



Boryszew S.A.

CONDENSED CONSOLIDATED QUARTERLY REPORT OF BORYSZEW CAPITAL GROUP FOR Q1 '2020

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Boryszew Capital Group

Interim condensed consolidated report for the first quarter of 2020 prepared in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

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**SELECTED FINANCIAL DATA**

	in PLN thousand		in EUR '000	
	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
data regarding condensed consolidated financial statements				
Revenue from continuing operations	1 573 706	1 504 511	357 961	349 188
Operating profit	31 910	48 547	7 258	11 267
Net profit on continuing operations	(37 711)	25 677	(8 578)	5 959
Profit on continuing and discontinued operations	(38 055)	24 343	(8 656)	5 650
Net profit attributable to the parent company	(35 148)	15 564	(7 995)	3 612
Weighted average number of shares	202 000 000	210 989 685	202 000 000	210 989 685
Earnings per share attributable to shareholders of the Parent (in PLN/EURO)	(0.17)	0.07	(0.04)	0.02
Net cash flow from operating activities	(3 821)	67 579	(869)	15 685
Net cash flow from investment activities	(77 545)	(102 221)	(17 639)	(23 725)
Net cash flow from financial activities	45 569	53 064	10 365	12 316
	As at 31.03.2020	As at 31.12.2019	As at 31.03.2020	As at 31.12.2019
Total assets	4 867 122	4 788 372	1 069 157	1 094 835
Total liabilities and provisions	3 397 752	3 237 018	746 381	740 127
Assets related to continuing operations	4 866 335	4 787 390	1 068 984	1 094 611
Liabilities related to continuing operations	3 381 310	3 220 721	742 770	736 400
Equity	1 452 928	1 535 057	319 163	350 982

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Continuing operations		
Revenues from sales	1 573 706	1 504 511
Prime cost of sale	1 437 021	1 361 659
Gross profit on sales	136 685	142 852
Selling costs	39 256	34 209
Administrative expenses	75 702	68 898
Other operating revenue	21 479	13 111
Other operating expenses	9 441	5 643
Profit/loss on impairment of trade receivables	(1 855)	1 334
Operating income	31 910	48 547
Financial revenues	11 170	14 787
Financial expenses	63 287	27 217
Profit/loss on impairment of financial assets	(116)	1
Financial profit/loss	(52 233)	(12 429)
Share in profit of affiliates	17	820
Profit before taxation	(20 306)	36 938
Income tax	17 405	11 261
Net profit on continuing operations	(37 711)	25 677
Net profit/loss on discontinued operations	(344)	(1 334)
Net profit on continuing and discontinued operations, including attributable to:	(38 055)	24 343
<i>to shareholders of the parent</i>	<i>(35 148)</i>	<i>15 564</i>
<i>to non-controlling interests</i>	<i>(2 907)</i>	<i>8 779</i>
Earnings / Diluted earnings per share		
Weighted average number of shares	202 000 000	210 989 685
Earnings / Diluted earnings per share (PLN)	(0.17)	0.07

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONTINUED**

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Net profit	(38 055)	24 343
Earnings recognised in equity		
<i>Earnings recognised in equity, to be transferred to income statement</i>	(14 055)	(8 511)
Hedge accounting	(32 901)	(4 741)
Exchange differences on translating foreign operations	12 595	(4 671)
Income tax expense (-provision/+asset)	6 251	901
<i>Earnings recognised in equity, not to be transferred to income statement</i>	-	27
Employee benefit capital reserve	-	33
Income tax	-	(6)
Total earnings recognised in equity	(14 055)	(8 484)
<i>to shareholders of the parent</i>	<i>(14 055)</i>	<i>(11 327)</i>
<i>to non-controlling interests</i>	<i>-</i>	<i>2 843</i>
Total comprehensive income, including attributable:	(52 110)	15 859
<i>to shareholders of the parent</i>	<i>(49 203)</i>	<i>4 237</i>
<i>to non-controlling interests</i>	<i>(2 907)</i>	<i>11 622</i>

CONSOLIDATED INCOME STATEMENT – DISCONTINUED OPERATIONS

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Revenues from sales	8	1 289
Prime cost of sale	8	1 138
Gross profit (loss) from sales	-	151
Selling costs	-	20
Administrative expenses	-	1 591
Other operating revenue	-	436
Other operating expenses	333	316
Profit (loss) from operating activity	(333)	(1 340)
Financial revenues	23	11
Financial expenses	34	5
Financial profit/loss	(11)	6
Profit (loss) before income tax	(344)	(1 334)
Income tax	-	-
Net profit (loss) on discontinued operations	(344)	(1 334)
<i>in the parent company</i>	<i>130</i>	<i>(930)</i>
<i>to non-controlling interests</i>	<i>(474)</i>	<i>(404)</i>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	As at 31.03.2020	As at 31.12.2019	As at 31.03.2019
Non-current assets			
Non-current assets	1 822 611	1 814 457	1 728 627
Investment property	158 532	159 189	151 077
Goodwill	23 332	23 464	215 287
Intangible assets	48 514	45 819	46 360
Right-of-use assets	364 527	368 849	294 590
Shares in affiliates	328	311	2 432
Financial assets	207	1 744	463
Long-term receivables	5 041	2 936	4 755
Deferred tax assets	923	20 486	62 672
Other assets	24 508	27 308	21 125
Total fixed assets	2 448 523	2 464 563	2 527 388
Current assets			
Inventory	1 176 055	1 222 750	1 309 466
Trade receivables and other receivables	918 462	755 066	997 568
Short-term financial assets	33 764	33 048	82 536
Derivative financial instruments	20 738	22 881	13 986
Current tax assets	14 317	15 335	4 333
Other assets	69 780	54 106	65 925
Cash and cash equivalents	184 696	219 641	173 683
Total current assets	2 417 812	2 322 827	2 647 497
Assets classified as held for sale	787	982	7 100
Total assets	4 867 122	4 788 372	5 181 985

**Boryszew Capital Group**

Interim condensed consolidated report for the first quarter of 2020 prepared in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

LIABILITIES AND EQUITY	As at 31.03.2020	As at 31.12.2019	As at 31.03.2019
Equity			
Share capital	248 906	248 906	248 906
Share premium	114 435	114 435	114 435
Own shares	(236 753)	(236 753)	(237 141)
Hedge accounting capital	(12 324)	14 326	(2 023)
Capital reserve on translating employee payables	(2 602)	(2 637)	(1 121)
Revaluation reserve	(21 817)	(21 817)	(13 142)
Exchange differences on translating foreign entities	(6 140)	(18 735)	(26 106)
Retained earnings	1 204 135	1 248 784	1 117 177
Total equity of the parent company	1 287 840	1 346 509	1 200 985
Equity of non-controlling shareholders	165 088	188 548	799 664
Total equity	1 452 928	1 535 057	2 000 649
Liabilities and long-term provisions			
Bank credits, loans, bonds	597 972	606 204	444 639
Lease liabilities	114 459	113 160	79 233
Liabilities related to right-of-use assets	145 516	148 400	117 543
Payables on perpetual usufruct of investment land	58 321	58 339	57 073
Deferred tax provision	100 165	125 644	124 014
Employee benefit provisions	29 866	28 626	26 927
Other provisions	34 468	31 387	46 335
Other long term equity and liabilities	56 834	49 111	11 481
Liabilities and long-term provisions - total	1 137 601	1 160 871	907 245
Short-term liabilities			
Bank credits, loans, bonds	966 606	883 573	958 313
Lease liabilities	46 117	45 786	34 002
Liabilities related to right-of-use assets	5 227	8 687	30 791
Payables on perpetual usufruct of investment land	265	257	9
Trade payables and other liabilities	1 020 356	981 596	1 061 620
Derivative financial instruments	44 898	5 024	15 388
Current tax liabilities	38 754	28 319	6 490
Employee benefit provisions	35 141	31 793	33 074
Other provisions	51 253	53 090	66 558
Other liabilities and equity	51 534	38 022	49 794
Liabilities and short-term provisions - total	2 260 151	2 076 147	2 256 039
Liabilities directly related to assets classified as held for sale	16 442	16 297	18 052
Total liabilities and provisions	3 414 194	3 253 315	3 181 336
Total equity and liabilities	4 867 122	4 788 372	5 181 985

**CONSOLIDATED CASH FLOW STATEMENT- CONTINUING OPERATIONS**

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Cash flows from operating activities		
Profit before taxation	(20 306)	36 938
Adjustments for (+/-)	16 485	30 641
Amortisation/depreciation	48 718	41 652
Profit/loss on financial activity (including interest on financial liabilities)	29 574	10 899
Profit / loss on investment activities	(28 678)	(607)
Change in receivables	(176 391)	(92 197)
Change in inventories	57 014	25 342
Change in liabilities	80 112	38 541
Change in provisions and accruals as well as prepayments	(1 886)	5 453
Other items	17 548	29 178
Income tax paid	(9 526)	(27 620)
Net cash from operating activities	(3 821)	67 579
Cash flows from investment activities		
Profit on fixed assets disposal	1 872	1 495
Proceeds from disposal of shares	-	(3)
Proceeds from redemption of bonds by issuers	1 031	77 514
Expenses on acquisition of fixed assets	(50 298)	(42 958)
Acquisition of shares and stocks in capital group entities	(30 054)	(127 901)
Long term borrowings granted	-	(368)
Expenditure on bonds	(96)	(10 000)
Net cash from investing activities	(77 545)	(102 221)
Cash flows from financial activities		
Incomes on credit and loan facilities	147 863	128 981
Proceeds from grants and other proceeds	18 844	-
Share buy-back expense	-	(4 516)
Loans repaid	(94 238)	(41 212)
Repayment of borrowings	-	(1 186)
Interest paid on loans, borrowings and leasing	(11 729)	(10 899)
Payment of liabilities under finance lease agreements	(15 171)	(18 104)
Net cash from financing activities	45 569	53 064
Net change in cash	(35 797)	18 422
Translation reserve	852	428
Cash and cash equivalents in acquired entities	-	17 166
Cash opening balance	219 641	137 667
Cash closing balance	184 696	173 683



(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 01.01.2020	248 906	114 435	(236 753)	14 326	(2 637)	(21 817)	(18 735)	1 248 784	1 346 509	188 548	1 535 057
Valuation of hedge instruments				(26 650)					(26 650)		(26 650)
Currency translation differences (subsidiaries)							12 595		12 595		12 595
Profit/loss for Q1 2020								(35 148)	(35 148)	(2 907)	(38 055)
Total income for Q1 2020	-	-	-	(26 650)	-	-	12 595	(35 148)	(49 203)	(2 907)	(52 110)
Change of capital group structure					35			(9 501)	(9 466)	(20 553)	(30 019)
As at 31.03.2020	248 906	114 435	(236 753)	(12 324)	(2 602)	(21 817)	(6 140)	1 204 135	1 287 840	165 088	1 452 928

	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				5 913					5 913		5 913
Valuation of employee benefits					(1 053)				(1 053)		(1 053)
Valuation of equity instruments						(1 810)			(1 810)		(1 810)
Currency translation differences (subsidiaries)							(2 511)		(2 511)		(2 511)
Profit/loss for 2019								(87 977)	(87 977)	(10 768)	(98 745)
Total comprehensive income for 2019	-	-	-	5 913	(1 053)	(1 810)	(2 511)	(87 977)	(87 438)	(10 768)	(98 206)
Share buy-back			(4 516)						(4 516)		(4 516)
Dividend distribution									-	(11 396)	(11 396)
Change of capital group structure				3 616	(436)	(6 865)	5 348	235 148	236 811	(588 072)	(351 261)
Full consolidation of Alchemia Group			(14 580)						(14 580)	220 109	205 529
As at 31.12.2019	248 906	114 435	(236 753)	14 326	(2 637)	(21 817)	(18 735)	1 248 784	1 346 509	188 548	1 535 057



(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 01.01.2019	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				(6 820)					(6 820)	2 980	(3 840)
Valuation of employee benefits					27				27		27
Currency translation differences (subsidiaries)							(4 534)		(4 534)	(137)	(4 671)
Profit/loss for Q1 '2019								15 564	15 564	8 779	24 343
Comprehensive income for Q1 '2019	-	-	-	(6 820)	27	0	(4 534)	15 564	4 237	11 622	15 859
Share buy-back			(19 484)						(19 484)		(19 484)
Change of capital group structure										209 367	209 367
As at 31.03.2019	248 906	114 435	(237 141)	(2 023)	(1 121)	(13 142)	(26 106)	1 117 177	1 200 985	799 664	2 000 649



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1. INTRODUCTION

COMPANY DATA

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

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

The company is established for an indefinite period of time.

HISTORY

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

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

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

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

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

The Capital Group employs more than 9 000 employees.

SUPERVISORY BOARD OF BORYSZEW S.A.

On 1 January 2020, the Supervisory Board had the following members:

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

On 15 June 2020 the Extraordinary General Meeting of the Company adopted a resolution on appointing Mr Wojciech Kowalczyk to the Supervisory Board as of that date.

Due to the loss of the status of an independent member of the Supervisory Board by Mr Janusz Wiśniewski and his resignation from the Audit Committee, on 16 June 2020 the Supervisory Board appointed Mr Wojciech Kowalczyk to the Audit Committee of the Supervisory Board of Boryszew S.A.

As at the date of publication of the report, the following persons are members of the Supervisory Board:

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,
Mr Wojciech Kowalczyk – Member of the Supervisory Board,
Ms Małgorzata Waldowska – Member of the Supervisory Board.

MANAGEMENT BOARD OF BORYSZEW S.A.

Between 1 January 2020 and the date of publication of the report of the following persons were members of the Management Board of Boryszew S.A.:

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.

As at 31 March 2020 and as at the date of publication of the report no change occurred as to the members of the Management Board.



(amounts expressed in PLN '000 unless specified otherwise)

The information included in the financial statements for Q1 '2020 was prepared 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 (Journal of Laws 2018.757 of 20 April 2018) and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". These financial statements were drafted on the basis of International Financial Reporting Standards as approved by the European Union (EU).

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

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

	average EUR exchange rate in the period	EURO exchange rate as at the last day of period
01.01-31.03.2019	4.2978	4.3013
01.01-31.12.2019	4.3018	4.2585
01.01-31.03.2020	4.3963	4.5523

The accounting principles and calculation methods applied by the Group have not changed in the period covered by these statements, and are presented in detail in the consolidated financial statements for 2019, published on 28 May 2020.

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.

- **Amendment to IFRS 3 Business Combinations**

The amendment to IFRS 3 was published on 22 October 2018 and applies to annual periods beginning on or after 1 January 2020.

The purpose of the amendment was to clarify the definition of a *business* and to distinguish more easily between acquisitions of "businesses" and groups of assets for the purposes of merger accounting.

- **Amendments to IAS 1 and IAS 8: Definition of the term 'material'**

Amendments to IAS 1 and IAS 8 were published on 31 October 2018 and apply to annual periods beginning on or after 1 January 2020.

The purpose of these amendments was to clarify the definition of "materiality" and to facilitate its application in practice.

According to the parent company, the above mentioned standards, interpretations and amendments to standards had no significant impact on the consolidated financial statements.

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

- IFRS 14 *Regulatory Deferral Accounts* published on 30 January 2014 (adoption by EU states suspended),
- IFRS 17 *Insurance Contracts*, published on 18 May 2017,
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associated entity or joint venture* published on 11 September 2014 (suspended process of acceptance for use by EU countries),



CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES:

Company name	Seat	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 S.A.	Chemical products
Torlen Sp. z o.o. w likwidacji	Toruń	100.00	Boryszew S.A.	liquidation was completed in Q3 2019.
Elana Pet Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Chemical products
Elana Energetyka Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Other
SPV Boryszew 3 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warsaw	100.00	Boryszew S.A.	Inactive
Maflow Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100.00	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Spain	100.00	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	France	100.00	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Maflow Polska Sp. z o.o. (21%) Boryszew S.A. (79%)	Automotive
Maflow Components Co. Ltd	China	100.00	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	India	100.00	Boryszew S.A.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U (90%), Maflow Polska Sp. z o.o. (10%)	Company has not commenced operations
MAFMEX S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U (3,34%), Maflow Polska Sp. z o.o. (96.66%)	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100.00	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 Oberflächentechnik GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive



Boryszew Capital Group
Interim condensed consolidated report for the first quarter of 2020 prepared in accordance
with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

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. (own shares)	Metals
Hutmen S.A.	Wroclaw	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	71.76	Impexmetal S.A., Eastside Bis Sp. z o.o., Boryszew S.A.	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	71.76	Alchemia S.A.	Metals
Laboratoria Badań Batory	41-506 Chorzów	71.76	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.	Wroclaw	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



COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company name	Seat	share of the parent in share capital (%)	Core activity
Brick factory Vostocznaya - Sp. z o.o.	Belarus	30	trade, production of secondary raw materials
Elana Ukraina Sp.z o.o.	Ukraine	90	dormant company
Nylonbor Sp. zo.o.	Sochaczew	100	dormant company
Brasco Inc	the US	100	dormant company
Hutnik Sp. z o.o.	Konin	94	dormant company

Apart from the above-mentioned subsidiaries, the Issuer holds no other significant capital investments.

2. DESCRIPTION OF PERFORMANCE OF BORYSZEW GROUP IN Q1 '2020 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

	1Q 2020		1Q 2019	
Chemical products	59 959	4%	72 956	5%
Automotive	445 692	28%	449 082	30%
Metals	1 052 291	67%	907 148	60%
Other *	15 764	1%	75 325	5%
TOTAL	1 573 706	100%	1 504 511	100%

Geographical structure of revenues

	1Q 2020		1Q 2019	
Poland	520 705	33%	556 823	37%
Germany	340 426	22%	327 400	22%
Other EU countries	639 340	41%	531 322	35%
Other	73 235	4%	88 966	6%
TOTAL	1 573 706	100%	1 504 511	100%

* this item also includes consolidation exclusions between segments

Key determinants:

Market sentiment - PMI and GDP:

Since more than 90% of revenues at Boryszew Capital Group is generated in Europe, then the overall economic situation within the European Union (including in Germany) is critical for Group's performance.

In EU countries as well as in Poland itself, the general macroeconomic sentiment in the first three months of 2020 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, except for the German market, which at the end of Q1 2020 was higher than in the same period last year.



PMI	1Q 2020	1Q 2019
EU	44.5	47.5
Poland	42.4	48.7
Germany	45.4	44.1

In Poland the PMI reading is also lower than in the same period of the previous year and below the level of 50, i.e. 42.4 points (with the reading of 48.7 points in Q1 2019).

Forecast of GDP growth for Poland	2020	2021
NBP	3.2%	3.1%
World Bank	-4.2%	2.8%
European Commission	-4.3%	4.1%

In its spring forecast, the European Commission forecasts Poland's GDP to fall by -4.3% (vs. 3.3% growth in February). This is by far the best result in the EU with Luxembourg in second place (-5.4%) and Austria in third place (-5.5%). The forecast for 2021 was increased to 4.1% from 3.3%.

According to the European Commission, GDP growth forecasts for 2020 are similar to those presented by the World Bank and much less optimistic than those presented by NBP in March 2020.

The NBP expects 2020 growth at the level of 3.2% and 2021 - at 3.1%. This was influenced by a likely lower GDP reading in Q1 and a lower forecast of national economic activity due to the COVID-19 outbreak.

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).

In the first 3 months of 2020 car sales in Europe decreased. According to ACEA, the passenger car market in Europe declined by 25.6% compared to the same period of last year.

After 3 months of 2020 the main customer of the Automotive segment, Volkswagen Group, recorded a 19.1% 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 91% 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 21%), lead (by 9%) and aluminium (by 9%).



(amounts expressed in PLN '000 unless specified otherwise)

Also metal prices expressed in PLN decreased by 6% (copper), 19% (zinc), 6% (lead) and 6% (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 Dzierżycze 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 most of the Group's companies (except for Hutmen S.A., WM Dzierżycze and ZM SILESIA S.A. Olawa branch) sales margins are higher than those achieved in 2019.

Market sentiments - significant currency pairs

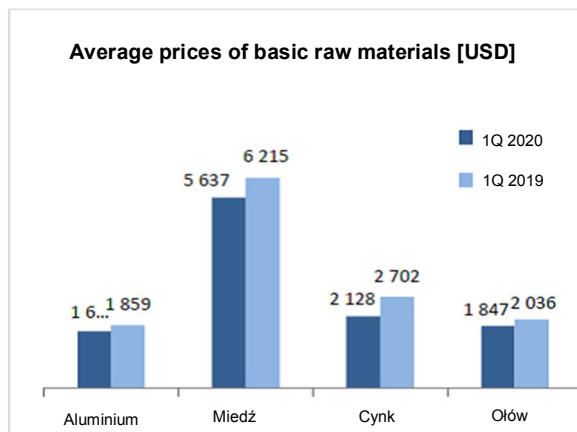
The U.S. dollar has an impact on Group's raw material costs. In the reviewed period USD strengthened against the PLN by 3.5%. This affected the quotations of basic metals expressed in PLN and the profitability of sales on this account.

The exchange rate of the Euro affects the Group's revenues. Sales denominated in Euro account for approximately 61% of Group's sales. In reviewed period of 2019 the average EUR listings increased by 0.5% in relation to PLN.

In the first 3 months of 2020, the EUR/USD exchange rate was 1.10, or some 2.8% lower than in the same period last 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:



Source: Daily listings of LME, NBP

	1Q 2020	1Q 2019	% zmiana
Aluminium [USD]	1 690	1 859	-9%
Copper [USD]	5 637	6 215	-9%
Zinc [USD]	2 128	2 702	-21%
Lead [USD]	1 847	2 036	-9%
EUR/PLN	4,32	4,30	0,5%
USD/PLN	3,92	3,79	3,5%
EUR/USD	1,10	1,13	-2,8%
	1Q 2020	1Q 2019	% zmiana
Aluminium [USD]	6 627	7 048	-6,0%
Copper [USD]	22 108	23 563	-6,2%
Zinc [USD]	8 347	10 245	-18,5%
Aluminium [USD]	7 243	7 719	-6,2%

Revenues from sales / Demand for Group's products

The revenues of Boryszew Capital Group after the first 3 months of 2020 amounted to PLN 1 573.7 million and were by 4.6% higher than those generated in the same period of previous year.



(amounts expressed in PLN '000 unless specified otherwise)

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

in PLN million	1Q 2020	1Q 2019	difference
Revenues from sale, including:	1 573.7	1 504.5	69.2
Automotive Segment	445.7	449.1	-3.4
Metals Segment	1 052.3	907.1	145.1
Chemicals segment	60.0	73.0	-13.0
Other Activities Segment	15.8	75.3	-59.6
(in thousand tonnes)	1Q 2020	1Q 2019	difference
Volume of sales, including:	76.7	80.9	-4.2
Metals Segment	66.6	66.2	0.4
Chemicals segment	10.1	14.7	-4.6

The increase in revenues of the Metals segment was primarily related to the recognition, in the results for the first 3 months of 2020, of revenues of Alchemia Group amounting to PLN 215.9 million, due to the acquisition of control over Alchemia Group. Other entities in the Segment, except for NPA Skawina, Baterpol S.A. and Zakład Utylizacji Odpadów Sp. z o. o., achieved lower revenues than in the corresponding period 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 increased by 0.5%, to the level of 66.6 thousand tons (without volumes of Alchemia Group).

The increase in sales volumes in the Metal Segment was recorded despite the negative impact of COVID-19 on the demand for Group's products due to a short term suspension or limitation of operations in most European Union countries, which remain the largest customers for the companies of the Metal Segment.

The drop in revenue in the Automotive Segment resulted from a drop in sales of parts, which was caused by the stagnation on the automotive market caused by the COVID-19 pandemic. In the first quarter of 2020, according to ACEA data, the number of newly registered cars decreased by 25.6 per cent compared to the same period the previous year, which had a direct impact on the volume of revenues of the Automotive Segment.

The Chemicals segment recorded lower revenues than in the corresponding period of the previous year with significantly lower sales volumes, mainly due to the reduction of production in segment companies in Q1 2020 due to the COVID-19 pandemic.

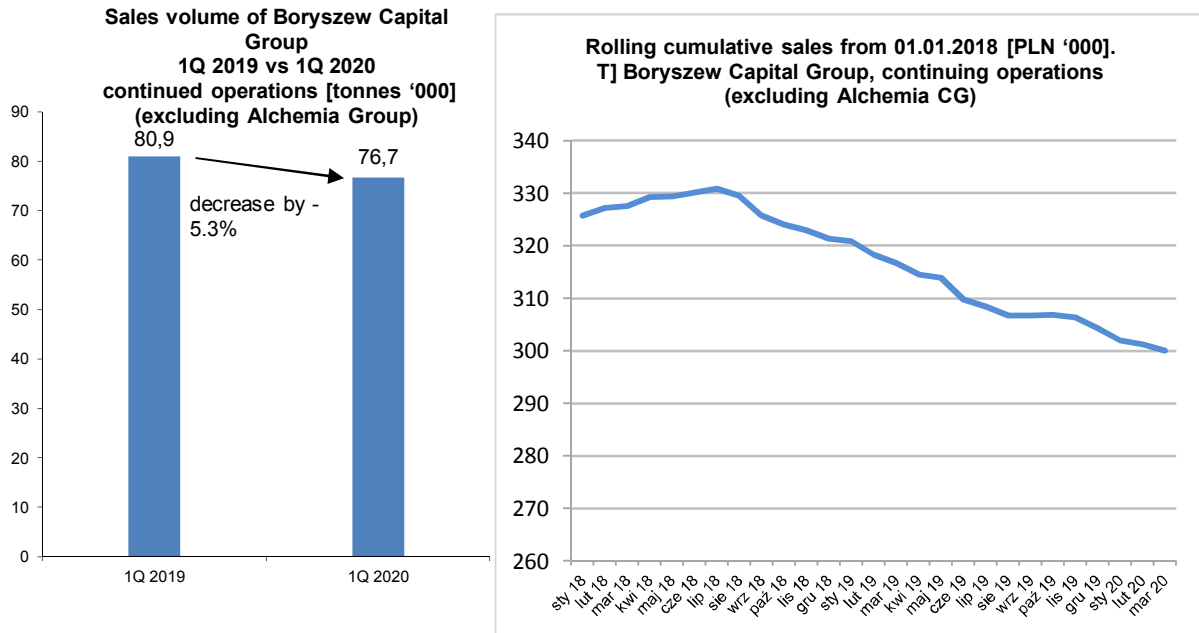
The decrease in volumes in the Chemicals segment was recorded in all companies and amounted to -31.5% (4.6 thousand tons).

Decrease of revenues from sales in the Segment Other was mainly brought about by cessation of wholesale trade in electricity market by Boryszew S.A. Energy branch.



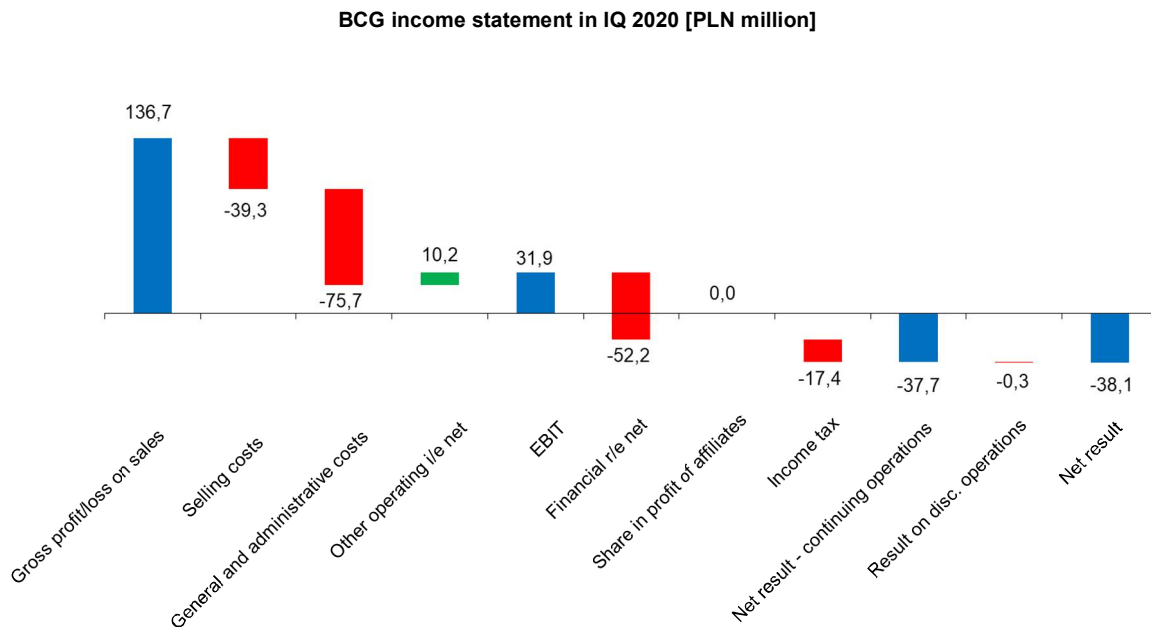
(amounts expressed in PLN '000 unless specified otherwise)

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:



B. ACHIEVED FINANCIAL RESULTS

The graph below compiles components of the profit and loss account after 3 months of 2020.





(amounts expressed in PLN '000 unless specified otherwise)

The gross result on sales after 3 months 2020 amounted to PLN 136.7 million and was lower by PLN 6.2 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 the Automotive segment.

Average gross profitability on sales dropped from 9.5% at the end of Q1 2019 to 8.7% today.

Costs of sales were higher by PLN 5.0 million, or by 14.8% against the same period of the previous year.

General and administrative expenses were 9.9% higher than in the 3 months of 2019.

The balance of operating income/costs amounted to PLN 10.2 million, down by PLN 1.4 million compared to the corresponding period of 2019, mainly due to the lack of revaluation of overdue trade receivables.

As per the Act of 19 July 2019 on the compensation system for energy-intensive sectors and subsectors, some of the companies of Boryszew Capital Group (Metal Segment) have met the conditions to obtain support for indirect costs of greenhouse gas emissions (so called CO₂ compensations). The report for the first quarter of 2020 includes revenue resulting from the right to compensation for electricity purchased in the reporting period. The right to compensation results from the abovementioned Act and the fulfilment of the conditions to include Group Companies' production in energy-intensive sectors, which is to be compensated for the increase in electricity prices caused by the EU's climate and energy policy. Revenue from compensation, which in the first quarter of 2020 will amount to PLN 2 419 thousand, was determined in accordance with the principle of prudent valuation on the basis of the expected forward price of CO₂ emission allowances in the amount of PLN 105 per tonne and the estimated reduction level of 40%.

A decision determining the final amount of compensation will be issued by 30 September 2021 and will depend on the degree of reduction if the total compensation granted exceeds PLN 890 million.

Net financial income/expenses amounted to PLN 52.2 million negative and was lower by PLN 39.7 million against the corresponding period of the previous year, mainly due to negative exchange rate differences of PLN 46.5 million.

OPERATING RESULTS BY SEGMENTS

1. Consolidates figures:

After 3 months of 2020 EBITDA on continuing operations amounted to PLN 80.6 million, compared to PLN 90.2 million in the same period of the previous year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	1Q 2020	1Q 2019	<i>difference</i>
EBITDA, including:	80.6	90.2	-9.6
Automotive Segment	6.4	20.5	-14.1
Metals Segment	69.3	58.0	11.3
Chemicals segment	5.4	3.5	1.9
Other Activities Segment	-0.5	8.2	-8.7

2. Metals Segment

Higher results, against last year, in the Metal Segment are mainly due to higher unit margins at raw material costs in Baterpol, Aluminium Konin, NPA and ZM Silesia S.A. Katowice branch and lower sales at higher commercial margins in F&T Group. Among other group companies, only Hutmen S.A., WM Dziedzice and ZM Silesia S.A. Olawa branch recorded lower results than in the same period of the previous year.

Increase of results in Impexmetal S.A. (Aluminium Konin) was the result of higher unit processing profitability coming from higher unit margin on raw material and trade bonus.



(amounts expressed in PLN '000 unless specified otherwise)

Higher results in ZUO are mainly due to an increase in the volume of sales by 7.6% compared to the same period in 2019 and a decrease in the costs of third party services as well as repairs and maintenance.

Baterpol S.A. achieved better results mainly due to the increase of unit processing margins resulting from a change on the battery scrap market and a change in the mix of scrap metal used to produce lower (by 1.9%) sales volumes.

The increase of results in Boryszew S.A. O. NPA Skawina branch came from much higher sales (by 13.4%) in all sales assortments except for cables and higher unit processing margins in 3 months of 2020.

SILESIA S.A. O. Katowice branch recorded better results brought about by an increase in sales volumes (by 14.6%) of practically all sales assortments, including in particular metal sheets as well as unit processing margins for most assortments except for wires.

The higher result of the segment came from higher sales by all entities of FŁT Group, with the highest sales recorded by FŁT Polska Sp. z o.o.

WM Dziedzice S.A. suffered a decrease in results due to lower unit processing margins on most of the sales assortments as well as drop in sales volumes by 2.7% and sales value against the same period of the previous year.

The drop in the results of ZM SILESIA S.A. O. Oława branch came from lower sales of all products of the assortment groups and lower unit processing margins.

Hutmen S.A. recorded worse results primarily due to higher average unit processing margins on most assortments it offers and simultaneous increase in sales volumes by 2.1% against the first nine months of 2019.

3. Automotive Segment

The drop in EBITDA in the Automotive segment is primarily attributable to BAP Group. In case of Maflow Group, the positive year-on-year deviation results mainly from the optimisation activities that took place in the Group.

The drop of EBITDA in the Automotive segment resulted from a drop in sales of parts and tools (by 20.3% and 19.8%, respectively) due to a reduction in the sales portfolio and delays in project implementation by customers (for instance electric vehicles). In addition, March saw the outbreak of the COVID-19 pandemic, causing temporary restrictions and shutdowns in production and thus a 40% drop in sales in March.

4. Chemical products segment

Boryszew S.A. O. ERG branch is responsible for the increase of EBITDA of the Segment. Higher results came from the launch of production and sales of bactericidal products of new product group CcleanSkin in March, whose sales in the first quarter of 2020 accounted for 25.9% of total sales revenue in ERG branch.

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 Eastside - Bis Spółka z o.o. Elana Nieruchomości Branch as a result of the stagnation on the real estate market due to COVID-19 epidemic. Also the result of the segment was negatively influenced by the cessation of wholesale trade on the electricity market by Boryszew S.A. Energy branch.

NET PROFIT/LOSS

The net result on continuing operations amounted to PLN -37.7 million and was lower by PLN 63.4 million than the result after the first 3 months of the previous year.

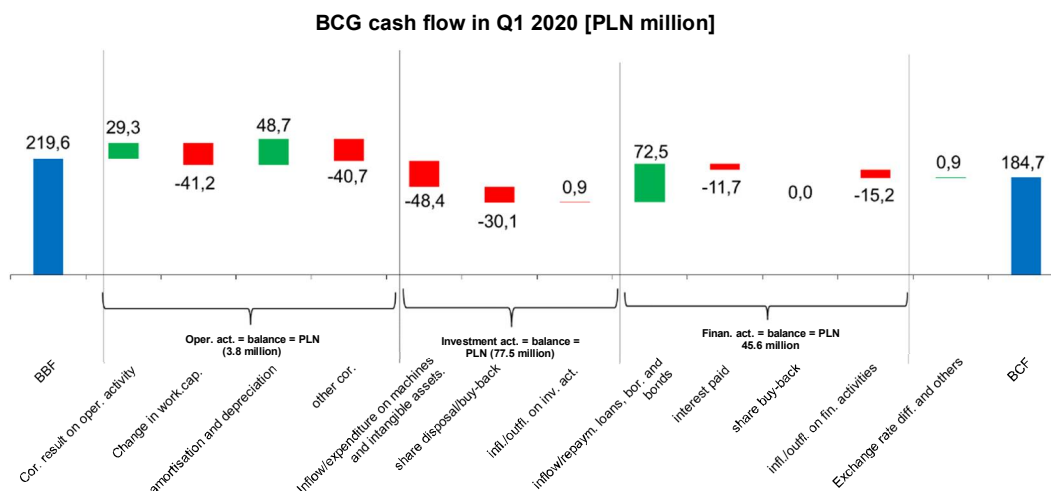
The total net result including continuing and discontinued operations amounted to PLN -38.1 million and was lower than the result after the first 3 months of last year by PLN 62.4 million, while the net result attributable to shareholders of the parent company amounted to PLN -35.1 million and was lower than last year's result by PLN 50.7 million.



(amounts expressed in PLN '000 unless specified otherwise)

D. CASH FLOW

Cash flows after 3 months of 2020 are presented in the chart below:



After 3 months of 2020 Boryszew Capital Group generated negative cash flows from operating activities (caused by the impact of the COVID-19 pandemic) and investment activities, which were allocated to investments in tangible and financial assets. Due to the scale of the investment, the Group increased its external financing.

The negative balance of cash flows from investment activities came mainly from investments in fixed assets in the amount of PLN 50.3 million (with proceeds from the sale of assets in the amount of PLN 1.9 million), primarily in the Metal Segment and the balance of acquisition/disposal of financial assets (shares and bonds) in the value of PLN 29.1 million negative.

After 3 months of 2020 the net debt of Boryszew Capital Group amounted to PLN 1 540.4 million and was higher by PLN 111.3 million compared to the end of 2019.

Net debt/EBITDA ratio after the first 3 months of 2020 was 3.8x, higher than at the end of the previous year when it was 3.5x.

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

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

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

However, due to the outbreak of the COVID-19 pandemic, the demand for cars in the coming quarters of 2020 is expected to drop, leading to a decrease in orders for car parts and components manufactured by companies of Maflow Group and Boryszew Automotive Plastics Group.

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

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

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



(amounts expressed in PLN '000 unless specified otherwise)

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).

In March 2020 Boryszew S.A. Boryszew ERG Branch in Sochaczew introduced a new product - ERG CleanSkin disinfectant, which significantly improved the company's results for the first quarter of 2020. The product was very well received by consumers and its sales represented 52.8% of Branch's sales value in March this year.

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

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

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

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

OPERATING SEGMENTS

Automotive	Boryszew S.A. Oddział Maflow w Tychach, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow Automotive Mexico S.de. RI. De.C, MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Impexmetal S.A., Impexmetal Holding Spółka z o.o., Hutmen S.A., WM Dzierżycie S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A NPA Skawina branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratoria Badań Batory Sp. z o.o., SPV Impexmetal Spółka z o.o., FLT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd., FLT Metals Ltd.; FLT USA L.L.C., Symonvit Ltd. w likwidacji, Remal Sp. z o.o., Zakład Utylizacji Odpadów Sp. z o.o.
Chemical products	Elana Pet Sp. z o.o., Boryszew S.A. Elana branch, Boryszew S.A. Boryszew ERG branch, Boryszew S.A. Nylonbor branch, Elimer Sp. z o.o.
Other	Boryszew S.A. - Headquarters, Boryszew S.A. Energy Branch, Eastside - Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. in liquidation, SPV Lakme Investment Sp. z o.o., Impex - invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., SPV Boryszew 3 Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. in liquidation, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. in liquidation.

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	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Continuing operations		
Domestic sales	520 705	556 823
Sales to EU countries	932 795	824 615
Sales to other European countries	46 971	34 107
Export outside Europe	73 243	88 966
Total (revenues from continuing operations)	1 573 714	1 504 511

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:

Share of EU member states in intra-Community sales:	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Germany	36%	40%
The Czech Republic	16%	15%
France	5%	4%
Slovakia	3%	4%
Italy	6%	7%
Spain	5%	6%
Great Britain	3%	4%



REVENUES AND RESULTS BY OPERATING SEGMENTS IN QUARTER 1 OF 2020 (data regarding continuing operations)

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Continuing operations 01.01.2020 - 31.03. 2020							
Revenues from sales	59 959	445 692	1 052 291	44 864	1 602 806	(29 100)	1 573 706
Segment costs of sales	47 385	410 482	965 409	37 940	1 461 216	(24 195)	1 437 021
Result on sales within segment	12 574	35 210	86 882	6 924	141 590	(4 905)	136 685
General, administrative and sales expenses	8 353	48 020	57 617	4 595	118 585	(3 627)	114 958
Other operating profit/loss	(615)	(2 287)	15 301	2 833	15 232	(5 049)	10 183
Segment profit/loss	3 606	(15 097)	44 566	5 162	38 237	(6 327)	31 910
Amortisation/depreciation	1 809	21 476	24 735	2 126	50 146	(1 428)	48 718
EBITDA *)	5 415	6 379	69 301	7 288	88 383	(7 755)	80 628

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Continuing operations 01.01.2019 - 31.03. 2019							
Revenues from sales	72 956	449 082	907 148	90 641	1 519 827	(15 316)	1 504 511
Cost of sales for the segment	63 688	403 146	829 847	85 573	1 382 254	(20 595)	1 361 659
Result on sales within segment	9 268	45 936	77 301	5 068	137 573	5 279	142 852
General, administrative and sales expenses	8 093	50 998	40 218	4 433	103 742	(635)	103 107
Other operating profit/loss	505	4 276	3 771	6 190	14 742	(5 940)	8 802
Segment profit/loss	1 680	(786)	40 854	6 825	48 573	(26)	48 547
Amortisation/depreciation	1 841	21 281	17 136	1 394	41 652	-	41 652
EBITDA *)	3 521	20 495	57 990	8 219	90 225	(26)	90 199

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



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

DEBT SECURITIES

ISSUES OF BONDS

In Q1 '2020, until publication of the report the Company did not issue any equity securities.

BONDS SUBSCRIBED FOR

In the first quarter of 2020 and until the report publication date, the Company subscribed no debt securities.

EQUITY SECURITIES

In Q1 '2020, until publication of the report the Company did not issue any equity securities.

CAPITAL INVESTMENTS

The list of shares and stocks held is presented in point 2 of the report.

Apart from the subsidiaries and associates in point 2, the Issuer holds no other significant capital investments.

LOANS GRANTED

Information on loans granted by other entities of the Capital Group is presented in point 17 of the report.

REAL PROPERTY

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

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

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

In the discussed period the COVID-19 pandemic broke out, which had an impact on the decrease in the Group's results (mainly the Automotive segment). This affected the supply chains, resulting in production cuts by companies in the first quarter of 2020.

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

	As at 31.03.2020	As at 31.12.2019
Contingent liabilities:		
guarantees and sureties granted to related entities for repayment of loans and trade liabilities	123 311	115 443



Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee in PLN thousand	Expiry date of guarantee
Boryszew Plastic RUS	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 762	Indefinite validity
Mafmex S. de R.L. de C.V.	15.07.2019	Guarantee granted to Volkswagen Group of America	6 219	
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	91 046	indefinite validity
Veolia Industry Polska Sp. z o.o. (formerly Eastside-Bis Sp. z o.o.)	01.10.2017	Guarantee granted to the Provincial Fund for Environmental Protection and Water Management in Toruń	3 284	indefinite validity
Total guarantees and sureties granted by Boryszew SA			123 311	

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

Following the conclusion by ZM Silesia S.A. of an annex to the Multicurrency Line Agreement No. 7317/14/M04 of 9 June 2014, as amended, with Bank Millennium S.A., on 19 May 2020, Impexmetal S.A. changed the terms of the surety granted for this Agreement, reducing its amount to PLN 8 228 400.00. The surety shall remain valid until 28 February 2023.

8. FINANCIAL INSTRUMENTS, FAIR VALUE AND ESTIMATED DATA

Financial assets per the balance sheet

Financial assets as at 31.03.2020

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other income	Carrying value
Shares and stock	328	78		3	409
Trade receivables	763 885	49 927			813 812
Derivative financial instruments		556	20 182		20 738
Loans granted	144				144
Bonds	33 746				33 746
Cash and cash equivalents	184 696				184 696
Total	982 799	50 561	20 182	3	1 053 545

Financial liabilities as at 31.03.2020

	Financial liabilities measured at amortised cost	Other financial liabilities	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings		1 564 578		1 564 578
Derivative financial instruments	503		44 395	44 898
Trade and other liabilities		951 522		951 52
Total	503	2 516 100	44 395	2 560 998



Transactions and balances of payables and receivables with personally related entities

**01.01.2020
- 31.03. 2020**

Revenues from sales	706
Interest income	279
Purchase of goods and services	3 703
Trade and other receivables (deposits, advances)	3 399
Loan and bond receivables	34 266
Trade and other liabilities (deposits, advances)	2 009

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

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. with its registered office 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 balance sheet date Boryszew S.A. holds directly and indirectly 71,76% of the share capital and total number of votes at the General Meeting of Shareholders of Alchemia S.A.



10. 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

Share buy-back - Alchemia S.A

On 30 January 2020 Alchemia S.A. acquired through DM BPS S.A. (as an investment company) 10 000 000 own shares of Alchemia S.A., which accounts for 5.77% of the share capital and votes at Alchemia S.A. General Meeting.

On 28 May 2020 Alchemia S.A. acquired, through DM BPS S.A. (as an investment company), 4 000 000 own shares of Alchemia S.A., which accounts for 2.31% of the share capital and votes at Alchemia S.A. General Meeting.

Conversion of receivables of Boryszew SA from Maflow to Brasil Ltda

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

1. loans granted, EUR 11 932 500
2. trade receivables, EUR 14 192 361.40

in the total amount of EUR 26 124 861.40 (equivalent to BRL 118 776 283) to share capital of the company, in exchange for 118 776 283 shares with a nominal value of R\$ 1 per share.

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

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

Boryszew SA converted its receivables from Mafmex S. de R.L. de C.V., based in Mexico, resulting from trade receivables in the amount of EUR 11 013 526.89 (equivalent of MXN 234 579 345.80) to company's supplementary capital, in exchange for series B 1 share (without voting rights during shareholders' meeting) in the amount of MXN 234 579 345.80.

As at 31 March 2020 Boryszew S.A. holds directly 96.66% of shares in the share capital of this company.

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

On 14 May 2020 Boryszew S.A. with its registered office in Warsaw (the Acquiring Company) and SPV Boryszew 3 Spółka z o.o. with its registered office in Warsaw (the Acquired Company) agreed and signed the Merger Plan.

The merger of Boryszew S.A. with the Acquired Company will take place on the following rules:

1. Merger under the procedure of art. 492 § 1 item 1 of the Commercial Companies Code (hereinafter referred to as CCC) - transfer of all assets of the Acquired Company to the Acquiring Company, by universal succession.
2. Merger without increasing the share capital or amending the Articles of Association of the Acquiring Company.
3. No special benefits are expected as the result of the merger for the members of the governing bodies of the merging Companies or other persons participating in the merger, referred to in CCC Article 499 § 1 item 6.
4. No special rights referred to in CCC Article 499 § 1 item 5 as the result of the merger.
5. Under CCC Article 516 § 6 in conj. with CCC Article 516 § 5, the Merger Plan needs not be examined by an auditor for its correctness and reliability and neither an opinion needs be prepared by an auditor, also the Management Boards of the merging Companies needs not prepare a written report justifying the merger, its legal basis and business justification as well as the share exchange ratio referred to in CCC Article 499 § 1.2.
6. As Boryszew S.A. is a public company, then according to CCC Article 516 § 1, the merger will require resolutions on the merger to be adopted by the General Assembly of the Acquiring Company and the General Assembly of Shareholders of the Acquired Company, referred to in CCC Article 506 CCC, approving the merger and the Merger Plan.

The planned merger aims at simplification of the organisational structure of Boryszew Capital Group.

The Management Board of Boryszew S.A., ensuring the increase of the Company's value, undertakes actions aimed at simplifying the structure of Boryszew Capital Group and increasing the transparency of the management process.



In the Management Board's assessment, further simplification of the structure would improve efficiency of management of Boryszew Group's policy and activities and of the management of resources at the Group's possession. Carrying out internal consolidation of Boryszew Capital Group will result in improved profitability, reduced costs of general management as well as financial costs.

On 15 June 2020 the Extraordinary General Meeting of Boryszew S.A. agreed to merge Boryszew S.A. based in Warsaw (the Acquiring Company) and SPV Boryszew 3 Spółka z o.o. based in Warsaw (the Acquired Company).

On 25 June 2020 the registry court of the National Court Register issued a decision on the registration of the merger of both Companies.

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

In Q3 2019 the process of liquidation of Torlen Spółka z o.o. with its registered office in Toruń was completed. On 20 May 2020 the company was deleted from the Register of Entrepreneurs.

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

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

The Management Board of Boryszew S.A. published no forecasts of the financial result for 2020.

12. 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	65.346%	156 832 020	65.346%
including subsidiaries	154 144 622	64.227%	154 144 622	64.227%
including:				
Impexmetal S.A.	13 346 169	5.561%	13 346 169	5.561%
Boryszew S.A.(**) (***)	21 448 831	8.94%	21 448 831	8.94%
RKKK Investments Sp. z o.o.	119 998 000	49.999%	119 998 000	49.999%
Nationale - Nederlanden Otwarty Fundusz Emerytalny	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

(***) Following the registration on 25.06.2020 of the merger between Boryszew S.A. and SPV Boryszew 3 Spółka z o.o., the company acquired 2 165 000 shares of Boryszew S.A. shares accounting for 0.902% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 21 448 831 own shares accounting for approximately 8.94 % of the share capital and total number of votes at the General Meeting of Boryszew S.A.



13. 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

Since the submission of 2019 financial statements for publication on 29 May 2020 no changes have occurred to the ownership structure of significant blocks of shares of Boryszew S.A.

14. 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.

15. 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 27 November 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 29 May 2020; as at the report publication date the Company received no notification on the change the date of appeal examination.
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 October and December 2012 in the amount of PLN 1.14 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, the company appealed against the decision of the Office to the Provincial Administrative Court in Wrocław. On 13 March 2019 the Provincial Administrative Court issued a decision in favour of HUTMEN 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. On 11.12.2019 Hutmen S.A. received a refund of the entire amount of the tax in question together with interest.

4. On 14 February 2018 HUTMEN S.A. filed a cassation complaint against the judgment of the Provincial Administrative Court in Warsaw dismissing the company's complaint against the decision of the Director of the Tax Chamber in Warsaw concerning VAT settlement for November 2012. The subject of the dispute is the amount of PLN 548 thousand, which the Company paid and recognised in the result in 2018.
5. Baterpol Recycler Sp. z o. o. – at present, the Company is subject a new VAT inspection for the period March-June 2016 carried out by the Head of the Lower Silesian Customs and Fiscal Office in Wrocław, whose deadline has been extended to 27.05.2020. The reason for reopening the inspection proceedings is the decision of the Tax Administration Chamber in Wrocław of 27.01.2020 repealing in full the decision of the Head of the Lower Silesian Customs and Fiscal Office in Wrocław of 08.06.2018 concerning VAT for the period March-June 2016 and referring the case for re-examination by the first instance authority.

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, in progress (the company received a preliminary audit protocol and the decision to extend the control proceedings until 31.08.2020) and January-June 2015 (on 29.11.2019 the company received a notification from the head of the Małopolska Customs and Fiscal Office in Krakow on the expected date of completion of the audit by 26.07.2020).
2. Hutmen S.A. - tax audit proceedings in progress
 - a. Audit by the Lower Silesian Customs and Fiscal Office in Wrocław, Legnica branch - audit of the correctness of VAT for Q4 '2014 - the case was referred back to the Director of the Tax Administration Chamber in Wrocław for further consideration. The amount of VAT is PLN 3.04 million PLUS interest. The expected date of completion of the case - 18.07.2020.
 - b. Audit by the Małopolska Customs and Fiscal Office in Kraków, Tarnów Branch - audit of the correctness of VAT for 2015 - expected date of completion postponed to 10.08.2020. This audit reveals no tax irregularities during the period considered.
 - c. Audit by the Mazowieckie Customs and Fiscal Office - audit of the correctness of VAT for October and December 2012 - the case was referred for re-examination by a first instance body following the judgment of the Provincial Administrative Court in Wrocław of 13 March 2019 repealing the decision of the Director of the Fiscal Administration Chamber in Wrocław. The amount of VAT is PLN 1 142 thousand plus interest. On 11.12.2019 Hutmen S.A. received a refund of the entire amount of the tax in question together with interest. The expected date of completion of the case - 03.08.2020.
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 4.5 million plus interest (as at 31 December 2019 - PLN 1.4 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. Expected date of completion of the audit - 30.06.2020.
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 55.6 million (high risk). Moreover, the Parent Company recognised the amount of PLN 38.9 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 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.

16. 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 details below:

TRANSACTIONS OF NON-TRADE NATURE BETWEEN RELATED PARTIES:

LOANS GRANTED BY BORYSZEW S.A.

On 29 January 2020 Boryszew S.A. granted two cash loans to Boryszew Automotive Plastics Spółka z o.o. based in Toruń in the amount of EUR 300 000.00 with the repayment date 31 December 2020 and in the amount of PLN 4 300 000.00 with the repayment date 31 December 2020.

LOANS GRANTED TO BORYSZEW S.A BY CAPITAL GROUP COMPANIES

Loan granted by SPV IMPEXMETAL Sp. z o.o.

On 29 January 2020 SPV Impexmetal Sp. z o.o. granted a loan to Boryszew S.A. with its registered office in Warsaw in the amount of PLN 4 500 000, to be repaid by 31 December 2020.

On 29 January 2020 SPV Impexmetal Sp. z o.o. granted a cash loan to Alchemia S.A. based in Warsaw in the amount of PLN 10 000 000, to be repaid by 31 December 2020. The loan was repaid on 29.04.2020.

Loan granted by EASTSIDE - BIS Sp. z o.o.

On 29 January 2020 SPV Eastside – Bis Sp. z o.o. granted a loan to Boryszew S.A. with its registered office in Warsaw in the amount of EUR 400 000, to be repaid by 31 December 2020.

Loan granted by BORYSZEW OBERFLÄCHENTECHNIK DEUTSCHLAND GMBH

On 31 January 2020 the Company granted a cash loan to Boryszew Automotive Plastics Spółka z o.o. based in Toruń in the amount of EUR 1 000 000, to be repaid by 31 December 2020.

Loan granted by WM DZIEDZICE S.A.

On 17 February 2020 the Company granted a loan to Hutmen S.A. for the period from 17 February 2020 to 28 April 2020 for the amount of PLN 5 000 000.00. The loan was repaid on time.

The above mentioned loans were granted on arm's length basis.



Conversion of MAFLOW BRANCH receivables into shares

In Q1 '2020 receivables of Maflow Branch from:

- a. Maflow do Brasil resulting from loans granted in the amount of PLN 52 557 074.75 and trade receivables in the amount of PLN 55 681 633.48 were converted to share capital
- b. Mafmex resulting from trade receivables of PLN 47 749 152.73 were converted to share capital.

TRANSACTION AFTER THE BALANCE SHEET DATE

Loan granted by BORYSZEW S.A.

On 1 April 2020 Boryszew S.A. granted a cash loan to Boryszew Commodities Spółka z o.o. based in Warsaw up to the amount of EUR 6 000 000 for the period up to 6 months.

On 30 April Boryszew S.A. granted a loan to Theysohn Kunststoff GmbH of up to EUR 5 000 000.00, paid in tranches, to be repaid by 30 August 2021.

LOANS GRANTED TO BORYSZEW S.A BY CAPITAL GROUP COMPANIES

Loans granted by SPV IMPEXMETAL Sp. z o.o.

On 24 April 2020 the company granted a loan to Boryszew S.A. with its registered office in Warsaw in the amount of PLN 5 000 000, to be repaid by 31 December 2020.

On April 29th, 2020 the company granted a cash loan in the amount of PLN 5 000 000 to Boryszew S.A. with its registered office in Warsaw, to be repaid by 31 December 2020.

On 30 April 2020, the company granted a cash loan of PLN 10 000 000 to Unipartner Sp. z o.o. with its registered office in Warsaw, to be repaid by 31 December 2020.

Loan granted by FŁT POLSKA Sp. z o.o.

On 30 April 2020, the company granted a cash loan of PLN 10 000 000 to Unipartner Sp. z o.o. with its registered office in Warsaw, to be repaid by 31 December 2020.

Loan granted by BATERPOL RECYCLER Sp. z o.o.

On 10 June 2020 Baterpol Recycler Spółka z o.o. based in Oława granted a cash loan to Boryszew S.A. in the amount of PLN 1 100 000.00, with repayment on 31 December 2020.

Loan granted by Hutmen SA

On 28 May 2020, Hutmen SA based in Wrocław granted a loan Alchemia SA in the amount of PLN 12 000 000, to be repaid by 31 December 2020.

The above mentioned loans were granted on arm's length basis.

Extension of the repayment date of loans granted to BORYSZEW S.A. by Capital Group companies

On 26 June 2020 Polski Cynk Sp. z o.o. agreed to extend, until 30 June 2021, the repayment date of loans granted to Boryszew S.A. in total amount of PLN 17 000 000.

17. 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 balance sheet date Boryszew S.A. failed to achieve the agreed Net Financial Debt to EBITDA ratio as per the agreements with five banks financing the Company and Gross Financial Debt to EBITDA ratio as per the agreements with one bank, leading to a violation of one of the terms and conditions of loan agreements concluded with these financial institutions. The main reason for failure to achieve the agreed level of financial ratios was the decreasing level of the operating profit while maintaining the existing level of financial debt. After



the balance sheet date Boryszew S.A. has taken steps aimed at agreeing with the financing institutions the rules of further cooperation in the period of the expected reduced level of operating profit generated by the Capital Group. According to the preliminary information on deadlines for making decisions regarding the requests, received from the Banks concerned, the Company is awaiting information on the decisions in July this year.

Two subsidiaries of the Automotive Segment (BAP Group) failed to reach the established level of the financial ratio, leading to a breach of one of the terms of the loan agreement for joint credit limit, guaranteed by Boryszew S.A. (the value of liabilities under this agreement as of the balance sheet date is **about EUR 14 million**). The reason for the failure to achieve the agreed level of the financial indicator was primarily the deterioration of the operating result in the Automotive Segment due to a drop in sales resulting from the introduction of WLTP (Worldwide Harmonized Light-Duty Vehicles Test Procedure). After the balance sheet date the guarantor started negotiations with the financing institution on the rules of further cooperation under the concluded loan agreement. By the date of this report, the Bank had not submitted a formal consent to repeal the violation of this ratio as at 31 March 2020 and as at 31 December 2019.

18. 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 31.03.2020

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.	2019-05-16	Guarantee for HSBC France Branch in Poland	270 000 000	2021-09-16
Boryszew Kunststofftechnik Deutschland GmbH	31.01.2013	Guarantee granted to Commerzbank	22 761 500	indefinite validity
	23.07.2013	Guarantee granted to GE Capital Bank AG	4 517 580	30.08.2021
	24.07.2017	Guarantee granted to ALD AutoLeasing D GmbH	910 460	30.06.2022
	07.08.2017	Guarantee granted to Deutsche Leasing International GmbH	6 373 220	indefinite validity
	08.06.2018	Guarantee granted to Deutsche Leasing International GmbH	2 731 380	08.06.2023
	2019-01-29	Guarantee granted to DNB Bank Polska SA	71 015 880	2021-03-01
	2019-03-06	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	26 266 240	2022-03-31
	2019-06-13	Guarantee granted to Deutsche Leasing International GmbH	13 501 467	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	27.05.2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	1 410 357	30.11.2020
	15.03.2016	Guarantee granted to Wurth Leasing GmbH	1 615 620	15.03.2022
Theysohn Formenbau GmbH	06.09.2017	Guarantee granted to akf Leasing GmbH	10 649 920	2023-08-31
Theysohn Kunststoff GmbH	2018-09-28	Guarantee granted to PKO Leasing Sp. z o.o.	15 599 671	2021-12-31
	2019-04-23	Guarantee granted to HSBC Trinkhaus & Burkhardt AG	27 313 800	2022-05-10
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	57 882 495	31.12.2026
Boryszew Plastic RUS	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO	829 320	indefinite validity
	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO	414 660	indefinite validity
	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 761 500	indefinite validity
	2019-02-25	Guarantee granted to Alfa Bank	9 900 000	2024-12-31
	2019-07-15	Payment guarantee granted to Engel Austria	13 870 385	2023-08-25



Boryszew Capital Group
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(amounts expressed in PLN '000 unless specified otherwise)

Boryszew Tensho Poland Sp. z o.o.	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	Aval of lease agreement for mLeasing	817 704	15.04.2021
	24.10.2017	Aval of lease agreement for mLeasing	6 828 084	15.11.2020
	2017-12-06	Guarantee granted to PGE Obrót S.A.	1 800 000	indefinite validity
	2018-10-22	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357 100	2025-09-30
	2019-01-29	Guarantee granted to DNB Bank Polska SA	10 925 520	2021-03-01
	2019-03-04	Aval of lease agreements for mLeasing	9 407 178	2024-04-15
	2019-10-10	Guarantee granted to PKO Leasing Sp. z o.o.	16 973 184	2022-10-10
Maflow BRS s.r.l.	26.04.2016	Guarantee granted to Banka IFIS	3 414 225	indefinite validity
	2019-05-23	Guarantee granted to HSBC France, Milan Branch	20 712 965	2023-05-23
Maflow France Automotive S.A.S.	07.07.2016	Guarantee granted to Natixs Lease	1 716 217	2021-07-07
Mafmex S. de R.L. de C.V.	2019-07-15	Guarantee granted to Volkswagen Group of America	6 219 900	2021-01-15
Boryszew Commodities	2020-03-30	Guarantee granted to Borealis AG for commercial liabilities	2 276 150	2020-12-31
	2018-07-23	Endorsement of financing agreement for mBank S.A.	75 112 950	2020-04-30
	2019-04-26	Endorsement of guarantee line for mBank S.A.	3 414 225	2021-04-10
	2020-02-24	Guarantee granted to BSB Recycling GmbH	11 380 750	2021-12-31
Boryszew Commodities, Boryszew Plastic Rus, AKT Plastikarska Technologie Czech Republic	2020-03-09	Guarantee granted to Basell Sales & Marketing Company B.V.	9 104 600	2021-12-31
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	91 046 000	indefinite validity
Alchemia S.A.	2019-10-01	Guarantee granted to Arcelormittal Poland S.A.	22 761 500	2020-12-31
	2020-03-31	Guarantee granted to Arcelormittal Poland S.A.	14 567 360	2020-12-31
Veolia Industry Polska Sp. z o.o. (formerly 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	2015-12-01	Guarantee granted to PGE Obrót S.A.	6 380 000	indefinite validity
ZM Silesia S.A.	2018-09-26	Surety granted to PKO BP S.A.	6 480 000	2024-02-28
	2018-10-26	Guarantee granted to BGŻ BNP Paribas S.A.	14 400 000	2020-12-31
	2019-12-20	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	20 000 000	indefinite validity
Total guarantees and sureties granted by Boryszew SA			991 704 666	

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

On 30 March 2020 the Company granted 3 sureties to Enea S.A. for sales of electricity to WM Dziedzice S.A., Elana Energetyka Sp. z o.o. and Boryszew Tensho Poland Sp. z o.o., valid from 1 April 2020 to 31 January 2021, for the maximum amount of PLN 14 800 000.



19. 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).
- the duration and scale of the COVID-19 pandemic as well as the protective measures implemented by institutions at Polish and European Union level,
- changing consumer moods due to the economic slowdown and reducing demand or postponing consumer spending to future periods,
- changes to the rules for granting financing by the banking sector,
- disruption of supply chains caused by suppliers' limitation or shutdown of business due to the COVID-19 pandemic,
- 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,
- 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 and update of investment plans as a result of the COVID-19 pandemic,
- the effects of subsidies granted for implementation of investment projects and improvement of energy efficiency.

20. 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

During the reporting period no events occurred, other than described in note 3 and note 22, that would be significant for the assessment of human resources, property, financial standing, financial result and the Capital Group's ability to meet its obligations.

21. OTHER IMPORTANT EVENTS

BORYSZEW S.A.

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

On 12 March 2020, Boryszew S.A. and the consortium of: HSBC France Branch in Poland and Santander Bank Polska S.A. ("Consortium Organisers") agreed the Termsheet for granting financing to the Company and its subsidiaries ("Capital Group") in the form of a loan and concluded with the Consortium Organisers an agreement on mandate letter of a consortium of institutions (which will also include the Consortium Organisers) which will grant financing to the Company in accordance with the terms and conditions provided for in the Termsheet ("Consortium").



The Termsheet regulates the rules of providing financing to the Group companies in the form of a loan up to approximately PLN 1.7 billion within 3 years of the date of concluding a binding loan agreement with the Consortium ("Loan") with the possibility of extending the financing period to 5 years.

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

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

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

BORYSZEW Capital Group **Impact of COVID-19 on the Group in Q1 2020**

Boryszew Group undertakes actions to minimise the effects of the pandemic. Due to their diversified business profile, concentrated in 4 main segments, individual entities are exposed to COVID-19 to varying degrees.

The initiatives taken by the companies in order to minimise the negative impact of the epidemic on results, are tailored to the nature of specific segment. Cost adjustment programs were implemented to adjust costs to the changing environment in the Group, using available shielding programs. Full suspension or significant reduction of production in the first quarter of 2020 took place in companies of the Automotive Segment.

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

AUTOMOTIVE SEGMENT

In order to counteract the decrease of sales, Boryszew S.A. Maflow Branch and the companies of Maflow Group and BAP Group implemented certain savings programs, partly financed by the governments of the countries where the production facilities are located. In Q1 '2020 the Segment companies received no significant financing from available aid programmes. The effect of the received funding will be visible in their results as of the second quarter of 2020.

Maflow Group

For air-conditioning ducts, due to production shutdowns by customers and uncertain situation of the industry, sales are expected to be lower by about 30% against the volumes budgeted for 2020. An exception to the above are rubber products, where sales remained at the budgeted level and no major deviations are expected in upcoming quarters of 2020.

BAP Group

Boryszew Automotive Plastics Group (BAP Group) has noticed reduced orders from its main customers against the original budget assumptions. As a result of a shutdown of automotive production facilities in Europe in the second half of March, manufacturing companies of BAP Group reduced their production. Their capacity utilisation in the upcoming quarters of 2020 will depend on the launch of production by customers in different countries.

METAL SEGMENT

Impexmetal S.A. expects a decrease in sales in Q2 and a rebound in Q3 and Q4 of 2020. Due to the covid19 pandemic, all automotive customers, accounting for 30% of company's sales, announced shutdowns or drop in production. Other industries also report shutdowns or reductions in demand. However, the scale is much smaller than in the automotive industry.

As far as investments are concerned, despite the pandemic, the Company expects the planned implementation of investment tasks already commenced.

Sales of Boryszew S.A., NPA Skawina Branch were not significantly, adversely affected by covid19; sale revenues exceed the level for the same period of last year. NPA Skawina expects higher sales in the second half of 2020 than in the same period of the previous year.

Hutmen S.A. expects a slight decrease in the forecast volumes in Q2 '2020.



As of Q2 '2020, Baterpol S.A. has suffered a significant drop in sales.

Other companies of the Metal Segment did not record negative effects of the epidemic in Q1 '2020.

CHEMICAL PRODUCTS SEGMENT

In Q1 '2020 the Segment recorded no significant decrease in sales volumes and revenues.

OTHER ACTIVITIES SEGMENT

Elana Energetyka Sp. z o.o. suffered no sales decline in Q1 2020.

Boryszew S.A., Boryszew Energy Branch, due to the structure of contracts with related companies as well as with third party customers (acquisition price plus margin formula), forecasts a neutral impact of covid19 on EBITDA. EBITDA may be lowered in case of significant deviations from the assumed natural gas consumption volumes at Boryszew Energy Branch Customers. So far Contractors have notified no planned significant contract drops.

Therefore, Boryszew S.A. Capital Group forecasts for 2020:

The negative impact of the economic slowdown caused by the COVID-19 pandemic on the operations of Companies in Q2 ' 2020 and a decrease in revenue by approximately 20%, on average, compared to plans. The decrease will be mainly suffered by the automotive segment (decrease in revenue at approximately 30 - 40% against the budget).

It is expected that in Q3 2020 revenues will reach a level of at least 80% of the budgets.

Due to the diversified profile of Boryszew S.A. Capital Group, individual companies are differently exposed to the effects of economic slowdown. At the level of the entire Group, the drop in sales will result in a decrease, against the budget, of EBITDA by about 50% in the second quarter of 2020. It is important, for the above forecasts, to consider the high level of possible deviations due to the inability to accurately estimate the scale of the pandemic and its economic and social impact in future periods. Having operations in several segments helps diversify the risk and reduce the impact on Boryszew Group result of areas particularly exposed to the risk.

Events after the balance sheet date

BORYSZEW S.A.

Recognition of value impairment write-offs

On 26 May 2020 the Management Board of the Company decided to recognise in the financial statements a revaluation write-off on shares in Boryszew Automotive Plastics Group (BAP Group) companies and loans granted to BAP Group companies in the total amount of PLN 181.8 million.

The above mentioned write-off was recognised on mutual transactions within Boryszew Capital Group, therefore it will not influence the consolidated financial statement for 2019.

The revaluation is non-cash related and will not affect the financial liquidity, consolidated result (including EBITDA) and equity of Boryszew Capital Group as well as current operating activities of the Company and Boryszew Capital Group.

The final amount of the write-off, together with the financial results of the Company and its Capital Group for 2019, will be provided in the annual financial statements, scheduled for publication on 28 May 2020.

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

On 26 May 2020 the Supervisory Board of Boryszew S.A., acting under § 15 point 1 of the Articles of Association of Boryszew S.A. appointed BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its seat in Warsaw to:

- a) conduct review of separate interim financial statements of Boryszew S.A. and the interim consolidated financial statements of Boryszew Capital Group drafted in accordance with the International Financial Reporting Standards and regulations on public trading in securities for the periods of 6 months ended 30 June 2020 and 30 June 2021,
- b) conduct audit of separate annual financial statements of Boryszew S.A. and the annual consolidated financial statements of Boryszew Capital Group drafted in accordance with the International Financial Reporting Standards and regulations on public trading in securities for the periods ending on 31 December 2020 - 2021.



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

On 14 May 2020 Boryszew S.A. with its registered office in Warsaw (the Acquiring Company) and SPV Boryszew 3 Spółka z o.o. with its registered office in Warsaw (the Acquired Company) agreed and signed the Merger Plan.

The merger of Boryszew S.A. with the Acquired Company will take place on the following rules:

1. Merger under the procedure of Art. 492 § 1 item 1 of the Commercial Companies Code (hereinafter referred to as CCC) - transfer of all assets of the Acquired Company to Boryszew S.A., by universal succession.
2. Merger without increasing the share capital or amending the Articles of Association of the Acquiring Company.
3. No special benefits are expected as the result of the merger for the members of the governing bodies of the merging Companies or other persons participating in the merger, referred to in CCC Article 499 § 1 item 6.
4. No special rights referred to in CCC Article 499 § 1 item 5 as the result of the merger.
5. Under CCC Article 516 § 6 in conj. with CCC Article 516 § 5, the Merger Plan needs not be examined by an auditor for its correctness and reliability and neither an opinion needs be prepared by an auditor, also the Management Boards of the merging Companies needs not prepare a written report justifying the merger, its legal basis and business justification as well as the share exchange ratio referred to in CCC Article 499 § 1.2.
6. As Boryszew S.A. is a public company, then according to CCC Article 516 § 1, the merger will require resolutions on the merger to be adopted by the General Assembly of the Acquiring Company and the General Assembly of Shareholders of the Acquired Company, referred to in CCC Article 506 CCC, approving the merger and the Merger Plan.

Explanation and purpose of taking of the decision on the intention to merge:

The planned merger aims at simplification of the organisational structure of Boryszew Capital Group. The Management Board of Boryszew S.A., ensuring the increase of the Company's value, undertakes actions aimed at simplifying the structure of Boryszew Capital Group and increasing the transparency of the management process.

In the Management Board's assessment, further simplification of the structure would improve efficiency of management of Boryszew Group's policy and activities and of the management of resources at the Group's possession.

Carrying out internal consolidation of Boryszew Capital Group will result in improved profitability, reduced costs of general management as well as financial costs.

On 15 June 2020 the Extraordinary General Meeting of Boryszew S.A. agreed to merge Boryszew S.A. based in Warsaw (the Acquiring Company) and SPV Boryszew 3 Spółka z o.o. based in Warsaw (the Acquired Company).

On 25 June 2020 the registry court of the National Court Register issued a decision on the registration of the merger of both Companies.

IMPEXMETAL S.A.

On 17 April 2020 the Management Board of Impexmetal S.A. chose to abandon further implementation of the project: "Development of highly advanced technology for manufacturing multi-layer aluminium tapes of HSAA-P30 for a new generation of car heat exchangers" under Measure 1.2 "Sectoral R&D programmes" (INNOMOTO), implemented on the basis of an agreement concluded with the National Centre for Research and Development (Agreement No.: POIR.01.02.00-00-0298/16-00).

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



Boryszew S.A.
CONDENSED QUARTERLY REPORT
BORYSZEW S.A.
FOR Q1 '2020



**STATEMENT OF COMPREHENSIVE INCOME**

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Revenues from sales	301 534	372 006
Prime cost of sale	261 094	337 315
Gross profit on sales	40 440	34 691
Selling costs	6 338	6 562
Administrative expenses	18 923	19 092
Other operating revenue	8 744	15 372
Other operating expenses	2 294	1 732
Profit/loss on impairment of trade receivables	(870)	40
Operating income	20 759	22 717
Financial revenues	34 141	4 748
Financial expenses	33 127	9 947
Profit/loss on impairment of financial assets	-	-
Financial profit/loss	1 014	(5 199)
Profit before taxation	21 773	17 518
Income tax	3 678	1 633
Net profit	18 095	15 885
Earnings / Diluted earnings per share		
Weighted average number of shares	220 716 169	220 998 458
Earnings / Diluted earnings per share (PLN)	0.08	0.07
Net profit		
Earnings recognised in equity		
Earnings recognised in equity, to be transferred to income statement	(401)	(1 169)
Hedge accounting	(495)	(1 443)
Income tax expense (-provision/+asset)	94	274
Earnings recognised in equity, not to be transferred to income statement	-	-
Gains/losses on valuation of equity instruments	-	-
Employee benefit capital reserve	-	-
Income tax	-	-
Total earnings recognised in equity	(401)	(1 169)
Total comprehensive income	17 694	14 716

**STATEMENT OF FINANCIAL POSITION**

ASSETS	As at 31.03.2020	As at 31.12.2019	As at 31.03.2019
Non-current assets			
Non-current assets	234 179	230 313	221 674
Investment property	16 525	16 525	16 525
Intangible assets	31 860	31 350	27 831
Right-of-use assets	120 163	125 072	132 656
Shares in subsidiaries and associates	432 050	405 366	463 522
Financial assets	61 481	60 116	451 353
Long-term receivables	35 683	33 380	33 715
Deferred tax assets	-	730	11 566
Other assets	7 801	7 754	5 371
Total fixed assets	939 742	910 606	1 364 213
Current assets			
Inventory	194 964	178 152	170 540
Trade receivables and other receivables	236 129	255 355	324 969
Short-term financial assets	259 946	236 555	7 678
Derivative financial instruments	154	8	-
Current tax assets	926	2 064	716
Other assets	19 911	17 809	18 879
Cash and cash equivalents	41 776	35 788	40 579
Total current assets	753 806	725 731	563 361
Total assets	1 693 548	1 636 337	1 927 574



(amounts expressed in PLN '000 unless specified otherwise)

LIABILITIES AND EQUITY	As at 31.03.2020	As at 31.12.2019	As at 31.03.2019
Equity			
Share capital	248 906	248 906	248 906
Share premium	112 346	112 346	112 346
Own shares	(134 251)	(134 251)	(134 151)
Hedge accounting capital	(2 313)	(1 912)	(3 469)
Capital reserve on translating employee payables	(638)	(638)	(162)
Retained earnings	222 974	204 879	394 553
Total equity	447 024	429 330	618 023
Liabilities and long-term provisions			
Bank credits, loans, bonds	179 496	183 617	311 215
Liabilities under lease of fixed assets	21 607	23 516	94 017
Liabilities related to right-of-use assets - other assets	50 577	49 824	-
Payables on perpetual usufruct of investment land	1 931	1 942	1 942
Deferred tax provision	862	-	12 828
Employee benefit provisions	2 690	2 690	3 475
Other provisions	8 849	6 113	5 319
Other long term equity and liabilities	17 945	14 528	2 409
Liabilities and long-term provisions - total	283 957	282 230	431 205
Short-term liabilities			
Bank credits, loans, bonds	622 640	587 293	544 942
Liabilities under lease of fixed assets	24 684	21 912	18 473
Liabilities related to right-of-use assets - other assets	8 195	8 563	-
Payables on perpetual usufruct of investment land	10	9	9
Trade payables and other liabilities	281 091	293 806	298 405
Derivative financial instruments	1 491	851	802
Current tax liabilities	-	-	-
Employee benefit provisions	4 813	4 504	6 127
Other provisions	1 063	3 359	2 689
Other liabilities and equity	18 580	4 480	6 899
Liabilities and short-term provisions - total	962 567	924 777	878 346
Total liabilities and provisions	1 246 524	1 207 007	1 309 551
Total equity and liabilities	1 693 548	1 636 337	1 927 574

**CASH FLOW STATEMENT**

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Cash flows from operating activities		
Profit before taxation	21 773	17 518
Adjustments for (+/-)	(19 024)	6 762
Amortisation/depreciation	10 859	10 642
Profit/loss on financial activity (including interest on financial liabilities)	5 524	7 062
Dividend	-	(5 846)
Profit / loss on investment activities	(18 786)	-
Change in receivables	(980)	(32 882)
Change in inventories	(16 812)	10 987
Change in liabilities	5 105	17 632
Change in provisions and accruals as well as prepayments	(1 903)	(398)
Other items	(1 628)	146
Income tax paid	(403)	(581)
Net cash from operating activities	2 749	24 280
Cash flows from investment activities		
Profit on fixed assets disposal	799	-
Proceeds from redemption of bonds by issuers	1 017	77 387
Proceeds from repayment of loans granted	1 085	-
Other proceeds from investment activities	14	-
Expenses on acquisition of fixed assets	(4 111)	(7 376)
Acquisition of shares and stocks in capital group entities	(3)	-
Long term borrowings granted	(5 736)	(5 000)
Expenditure on bonds	-	(10 000)
Net cash from investing activities	(6 935)	55 011
Cash flows from financial activities		
Incomes on credit and loan facilities	28 904	10 816
Loans received	5 784	-
Other inflows	4 346	-
Share buy-back expense	-	(4 416)
Loans repaid	(15 727)	(10 858)
Repayment of borrowings	(1 756)	(48 719)
Interest paid on loans, borrowings and leasing	(6 174)	(6 046)
Payment of liabilities under finance lease agreements	(5 203)	(8 802)
Net cash from financing activities	10 174	(68 025)
Net change in cash	5 988	11 266
Cash opening balance	35 788	29 313
Cash closing balance	41 776	40 579



(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	Revaluation reserve	Retained earnings	Total equity
As at 01.01.2020	248 906	112 346	(134 251)	(1 912)	(638)	-	204 879	429 330
Valuation of hedge instruments				(401)				(401)
Valuation of employee benefits								-
Profit/loss for Q1 '2020							18 095	18 095
Comprehensive income for Q1 '2020	-	-	-	(401)	-	-	18 095	17 694
Share buy-back	-	-	-	-	-	-	-	-
As at 03.31.2020	248 906	112 346	(134 251)	(2 313)	(638)	-	222 974	447 024

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Retained earnings	Total equity
As at 01.01.2019	248 906	112 346	(129 735)	(2 300)	(162)	-	378 668	607 723
Valuation of hedge instruments				388				388
Valuation of employee benefits					(476)			(476)
Profit/loss for 2019							(173 789)	(173 789)
Comprehensive income for 2019	-	-	-	388	(476)	-	(173 789)	(173 877)
Share buy-back	-	-	(4 516)	-	-	-	-	(4 516)
As at 12.31.2019	248 906	112 346	(134 251)	(1 912)	(638)	-	204 879	429 330

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	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				(1 169)				(1 169)
Profit/loss for Q1 '2019							15 885	15 885
Comprehensive income for Q1 '2020	-	-	-	(1 169)		-	15 885	14 716
Share buy-back	-	-	(4 416)	-	-	-	-	(4 416)
As at 03.31.2019	248 906	112 346	(134 151)	(3 469)	(162)	-	394 553	618 023

**CHANGES IN ACCOUNTING PRINCIPLES**

The accounting principles and calculation methods applied by the Company have not changed in the period of this Report and are presented in detail in the financial statements for 2019, published on 28 May 2020.

OPERATING SEGMENTS

01.01.2020 -31.03. 2020	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	54 191	136 116	79 640	35 213	305 160	(3 626)	301 534
Segment costs of sales	41 294	116 078	74 810	31 181	263 363	(2 269)	261 094
Result on sales within segment	12 897	20 038	4 830	4 032	41 797	(1 357)	40 440
General, administrative and sales expenses	7 920	11 128	3 798	3 642	26 488	(1 227)	25 261
Other operating profit/loss	(787)	129	1 165	5 073	5 580	-	5 580
Segment profit/loss	4 190	9 039	2 197	5 463	20 889	(130)	20 759
Amortisation/depreciation	1 317	7 675	1 452	415	10 859	-	10 859
EBITDA	5 507	16 714	3 649	5 878	31 748	(130)	31 618

01.01.2019 -31.03. 2019	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	63 126	156 643	75 416	77 093	372 278	(272)	372 006
Segment costs of sales	55 038	136 170	72 010	74 097	337 315	-	337 315
Result on sales within segment	8 088	20 473	3 406	2 996	34 963	(272)	34 691
General, administrative and sales expenses	7 818	10 986	3 601	3 249	25 654	-	25 654
Other operating profit/loss	388	491	1 468	11 687	14 034	(354)	13 680
Segment profit/loss	658	9 978	1 273	11 434	23 343	(626)	22 717
Amortisation/depreciation	1 362	7 611	1 376	293	10 642	-	10 642
EBITDA	2 020	17 589	2 649	11 727	33 985	(626)	33 359

Sales revenues by geographical areas**Continuing operations**

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Domestic sales	105 968	166 696
Sales to EU countries	172 383	186 432
Sales to other European countries	4 657	7 072
Export outside Europe	18 526	11 806
Total (revenues from continuing operations)	301 534	372 006

Share of EU member states in intra-Community sales:

	01.01.2020 - 31.03. 2020	01.01.2019 - 31.03. 2019
Germany	25%	23%
Great Britain	10%	12%
The Czech Republic	9%	7%
Slovakia	7%	7%
France	6%	6%
Spain	6%	8%
Italy	5%	3%

**FINANCIAL INSTRUMENTS, FAIR VALUE, ESTIMATED DATA****Financial assets as at 31.03.2020**

	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	18 797			18 797
Trade receivables held to maturity	233 119			233 119
Derivative financial instruments			154	154
Loans granted	302 630			302 630
Other debtors		38 693		38 693
Cash and cash equivalents	41 776			41 776
Total	596 322	38 693	154	635 169

Financial liabilities as at 31.03.2020

	Financial liabilities measured at amortised cost	Hedging derivatives	Carrying value
Bank loans, borrowings	618 102		618 102
Bonds	142 829		142 829
Derivative financial instruments	-	1 491	1 491
Leasing liabilities	59 496		59 496
SMA liabilities	60 713		60 713
Trade and other liabilities	281 091		281 091
Total	1 162 231	1 491	1 163 722

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

	Fair value as at		Fair value hierarchy
	As at 31.03.2020	As at 31.12.2019	
Financial assets			
Listed shares	-	-	Level 1
Derivative financial instruments	154	8	Level 2
Financial obligations			
Derivative financial instruments	1 491	851	Level 2

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

	Fair value as at		Fair value hierarchy
	As at 31.03.2020	As at 31.12.2019	
Financial assets			
Shares held for trading	-	-	Level 3
Bonds	18 797	19 266	Level 3
Borrowings	302 630	277 405	Level 3
Trade and other receivables	250 811	274 336	Level 3
Investment property	16 525	16 525	Level 3
Cash and cash equivalents	41 776	35 788	Level 1
Financial obligations			
Borrowings and loans	618 102	596 983	Level 2
Trade and other liabilities	265 331	281 265	Level 2
Liabilities to SMA and PdUA	60 713	60 338	Level 2
Liabilities on bonds	142 829	142 388	Level 2
Lease liabilities	46 291	45 428	Level 2

	01.01.2020 - 31.03. 2020
Impact of write-offs on assets and provisions on profit/loss	
Creation of value impairment write-offs for accounts receivable	(878)
Reversal of write-downs on accounts receivable (-)	7
Revaluation write-offs of loan receivables	-
Creation of value impairment write-offs for inventories	(670)
Value impairment write-offs for inventories	272
Tangible fixed assets impairment write-offs	(954)
Reversal of fixed assets revaluation allowances	
Valuation of shares to fair value	277
Creation of provisions	-
Reversal of unnecessary provisions	288
Deferred tax	(1 688)
Total impact on profit/loss	(3 346)

**TRANSACTIONS WITH RELATED PARTIES**

	Subsidiaries	Personally related entities
TRANSACTIONS IN THE PERIOD 01.01.2020 TO 31.03.2020		
Revenues from sales (of products, services, goods)	53 461	675
Interest income	3 295	43
Dividends received and due	-	-
Purchases (of materials, goods, services)	36 252	2 007
Interest expense	2 129	-
RECEIVABLES AND PAYABLES AS AT 31.03.2020		
Trade receivables	80 228	3 383
Bonds purchased	16 030	2 784
Loans granted	302 631	-
Other receivables (advances, deposits)	35 853	1 825
Trade liabilities	35 055	1 974
Loans received	122 196	-
Issued bonds	142 829	-

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

On 11 March 2020 the World Health Organisation assessed that the Covid-19 epidemic can be considered a pandemic. As a result of the spread of the virus, many sectors of the economy have been forced to reduce or stop their operations, resulting in reduced demand, disruption of supply chains, increased unemployment as well as a number of economic and social problems. Until the date of drafting this report Boryszew S.A. recorded some negative impact of the epidemic on the results. Branches monitor the situation at home and abroad on an ongoing basis.

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

Temporary suspension of production took place in Boryszew S.A. Maflow Branch.

The company used some of the elements of the anti-crisis shield (such as co-financing of salaries).

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



AUTOMOTIVE SEGMENT

Unfavourable business conditions caused by the pandemic and the resulting restrictions will soon be one of the factors significantly modelling each sector of Boryszew S.A. Maflow Branch. For air-conditioning ducts, due to production shutdowns by customers and uncertain situation of the industry, sales are expected to be lower by about 30% against the volumes budgeted for 2020. An exception to the above are rubber products, where sales remained at the budgeted level and no major deviations are expected in upcoming quarters of 2020. Along with the change of trends, demand and geography of car sales, Maflow branch will carry out an organised monitoring of business activities of its customers and competitors, a review of the global automotive market and local markets, and will also assess its own potential, supporting business decisions in the new reality.

METAL SEGMENT

Sales of Boryszew S.A., NPA Skawina Branch were not significantly, adversely affected by covid19; sale revenues exceed the level for the same period of last year. As of the date of drafting the report of Boryszew S.A. NPA Skawina Branch expects higher sales in the second half of 2020 than in the same period of the previous year.

CHEMICAL PRODUCTS SEGMENT

In Q1 '2020 the Segment recorded no significant decrease in sales volumes and revenues.

In March 2020 Boryszew S.A., Boryszew ERG Branch launched production and sale of ERG CleanSkin disinfectant fluid, other departments expect the sales to drop by 40% in Q2 '2020.

In Q3 and Q4 '2020, sales will depend on the scale of the pandemic. We anticipate that the demand for disinfectants, due to the maintenance of epidemiological safety requirements, will remain high. It is expected that other divisions, following mitigation of the negative economic impact of COVID-19, will see a gradual increase in production and sales in the second half of 2020.

OTHER ACTIVITIES SEGMENT

Boryszew S.A., Boryszew Energy Branch, due to the structure of contracts with related companies as well as with third party customers (acquisition price plus margin formula), forecasts a neutral impact of covid19 on EBITDA. EBITDA may be lowered in case of significant deviations from the assumed natural gas consumption volumes at Boryszew Energy Branch Customers. So far Contractors have notified no planned significant contract drops.

Therefore, Boryszew S.A. forecasts for 2020:

1. Negative impact of the economic slowdown caused by the COVID-19 pandemic on the operations in Q2 2020 and a decrease in revenue of approximately 30% compared to plans. The decrease will be mainly suffered by the automotive segment (decrease in excess of 50% against the budget).
2. It is expected that in Q3 2020 revenues will reach a level of at least 70% of the budget.

Due to the diversified profile of Boryszew S.A., individual branches are differently exposed to the effects of economic slowdown. At the level of Companies, the drop in sales will result in a decrease of EBITDA by approximately 30% in Q2 2020, against the budget. In the second half of the current year, EBITDA is estimated at a level close to the budget. It is important, for the above forecasts, to consider the high level of possible deviations due to the inability to accurately estimate the scale of the pandemic and its economic and social impact in future periods. Having operations in several segments helps diversify the risk and reduce the impact on Boryszew S.A. result of areas particularly exposed to the risk.



Boryszew Capital Group

Interim condensed consolidated report for the first quarter of 2020 prepared in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

THE FINANCIAL STATEMENTS WERE SIGNED BY THE MANAGEMENT BOARD OF THE PARENT ON 29 JUNE 2020.

SIGNATURES:

Piotr Lisiecki - President of the Management Board

Krzysztof Kołodziejczyk - Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board
