



**CONSOLIDATED MID-YEAR REPORT FOR
BORYSZEW CAPITAL GROUP**

**for the period between 1 January and 30 June
2020**

Date of approval of the report for publication:
3 September 2020



Boryszew Capital Group

Mid-year abbreviated consolidated financial report for the period between 1 January and 30 June 2020 drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

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CONSOLIDATED MID-YEAR ABBREVIATED FINANCIAL STATEMENTS

Boryszew Capital Group

for the period between 1 January and 30 June 2020

The background of the page features a complex, layered design of blue geometric shapes, including triangles and polygons, creating a sense of depth and movement. Overlaid on these shapes are faint, semi-transparent images of industrial equipment. On the left, a large truck wheel is visible. In the center, a series of large, circular, metallic components, possibly part of a conveyor system or a large machine, are arranged in a row. On the right, there is a detailed view of industrial machinery, including what appears to be a large cylindrical tank or reactor with various pipes and structural elements. The overall color palette is a range of blues, from light sky blue to deep navy blue, giving the page a professional and industrial feel.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME


Boryszew Capital Group

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(amounts expressed in PLN '000 unless specified otherwise)

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019	01.04.2020 - 30.06. 2020	01.04.2019 - 30.06. 2019
Continuing operations				
Revenues from sales	2 805 103	3 211 053	1 231 397	1 706 542
Prime cost of sale	2 546 335	2 897 946	1 109 314	1 536 287
Gross profit on sales	258 768	313 107	122 083	170 255
Selling costs	77 402	76 352	38 146	42 143
General and administrative costs	144 484	126 338	68 782	57 440
Other operating revenue	57 177	36 018	35 698	22 907
Other operating expenses	20 328	12 374	10 887	6 731
Profit/loss on impairment of trade receivables	(5 919)	2 284	(4 064)	950
Operating income	67 812	136 345	35 902	87 798
Financial revenues	11 648	23 511	478	8 724
Financial expenses	54 199	53 256	(9 088)	26 039
Profit/loss on impairment of financial assets	(43)	(58)	73	(59)
Financial profit/loss	(42 594)	(29 803)	9 639	(17 374)
Result on acquisition of new entities (goodwill write-off)	-	-	-	-
Share in profit of affiliates	29	818	12	(2)
Profit before taxation	25 247	107 360	45 553	70 422
Income tax	25 101	32 790	7 696	21 529
Net profit on continuing operations	146	74 570	37 857	48 893
Net profit/loss on discontinued operations	(653)	(1 911)	(309)	(577)
Net profit on continuing and discontinued operations, including attributable to:	(507)	72 659	37 548	48 316
<i>to shareholders of the parent</i>	<i>1 398</i>	<i>52 874</i>	<i>36 546</i>	<i>37 310</i>
<i>to non-controlling interests</i>	<i>(1 905)</i>	<i>19 785</i>	<i>1 002</i>	<i>11 006</i>
Earnings / Diluted earnings per share				
<i>Weighted average number of shares</i>	<i>202 000 000</i>	<i>202 897 891</i>	<i>202 000 000</i>	<i>202 000 000</i>
<i>Earnings / Diluted earnings per share (PLN)</i>	<i>0.01</i>	<i>0.26</i>	<i>0.18</i>	<i>0.18</i>



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - continued

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019	01.04.2020 - 30.06. 2020	01.04.2019 - 30.06. 2019
Net profit	(507)	72 659	37 548	48 316
Earnings recognised in equity				
<i>Earnings recognised in equity, to be transferred to income statement</i>	(12 541)	348	1 514	8 859
Hedge accounting	(12 123)	(512)	20 778	4 229
Exchange differences on translating foreign operations	(2 721)	763	(15 316)	5 434
Income tax expense (-provision/+asset)	2 303	97	(3 948)	(804)
<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	(12 541)	348	1 514	8 832
<i>to shareholders of the parent</i>	(12 541)	631	1 514	11 958
<i>to non-controlling interests</i>	-	(283)	-	(3 126)
Total comprehensive income, including attributable:	(13 048)	73 007	39 062	57 148
<i>to shareholders of the parent</i>	(11 143)	53 505	38 060	49 268
<i>to non-controlling interests</i>	(1 905)	19 502	1 002	7 880

CONSOLIDATED INCOME STATEMENT – discontinued operations

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019	01.04.2020 - 30.06. 2020	01.04.2019 - 30.06. 2019
Consolidated profit and loss account – discontinued operations				
Revenues from sales	15	1 995	7	706
Prime cost of sale	15	1 536	7	398
Gross profit (loss) from sales	-	459	-	308
Selling costs	-	21	-	1
General and administrative costs	-	353	-	762
Other operating revenue	2	907	2	471
Other operating expenses	663	928	330	612
Profit (loss) from operating activity	(661)	(1 936)	(328)	(596)
Financial revenues	23	37	-	26
Financial expenses	15	12	(19)	7
Financial profit/loss	8	25	19	19
Profit (loss) before income tax	(653)	(1 911)	(309)	(577)
Corporate income tax			-	-
Net profit (loss) on discontinued operations	(653)	(1 911)	(309)	(577)
<i>in the parent company</i>	193	(1 037)	63	(107)
<i>to non-controlling interests</i>	(846)	(874)	(372)	(47)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019
Non-current assets			
Non-current assets	1 807 114	1 814 457	1 713 491
Investment property	157 771	159 189	149 313
Goodwill	23 464	23 464	225 498
Intangible assets	46 834	45 819	51 731
Right-of-use assets	353 580	368 849	349 431
Shares in affiliates	340	311	2 426
Financial assets	166	1 744	4 973
Long-term receivables	7 129	2 936	4 601
Deferred tax assets	26 237	20 486	55 054
Other assets	24 284	27 308	19 368
Total fixed assets	2 446 919	2 464 563	2 575 886
Current assets			
Inventory	1 151 177	1 222 750	1 233 799
Trade receivables and other receivables	822 815	755 066	948 869
Short-term financial assets	58 382	33 048	34 398
Derivative financial instruments	11 714	22 881	21 574
Current tax assets	9 942	15 335	5 361
Other assets	70 326	54 106	62 674
Cash and cash equivalents	148 242	219 641	226 195
Total current assets	2 272 598	2 322 827	2 532 870
Assets classified as held for sale	1 038	982	5 986
Total assets	4 720 555	4 788 372	5 114 742


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	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019
LIABILITIES AND EQUITY			
Equity			
Share capital	248 906	248 906	248 906
Share premium	114 435	114 435	114 435
Own shares	(236 753)	(236 753)	(236 752)
Hedge accounting capital	4 506	14 326	6 870
Capital reserve on translating employee payables	(2 602)	(2 637)	(1 376)
Revaluation reserve	(21 817)	(21 817)	(17 556)
Exchange differences on translating foreign entities	(21 456)	(18 735)	(20 453)
Retained earnings	1 237 152	1 248 784	1 338 425
Total equity	1 322 371	1 346 509	1 432 499
Equity of non-controlling shareholders	145 572	188 548	422 117
Total equity	1 467 943	1 535 057	1 854 616
Liabilities and long-term provisions			
Bank credits, loans, bonds	125 105	606 204	623 637
Lease liabilities	117 641	113 160	95 842
Liabilities related to right-of-use assets	143 386	148 400	149 816
Payables on perpetual usufruct of investment land	58 331	58 339	57 736
Deferred tax provision	128 946	125 644	122 162
Employee benefit provisions	30 328	28 626	27 241
Other provisions	31 531	31 387	45 996
Other long term equity and liabilities	44 527	49 111	36 860
Liabilities and long-term provisions - total	679 795	1 160 871	1 159 290
Short-term liabilities			
Bank credits, loans, bonds	1 503 145	883 573	783 706
Lease liabilities	33 761	45 786	36 426
Liabilities related to right-of-use assets	5 928	8 687	25 953
Payables on perpetual usufruct of investment land	248	257	11
Trade payables and other liabilities	844 908	981 596	1 082 190
Derivative financial instruments	13 116	5 024	5 918
Current tax liabilities	19 115	28 319	26 091
Employee benefit provisions	33 948	31 793	33 897
Other provisions	50 798	53 090	58 316
Other liabilities and equity	50 836	38 022	30 957
Liabilities and short-term provisions - total	2 555 803	2 076 147	2 083 465
Liabilities directly related to assets classified as held for sale	17 014	16 297	17 371
Total liabilities and provisions	3 252 612	3 253 315	3 260 126
Total equity and liabilities	4 720 555	4 788 372	5 114 742

**Boryszew Capital Group**

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CONSOLIDATED CASH FLOW STATEMENT

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Cash flows from operating activities		
Profit before taxation	25 247	107 360
Adjustments for (+/-)	(28 315)	192 671
Amortisation/depreciation	99 336	92 281
Profit/loss on financial activity (including interest on financial liabilities)	41 622	24 079
Profit / loss on investment activities	(17 966)	(5 241)
Change in receivables	(90 800)	(47 059)
Change in inventories	78 870	101 009
Change in liabilities	(93 409)	59 595
Change in provisions and accruals as well as prepayments	(11 951)	1 384
Other items	(4 718)	(4)
Income tax paid	(29 299)	(33 373)
Net cash from operating activities	(3 068)	300 031
Cash flows from investment activities		
Profit on fixed assets disposal	4 995	42 744
Proceeds from redemption of bonds by issuers	1 084	182 731
Other proceeds from investment activities	65	-
Expenses on acquisition of fixed assets	(74 010)	(88 635)
Acquisition of shares and stocks in capital group entities	(54 074)	(339 187)
Long term borrowings granted	(24 465)	(1 430)
Expenditure on bonds	0	(55 000)
Other capital expenditure	(1 104)	-
Net cash from investing activities	(147 509)	(258 777)
Cash flows from financial activities		
Incomes on credit and loan facilities	258 452	368 466
Loans received	3 700	12 014
Proceeds from grants and other proceeds	9 919	7 180
Share buy-back expense	-	(4 516)
Dividends paid	(27)	-
Loans repaid	(143 004)	(273 721)
Repayment of borrowings	(920)	-
Interest paid on loans, borrowings and leasing	(25 605)	(24 079)
Payment of liabilities under finance lease agreements	(23 034)	(37 583)
Other financial outflows	-	-
Net cash from financing activities	79 481	47 761
Net change in cash	(71 096)	89 015
Translation reserve	(303)	(487)
Cash and cash equivalents in acquired entities	-	-
Cash opening balance	219 641	137 667
Cash closing balance	148 242	226 195

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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				(9 820)					(9 820)		(9 820)
Currency translation differences (subsidiaries)							(2 721)		(2 721)		(2 721)
Profit/loss for the first six months of 2020								1 398	1 398	(1 905)	(507)
Total revenue for the first six months of 2020	-	-	-	(9 820)	-	-	(2 721)	1 398	(11 143)	(1 905)	(13 048)
Dividend distribution									-	(27)	(27)
Change of capital group structure					35			(13 030)	(12 995)	(41 044)	(54 039)
As at 30.06.2020	248 906	114 435	(236 753)	4 506	(2 602)	(21 817)	(21 456)	1 237 152	1 322 371	145 572	1 467 943

	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

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	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
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				(215)					(215)	(200)	(415)
Currency translation differences (subsidiaries)							846		846	(83)	763
Profit/loss for the first six months of 2019								52 874	52 874	19 785	72 659
Total revenue for the first six months of 2019	-	-	-	(215)	-	-	846	52 874	53 505	19 502	73 007
Share buy-back			(4 516)						(4 516)		(4 516)
Change of capital group structure				2 288	(228)	(4 414)	273	183 938	181 857	(379 747)	(197 890)
Full consolidation of Alchemia Group			(14 579)						(14 579)	203 687	189 108
As at 30.06.2019	248 906	114 435	(236 752)	6 870	(1 376)	(17 556)	(20 453)	1 338 425	1 432 499	422 117	1 854 616



ADDITIONAL INFORMATION

to the consolidated quarterly report as at 30 June 2020

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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.

On 23 July 2020 the Ordinary General Meeting of Shareholders of the Company appointed the Supervisory Board for a new three-year term of office in the following composition:

Mr Jarosław Antosik
Mr Andrzej Juszczynski
Mr Wojciech Kowalczyk
Mr Mirosław Kutnik
Ms Małgorzata Waldowska

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

Mr Wojciech Kowalczyk	– Chairman of the Supervisory Board,
Mr Andrzej Juszczynski	– 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 18 June 2020, the Supervisory Board appointed the Audit Committee whose members are:

Mr Jarosław Antosik	– Member of the Audit Committee,
Mr Andrzej Juszczynski	– Member of the Audit Committee,
Mr Mirosław Kutnik	– Member of the Audit Committee.

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.

On 14 May 2020, the Supervisory Board of Boryszew S.A. appointed the Company's Management Board in its current composition for a new, three-year term of office (joint term of office), starting on the date of the Ordinary General Meeting approving the financial statements of the Company for 2019.

At the moment the Management Board of the Company consists of three members. The following persons were appointed to the Management Board of the new term of office:

Mr Piotr Lisiecki as the President of the Management Board of Boryszew S.A., General Director,
Mr Mikołaj Budzanowski as Member of the Management Board, Development Director,
Mr Krzysztof Kołodziejczyk as Member of the Management Board, Financial Director.

2. BASIS FOR REPORT PREPARATION AND ACCOUNTING PRINCIPLES

The information included in the financial statements for the first six months of 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 20.04.2018) 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- 30.06.2019	4.2880	4.2520
01.01- 31.12.2019	4.3018	4.2585
01.01- 30.06.2020	4.4413	4.4660

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

Accounting principles (policy) of applied when drafting these mid-year consolidated financial statements for the period of 6 months ended on 30 June 2020 are consistent with those applied when drafting annual consolidated financial statements for the financial year ended on 31 December 2020, except for changes described below.

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

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/reporting period.

▪ **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.

▪ **Amendments to IFRS 9, IAS 39 and IFRS 7: Reference rate reform**

Amendments to IFRS 9, IAS 39 and IFRS 7 were published on 26 September 2019 and apply to annual periods beginning on or after 1 January 2020.

These amendments introduce changes to the detailed requirements for hedge accounting to eliminate the potential effects of uncertainty related to the reference rate reform. In addition, entities will be required to include additional disclosures on hedging relationships directly affected by the uncertainties associated with the reform.

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

During the period covered by this report Boryszew S.A. with its registered office in Warsaw merged with SPV Boryszew 3 Spółka z o.o. with its registered office in Warsaw took place

On 14 May 2020 Boryszew S.A. based in Warsaw ("Acquiring Company") and SPV Boryszew 3 Spółka z o.o. based in Warsaw ("Acquired Company") agreed and signed the Merger Plan of both companies. According to the plan, the merger will be effected under 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.

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.

The merger was carried out under the provisions of article Art. 492 § 1 item 1) of the Commercial Companies Code, i.e. by transferring to Boryszew S.A. (the acquiring company) all the assets of SPV Boryszew 3 Spółka z o.o. (the acquired company) by universal succession (merger by acquisition). As a result of the merger Boryszew S.A. - according to CCP Art. 494 § 1 - entered into all rights and obligations of SPV Boryszew 3. Given that all shares in the share capital of the Acquired Company are held by the Acquiring Company, under CCC Article 515 § 1, the merger was carried out without increasing the share capital of the Issuer.

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

The merger was accounted for according to the share pooling method; the share pooling method could be applied because the merger of companies resulted in no loss of control by their existing shareholders. This method involves summing the corresponding items of assets, liabilities, income and expenses of the merged companies as at the merger date subject to prior unification of measurement methods and appropriate exclusions. The value

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of the share capital of the acquired company, whose assets were transferred to the acquiring company and which was deleted from the register as a result of the merger, is excluded. Following that exclusion, the relevant equity items of the acquiring company are adjusted for the difference between the sum of assets and liabilities of the company being acquired.

The Acquiring Company included the net assets of the Acquired Company as at the merger date, i.e. 25 June 2020.

The following assets were included:	Assets of SPV BRS 3	59 802
Including:	Shares of Boryszew SA	12 620
	Shares of Impexmetal SA	16 581
	Shares of Hutmen SA	30 518
Cash and cash equivalents		46
	Accounts receivable	37
	Liabilities of SPV BRS 3	38 674
Of which:	Bonds subscribed for	31 000

In the period between the date of the merger, i.e. 25 June 2020 and 30 June 2020, the Acquired Company generated no revenue and thus no profit/loss.

Revenues and profits/losses included in the report of the Acquiring Company between 1 January 2020 and the merger date:

Revenues	37
Costs	(466)
Tax	(7)
Profit/loss	(436)

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

- entered into the rights and obligations of SPV Boryszew 3 Spółka z o.o. under bonds issued by SPV Boryszew 3 Spółka z o.o., subscribed for by Hutmen S.A. in total amount of PLN 31 000 000, with redemption date on 30 June 30 2021.
- assumed 2 165 000 shares of Boryszew S.A. accounting for 0.902% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 21 448 831 own shares accounting for approximately 8.94 % of the share capital and total number of votes at the General Meeting of Boryszew S.A.
- assumed 7 279 032 shares of Impexmetal S.A. accounting for 3.83% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 65.79 % of the share capital and total number of votes at the General Meeting of Impexmetal S.A.
- assumed 6 154 383 shares of Hutmen S.A. accounting for 24.04% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.

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

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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		Parent entity	Other
<i>Elana Branch</i>	Toruń		Parent entity	Chemical products
<i>Boryszew Energy Branch</i>	Toruń		Parent entity	Other
<i>Maflow Branch</i>	Tychy		Parent entity	Automotive
<i>NPA Skawina Branch</i>	Skawina		Parent entity	Metals
<i>Boryszew ERG Branch</i>	Sochaczew		Parent entity	Chemical products
<i>Nylonbor Branch</i>	Sochaczew		Parent entity	Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
Elana Pet Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Chemical products
Elana Energetyka Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Other
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 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.	Wrocław	100.00	Boryszew S.A., SPV Boryszew 3 Sp. z o.o., Impexmetal S.A., Impex – invest Sp. z o.o., SPV Impexmetal Sp. z o.o.	Metals

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Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
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	76.37	Impexmetal S.A., Eastside Bis Sp. z o.o., Boryszew S.A. (own shares)	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	76.37	Alchemia S.A.	Metals
Laboratoria Badań Batory	41-506 Chorzów	76.37	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.	Metals
SPV Lakme Investment Sp. z o.o.	Warsaw	100.00	SPV Impexmetal Sp. z o.o.	Other
Impex – Invest Sp. z o.o.	Warsaw	100.00	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	100.00	Boryszew S.A., Impexmetal S.A.	Other
Symonvit Ltd w likwidacji	Cyprus	100.00	Impexmetal S.A.	Metals
Baterpol Recycler Sp. z o.o.	Wrocław	100.00	Polski Cynk Sp. z o.o.	Metals
SPV Impexmetal Sp. z o.o.	Warsaw	100.00	Impexmetal S.A.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Remal Sp. z o.o.	Konin	80.90	Impexmetal S.A.	Metals
Eastside BIS Sp. z o.o.	Warsaw	100.00	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. z o.o. in Konin	Konin	59.97	Impexmetal S.A.	Metals

For the needs of the consolidated financial statement of Boryszew Capital Group the premises of impairment of CGU Alchemia CG were evaluated. Following the evaluation, the forecasts and results of the test performed for the purposes of the 2019 annual report were maintained.

COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company name	Seat	share of the parent company in 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

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RAPZ Spółka z o.o.	Dąbrowa Górnicza	42.67	Maintenance, servicing
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Apart from the above-mentioned subsidiaries, the Issuer holds no other significant capital investments.

3. DESCRIPTION OF PERFORMANCE OF BORYSZEW GROUP IN H1 '2020 INCLUDING FACTORS AND EVENTS WITH SIGNIFICANT IMPACT ON THE FINANCIAL RESULT

OPERATING RESULTS BY SEGMENTS

1. Consolidates figures:

In the first half of 2020, EBITDA on continuing operations amounted to PLN 167.1 million compared to PLN 228.6 million in the corresponding period of the previous year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	1H 2020	1H 2019	difference
EBITDA, including:	167.1	228.6	-61.5
Automotive Segment	6.7	52.3	-45.6
Metals Segment	145.6	160.6	-15.1
Chemicals segment	13.6	8.5	5.1
Other Activities Segment	1.3	7.2	-5.9

2. Metals Segment

Decrease in results of the Metals Segment against previous year is primarily the result of lower sales volumes of most of the Segment's companies (except for NPA Skawina, ZMS Silesia S.A. O./ Olawa and Hutmen S.A.). The decrease in volumes was caused by the previously described the drop in demand for products of the Group due to the COVID-19 pandemic.

The companies of the segment which recorded better results than in the corresponding period of the previous year are:

Baterpol S.A., which recorded an increase in unit processing margins as a result of changes on the battery market and changes in the mix of raw materials used for production.

Boryszew S.A. O./NPA Skawina - as a result of much higher sales volume - by 24% - and higher unit processing margins.

Zakład Utylizacji Odpadów Sp. z o.o. mainly due to the increase in sales revenue at lower production costs.

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 in EBITDA in the Automotive segment was the result of reduced sales of parts (by 33.5%) due to the outbreak of the COVID-19 pandemic in March this year, which caused temporary restrictions and shutdowns of production and thus a drop in sales in the following months of the six-month period. Furthermore, the segment experienced a reduction in the sales portfolio and delays in project implementation by customers (for instance electric vehicles).

4. Chemical products segment

Boryszew S.A. O. ERG branch is responsible for the increase of EBITDA of the Segment. Higher results of Boryszew S.A. ERG branch are the effect of launching a completely new product in March - ERG CleanSkin Disinfectant, whose sales in the first half of 2020 accounted for 30,6 % of total revenues in ERG branch.

5. Other

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.

4. 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 Maflo 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 Dzierżycie S.A.
- zinc-titanium roofing sheets and zinc wire manufactured by ZM SILESIA S.A.

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

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

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

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

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

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

OPERATING SEGMENTS

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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 Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A NPA Skawina branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratoria Badań Batory Sp. z o.o., SPV Impexmetal Spółka z o.o., FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd., FLT Metals Ltd.; FLT USA L.L.C., Symonvit Ltd. w likwidacji, Remal Sp. z o.o., Zakład Utylizacji Odpadów Sp. z o.o.
Chemical products	Elana Pet Sp. z o.o., Boryszew S.A. Elana branch, Boryszew S.A. Boryszew ERG branch, Boryszew S.A. Nylonbor branch, Elimer Sp. z o.o.
Other	Boryszew S.A. – Headquarters, Boryszew S.A. Oddział Energy, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. w likwidacji, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp.z o.o., Elana Energetyka Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. w likwidacji.

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

REVENUES FROM SALE BY DESTINATION MARKET

Sales revenues by geographical areas

Continuing operations

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Domestic sales	966 408	1 140 646
Sales to EU member states *)	1 611 257	1 803 133
Sales to other European countries	89 659	89 468
Export outside Europe	137 779	177 806
Total (revenues from continuing operations)	2 805 103	3 211 053

*) EU countries include the United Kingdom

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Germany	39%	40%
The Czech Republic	16%	15%
Italy	8%	7%
Spain	5%	6%
France	4%	4%
Slovakia	3%	4%
Hungary	3%	3%
Sweden	3%	4%
Great Britain	3%	3%



(amounts expressed in PLN '000 unless specified otherwise)

REVENUES AND RESULTS BY OPERATING SEGMENTS IN THE FIRST SIX MONTHS OF 2020 (data regarding continuing operations)

Continuing operations 01.01.2020 - 30.06. 2020	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	104 352	712 469	1 964 433	77 167	2 858 421	(53 318)	2 805 103
Segment costs of sales	77 558	660 965	1 788 783	64 977	2 592 283	(45 948)	2 546 335
Result on sales within segment	26 794	51 504	175 650	12 190	266 138	(7 370)	258 768
General, administrative and sales expenses	16 972	93 088	110 112	9 352	229 524	(7 638)	221 886
Other operating profit/loss	156	3 470	29 134	2 756	35 516	(4 586)	30 930
Segment profit/loss	9 978	(38 114)	94 672	5 594	72 130	(4 318)	67 812
Amortisation/depreciation	3 584	44 809	50 899	2 882	102 174	(2 838)	99 336
EBITDA *)	13 562	6 695	145 571	8 476	174 304	(7 156)	167 148
Segment assets	251 203	1 371 218	4 565 425	1 435 979	7 623 825	(2 904 308)	4 719 517
Segment liabilities	110 158	1 785 861	1 771 800	584 374	4 252 193	(1 016 595)	3 235 598

Continuing operations 01.01.2019 - 30.06. 2019	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	132 728	922 656	2 040 468	168 853	3 264 705	(53 652)	3 211 053
Segment costs of sales	114 549	828 417	1 847 154	160 377	2 950 497	(52 551)	2 897 946
Result on sales within segment	18 179	94 239	193 314	8 476	314 208	(1 101)	313 107
General, administrative and sales expenses	15 425	89 813	94 765	8 111	208 114	(5 424)	202 690
Other operating profit/loss	2 064	2 511	19 130	9 013	32 718	(6 790)	25 928
Segment profit/loss	4 818	6 937	117 679	9 378	138 812	(2 467)	136 345
Amortisation/depreciation	3 663	45 368	42 961	2 802	94 794	(2 513)	92 281
EBITDA *)	8 481	52 305	160 640	12 180	233 606	(4 980)	228 626
Segment assets	258 972	1 519 622	3 554 815	849 100	6 182 509	(1 073 753)	5 108 756
Segment liabilities	112 086	1 751 353	1 705 723	631 929	4 201 091	(958 336)	3 242 755

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



6. DIVIDEND PAID OR DECLARED IN THE PERIOD FROM THE BEGINNING OF THE YEAR

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

7. INFORMATION ON THE ISSUE, REDEMPTION AND REPAYMENT OF NON-EQUITY AND EQUITY SECURITIES

DEBT SECURITIES

ISSUES OF BONDS

In H1 '2020 and until the date of publication of the report the Company issued no debt 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 H1 '2020 and until the report publication date, the Company issued no 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 H1 '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.

8. 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 six months of 2020.

**9. 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.

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

	As at 30.06.2020	As at 31.12.2019
Contingent liabilities:		
guarantees and sureties granted to related entities for repayment of loans and trade liabilities	117 621	115 443

**Boryszew Capital Group**

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(amounts expressed in PLN '000 unless specified otherwise)

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Surety value in PLN '000	Expiry date of guarantee
Boryszew Plastic RUS	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 330	indefinite validity
Mafrnex S. de R.L. de C.V.	15.07.2019	Guarantee granted to Volkswagen Group of America	5 971	15.01.2021
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	89 320	indefinite validity
Total guarantees and sureties granted by Boryszew SA			117 621	

In addition, the Group has contingent liabilities resulting from tax proceedings, for which the risk was determined at an average and low level of 38.9 million, which did not change in the period covered by these financial statements.

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.

11. FINANCIAL INSTRUMENTS, FAIR VALUE AND ESTIMATED DATA

Financial assets as at 30.06.2020

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets measured at fair value through other income	Carrying value
Shares and stock	340	78		3	421
Trade receivables	614 935	76 671			691 606
Derivative financial instruments		447	11 267		11 714
Loans granted	24 614				24 614
Bonds	33 853				33 853
Other debtors	40 299				40 299
Cash and cash equivalents	148 242				148 242
Total	862 283	77 196	11 267	3	950 749

Financial liabilities as at 30.06.2020

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(amounts expressed in PLN '000 unless specified otherwise)

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	1 628 250			1 628 250
Derivative financial instruments		77	13 039	13 116
Trade and other liabilities	753 467			753 467
Lease liabilities	151 402			151 402
Liabilities to SMA and PdUA	207 893			207 893
Total	2 741 012	77	13 039	2 754 128

Transactions and balances of payables and receivables with personally related entities

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Revenues from sales	1 224	1 591
Interest income	546	566
Purchase of goods and services	19 959	2 456
Investment purchases (acquisition of tangible fixed assets, intangible fixed assets, shares, stocks)	54 023	49 775
Trade and other receivables (deposits, advances)	8 594	2 145
Loans granted	20 054	3 290
Bonds purchased	31 785	34 058
Trade and other liabilities (deposits, advances)	1 786	750

12. ORGANISATION OF THE CAPITAL GROUP

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

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

During the first 6 months of 2020 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.



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(amounts expressed in PLN '000 unless specified otherwise)

STRUCTURE OF BORYSZEW GROUP

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

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

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

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

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

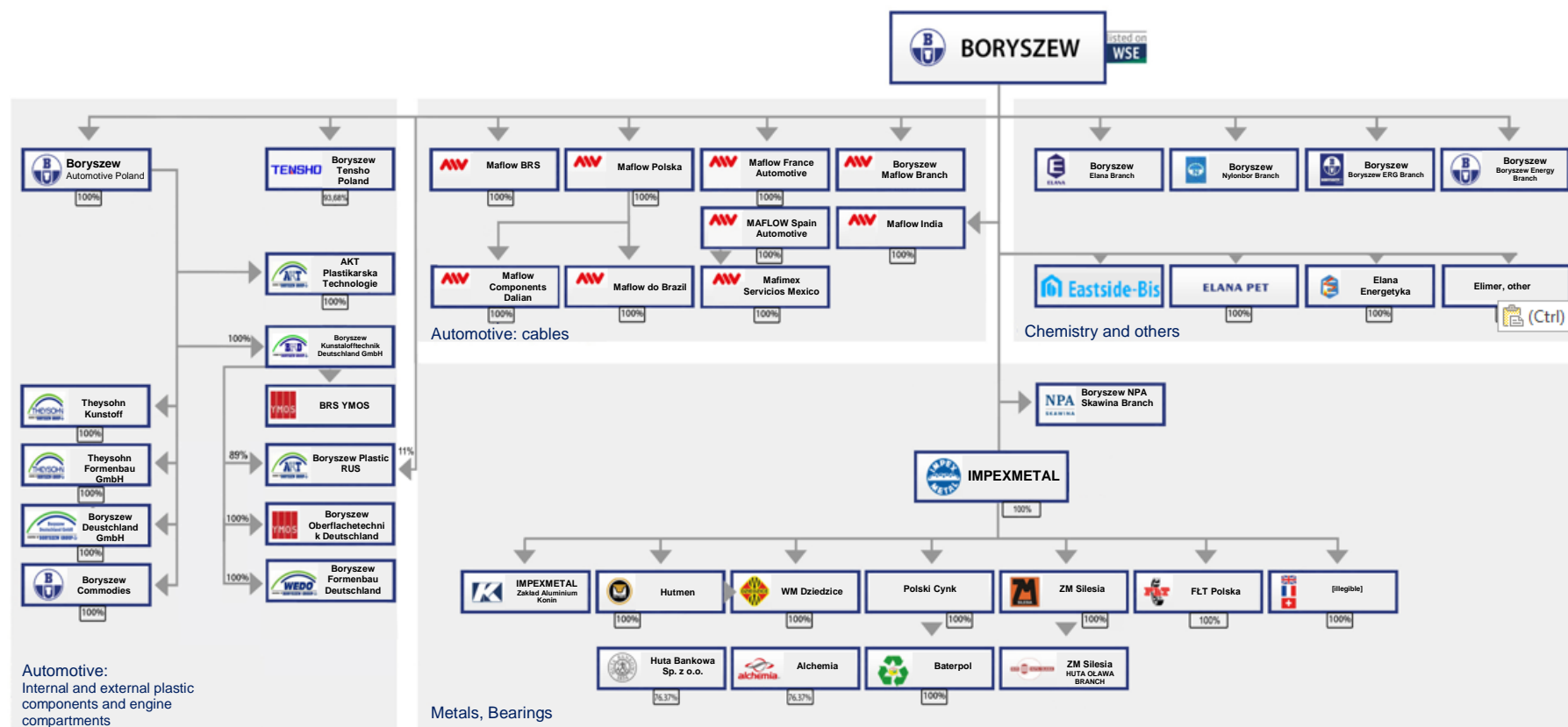


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(amounts expressed in PLN '000 unless specified otherwise)

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





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

Share buy-back - Alchemia S.A

Acquisition of Alchemia S.A. shares

In the first half of 2020 Alchemia S.A. acquired 14 000 000 own shares of Alchemia S.A., which accounts for 8.07% of the share capital and votes at the General Meeting Alchemia S.A.

In the first half of 2020 Eastside Bis Sp. z o.o. acquired 4 000 000 shares of Alchemia S.A., which accounts for 2.3% of the share capital and votes at the General Meeting of Alchemia S.A.

After the balance sheet date Eastside Bis Sp. z o.o. acquired 9 720 000 shares of Alchemia S.A., which accounts for 5.6% of the share capital and votes at the General Meeting of Alchemia S.A.

On the day of publication of the report Boryszew Capital Group holds 81.98% of Alchemia S.A. shares.

Conversion of receivables of Boryszew S.A. 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. granted loans of EUR 11 932 500
2. commercial claims of EUR 13 117 212

in the total amount of EUR 25 152 515.42 to share capital of the company, in exchange for 117 733 649 shares with a nominal value of R\$1 each.

As at 30 June 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 239 398 865.86 at the time of the conversion) to company's supplementary capital, in exchange for 239 398 865.86 series B shares (without voting rights during shareholders' meeting).

Conversion of receivables of Boryszew S.A. 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 239 398 865.86 at the time of the conversion) to company's supplementary capital, in exchange for 239 398 865.86 series B shares (without voting rights during shareholders' meeting).

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

On 14 May 2020 Boryszew S.A. based in Warsaw ("Acquiring Company") and SPV Boryszew 3 Spółka z o.o. based in Warsaw ("Acquired Company") agreed and signed the Merger Plan of both companies. According to the plan, the merger will be effected under 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.

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.



The merger was carried in under the provisions of article Art. 492 § 1 item 1) of the Commercial Companies Code, i.e. by transferring to Boryszew S.A. (the acquiring company) all the assets of SPV Boryszew 3 Spółka z o.o. (the acquired company) by universal succession (merger by acquisition). As a result of the merger Boryszew S.A. - according to CCP Art. 494 § 1 - entered into all rights and obligations of SPV Boryszew 3. Given that all shares in the share capital of the Acquired Company are held by the Acquiring Company, under CCC Article 515 § 1, the merger was carried out without increasing the share capital of the Issuer.

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

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

- entered into the rights and obligations of SPV Boryszew 3 Spółka z o.o. under bonds issued by SPV Boryszew 3 Spółka z o.o., subscribed for by Hutmen S.A. in total amount of PLN 31 000 000, with redemption date on 30 June 30 2021.
- assumed 2 165 000 shares of Boryszew S.A. accounting for 0.902% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 21 448 831 own shares accounting for approximately 8.94 % of the share capital and total number of votes at the General Meeting of Boryszew S.A.
- assumed 7 279 032 shares of Impexmetal S.A. accounting for 3.83% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 65.79 % of the share capital and total number of votes at the General Meeting of Impexmetal S.A.
- assumed 6 154 383 shares of Hutmen S.A. accounting for 24.04% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.

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

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

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

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

In the first half of 2020 the Management Board of Boryszew S.A. did not publish financial result forecasts for the current year.

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

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

Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik (*)	156 832 020	65.346%	156 832 020	65.346%
including subsidiaries, i.e.:	154 144 622	64.227%	154 144 622	64.227%
Impexmetal S.A.	13 346 169	5.561%	13 346 169	5.561%
Boryszew S.A.(**) (***)	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 Otworthy 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.

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

In the period since the submission of the previous report for publication on 29 June 2020, or the report for the first quarter of 2020, no changes occurred to the ownership structure of significant blocks of shares of Boryszew S.A.

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

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

18. PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY**Proceedings before a court, arbitration body or public administration authority**

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



Tax proceedings in the Capital Group companies

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

Proceedings completed at first instance

1. On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.9 million plus interest on tax arrears in the amount of PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 20 July 2020 the Company received a letter with information on extension of the deadline to handle Company's appeal until 16 November 2020.
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. 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. The expected date of completion of the case was set for 18 September 2020.
3. 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.
4. 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 17.09.2020. 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.

Litigations underway:

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 30.09.2020) 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 26.10.2020).
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 - 18.09.2020.
 - 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 12.10.2020. 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 was set for 05.10.2020.
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 - 31.12.2020.
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.



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

Transactions between subsidiaries mainly include commercial transactions concluded between companies of the Capital Group with regard to sale or purchase of traded goods and products of typical, conventional nature for the Group's operations.

Also, standard liquidity management measures at the level of the Capital Group involved cash loan agreements between Group's companies. These transactions were intra-group in nature and are excluded from the process of consolidation of financial statements.

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

On 29 June 2019 Boryszew S.A. granted a loan of up to EUR 1 000 000.00 to Unibax Spółka z o.o.

with repayment by 31 January 2021. The outstanding amount is EUR 500 000.

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

On 30 April 2020, F&T Polska Sp. z o.o. granted a cash loan of PLN 10 000 000 to Unipartner Sp. z o.o. based in Warsaw, with repayment by 31 December 2020.

In the 1st half of 2020, the companies of Alchemia S.A. Capital Group and Eastside-Bis Spółka z o.o. acquired a total of 18 000 000 shares of Alchemia S.A. from an entity related to the Issuer (an individual), accounting for 10.38% of its share capital.

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

Material transactions after the balance sheet date

Eastside-Bis Spółka z o.o. acquired a total of 9 720 000 shares of Alchemia S.A. from an entity related to the Issuer (an individual), accounting for 5.6% of its share capital. The transaction was concluded on arm's length basis.

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

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

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

SURETIES GRANTED BY BORYSZEW S.A. AS AT 30.06.2020



Boryszew Capital Group

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(amounts expressed in PLN '000 unless specified otherwise)

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	2021-09-16
Boryszew Kunststofftechnik Deutschland GmbH	31.01.2013	Guarantee granted to Commerzbank	22 330	indefinite validity
	23.07.2013	Guarantee granted to GE Capital Bank AG	4 432	30.08.2021
	24.07.2017	Guarantee granted to ALD AutoLeasing D GmbH	893	30.06.2022
	07.08.2017	Guarantee granted to Deutsche Leasing International GmbH	6 252	indefinite validity
	08.06.2018	Guarantee granted to Deutsche Leasing International GmbH	2 680	08.06.2023
	2019-01-29	Guarantee granted to DNB Bank Polska SA	69 670	2021-03-01
	2019-03-06	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	25 768	2022-03-31
	2019-06-13	Guarantee granted to Deutsche Leasing International GmbH	13 246	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	27.05.2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	1 384	30.11.2020
	15.03.2016	Guarantee granted to Wurth Leasing GmbH	1 585	15.03.2022
Theysohn Formenbau GmbH	06.09.2017	Guarantee granted to akf Leasing GmbH	10 448	2023-08-31
Theysohn Kunststoff GmbH	2018-09-28	Guarantee granted to PKO Leasing Sp. z o.o.	15 304	2021-12-31
	2019-04-23	Guarantee granted to HSBC Trinkhaus & Burkhardt AG	26 796	2022-05-10
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	56 785	31.12.2026
Boryszew Plastic RUS	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO	796	indefinite validity
	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO	398	indefinite validity
	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 330	indefinite validity
	2019-02-25	Guarantee granted to Alfa Bank	9 900	2024-12-31
	2019-07-15	Payment guarantee granted to Engel Austria	13 607	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	13.06.2016	Guarantee granted to HSBC Bank Polska S.A.	10 000	2021-09-11
	14.03.2017	Guarantee granted to SPV Impexmetal Sp. z o.o. for payment of financial liabilities	41 000	indefinite validity
	24.10.2017	Aval of lease agreement for mLeasing	802	15.04.2021
	24.10.2017	Aval of lease agreement for mLeasing	6 699	15.11.2020
	2017-12-06	Guarantee granted to PGE Obrót S.A.	1 800	indefinite validity
	2018-10-22	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357	2025-09-30
	2019-01-29	Guarantee granted to DNB Bank Polska SA	10 718	2021-03-01
	2019-03-04	Aval of lease agreements for mLeasing	9 229	2024-04-15
	2019-10-10	Guarantee granted to PKO Leasing Sp. z o.o.	16 973	2022-10-10
Maflow BRS s.r.l.	26.04.2016	Guarantee granted to Banka IFIS	3 350	indefinite validity
	2019-05-23	Guarantee granted to HSBC France, Branch in Milan	20 320	2023-05-23
Maflow France Automotive S.A.S.	07.07.2016	Guarantee granted to Natixs Lease	1 684	2021-07-07

**Boryszew Capital Group**

Mid-year abbreviated consolidated financial report for the period between 1 January and 30 June 2020 drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

Mafmex S. de R.L. de C.V.	2019-07-15	Guarantee granted to Volkswagen Group of America	5 971	2021-01-15
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	2020-07-06	Guarantee granted to Borealis AG for commercial liabilities	2 233	2020-12-31
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	2020-07-06	Guarantee granted to BSB Recycling GmbH	6 699	2021-12-31
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	2020-07-06	Guarantee granted to Basell Sales & Marketing Company B.V.	8 932	2021-12-31
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	89 320	indefinite validity
Alchemia S.A.	2019-10-01	Guarantee granted to Arcelormittal Poland S.A.	22 330	2020-12-31
	2020-03-31	Guarantee granted to Arcelormittal Poland S.A.	14 291	2020-12-31
Boryszew HR Service Sp. z o.o.	30.08.2016	Endorsement of a loan agreement for mBank	1 000	2020-08-27
WM Dziedzice S.A.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	5 750	31.01.2021
Boryszew Tensho Poland Sp. z o.o.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	1 200	31.01.2021
Elana Energetyka	2020-03-30	Guarantee granted to ENEA Obrót S.A.	7 850	31.01.2021
ZM Silesia S.A.	2018-09-26	Surety granted to PKO BP S.A.	6 480	2024-02-28
	2019-12-20	Endorsement for Coface Poland Factoring Sp. z o.o.	20 000	indefinite validity
Total guarantees and sureties granted by Boryszew SA			889 592	

SIGNIFICANT CHANGES IN THE CONDITIONS OF THE SURETY GRANTED 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.

Other companies of the Capital Group granted no sureties or guarantees in the first six months of 2020. The sureties and guarantees are provided by Capital Group companies on arm's length basis. The remuneration for the sureties granted is not significant.

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

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.

22. 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.

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 seven banks financing the Company, the Gross Financial Debt to EBITDA ratio as per the agreement with one bank, as well as the debt-service coverage ratio (DSCR) in case of two banks mentioned above, the interest coverage ratio in case of one of the banks mentioned above and current ratio in case of one of the banks mentioned above, leading to a violation 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, investment outlays and taxes paid; failure to fulfil the current liquidity ratio condition was reclassification of part of the balance of long-term loans to short-term loans due to violations of other ratios in these loans. Before the balance sheet date Boryszew S.A. took steps to negotiate with the financing institution the rules of further cooperation in the period of expected reduced level of the operating profit generated by the Capital Group. The Company developed a unified model of cooperation with the financing banks, based on which the existing credit limits would be maintained at least until December 2020 while some of the existing credit limits would be extended; the banks will also grant additional financing based on liquidity guarantees of Boryszew Capital Group for up to 2 years. As at the date of publication of the report, based on that model the Group signed loan agreements with one of the seven banks financing the Company, renewing the existing limits (together with a promise to provide additional financing on uniform terms with the other six banks), documentation is being arranged with another three banks, and the Company is in the process of obtaining credit approvals from other three banks. The Company expects to obtain credit approvals and sign financing agreements with all seven banks by the end of September. At the same time, an approval is expected from the eighth bank where the above mentioned failure to meet the terms of financing also occurred.

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) and the outbreak of the COVID-19 pandemic which resulted in the suspension of production and sales in Q1 and Q2 '2020. Before the balance sheet date the guarantor started negotiations with the financing institution, one of the eight banks mentioned above, on the rules of further cooperation under the concluded loan agreement. The Company expects that credit decisions of this Bank, which will provide for repealing the breach of this ratio as at 31 March 2020 and 30 June 2020 and continuation of financing based on the unified terms of cooperation with banks will be taken by the Bank by the end of September this year.

Due to the situation described above long-term loans, as at 30.06.2020, where the terms of the agreement were breached, were presented as short-term in the amount of PLN 404 539 thousand.



Recognition of value impairment write-offs

On 26 May 2020 the Management Board of the Company decided to recognise in the financial statements for 2019 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 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.

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.

Conclusion of a preliminary conditional agreement for sale of significant assets (Impexmetal S.A.) - update

On 27 November 2019 Boryszew S.A. and its two subsidiaries, as the sellers, concluded a preliminary conditional agreement with Gränges AB on the sale of Impexmetal S.A. with its registered office in Warsaw. The agreement was concluded subject to the fulfilment by the parties of conditions precedent specified therein, including but not limited to the condition to divide the Company by separating the assets of Impexmetal S.A. so that Company's assets would include production activities conducted by the Company so far; and the condition to obtain a consent of relevant antitrust authorities to execute the Transaction.

By the date of publication of the report, the conditions precedent for the transaction were not fulfilled. The Management Board of Boryszew S.A. predicts that the transaction will be completed in 2020.

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).

BORYSZEW CAPITAL GROUP

Impact of COVID-19 on the Group during the first six months of 2020

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. Potential impact of covid19 on financial results of Boryszew Group at the date of preparation of this report cannot be easily predicted. The companies 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. Individual companies and the Group's



Headquarters 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 separate and consolidated results.

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 undertaken consider the nature of the sector concerned and the impact of the pandemic on specific sector. Individual companies keep track of the market environment and react to changing circumstances in order to adapt their operations to changing demand. Programmes were implemented to adjust costs to the changing environment in the Group.

The reporting period saw temporary suspensions of production in the companies of Maflow Group and BAP Group. Short-term production limitations occurred in Bateria S.A. and ZM Silesia. The Group experienced no significant disruption of the supply chain.

The companies use shielding programs introduced in Poland (such as remuneration subsidies, guarantees from the Liquidity Guarantee Fund of Bank Gospodarstwa Krajowego and programs of the Polish Development Fund) and in other countries where Boryszew Group has its operations.

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

AUTOMOTIVE SEGMENT

For air-conditioning ducts, due to temporary production shutdowns by customers and uncertain situation of the industry, sales dropped by about 30% in the first six months of 2020 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.

Boryszew Automotive Plastics Group (BAP Group) recorded 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, production companies of BAP Group suspended their production. From the end of May production has been gradually resumed - a process which depends on orders from major customers. In order to counteract the decline in sales, since the second half of March BAP Group companies have been implementing cost saving programmes, partly financed by the governments of the countries where the production facilities are located.

METAL SEGMENT

Impexmetal S.A. expects rebound in the third and fourth quarter following the drop in sales in the second quarter. Due to the Covid19 pandemic, all automotive customers, accounting for 30% of company's sales, announced temporary shutdowns or a significant drop in production. Other industries also reported shutdowns or reductions in demand, but the scale of restrictions was much smaller than in case of the automotive industry. Other markets of Company's customers are not susceptible to the current restrictions hence contractual quantities of deliveries to customers have not been reduced. As far as investments are concerned, despite the pandemic, the Company implements the projects that were launched as planned.

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.

The COVID-19 pandemic has had an impact on the operations of Bateria S.A. since the second quarter of 2020, causing a decrease in sales. The company is currently observing a gradual recovery in demand for its products.

CHEMICAL PRODUCTS SEGMENT

In the first half of the current year 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 recorded a drop in sales by about 20% in the first six months of 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 COMPANIES NOT ALLOCATED TO SEGMENTS

Boryszew S.A. Boryszew Energy branch recorded no significant, negative impact of the pandemic on its financial result in the first half of 2020. 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 expects in 2020:

1. A negative impact of the economic slowdown caused by the COVID-19 pandemic on operations in the third quarter of 2020 and a reduction in revenues by more than 20% compared to budgeted revenues for 2020.
2. Achieving some 80% of budgeted revenues in the fourth quarter of 2020.

Events after the balance sheet date

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

23. DECLARATIONS OF THE MANAGEMENT BOARD

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

- to the best of its knowledge, the mid-year consolidated financial statements of the Company and Boryszew Capital Group and the comparative data were compiled as per the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition as well as the financial result of Boryszew S.A. and Boryszew Capital Group.
- the mid-year report on the activity of Boryszew Capital Group contains a true view of development, accomplishments and situation of Boryszew Capital Group, including a description of fundamental risks and threats.



ABBREVIATED MID-YEAR

FINANCIAL STATEMENTS

of Boryszew S.A.

for the period between 1 January and 30 June 2020



(amounts expressed in PLN '000 unless specified otherwise)

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019	01.04.2020- 30.06.2020	01.04.2019- 30.06.2019
Revenues from sales	536 492	715 703	164 486	343 697
Prime cost of sale	458 952	640 838	121 637	303 523
Gross profit on sales	77 540	74 865	42 849	40 174
Selling costs	18 324	12 588	11 762	6 026
General and administrative costs	33 020	36 816	13 928	17 724
Other operating revenue	21 927	17 340	6 555	1 968
Other operating expenses	4 860	5 403	3 128	3 671
Profit/loss on impairment of trade receivables	(2 357)	275	(2 397)	235
Operating income	40 906	37 673	18 189	14 956
Financial revenues	39 946	11 432	35 198	6 684
Financial expenses	40 911	23 698	30 964	13 751
Profit/loss on impairment of financial assets	-	-	-	-
Financial profit/loss	(965)	(12 266)	4 234	(7 067)
Profit before taxation	39 941	25 407	22 423	7 889
Income tax	7 241	3 201	5 608	1 568
Net profit	32 700	22 206	16 815	6 321
Earnings / Diluted earnings per share				
Weighted average number of shares	220 656 301	220 856 534	220 656 301	220 856 534
Earnings / Diluted earnings per share (PLN)	0.15	0.10	0.08	0.03
	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019	01.04.2020- 30.06.2020	01.04.2019- 30.06.2019
Net profit	32 700	22 206	16 815	6 321
Earnings recognised in equity				
<i>Earnings recognised in equity, to be transferred to income statement</i>	(3 863)	1 457	(4 769)	2 900
Hedge accounting	(4 769)	1 457	(4 769)	2 900
<i>Income tax expense (-provision/+asset)</i>	906	-	-	-
<i>Earnings recognised in equity, not to be transferred to income statement</i>	-	(277)	-	(551)
Gains/losses on valuation of equity instruments	-	-	-	-
Employee benefit capital reserve	-	-	-	-
<i>Income tax</i>	-	(277)	-	(551)
Total earnings recognised in equity	(3 863)	1 180	(4 769)	2 349
Total comprehensive income	28 837	23 386	12 046	8 670

STATEMENT OF FINANCIAL POSITION

	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019
ASSETS			
Non-current assets			
Non-current assets	232 786	230 313	230 961
Investment property	16 671	16 525	16 525
Intangible assets	30 874	31 350	32 142
Right-of-use assets	116 804	125 072	128 020
Shares in subsidiaries and associates	470 065	405 366	463 577
Financial assets	69 404	60 116	394 070
Long-term receivables	35 179	33 380	33 329
Deferred tax assets	-	730	-
Other assets	7 532	7 754	4 946
Total fixed assets	979 315	910 606	1 303 570
Current assets			
Inventory	218 538	178 152	163 787
Trade receivables and other receivables	217 475	255 355	315 412
Short-term financial assets	288 171	236 555	3 802
Derivative financial instruments	197	8	255
Current tax assets	-	2 064	40
Other assets	23 095	17 809	18 239
Cash and cash equivalents	17 189	35 788	50 085
Total current assets	764 665	725 731	551 620
Total assets	1 743 980	1 636 337	1 855 190

(amounts expressed in PLN '000 unless specified otherwise)

	As at 30.06.2020	As at 31.12.2019	As at 30.06.2019
LIABILITIES AND EQUITY			
Equity			
Share capital	248 906	248 906	248 906
Share premium	112 346	112 346	112 346
Own shares	(146 871)	(134 251)	(134 251)
Hedge accounting capital	(5 775)	(1 912)	(1 120)
Capital reserve on translating employee payables	(638)	(638)	(162)
Retained earnings	250 058	204 879	400 874
Total equity	458 026	429 330	626 593
Liabilities and long-term provisions			
Bank credits, loans, bonds	20 953	183 617	387 169
Liabilities under lease of fixed assets	34 283	23 516	83 920
Liabilities related to right-of-use assets - other assets	47 004	49 824	-
Payables on perpetual usufruct of investment land	1 941	1 942	1 942
Deferred tax provision	248	-	2 432
Employee benefit provisions	2 690	2 690	3 388
Other provisions	5 715	6 113	5 136
Other long term equity and liabilities	3 625	14 528	12 876
Liabilities and long-term provisions - total	116 459	282 230	496 863
Short-term liabilities			
Bank credits, loans, bonds	849 328	587 293	377 594
Liabilities under lease of fixed assets	12 396	21 912	27 322
Liabilities related to right-of-use assets - other assets	7 898	8 563	-
Payables on perpetual usufruct of investment land	-	9	9
Trade payables and other liabilities	268 466	293 806	307 834
Derivative financial instruments	1 433	851	113
Current tax liabilities	1 967	-	-
Employee benefit provisions	5 467	4 504	6 754
Other provisions	5 983	3 359	4 538
Other liabilities and equity	16 557	4 480	7 570
Liabilities and short-term provisions - total	1 169 495	924 777	731 734
Total liabilities and provisions	1 285 954	1 207 007	1 228 597
Total equity and liabilities	1 743 980	1 636 337	1 855 190

(amounts expressed in PLN '000 unless specified otherwise)

CASH FLOW STATEMENT

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Cash flows from operating activities		
Profit before taxation	39 941	25 407
Adjustments for (+/-)	(59 634)	51 509
Amortisation/depreciation	21 675	21 196
Profit/loss on financial activity (including interest on financial liabilities)	11 921	12 989
Dividend	(32)	(6 841)
Profit / loss on investment activities	(7 818)	(1 737)
Change in receivables	15 269	(22 559)
Change in inventories	(40 406)	17 740
Change in liabilities	(37 782)	23 997
Change in provisions and accruals as well as prepayments	(2 296)	5 831
Other items	(19 560)	1 632
Income tax paid	(605)	(739)
Net cash from operating activities	(19 693)	76 916
Cash flows from investment activities		
Profit on fixed assets disposal	1 505	8 484
Proceeds from disposal of shares/dividends	32	292
Proceeds from redemption of bonds by issuers	1 084	182 731
Proceeds from repayment of loans granted	3 004	3 015
Other proceeds from investment activities	65	-
Expenses on acquisition of fixed assets	(7 787)	(14 615)
Acquisition of shares and stocks in capital group entities	(3)	(10)
Long term borrowings granted	(50 609)	(6 320)
Expenditure on bonds	-	(55 000)
Net cash from investing activities	(52 709)	118 577
Cash flows from financial activities		
Incomes on credit and loan facilities	81 144	70 041
Loans received	20 584	8 000
Other inflows	4 059	7 180
Share buy-back expense	-	(4 516)
Loans repaid	(31 332)	(152 637)
Repayment of borrowings	(1 948)	(68 772)
Redemption of bonds	-	(10 000)
Interest paid on loans, borrowings and leasing	(9 740)	(11 825)
Payment of liabilities under finance lease agreements	(8 964)	(12 192)
Net cash from financing activities	53 803	(174 721)
Net change in cash	(18 599)	20 772
Cash opening balance	35 788	29 313
Cash closing balance	17 189	50 085

(amounts expressed in PLN '000 unless specified otherwise)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
As at 01.01.2020	248 906	112 346	(134 251)	(1 912)	(638)	204 879	429 330
Valuation of hedge instruments				(3 863)			(3 863)
Profit/loss for the first half of 2020						32 700	32 700
Total revenue for the first six months of 2020	-	-	-	(3 863)	-	32 700	28 837
Share buy-back (merger with a subsidiary)			(12 620)				(12 620)
Merger with a subsidiary						12 479	12 479
As at 06.30.2020	248 906	112 346	(146 871)	(5 775)	(638)	250 058	458 026

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
As at 01.01.2019	248 906	112 346	(129 735)	(2 300)	(162)	378 668	607 723
Valuation of hedge instruments				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	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				1 180			1 180
Profit/loss for the first six months of 2019						22 206	22 206
Total revenue for the first six months of 2019	-	-	-	1 180	-	22 206	23 386
Share buy-back			(4 516)				(4 516)
As at 30.06.2019	248 906	112 346	(134 251)	(1 120)	(162)	400 874	626 593

ADDITIONAL INFORMATION**TO ABBREVIATED MID-YEAR FINANCIAL STATEMENTS OF BORYSZEW S.A. FOR THE FIRST HALF OF 2020****1. Statement by the Management Board on compliance of accounting principles**

The Management Board for Boryszew S.A.: Piotr Lisiecki Krzysztof Kołodziejczyk Mikołaj Budzanowski represent that to the best of their knowledge the consolidated mid-year financial statements and comparative data have been compiled in accordance with the binding accounting principles and that the financial statements truly, reliably and clearly reflect the actual and financial condition as well as the financial result of Boryszew S.A.

2. Accounting principles applied

The information included in the report for the first six months of 2020 was prepared in accordance with the Regulation of the Minister of Finance of 19 March 2009 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 (original text: Journal of Laws No. 33, item 259 of 2009 r., consolidated text: Journal of Laws, item 133 of 2014) as well as the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

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

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

	average EUR exchange rate in the period	EURO exchange rate as at the last day of period
01.01- 30.06.2019	4.2880	4.2520
01.01- 31.12.2019	4.3018	4.2585
01.01- 30.06.2020	4.4413	4.4660

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/reporting period.

▪ 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.

Boryszew S.A.**Mid-year abbreviated report for the period between 1 January and 30 June 2020 drafted in accordance with IAS 34 as adopted by the European Union****(amounts expressed in PLN '000 unless specified otherwise)****▪ Amendments to IFRS 9, IAS 39 and IFRS 7: Reference rate reform**

Amendments to IFRS 9, IAS 39 and IFRS 7 were published on 26 September 2019 and apply to annual periods beginning on or after 1 January 2020.

These amendments introduce changes to the detailed requirements for hedge accounting to eliminate the potential effects of uncertainty related to the reference rate reform. In addition, entities will be required to include additional disclosures on hedging relationships directly affected by the uncertainties associated with the reform.

Other accounting principles and calculation methods applied by Boryszew have not changed in the period of this Report and are presented in detail in the financial statements for 2019, published on 28 May 2020. These financial statements were drafted on the basis of International Financial Reporting Standards as approved by the European Union (EU).

During the period covered by this report Boryszew S.A. with its registered office in Warsaw merged with SPV Boryszew 3 Spółka z o.o. with its registered office in Warsaw took place

On 14 May 2020 Boryszew S.A. based in Warsaw ("Acquiring Company") and SPV Boryszew 3 Spółka z o.o. based in Warsaw ("Acquired Company") agreed and signed the Merger Plan of both companies. According to the plan, the merger will be effected under 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.

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.

The merger was carried out under the provisions of article Art. 492 § 1 item 1) of the Commercial Companies Code, i.e. by transferring to Boryszew S.A. (the acquiring company) all the assets of SPV Boryszew 3 Spółka z o.o. (the acquired company) by universal succession (merger by acquisition). As a result of the merger Boryszew S.A. - according to CCP Art. 494 § 1 - entered into all rights and obligations of SPV Boryszew 3. Given that all shares in the share capital of the Acquired Company are held by the Acquiring Company, under CCC Article 515 § 1, the merger was carried out without increasing the share capital of the Issuer. The objective of the merger is to simplify the organisational structure of Boryszew Capital Group. In the Management Board's assessment, further simplification of the structure would improve efficiency of management of Boryszew Group's policy and activities and of the management of resources at the Group's possession. Carrying out internal consolidation of Boryszew Capital Group will result in improved profitability, reduced costs of general management as well as financial costs.

The merger was accounted for according to the share pooling method; the share pooling method could be applied because the merger of companies resulted in no loss of control by their existing shareholders. This method involves summing the corresponding items of assets, liabilities, income and expenses of the merged companies as at the merger date subject to prior unification of measurement methods and appropriate exclusions. The value of the share capital of the acquired company, whose assets were transferred to the acquiring company and which was deleted from the register as a result of the merger, is excluded. Following that exclusion, the relevant equity items of the acquiring company are adjusted for the difference between the sum of assets and liabilities of the company being acquired.

The Acquiring Company included the net assets of the Acquired Company as at the merger date, i.e. 25 June 2020.

The following assets were included:	Assets of SPV BRS 3	59 802
Including:	Shares of Boryszew SA	12 620
	Shares of Impexmetal SA	16 581
	Shares of Hutmen SA	30 518
Cash and cash equivalents		46
	Accounts receivable	37
	Liabilities of SPV BRS 3	38 674
	Of which: Bonds subscribed for	31 000

Boryszew S.A.**Mid-year abbreviated report for the period between 1 January and 30 June 2020 drafted in accordance with IAS 34 as adopted by the European Union****(amounts expressed in PLN '000 unless specified otherwise)**

In the period between the date of the merger, i.e. 25 June 2020 and 30 June 2020, the Acquired Company generated no revenue and thus no profit/loss.

Revenues and profits/losses included in the report of the Acquiring Company between 1 January 2020 and the merger date:

Revenues	37
Costs	(466)
Tax	(7)
Profit/loss	(436)

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

- entered into the rights and obligations of SPV Boryszew 3 Spółka z o.o. under bonds issued by SPV Boryszew 3 Spółka z o.o., subscribed for by Hutmen S.A. in total amount of PLN 31 000 000, with redemption date on 30 June 30 2021.
- assumed 2 165 000 shares of Boryszew S.A. accounting for 0.902% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 21 448 831 own shares accounting for approximately 8.94 % of the share capital and total number of votes at the General Meeting of Boryszew S.A.
- assumed 7 279 032 shares of Impexmetal S.A. accounting for 3.83% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 65.79 % of the share capital and total number of votes at the General Meeting of Impexmetal S.A.
- assumed 6 154 383 shares of Hutmen S.A. accounting for 24.04% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.

3. OFF-BALANCE-SHEET LIABILITIES**Contingent liabilities:**

guarantees and sureties granted to related entities for repayment of loans and trade liabilities

Total

As at 30.06.2020	As at 31.12.2019
894 058	925 532
894 058	925 532

Boryszew S.A.**Mid-year abbreviated report for the period between 1 January and 30 June 2020 drafted in accordance with IAS 34 as adopted by the European Union****(amounts expressed in PLN '000 unless specified otherwise)****GUARANTEES AND SURETIES ISSUED BY BORYSZEWS S.A. AS AT 30.06.2020**

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	2021-09-16
Boryszew Kunststofftechnik Deutschland GmbH	31.01.2013	Guarantee granted to Commerzbank	22 330	indefinite validity
	23.07.2013	Guarantee granted to GE Capital Bank AG	4 432	30.08.2021
	24.07.2017	Guarantee granted to ALD AutoLeasing D GmbH	893	30.06.2022
	07.08.2017	Guarantee granted to Deutsche Leasing International GmbH	6 252	indefinite validity
	08.06.2018	Guarantee granted to Deutsche Leasing International GmbH	2 680	08.06.2023
	2019-01-29	Guarantee granted to DNB Bank Polska SA	69 670	2021-03-01
	2019-03-06	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	25 768	2022-03-31
	2019-06-13	Guarantee granted to Deutsche Leasing International GmbH	13 246	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	27.05.2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	1 384	30.11.2020
	15.03.2016	Guarantee granted to Wurth Leasing GmbH	1 585	15.03.2022
Theysohn Formenbau GmbH	06.09.2017	Guarantee granted to akf Leasing GmbH	10 448	2023-08-31
Theysohn Kunststoff GmbH	2018-09-28	Guarantee granted to PKO Leasing Sp. z o.o.	15 304	2021-12-31
	2019-04-23	Guarantee granted to HSBC Trinkhaus & Burkhardt AG	26 796	2022-05-10
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	56 785	31.12.2026
Boryszew Plastic RUS	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO	796	indefinite validity
	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO	398	indefinite validity
	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 330	indefinite validity
	2019-02-25	Guarantee granted to Alfa Bank	9 900	2024-12-31
	2019-07-15	Payment guarantee granted to Engel Austria	13 607	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	13.06.2016	Guarantee granted to HSBC Bank Polska S.A.	10 000	2021-09-11
	14.03.2017	Guarantee granted to SPV Impexmetal Sp. z o.o. for payment of financial liabilities	41 000	indefinite validity
	24.10.2017	Aval of lease agreement for mLeasing	802	15.04.2021
	24.10.2017	Aval of lease agreement for mLeasing	6 699	15.11.2020
	2017-12-06	Guarantee granted to PGE Obrót S.A.	1 800	indefinite validity
	2018-10-22	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357	2025-09-30
	2019-01-29	Guarantee granted to DNB Bank Polska SA	10 718	2021-03-01
	2019-03-04	Aval of lease agreements for mLeasing	9 229	2024-04-15
	2019-10-10	Guarantee granted to PKO Leasing Sp. z o.o.	16 973	2022-10-10
Maflow BRS s.r.l.	26.04.2016	Guarantee granted to Banka IFIS	3 350	indefinite validity

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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	
	2019-05-23	Guarantee granted to HSBC France, Milan Branch	20 320	2023-05-23
Maflow France Automotive S.A.S.	07.07.2016	Guarantee granted to Natixs Lease	1 684	2021-07-07
Maftex S. de R.L. de C.V.	2019-07-15	Guarantee granted to Volkswagen Group of America	5 971	2021-01-15
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	2020-07-06	Guarantee granted to Borealis AG for commercial liabilities	2 233	2020-12-31
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	2020-07-06	Guarantee granted to BSB Recycling GmbH	6 699	2021-12-31
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	2020-07-06	Guarantee granted to Basell Sales & Marketing Company B.V.	8 932	2021-12-31
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	89 320	indefinite validity
Alchemia S.A.	2019-10-01	Guarantee granted to Arcelormittal Poland S.A.	22 330	2020-12-31
	2020-03-31	Guarantee granted to Arcelormittal Poland S.A.	14 291	2020-12-31
Boryszew HR Service Sp. z o.o.	30.08.2016	Endorsement of a loan agreement for mBank	1 000	2020-08-27
WM Dziedzice S.A.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	5 750	31.01.2021
Boryszew Tensho Poland Sp. z o.o.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	1 200	31.01.2021
Elana Energetyka	2020-03-30	Guarantee granted to ENEA Obrót S.A.	7 850	31.01.2021
ZM Silesia S.A.	2018-09-26	Surety granted to PKO BP S.A.	6 480	2024-02-28
	2019-12-20	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	20 000	indefinite validity
Total guarantees and sureties granted by Boryszew SA			889 592	

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

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

5. Information on the issue, redemption and repayment of bonds**Extension of the repayment date of loans granted to BORYSZEWS 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.

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

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

6. Operating segments

01.01.2020 -30.06. 2020	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	95 880	217 152	171 706	59 571	544 309	(7 817)	536 492
Segment costs of sales	68 952	185 526	158 067	51 911	464 456	(5 504)	458 952
Result on sales within segment	26 928	31 626	13 639	7 660	79 853	(2 313)	77 540
General, administrative and sales expenses	15 252	22 575	8 875	7 320	54 022	(2 678)	51 344
Other operating profit/loss	(758)	8 229	2 823	4 818	15 112	(402)	14 710
Segment profit/loss	10 918	17 280	7 587	5 158	40 943	(37)	40 906
Amortisation/depreciation	2 600	15 136	3 103	836	21 675	-	21 675
EBITDA *)	13 518	32 416	10 690	5 994	62 618	(37)	62 581

01.01.2019 -30.06. 2019	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	116 854	305 700	151 802	141 347	715 703		715 703
Segment costs of sales	100 533	261 450	143 667	135 188	640 838		640 838
Result on sales within segment	16 321	44 250	8 135	6 159	74 865	-	74 865
General, administrative and sales expenses	14 597	20 899	7 339	6 569	49 404		49 404
Other operating profit/loss	1 801	(310)	1 742	9 316	12 549	(337)	12 212
Segment profit/loss	3 525	23 041	2 538	8 906	38 010	(337)	37 673
Amortisation/depreciation	2 714	15 200	2 754	528	21 196	-	21 196
Ebitda	6 239	38 241	5 292	9 434	59 206	(337)	58 869

Sales revenues by geographical areas

Continuing operations

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Domestic sales	211 110	312 616
Sales to EU member states *)	281 855	359 317
Sales to other European countries	10 173	16 230
Export outside Europe	33 354	27 540
Total (revenues from continuing operations)	536 492	715 703

*) EU countries include the United Kingdom

Share of EU member states in intra-Community sales:

	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Germany	24%	22%
Sweden	15%	15%
The Czech Republic	9%	7%
Great Britain	8%	10%
Slovakia	7%	7%
Spain	6%	9%
The Netherlands	6%	5%
Italy	5%	4%
Austria	5%	5%
France	5%	6%

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

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

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

However, due to the outbreak of the COVID-19 pandemic, the demand for cars dropped, which resulted in a decrease in orders for car parts and components produced by the Maflow Division.

The Metal segment is barely exposed to any seasonality.

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

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

8. Financial instruments, fair value, estimated data**Financial assets as at 30.06.2020**

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Hedging derivatives	Carrying value
Bonds	18 159	-	-	18 159
Trade receivables	139 984	43 652	-	183 636
Derivative financial instruments	-	-	197	197
Loans granted	339 416	-	-	339 416
Other debtors	41 158	-	-	41 158
Cash and cash equivalents	17 189	-	-	17 189
Total	555 906	43 652	197	599 755

Financial liabilities as at 30.06.2020

	Financial liabilities measured at amortised cost	Hedging derivatives	Carrying value
Borrowings and loans	696 564		696 564
Liabilities on bonds	173 717		173 717
Derivative financial instruments	-	1 433	1 433
Lease liabilities	46 679		46 679
Liabilities to SMA and PdUA	56 843		56 843
Trade and other liabilities	247 747		247 747
Total	1 221 550	1 433	1 222 983

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

	Fair value as at		Fair value hierarchy
	As at 30.06.2020	As at 31.12.2019	
Financial assets			
Listed shares	-	-	Level 1
Derivative financial instruments	197	8	Level 2
Financial obligations			
Derivative financial instruments	1 433	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 30.06.2020	As at 31.12.2019	
Financial assets			
Shares held for trading	-	-	Level 3
Bonds	18 159	19 266	Level 3
Borrowings	339 416	277 405	Level 3
Trade and other receivables	224 794	274 336	Level 3
Investment property	16 671	16 525	Level 3
Cash and cash equivalents	17 189	35 788	Level 1
Financial obligations			
Borrowings and loans	696 564	628 522	Level 2
Trade and other liabilities	247 747	281 265	Level 2
Liabilities to SMA and PdUA	56 843	60 338	Level 2
Liabilities on bonds	173 717	142 388	Level 2
Lease liabilities	46 679	45 428	Level 2

	01.01.2020 - 30.06. 2020
Impact of write-offs on assets and provisions on profit/loss	
Creation of value impairment write-offs for accounts receivable	(2 996)
Reversal of write-downs on accounts receivable (-)	278
Revaluation write-offs of loan receivables	(318)
Reversal of revaluation write-offs on loans granted	679
Creation of value impairment write-offs for inventories	(1 042)
Value impairment write-offs for inventories	439
Tangible fixed assets impairment write-offs	-
Reversal of fixed assets revaluation allowances	7
Valuation of shares to fair value	-
Creation of provisions	(270)
Reversal of unnecessary provisions	1 637
Deferred tax	(2 283)
Total impact on profit/loss	(3 869)

9. Transactions with related parties

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

10. Additional information

ASSUMPTIONS FOR IMPAIRMENT TESTS ON FINANCIAL ASSETS HELD

The Company carried out an impairment analysis of the financial assets held for which showed indications of impairment, based on discounted cash flows. The rationale for the test were significantly lower operating revenues and results in the first half of 2020 compared to those forecast, due to the impact of the pandemic. The analysis was based on the assumptions described below.

Maflow Brazil

The shares held in and trade receivables from Maflow do Brasil Ltda were tested for permanent impairment based on discounted forecast cash flows of Maflow do Brasil Ltda, assuming a ten-year period for analysis.

The test used:

- a discount rate at the weighted average cost of capital (WACC) based on the discount rate adopted for the calculation of new projects at 10.97%,
- an increase in the value of cash flows after the forecast period at the level of 3.83%.

The test revealed no impairment of assets.

Maflow China

Trade receivables from Maflow Components Co. Ltd were tested for permanent impairment based on discounted forecast cash flows of Maflow Components Co. Ltd, assuming a five-year period for analysis.

The test used:

- a discount rate at the weighted average cost of capital (WACC) based on the discount rate adopted for the calculation of new projects at 8.07%,
- an increase in the value of cash flows after the forecast period at the level of 4.79%.

The test revealed no impairment of assets.

Maflow France

Trade receivables from Maflow France Automotive S.A. Ltd were tested for permanent impairment based on discounted forecast cash flows of Maflow France Automotive S.A., assuming a five-year period for analysis.

The test used:

- a discount rate at the weighted average cost of capital (WACC) based on the discount rate adopted for the calculation of new projects at 6.03%,
- an increase in the value of cash flows after the forecast period at the level of 2.82%.

The test revealed no impairment of assets.

Maflow Spain

The shares held in and trade receivables from Maflow Spain Automotive were tested for permanent impairment based on discounted forecast cash flows of Maflow Spain Automotive, assuming a five-year period for analysis.

The test used:

- a discount rate at the weighted average cost of capital (WACC) based on the discount rate adopted for the calculation of new projects at 7.58%,
- an increase in the value of cash flows after the forecast period at the level of 3.07%.

The test revealed no impairment of assets.

Maflow India

The shares, bonds and trade receivables from Maflow India Private Limited were tested for permanent impairment based on discounted forecast cash flows of Maflow India Private Limited, assuming a five-year period for analysis.

The test used:

- a discount rate at the weighted average cost of capital (WACC) based on the discount rate adopted for the calculation of new projects at 9.93%,
- an increase in the value of cash flows after the forecast period at the level of 4.26%.

The test revealed no impairment of assets.

Maflow Mexico

The shares, loans and trade receivables from MAFMEX S.DE R.L.DE C.V were tested for permanent impairment based on discounted forecast cash flows of MAFMEX S.DE R.L.DE C.V, assuming a five-year period for analysis.

The test used:

- a discount rate at the weighted average cost of capital (WACC) based on the discount rate adopted for the calculation of new projects at 9.85%,
- an increase in the value of cash flows after the forecast period at the level of 2.69%.

The test revealed no impairment of assets.

Maflow Italy

The shares, loans and trade receivables from Maflow BRS s.r.l were tested for permanent impairment based on discounted forecast cash flows of Maflow BRS s.r.l, assuming a five-year period for analysis.

The test used:

- a discount rate at the weighted average cost of capital (WACC) based on the discount rate adopted for the calculation of new projects at 8.54%,
- an increase in the value of cash flows after the forecast period at the level of 5.97%.

The test revealed no impairment of assets.

Boryszew Automotive Plastics Group

The shares, loans and trade receivables from Boryszew Automotive Plastics Group were tested for permanent impairment based on discounted forecast cash flows of Boryszew Automotive Plastics Group, assuming a ten-year period for analysis.

The test used:

- a discount rate of 8.1% of the weighted average cost of capital (WACC),
- risk-free rate of 0.25% (average yield on German 10-year bonds over 5 years according to S&P),
- cost of equity (CAPM) at 10.9%,
- an increase in the value of cash flows after the forecast period at the level of 1.0%.

The test revealed no impairment of assets.

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 seven banks financing the Company, the Gross Financial Debt to EBITDA ratio as per the agreement with one bank, as well as the debt-service coverage ratio (DSCR) in case of two banks mentioned above, the interest coverage ratio in case of one of the banks mentioned above and current ratio in case of one of the banks mentioned above, leading to a violation 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, investment outlays and taxes paid; failure to fulfil the current liquidity ratio condition was reclassification of part of the balance of long-term loans to short-term loans due to violations of other ratios in these loans. Before the balance sheet date Boryszew S.A. took steps to negotiate with the financing institution the rules of further cooperation in the period of expected reduced level of the operating profit generated by the Capital Group. The Company developed a unified model of cooperation with the financing banks, based on which the existing credit limits would be maintained at least until December 2020 while some of the existing credit limits would be extended; the banks will also grant additional financing based on liquidity guarantees of Boryszew Capital Group for up to 2 years. As at the date of publication of the report, based on that model the Group signed loan agreements with one of the seven banks financing the Company, renewing the existing limits (together with a promise to provide additional financing on uniform terms with the other six banks), documentation is being arranged with another three banks, and the Company is in the process of obtaining credit approvals from other three banks. The Company expects to obtain credit approvals and sign financing agreements with all seven banks by the end of September. At the same time, an approval is expected from the eighth bank where the above mentioned failure to meet the terms of financing also occurred.

Due to the situation described above long-term loans, as at 30.06.2020, where the terms of the agreement were breached, were presented as short-term in the amount of PLN 96 549 thousand.

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

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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.

In the reporting period temporary suspension of production took place in Boryszew S.A. Maflow Branch.

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

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 temporary production shutdowns by customers, sales dropped by about 30% in the first six months of 2020 against the volumes budgeted for 2020. An exception to the above are rubber products, where sales remained at the budgeted level. 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 the first six months of 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 recorded a drop in sales by 20% in the first six months of 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 COMPANIES NOT ALLOCATED TO SEGMENTS

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. In the first six months of 2020 no significant, negative impact of the pandemic on the financial result was observed. 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. Owing to the adopted procurement strategy and significant decreases of raw material prices on the spot market, the price of natural gas in the reporting period for the companies of Boryszew Group companies was reduced by 27% yoy (Q1 2020 vs. Q1 2019).

Therefore, Boryszew S.A. forecasts for 2020:

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Negative impact of the economic slowdown caused by the COVID-19 pandemic on the operations in Q3 '2020 and a decrease in revenue by approximately 20%.

Achieving some 90% of budgeted revenues in the fourth quarter of 2020.

Due to the diversified profile of Boryszew S.A., individual branches are differently exposed to the effects of economic slowdown. At the level of Company, the drop in sales will result in a decrease of EBITDA by approximately 20% in Q3 '2020, against 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

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(amounts expressed in PLN '000 unless specified otherwise)

THE FINANCIAL STATEMENTS WERE SIGNED BY THE MANAGEMENT BOARD ON 3 SEPTEMBER 2020.

SIGNATURES:

Piotr Lisiecki - President of the Management Board

Krzysztof Kołodziejczyk - Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board
