



Boryszew S.A.

**REPORT ON ACTIVITIES
BORYSZEW CAPITAL GROUP
IN THE FIRST SIX MONTHS OF 2020**

*The report was approved for publication on:
3 September 2020*





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(amounts expressed in PLN '000 unless specified otherwise)

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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 approximately 10 000 people.

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.

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 Juszczyński, 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 Juszczyński	- 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 Juszczyński	- 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. APPROVAL OF THE REPORT FOR PUBLICATION

This report on the activity of Boryszew Capital Group in the first six months of 2020, an integral part of the consolidated mid-year report of Boryszew Capital Group for the period between 1 January 2020 and 30 June 2020, was approved for publication by the resolution of the Management Board of 3 September 2020 and presents the situation of Boryszew Capital Group in accordance with legal requirements for the period between 1 January 2020 and 30 June 2020, including any events which occurred by the date of approval of this report for publication.

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

3. ACCOUNTING PRINCIPLES APPLIED

The financial statements for the first six months of 2020 were drafted in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state as well as International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The accounting principles and calculation methods applied by the Group (except for the changes due to the implementation of IFRS 9, 15) remained unchanged in the period covered by this Report; these principles are presented in detail in the consolidated annual report for 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).



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CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES:

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew S.A. :	Warsaw		Parent Company	
<i>Head Office</i>	Warsaw			Other
<i>Elana Branch</i>	Toruń			Chemical products
<i>Boryszew Energy Branch</i>	Toruń			Other
<i>Maflow Branch</i>	Tychy			Automotive
<i>NPA Skawina Branch</i>	Skawina			Metals
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>Nylonbor Branch</i>	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
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



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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., Impexmetal S.A. (own shares)	Metals
Hutmen S.A.	Wrocław	100.00	Boryszew S.A., Impexmetal S.A., Impex - invest Sp. z o.o., SPV Impexmetal Sp. z o.o.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Hutmen S.A., Impexmetal S.A., Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. in liquidation	Katowice	61.77	Polski Cynk Sp. z o.o.	discontinued operations
ZM SILESIA S.A.	Katowice	100.00	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	100.00	Polski Cynk Sp. z o.o.	Metals
Alchemia S.A.	Warsaw	76.37	Impexmetal S.A., Eastside Bis Sp. z o.o., Boryszew S.A., Alchemia 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

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COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company name	Seat	share of the parent company in capital (%)	Core activity
Brick factory Wostoczna - Sp. z o.o.	Belarus	30	trade, production of secondary raw materials
Elana Ukraina Sp. z o.o.	Ukraine	90	dormant company
Nylonbor Sp. z o.o.	Sochaczew	100	dormant company
Brasco Inc	the US	100	dormant company
Hutnik Sp. z o.o. – in liquidation,	Konin	94	dormant company
RAPZ Spółka z o.o.	Dąbrowa Górnicza	42.67	Maintenance, servicing

4. SIGNIFICANT ACHIEVEMENTS OR FAILURES IN CURRENT PERIOD;**ACHIEVED PROFIT/LOSS****A. OVERALL MACROECONOMIC SITUATION**

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

Structure of revenues by segments

	1H 2020		1H 2019	
Chemical products	104 352	3.7%	132 728	4.1%
Automotive	712 469	25.4%	922 656	28.7%
Metals	1 964 433	70.0%	2 040 468	63.5%
Other *	23 849	0.9%	115 201	3.6%
TOTAL	2 805 103	100%	3 211 053	100.0%

Geographical structure of revenues

	1H 2020		1H 2019	
Poland	966 408	34.5%	1 140 646	35.5%
Germany	634 568	22.6%	727 170	22.6%
Other EU countries	1 066 348	38.0%	1 165 431	36.3%
Other	137 779	4.9%	177 806	5.5%
TOTAL	2 805 103	100%	3 211 053	100.0%

* this item also includes consolidation exclusions between segments

Key determinants:

Market sentiment - PMI and GDP:

Since approximately 95% of revenues at Boryszew Capital Group is generated in Europe, then the overall economic situation within the European Union (including in Germany) is critical for Group's performance. In EU countries as well as in Poland itself, the general macroeconomic sentiment in the first six months of 2020 was less optimistic than in the period of the previous year. The main reason for the above is the outbreak of the COVID-19 pandemic at the beginning of the second quarter, which led to limitation or suspension of activities of many sectors of the world economy. The impact of the pandemic will be manifested in all macroeconomic indicators in the first half of 2020.

The average values of the PMI index, which determines the level of activity in industry of the most important economies for the Capital Group (the Euro zone, Germany, Poland) were at a much lower level compared to the same period of the previous year.

PMI	1H 2020	1H 2019
EU	43.7	47.7
Poland	43.0	48.5
Germany	42.4	44.8

In Poland the PMI reading was also lower than in the same period of the previous year and below the level of 50, i.e. at 43.7 points (with the reading of 48.5 points in H1 '2019).



Forecast of GDP growth for Poland	2020	2021
NBP	-5.4%	4.9%
World Bank	-4.2%	2.8%
European Commission	-4.6%	4.3%

The European Commission, in its summer forecast, expects Poland's GDP to fall by -4.6% (vs. 4.3% growth in the autumn). This is by far the best result in the EU with Luxembourg in second place (-5.4%) and Austria in third place (-5.5%). The forecast for 2021 was increased to 4.3% from 4.1%.

GDP drop forecasts for 2020 are, according to the European Commission, better than those presented by the World Bank and are significantly more optimistic than those of the NBP.

The National Bank of Poland (NBP) expects a decrease of 5.4% in 2020 and an increase of 4.9% in 2021. This was influenced by a lower GDP reading in Q1 and a lower forecast of national economic activity due to the COVID-19 outbreak. The current forecasts of the NBP are inconsistent with those of the World Bank and the European Commission.

Market sentiments - Sales of cars:

Another important parameter with an impact on the dynamics and results of the Group is the sale of cars (the Automotive segment accounts for over 25% of Group's turnover).

In the first six months of 2020, car sales in Europe decreased. According to ACEA, the passenger car market in Europe declined by 39.5% compared to the same period last year due to the COVID-19 pandemic. Majority of Boryszew Capital Group companies' clients stopped production during the national quarantine in European Union countries.

The main customer of the Automotive Segment - Volkswagen Group, after the first six months of 2020, recorded a 36.1% decrease in car sales on the European market (against the same period last year). Importantly, despite the presence of the Automotive segment entities on the markets of South America and Asia, the key market for this segment remains the European market, accounting for approximately 86% of sales value.

Market sentiment - Prices of basic raw materials:

Since nearly 70% of Boryszew Capital Group's sales is in the metals industry segment, Group's performance is exposed to fluctuations in average prices of metals quoted on the London Metal Exchange (LME). The hedge policy for metal price and exchange rates, followed by the Group, has a significant effect on risk reduction. However, the level of income and working capital still remain sensitive to the volatility of these parameters.

In the discussed period, average prices of all four basic metals (in USD) dropped significantly: copper (by 11%), zinc (by 25%), lead (by 10%) and aluminium (by 13%).

Also metal prices expressed in PLN decreased by 6% (copper), 21% (zinc), 5% (lead) and 8% (aluminium) respectively, which resulted from changes in the USD to PLN exchange rate.

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

Another key factor for the Capital Group in market premium, that will depend on the sales range in relevant period and on current procurement needs. In most of the Group's companies (except for Baterpol S.A. SILESIA S.A. Olawa Branch) sales margins are lower than those obtained in 2019.

Market sentiments - significant currency pairs

The U.S. dollar has an impact on Group's raw material costs. In the reviewed period USD strengthened against the PLN by 6%. This had an impact on the quotations of basic metals expressed in PLN (it partially slowed down the decrease in metal prices expressed in PLN) and on the profitability of sales on this account.

The exchange rate of the Euro affects the Group's revenues. Sales denominated in Euro account for approximately 61% of Group's sales. In reviewed period of 2019 the average EUR listings increased by 3% in relation to PLN.



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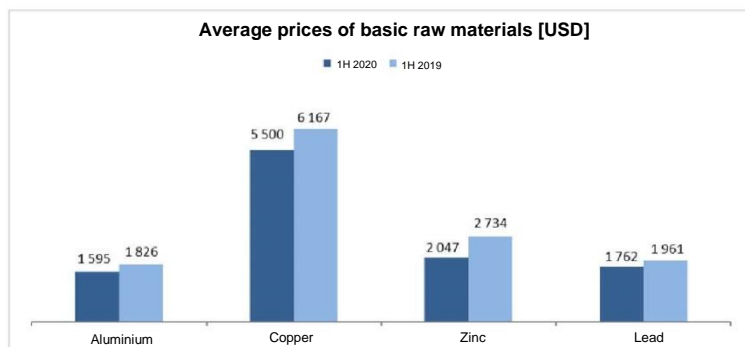
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In the first half of 2020, the EUR/USD exchange rate stood at 1.10, or some 3% lower than in the corresponding period of the previous year.

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

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



Source: Daily listings of LME, NBP

	1H 2020	1H 2019	% change
Aluminum [USD]	1 595	1 826	-13%
Copper [USD]	5 500	6 167	-11%
Zinc [USD]	2 047	2 734	-25%
Lead [USD]	1 762	1 961	-10%
EUR/PLN	4.41	4.29	2.8%
USD/PLN	4.01	3.80	5.6%
EUR/USD	1.10	1.13	-2.7%
	1H 2020	1H 2019	% change
Aluminium [PLN]	6396	6 937	-7.8%
Copper [PLN]	22 054	23 426	-5.9%
Zinc [PLN]	8207	10384	-21.0%
Lead [PLN]	7 065	7 450	-5.2%

Revenues from sales / Demand for Group's products

The revenues of Boryszew Capital Group after the first six months of 2020 amounted to PLN 2 805.1 million, which was a decrease of 12.6% against its revenues for the same period last year.

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

in PLN million	1H 2020	1H 2019	difference
Revenues from sale, including:	2 805.1	3 211.1	-406.0
Automotive Segment	712.5	922.7	-210.2
Metals Segment	1 964.4	2 040.5	-76.0
Chemicals segment	104.4	132.7	-28.4
Other	23.8	115.2	-91.4
(in thousand tonnes)	1H 2020	1H 2019	difference
Volume of sales, including:	262.1	217.0	45.1
Metals Segment	245.1	191.8	53.3
Chemicals segment	17.0	25.2	-8.2

The decrease in revenues of the Metal was mainly caused by decreased prices (expressed in PLN) for most of the products offered (related to the drop in metal prices on the LME). In addition, revenues were adversely affected by the COVID-19 pandemic, which resulted in lower demand for Group's products due to short term shutdown or reduction of industrial production in most European Union countries, which remain the largest customers for the companies of the Metal Segment.

The increase in sales volumes of the Metal Segment was primarily related to the recognition of the volumes of Alchemia Capital Group in the first half of 2020 (the volumes in H1 '2019 include data as at the moment of assuming control at the beginning of the second quarter of 2019). Other entities of the Segment, except for NPA Skawina, Hutmen S.A. and ZM Silesia S.A. Katowice Branch, achieved lower sales volumes than in the same period of the previous year.

The drop in revenue in the Automotive Segment resulted from a drop in sales of parts, which was caused by the stagnation on the automotive market caused by the COVID-19 pandemic. In the first six months of 2020, according to ACEA data, the number of newly registered cars decreased by 39.5 per cent compared to the same period the previous year, which had a direct impact on the volume of revenues of the Automotive Segment.



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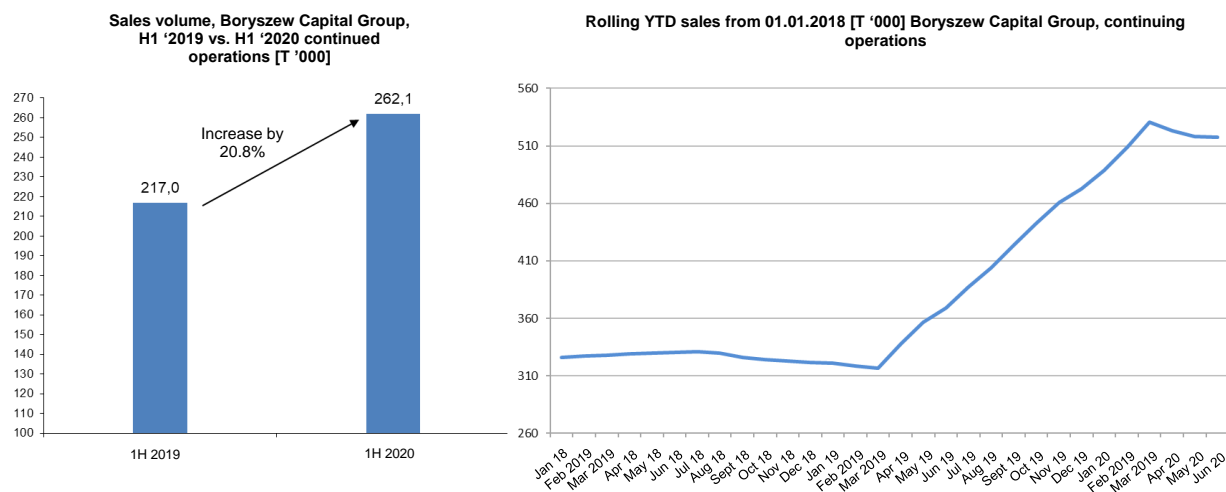
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The Chemicals segment recorded lower revenues in the same period of 2019 with significantly lower sales volumes, mainly due to the reduction of production in segment companies in H1 '2020 due to the COVID-19 pandemic.

The decrease in volumes in the Chemicals segment was recorded in all companies and amounted to -32.5% (8.2 thousand tons).

Decrease of revenues from sales recorded by other entities was mainly brought about by cessation of wholesale trade in electricity market by Boryszew S.A. Energy branch.

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

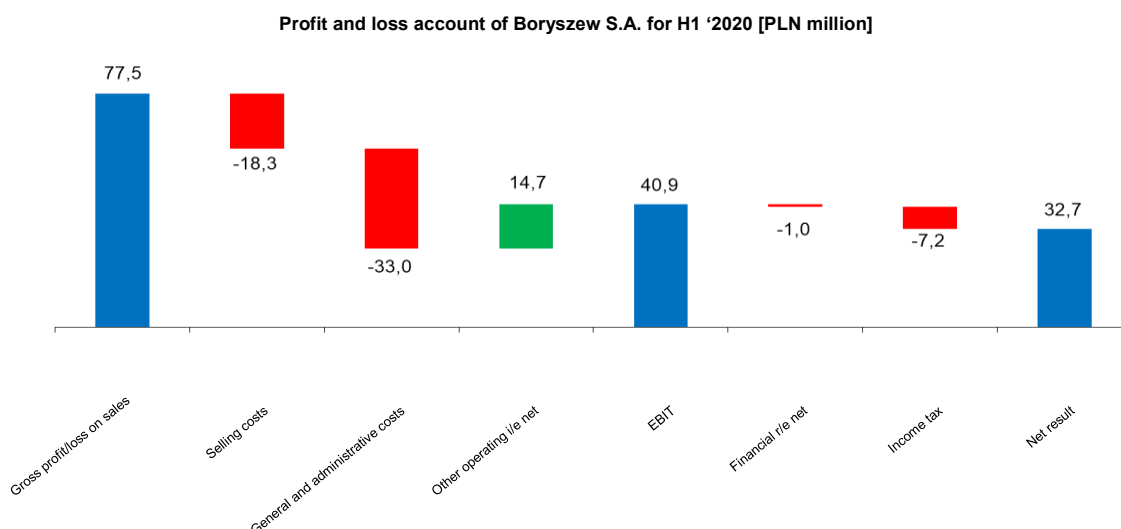


*The data include sales volumes of Alchemia Capital Group for 2019 as of assumption of control, i.e. the beginning of Q2 '2019.

B. ACHIEVED FINANCIAL RESULTS

1. Boryszew S.A.

The graph below compiles components of the profit and loss account of Boryszew S.A. after six months of 2020.



The gross result on sales after the first six months of 2020 amounted to PLN 77.5 million and was higher by PLN 2.7 million compared to the result in the corresponding period of the previous year. The increase in gross profit came from improved results in the Metal segment and the Chemicals segment.



Boryszew Capital Group

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(amounts expressed in PLN '000 unless specified otherwise)

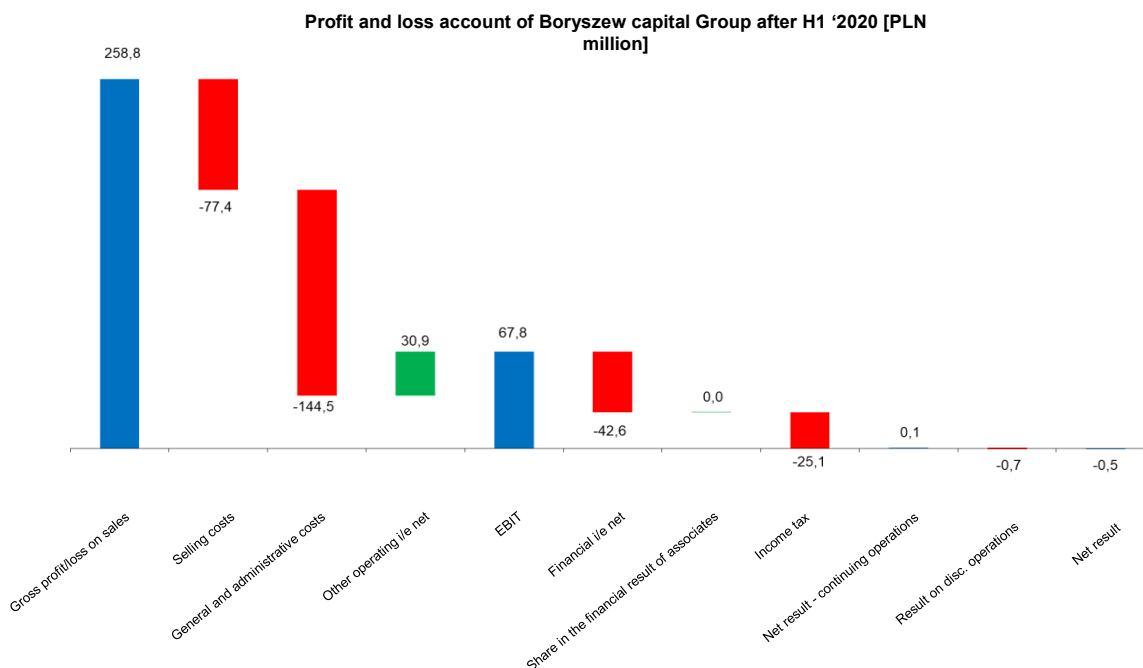
Average gross profitability on sales increased from 10.5% at the end of the first half of 2019 to 14.5% at present. Costs of sales were higher by PLN 5.7 million, or by 45.6% as compared to the same period of the previous year, mainly due to the launch of a new product.

General and administrative expenses were lower by 10.0% compared to the first half of 2019, mainly due to the introduction of saving plans by the companies resulting from the COVID-19 pandemic.

The balance of operating income/expenses amounted to PLN 14.7 million and was higher by PLN 2.5 million against the same period of 2019, primarily due to higher level of subsidies granted (mainly subsidies in Boryszew S.A. Maflow Polska Branch as part of the anti-crisis shield).

2. Boryszew Capital Group

The graph below compiles components of the profit and loss account Boryszew Capital Group after H1 '2020.



The gross result on sales after six months 2020 amounted to PLN 258.8 million and was lower by PLN 54.3 million against the result for the corresponding period of the previous year. The decrease in gross profit is a consequence of the deterioration of results in the Automotive and Metal segments.

The average gross profitability on sales dropped from 9.8% at the end of the first six months of 2019 to 9.2% at present.

Costs of sales were higher by PLN 1.1 million, or by 1.4% against the same period of the previous year.

General and administrative expenses were higher by 14.4% than in the first half of 2019, mainly due to including full 6 months of operations of Alchemia Capital Group against 3 months in the previous year (assumption of control of Alchemia Capital Group at the beginning of Q2 '2019).

The balance of operating income/expenses amounted to PLN 30.9 million and was higher by PLN 5.0 million against the same period of 2019, primarily due to higher level of subsidies granted (subsidies as government assistance to counteract the COVID-10 pandemic and subsidies for investments).

As per the Act of 19 July 2019 on the compensation system for energy-intensive sectors and subsectors, some of the companies of Boryszew Capital Group (Metal Segment) have met the conditions to obtain support for indirect costs of greenhouse gas emissions (the so called CO₂ compensations). The report for the first six months of 2020 includes revenue resulting from the right to compensation for electricity purchased in the reporting period. The right to compensation results from the abovementioned Act and the fulfilment of the conditions to include Group Companies' production in energy-intensive sectors, which is to be compensated for the increase in electricity prices caused by the EU's climate and energy policy. Revenue from compensation, which in the first six months of



2020 will amount to PLN 2.2 million, was determined in accordance with the principle of prudent valuation on the basis of the expected forward price of CO₂ emission allowances in the amount of PLN 105 per tonne and the estimated reduction level of 40%. A decision determining the final amount of compensation will be issued by 30 September 2021 and will depend on the degree of reduction if the total compensation granted exceeds PLN 890 million.

Net financial income/expenses amounted to PLN 42.6 million negative and was lower by PLN 12.8 million against the corresponding period of the previous year, mainly due to negative exchange rate differences of PLN 9.3 million and lower balance of released/recognised write-offs of PLN 5.2 million.

OPERATING RESULTS

1. Boryszew S.A.

In the first half of 2020, EBITDA on continuing operations of Boryszew S.A. amounted to PLN 62.6 million compared to PLN 58.9 million in the corresponding period of the previous year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	H1 '2020	H1 '2019	difference
EBITDA, including:	62.6	58.9	3.7
Automotive Segment	32.4	38.2	-5.8
Metals Segment	10.7	5.3	5.4
Chemicals segment	13.5	6.2	7.3
Other	6.0	9.1	-3.1

The increase was mainly due to higher results in the Metals and Chemicals Segments. In Metals segment better results came from higher sales volumes and higher unit margins in Boryszew S.A. NPA Skawina Branch. In Chemicals segment the improvement of results came mainly from Boryszew S.A. ERG Branch, which launched a new product, in March this year, ERG CleanSkin disinfectant, in response to the demand for disinfectants. Deterioration of results in other Segments is mainly due to the outbreak of the COVID-19 pandemic, which caused a stagnation in the real estate market with a negative impact on the results of Elana Nieruchomości Branch. Also, in the discussed period the wholesale trade on the energy market was stopped, which had a negative impact on results of Boryszew S.A. Energy branch. 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 Boryszew S.A. companies was reduced by 27% yoy (Q1 2020 vs. Q1 2019).

2. Boryszew Capital Group

In the first half of 2020, EBITDA on continuing operations of Boryszew Capital Group 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	1.3	7.2	-5.9

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./ Oława 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.

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).

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.

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. 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 Boryszew Capital Group companies was reduced by 27% yoy (Q1 2020 vs. Q1 2019).

NET PROFIT/LOSS

1. Boryszew S.A.

Net result of Boryszew S.A. amounted to PLN 32.7 million and was higher by PLN 10.5 million than the result for H1 '2019.

2. Boryszew Capital Group

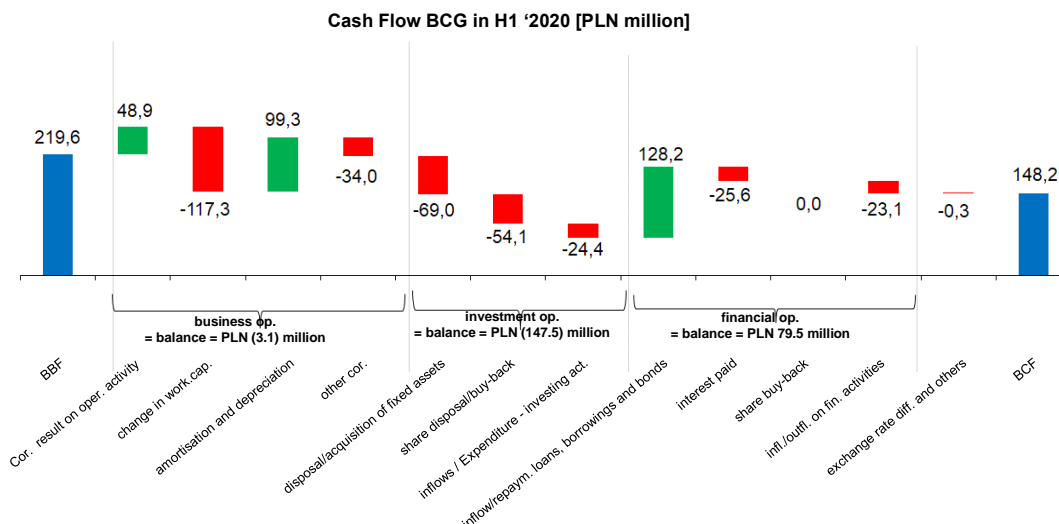
The net result on continuing operations amounted to PLN 0.1 million and was lower by PLN 74.4 million than the result for H1 '2019.

The total net result including continued and discontinued operations amounted to PLN (0.5) million and was lower than the result after H1 '2018 by PLN 73.2 million, while the net result attributable to shareholders of the parent company amounted to PLN 1.4 million - lower than last year's result by PLN 51.5 million.



C. CASH FLOW

Cash flows of Boryszew Capital Group after 6 months of 2020 are presented in the chart below:



In H1 '2020 Boryszew Capital Group generated negative cash flows from operating activities (caused by the impact of the COVID-19 pandemic) and investment activities, which were allocated to investments in tangible and financial assets. Due to the scale of the investment, the Group increased its external financing.

The negative balance of cash flows from investment activities came mainly from investments in fixed assets in the amount of PLN 74.0 million (with proceeds from the sale of assets in the amount of PLN 5.0 million), primarily in the Metal Segment and the balance of acquisition/disposal of financial assets (shares and bonds) in the value of PLN 42.1 million negative.

In the first half of 2020 the net debt of Boryszew Capital Group amounted to PLN 1 631.4 million and was higher by PLN 202.3 million compared to the end of 2019.

The net debt/EBITDA ratio at the end of H1 '2020 was 4.6x, higher than at the end of the previous year when it was 3.5x.

5. 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.

6. DESCRIPTION OF FUNDAMENTAL RISKS AND THREATS

The activities of Boryszew generate exposure to market risk (including interest rate risk, currency risk and risk of change in prices of raw materials and products), as well as credit risk and liquidity risk.

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

market risks, including, but not limited to:

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

Capital management, liquidity risk and credit risk



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

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

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

trade receivables from business partners,

loans granted,

guarantees and sureties granted,

cash and bank deposits.

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

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

Liquidity risk

Boryszew Group is exposed to liquidity risk due to high proportion of short-term third party financing (overdraft facilities and working capital facilities) in the Group's financing structure. Currently, the Group has access to external financing and extends existing credit limits for further periods. As a result of the spread of the Covid 19 pandemic and deterioration of operating conditions of companies in the automotive segment, Boryszew S.A. and other entities of the Capital Group acquire new limits and renew some of the existing limits based on public support instruments in Poland and other European Union countries.

Foreign exchange rate change risk

Currency risk is an inevitable element of a business activity denominated in foreign currencies. The sources of currency risk to which companies of Boryszew Group were exposed in H1 '2020 included: transactions of raw materials purchase, transactions of product sales, loans and borrowings incurred and cash denominated in foreign currencies. Adverse changes in exchange rates may lead to decrease in the financial results of Boryszew Group.

Market risk - metal prices and currency exchange rates

The main risks arising from the specific activities of the Group are risks associated with the price of metals on the London Metal Exchange (LME) as well as currency exchange rate changes.

Description of exposure

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

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

Metals in case of which price changes have an impact on Group's results include: copper, aluminium, lead, zinc, tin, nickel and to a lesser extent - silver.

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

Operational risk in terms metal prices was identified at: Boryszew S.A. NPA Skawina Branch, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcownia Metali Dziedzice S.A., ZM Silesia S.A. and is associated with future revenue and cash flows, which have already been contracted, in other words - with securing the fair value of the contract.



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

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

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

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

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

Interest rate risk

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

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

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

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

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

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

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

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

Boryszew S.A.

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

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

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 Mafrow 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.



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

Boryszew Capital Group

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

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

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

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

- copper installation pipes and cupronickel condenser pipes manufactured by Hutmen S.A.
- brass condenser pipes used for district heating, manufactured by WM 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.

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

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

OPERATING SEGMENTS

Automotive	Boryszew S.A. Oddział Maflow w Tychach, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow Automotive Mexico S.de. RI. De.C, MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Impexmetal S.A., Impexmetal Holding Spółka z o.o., Hutmen S.A., WM Dzierżycie S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A NPA Skawina branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratoria Badań Batory Sp. z o.o., SPV Impexmetal Spółka z o.o., 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.

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Other Boryszew S.A. – Headquarters, Boryszew S.A. Energy Branch, 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.

REVENUES FROM SALE BY DESTINATION MARKET

Sales revenues by geographical areas	01.01.2020 - 30.06. 2020	01.01.2019 - 30.06. 2019
Continuing operations		
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%



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

**9. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE AND EQUITY SECURITIES****ISSUES OF BONDS**

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

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

On 30 June 2020 Boryszew S.A. concluded the agreement with Hutmen S.A. on extending until 30 June 2021 the redemption date of Boryszew S.A. bonds in total amount of PLN 38 000 000.

EQUITY SECURITIES

In H1 '2020 and until the report publication date, the Company issued no equity securities.

10. DIVIDEND PAID OR DECLARED

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.

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

None occurred.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	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

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee PLN '000	Expiry date of guarantee
Boryszew Plastic RUS	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 330	Indefinite validity
Mafmex 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 S.A.			117 621	



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.

13. ORGANISATION OF THE ISSUER'S CAPITAL GROUP

Boryszew S.A. is the Parent entity of Boryszew Capital Group. The Group features both domestic and 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.

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.

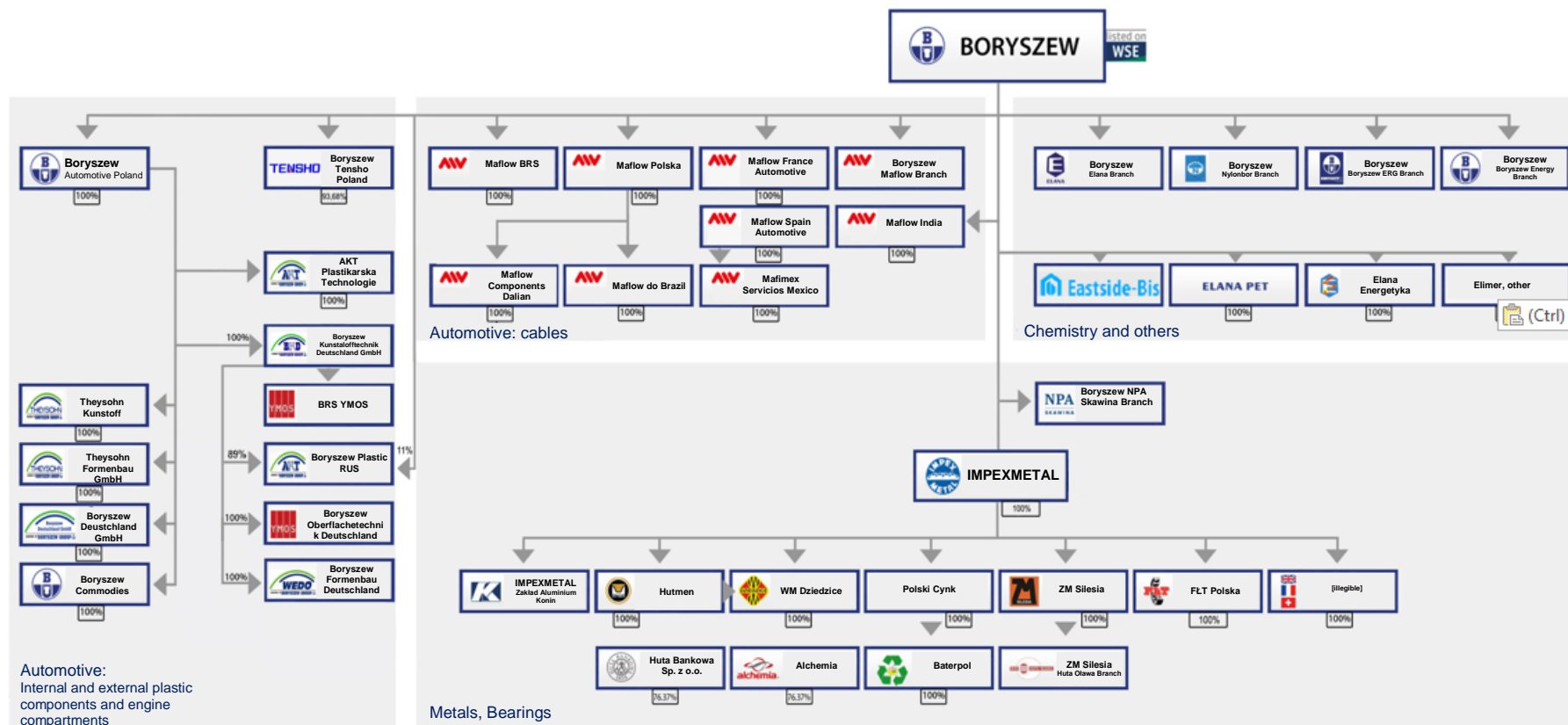


Boryszew Capital Group

Mid-year abbreviated consolidated report for the first six months of 2020 drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

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





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

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 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 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 SA from Maflow to Brasil Ltda

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

1. 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).

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.:

1. 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.
2. 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.
3. 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.
4. 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 of the National Court Register (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.

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

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

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

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

Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik (*)	156 832 020	65.346%	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 Otwarty Fundusz Emerytalny	14 773 261	6.156%	14 773 261	6.156%
Others	68 394 719	28.498%	68 394 719	28.498%
Total:	240 000 000	100.00%	240 000 000	100.000%

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

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

(***) Following the registration on 25.06.2020 of the merger between Boryszew S.A. and SPV Boryszew 3 Spółka z o.o., Boryszew S.A. 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.



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

In the period since the submission of the previous report for publication on 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.

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

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

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

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 the fact that there is a risk of instituting new controls that might potentially result in issuing decisions determining tax liabilities of these companies, the Management Board of the Parent Company analysed documentation relevant for the ongoing procedures and estimated risks by classifying them according to the likelihood of emergence:

- a. **probable risk** (high risk) - a high probability of negative tax consequences (negative consequences are more probable to occur than not),
- b. **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.

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

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

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

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

On 29 June 2020 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, FŁT 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.

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



SURETIES AND GUARANTEES GRANTED BY BORYSZEW S.A. AS AT 30 JUNE 2020

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee in its currency	Value of guarantee in its currency	Value of guarantee	Expiry date of guarantee
			EUR	USD	PLN	
Impexmetal S.A.	2019-05-16	Guarantee for HSBC France Branch in Poland			270 000 000	2021-09-16
Boryszew Kunststofftechnik Deutschland GmbH	2013-01-31	Guarantee granted to Commerzbank	5 000 000		22 330 000	indefinite validity
	2013-07-23	Guarantee granted to GE Capital Bank AG	992 373		4 431 938	2021-08-30
	2017-07-24	Guarantee granted to ALD AutoLeasing D GmbH	200 000		893 200	2022-06-30
	2017-08-07	Guarantee granted to Deutsche Leasing International GmbH	1 400 000		6 252 400	indefinite validity
	2018-06-08	Guarantee granted to Deutsche Leasing International GmbH	600 000		2 679 600	2023-06-08
	2019-01-29	Guarantee granted to DNB Bank Polska SA	15 600 000		69 669 600	2021-03-01
	2019-03-06	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	5 769 883		25 768 299	2022-03-31
	2019-06-13	Guarantee granted to Deutsche Leasing International GmbH	2 965 856		13 245 514	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	2015-05-27	Guarantee granted to Wurth Leasing GmbH & Co. KG	309 812		1 383 620	2020-11-30
	2016-03-15	Guarantee granted to Wurth Leasing GmbH	354 902		1 584 992	2022-03-15
Theysohn Formenbau GmbH	2017-09-06	Guarantee granted to akf Leasing GmbH	2 339 459		10 448 024	2023-08-31
Theysohn Kunststoff GmbH	2018-09-28	Guarantee granted to PKO Leasing Sp. z o.o.	3 426 767		15 303 941	2021-12-31
	2019-04-23	Guarantee granted to HSBC Trinkhaus & Burkhardt AG	6 000 000		26 796 000	2022-05-10
Boryszew Oberflächentechnik Deutschland GmbH	2016-01-26	Guarantee granted to Bank Gospodarstwa Krajowego	12 715 000		56 785 190	2026-12-31
Boryszew Plastic RUS	2013-07-11	Guarantee granted to ZAO Hewlett-Packard AO		200 000	796 120	indefinite validity
	2014-04-30	Guarantee granted to ZAO Hewlett-Packard AO		100 000	398 060	indefinite validity
	2017-02-13	Guarantee granted to Volvo Group Trucks Operations	5 000 000		22 330 000	indefinite validity
	2019-02-25	Guarantee granted to Alfa Bank			9 900 000	2024-12-31



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	2019-07-15	Payment guarantee granted to Engel Austria	3 046 896		13 607 438	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	2016-06-13	Guarantee granted to HSBC Bank Polska S.A.			10 000 000	2021-09-11
	2017-03-14	Guarantee granted to SPV Impexmetal Sp. z o.o. securing its financial obligations			41 000 000	indefinite validity
	2017-10-24	Aval of lease agreement for mLeasing	179 624		802 202	2021-04-15
	2017-10-24	Aval of lease agreement for mLeasing	1 499 920		6 698 641	2020-11-15
	2017-12-06	Guarantee granted to PGE Obrót S.A.			1 800 000	indefinite validity
	2018-10-22	Bill of exchange guarantee for SGB Leasing Sp. z o.o.			357 100	2025-09-30
	2019-01-29	Guarantee granted to DNB Bank Polska SA	2 400 000		10 718 400	2021-03-01
	2019-03-04	Aval of lease agreements for mLeasing	2 066 467		9 228 842	2024-04-15
	2019-10-10	Guarantee granted to PKO Leasing Sp. z o.o.			16 973 184	2022-10-10
Maflow BRS s.r.l.	2016-04-26	Guarantee granted to Banka IFIS	750 000		3 349 500	indefinite validity
	2019-05-23	Guarantee granted to HSBC France, Milan Branch	4 550 000		20 320 300	2023-05-23
Maflow France Automotive S.A.S.	2016-07-07	Guarantee granted to Natixs Lease	377 000		1 683 682	2021-07-07
MAFMEX S. de R.L. de C.V.	2019-07-15	Guarantee granted to Volkswagen Group of America		1 500 000	5 970 900	2021-01-15
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	06.07.2020	Guarantee granted to Borealis AG for commercial liabilities	500 000		2 233 000	31.12.2020
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	06.07.2020	Guarantee granted to BSB Recycling GmbH	1 500 000		6 699 000	31.12.2021
Boryszew Tensho Poland Sp. z o.o., Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH	06.07.2020	Guarantee granted to Basell Sales & Marketing Company B.V.	2 000 000		8 932 000	2021-12-31
BAP Group companies - customers of Volkswagen AG	2016-12-16	Guarantee granted to Volkswagen AG	20 000 000		89 320 000	indefinite validity
Alchemia S.A.	2019-10-01	Guarantee granted to Arcelormittal Poland S.A.	5 000 000		22 330 000	2020-12-31

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(amounts expressed in PLN '000 unless specified otherwise)

	2020-03-31	Guarantee granted to Arcelormittal Poland S.A.	3 200 000		14 291 200	2020-12-31
Boryszew HR Service Sp. z o.o.	2016-08-30	Endorsement of a loan agreement for mBank			1 000 000	2020-08-27
WM Dziedzice S.A.	2020-03-30	Guarantee granted to ENEA Obrót S.A.			5 750 000	2020-07-01 - 2021-01-31
Boryszew Tensho Poland Sp. z o.o.	2020-03-30	Guarantee granted to ENEA Obrót S.A.			1 200 000	2020-07-01 - 2021-01-31
Elana Energetyka Sp. z o.o.	2020-03-30	Guarantee granted to ENEA Obrót S.A.			7 850 000	2020-07-01 - 2021-01-31
ZM Silesia S.A.	2018-09-26	Surety granted to PKO BP S.A.			6 480 000	2024-02-28
	2019-12-20	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.			20 000 000	indefinite validity
Total guarantees and sureties granted by Boryszew SA			109 243 959	1 800 000	889 591 887	

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.

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

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

23. INFORMATION ON NON-REPAYMENT OF A CREDIT OR LOAN OR BREACH OF MATERIAL PROVISIONS OF A CREDIT OR LOAN AGREEMENT, IN RELATION TO WHICH NO REMEDIAL ACTIONS WERE TAKEN UNTIL THE END OF THE REPORTING PERIOD

As at 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 ration 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 in the consolidated report as short-term in the amount of PLN 404 539 thousand.

24. 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.



25. 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.

Until the date of publication of the report, no significant decisions were made within the scope of the Termsheet.

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:

- 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,
- 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).

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. 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. as well as the Group's companies 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.

BORYSZEW S.A.

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 or liquidity guarantee by BGK). 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

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 carries 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

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. forecasts for 2020:

1. 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%.
2. Achieving some 90% of budgeted revenues in the fourth quarter of 2020.

Branches of Boryszew S.A. are exposed to the effects of economic slowdown to a different extent. At the level of the 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 significant risk 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

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 Mafrow Group and BAP Group. Short-term production limitations occurred in Baterpol 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 Baterpol 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

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.

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

25. DECLARATIONS OF THE MANAGEMENT BOARD

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

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

SIGNATURES:

This report was signed at the Company's registered office on 3 September 2020.

Piotr Lisiecki - President of the Management Board

Krzysztof Kołodziejczyk - Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board
