidation principles adopted with regard to Alchemia S.A., in its consolidated financial statements the Parent Company presents shares in Alchemia S.A. as of the moment of obtaining significant influence in the adjusted acquisition price determined as the market (stock) value on that day. In subsequent periods, shares of the associated company were not subject to valuation, and the accumulated valuation was recognised in equity where it now remains. Subsequent increases in the shares held in Alchemia S.A. are recognized at cost.

As at 31 March 2019, the date adopted for consolidation purposes as the date of obtaining control, Impexmetal Capital Group holds 58.85% of shares in Alchemia S.A.,

As at 30.06.2019 Boryszew Capital Group had an effective share of 53.81%.

As at 30.09.2019, Boryszew Capital Group holds 66% of the share capital of Alchemia S.A.



(amounts expressed in PLN '000 unless specified otherwise)

Value of Alchemia S.A. shares in Impexmetal Capital Group prior to obtaining control (as at 31.12.2018)	314 243
including:	
– value of shares at purchase price	337 686
– correction to the purchase price (revaluation until the date of determining significant influence, recognised in equity)	(27 392)
– impairment losses	(7 548)
– cumulative results of the associated company as at 31.12.2018 (before the date of obtaining control)	11 497
	65 450 000 shares
Number of Alchemia S.A. shares in Impexmetal Group as at 31.12.2018	
Unit price of Alchemia S.A. shares disclosed in the consolidated balance sheet prior to obtaining control (equity method)	4.8013
Market price of shares determined as at the date of obtaining control	4.8000
Market value of Alchemia S.A. shares determined prior to obtaining control	314 160
The difference between the value of shares disclosed in the consolidated financial statements and the market value determined as at the date of obtaining control is PLN 83 thousand, which is equivalent to 0.03%, it is recognised as an intangible asset and is introduced to the consolidated balance sheet.	
Change in the value of shares between 31.12.2018 (prior to obtaining control) and 31.03.2019 (date of obtaining control)	178 334
Value of acquired shares at the purchase price (for the period between 01.01. and 31.03.2019)	177 580
Change in impairment write-off in Impexmetal S.A.	(66)
Share in the result of the associated company, proportionally to the period of obtaining control (for the period between 01.01. and 31.03.2019)	820
Value of Alchemia S.A. shares disclosed in the consolidated balance sheet as at the date of obtaining control (31.03.2019)	492 577
Net assets of Alchemia Group as at 31.03.2019 (**)	272 305
Goodwill determined as at the date of obtaining control (31.03.2019)	220 272
Change in goodwill between 31.03.2019 and 30.09.2019.	10 217
Goodwill as at 30.09.2019	230 489

(*) According to the policy, as of the date of determining significant influence and reclassification from financial assets to shares in associates, Alchemia S.A. shares were not subject to valuation. The valuation in Impexmetal S.A. until the date of determining significant influence remained in equity.

(**) For the purpose of the presentation of the preliminary settlement, the net assets of Alchemia S.A. were not measured at fair value yet, the net assets are presented at their book value. The Company is in the process of determining the valuation.

The initially calculated goodwill was not assessed for impairment in accordance with IAS 36, as it may change following the valuation of the acquired assets. The assignment of goodwill to individual cash-generating units was not possible at this stage, the Company will prepare such an analysis after the valuation of assets.



IMPEXMETAL S.A.

Conclusion of an agreement on a tender offer for the sale of Alchemia S.A. shares

On 16 May 2019 Boryszew S.A. concluded with Impexmetal S.A. based in Warsaw and SPV Boryszew 3 Sp. z o.o. based in Warsaw ("Parties") an agreement of Impexmetal S.A. ("Impexmetal") shareholders to determine the rights and obligations of the Parties resulting from holding Impexmetal shares and to determine the rules of cooperation of the Parties, including in particular the rules concerning the acquisition of Impexmetal shares and voting in concert by the Company and SPV Boryszew 3 during general meetings of Impexmetal.

As per the provisions of the Agreement, the Parties undertook to act jointly in order to announce a call to subscribe for the sale of all Impexmetal shares other than shares held by the Parties. In the event of failure to reach 90% of the total number of votes at the General Meeting of Impexmetal under the tender offer announced as described in the preceding sentence, the Parties will consider announcing a tender offer for the sale of all shares of Impexmetal under Article 91 section 6 of the Act on public offering. The agreement was concluded for a definite period of time, until share dematerialisation is abolished.

Announcement an invitation to subscribe for sale of shares of Impexmetal S.A.

On 17 May 2019 Boryszew S.A., Impexmetal and SPV Boryszew 3 Sp. z o.o. with its registered office in Warsaw, acting jointly as the Inviting party (the "Inviting party") announced, through Santander Bank Polska S.A., a broker within a separate organisational unit, an invitation to subscribe for the sale of 64 620 000 shares of Impexmetal, i.e. for the sale of all Impexmetal shares, i.e. for all Impexmetal shares traded on the stock exchange which were not held by the Inviting Parties. The intention of the Inviting Parties was to hold jointly, as a result of the invitation, 190 000 000 shares of Impexmetal, carrying 190 000 000 votes in the total number of votes at the General Meeting, accounting for 100% of the total number of votes at the General Meeting ("Invitation").

The entities acquiring the shares were: the Company and Impexmetal.

The Invitation was announced under Art. 74, section 1 of the Act on Public Offering. The purchase price of shares in the Invitation was set at PLN 4.25 per share, which corresponds to the criteria set forth in Art. 79 of the Act.

In order to finance the acquisition of shares in the Invitation by Impexmetal, Boryszew S.A. as a guarantor and Impexmetal as a borrower concluded on 16 May 2019 a loan agreement with HSBC France (Joint Stock Company), a branch in Poland. The acquisition of shares by Boryszew S.A. was financed from its own funds.

Summary of the results of the first and the second invitation to subscribe for sale of shares of Impexmetal S.A.

On 9 March 2019 Impexmetal S.A. received information from Santander Bank Polska S.A., conducting brokerage activity as a separate organisational unit, that as a result of the first invitation for the sale of shares of Impexmetal S.A. based in Warsaw, announced on 17 January 2019, the subscriptions received covered a total of 46 776 642 shares (Shares) at PLN 4.25 per one share (invitation price). The transaction was settled on 21 June 2019.

Following the second invitation, subscriptions covered the total number of 7 142 741 Shares at PLN 4.25 each. The transaction was settled on 16 July 2019.

Following the acquisition of the above mentioned Shares, Boryszew S.A. held in total, directly and indirectly through Impexmetal and SPV Boryszew 3 Sp. z o.o., 179 299 383 shares in Impexmetal S.A., accounting for 94.37% of the share capital and representing 179 299 383 votes during Impexmetal S.A. General Meeting, including directly 117 500 968 shares in Impexmetal S.A., accounting for 61.84% of the share capital and representing 117 500 968 votes at Impexmetal S.A. General Meeting, and indirectly, through Impexmetal S.A. based in Warsaw, 54 519 383 shares in Impexmetal S.A., accounting for 28.69% of the share capital and representing 54 519 383 votes at Impexmetal S.A. General Meeting and through SPV Boryszew 3 Sp. z o.o. based in Warsaw, 7 279 032 shares in Impexmetal S.A., accounting for 3.83% of the share capital and representing 7 279 032 votes at Impexmetal S.A. General Meeting.

Announcement of squeeze-out of Impexmetal S.A. shares

As Boryszew S.A. together with the parties to the shareholders' agreement, obtained 94.37% of the total number of votes at the General Meeting of Impexmetal, under Article 82 of the Act of 29 July 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies (consolidated text, Journal of Laws of 2019, item 623) ("Act"), the Parties to the Agreement announced squeeze-out of Impexmetal S.A. shares ("Squeeze-Out") held by all other shareholders of Impexmetal S.A. other than the Parties to the Shareholders' Agreement ("Minority Shareholders"). The entities acquiring the shares under the Squeeze-Out



were Impexmetal and the Company. The subject of the squeeze-out covered all shares held by Minority Shareholders ("Shares") - 10 700 617 ordinary bearer shares with a par value of PLN 0.40 per share, carrying for their holders 5.63% of the total number of votes at the General Meeting of Impexmetal S.A. The squeeze-out date was set at 9 August 2019, and the squeeze-out price of one Share was PLN 4.25. On the squeeze-out date, that is on 9 August 2019, the Minority Shareholders covered by the squeeze-out were deprived of their rights under the Shares.

Following the settlement of the squeeze-out and on the day of publication of the report, Boryszew S.A. holds directly and indirectly a total of 190 000 000 shares of Impexmetal, accounting for 100.00% of Impexmetal share capital and carrying 190 000 000 votes, which accounts for 100.00% of the total number of votes during the General Meeting of Impexmetal, including:

- Boryszew holds directly 117 720 968 ordinary bearer shares of Impexmetal, accounting for 61.96% (rounded off) of Impexmetal share capital and carrying 117 720 968 votes during the General Meeting of Impexmetal, which accounts for 61.96% (rounded off) of the total number of votes during the General Meeting of Impexmetal;
- Impexmetal S.A. with its registered office in Warsaw, a subsidiary of Boryszew, holds 65 000 000 ordinary bearer shares of Impexmetal, accounting for 34.21% (rounded off) of Impexmetal share capital and carrying 65 000 000 votes during the General Meeting of Impexmetal, which accounts for 34.21% (rounded off) of the total number of votes during the General Meeting of Impexmetal;
- SPV Boryszew 3 Sp. z o.o. with its registered office in Warsaw, a subsidiary of Boryszew, holds 7 279 032 ordinary bearer shares of Impexmetal, accounting for 3.83% (rounded off) of Impexmetal share capital and carrying 7 279 032 votes during the General Meeting of Impexmetal, which accounts for 3.83% (rounded off) of the total number of votes during the General Meeting of Impexmetal.

Adoption of a Resolution by the General Meeting on abolition of dematerialisation of Impexmetal S.A. shares

On 29 August 2019 the Extraordinary General Meeting of Impexmetal S.A. adopted a resolution on abolishing the dematerialisation of all shares, i.e. 190 000 000 A series ordinary bearer shares of Impexmetal S.A., traded on the regulated market of the Warsaw Stock Exchange, by restoring their documentary form.

On 13 September 2019 Impexmetal S.A. applied to the Polish Financial Supervision Authority for the abolition of dematerialisation of Company's shares.

On 5 November 2019 the Polish Financial Supervision Authority granted its consent to the restoration of the documentary form to all 190 000 000 dematerialised shares in Impexmetal S.A. (abolition of dematerialisation of shares). The Polish Financial Supervision Authority determined 13 November 2019 as the date on which the obligation of the Company under the Act of 29 July 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies ceased to exist.

On 8 November 2019 the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) adopted Resolution No. 1163/2019 on the exclusion of Company's shares from trade on WSE Main Market (Resolution). In accordance with the aforementioned Resolution, with reference to the decision of the Polish Financial Supervision Authority on granting the Company permission to restore documentary form of Company's shares (abolition of dematerialisation of shares), the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. decided to exclude from trade Company's shares, code PLIMPXM00019, as of 13 November 2019. In execution of the Resolution, 190 000 000 A series shares, or all Company's shares, were delisted from public trading.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Conclusion of a preliminary conditional agreement for sale of significant assets

On 27 November 2019 Boryszew S.A. as well as SPV Boryszew 3 Sp. z o.o. and Impexmetal Holding Sp. z o.o., as the sellers ("**Sellers**"), concluded with Gränges AB with its registered office in Stockholm (Sweden), as the buyer ("**Buyer**"), a preliminary conditional agreement on the sale of shares ("**Agreement**") of Impexmetal S.A. with its registered office in Warsaw ("**Company**") ("**Transaction**").

Under the Agreement, the Sellers agreed to sell 190 000 000 shares in the Company accounting for 100.00% of Company's share capital as at the date of concluding the Agreement, carrying 100.00% of votes at Company's general meeting of shareholders:



- Boryszew S.A. agreed to sell 117 720 968 shares of the Company accounting for 61.96% of Company's share capital as at the date of concluding the Agreement, carrying 61.96% of votes at the General Meeting of the Company;
- SPV Boryszew 3 Sp. z o.o. agreed to sell 7 279 032 shares in the Company, accounting for 3.83% of Company's share capital as at the date of concluding the Agreement, carrying 3.83% of votes at the General Meeting of the Company; and
- Impexmetal Holding Sp. z o.o. agreed to sell 65 000 000 shares of the Company accounting for 34.21% of Company's share capital as at the date of concluding the Agreement, carrying 34.21% of votes at the General Meeting of the Company.

The agreement was concluded subject to the fulfilment of conditions precedent specified therein, including but not limited to: (i) the condition to divide the Company by separating the assets to Impexmetal Holding Sp. z o.o., so that Company's assets include production activities conducted by the Company so far; and (ii) the condition to obtain a consent of relevant antitrust authorities to execute the Transaction.

The price for Company's shares sold under the Transaction will be calculated in accordance with the mechanism specified in the Agreement, whereby the calculation of the share sale price will involve a standard adjustment of Company's enterprise value, agreed by the parties to the Agreement at PLN 938 000 000.00, by the value of net debt, net working capital, prepaid capital expenditures and other adjustments resulting from the terms of the Transaction. The determined value of Company's enterprise may be subject to changes depending on the EBITDA result achieved in the period between 1 April 2019 and 31 March 2020.

Other terms and conditions of the Agreement do not differ against agreements of this type.

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

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

Boryszew Capital Group is exposed to seasonality 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 is recorded the second and third quarter, which is predominantly influenced by weather conditions, suitable for carrying out construction works, as well as the economic situation in the construction industry. Other products of this segment are less prone to seasonality, fluctuations in their sales are mainly due to macroeconomic conditions and economic situation.

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). 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 the Capital Group.

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.



5. INCOME AND PROFITS/LOSSES BY CONTINUING ACTIVITIES SEGMENTS OF AS FROM THE BEGINNING OF THE CURRENT YEAR

Boryszew Capital Group operates in the area of four 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. (formerly Aluminium Konin Sp. z o.o.), Hutmen S.A., WM Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A NPA Skawina branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., 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., FLT Metals Ltd.; FLT USA L.L.C., Symonvit Ltd. w likwidacji, Remal Sp. z o.o., Zakład Utylizacji Odpadów Sp. z o.o.
Chemical products	Elana Pet Sp. z o.o., Boryszew S.A. Elana branch, Boryszew S.A. Boryszew ERG branch, Boryszew S.A. Nylonbor branch, Elimer Sp. z o.o.
Other	Boryszew S.A. – Centrala, Boryszew S.A. Oddział Energy, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. w likwidacji, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., SPV Boryszew 3 Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. w likwidacji.

Apart from the above-mentioned subsidiaries, Boryszew S.A. holds no other significant capital investments.



REVENUES FROM SALE BY DESTINATION MARKET

Sales revenues by geographical areas	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018
Continuing operations		
Domestic sales	1 724 518	1 756 876
Sales to EU countries	2 618 887	2 545 105
Sales to other European countries	156 402	137 500
Export outside Europe	288 420	246 758
Total (revenues from continuing operations)	4 788 227	4 686 239

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:

	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018
Share of EU member states in intra-Community sales:		
Germany	34%	39%
The Czech Republic	15%	15%
France	2%	6%
Slovakia	4%	3%
Italy	9%	7%



(amounts expressed in PLN '000 unless specified otherwise)

REVENUES AND RESULTS BY OPERATING SEGMENTS IN QUARTER 3 OF 2019 *(data regarding continuing operations)*

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Continuing operations 01.01.2019 - 30.09.2019							
Revenues from sales	191 496	1 346 762	3 098 607	237 701	4 874 566	(86 339)	4 788 227
Cost of sales for the segment	166 462	1 190 716	2 823 884	225 575	4 406 637	(84 496)	4 322 141
Result on sales within segment	25 034	156 046	274 723	12 126	467 929	(1 843)	466 086
General, administrative and sales expenses	22 928	145 926	144 409	14 620	327 883	(6 398)	321 485
Other operating profit/loss	2 587	5 230	22 866	10 391	41 074	(7 212)	33 862
Segment profit/loss	4 693	15 350	153 180	7 897	181 120	(2 657)	178 463
Amortisation and depreciation	5 471	67 191	68 936	4 322	145 920	(3 769)	142 151
EBITDA *)	10 164	82 541	222 116	12 219	327 040	(6 426)	320 614

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Continuing operations 01.01.2018 - 30.09. 2018							
Revenues from sales	210 900	1 433 617	2 874 411	227 449	4 746 377	(60 138)	4 686 239
Cost of sales for the segment	182 510	1 264 400	2 587 603	211 515	4 246 028	(56 394)	4 189 634
Result on sales within segment	28 390	169 217	286 808	15 934	500 349	(3 744)	496 605
General, administrative and sales expenses	24 773	166 416	119 680	11 879	322 748	(8 300)	314 448
Other operating profit/loss	1 941	5 313	8 147	21 295	36 696	(18 558)	18 138
Segment profit/loss	5 558	8 114	175 275	25 350	214 297	(14 002)	200 295
Amortisation and depreciation	4 979	52 094	51 102	2 741	110 916		110 916
EBITDA *)	10 537	60 208	226 377	28 091	325 213	(14 002)	311 211

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



6. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE AND EQUITY SECURITIES

DEBT SECURITIES

ISSUES OF BONDS

In the third quarter of 2019 and until the date of publication of the report, the Company issued no equity securities.

REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.

In September 2019 Boryszew S.A. redeemed 13 A18 series bonds with a nominal value of PLN 1 000 000 per bond and a total nominal value of PLN 13 000 000, together with interest, subscribed by Zakład Utylizacji Odpadów Spółka z o.o.

EQUITY SECURITIES

In the third quarter of 2019 and until the date of publication of the report, the Company issued no equity securities.

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

During the reporting period Alchemia Capital Group was included in consolidation due to obtaining 100% control of the aforementioned Capital Group, with effect on the income statement starting from Q2 '2019 and on the balance sheet starting from Q1 '2019.

8. MOVEMENTS IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS WELL AS ESTIMATED DATA

	As at 30.09.2019	As at 31.12.2018
Contingent liabilities:	131 208	129 000
guarantees and sureties granted to related entities for repayment of loans and trade liabilities	131 208	129 000

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee	Expiry date of guarantee
			in PLN thousand	
Boryszew Plastic RUS	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	21 868	indefinite validity
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	87 472	indefinite validity
Alchemia S.A.	01.10.2019	Guarantee granted to Arcelormittal Poland S.A.	21 868	21.12.2020
Total guarantees and sureties granted by Boryszew S.A.			131 208	



(amounts expressed in PLN '000 unless specified otherwise)

9. FINANCIAL INSTRUMENTS, FAIR VALUE AND ESTIMATED DATA

Financial assets per the balance sheet

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets measured through other income	Carrying value
As at 30.09.2019					
Shares and stock		81		1 814	1 895
Trade receivables	664 142	110 058			774 200
Derivative financial instruments		4 510	2 439		6 949
Loans granted	3 378				3 378
Bonds	44 149				44 149
Cash	181 333				181 333
Total	893 002	114 649	2 439	1 814	1 011 904

Financial liabilities per the balance sheet

	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Derivatives used for hedges	Carrying value
As at 30.09.2019				
Bank loans, factoring, borrowings		1 492 530		1 492 530
Derivative financial instruments	5 166		10 593	15 759
Trade and other liabilities		996 949		996 949
Total	5 166	2 489 479	10 593	2 505 238

10. ORGANISATION OF THE CAPITAL GROUP

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

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

During the first 6 months of 2019 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 in Skawina– operating in the field of manufacturing of aluminium rolled products (rods), wire and cables, including overhead cables of special aluminium alloys with constructions which eliminate the threat 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.

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.

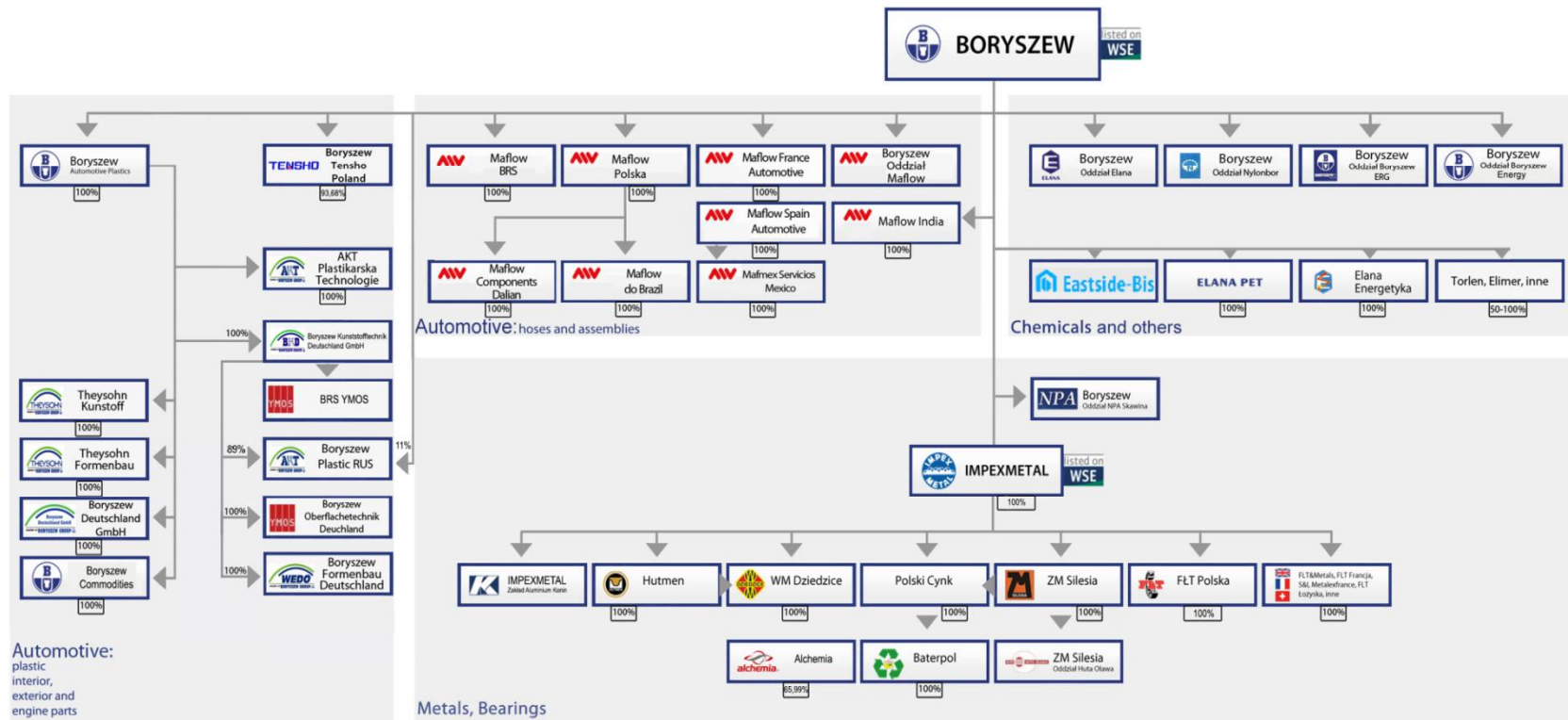
In June 2014 Boryszew S.A. acquired 80% shares of Tensho Poland Corporation spółka z o.o. based in Ostaszewo (currently: Boryszew Tensho Poland Sp. z o.o.), a manufacturer of high quality plastic products. In June 2018, Boryszew S.A. purchased another 13.68%. As at the day of preparing the report, Boryszew S.A. holds 93.68% of the share capital and the total number of votes at the General Meeting of Boryszew Tensho Poland Sp. z o.o.

In 2019 Boryszew S.A. indirectly exceeded the 50% threshold in the share capital and the total number of votes at the General Meeting of Alchemia S.A., as a result of which Boryszew (together with its subsidiaries Impexmetal S.A. and Eastside-Bis Sp. z o.o.) gained control over Alchemia. As at the day of preparing the report, Boryszew S.A. holds directly and indirectly 65.99% of the share capital and the total number of votes at the General Meeting of Shareholders of Alchemia S.A.



(amounts expressed in PLN '000 unless specified otherwise)

SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW GROUP (AS AT THE DATE OF PUBLICATION OF THE REPORT) WITH AGGREGATE HOLDINGS IN RESPECTIVE ENTITIES





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

Acquisition of shares in Alchemia S.A.

On 11 January 2019 Eastside - Bis Sp. z o.o. acquired (through conversion of bonds into shares) 9 995 000 shares in Alchemia S.A., accounting for 4.99% of the share capital and the total number of votes at the General Meeting of Alchemia S.A.

In total in 2019 Impexmetal S.A. acquired 38 525 000 shares of Alchemia S.A., which accounts for 22.21% of Alchemia S.A. share capital.

As at the date of publication of the financial statements, Boryszew Capital Group holds 65.99% shares in Alchemia S.A. (more information on the acquisition of Alchemia S.A. shares can be found in point 3 of the financial statements).

Acquisition of shares in Impexmetal S.A.

In 2019 Impexmetal S.A. acquired 64 400 000 own shares, accounting for 33.89% of its share capital and the total number of votes at the General Meeting of Impexmetal S.A. and Boryszew S.A. acquired 220 000 shares of Impexmetal S.A., accounting for 0.12% (rounded off), of the share capital and the total number of votes at the General Meeting of Impexmetal S.A.

As of the day of publication of the report, Boryszew Capital Group holds 100.00% shares of Impexmetal S.A. (more information on the acquisition of Impexmetal S.A. shares: see point 3 of the report).

Merger of Alchemia S.A. with its subsidiaries

On 1 March 2019, the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered the merger of Alchemia S.A. with its subsidiaries, i.e. Huta Batory Sp. z o.o. based in Chorzów, Walcownia Rur Andrzej Sp. z o.o. based in Zawadzkie, Rurexpol Sp. z o.o. based in Częstochowa (hereinafter referred to as the "Acquired Companies").

The merger was effected under Art. 492 § 1 point 1 of the Polish Companies Act, by transferring all the assets of the Acquired Companies to Alchemia S.A. by universal succession. As Alchemia S.A. was the sole shareholder of the Acquired Companies, the Merger was executed in the manner provided for in Art. 515 § 1 of the Polish Companies Act - with no increase of the share capital of Alchemia S.A. or amendments the Company's Articles of Association.

On the day the merger was entered into the register of entrepreneurs of the National Court Register, Alchemia S.A. assumed all the rights and obligations of the Acquired Companies.

Reduction of share capital in Polski Cynk Sp. z o.o.

On 3 June 2019, the Extraordinary General Meeting of Shareholders of Polski Cynk Sp. z o.o. adopted a resolution on redemption of 260 313 own shares of Polski Cynk Sp. z o.o. The Extraordinary General Meeting of Shareholders did not reduce the share capital, but changed the number and nominal value of shares to the current value of the share capital. The share capital of the Company is PLN 112 747 800 and is divided into 1 127 478 shares with nominal value of PLN 100 each share.

Establishment of FLT USA L.L.C.

On 29 July 2019 FLT Polska Spółka z o.o. with its registered office in Warsaw established FLT USA L.L.C. with its registered office in Frederick, USA. Company's share capital amounts to USD 4 000. FLT Polska Sp. z o.o. acquired 100% of shares.

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.



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

In 2019 the Management Board of Boryszew S.A. published no forecasts of the financial result for the current year.

13. 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 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	65.347%	156 832 020	65.347%
including subsidiaries:	154 144 622	64.227%	154 144 622	64.227%
Impexmetal S.A.	13 346 169	5.561%	13 346 169	5.561%
Boryszew S.A.(**)	19 283 831	8.03%	19 283 831	8.03%
RKKK Investments Sp. z o.o.	119 998 000	49.999%	119 998 000	49.999%
Nationale - Nederlanden Open Pension Fund	14 773 261	6.156%	14 773 261	6.156%
Others	68 394 719	28.498%	68 394 719	28.498%
Total:	240 000 000	100.00%	240 000 000	100.000%

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

(**) As per the notification of Boryszew S.A. of 18 March 2019

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

In the period since the submission of the previous report for publication on 17 September 2019, or the Report for the first six months of 2019, no changes occurred to the ownership structure of significant blocks of shares of Boryszew S.A.

15. 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.



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

PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY

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

TAX PROCEEDINGS IN THE CAPITAL GROUP COMPANIES

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

PROCEEDINGS COMPLETED AT FIRST INSTANCE

1. On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.9 million plus interest on tax arrears in the amount of PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 1 October 2019 the Company received a letter from the Head of Customs and Tax Office with information on extension of the deadline to handle Company's appeal until 30 November 2019.
2. On 3 April 2018, HUTMEN S.A. received a decision of the Head of the Lower Silesian Customs and Tax Office (Urząd) in Wrocław dated 26 March 2018, determining the outstanding VAT liability of HUTMEN S.A. for Q4 2014 in the amount of PLN 3.04 million plus interest on tax arrears. As claimed by the Office, HUTMEN S.A. failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. appealed with the Tax Chamber against the decision of the office. On 23 September 2019 Director of the Fiscal Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body.
3. On 10 September 2018 HUTMEN S.A. received a decision of the Tax Administration Chamber (Office) in Wrocław dated 4 September 2018 determining the outstanding VAT liability of HUTMEN S.A. for Q4 2012 in the amount of PLN 1.1 million plus interest on tax arrears. As claimed by the Office, HUTMEN S.A. failed to observe due diligence in verifying the tax reliability of some of its contractors, and as a consequence did not have the right to deduct input VAT. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. appealed with the Provincial Administrative Court against the negative decision of the Tax Chamber. At the same time, the company paid a liability with due interest in the amount of PLN 1.7 million. On 13 March 2019 the Provincial Administrative Court issued a decision in favour of HUTMEN S.A., the judgment is final and binding. On 3 September 2019 the Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body.
4. Baterpol Recycler Sp. z o.o received a decision of the Head of the Lower Silesian Customs and Tax Office (Office) in Wrocław dated 8 June 2018, determining its outstanding VAT liability for the period March to June 2016, resulting in a negative impact on Company's financial result amounting to PLN 3.0 million. The decision is not valid and the Company has appealed against the decision within the statutory period. Due to its different assessment of the facts from that of the inspection bodies, the subsidiary appealed against the decision of the Office. On 12.07.2018, the Head of the Lower Silesian Customs and Tax Office in Wrocław referred the case to the Director of the Tax Administration Chamber in Wrocław for decision. The date of issuing the decision in the aforementioned case by the Director of the Fiscal Administration Chamber in Wrocław was set at 29 November 2019.



5. Further to that, Baterpol Recycler Sp. z o. o. received a decision of the Head of the Lower Silesian Customs and Tax Office in Wrocław dated 30 November 2018 determining its outstanding VAT liability for the period July to September 2016, resulting in a negative impact on Company's financial result amounting to PLN 2.8 million. The decision is not valid and the Company has appealed against the decision within the statutory period. Due to its different assessment of the facts from that of the inspection bodies, the subsidiary appealed against the decision of the Office. On 4 January 2019, the Head of the Lower Silesian Customs and Tax Office in Wrocław referred the case to the Director of the Tax Administration Chamber in Wrocław for decision. On 10 May 2019 the Company received a decision of the Tax Administration Chamber in Wrocław, repealing in full the decision issued by the Customs and Tax Office in Wrocław on VAT for the period July-September 2016 and referring the case for re-examination by the first instance authority. The date of issuing the decision in the aforementioned case by the Director of the Tax Administration Chamber in Wrocław was set at 8 January 2020.

On 26 July 2018, the Head of the Lower Silesian Tax Office in Wrocław seized the bank accounts of Baterpol Recycler Sp. z o.o. for the total amount of PLN 2.1 million as a security for enforcement of Company's due VAT liabilities for March 2017 as well as July - December 2017. On 3 October 2019, the Head of the Lower Silesian Tax Office in Wrocław issued a decision on the ex-officio recognition of the VAT refund for August and September 2016 in the amount of PLN 1.3 million towards VAT liabilities for the period July-December 2017. Following the above decision, the amount of due VAT liabilities for December 2017 is PLN 204 thousand and plus interest.

On 1 August 2019 the Head of the Lower Silesian Tax Office in Wrocław seized bank accounts of Baterpol Recycler Sp. z o.o. for the total amount of PLN 0.7 million as a security on Company's assets of an approximate amount of tax liabilities before issuing a decision determining the amount of VAT liabilities for the period from July to September 2016.

6. Court cases pending - petition for bankruptcy and restructuring.

On 9 November 2018 Baterpol Recycler Sp. z o.o. filed a bankruptcy petition, including liquidation of Company's assets, with the District Court in Wrocław-Fabryczna. On 2 August 2019 Baterpol Recycler Sp. z o.o. filed a petition to initiate restructuring proceedings. On 25 September 2019, the District Court for Wrocław-Fabryczna issued a decision accepting the bankruptcy petition and the restructuring petition for joint consideration and decision in a single ruling and appointed a judicial supervisor for the Company.

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.

Proceedings in progress:

1. ZM SILESIA S.A. - VAT audit proceedings for 2013-2014 as well as January - June 2015, in progress,
2. Hutmen S.A. - VAT audit proceedings for 2015, in progress.
3. 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 2018 - PLN 1.1 million). Audit is carried out by the First Silesian Tax Office in Sosnowiec. On 20 March 2019, the Head of the First Tax Office in Sosnowiec initiated tax proceedings in the case in question.
4. 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.

Due to a risk of initiating further audits, which may potentially result in decisions determining tax liabilities of these companies, the Management Board of the Parent Company assessed the documentation on the ongoing proceedings and estimated the risks, rating them according to the probability of their occurrence:

- a) **probable risk** (high risk) - a high probability of negative tax consequences (negative consequences are more probable to occur than not),
- b) **possible risk** (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 statements for the risk described above as at the balance sheet date amounts to PLN 74.7 million (high risk). Moreover, the Parent Company recognised the amount of PLN 39.5 million as a contingent liability (medium or low risk). The Management Board of the Parent Company estimated the provisions considering the probability of cash outflow from the Group and chose to leave such provisions out in cases where the probability of cash outflow is low.

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

OTHER IMPORTANT PROCEEDINGS IN THE GROUP

EASTSIDE - BIS SPÓŁKA Z O.O.

The company is subject to a customs and fiscal audit on the correctness of the corporate income tax settlement. On 9 March 2018, an audit for the period between 1 December 2015 and 30 November 2016 was initiated. By the date of publication of the financial statements, the company has not received the audit protocol.

EASTSIDE CAPITAL INVESTMENTS SPÓŁKA Z O.O.

The company is subject to a customs and fiscal audit on the correctness of the corporate income tax settlement. On 9 March 2018, an audit for the period between 1 December 2014 and 30 November 2016 was initiated. By the date of publication of the financial statements, the company has not received the audit protocol.

SPV LAKME INVESTMENT SPÓŁKA Z O.O.

The company is subject to a customs and fiscal audit on the correctness of the corporate income tax settlement. On 9 March 2018, an audit for the period between 1 January 2015 and 31 December 2015 was initiated and on 12 July 2018 - for the period between 1 January 2016 and 31 December 2016. By the date of publication of the financial statements, the company has not received the audit protocol.

17. 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. Transactions with affiliated entities are presented in detail below:

TRANSACTIONS OF NON-TRADE NATURE BETWEEN RELATED PARTIES:

LOANS GRANTED BY BORYSZEW S.A. in Q3 '2019

Company	Date of agreement	Repayment date	Loan amount	Amount to be repaid	Currency	Amount to be repaid as translated into PLN	Interest
Boryszew Automotive Plastics Spółka z o.o.	13.08.2019	31.12.2019	5 000 000	5 000 000	PLN	5 000 000	1M WIBOR + margin
	Annex of 16.09.2019 to the agreement of 8 February 2019	31.12.2019	5 000 000	5 000 000	PLN	5 000 000	1M WIBOR + margin
	18.09.2019	31.12.2019	8 800 000	8 800 000	PLN	8 800 000	1M WIBOR + margin
SPV Boryszew 3 Spółka z o.o.	Annex of 08.07.2019 to the agreement of 02.07.2018	31.12.2019	3 000 000	1 870 000	PLN	1 870 000	WIBOR 3M + margin

The sum of the abovementioned loans granted by Boryszew SA does not include the interest accrued as at 30.09.2019.



LOANS GRANTED TO BORYSZEW S.A BY CAPITAL GROUP COMPANIES

On 30 July 2019 Polski Cynk Sp. z o.o. granted a loan to Boryszew S.A. with its registered office in Warsaw in the amount of PLN 6 000 000 with repayment by 30 July 2020. The interest was determined on the arm's length basis.

On 22 August 2019 Polski Cynk Sp. z o.o. granted a loan to Boryszew S.A. with its registered office in Warsaw in the amount of PLN 11 000 000 with repayment by 30 July 2020. The interest was determined on the arm's length basis.

On 5 September 2019 Impexmetal S.A. granted a loan to Boryszew S.A. with its registered office in Warsaw in the amount of PLN 13 000 000, with repayment by 31 December 2020. The interest was determined on the arm's length basis.

REPAYMENT OF LOANS GRANTED TO BORYSZEW S.A.

On 1 July 2019 Boryszew S.A. made an early repayment of loans to Impexmetal S.A. in the total amount of PLN 44 000 000.

TRANSACTION AFTER THE BALANCE SHEET DATE

EXTENSION OF THE DEADLINE FOR REPAYMENT OF LOANS GRANTED BY BORYSZEW S.A. MAFLOW BRANCH IN TYCHY

On 28 October 2019 Boryszew S.A. agreed to extend, until 19 March 2020, the deadline for repayment of loans granted to Maflow Polska Sp. z o.o. by Boryszew S.A. Maflow Branch in Tychy in the total amount of EUR 6 596 000.

EARLY REPAYMENT OF LOANS GRANTED TO POLISH WIND HOLDINGS B.V. BY BORYSZEW S.A.

On November 18, 2019 Polish Wind Holdings B.V. with its registered office in Rotterdam, the Netherlands, made an early repayment of the following loans granted by Boryszew S.A.:

- loan dated 14 September 2015 in the amount of PLN 1 100 000.00, with repayment by 31 December 2019,
- loan dated 20 December 2016, in the amount of PLN 550 000.00, with repayment by 31 December 2019,
- loan dated 1 April 2019 in the amount of PLN 1 800 000.00, with repayment by 31 December 2020.

18. 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 the reporting date, Boryszew S.A. failed to achieve the agreed Gross Financial Debt to EBITDA ratio, leading to a violation of one of the terms and conditions of loan agreements for a total of PLN 26 million and EUR 9 million with one of the banks financing Company's operations. The reason for the failure to achieve the agreed level of the financial ratio was different than assumed allocation of financial debt and cash. After the balance sheet date Boryszew S.A. took steps to negotiate with the financing institution the rules of further cooperation based on the concluded loan agreements. Boryszew S.A. defines the risk of failure to reach an agreement with the bank as insignificant.



(amounts expressed in PLN '000 unless specified otherwise)

19. 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**SURETIES GRANTED BY BORYSZEW S.A. AS AT 30.09.2019**

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee	Expiry date of guarantee
			PLN	
Impexmetal S.A.	16.05.2019	Guarantee for HSBC France Branch in Poland	270 000 000	2021-09-16
Boryszew Kunststofftechnik Deutschland GmbH	31.01.2013	Guarantee granted to Commerzbank	21 868 000	indefinite validity
	23.07.2013	Guarantee granted to GE Capital Bank AG	4 340 243	30.08.2021
	24.07.2017	Guarantee granted to ALD AutoLeasing D GmbH	874 720	30.06.2022
	07.08.2017	Guarantee granted to Deutsche Leasing International GmbH	6 123 040	indefinite validity
	08.06.2018	Guarantee granted to Deutsche Leasing International GmbH	2 624 160	08.06.2023
	29.01.2019	Guarantee granted to DNB Bank Polska SA	68 228 160	2021-03-01
	06.03.2019	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	25 235 162	2022-03-31
	213.06.2019	Guarantee granted to Deutsche Leasing International GmbH	12 971 469	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	27.05.2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	1 354 994	30.11.2020
	15.03.2016	Guarantee granted to Wurth Leasing GmbH	1 552 199	15.03.2022
Theysohn Formenbau GmbH	06.09.2017	Guarantee granted to akf Leasing GmbH	10 231 858	31.08.2023
Theysohn Kunststoff GmbH	28.09.2018	Guarantee granted to PKO Leasing Sp. z o.o.	14 987 308	2021-12-31
	2019-04-23	Guarantee granted to HSBC Trinkhaus & Burkhardt AG	26 241 600	2022-05-10
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	55 610 324	31.12.2026
Boryszew Plastic RUS	29.01.2013	Guarantee granted to Deutsche Leasing Vostok ZAO	37 116 327	2019-10-07
	08.04.2013	Guarantee granted to Deutsche Leasing Vostok ZAO	1 158 056	2019-10-07
	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO	800 000	indefinite validity
	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO	400 000	indefinite validity
	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	21 868 000	indefinite validity
	25.02.2019	Guarantee granted to Alfa Bank	11 587 500	2024-12-31
Boryszew Tensho Poland Sp. z o.o.	15.07.2019	Payment guarantee granted to Engel Austria	13 325 904	2023-08-25
	13.06.2016	Guarantee granted to HSBC Bank Polska S.A.	10 000 000	2021-09-11
	14.03.2017	Guarantee granted to SPV Impexmetal Sp.z o. o for payment of financial liabilities	41 000 000	indefinite validity
	24.10.2017	Endorsement of lease agreement for mLeasing	785 605	15.04.2021
	24.10.2017	Endorsement of lease agreement for mLeasing	6 560 048	15.11.2020
	06.12.2017	Guarantee granted to PGE Obrót S.A.	1 800 000	indefinite validity
	22.10.2018	Endorsement for SGB Leasing Sp. z o.o.	357 100	2025-09-30
29.01.2019	Guarantee granted to DNB Bank Polska SA	10 496 640	2021-03-01	
04.03.2019	Endorsement of lease agreements for mLeasing	9 037 900	2024-04-15	



(amounts expressed in PLN '000 unless specified otherwise)

Maflow BRS s.r.l.	26.04.2016	Guarantee granted to Banka IFIS	3 280 200	indefinite validity
	01.01.2017	Guarantee granted to CORDTECH INTERNATIONAL SAS	1 312 080	2019-12-31
	01.01.2017	Guarantee granted to Mehler Engineered Products GmbH for repayment of commercial debts	1 749 440	2019-12-31
	16.05.2017	Guarantee granted to Cover	437 360	2019-12-31
	23.05.2019	Guarantee granted to HSBC France, Milan Branch	19 899 880	2023-05-23
Maflow France Automotive S.A.S.	07.07.2016	Guarantee granted to Natixs Lease	1 648 847	2021-07-07
MAFMEX S. de R.L. de C.V.	15.07.2019	Guarantee granted to Volkswagen Group of America	6 000 000	2021-01-15
Boryszew Commodities	12.12.2017	Guarantee granted to Borealis AG for commercial liabilities	1 093 400	2019-12-31
	23.07.2018	Endorsement of financing agreement for mBank S.A.	72 164 400	2020-04-30
	26.04.2019	Endorsement of guarantee line for mBank S.A.	3 280 200	2021-04-10
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	87 472 000	indefinite validity
Alchemia S.A.	01.10.2019	Guarantee granted to Arcelormittal Poland S.A.	21 868 000	2020-12-31
Eastside-Bis Sp. z o.o.	01.09.2017	Guarantee granted to the Provincial Fund for Environmental Protection and Water Management in Toruń	3 283 600	indefinite validity
Boryszew HR Service Sp. z o.o.	30.08.2016	Endorsement of a loan agreement for mBank	1 000 000	2020-08-27
Elana Energetyka	01.12.2015	Guarantee granted to PGE Obrót S.A.	3 000 000	indefinite validity
ZM Silesia S.A.	26.09.2018	Surety granted to PKO BP S.A.	10 800 000	2022-02-28
	26.10.2018	Guarantee granted to BGŻ BNP Paribas S.A.	14 400 000	2020-12-31
Total guarantees and sureties granted by Boryszew SA				941 225 725

SIGNIFICANT SURETIES GRANTED AFTER THE BALANCE SHEET DATE BY BORYSZEW CAPITAL GROUP COMPANIES

Following the signing of Leasing Agreement No. 02484/LF/19(UL) between Boryszew Tensho Poland Sp. z o.o. with its registered office in Ostaszewo and PKO Leasing S.A. with its registered office in Łódź, the subject matter of which is financing in the form of a leaseback of machines for the production of plastics with the total amount of the leased object of PLN 23 573 880.00 net in order to obtain funds in the amount of PLN 13 856 901.88, Boryszew S.A. granted an endorsement of the liabilities of Boryszew Tensho Poland Sp. z o.o. up to PLN 16 973 183.60 net. Expected expiry of the surety: 31 December 2022.

On 7 October 2019 Impexmetal S.A. granted a surety for liabilities of WM Dziedzice S.A. towards Alior Bank S.A. up to the amount of PLN 25 000 000, for the period between 7 October 2019 and 31 December 2019.

On 10 September 2019 Impexmetal S.A. granted a guarantee to Glencore International AG for repayment of liabilities by ZM Silesia S.A. The guarantee was established up to the maximum amount of USD 5 000 000.00.

On 16 September 2019 Impexmetal S.A. granted a guarantee for liabilities of ZM SILESIA S.A. towards Huta Cynku "Miasteczko Śląskie" up to the maximum amount of PLN 20 000 000, valid until 31 December 2019.

On 14 October 2019 Boryszew S.A. agreed to extend, until 3 August 2020, the endorsement of the liabilities of Boryszew Commodities Sp. z o.o. with its registered office in Warsaw resulting from the agreement on electronic payment of debtor's liabilities No. 48/034/15/Z/ZE of 4 September 2015 (as amended), concluded with mBank S.A. Corporate Branch in Toruń, up to the maximum amount of EUR 16 500 000.00.

The sureties and guarantees are provided by Capital Group companies on arm's length basis. The remuneration for granted guarantees is not significant.



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

External factors that will 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).
- demand for new cars, especially for products of the VW Group, which is the most important customer of the Boryszew Capital Group,
- the level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales.
- higher economic protectionism in international trade, resulting in restrictions to access markets,
- sanctions imposed by the US government on operators involved with the international non-ferrous metals market
- costs of raw materials, including in particular scrap prices and the amount of the metal premium,
- PLN exchange rate against foreign currencies; due to the significant share of export sales, which in effect affects the level of margins earned in PLN,
- prices of crude oil and, as a consequence, prices of organic chemicals derivatives - plastics and components for the production of plastic parts for cars in injection moulding technology,
- cost of energy carriers, given the announcement of a significant price increase, of particularly high importance in the energy-intensive metal processing industry and in chemistry,

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,
- effects of development investments,
- the effects of subsidies granted for implementation of investment projects and improvement of energy efficiency.

21. 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.



Boryszew Capital Group
Interim condensed consolidated report for the third quarter of 2019 drafted in accordance with IAS 34 adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)



Boryszew S.A.
CONDENSED QUARTERLY REPORT
BORYSZEW S.A.
FOR THE 3RD QUARTER OF 2019



(amounts expressed in PLN '000 unless specified otherwise)

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2019 -30.09. 2019	01.01.2018 -30.09. 2018	01.07.2019 -30.09. 2019	01.07.2018 -30.09. 2018
Revenues from sales	1 041 156	1 181 399	325 453	367 731
Prime cost of sale	929 781	1 068 522	288 943	331 827
Gross profit on sales	111 375	112 877	36 510	35 904
Selling costs	19 399	21 759	6 811	6 856
General and administrative costs	54 911	52 144	18 095	14 648
Other operating revenue	32 179	49 232	14 839	15 700
Other operating expenses	6 924	7 703	1 521	2 344
Write-offs on accounts receivable	1 776	-	1 501	-
Operating income	64 096	80 503	26 423	27 756
Financial revenues	28 450	24 653	17 018	(9 225)
Financial expenses	35 358	29 724	11 660	2 500
Impairment write-offs on financial investments	-	-	-	-
Financial profit/loss	(6 908)	(5 071)	5 358	(11 725)
Profit before taxation	57 188	75 432	31 781	16 031
Income tax	8 849	7 236	5 648	(1 428)
Net profit	48 339	68 196	26 133	17 459
Earnings/loss per share				
Weighted average number of shares	220 809 231	226 979 623	220 716 169	225 598 550
Earnings per one share (PLN)	0.22	0.30	0.12	0.08
	01.01.2019 -30.09. 2019	01.01.2018 -30.09. 2018	01.07.2019 -30.09. 2019	01.07.2018 -30.09. 2018
Net profit	48 339	68 196	26 133	17 459
Earnings recognised in equity				
Earnings recognised in equity, to be transferred to income statement	(1 861)	(752)	(3 041)	4 105
Hedge accounting	(2 298)	(928)	(3 755)	5 068
Gains/losses on valuation of equity instruments transferred to profit or loss	-	-	-	-
Income tax	437	176	714	(963)
Earnings recognised in equity, not to be transferred to income statement	-	-	-	-
Total earnings recognised in equity	(1 861)	(752)	(3 041)	4 105
Total comprehensive income	46 478	67 444	23 092	21 564



(amounts expressed in PLN '000 unless specified otherwise)

STATEMENT OF FINANCIAL POSITION

	As at 30.09.2019	As at 31.12.2018
ASSETS		
Non-current assets		
Non-current assets	231 747	272 723
Investment property	16 525	16 525
Intangible assets	31 643	33 115
Right-of-use assets	123 977	-
Shares in subsidiaries and associates	464 512	463 522
Financial investments	422 741	382 320
Long-term receivables	34 282	33 705
Deferred tax assets	-	141
Other assets	4 366	5 485
Total fixed assets	1 329 793	1 207 536
Current assets		
Inventory	176 770	181 527
Trade receivables and other receivables	332 122	285 672
Short-term financial assets	3 787	136 243
Derivative financial instruments	117	579
Current tax assets	1 038	313
Other assets	18 637	17 827
Cash and cash equivalents	42 305	29 313
Total current assets	574 776	651 474
Total assets	1 904 569	1 859 010



(amounts expressed in PLN '000 unless specified otherwise)

LIABILITIES AND EQUITY	As at 30.09.2019	As at 31.12.2018
Equity		
Share capital	248 906	248 906
Share premium	112 346	112 346
Own shares	(134 251)	(129 735)
Hedge accounting capital	(4 161)	(2 300)
Capital reserve on translating employee payables	(162)	(162)
Retained earnings	427 007	378 668
Total equity	649 685	607 723
Liabilities and long-term provisions		
Bank credits, loans, bonds	400 221	368 119
Lease liabilities	79 179	30 066
Payables on perpetual usufruct of investment land	1 942	1 951
Deferred tax provision	7 734	-
Employee benefit provisions	3 377	3 377
Other provisions	5 303	5 136
Other long term equity and liabilities	3 202	2 534
Liabilities and long-term provisions - total	500 958	411 183
Short-term liabilities		
Bank credits, loans, bonds	380 012	535 892
Lease liabilities	28 953	8 033
Payables on perpetual usufruct of investment land	9	9
Trade payables and other liabilities	322 695	280 773
Derivative financial instruments	210	66
Current tax liabilities	-	-
Employee benefit provisions	4 480	5 277
Other provisions	3 263	2 798
Other equity and liabilities	14 304	7 256
Liabilities and short-term provisions - total	753 926	840 104
Total liabilities and provisions	1 254 884	1 251 287
Total equity and liabilities	1 904 569	1 859 010



(amounts expressed in PLN '000 unless specified otherwise)

CASH FLOW STATEMENT

	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018
Cash flows from operating activities		
Profit before taxation	57 188	75 432
Adjustments for (+/-)	3 418	(55 202)
Amortisation and depreciation	31 869	24 562
Profit/loss on financial activity (including interest on financial liabilities)	7 960	3 539
Dividends from share in profit	(7 964)	(7 003)
Profit / loss on investment activities	(34 021)	(10 020)
Change in receivables	(38 961)	(37 798)
Change in inventories	4 757	(25 922)
Change in liabilities	45 121	11 002
Change in provisions and accruals as well as prepayments	(320)	(8 238)
Other items	(3 611)	(4 661)
Income tax paid	(1 412)	(663)
Net cash from operating activities	60 606	20 230
Cash flows from investment activities		
Proceeds from disposal of fixed assets	8 622	-
Proceeds from disposal of shares	-	-
Proceeds from redemption of bonds	181 991	-
Proceeds from dividend	292	6 003
Proceeds from repayment of loans granted	3 021	8 531
Expenses on acquisition of fixed assets	(21 394)	(32 134)
Acquisition of shares in capital group entities	(945)	-
Long term borrowings granted	(6 320)	-
Expenditure on bonds	(55 000)	(52 755)
Other capital expenditure	-	-
Net cash from investing activities	110 267	(70 355)
Cash flows from financial activities		
Incomes on credit and loan facilities	177 877	62 558
Loans received	8 000	-
Proceeds from bond issue	-	54 999
Other inflows	7 180	-
Share buy-back expense	(4 516)	(31 377)
Loans repaid	(217 571)	(16 436)
Repayment of borrowings	(68 772)	(2 163)
Redemption of bonds	(10 000)	-
Interest paid on loans, bonds...	(34 228)	(17 542)
Payment of liabilities under finance lease agreements	(15 851)	(10 231)
Net cash from financing activities	(157 881)	39 808
Net change in cash	12 992	(10 317)
Cash opening balance	29 313	36 081
Cash closing balance	42 305	25 764



(amounts expressed in PLN '000 unless specified otherwise)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
As at 01.01.2019	248 906	112 346	(129 735)	(2 300)	(162)	378 668	607 723
Valuation of hedge instruments				(1 861)			(1 861)
Profit/loss for 3rd quarter of 2019						48 339	48 339
Comprehensive income for 3rd quarter of 2019	-	-	-	(1 861)		48 339	46 478
Share buy-back			(4 516)				(4 516)
As at 30.09.2019	248 906	112 346	(134 251)	(4 161)	(162)	427 007	649 685
	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
As at 01.01.2018.	248 906	112 346	(84 329)	(2 797)	(169)	340 396	614 353
Valuation of hedge instruments				(752)			(752)
Profit/loss for 3rd quarter of 2018						68 196	68 196
Comprehensive income for 3rd quarter of 2018	-	-	-	(752)	-	68 196	67 444
Share buy-back			(31 377)				(31 377)
As at 30.09.2018	248 906	112 346	(115 706)	(3 549)	(169)	408 592	650 420



CHANGES IN ACCOUNTING PRINCIPLES

Changes in applied accounting principles for IFRS 16

IFRS 16 establishes new accounting standards for reporting leases. As at 1 January 2019, the Company identified two new categories of lease agreements:

- long-term property lease agreements: factory halls, storage facilities, offices,
- perpetual usufruct of land;

In the previous period, it was a lease of machinery, technical equipment, cars and a liability for perpetual usufruct of land disclosed in assets as investment property.

The presentation of lease agreements in the statement of financial position depends mainly on: - the scope of agreements classified as leasing, - the lease period adopted for relevant types of agreements, which requires significant estimates to be made by the Management Board of the Company. The Management Board verifies adopted estimates on the basis of change of factors taken into account during their preparation, new information or established market practice.

The lease period covers the irrevocable period of the agreement, together with the periods for which the lease may be extended, if it can be assumed with sufficient certainty that the Company will exercise this right and the periods for which the lease may be terminated, if it can be assumed with sufficient certainty that the Company will not exercise this right.

The lease term was also determined taking into consideration the legal and customary regulations in force in the Polish legal environment, as well as the specific nature of Group's agreements. In particular, for agreements concluded for an indefinite period of time, the Company accepts the notice period as an irrevocable lease term. For lease agreements concluded for an indefinite period of time, most of the notice periods are shorter than 12 months and for these agreements the Company applied an exemption from recognition of short-term leases. Consequently, such contracts are treated as short-term contracts and are not measured or presented in the statement of financial position.

In case of limited property rights in buildings in which the Company has a telecommunication infrastructure, the lease term was set as the average life of buildings in the Group. The use of any option of early termination of the agreement has not been assessed as probable as at 1 January 2019. Agreements in which the use of the extension option was assessed as probable, have an immaterial impact on the valuation of lease liabilities.

The impact of the application of IFRS 16 on the Group concerns mainly the Group as a lessee and results in:

- a) recognition of all lease agreements as per a single model where the statement of financial position includes the right-of-use asset associated with the leased asset in correspondence with the lease liability;
- b) recognition of depreciation on the right-of-use asset and interest costs on the lease liability, instead of recognition of operating costs;
- c) accelerated recognition of costs related to lease agreements, resulting in particular from the interest component.

As at 1 January 2019, the Company applied the "modified retrospective method", without restating comparative data. The implementation of the standard had no impact on equity as at 1 January 2019, because the Company chose to measure the right-of-use asset at the value equal to the liability for leasing. The Company chose to apply the exception under IFRS 16 point C.10. (c), whereby the requirements described in (a) to (c) above for leases for which the lease term expires within 12 months from the date of the first application may not be followed.

As a result of applying IFRS 16, certain changes were made to the presentation in the consolidated financial statements, which affected the comparative data.

All leased fixed assets at the end of the previous year were transferred from "Property, plant and equipment" to "Right-of-use assets".



(amounts expressed in PLN '000 unless specified otherwise)

Application of IFRS 16 had the following impact on the consolidated statement of financial position as at 1 January 2019:

STATEMENT OF FINANCIAL POSITION - restatement of data as at 01.01.2019

Non-current assets	272 723
Fixed assets used under lease agreements	(75 331)
Tangible fixed assets after correction	197 392
Right-of-use assets	
Fixed assets used under lease agreements - transfer from property, plant and equipment	75 331
Recognition of perpetual usufruct of land	17 028
Recognition of leasing of services (property lease agreements)	47 162
Total	139 521
Increase in total assets	64 190
Long-term liabilities	
Leasing liabilities as at 01.01.2019	30 066
Increase in liabilities (implementation of IFRS 16)	56 179
Total long-term liabilities	30 066
Short-term liabilities	
Leasing liabilities as at 01.01.2019	8 033
Increase in liabilities (implementation of IFRS 16)	8 011
Total short-term liabilities	8 033
Increase in total liabilities	64 190



(amounts expressed in PLN '000 unless specified otherwise)

OPERATING SEGMENTS

	Chemicals	Automotive	Metals	Other	Total	exclusions between segments	Total
01.01.2019 -30.09. 2019							
Revenues from sales	170 280	439 474	227 154	204 248	1 041 156		1 041 156
Cost of sales for the segment	146 882	375 608	213 176	194 115	929 781		929 781
Result on sales within segment	23 398	63 866	13 978	10 133	111 375	0	111 375
General, administrative and sales expenses	21 620	28 999	11 919	11 772	74 310		74 310
Other operating profit/loss	2 216	3 446	2 099	19 607	27 368	(337)	27 031
Segment profit/loss	3 994	38 313	4 158	17 968	64 433	(337)	64 096
Amortisation and depreciation	4 027	22 659	4 245	938	31 869		31 869
EBITDA	8 021	60 972	8 403	18 906	96 302	(337)	95 965

	Chemicals	Automotive	Metals	Other	Total	exclusions between segments	Total
01.01.2018 -30.09. 2018							
Revenues from sales	173 709	499 221	319 949	188 444	1 181 323	76	1 181 399
Cost of sales for the segment	148 395	437 428	301 743	180 956	1 068 522		1 068 522
Result on sales within segment	25 314	61 793	18 206	7 488	112 801	76	112 877
General, administrative and sales expenses	21 198	34 579	10 684	7 444	73 905	(2)	73 903
Other operating profit/loss	157	18 854	703	21 815	41 529		41 529
Segment profit/loss	4 273	46 068	8 225	21 859	80 425	78	80 503
Amortisation and depreciation	4 137	15 876	4 189	360	24 562		24 562
EBITDA	8 410	61 944	12 414	22 219	104 987	78	105 065

Sales revenues by geographical areas	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018
Continuing operations		
Domestic sales	394 666	476 440
Sales to EU countries	561 267	629 332
Sales to other European countries	24 421	24 495
Export outside Europe	60 802	51 132
Total	1 041 156	1 181 399



(amounts expressed in PLN '000 unless specified otherwise)

	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018
Share of EU member states in intra-Community sales:		
Germany	21%	24%
Great Britain	15%	12%
The Czech Republic	7%	13%
Italy	4%	6%
Spain	8%	7%

FINANCIAL INSTRUMENTS, FAIR VALUE, ESTIMATED DATA

Financial assets as per the balance sheet, 30.09.2019

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Carrying value
Bonds	20 069			20 069
Trade receivables held for collection	247 100			247 100
Receivables intended for factoring		61 082		61 082
Derivative financial instruments			117	117
Loans granted	426 528			426 528
Other debtors		38 830		38 830
Cash and cash equivalents	42 305			42 305
Total	736 002	99 912	117	836 031

Financial liabilities as at 30.09.2019

	Financial liabilities measured at amortised cost	Derivatives used for hedges	Carrying value
Bank loans, borrowings	637 673		637 673
Bonds	142 560		142 560
Derivative financial instruments		210	-
Leasing liabilities	47 170		47 170
SMA liabilities	60 962		60 962
Trade and other liabilities	300 177		300 177
Total	1 188 542		1 188 542



(amounts expressed in PLN '000 unless specified otherwise)

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

	Fair value as at		Hierarchy of fair value
	As at 30.09.2019	As at 31.12.2018	
Financial assets			
Listed shares	0	2 338	Level 1
Derivative financial instruments	117	579	Level 2
Financial obligations			
Derivative financial instruments	210	66	Level 2

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

	Fair value as at		Hierarchy of fair value
	As at 30.09.2019	As at 31.12.2018	
Financial assets			
Shares held for trading	-	0	Level 3
Bonds	20 069	144 915	Level 3
Borrowings	406 459	373 648	Level 3
Trade and other receivables	350 090	305 601	Level 3
Investment property	16 525	16 525	Level 3
Cash and cash equivalents	42 305	29 313	Level 1
Financial obligations			
Borrowings and loans and lease	806 490	934 077	Level 2
Trade liabilities	300 177	257 091	Level 3
SMA liabilities	60 962	1 960	Level 2



(amounts expressed in PLN '000 unless specified otherwise)

	01.01.2019 - 30.09. 2019	01.01.2018 - 30.09. 2018
Impact of write-offs on assets and provisions on profit/loss		
Creation of value impairment write-offs for accounts receivable	(497)	(1 640)
Reversal of write-downs on accounts receivable (-)	749	25 220
Revaluation write-offs of loan receivables	-	-
Creation of value impairment write-offs for inventories	(1 993)	(2 169)
Value impairment write-offs for inventories	4 050	3 135
Tangible fixed assets impairment write-offs	(954)	(547)
Reversal of tangible fixed assets impairment write-offs	-	960
Valuation of shares to fair value	-	(27)
Creation of provisions	-	-
Reversal of unnecessary provisions	16	
Deferred tax	(7 205)	(6 870)
Total impact on profit/loss	(5 834)	18 062

TRANSACTIONS WITH RELATED PARTIES

	Subsidiaries and jointly controlled entities	Personally related entities
Transactions in the period 01.01.2019 to 30.09.2019		
Revenues from sales (of products, services, goods)	107 282	0
Interest income	9 508	587
Dividend	7 964	
Purchases (of materials, goods, services)	61 453	
Interest expense	6 941	
Receivables and payables as at 30.09.2019		
Trade receivables	152 952	384
Bonds purchased	16 407	3 662
Loans granted	405 209	2 996
Other receivables (advances, deposits)	34 282	356
Trade liabilities	25 179	0
Loans received	112 683	
Issued bonds	142 560	



SIGNATURES:

Piotr Lisiecki - President of the Management Board

Krzysztof Kołodziejczyk - Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board

Elżbieta Słaboń – Chief Accountant
