



**CONSOLIDATED QUARTERLY REPORT OF  
BORYSZEW CAPITAL GROUP  
for the period between 1 January and 30  
September 2020**

Report publication date:  
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## SELECTED FINANCIAL DATA

	in PLN thousand		in EUR thousand	
	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019
<b>data regarding condensed consolidated financial statements</b>				
Revenue from continuing operations	4 211 948	4 788 227	948 210	1 094 802
Profit/loss on operating activities	(35 827)	178 463	(8 066)	40 805
Net profit/loss on continuing operations	(113 489)	90 176	(25 549)	20 618
Net profit/loss on continuing and discontinued operations	(114 560)	79 097	(25 790)	18 085
Net profit/loss attributable to the parent company	(115 100)	61 916	(25 912)	14 157
Weighted average number of shares	202 000 000	202 595 305	202 000 000	202 595 305
Earnings per share attributable to shareholders of the Parent (in PLN/EURO)	(0.57)	0.31	(0.13)	0.07
Net cash flow from operating activities	174 898	431 795	39 374	98 728
Net cash flow from investment activities	(220 266)	(469 653)	(49 587)	(107 384)
Net cash flow from financial activities	(17 294)	81 683	(3 893)	18 676
	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>
Total assets	4 696 032	4 788 372	1 037 384	1 124 427
Total liabilities and provisions	3 424 020	3 253 315	756 389	763 958
Assets associated with continuing operations	3 816 127	4 787 390	843 008	1 124 196
Liabilities associated with continuing operations	2 704 134	3 237 018	597 361	760 131
Equity	1 272 012	1 535 057	280 996	360 469
Equity attributable to the parent company	1 170 380	1 346 509	258 545	316 193

	in PLN thousand		in EUR thousand	
	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019
<b>data regarding separate condensed financial statements</b>				
Revenues from sales	810 696	1 041 156	184 404	238 055
Operating profit	55 059	64 096	12 524	14 655
Net profit	48 260	48 339	10 977	11 052
Weighted average number of shares	220 656 301	220 809 231	220 656 301	220 809 231
Profit per ordinary share in PLN/EUR	0.22	0.22	0.05	0.05
Net cash flow from operating activities	27 317	60 606	6 214	13 857
Net cash flow from investment activities	(115 521)	110 267	(26 277)	25 212
Net cash flow from financial activities	70 825	(157 881)	16 110	(36 099)
	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>
Total assets	1 809 075	1 636 337	397 398	384 252
Total liabilities and provisions	1 335 848	1 207 007	293 445	283 435
Equity	473 227	429 330	103 953	100 817

# **ABBREVIATED MID-YEAR CONSOLIDATED FINANCIAL STATEMENTS**

**Boryszew Capital Group**  
**for the period between 1 January and 30 September**  
**2020**





## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019	01.07.2020 - 30.09. 2020	01.07.2019 - 30.09. 2019
<b>Continuing operations</b>				
Revenues from sales	4 211 948	4 788 227	1 406 845	1 577 174
Prime cost of sale	3 819 245	4 322 141	1 272 910	1 424 195
<b>Gross profit on sales</b>	<b>392 703</b>	<b>466 086</b>	<b>133 935</b>	<b>152 979</b>
Selling costs	112 650	121 584	35 248	45 232
General and administrative expenses	220 314	199 901	75 830	73 563
Other operating revenue	108 840	52 559	51 663	16 541
Other operating expenses	197 030	16 788	176 702	4 414
Profit/loss on impairment of trade receivables	(7 376)	(1 909)	(1 457)	(4 193)
<b>Operating income</b>	<b>(35 827)</b>	<b>178 463</b>	<b>(103 639)</b>	<b>42 118</b>
Financial revenues	19 023	52 236	7 375	28 725
Financial expenses	66 504	90 647	12 305	37 391
Profit/loss on impairment of financial assets	(30)	(44)	13	14
<b>Financial profit/loss</b>	<b>(47 511)</b>	<b>(38 455)</b>	<b>(4 917)</b>	<b>(8 652)</b>
Result on acquisition of new entities (goodwill write-off)	-	-	-	-
Share in profit of affiliates	8	820	(21)	2
<b>Profit before taxation</b>	<b>(83 330)</b>	<b>140 828</b>	<b>(108 577)</b>	<b>33 468</b>
Income tax	30 159	50 652	5 058	17 862
<b>Net profit on continuing operations</b>	<b>(113 489)</b>	<b>90 176</b>	<b>(113 635)</b>	<b>15 606</b>
<b>Net profit/loss on discontinued operations</b>	<b>(1 071)</b>	<b>(11 079)</b>	<b>(418)</b>	<b>(9 168)</b>
<b>Net profit on continuing and discontinued operations, including attributable to:</b>	<b>(114 560)</b>	<b>79 097</b>	<b>(114 053)</b>	<b>6 438</b>
<i>to shareholders of the parent</i>	<i>(115 100)</i>	<i>61 916</i>	<i>(116 498)</i>	<i>9 042</i>
<i>to non-controlling interests</i>	<i>540</i>	<i>17 181</i>	<i>2 445</i>	<i>(2 604)</i>
<b>Earnings / Diluted earnings per share</b>	<b>(115 100)</b>	<b>61 916</b>	<b>(116 498)</b>	<b>9 042</b>
Weighted average number of shares	202 000 000	202 595 305	202 000 000	202 000 000
Earnings / Diluted earnings per share (PLN)	(0.57)	0.31	(0.58)	0.04



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - continued**

	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019	01.07.2020 - 30.09. 2020	01.07.2019 - 30.09. 2019
<b>Net profit</b>	<b>(114 560)</b>	<b>79 097</b>	<b>(114 053)</b>	<b>6 438</b>
<b>Earnings recognised in equity</b>				
<i>Earnings recognised in equity, to be transferred to income statement</i>	<b>(50 162)</b>	<b>(3 743)</b>	<b>(37 621)</b>	<b>(4 091)</b>
Hedge accounting	(29 853)	(8 999)	(17 730)	(8 487)
Exchange differences on translating foreign operations	(25 981)	3 546	(23 260)	2 783
Income tax expense (-provision/+asset)	5 672	1 710	3 369	1 613
<i>Earnings recognised in equity, not to be transferred to income statement</i>	-	-	-	-
Employee benefit capital reserve	-	-	-	-
Income tax	-	-	-	-
<b>Total earnings recognised in equity</b>	<b>(50 162)</b>	<b>(3 743)</b>	<b>(37 621)</b>	<b>(4 091)</b>
<i>to shareholders of the parent</i>	(50 162)	(3 743)	(37 621)	(4 374)
<i>to non-controlling interests</i>	-	-	-	283
<b>Total comprehensive income, including attributable:</b>	<b>(164 722)</b>	<b>75 354</b>	<b>(151 674)</b>	<b>2 347</b>
<i>to shareholders of the parent</i>	(165 262)	58 173	(154 119)	4 668
<i>to non-controlling interests</i>	540	17 181	2 445	(2 321)

**CONSOLIDATED INCOME STATEMENT – discontinued operations**

	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019	01.07.2020 - 30.09. 2020	01.07.2019 - 30.09. 2019
Revenues from sales	23	2 062	8	67
Prime cost of sale	23	1 597	8	61
<b>Gross profit (loss) from sales</b>	<b>-</b>	<b>465</b>	<b>-</b>	<b>6</b>
Selling costs	-	21	-	-
General and administrative expenses	-	2 627	-	274
Other operating revenue	33	1 997	31	1 090
Other operating expenses	1 115	8 173	452	7 245
<b>Profit (loss) from operating activity</b>	<b>(1 082)</b>	<b>(8 359)</b>	<b>(421)</b>	<b>(6 423)</b>
Financial revenues	23	52	-	15
Financial expenses	12	2 772	(3)	2 760
<b>Financial profit/loss</b>	<b>11</b>	<b>(2 720)</b>	<b>3</b>	<b>(2 745)</b>
<b>Profit (loss) before income tax</b>	<b>(1 071)</b>	<b>(11 079)</b>	<b>(418)</b>	<b>(9 168)</b>
<b>Corporate income tax</b>				
<b>Net profit (loss) on discontinued operations</b>	<b>(1 071)</b>	<b>(11 079)</b>	<b>(418)</b>	<b>(9 168)</b>
<i>in the parent company</i>	144	(9 745)	(49)	(8 708)
<i>to non-controlling interests</i>	(1 215)	(1 334)	(369)	(460)



## CONSOLIDATED BALANCE SHEET

ASSETS	As at 30.09.2020	As at 31.12.2019	As at 30.09.2019
<b>Non-current assets</b>			
Non-current assets	1 320 818	1 814 457	1 795 685
Investment property	140 635	159 189	148 494
Goodwill	21 342	23 464	253 953
Intangible assets	45 820	45 819	55 679
Right-of-use assets	330 127	368 849	338 311
Shares in affiliates	319	311	254
Financial assets	667	1 744	16 155
Long-term receivables	9 134	2 936	4 455
Deferred tax assets	43 157	20 486	58 745
Other assets	24 006	27 308	21 475
<b>Total fixed assets</b>	<b>1 936 025</b>	<b>2 464 563</b>	<b>2 693 206</b>
<b>Current assets</b>			
Inventory	855 892	1 222 750	1 243 763
Trade receivables and other receivables	741 920	755 066	858 478
Short-term financial assets	57 066	33 048	33 267
Derivative financial instruments	4 468	22 881	11 787
Current tax assets	9 178	15 335	5 793
Other assets	60 370	54 106	82 650
Cash and cash equivalents	151 208	219 641	181 333
<b>Total current assets</b>	<b>1 880 102</b>	<b>2 322 827</b>	<b>2 417 071</b>
<b>Assets classified as held for sale</b>	<b>879 038</b>	<b>-</b>	<b>-</b>
<b>Assets classified as discontinued operations</b>	<b>867</b>	<b>982</b>	<b>1 154</b>
<b>Total assets</b>	<b>4 696 032</b>	<b>4 788 372</b>	<b>5 111 431</b>



	As at 30.09.2020	As at 31.12.2019	As at 30.09.2019
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital	248 906	248 906	248 906
Share premium	114 435	114 435	114 435
Own shares	(236 753)	(236 753)	(236 752)
Hedge accounting capital	(9 855)	14 326	844
Capital reserve on translating employee payables	(2 602)	(2 637)	(1 215)
Revaluation reserve	(21 817)	(21 817)	(19 454)
Exchange differences on translating foreign entities	(44 716)	(18 735)	(17 753)
Retained earnings	1 122 782	1 248 784	1 425 152
<b>Total equity attributable to the parent company</b>	<b>1 170 380</b>	<b>1 346 509</b>	<b>1 514 163</b>
<b>Equity of non-controlling shareholders</b>	<b>101 632</b>	<b>188 548</b>	<b>212 692</b>
<b>Total equity</b>	<b>1 272 012</b>	<b>1 535 057</b>	<b>1 726 855</b>
<b>Liabilities and long-term provisions</b>			
Bank credits, loans, bonds	170 472	606 204	664 633
Lease liabilities	83 483	113 160	70 602
Liabilities associated with right-of-use assets	123 131	148 400	165 456
Payables on perpetual usufruct of investment land	57 897	58 339	57 496
Deferred tax provision	120 332	125 644	136 972
Employee benefit provisions	27 964	28 626	27 528
Other provisions	31 701	31 387	46 093
Other long term equity and liabilities	33 127	49 111	29 453
<b>Liabilities and long-term provisions - total</b>	<b>648 107</b>	<b>1 160 871</b>	<b>1 198 233</b>
<b>Short-term liabilities</b>			
Bank credits, loans, bonds	931 345	883 573	827 897
Lease liabilities	64 675	45 786	55 135
Liabilities associated with right-of-use assets	7 269	8 687	8 731
Payables on perpetual usufruct of investment land	255	257	251
Trade payables and other liabilities	738 509	981 596	1 108 554
Derivative financial instruments	6 239	5 024	15 759
Current tax liabilities	26 655	28 319	24 427
Employee benefit provisions	30 972	31 793	29 327
Other provisions	202 903	53 090	54 095
Other liabilities and equity	47 205	38 022	45 314
<b>Liabilities and short-term provisions - total</b>	<b>2 056 027</b>	<b>2 076 147</b>	<b>2 169 490</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>702 719</b>	<b>-</b>	<b>-</b>
<b>Liabilities directly associated with assets classified as discontinued operations</b>	<b>17 167</b>	<b>16 297</b>	<b>16 853</b>
<b>Total liabilities and provisions</b>	<b>3 424 020</b>	<b>3 253 315</b>	<b>3 384 576</b>
<b>Total equity and liabilities</b>	<b>4 696 032</b>	<b>4 788 372</b>	<b>5 111 431</b>

**CONSOLIDATED CASH FLOW STATEMENT**

	<b>01.01.2020 - 30.09. 2020</b>	<b>01.01.2019 - 30.09. 2019</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>(83 330)</b>	<b>140 828</b>
<b>Adjustments for (+/-)</b>	<b>258 228</b>	<b>290 967</b>
Amortisation and depreciation	153 285	142 151
Profit/loss on financial activity (including interest on financial liabilities)	40 107	40 655
Profit / loss on investment activities	(27 631)	(5 241)
Change in receivables	(178 167)	(18 109)
Change in inventories	147 528	91 045
Change in liabilities	14 207	107 137
Change in provisions and accruals as well as prepayments	143 284	(22 156)
Other items	4 017	(990)
Income tax paid	(38 402)	(43 525)
<b>Net cash from operating activities</b>	<b>174 898</b>	<b>431 795</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	8 468	54 203
Proceeds from disposal of shares	-	-
Proceeds from redemption of bonds by issuers	1 050	182 724
Proceeds from repayment of loans granted	2 206	-
Other proceeds from investment activities	(423)	-
Expenses on acquisition of fixed assets	(108 281)	(189 827)
Acquisition of shares and stocks in capital group entities	(98 321)	(460 370)
Loans granted	(24 965)	(1 383)
Expenditure on bonds	-	(55 000)
Other capital expenditures	-	-
<b>Net cash from investing activities</b>	<b>(220 266)</b>	<b>(469 653)</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	221 877	656 085
Loans received	4 442	9 483
Proceeds from grants and other proceeds	24 439	7 180
Share buy-back expense	-	(4 516)
Dividends paid	(27)	(11 396)
Loans repaid	(191 959)	(479 402)
Repayment of borrowings	(3 714)	-
Interest paid on loans, borrowings and leasing	(39 027)	(40 655)
Payment of liabilities under finance lease agreements	(33 325)	(55 096)
Other financial outflows	-	-
<b>Net cash from financing activities</b>	<b>(17 294)</b>	<b>81 683</b>
<b>Net change in cash</b>	<b>(62 662)</b>	<b>43 825</b>
Translation reserve	71	(159)
Cash opening balance	219 641	137 667
Cash and cash equivalents in acquired entities	-	-
	(5 842)	-
Cash associated with assets classified as available for sale		
<b>Cash closing balance</b>	<b>151 208</b>	<b>181 333</b>



# Boryszew Capital Group

Abbreviated consolidated financial report for the period between 1 January and 30 September 2020  
drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

## CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>As at 01.01.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>14 326</b>	<b>(2 637)</b>	<b>(21 817)</b>	<b>(18 735)</b>	<b>1 248 784</b>	<b>1 346 509</b>	<b>188 548</b>	<b>1 535 057</b>
Valuation of hedge instruments				(24 181)					(24 181)		(24 181)
Currency translation differences (subsidiaries)							(25 981)		(25 981)		(25 981)
Profit/loss for Q3 '2020								(115 100)	(115 100)	540	(114 560)
<b>Comprehensive income for Q3 '2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24 181)</b>	<b>-</b>	<b>-</b>	<b>(25 981)</b>	<b>(115 100)</b>	<b>(165 262)</b>	<b>540</b>	<b>(164 722)</b>
Dividend distribution									-	(27)	(27)
Change of capital group structure					35			(10 902)	(10 867)	(87 429)	(98 296)
<b>As at 30.09.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>(9 855)</b>	<b>(2 602)</b>	<b>(21 817)</b>	<b>(44 716)</b>	<b>1 122 782</b>	<b>1 170 380</b>	<b>101 632</b>	<b>1 272 012</b>

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>As at 01.01.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>(217 657)</b>	<b>4 797</b>	<b>(1 148)</b>	<b>(13 142)</b>	<b>(21 572)</b>	<b>1 101 613</b>	<b>1 216 232</b>	<b>578 675</b>	<b>1 794 907</b>
Valuation of hedge instruments				5 913					5 913		5 913
Valuation of employee benefits					(1 053)				(1 053)		(1 053)
Valuation of equity instruments						(1 810)			(1 810)		(1 810)
Currency translation differences (subsidiaries)							(2 511)		(2 511)		(2 511)
Profit/loss for 2019								(87 977)	(87 977)	(10 768)	(98 745)
<b>Total comprehensive income for 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 913</b>	<b>(1 053)</b>	<b>(1 810)</b>	<b>(2 511)</b>	<b>(87 977)</b>	<b>(87 438)</b>	<b>(10 768)</b>	<b>(98 206)</b>
Share buy-back			(4 516)						(4 516)		(4 516)
Dividend distribution									-	(11 396)	(11 396)
Change of capital group structure				3 616	(436)	(6 865)	5 348	235 148	236 811	(588 072)	(351 261)
Full consolidation of Alchemia Group			(14 580)						(14 580)	220 109	205 529
<b>As at 31.12.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>14 326</b>	<b>(2 637)</b>	<b>(21 817)</b>	<b>(18 735)</b>	<b>1 248 784</b>	<b>1 346 509</b>	<b>188 548</b>	<b>1 535 057</b>



# Boryszew Capital Group

Abbreviated consolidated financial report for the period between 1 January and 30 September 2020  
drafted in accordance with IAS 34 as adopted by the European Union

(amounts expressed in PLN '000 unless specified otherwise)

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>As at 01.01.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>(217 657)</b>	<b>4 797</b>	<b>(1 148)</b>	<b>(13 142)</b>	<b>(21 572)</b>	<b>1 101 613</b>	<b>1 216 232</b>	<b>578 675</b>	<b>1 794 907</b>
Valuation of hedge instruments				(7 289)					(7 289)		(7 289)
Currency translation differences (subsidiaries)							3 546		3 546		3 546
Profit/loss for Q3 '2019								61 916	61 916	17 181	79 097
<b>Comprehensive income for Q3 '2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7289)</b>	<b>-</b>	<b>-</b>	<b>3546</b>	<b>61916</b>	<b>58 173</b>	<b>17181</b>	<b>75 354</b>
Share buy-back			(4 516)						(4 516)		(4 516)
Dividend distribution									-	(11 396)	(11 396)
Change of capital group structure									-		-
Full consolidation of Alchemia Group			(14 579)	3 336	(67)	(6 312)	273	261 623	244 274	(371 768)	(127 494)
<b>As at 30.09.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 752)</b>	<b>844</b>	<b>(1 215)</b>	<b>(19 454)</b>	<b>(17 753)</b>	<b>1 425 152</b>	<b>1 514 163</b>	<b>212 692</b>	<b>1 726 855</b>



**ADDITIONAL INFORMATION**

to the consolidated quarterly report drafted as at 30 September 2020

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## **1. INTRODUCTION**

### **COMPANY DETAILS**

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

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

The company is established for an indefinite period of time.

### **HISTORY**

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

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

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

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

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

The Capital Group employs more than 11 000 employees.

### **SUPERVISORY BOARD OF BORYSZEW S.A.**

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

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

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

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

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

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

Mr Wojciech Kowalczyk	– Chairman of the Supervisory Board,
Mr Andrzej Juszczynski	– Deputy Chairman of the Supervisory Board,
Mr Mirosław Kutnik	– Secretary of the Supervisory Board
Mr Jarosław Antosik	– Member of the Supervisory Board,
Ms Małgorzata Waldowska	– Member of the Supervisory Board.

On 18 June 2020, the Supervisory Board appointed the Audit Committee whose members are:

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

**MANAGEMENT BOARD OF BORYSZEW S.A.**

From 1 January 2020 till the date of the report publication, 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 July 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.

The following persons were appointed to the Management Board of the new term of office:

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

**2. BASIS FOR REPORT PREPARATION AND ACCOUNTING PRINCIPLES**

The information contained in the financial statements for Q3 '2020 has been prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognising as equivalent information required under the laws of a non-member state (Dz. Laws of 2018.757 of 20 April 2018) and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

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

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

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

	<b>average EUR exchange rate in the period</b>	<b>EURO exchange rate as at the last day of period</b>
01.01- 30.09.2019	4.3736	4.3086
01.01- 31.12.2019	4.3018	4.2585
01.01- 30.09.2020	4.4420	4.5268

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



## **CHANGES IN ACCOUNTING PRINCIPLES**

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

Accounting principles (policy) of applied when drafting these mid-year consolidated financial statements for the period of 9 months ended on 30 September 2020 are consistent with those applied when drafting annual consolidated financial statements for the financial year ended on 31 December 2019, except for changes described below.

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

#### **Changes resulting from changes in IFRS**

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

##### **▪ Amendment to IFRS 3 Business Combinations**

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

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

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

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

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

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

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

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

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

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

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

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of Boryszew Group's policy and activities and of the management of resources at the Group's possession. Carrying out internal consolidation of Boryszew Capital Group will result in improved profitability, reduced costs of general management as well as financial costs.

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

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

The following assets were included:

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

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

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

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

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

- entered into the rights and obligations of SPV Boryszew 3 Spółka z o.o. under bonds issued by SPV Boryszew 3 Spółka z o.o., subscribed for by Hutmen S.A. in total amount of PLN 31 000 000, with redemption date on 30 June 2021.
- assumed 2 165 000 shares of Boryszew S.A. accounting for 0.902% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 21 448 831 own shares accounting for approximately 8.94 % of the share capital and total number of votes at the General Meeting of Boryszew S.A.
- assumed 7 279 032 shares of Impexmetal S.A. accounting for 3.83% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 65.79 % of the share capital and total number of votes at the General Meeting of Impexmetal S.A.
- assumed 6 154 383 shares of Hutmen S.A. accounting for 24.04% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 8 822 915 shares of Hutmen S.A. accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.

### **During the period covered by this report the presentation of Impexmetal S.A. assets being sold was changed to assets held for sale**

In these consolidated financial statements, the assets of Impexmetal S.A. sold on 6 November 2020 under an agreement are presented as:

Assets held for sale in the amount of	879 038
Liabilities associated with assets held for sale	702 719

Revenues and costs as well as cash flows from Impexmetal S.A. operations for the period of 9 months of the current year were recognised in the consolidated profit and loss account, cash flow statement and results by business segments according to the existing principles.

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**Change in the classification of assets and liabilities of Impexmetal S.A. to assets and liabilities held for sale**

	<b>As at 30.09.2020</b>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Non-current assets	(477 780)
Investment property	(11 084)
Goodwill	(2 122)
Intangible assets	(1 550)
Right-of-use assets	(17 398)
Long-term receivables	(12)
Deferred tax assets	(126)
Other assets	(1 134)
<b>Total excluded fixed assets</b>	<b>(511 206)</b>
<b>Current assets</b>	
Inventory	(225 045)
Trade receivables and other receivables	(131 232)
Derivative financial instruments	(2 327)
Other assets	(3 386)
Cash and cash equivalents	(5 842)
<b>Total excluded current assets</b>	<b>(367 832)</b>
<b>Assets classified as held for sale</b>	<b>879 038</b>
<b>LIABILITIES</b>	
<b>Liabilities and long-term provisions</b>	
Bank credits, loans, bonds	(19 097)
Lease liabilities	(202)
Liabilities associated with right-of-use assets	(16 617)
Payables on perpetual usufruct of investment land	(425)
Deferred tax provision	(22 563)
Employee benefit provisions	(2 777)
Other provisions	-
Other long term equity and liabilities	(7 897)
<b>Total excluded long-term liabilities and provisions</b>	<b>(69 578)</b>
<b>Short-term liabilities</b>	
Bank credits, loans, bonds	(439 912)
Lease liabilities	(29)
Liabilities associated with right-of-use assets	(79)
Payables on perpetual usufruct of investment land	(2)
Trade payables and other liabilities	(179 456)
Derivative financial instruments	(9 518)
Current tax liabilities	(86)
Employee benefit provisions	(2 584)
Other provisions	-
Other liabilities and equity	(1 475)
<b>Total excluded short-term liabilities and provisions</b>	<b>(633 141)</b>
<b>Liabilities directly associated with assets classified as held for sale from Impexmetal S.A. operations</b>	<b>702 719</b>



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## THE FOLLOWING COMPANIES WERE INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.09.2020:

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
<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
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



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Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
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	84.86	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	84.86	Alchemia S.A.	Metals
Laboratoria Badań Batory	Chorzów	84.86	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.,	Konin	59.97	Impexmetal S.A.	Metals

### COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company name	Seat	share of the parent in share capital (%)	Core activity
Brick factory Wostocznaja - Sp. z o.o.	Belarus	30.00	trade, production of secondary raw materials
Elana Ukraina Sp. z o.o.	Ukraine	90.00	dormant company
Nylonbor Sp. z o.o.	Sochaczew	100.00	dormant company
Brasco Inc	USA	100.00	dormant company
Hutnik Sp. z o.o.	Konin	94.00	dormant company
RAPZ Sp. z o.o.	Dąbrowa Górnicza	42.67	maintenance, servicing

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

**3. DESCRIPTION OF PERFORMANCE OF BORYSZEW GROUP IN Q3 '2020 INCLUDING FACTORS AND EVENTS WITH SIGNIFICANT IMPACT ON THE FINANCIAL RESULT****ACHIEVED PROFIT/LOSS****A. OVERALL MACROECONOMIC SITUATION**

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

**Structure of revenues by segments**

	<b>3Q 2020</b>		<b>3Q 2019</b>	
Chemical products	152 551	3.6%	191 496	4.0%
Automotive	1 138 435	27.0%	1 346 762	28.1%
Metals	2 885 615	68.5%	3 098 607	64.7%
Other *	35 346	0.8%	151 362	3.2%
<b>TOTAL</b>	<b>4 211 947</b>	<b>100%</b>	<b>4 788 227</b>	<b>100.0%</b>

**Geographical structure of revenues**

	<b>3Q 2020</b>		<b>3Q 2019</b>	
Poland	1 451 097	34.5%	1 724 518	36.0%
Germany	928 224	22.0%	971 456	20.3%
Other EU countries	1 613 052	38.3%	1 801 323	37.6%
Other	219 574	5.2%	290 930	6.1%
<b>TOTAL</b>	<b>4 211 947</b>	<b>100%</b>	<b>4 788 227</b>	<b>100.0%</b>

Key determinants:

**Market sentiment - PMI and GDP:**

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

In EU countries, as well as in Poland, the general macroeconomic sentiment, after declines in the first half of the year, is now stable at a level higher than previous year.

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

<b>PMI</b>	<b>3Q 2020</b>	<b>3Q 2019</b>
EU	53.7	45.7
Poland	50.8	47.8
Germany	58.0	41.7

In Poland PMI was at a level higher than in the corresponding period of the previous year and above of 50, indicating an increase in industrial activity. PMI went up from 50.6 in August to 50.8 in September, which is a sign of an overall improvement in the condition of Polish industry.

<b>Forecast of GDP growth for Poland</b>	<b>2020</b>	<b>2021</b>
NBP	-3.5%	3.1%
World Bank	-3.9%	3.5%
European Commission	-3.6%	3.3%

In its autumn forecast, the European Commission expects Poland's GDP to fall by 3.6% this year (against a 4.6% fall forecast in the summer forecast). The reasons for this include restrictions imposed to combat the Covid-19 pandemic in the first half of the year, which led a drop in economic activity. Private consumption, a momentum for growth in Poland in recent years, recorded a double digit decrease. The sudden increase in the number of new infections is likely to temporarily halt the recovery in the last quarter of 2020. The forecast for 2021 is now reduced to 3.3% from 4.3%. By comparison the EU economy as a whole is expected to fall by 7.4% this year and to grow by 4.1% next year. Foreign trade is expected to improve significantly in 2021 and 2022, but higher imports will adversely affect the trade balance.



The National Bank of Poland expects a decrease for 2020 of 3.5% (-5.4% in NBP July 2020 forecast) and an increase of 3.1% (4.9% in NBP July 2020 forecast) for 2021. The current forecasts of the NBP are similar to 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 approximately 27% of Group's turnover).

In the first 9 months of 2020 car sales in Europe decreased. According to ACEA, the passenger car market in Europe declined by 29.3% compared to the same period of last year.

After 9 months of 2020 the main customer of the Automotive segment, Volkswagen Group, recorded a 26.8% drop in car sales on the European market (compared to the same period last year). Importantly, despite the presence of the Automotive segment entities on the markets of South America and Asia, the key market for this segment remains the European market, accounting for approximately 89% of sales value.

***Market sentiments - basic products of the Metals segment:***

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

The drop in demand on the steel market, where Alchemia Group companies operate, was much lower than originally expected. The long-term forecasts are optimistic and assume that the situation will improve next year.

***Market sentiment - Prices of basic raw materials:***

Since nearly 65% of Boryszew Capital Group's sales is in the metals industry segment, Group's performance is exposed to fluctuations in average prices of metals quoted on the London Metal Exchange (LME). The hedge policy for metal price and exchange rates, followed by the Group, has a significant effect on risk reduction. However, the level of income and working capital still remain sensitive to the volatility of these materials.

The three quarters of this year saw a significant drop in the average prices of all four basic metals (in USD) - copper (by 3%), zinc (by 21%), lead (by 9%) and aluminium (by 10%).

Also metal prices expressed in PLN decreased yoy by 1% (copper), 19% (zinc), 7% (lead) and 7% (aluminium) respectively, which was due to 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 Boryszew S.A. NPA Skawina Branch, Baterpol S.A. and ZM SILESIA S.A. Katowice Branch) sales margins are lower than those generated 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 PLN by 2.6%. This affected the quotations of basic metals expressed in PLN and the profitability of sales on this account.

Since the Group operates on the European market, the exchange rate of the Euro affects its revenues. In reviewed period the average EUR listings increased by 2,8% in relation to PLN.



## Boryszew Capital Group

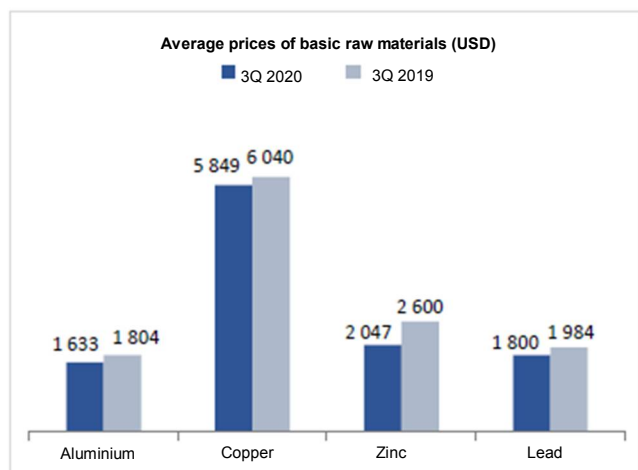
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In the first 9 months of 2020, the EUR/USD exchange rate was 1.12, or some 0.1% higher than in the same period last year.

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

	3Q 2020	3Q 2019	% change
Aluminium [USD]	1 633	1 804	-10%
Copper [USD]	5 849	6 040	-3%
Zinc [USD]	2 047	2 600	-21%
Lead [USD]	1 800	1 984	-9%

EUR/PLN	4.42	4.30	3%
USD/PLN	3.94	3.84	3%
EUR/USD	1.12	1.12	0%

	3Q 2020	3Q 2019	% change
Aluminium [PLN]	6 428	6 920	-7%
Copper [PLN]	23 027	23 167	-1%
Zinc [PLN]	8 058	9 973	-19%
Lead [PLN]	7 087	7 611	-7%

### Revenues from sales / Demand for Group's products

The revenues of Boryszew Capital Group after three quarters of 2020 amounted to PLN 4 211.9 million, which was a decrease of 12.0% against its revenues for the same period last year.

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

in PLN million

	3Q 2020	3Q 2019	difference
<b>Revenues from sale, including:</b>	<b>4 211.9</b>	<b>4 788.2</b>	<b>-576.3</b>
Automotive Segment	1 138.4	1 346.8	-208.3
Metals Segment	2 885.6	3 098.6	-213.0
Chemicals segment	152.6	191.5	-38.9
Other	35.3	151.4	-116.0

(in thousand tonnes)

	3Q 2020	3Q 2019	difference
<b>Volume of sales, including:</b>	<b>382.9</b>	<b>349.7</b>	<b>33.2</b>
Metals Segment	357.2	313.6	43.6
Chemicals segment	25.7	36.1	-10.4

The decrease in revenues of the Metal was mainly caused by decreased prices (expressed in PLN) for most of the products offered (associated with 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 the business in most European Union countries, which remain the largest customers for the companies of the Metal Segment.



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The increase in sales volumes of the Metal Segment was primarily associated with the recognition of the volumes of Alchemia Capital Group in three quarters of 2020 (the volumes in three quarters of 2019 include data as at the moment of acquisition at the beginning of Q2 '2019). Other entities in the Segment, except for NPA Skawina and ZM Silesia S.A. Katowice Branch, achieved lower sales volumes than in the same period of the previous year.

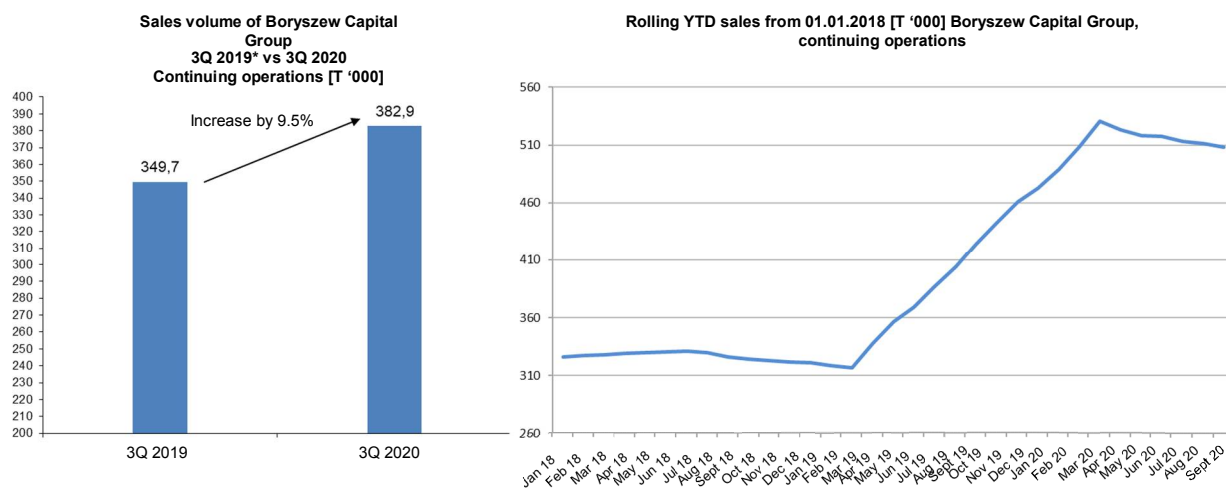
The drop in revenue in the Automotive Segment resulted from a drop in sales of parts, which was caused by the stagnation on the automotive market caused by the COVID-19 pandemic. In the first three quarters of 2020, according to ACEA data, the number of newly registered cars decreased by 29.3 percentage points compared to the same period the previous year, which had a direct impact on the volume of revenues of the Automotive Segment.

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

The decrease in volumes in the Chemicals segment was recorded in all companies and amounted to 28.8% (10.4 thousand tons).

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

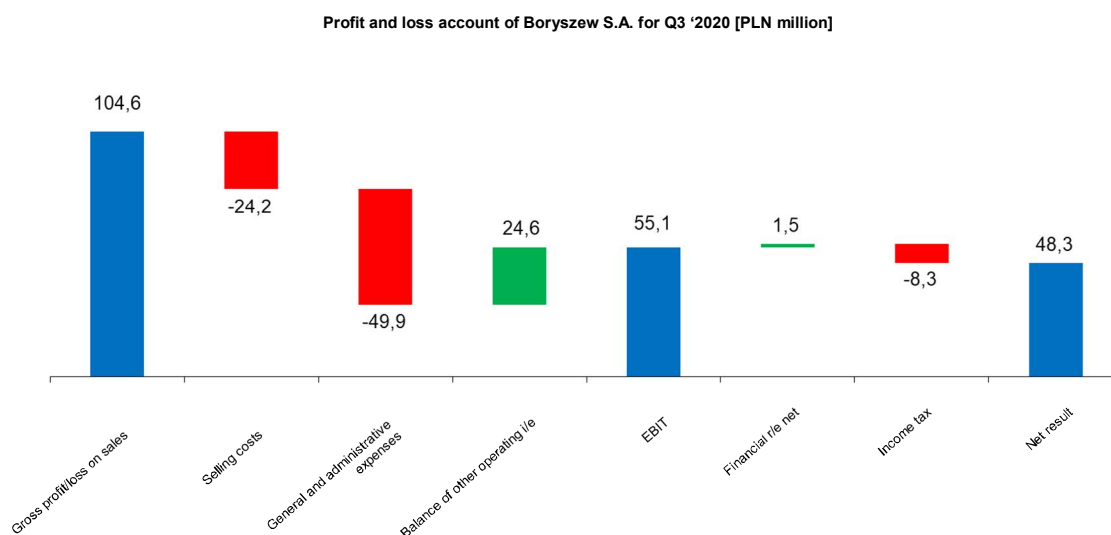
The comparison of the total sales volumes of the Capital Group in the discussed periods and rolling sales volumes are presented in the following charts:



\*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****Separate figures**

The graph below compiles components of the profit and loss account of Boryszew S.A. after 3 quarters of 2020.



The gross result on sales after Q3 '2020 amounted to PLN 104.6 million and was lower by PLN 6.8 million when compared to the result in the corresponding period of the previous year. The decrease in gross profit is a consequence of the deterioration of results in the Metal and Automotive segments.

Average gross profitability on sales increased from 10.7% at the end of Q3 '2019 to 12.9% at present.

Costs of sales were higher by PLN 4.8 million, i.e. by 24.9% as compared to the same period of the previous year, mainly due to the launch of a new product - ERG CleanSkin disinfectant.

General and administrative expenses were lower by PLN 5.0 million or by 9.2%, compared to YTD Q3 '2019, mainly due to the introduction of saving plans by the companies resulting from the COVID-19 pandemic.

The balance of operating income/costs amounted to PLN 24.6 million, down by PLN 2.5 million compared to the corresponding period of 2019, mainly due to lower balance of income/expenses from the sale of assets, lower balance of revaluation/write-off on assets and lower dividends as well as higher subsidies, including under the so-called anti-crisis shield.

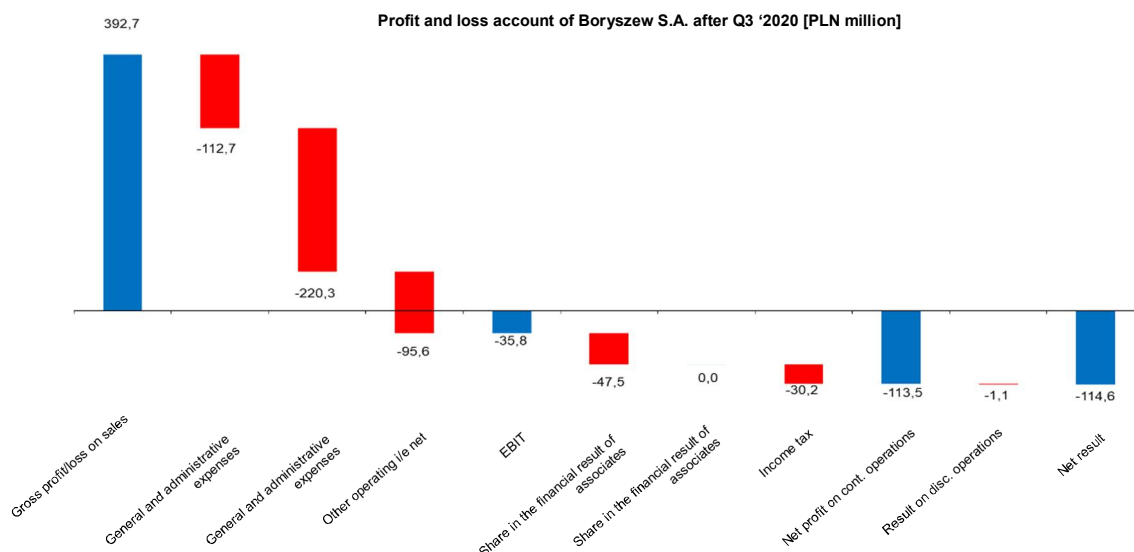
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**Consolidates figures:**

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



The gross result on sales after three quarters of 2020 amounted to PLN 392.7 million and was lower by PLN 73.4 million when compared to the result in the corresponding period of the previous year. The decrease in gross profit is a consequence of the deterioration of results in the Automotive segment.

Average gross profitability on sales dropped from 9.7% at the end of Q3 '2019 to 9.3% at present.

Costs of sales were lower by PLN 8.9 million, or by 7.3% against the same period of the previous year.

General and administrative expenses were higher by PLN 20.4 million, or by 10.2%, than in 3 quarters of 2019.

The balance of operating income/costs amounted to PLN 95.6 million negative, down by PLN 129.4 million compared to the corresponding period of 2019, mainly due to recognition of a provision against pending tax proceedings.

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 CO<sub>2</sub> compensations). The report for three quarters 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 three quarters of 2020 will amount to PLN 6.7 million, was determined in accordance with the principle of prudent valuation on the basis of the expected forward price of CO<sub>2</sub> 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 47.5 million negative and was lower by PLN 9.1 million against the corresponding period of the previous year, mainly due to lower negative balance of exchange rate differences.

**OPERATING RESULTS BY SEGMENTS****Separate figures**

At the end of Q3 '2020, EBITDA on continuing operations of Boryszew S.A. amounted to PLN 87.7 million compared to PLN 96.0 million in the corresponding period of the previous year. In relevant operating segments, the EBITDA result was as follows:

<b>in PLN million</b>	<b>3Q 2020</b>	<b>3Q 2019</b>	<b>difference</b>
<b>EBITDA, including:</b>	<b>87.7</b>	<b>96.0</b>	<b>-8.2</b>
Automotive Segment	47.3	61.0	-13.7
Metals Segment	16.6	8.4	8.2
Chemicals segment	17.4	8.0	9.4
Other	6.4	18.6	-12.2

The decrease in the result was mainly caused by worse performance in the Automotive segment and worse results of companies not assigned to main segments. In Automotive segment the decrease was caused by lower sales, which was directly associated with the outbreak of the COVID-19 pandemic, causing temporary restrictions and shutdowns in production and thus a drop in sales in following months.

Deterioration of results in companies not assigned to main segments (Other) was also caused by the outbreak of the COVID-19 pandemic, which led to a stagnation in the real estate market with a negative impact on the results of Eastside-Bis Sp. z o.o. Also, in the discussed period the wholesale trade on the energy market by Boryszew S.A. Energy branch was stopped, which had a negative impact on its results.

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, in response to the demand for disinfectants - ERG CleanSkin disinfectant.

**Consolidates figures:**

After three quarters of 2020 EBITDA on continuing operations amounted to PLN 117.5 million compared to PLN 320.6 million in the corresponding period of the previous year. Importantly, the drop in EBITDA was mainly caused by a one-off event - recognition of a provision for ongoing tax proceedings in Metal Segment companies. Group's EBITDA, net of above-mentioned one-off event, would have amounted to PLN 269.2 million. In relevant operating segments, the EBITDA result was as follows:

<b>in PLN million</b>	<b>3Q 2020</b>	<b>3Q 2019</b>	<b>difference</b>
<b>EBITDA, including:</b>	<b>117.5</b>	<b>320.6</b>	<b>-203.2</b>
Automotive Segment	33.0	82.5	-49.6
Metals Segment	65.3	222.1	-156.8
Chemicals segment	18.3	10.2	8.1
Other	1.0	5.8	-4.8



## **1. Metals Segment**

Except the above mentioned provisions for pending audits in Segment Companies, the decrease in results of the Metals Segment is primarily the result of lower results of lower sales volumes of most of the Segment's companies (except for NPA Skawina, ZMS Silesia S.A. Oława Branch). The decrease in volumes was caused by the previously described 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 scrap metal mix used for production.

Boryszew S.A. O./NPA Skawina - as a result of much higher sales volume - by 18,5% - and higher unit processing margins.

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

## **2. 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 (by 15.5%) 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. Furthermore, the segment experienced a reduction in the sales portfolio and delays in project implementation by customers (for instance electric vehicles).

## **3. Chemical products segment**

Boryszew S.A. 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 three quarters of 2020 accounted for 27.1 % of total revenues in ERG branch. Sales also improved as a result of the change in the method of selling Borygo coolant.

## **4. Other companies**

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 for Boryszew Capital Group companies in the reporting period was reduced by 28% against the same period of 2019.

## **NET PROFIT/LOSS**

### **Separate figures**

Net result of Boryszew S.A. for three quarters of 2020 is on the level of comparable period of 2019 and amounts to PLN 48.3 million.

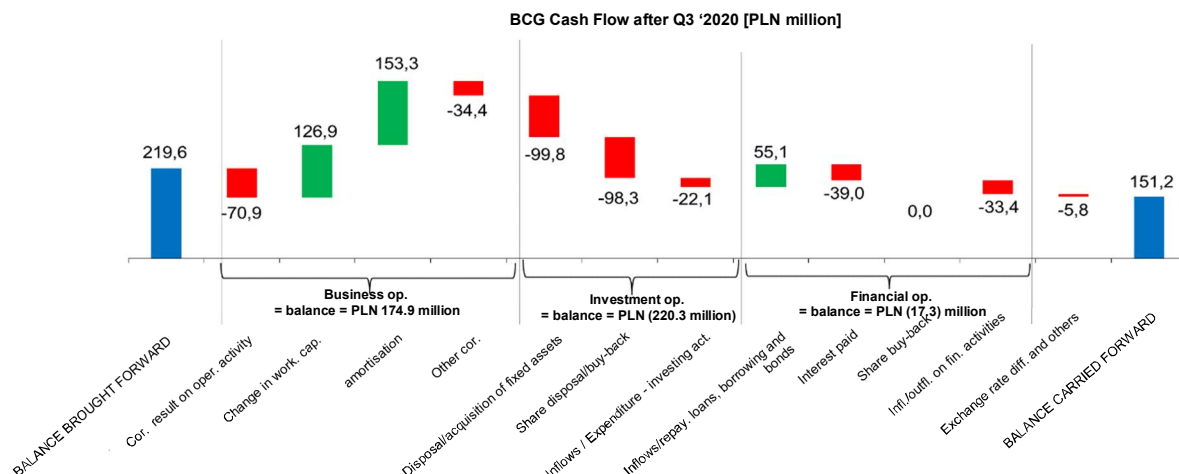
### **Consolidates figures:**

The net result on continuing operations amounted to PLN 113.5 million and was lower by PLN 203.7 million than the result after 3 quarters of 2019.

The total net result, including continuing and discontinued operations, amounted to PLN 114.6 million and was lower than the result after 3 quarters of the previous year by PLN 193.7 million, while the net result attributable to shareholders of the parent company amounted to PLN 115.1 million negative - lower than last year's result by PLN 177.0 million.

**C. CASH FLOW**

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



After three quarters of 2020, Boryszew Capital Group generated positive cash flows from operating activities. Negative cash flows from investing activities was cash allocated for investments in tangible and financial assets. Despite the scale of the investment, no extra external financing was obtained by the Group.

The negative balance of cash flows from investment activities came mainly from investments in fixed assets in the amount of PLN 108.3 million (with proceeds from the sale of assets in the amount of PLN 8.5 million), primarily in the Metal Segment and the balance of acquisition/disposal of financial assets (shares and bonds) in the amount of PLN 97.2 million negative.

After three quarters of 2020 the net debt of Boryszew Capital Group amounted to PLN 1 552.2 million and was higher by PLN 123.1 million compared to the end of 2019.

The net debt/EBITDA ratio after three quarters of 2020 was 4.3x and if calculated including non-cash one-off events - 7.4x.

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

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

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

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.

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

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

### OPERATING SEGMENTS

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

	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019
<b>Continuing operations</b>		
Domestic sales	1 451 008	1 724 518
Sales to EU member states *)	2 400 750	2 619 125
Sales to other European countries	140 526	153 654
Export outside Europe	219 664	290 930
<b>Total (revenues from continuing operations)</b>	<b>4 211 948</b>	<b>4 788 227</b>

\*) EU countries include the United Kingdom

### SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:

	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019
Germany	39%	37%
The Czech Republic	16%	15%
Italy	7%	11%
France	5%	2%
Spain	5%	5%



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## REVENUES AND RESULTS BY OPERATING SEGMENTS IN Q3 OF 2020 (data regarding continuing operations)

Continuing operations 01.01.2020 - 30.09. 2020	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	152 551	1 138 435	2 885 615	108 471	4 285 072	(73 124)	4 211 948
Segment costs of sales	118 346	1 035 121	2 634 323	93 266	3 881 056	(61 811)	3 819 245
<b>Result on sales within segment</b>	<b>34 205</b>	<b>103 314</b>	<b>251 292</b>	<b>15 205</b>	<b>404 016</b>	<b>(11 313)</b>	<b>392 703</b>
General, administrative and sales expenses	24 273	143 631	163 102	12 431	343 437	(10 473)	332 964
Other operating profit/loss	3 019	5 557	(99 412)	(321)	(91 157)	(4 409)	(95 566)
<b>Segment profit/loss</b>	<b>12 951</b>	<b>(34 760)</b>	<b>(11 222)</b>	<b>2 453</b>	<b>(30 578)</b>	<b>(5 249)</b>	<b>(35 827)</b>
Amortisation and depreciation	5 300	67 717	76 517	4 266	153 800	(515)	153 285
EBITDA *)	18 251	32 957	65 295	6 719	123 222	(5 764)	117 458

Continuing operations 01.01.2019 - 30.09. 2019	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	191 496	1 346 762	3 098 607	237 701	4 874 566	(86 339)	4 788 227
Segment costs of sales	166 462	1 190 716	2 823 884	225 575	4 406 637	(84 496)	4 322 141
<b>Result on sales within segment</b>	<b>25 034</b>	<b>156 046</b>	<b>274 723</b>	<b>12 126</b>	<b>467 929</b>	<b>(1 843)</b>	<b>466 086</b>
General, administrative and sales expenses	22 928	145 926	144 409	14 620	327 883	(6 398)	321 485
Other operating profit/loss	2 587	5 230	22 866	10 391	41 074	(7 212)	33 862
<b>Segment profit/loss</b>	<b>4 693</b>	<b>15 350</b>	<b>153 180</b>	<b>7 897</b>	<b>181 120</b>	<b>(2 657)</b>	<b>178 463</b>
Amortisation and depreciation	5 471	67 191	68 936	4 322	145 920	(3 769)	142 151
EBITDA *)	10 164	82 541	222 116	12 219	327 040	(6 426)	320 614

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



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

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

## **7. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE AND EQUITY SECURITIES**

### **DEBT SECURITIES**

In the third quarter of 2020 and until the date of publication of the report, the Company issued no equity securities.

### **ISSUES OF BONDS**

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

### **REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.**

On 30 September 2020 Boryszew S.A. redeemed:

- 1) 8 registered bonds, A26 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, subscribed for by Polski Cynk Spółka z o.o. on 18 October 2018,
- 2) 3 registered bonds, C1 series, with a nominal value of EUR 500 000.00 each and a total nominal value of EUR 1 500 000.00, subscribed for by Polski Cynk Spółka z o.o. on 1 October 2018.

### ***Redemption of bonds after the balance sheet date***

### **REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.**

On 18 November 2020 Boryszew S.A. acquired for redemption before maturity the following bonds subscribed for by SPV Impexmetal Spółka z o.o. based in Warsaw:

- 1) 2 registered bonds, A25 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 issued on 16 October 2018
- 2) 4 registered bonds, A31 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 4 000 000.00, issued on 5 December 2018,
- 3) 8 registered bonds, A19 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, issued on 18 June 2018
- 4) 8 registered bonds, A33 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, issued on 31 December 2018
- 5) 12 registered bonds, A16 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 12 000 000.00, issued on 11 January 2018,
- 6) 16 registered bonds, A17 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 16 000 000.00, issued on 14 February 2018,

for the total amount of PLN 50 000 000.00 including interest.

On 20 November 2020 Boryszew S.A. acquired for redemption before maturity the following bonds subscribed for by Hutmen S.A. based in Wrocław:

- 1) 2 registered bonds, A29 series, with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 issued on 31 June 2018, maturity date 30 June 2021,
- 2) 6 registered bonds, N Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 6 000 000.00, issued on 2 July 2018, maturity date 30 June 2021,

for the total amount of PLN 8 000 000.00 (eight million PLN) including interest.

On 27 November 2020 Boryszew S.A. acquired for redemption before maturity the following bonds subscribed for by Hutmen S.A. based in Wrocław:



- 1) 7 registered bonds, A23 Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 7 000 000.00, issued on 1 October 2018, maturity date 30 June 2021,
  - 2) 5 registered bonds, R Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 5 000 000.00 issued on 31 December 2018, maturing on maturity date 30 June 2021,
- for the total amount of PLN 12 000 000.00 (twelve million PLN) including interest.

## **EQUITY SECURITIES**

In the third quarter of 2020 and until the date of publication of the report, the Company issued no equity securities.

## **CAPITAL INVESTMENTS**

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

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

## **LOANS GRANTED**

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

## **REAL PROPERTY**

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

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

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

In the discussed period the COVID-19 pandemic broke out, which had an impact on the decrease in the Group's results (mainly the Automotive segment). This affected production limitations at the Companies in the period March - June 2020.

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

External factors that will affect the consolidated results of subsequent quarters include:

- global economic situation, especially in the key sectors (automotive and construction) as well as in the main sales markets (the European Union, including Germany).
- the duration and scale of the COVID-19 pandemic as well as the protective measures implemented by institutions at Polish and European Union level,
- changing consumer moods due to the economic slowdown and reducing demand or postponing consumer spending to future periods,
- changes to the rules for granting financing by the banking sector,
- disruption of supply chains caused by suppliers' limitation or shutdown of business due to the COVID-19 pandemic,
- demand for new cars, especially for products of the VW Group, which is the most important customer of the Automotive Segment of Boryszew Capital Group,
- the level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales.
- higher economic protectionism in international trade, resulting in restrictions to access markets,
- costs of raw materials, including in particular scrap prices and the amount of the metal premium,
- PLN exchange rate against foreign currencies; due to the significant share of export sales, which in effect affects the level of margins earned in PLN,
- prices of crude oil and, as a consequence, prices of organic chemicals derivatives - plastics and components for the production of plastic parts for cars in injection moulding technology,



- cost of energy carriers, given the announcement of a significant price increase, of particularly high importance in the energy-intensive metal processing industry and in chemistry,

Internal factors significant for the Group's performance in future periods include the following:

- the effect of obtaining new contracts in the Automotive Segment,
- the effect of optimisation of manufacturing processes in all market segments,
- effects of development investments and update of investment plans as a result of the COVID-19 pandemic,
- the effects of subsidies granted for implementation of investment projects and improvement of energy efficiency.

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

	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>
<b>Contingent liabilities:</b>		
guarantees and sureties granted to related entities for repayment of loans and trade liabilities	76 417	115 443

<b>Entity for which guarantee or surety was issued</b>	<b>Issue date of guarantee or surety</b>	<b>Subject of liability</b>	<b>Surety value in PLN '000</b>	<b>Expiry date of guarantee</b>
Boryszew Plastic RUS	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 634	indefinite validity
Mafmex S. de R.L. de C.V.	15.07.2019	Guarantee granted to Volkswagen Group of America	5 799	15.01.2021
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	47 984	open-ended
Total guarantees and sureties granted by Boryszew S.A.			<b>76 417</b>	

In addition, the Group has contingent liabilities resulting from tax proceedings, for which the risk was determined at an average and low level of 110.7 million, increased by PLN 71.8 million in the period covered by these financial statements.

**Boryszew Capital Group**

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(amounts expressed in PLN '000 unless specified otherwise)

## 11. FINANCIAL INSTRUMENTS, FAIR VALUE AND ESTIMATED DATA

### Financial assets as at 30.09.2020

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Shares and stock	319	78		3	400
Trade receivables	612 842	22 134			634 976
Derivative financial instruments		126	4 342		4 468
Loans granted	22 930				22 930
Bonds	34 722				34 722
Other debtors	39 544				39 544
Cash and cash equivalents	151 208				151 208
<b>Total</b>	<b>861 565</b>	<b>22 338</b>	<b>4 342</b>	<b>3</b>	<b>888 248</b>

### Financial liabilities as at 30.09.2020

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	1 101 817			1 101 817
Bonds	-			-
Derivative financial instruments	-	691	5 548	6 239
Lease liabilities	148 158			148 158
Liabilities to SMA and PdUA	130 400			130 400
Liabilities to SMA - investment property	58 152			58 152
Trade and other liabilities	580 932			580 932
<b>Total</b>	<b>2 019 459</b>	<b>691</b>	<b>5 548</b>	<b>2 025 698</b>

### Fair value of financial assets and liabilities

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

	Fair value as at		Hierarchy
	As at 30.09.2020	As at 31.12.2019	of fair value
<b>Financial assets</b>			
Listed shares	-	-	Level 1
Derivative financial instruments	4 468	22 881	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	6 239	5 024	Level 2



# Boryszew Capital Group

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(amounts expressed in PLN '000 unless specified otherwise)

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

	Fair value as at		Hierarchy of fair value
	As at 30.09.2020	As at 31.12.2019	
<b>Financial assets</b>			
Shares and stock	81	81	Level 3
Bonds	34 722	34 529	Level 3
Borrowings	22 930	182	Level 3
Trade and other receivables	674 520	674 540	Level 3
Investment property	140 635	159 189	Level 3
Cash and cash equivalents	151 208	219 641	Level 1
<b>Financial obligations</b>			
Borrowings and loans	1 101 817	1 489 777	Level 2
Trade and other liabilities	580 932	855 198	Level 3
Lease liabilities	148 158	158 946	Level 2
Liabilities to SMA and PdUA	130 400	157 087	Level 2
Liabilities to SMA - investment property	58 152	58 596	Level 2

## Impact of write-offs on assets and provisions on profit/loss

	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019
Creation of value impairment write-offs for accounts receivable	(9 612)	(5 209)
Reversal of write-downs on accounts receivable (-)	2 236	3 300
Revaluation write-offs of loan receivables	-	-
Creation of value impairment write-offs for inventories	(2 492)	(3 162)
Value impairment write-offs for inventories	10 478	6 251
Tangible fixed assets impairment write-offs	(12 525)	(965)
Reversal of tangible fixed assets impairment write-offs	290	(31)
Valuation of shares to fair value	-	5 154
Creation of provisions	(155 879)	(137)
Reversal of unnecessary provisions	9 718	4 808
Deferred tax	2 426	(15 272)
<b>Total impact on profit/loss</b>	<b>(155 360)</b>	<b>(5 263)</b>

**Boryszew Capital Group**

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(amounts expressed in PLN '000 unless specified otherwise)

**Transactions with related parties**

	Associates	Personally related entities
<b>Transactions in the period 01.01.2020 to 30.09.2020</b>		
Revenues from sales (of products, services, goods)	971	2 620
Interest income	-	1 056
Purchases (of materials, goods, services)	6 617	18 054
Interest expense	-	104
<b>Receivables and payables as at 30.09.2020</b>		
Trade receivables	140	6 243
Bonds purchased	-	34 636
Loans granted	-	22 403
Trade and other liabilities (deposits, advances)	938	3 165

**12. ORGANISATION OF THE CAPITAL GROUP**

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

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

In Q3 '2020 Boryszew S.A. carries out its activity through the following units:

- 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”,
- Boryszew ERG Branch in Sochaczew - manufacturer of chemical and construction products. Company's flagship product is “Borygo” coolant and CleanSkin disinfectants;
- 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 Mafrow 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.

On 5 November 2020 Boryszew S.A. purchased from Impexmetal S.A. shares in Capital Group companies, which belonged directly to Impexmetal S.A., namely:

- 8 600 shares in Zakład Utylizacji Odpadów Sp. z o.o. based in Konin, which account for 59.97% of the company's share capital,
- 695 159 shares of Hutmen S.A. based in Wrocław, which account for 2.72% of the company's share capital,
- 3 196 931 shares in Walcownia Metali Dziedzice S.A. based in Czechowice-Dziedzice, which accounts for 26.78% of the company's share capital,
- 5 600 000 shares of ZM SILESIA S.A. based in Katowice, which accounts for 100.00% of the company's share capital,
- 1 030 shares in F&T Polska Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 98 725 000 shares of Alchemia S.A. based in Warsaw, which accounts for 56.92% of the company's share capital,
- 200 000 shares in Metalix Ltd based in London (Brentford), which accounts for 100.00% of the company's share capital,
- 1 127 478 shares in Polski Cynk Sp. z o.o. based in Olawa, which accounts for 100.00% of the company's share capital,
- 81 687 shares in Eastside Capital Investments Sp. z o.o. based in Warsaw, which account for 100.00% of the company's share capital,
- 46 946 shares in Impex - Invest Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 41 727 shares in SPV Impexmetal Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 1 200 shares in Symonvit Ltd. in liquidation based in Limassol, Cyprus, which accounts for 100% of shares.

On 6 November 2020 Boryszew S.A. sold Impexmetal S.A. to a third party (Granges AB).

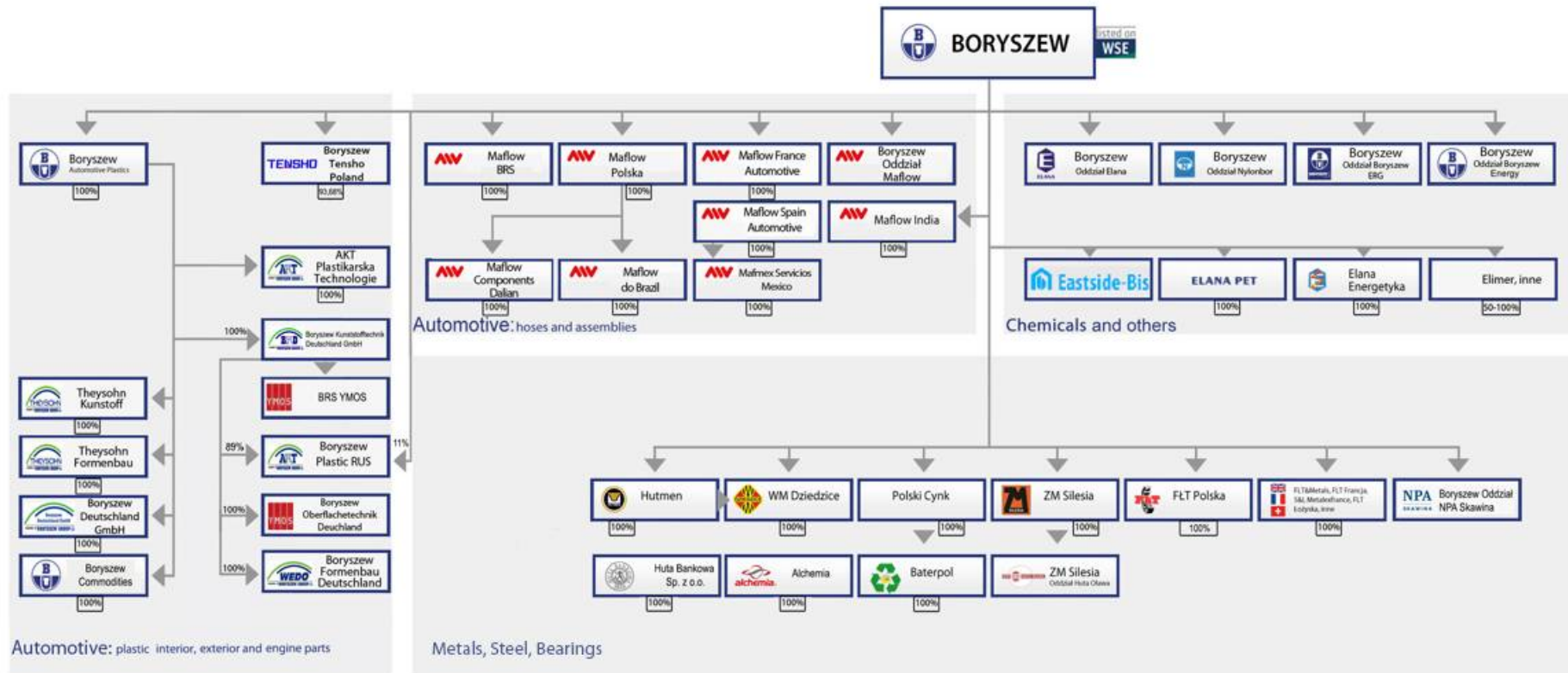


## Boryszew Capital Group

Abbreviated consolidated financial report for the period between 1 January and 30 September 2020  
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(amounts expressed in PLN '000 unless specified otherwise)

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





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

#### **Acquisition of Alchemia S.A. shares**

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

In the first half of 2020 Eastside Bis Sp. z o.o. acquired a total of 18 720 000 shares of Alchemia S.A., which accounts for 10.79% 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 a total of 26 260 000 shares of Alchemia S.A., which accounts for 15.14% 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 100.00% of Alchemia S.A. shares.

#### **Conversion of receivables of Boryszew S.A. from Maflow to Brasil Ltda**

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

1) loans granted, EUR 11 932 500,

2) 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 1 BRL each.

On the day of publication of the report Boryszew S.A. holds directly 79% of shares in the share capital of this company (indirectly 100% of shares).

#### **Conversion of receivables of Boryszew S.A. from Mafmex S. de R.L. de C.V.**

Boryszew S.A. converted its receivables from Mafmex S. de R.L. de C.V., based in Mexico, resulting from trade receivables in the amount of EUR 11 013 528.48 (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 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 8 822 915 shares of Hutmen S.A. 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).

#### **Events after the balance sheet date**

#### **Transaction under common control, acquisition of shares and stocks in subsidiaries from Impexmetal S.A.**

On 5 November 2020 Boryszew S.A. concluded agreements with Impexmetal S.A., a subsidiary of the Issuer, under which financial claims of the Issuer, due to the dividend adopted based on the resolution No. 12 of the Ordinary General Meeting of Impexmetal of 29 October 2020 in the amount of PLN 913 million were partially satisfied by transferring to the Issuer the ownership rights to:

- 8 600 shares in Zakład Utylizacji Odpadów Sp. z o.o. based in Konin, which account for 59.97% of the company's share capital,
- 695 159 shares of Hutmen S.A. based in Wrocław, which account for 2.72% of the company's share capital,
- 3 196 931 shares in Walcownia Metali Dziedzice S.A. based in Czechowice-Dziedzice, which accounts for 26.78% of the company's share capital,
- 5 600 000 shares of ZM SILESIA S.A. based in Katowice, which accounts for 100.00% of the company's share capital,
- 1 030 shares in F&T Polska Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 98 725 000 shares of Alchemia S.A. based in Warsaw, which accounts for 56.92% of the company's share capital,
- 200 000 shares in Metalix Ltd based in London (Brentford), which accounts for 100.00% of the company's share capital,
- 1 127 478 shares in Polski Cynk Sp. z o.o. based in Oława, which accounts for 100.00% of the company's share capital,
- 81 687 shares in Eastside Capital Investments Sp. z o.o. based in Warsaw, which account for 100.00% of the company's share capital,
- 46 946 shares in Impex - Invest Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 41 727 shares in SPV Impexmetal Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 1 200 shares in Symonvit Ltd. in liquidation based in Limassol, Cyprus, which accounts for 100% of shares

The market value of the shares sold was recognised at a total of PLN 695.8 million.



During preparation of the consolidated financial statements for the third quarter of 2020, the Management Board decided to conduct an in-depth assessment to verify in detail the fair value of the financial assets which were acquired from Impexmetal on 5 November 2020. This assessment is aimed, in particular, at the balance sheet allocation of value impairment, resulting from valuations prepared for the purpose of the transaction described above, to relevant fixed assets. Given the complexity and relevance of the assessment, it is the intention of the Management Board to involve an independent expert in this process. At the same time, since the transaction was finalised in Q4 '2020, the Company expects that the results of the assessment will be included in the consolidated financial statements of Boryszew Capital Group for Q4 '2020.

This transaction was carried out under common control.

#### **Sale of shares in Impexmetal S.A.**

On 6 November 2020, following the fulfilment of the conditions precedent provided for in the preliminary conditional agreement of 27 November 2019 for sale of Impexmetal S.A. shares, Boryszew S.A. closed the transaction described in the Agreement by transferring to Gränges AB based in Stockholm (the "Parties") the ownership right of 125 000 000 registered shares of Impexmetal S.A. based in Warsaw in exchange for the price determined in the Agreement (the remaining 65 000 000 registered shares are Impexmetal own shares), whereas the calculation of the final sale price of the shares will be done by standard adjustment of the enterprise value of the Company, which the Parties agreed at PLN 938 000 000, by the value of: net debt, net working capital, prepaid investment outlays and other adjustments according to the conditions of the transaction. According to the agreement, the Issuer assumed 2 442 268 shares issued by Granges, accounting for approximately 3.13% of the share capital, with the value of PLN 90 000 000; is was considered as partial settlement of the price.

The final settlement of the price for which Impexmetal S.A. shares were sold will be made by the end of Q1 '2021 and the relevant effect will be disclosed in the annual report for 2020.

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

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

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

The table below presents the 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:

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of capital</b>	<b>Number of votes</b>	<b>% of votes</b>
Roman Krzysztof Karkosik (*)	156 832 020	65.346%	156 832 020	65.346%
Including:				
Boryszew S.A.(**)	34 795 000	14.498%	34 795 000	14.498%
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%
<b>Total:</b>	<b>240 000 000</b>	<b>100.00%</b>	<b>240 000 000</b>	<b>100.000%</b>

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

(\*\*) As per the notification of Boryszew S.A. of 30 October 2020



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

Boryszew S.A. acting within the limits of the authorisation granted by way of Resolution no. 22 of the Ordinary General Meeting of Shareholders of Boryszew S.A. of 25 June 2019 on authorising the Company's Management Board to buy-back treasury shares of Boryszew S.A. and according to Art. 362 § 1 point 8) and Art. 362 § 4 of Commercial Companies Code, on 30 October 2020 the Company acquired in a block transaction on the Warsaw Stock Exchange 13 346 169 own shares previously held by Impexmetal S.A. (the transaction was settled on 30 October 2020).

Following the transaction Boryszew S.A. exceeded the 10 % threshold of the total number of votes, represented by treasury shares, at the General Meeting of Boryszew S.A.

On the day on which the above mentioned transaction was settled, the direct share of Boryszew S.A., increased by Boryszew S.A. shares held so far by Impexmetal S.A., changed. However, the total number of shares held, directly and indirectly through subsidiaries, did not change and includes 38 000 000 shares of Boryszew S.A., representing 38 000 000 votes at the General Meeting, which accounts for approximately 15.833 % of the total number of votes at the General Meeting of Boryszew S.A.

On the day on which the above mentioned transaction was settled the total share of Boryszew S.A., direct and indirect, was as follows:

- Boryszew S.A. - 34 795 000 treasury shares, representing 34 795 000 votes at the General Meeting, which accounts for approximately 14.498 % share in the share capital and total number of votes at the General Meeting of Boryszew S.A.,
- Alchemia S.A. - 3 200 000 shares of Boryszew S.A., representing 3 200 000 votes at the General Meeting, which accounts for approximately 1.333 % share in the share capital and total number of votes at the General Meeting of Alchemia S.A.,
- Polski Cynk Sp. z o.o. - 5.000 shares of Boryszew S.A., representing 5 000 votes at the General Meeting, accounting for 0.002% of share capital and the total number of votes at the General Meeting of Boryszew S.A.

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

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

## **18. PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY**

### **Proceedings before a court, arbitration body or public administration authority**

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

### **Tax proceedings in the capital group companies**

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



### **Proceedings completed at first instance**

1. On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.9 million plus interest on tax arrears in the amount of PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 12 November 2020, the company received a letter with information on the extension of the appeal proceedings until 15 March 2021.
2. 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.
3. On 3 April 2018, Hutmen S.A. received the decision issued on 26 March 2018 by the Head of the Lower Silesian Tax and Customs Office (Office), which sets out company's VAT arrears for Q4 of 2014 at 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 16 November 2020, the company received a decision of the Head of the Lower Silesian Customs and Tax Office (Office) in Wrocław, determining again the outstanding VAT liability for Q4 '2014 in the amount of PLN 3.04 million plus interest on tax arrears. 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.
4. 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 fully the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 11 December 2019 Hutmen 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 November 2020, by the date of publication of the report, the Company had not been notified about the new deadline for completion of the proceedings.
5. Baterpol Recycler Sp. z o. o. – the new VAT inspection for the period March-June 2016 carried out by the Head of the Lower Silesian Customs and Fiscal Office in Wrocław, is completed; no irregularities concerning VAT returns were revealed by the inspection. Currently no tax audits are pending at the Company.

### **Other significant pending VAT proceedings in the capital group companies**

Apart from the inspection proceedings described above, the Capital Group companies are subject to audit proceedings which are at an initial stage (pending decisions). These proceedings may result in a negative stance of the authorities towards the Company, however this risk is difficult to estimate.

Litigations underway:

1. 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. On 16 November 2020, Hutmen S.A. received a decision of the Head of the Lower Silesian Customs and Tax Office (Office) in Wrocław, determining again the outstanding VAT liability of Hutmen S.A. for Q4 '2014 in the amount of PLN 3.04 million plus interest on tax arrears. 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.



- 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 October 2020. On 13 November 2020, Hutmen S.A. received a Protocol on the audit of the books of accounts in tax proceedings in which the Office claims that the company failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. will raise objections to protocol received from the Office.
    - 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 December 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 8 February 2021.
  2. ZM SILESIA S.A. - VAT audit proceedings for 2013 and 2014, in progress. On 24 September 2020, the company received the decision of the First Instance. This decision is not final. As of 24 September 2020, no immediate enforceability clause was issued. The additional amount of the main VAT liability (excluding interest) resulting from this decision is PLN 97.3 million. On 8 October 2020, the Company filed an appeal against this decision with the head of the tax administration. The appeal is currently awaiting to be processed. The time limit for examination of the appeal is two months, which will most likely entail the fact that by 8 December 2020 the company should receive a reply or another extension of the deadline.
  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. Estimated date of case completion - 31 December 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 for the risk described above in Q3 consolidated financial statements amounts as at the balance sheet date to PLN 202.9 million (high risk). Moreover, the Parent Company recognised additional PLN 71.8 million as contingent liability; the closing balance of contingent liabilities is PLN 110.7 million (medium or low risk).

The Management Board of the Parent Company estimated the provisions considering the probability of cash outflow from the Group and chose leave such provisions out in cases where the probability of cash outflow is low. The Management Board of the Parent Company cannot exclude that in the event of new circumstances, the estimation of risks described above may change.



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

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

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

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

In Q3 '2020 Eastside-Bis Spółka z o.o. acquired a total of 14 720 000 shares of Alchemia S.A. from an entity related to the Issuer (an individual), accounting for 8.49% of its share capital. The transaction was concluded on arm's length basis.

### **Material transactions after the balance sheet date**

#### **Other non-commercial transactions concluded between related parties, other than those described in this report (outside Boryszew Capital Group)**

After the balance sheet date Eastside - Bis Spółka z o.o. acquired a total of 26 260 000 shares in Alchemia S.A. from an entity related to the Issuer (an individual), accounting for 15.14% of its share capital. The transaction was concluded on arm's length basis.

On 27 November 2020 SPV Impexmetal Sp. z o.o., subsidiary, based in Warsaw concluded a preliminary agreement with RKK Investments Spółka z o.o. on the purchase 70 671 shares with a nominal value of PLN 500 each and the total nominal value of PLN 35 335 500, accounting for 43.7% of shares in Unipartner Spółka z o.o. (Unipartner), in which the parties undertook to conclude the final sale agreement for an amount of PLN 15 million or less. The agreement was concluded subject to a positive outcome of the due diligence process.

## **20. INFORMATION ON 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 two banks, the debt-service coverage ratio (DSCR) as per the agreement with one bank (the same bank in case of which the Net Financial Debt to EBITDA ratio was not achieved) and the margin to EBITDA as per the agreements with another bank, which led a violation of the terms and conditions of loan agreements concluded with these financial institutions.

The reason behind the failure to achieve the agreed level of financial ratios was recognition of provisions for a potential additional risk associated with the ongoing tax proceedings against Boryszew Capital Group companies, which were disclosed by the Company in current report No. 39/2020 of 26 November 2020; the failure to achieve the financial ratio was also due to the fact that provisions, being an extraordinary event without a cash impact on the standardised EBITDA, were not excluded from the calculation of EBITDA in the definitions binding in the loan agreements.

Had the above described reserves not been included, the financial ratios would have remained at an acceptable level.

Following the breach, the Company requested 3 banks to repeal the breach and change the definition of EBITDA.

With regard to other loan agreements, the Company obtained consent by the banks to refrain from testing the levels of net debt to EBITDA, gross debt to EBITDA, DSCR and current liquidity ratios for the period ending on 30 September 2020 and to repeal violations under loan agreements for previous quarterly periods of the current year, which was disclosed by the Issuer informed in current report No. 36/2020 of 3 November 2020



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(amounts expressed in PLN '000 unless specified otherwise)

Due to the situation described above, long-term loans, as at 30 September 2020, in which the terms of the agreement were violated, in the amount of PLN 52 454 thousand, were presented as short-term.

## 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 GRANTED BY BORYSZEW S.A. AS AT 30.09.2020

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee	Expiry date of guarantee
			EUR PLN	
Impexmetal S.A.	2019-05-16	Guarantee for HSBC France Branch in Poland	270 000	2021-09-16
Boryszew Kunststofftechnik Deutschland GmbH	31.01.2013	Guarantee granted to Commerzbank	22 634	indefinite validity
	23.07.2013	Guarantee granted to GE Capital Bank AG	4 492	30.08.2021
	24.07.2017	Guarantee granted to ALD AutoLeasing D GmbH	905	30.06.2022
	07.08.2017	Guarantee granted to Deutsche Leasing International GmbH	6 338	indefinite validity
	08.06.2018	Guarantee granted to Deutsche Leasing International GmbH	2 716	08.06.2023
	2019-01-29	Guarantee granted to DNB Bank Polska S.A.	52 047	2021-03-29
	2019-03-06	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	26 119	2022-03-31
	2019-06-13	Guarantee granted to Deutsche Leasing International GmbH	13 426	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	27.05.2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	1 402	30.11.2020
	15.03.2016	Guarantee granted to Wurth Leasing GmbH	1 607	15.03.2022
Theysohn Formenbau GmbH	06.09.2017	Guarantee granted to akf Leasing GmbH	10 590	2023-08-31
Theysohn Kunststoff GmbH	2018-09-28	Guarantee granted to PKO Leasing Sp. z o.o.	15 512	2021-12-31
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	57 558	31.12.2026
Boryszew Plastic RUS	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO	773	indefinite validity
	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO	387	indefinite validity
	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 634	indefinite validity
	2019-02-25	Guarantee granted to Alfa Bank	9 900	2024-12-31
	2019-07-15	Payment guarantee granted to Engel Austria	13 793	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	13.06.2016	Guarantee granted to HSBC Bank Polska S.A.	10 000	2021-09-11
	14.03.2017	Guarantee granted to SPV Impexmetal Sp. z o.o. for payment of financial liabilities	41 000	indefinite validity
	24.10.2017	Aval of lease agreement for mLeasing	813	15.04.2021
	24.10.2017	Aval of lease agreement for mLeasing	6 790	15.11.2020
	2018-10-22	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357	2025-09-30
	2019-01-29	Guarantee granted to DNB Bank Polska S.A.	10 864	2021-03-29
	2019-03-04	Aval of lease agreements for mLeasing	9 354	2024-04-15
	2019-10-10	Guarantee granted to PKO Leasing Sp. z o.o.	16 973	2022-10-10
Maflow BRS s.r.l.	26.04.2016	Guarantee granted to Banka IFIS	3 395	open-ended
	2019-05-23	Guarantee granted to HSBC France, Milan Branch	20 597	2023-05-23

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(amounts expressed in PLN '000 unless specified otherwise)

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee	Expiry date of guarantee
			EUR PLN	
Maflow France Automotive S.A.S.	07.07.2016	Guarantee granted to Natixs Lease	1 707	2021-07-07
Mafmex S. de R.L. de C.V.	2019-07-15	Guarantee granted to Volkswagen Group of America	5 799	2021-01-15
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH		Guarantee granted to Borealis AG for commercial liabilities	2 263	2020-12-31
	2020-07-06	Guarantee granted to BSB Recycling GmbH	6 790	2023-07-06
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH, 4) Boryszew Plastic RUS LLC, 5) AKT Plastikarska Technologie Czechy Spol. S.R.O.	2020-07-06	Guarantee granted to Basell Sales & Marketing Company B.V.	47 984	2021-12-31
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	90 536	open-ended
Alchemia S.A.	2019-10-01	Guarantee granted to Arcelormittal Poland S.A.	22 634	2020-12-31
Boryszew HR Service Sp. z o.o.	30.08.2016	Endorsement of a loan agreement for mBank	800	2021-01-15
WM Dziedzice S.A.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	5 750	2021-01-31
Boryszew Tensho Poland Sp. z o.o.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	1 200	2021-01-31
Elana Energetyka	2020-03-30	Guarantee granted to ENEA Obrót S.A.	7 850	2021-01-31
ZM Silesia S.A.	2018-09-26	Surety granted to PKO BP S.A.	6 480	2024-02-28
	2019-12-20	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	20 000	open-ended
<b>Total guarantees and sureties granted by Boryszew S.A.</b>			<b>791 287</b>	

## **SIGNIFICANT CHANGES IN THE CONDITIONS OF THE SURETY GRANTED BY COMPANIES OF BORYSZEW CAPITAL GROUP**

Other Capital Group companies granted no sureties or guarantees in the Q3 '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**

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

## **23. OTHER IMPORTANT EVENTS**

### **BORYSZEW S.A.**

#### **Adoption of the Programme for buy-back of treasury shares of Boryszew S.A.**

On 26 October 2020, the Management Board of Boryszew S.A., acting based on the authorisation granted by the Ordinary General Meeting of the Company by resolution No. 22 of 25 June 2019, authorising the Company'



Management Board to carry out a buy-back of own shares of Boryszew S.A., adopted the Programme for buy-back of treasury shares of Boryszew S.A., which defines detailed conditions of purchase of shares.

The programme will feature two stages. The first stage of the Program provides for the acquisition by Boryszew S.A. of shares owned by Impexmetal S.A. - 13 346 169 shares of Boryszew S.A., which account for approximately 5.56% of the share capital/total number of votes at the General Meeting of the Company. The second stage will cover acquisition of the Company's own shares other than those indicated above.

#### **Buy-back of treasury shares of Boryszew S.A.**

Acting within the limits of the authorisation granted by way of Resolution no. 22 of the Ordinary General Meeting of Shareholders of Boryszew S.A. of 25 June 2019 on authorising the Company's Management Board to buy-back treasury shares of Boryszew S.A. and according to Art. 362 § 1 point 8) and Art. 362 § 4 of Commercial Companies Code, on 30 October 2020 the Company acquired in a block transaction on the Warsaw Stock Exchange 13 346 169 own shares previously held by Impexmetal S.A. (the transaction was settled on 30 October 2020).

Following the transaction Boryszew S.A. exceeded the 10 % threshold of the total number of votes, represented by treasury shares, at the General Meeting of Boryszew S.A.

On the day on which the above mentioned transaction was settled, the direct share of Boryszew S.A., increased by Boryszew S.A. shares held so far by Impexmetal S.A., changed. However, the total number of shares held, directly and indirectly through subsidiaries, did not change and includes 38 000 000 shares of Boryszew S.A., representing 38 000 000 votes at the General Meeting, which accounts for approximately 15.833 % of the total number of votes at the General Meeting of Boryszew S.A.

On the day on which the above mentioned transaction was settled the total share of Boryszew S.A., direct and indirect, was as follows:

- Boryszew S.A. - 34 795 000 treasury shares, representing 34 795 000 votes at the General Meeting, which accounts for approximately 14.498 % share in the share capital and total number of votes at the General Meeting of Boryszew S.A.,
- Alchemia S.A. - 3 200 000 shares of Boryszew S.A., representing 3 200 000 votes at the General Meeting, which accounts for approximately 1.333 % share in the share capital and total number of votes at the General Meeting of Alchemia S.A.,
- Polski Cynk Sp. z o.o. - 5.000 shares of Boryszew S.A., representing 5 000 votes at the General Meeting, accounting for 0.002% of share capital and the total number of votes at the General Meeting of Boryszew S.A.

#### **Conclusion of a preliminary conditional agreement for sale of significant assets**

On 6 November 2020 Boryszew S.A. and Gränges AB based in Stockholm (the "Parties"), following the fulfilment of the conditions precedent provided for in the preliminary conditional agreement for sale of Impexmetal shares (the "Agreement"), closed the transaction described in the Agreement, thus concluding the actions involving the transfer of the ownership right of 125 000 000 registered shares of Impexmetal by Boryszew S.A. to Gränges AB at the price determined in the Agreement (the remaining 65 000 000 registered shares are Impexmetal own shares), whereas the calculation of the final sale price of the shares will be done by standard adjustment of the enterprise value of the Company, which the Parties agreed at PLN 938 000 000, by the value of: net debt, net working capital, prepaid investment outlays and other adjustments according to the conditions of the transaction. According to the agreement, Boryszew S.A. assumed 2 442 268 shares issued by Gränges AB, accounting for approximately 3.13% of the share capital, with the value of PLN 90 000 000; it was considered as partial settlement of the price.

#### **IMPEXMETAL S.A.**

##### **Adoption of a resolution by the Ordinary General Meeting on payment of dividend**

On 29 October 2020 the Ordinary General Meeting of Impexmetal S.A. ("Impexmetal"), for which Boryszew S.A. is a parent company, passed a resolution on payment of dividend from Impexmetal reserve capital, which according to CCC Art. 348 § 1 can be allocated for distribution. The amount of dividend due to Boryszew S.A., as the only entitled entity, is PLN 913 million. Dividend payment date (the date of the establishment of the right to dividend) is 29 October 2020. The Ordinary General Meeting authorised the Management Board of Impexmetal to determine the manner in which to fulfil the liability due to dividend.



On 5 November 2020 Boryszew S.A. concluded agreements with Impexmetal S.A. ("Impexmetal"), under which financial claims of Boryszew, due to the dividend adopted based on the resolution No. 12 of the Ordinary General Meeting of Impexmetal of 29 October 2020 in the amount of PLN 913 million ("Dividend") were partially satisfied by transferring to Boryszew S.A. the ownership rights to shares of other companies, held by Impexmetal, the ownership right to real estate property owned by Impexmetal and to claims due to Impexmetal. The total value of Impexmetal assets to be transferred, according to market valuation, is PLN 907.7 million.

## **SPV IMPEXMETAL**

### **Conclusion of preliminary agreement on acquisition of shares of EW Rywałd Spółka z o.o. based in Toruń**

On 27 November 2020 SPV Impexmetal Sp. z o.o. (SPV), subsidiary, concluded a preliminary agreement with RKK Investments Spółka z o.o. on the purchase 100% of shares in EW Rywałd Spółka z o.o. (EW Rywałd), the agreement provides for conclusion of a final sale agreement for PLN 38 million by 31 March 2021.

EW Rywałd is involved in implementing a renewable energy project. Currently the company is in the process of implementing an investment project which involves construction of a wind farm featuring a total capacity of 27 MW (EW Rywałd obtained valid building permits). EW Rywałd features very good wind characteristics.

The acquisition of EW Rywałd wind farm is part of the implementation of Boryszew energy strategy to significantly reduce the carbon footprint and diversify electricity sources. Combined with planned investments in on-site photovoltaic installations, it will significantly reduce its dependence on high wholesale electricity prices on the market in Poland, thus reducing the risks associated with rising electricity prices. The development of making the industrial energy green is also in line with the objectives of EU ambitious climate policy and the requirements that the Commission is drafting for energy-intensive industries.

RKK Investments Spółka z o.o. is a subsidiary of Mr Roman Karkosik and holds directly 49.99% of Issuer's shares.

SPV made an advance payment on account of the price and secured reimbursement of that payment should the parties fail to conclude the final agreement.

SPV may withdraw from the preliminary share purchase agreement in case of a negative outcome of the planned due diligence.

## **BORYSZEW CAPITAL GROUP**

### **Impact of COVID-19 on the Group in Q3 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. The companies monitor the situation at home and abroad on an ongoing basis. Due to dynamically changing circumstances, government regulations and legal situation, at the moment of drafting the financial statements it is not possible to accurately estimate the impact of the pandemic on the operational and financial situation in upcoming reporting periods. Individual companies and the Group's Headquarters verify macroeconomic information on an ongoing basis as well as information obtained by the control and analysis departments during their operations, to forecast, on this basis, the impact of the pandemic on separate and consolidated results. Boryszew Group undertakes actions to minimise the effects of the pandemic. Due to their diversified business profile, individual companies 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. Companies keep track of the market environment and react to changing circumstances in order to adapt their operations to changing demand. Programmes were implemented to adjust costs to the changing environment in the Group. The reporting period saw temporary suspensions of production in the companies of Maflow Group and BAP Group. Short-term production limitations occurred in Baterpol S.A. and ZM Silesia. The Group experienced no significant disruption of the supply chain. The companies used 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**

In the first 9 months of 2020 Maflow Group recorded a drop in sales by approximately 20% compared to the budget - as a consequence of temporary suspension of production. In Q3 '2020 sales of Maflow Group were close to the budget figure.

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 temporarily suspended their production. In order to counteract the decline in sales, BAP Group has implemented cost saving programmes, partly financed by the governments of the countries where the production facilities are located. In the first 9 months of 2020 the drop in sales was 15% against the budget, in Q3 BAP Group recorded a turnover higher by almost 10% against the budget figure.

## **METAL SEGMENT**

Sales of NPA Skawina Branch were not significantly, adversely affected by Covid-19; 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 at the end 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. Since June, however, the has been observing a gradual recovery in the demand for its products.

## **CHEMICAL PRODUCTS SEGMENT**

In the first 9 months of this year this Segment recorded a decrease in sales by approximately 20% compared to the same period of 2019. 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 approximately 20% yoy. In 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.

## **OTHER COMPANIES NOT ALLOCATED TO SEGMENTS**

Boryszew Energy branch recorded no significant, negative impact of the pandemic on its financial result in the first nine months 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. Due to the stagnation on the real estate market, the COVID-19 pandemic had a negative impact on revenues generated by Eastside-Bis Sp. z o.o.

*Information on other important events was provided in the form of current reports of the Company, which are available at: [www.boryszew.com](http://www.boryszew.com)*

## **24. DECLARATIONS OF THE MANAGEMENT BOARD**

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

- to the best of its knowledge, the consolidated financial statements of the Company and Boryszew Capital Group and the comparative data for Q3 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 report on activity of Boryszew Capital Group for Q3 contains a true view of development, accomplishments and situation of Boryszew Capital Group, including a description of fundamental risks and threats.



## **MID-YEAR ABBREVIATED FINANCIAL STATEMENTS**

**of Boryszew S.A.**

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





**STATEMENT OF COMPREHENSIVE INCOME**

	<b>01.01.2020 - 30.09. 2020</b>	<b>01.01.2019 - 30.09. 2019</b>	<b>01.07.2020- 30.09.2020</b>	<b>01.07.2019- 30.09.2019</b>
Revenues from sales	810 696	1 041 156	274 204	325 453
Prime cost of sale	706 101	929 781	247 149	288 943
<b>Gross profit on sales</b>	<b>104 595</b>	<b>111 375</b>	<b>27 055</b>	<b>36 510</b>
Selling costs	24 227	19 399	5 903	6 811
General and administrative expenses	49 877	54 911	16 857	18 095
Other operating revenue	33 456	32 179	11 529	14 839
Other operating expenses	6 104	6 924	1 244	1 521
Profit/loss on impairment of trade receivables	(2 784)	1 776	(427)	1 501
<b>Operating income</b>	<b>55 059</b>	<b>64 096</b>	<b>14 153</b>	<b>26 423</b>
Financial revenues	30 914	28 450	(9 032)	17 018
Financial expenses	29 365	35 358	(11 546)	11 660
Profit/loss on impairment of financial assets	-	-	-	-
<b>Financial profit/loss</b>	<b>1 549</b>	<b>(6 908)</b>	<b>2 514</b>	<b>5 358</b>
<b>Profit before taxation</b>	<b>56 608</b>	<b>57 188</b>	<b>16 667</b>	<b>31 781</b>
Income tax	8 348	8 849	1 107	5 648
<b>Net profit</b>	<b>48 260</b>	<b>48 339</b>	<b>15 560</b>	<b>26 133</b>
<b>Earnings / Diluted earnings per share</b>				
Weighted average number of shares	220 656 301	220 809 231	220 656 301	220 716 169
Earnings / Diluted earnings per share (PLN)	0.22	0.22	0.07	0.12
	<b>01.01.2020 - 30.09. 2020</b>	<b>01.01.2019 - 30.09. 2019</b>	<b>01.07.2020- 30.09.2020</b>	<b>01.07.2019- 30.09.2019</b>
<b>Net profit</b>	<b>48 260</b>	<b>48 339</b>	<b>15 560</b>	<b>26 133</b>
<b>Earnings recognised in equity</b>				
<i>Earnings recognised in equity, to be transferred to income statement</i>	<b>(4 222)</b>	<b>(2 298)</b>	<b>(443)</b>	<b>(3 755)</b>
Hedge accounting	(5 212)	(2 298)	(443)	(3 755)
Income tax expense (-provision/+asset)	990	-	-	-
<i>Earnings recognised in equity, not to be transferred to income statement</i>	<b>-</b>	<b>437</b>	<b>-</b>	<b>714</b>
Gains/losses on valuation of equity instruments	-	-	-	-
Employee benefit capital reserve	-	-	-	-
Income tax	-	437	-	714
<b>Total earnings recognised in equity</b>	<b>(4 222)</b>	<b>(1 861)</b>	<b>(443)</b>	<b>(3 041)</b>
<b>Total comprehensive income</b>	<b>44 038</b>	<b>46 478</b>	<b>15 117</b>	<b>23 092</b>

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>	<b>As at 30.09.2019</b>
<b>Non-current assets</b>			
Non-current assets	230 786	230 313	231 747
Investment property	16 684	16 525	16 525
Intangible assets	32 414	31 350	31 643
Right-of-use assets	115 236	125 072	123 977
Shares in subsidiaries and associates	470 064	405 366	464 512
Financial assets	109 694	60 116	422 741
Long-term receivables	35 656	33 380	34 282
Deferred tax assets	1 075	730	-
Other assets	7 746	7 754	4 366
<b>Total fixed assets</b>	<b>1 019 355</b>	<b>910 606</b>	<b>1 329 793</b>
<b>Current assets</b>			
Inventory	199 214	178 152	176 770
Trade receivables and other receivables	229 191	255 355	332 122
Short-term financial assets	320 544	236 555	3 787
Derivative financial instruments	-	8	117
Current tax assets	-	2 064	1 038
Other assets	22 362	17 809	18 637
Cash and cash equivalents	18 409	35 788	42 305
<b>Total current assets</b>	<b>789 720</b>	<b>725 731</b>	<b>574 776</b>
<b>Total assets</b>	<b>1 809 075</b>	<b>1 636 337</b>	<b>1 904 569</b>



<b>LIABILITIES AND EQUITY</b>	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>	<b>As at 30.09.2019</b>
<b>Equity</b>			
Share capital	248 906	248 906	248 906
Share premium	112 346	112 346	112 346
Own shares	(146 871)	(134 251)	(134 251)
Hedge accounting capital	(6 134)	(1 912)	(4 161)
Capital reserve on translating employee payables	(638)	(638)	(162)
Retained earnings	265 618	204 879	427 007
<b>Total equity</b>	<b>473 227</b>	<b>429 330</b>	<b>649 685</b>
<b>Liabilities and long-term provisions</b>			
Bank credits, loans, bonds	88 311	183 617	400 221
Liabilities under lease of fixed assets	34 547	23 516	79 179
Liabilities related to right-of-use assets - other assets	44 051	49 824	-
Payables on perpetual usufruct of investment land	1 932	1 942	1 942
Deferred tax provision	3 074	-	7 734
Employee benefit provisions	2 642	2 690	3 377
Other provisions	5 715	6 113	5 303
Other long term equity and liabilities	3 494	14 528	3 202
<b>Liabilities and long-term provisions - total</b>	<b>183 766</b>	<b>282 230</b>	<b>500 958</b>
<b>Short-term liabilities</b>			
Bank credits, loans, bonds	821 999	587 293	380 012
Liabilities under lease of fixed assets	12 672	21 912	28 953
Liabilities related to right-of-use assets - other assets	8 963	8 563	-
Payables on perpetual usufruct of investment land	9	9	9
Trade payables and other liabilities	279 726	293 806	322 695
Derivative financial instruments	1 008	851	210
Current tax liabilities	2 400	-	-
Employee benefit provisions	4 737	4 504	4 480
Other provisions	3 088	3 359	3 263
Other liabilities and equity	17 480	4 480	14 304
<b>Liabilities and short-term provisions - total</b>	<b>1 152 082</b>	<b>924 777</b>	<b>753 926</b>
<b>Total liabilities and provisions</b>	<b>1 335 848</b>	<b>1 207 007</b>	<b>1 254 884</b>
<b>Total equity and liabilities</b>	<b>1 809 075</b>	<b>1 636 337</b>	<b>1 904 569</b>

**CASH FLOW STATEMENT**

	01.01.2020 - 30.09. 2020	01.01.2019 - 30.09. 2019
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>56 608</b>	<b>57 188</b>
<b>Adjustments for (+/-)</b>	<b>(29 291)</b>	<b>3 418</b>
Amortisation and depreciation	32 687	31 869
Profit/loss on financial activity (including interest on financial liabilities)	9 019	7 960
Dividend	(32)	(7 964)
Profit / loss on investment activities	(26 561)	(34 021)
Change in receivables	(4 207)	(38 961)
Change in inventories	(21 064)	4 757
Change in liabilities	(9 479)	45 121
Change in provisions and accruals as well as prepayments	(4 567)	(320)
Other items	(3 474)	(3 611)
Income tax paid	(1 613)	(1 412)
<b>Net cash from operating activities</b>	<b>27 317</b>	<b>60 606</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	2 249	8 622
Proceeds from disposal of shares/dividends	1 155	292
Proceeds from redemption of bonds by issuers	1 050	181 991
Proceeds from repayment of loans granted	6 779	3 021
Other proceeds from investment activities	119	-
Expenses on acquisition of fixed assets	(10 724)	(21 394)
Acquisition of shares and stocks in capital group entities	(3)	(945)
Long term borrowings granted	(116 146)	(6 320)
Expenditure on bonds	-	(55 000)
<b>Net cash from investing activities</b>	<b>(115 521)</b>	<b>110 267</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	77 244	177 877
Loans received	91 274	8 000
Other inflows	11 100	7 180
Share buy-back expense	-	(4 516)
Loans repaid	(46 761)	(217 571)
Repayment of borrowings	(20 045)	(68 772)
Redemption of bonds	(14 828)	(10 000)
Interest paid on loans, borrowings and leasing	(14 084)	(34 228)
Payment of liabilities under finance lease agreements	(13 075)	(15 851)
<b>Net cash from financing activities</b>	<b>70 825</b>	<b>(157 881)</b>
<b>Net change in cash</b>	<b>(17 379)</b>	<b>12 992</b>
Cash opening balance	35 788	29 313
<b>Cash closing balance</b>	<b>18 409</b>	<b>42 305</b>



(amounts expressed in PLN '000 unless specified otherwise)

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
<b>As at 01.01.2020</b>	<b>248 906</b>	<b>112 346</b>	<b>(134 251)</b>	<b>(1 912)</b>	<b>(638)</b>	<b>204 879</b>	<b>429 330</b>
Valuation of hedge instruments				(4 222)			(4 222)
Profit/loss for Q3 '2020						48 260	48 260
<b>Comprehensive income for Q3 '2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 222)</b>	<b>-</b>	<b>48 260</b>	<b>44 038</b>
Share buy-back (merger with a subsidiary)			(12 620)				(12 620)
Merger with a subsidiary						12 479	12 479
<b>As at 30.09.2020</b>	<b>248 906</b>	<b>112 346</b>	<b>(146 871)</b>	<b>(6 134)</b>	<b>(638)</b>	<b>265 618</b>	<b>473 227</b>

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
<b>As at 01.01.2019</b>	<b>248 906</b>	<b>112 346</b>	<b>(129 735)</b>	<b>(2 300)</b>	<b>(162)</b>	<b>378 668</b>	<b>607 723</b>
Valuation of hedge instruments				388			388
Valuation of employee benefits					(476)		(476)
Profit/loss for 2019						(173 789)	(173 789)
<b>Comprehensive income for 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>388</b>	<b>(476)</b>	<b>(173 789)</b>	<b>(173 877)</b>
Share buy-back			(4 516)				(4 516)
<b>As at 31.12.2019</b>	<b>248 906</b>	<b>112 346</b>	<b>(134 251)</b>	<b>(1 912)</b>	<b>(638)</b>	<b>204 879</b>	<b>429 330</b>

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
<b>As at 01.01.2019</b>	<b>248 906</b>	<b>112 346</b>	<b>(129 735)</b>	<b>(2 300)</b>	<b>(162)</b>	<b>378 668</b>	<b>607 723</b>
Valuation of hedge instruments				(1 861)			(1 861)
Profit/loss for Q3 '2019						48 339	48 339
<b>Comprehensive income for 3rd quarter of 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 861)</b>	<b>-</b>	<b>48 339</b>	<b>46 478</b>
Share buy-back			(4 516)				(4 516)
<b>As at 30.09.2019</b>	<b>248 906</b>	<b>112 346</b>	<b>(134 251)</b>	<b>(4 161)</b>	<b>(162)</b>	<b>427 007</b>	<b>649 685</b>



## **ADDITIONAL INFORMATION**

### **MID-YEAR ABBREVIATED FINANCIAL STATEMENTS OF BORYSZEW S.A. FOR THE THIRD QUARTER OF 2020**

#### **1. Statement by the Management Board on compliance of accounting principles**

The Management Board for Boryszew S.A.: Piotr Lisiecki, Mikołaj Budzanowski, Krzysztof Kołodziejczyk represent that to the best of their knowledge the consolidated financial statements for Q3 and comparative data covering separate financial statements of Boryszew S.A. have been compiled in accordance with the binding accounting principles and that the financial statements truly, reliably and clearly reflect the actual and financial condition as well as the financial result of Boryszew S.A.

#### **2. Accounting principles applied**

The information contained in the financial statements for Q3 '2020 has been prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognising as equivalent information required under the laws of a non-member state (Dz. Laws of 2018.757 of 20 April 2018) and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

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

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

	<b>average EUR exchange rate in the period</b>	<b>EURO exchange rate as at the last day of period</b>
01.01- 30.09.2019	4.3736	4.3086
01.01- 31.12.2019	4.3018	4.2585
01.01- 30.09.2020	4.4420	4.5268

## **CHANGES IN ACCOUNTING PRINCIPLES**

### **Changes resulting from changes in IFRS**

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

#### **▪ Amendment to IFRS 3 Business Combinations**

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

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

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

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

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

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

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



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

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

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

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

On 14 May 2020 Boryszew S.A. based in Warsaw ("Acquiring Company") and SPV Boryszew 3 Spółka z o.o. based in Warsaw ("Acquired Company") agreed and signed the Merger Plan of both companies. According to the plan, the merger will be effected under Art. 492 § 1 item 1 of the Commercial Companies Code (hereinafter referred to as CCC) - transfer of all assets of the Acquired Company to the Acquiring Company, by universal succession.

On 15 June 2020 the Extraordinary General Meeting of Boryszew S.A. agreed to merge Boryszew S.A. based in Warsaw (the Acquiring Company) and SPV Boryszew 3 Spółka z o.o. based in Warsaw (the Acquired Company). On 25 June 2020 the registry court of the National Court Register issued a decision on the registration of the merger of both Companies.

The merger was carried out under the provisions of article Art. 492 § 1 item 1) of the Commercial Companies Code, i.e. by transferring to Boryszew S.A. (the acquiring company) all the assets of SPV Boryszew 3 Spółka z o.o. (the acquired company) by universal succession (merger by acquisition). As a result of the merger Boryszew S.A. - according to CCP Art. 494 § 1 - entered into all rights and obligations of SPV Boryszew 3. Given that all shares in the share capital of the Acquired Company are held by the Acquiring Company, under CCC Article 515 § 1, the merger was carried out without increasing the share capital of the Issuer. The objective of the merger is to simplify the organisational structure of Boryszew Capital Group. In the Management Board's assessment, further simplification of the structure would improve efficiency of management of Boryszew Group's policy and activities and of the management of resources at the Group's possession. Carrying out internal consolidation of Boryszew Capital Group will result in improved profitability, reduced costs of general management as well as financial costs. The merger was accounted for according to the share pooling method; the share pooling method could be applied because the merger of companies resulted in no loss of control by their existing shareholders. This method involves summing the corresponding items of assets, liabilities, income and expenses of the merged companies as at the merger date subject to prior unification of measurement methods and appropriate exclusions. The value of the share capital of the acquired company, whose assets were transferred to the acquiring company and which was deleted from the register as a result of the merger, is excluded. Following that exclusion, the relevant equity items of the acquiring company are adjusted for the difference between the sum of assets and liabilities of the company being acquired.

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

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

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



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

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

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

- entered into the rights and obligations of SPV Boryszew 3 Spółka z o.o. under bonds issued by SPV Boryszew 3 Spółka z o.o., subscribed for by Hutmen S.A. in total amount of PLN 31 000 000, with redemption date on 30 June 2021.
- assumed 2 165 000 shares of Boryszew S.A. accounting for 0.902% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 21 448 831 own shares accounting for approximately 8.94 % of the share capital and total number of votes at the General Meeting of Boryszew S.A.
- assumed 7 279 032 shares of Impexmetal S.A. accounting for 3.83% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 65.79 % of the share capital and total number of votes at the General Meeting of Impexmetal S.A.
- assumed 6 154 383 shares of Hutmen S.A. accounting for 24.04% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 8 822 915 shares of Hutmen S.A. own shares accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.

### 3. OFF-BALANCE-SHEET LIABILITIES

#### Contingent liabilities:

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

#### Total

As at 30.09.2020	As at 31.12.2019
791 287	925 532
<b>791 287</b>	<b>925 532</b>

#### GUARANTEES AND SURETIES ISSUED BY BORYSZEW S.A. AS AT 30.09.2020

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee	Expiry date of guarantee
			EUR PLN	
Impexmetal S.A.	2019-05-16	Guarantee for HSBC France Branch in Poland	270 000	2021-09-16
Boryszew Kunststofftechnik Deutschland GmbH	31.01.2013	Guarantee granted to Commerzbank	22 634	indefinite validity
	23.07.2013	Guarantee granted to GE Capital Bank AG	4 492	30.08.2021
	24.07.2017	Guarantee granted to ALD AutoLeasing D GmbH	905	30.06.2022
	07.08.2017	Guarantee granted to Deutsche Leasing International GmbH	6 338	indefinite validity
	08.06.2018	Guarantee granted to Deutsche Leasing International GmbH	2 716	08.06.2023
	2019-01-29	Guarantee granted to DNB Bank Polska S.A.	52 047	2021-03-29
	2019-03-06	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	26 119	2022-03-31
	2019-06-13	Guarantee granted to Deutsche Leasing International GmbH	13 426	2024-08-31


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(amounts expressed in PLN '000 unless specified otherwise)

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee	Expiry date of guarantee
			EUR PLN	
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	27.05.2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	1 402	30.11.2020
	15.03.2016	Guarantee granted to Wurth Leasing GmbH	1 607	15.03.2022
Theysohn Formenbau GmbH	06.09.2017	Guarantee granted to akf Leasing GmbH	10 590	2023-08-31
Theysohn Kunststoff GmbH	2018-09-28	Guarantee granted to PKO Leasing Sp. z o.o.	15 512	2021-12-31
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	57 558	31.12.2026
Boryszew Plastic RUS	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO	773	indefinite validity
	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO	387	indefinite validity
	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	22 634	indefinite validity
	2019-02-25	Guarantee granted to Alfa Bank	9 900	2024-12-31
	2019-07-15	Payment guarantee granted to Engel Austria	13 793	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	13.06.2016	Guarantee granted to HSBC Bank Polska S.A.	10 000	2021-09-11
	14.03.2017	Guarantee granted to SPV Impexmetal Sp. z o.o. for payment of financial liabilities	41 000	indefinite validity
	24.10.2017	Aval of lease agreement for mLeasing	813	15.04.2021
	24.10.2017	Aval of lease agreement for mLeasing	6 790	15.11.2020
	2018-10-22	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357	2025-09-30
	2019-01-29	Guarantee granted to DNB Bank Polska S.A.	10 864	2021-03-29
	2019-03-04	Aval of lease agreements for mLeasing	9 354	2024-04-15
	2019-10-10	Guarantee granted to PKO Leasing Sp. z o.o.	16 973	2022-10-10
Maflow BRS s.r.l.	26.04.2016	Guarantee granted to Banka IFIS	3 395	open-ended
	2019-05-23	Guarantee granted to HSBC France, Milan Branch	20 597	2023-05-23
Maflow France Automotive S.A.S.	07.07.2016	Guarantee granted to Natixis Lease	1 707	2021-07-07
Mafmex S. de R.L. de C.V.	2019-07-15	Guarantee granted to Volkswagen Group of America	5 799	2021-01-15
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH		Guarantee granted to Borealis AG for commercial liabilities	2 263	2020-12-31
	2020-07-06	Guarantee granted to BSB Recycling GmbH	6 790	2023-07-06
1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH, 4) Boryszew Plastic RUS LLC, 5) AKT Plastikarska Technologie Czechy Spol. S.R.O.	2020-07-06	Guarantee granted to Basell Sales & Marketing Company B.V.	9 054	2021-12-31
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee granted to Volkswagen AG	47 984	open-ended
Alchemia S.A.	2019-10-01	Guarantee granted to Arcelormittal Poland S.A.	22 634	2020-12-31
Boryszew HR Service Sp. z o.o.	30.08.2016	Endorsement of a loan agreement for mBank	800	2021-01-15
WM Dzierżycie S.A.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	5 750	2021-01-31
Boryszew Tensho Poland Sp. z o.o.	2020-03-30	Guarantee granted to ENEA Obrót S.A.	1 200	2021-01-31
Elana Energetyka	2020-03-30	Guarantee granted to ENEA Obrót S.A.	7 850	2021-01-31

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Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee	Expiry date of guarantee
			EUR PLN	
ZM Silesia S.A.	2018-09-26	Surety granted to PKO BP S.A.	6 480	2024-02-28
	2019-12-20	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	20 000	open-ended
<b>Total guarantees and sureties granted by Boryszew S.A.</b>			<b>791 287</b>	

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

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

#### 5. Information on the issue, redemption and repayment of bonds

##### DEBT SECURITIES

In the third quarter of 2020 and until the date of publication of the report, the Company issued no equity securities.

##### ISSUES OF BONDS

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

##### REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.

On 30 September 2020 Boryszew S.A. redeemed:

- 1) 8 registered bonds, A26 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, subscribed for by Polski Cynk Spółka z o.o. on 18 October 2018,
- 2) 3 registered bonds, C1 series, with a nominal value of EUR 500 000.00 each and a total nominal value of EUR 1 500 000.00, subscribed for by Polski Cynk Spółka z o.o. on 1 October 2018.

##### *Redemption of bonds after the balance sheet date*

##### REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.

On 18 November 2020 Boryszew S.A. acquired for redemption before maturity the following bonds subscribed for by SPV Impexmetal Spółka z o.o. based in Warsaw:

- 1) 2 registered bonds, A25 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 issued on 16 October 2018,
  - 2) 4 registered bonds, A31 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 4 000 000.00, issued on 5 December 2018,
  - 3) 8 registered bonds, A19 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, issued on 18 June 2018
  - 4) 8 registered bonds, A33 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, issued on 31 December 2018
  - 5) 12 registered bonds, A16 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 12 000 000.00, issued on 11 January 2018,
  - 6) 16 registered bonds, A17 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 16 000 000.00, issued on 14 February 2018,
- for the total amount of PLN 50 000 000.00 including interest.

On 20 November 2020 Boryszew S.A. acquired for redemption before maturity the following bonds subscribed for by Hutmen S.A. based in Wrocław:

- 1) 2 registered bonds, A29 series, with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 issued on 31 June 2018, maturity date 30 June 2021,
  - 2) 6 registered bonds, N Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 6 000 000.00, issued on 2 July 2018, maturity date 30 June 2021,
- for the total amount of PLN 8 000 000.00 (eight million PLN) including interest.



On 27 November 2020 Boryszew S.A. acquired for redemption before maturity the following bonds subscribed for by Hutmen S.A. based in Wrocław:

- 1) 7 registered bonds, A23 Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 7 000 000.00, issued on 1 October 2018, maturity date 30 June 2021,
  - 2) 5 registered bonds, R Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 5 000 000.00 issued on 31 December 2018, maturing on maturity date 30 June 2021,
- for the total amount of PLN 12 000 000.00 (twelve million PLN) including interest.

## 6. Operating segments

<b>01.01.2020 -30.09. 2020</b>	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	140 918	351 068	247 816	83 679	823 481	(12 785)	810 696
Segment costs of sales	107 242	303 083	230 079	74 288	714 692	(8 591)	706 101
<b>Result on sales within segment</b>	<b>33 676</b>	<b>47 985</b>	<b>17 737</b>	<b>9 391</b>	<b>108 789</b>	<b>(4 194)</b>	<b>104 595</b>
General, administrative and sales expenses	21 985	34 776	12 772	9 170	78 703	(4 599)	74 104
Other operating profit/loss	1 865	11 223	6 923	5 004	25 015	(447)	24 568
<b>Segment profit/loss</b>	<b>13 556</b>	<b>24 432</b>	<b>11 888</b>	<b>5 225</b>	<b>55 101</b>	<b>(42)</b>	<b>55 059</b>
Amortisation and depreciation	3 841	22 876	4 740	1 230	32 687	-	32 687
EBITDA	17 397	47 308	16 628	6 455	87 788	(42)	87 746

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

### Sales revenues by geographical areas

#### Continuing operations

	<b>01.01.2020 - 30.09. 2020</b>	<b>01.01.2019 - 30.09. 2019</b>
Domestic sales	308 550	394 666
Sales to EU countries	438 273	561 267
Sales to other European countries	15 600	24 421
Export outside Europe	48 273	60 802
<b>Total (revenues from continuing operations)</b>	<b>810 696</b>	<b>1 041 156</b>

#### Share of EU member states in intra-Community sales:

	<b>01.01.2020 - 30.09. 2020</b>	<b>01.01.2019 - 30.09. 2019</b>
Germany	25%	21%
Sweden	14%	13%
The Czech Republic	10%	7%
Great Britain	8%	15%
Slovakia	7%	5%



Spain	7%	8%
The Netherlands	5%	5%
Italy	5%	4%
France	5%	8%
Austria	4%	5%

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

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

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

The Metal segment is barely exposed to any seasonality.

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

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

**8. Financial instruments, fair value, estimated data****Financial assets as at 30.09.2020**

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bonds	18 139	-	-	18 139
Trade receivables	200 940	1 990	-	202 930
Derivative financial instruments	-	-	-	-
Loans granted	412 099	-	-	412 099
Other debtors	-	41 674	-	41 674
Cash and cash equivalents	18 409	-	-	18 409
<b>Total</b>	<b>649 587</b>	<b>43 664</b>	<b>-</b>	<b>693 251</b>



**Financial liabilities as at 30.09.2020**

	Financial liabilities measured at amortised cost	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	751 310	-	751 310
Liabilities on bonds	159 000	-	159 000
Derivative financial instruments	-	1 008	1 008
Lease liabilities	47 219	-	47 219
Liabilities to SMA and PdUA	54 955	-	54 955
Trade and other liabilities	247 168	-	247 168
<b>Total</b>	<b>1 259 652</b>	<b>1 008</b>	<b>1 260 660</b>

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

	Fair value as at		Hierarchy
	As at 30.09.2020	As at 31.12.2019	of fair value
<b>Financial assets</b>			
Listed shares	-	-	Level 1
Derivative financial instruments	-	8	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	1 008	851	Level 2

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

	Fair value as at		Hierarchy
	As at 30.09.2020	As at 31.12.2019	of fair value
<b>Financial assets</b>			
Shares held for trading	-	-	Level 3
Bonds	18 139	19 266	Level 3
Borrowings	412 099	277 405	Level 3
Trade and other receivables	244 604	274 336	Level 3
Investment property	16 684	16 525	Level 3
Cash and cash equivalents	18 409	35 788	Level 1
<b>Financial obligations</b>			
Borrowings and loans	751 310	628 522	Level 2
Liabilities on bonds	159 000	142 388	Level 2
Trade and other liabilities	247 168	268 833	Level 3
Lease liabilities	47 219	45 428	Level 2
Liabilities to SMA and PdUA	53 014	58 387	Level 2
Liabilities to SMA - investment property	1 941	1 951	Level 2

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	01.01.2020 - 30.09. 2020
<b>Impact of write-offs on assets and provisions on profit/loss</b>	
Creation of value impairment write-offs for accounts receivable	(4 481)
Reversal of write-downs on accounts receivable (-)	1 697
Revaluation write-offs of loan receivables	-
Reversal of revaluation write-offs on loans granted	-
Creation of value impairment write-offs for inventories	(1 139)
Value impairment write-offs for inventories	2 397
Tangible fixed assets impairment write-offs	-
Reversal of fixed assets revaluation allowances	7
Valuation of shares to fair value	-
Creation of provisions	(1 333)
Reversal of unnecessary provisions	1 872
Deferred tax	(4 378)
<b>Total impact on profit/loss</b>	<b>(5 358)</b>

## 9. Transactions with related parties

	Subsidiaries	Personally related entities
<b>Transactions in the period 01.01.2020 to 30.09.2020</b>		
Revenues from sales (of products, services, goods)	118 395	1 653
Interest income	11 152	108
Dividends received and due	32	-
Purchases (of materials, goods, services)	46 081	13 643
Interest expense	5 575	104
<b>Receivables and payables as at 30.09.2020</b>		
Trade receivables	71 300	6 066
Loans granted	409 836	2 263
Bonds purchased	15 355	2 790
Other receivables (advances, deposits)	36 289	-
Trade liabilities	40 429	24
Loans received	190 879	-
Issued bonds	159 000	-
Other liabilities (advances, deposits)	12 167	361



## **10. Additional information**

### **INFORMATION ON 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 two banks, the debt-service coverage ratio (DSCR) as per the agreement with one bank (the same bank in case of which the Net Financial Debt to EBITDA ratio was not achieved) and the margin to EBITDA as per the agreements with another bank, which led a violation of the terms and conditions of loan agreements concluded with these financial institutions.

The reason behind the failure to achieve the agreed level of financial ratios was a write-off recognised in order to cover a potential additional risk associated with the ongoing tax proceedings against Boryszew Capital Group companies, which were disclosed by the Issuer in current report No. 39/2020 of 26 November 2020; the failure to achieve the financial ratio was also due to the fact that provisions, being an extraordinary event without a cash impact on the standardised EBITDA, were not excluded from the calculation of EBITDA in the definitions binding in the loan agreements.

If the write-off due to a potential additional risk associated with the ongoing tax proceedings had not been recognised in EBITDA, the financial ratios would have remained at the allowable level.

Following the breach, the Company requested 3 banks to repeal the breach and change the definition of EBITDA. With regard to other loan agreements, the Company obtained consent by the banks to refrain from testing the levels of net debt to EBITDA, gross debt to EBITDA, DSCR and current liquidity ratios for the period ending on 30 September 2020 and to repeal violations under loan agreements for previous quarterly periods of the current year, which was disclosed by the Issuer informed in current report No. 36/2020 of 3 November 2020

Due to the situation described above, long-term loans, as at 30 September 2020, in which the terms of the agreement were violated, in the amount of PLN 52 454 thousand, were presented as short-term.

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

On 11 March 2020 the World Health Organisation assessed that the Covid-19 epidemic can be considered a pandemic. As a result of the spread of the virus, many sectors of the economy have been forced to reduce or stop their operations, resulting in reduced demand, disruption of supply chains, increased unemployment as well as a number of economic and social problems. Until the date of drafting this report Boryszew S.A. recorded some negative impact of the epidemic on the results. Branches monitor the situation at home and abroad on an ongoing basis. Due to dynamically changing circumstances, government regulations and legal situation, at the moment of drafting the financial statements it is not possible to accurately estimate the impact of the pandemic on the operational and financial situation in upcoming reporting periods. Boryszew S.A. Headquarters as well as the branches verify macroeconomic information on an ongoing basis as well as information obtained by the control and analysis departments during their operations, to forecast, on this basis, the impact of the pandemic on Company's results. In the reporting period temporary suspension of production took place in Boryszew S.A. Maflow Branch. The company used some of the elements of the anti-crisis shield (such as co-financing of salaries). Due to diversified business profile of Boryszew S.A. and different level of risk, the impact of COVID-19 is presented by segments.

### **AUTOMOTIVE SEGMENT**

Unfavourable business conditions caused by the pandemic and the resulting restrictions will remain, in the near future, one of the factors significantly modelling the business of Boryszew S.A. Maflow Branch. The yoy drop in sales in the first 9 months of 2020 was approximately 15%, while in the third quarter sales were higher than in the corresponding period of 2019. Along with the change of trends, demand and geography of car sales, Maflow branch will carry out an organised monitoring of business activities of its customers and competitors, a review of the global automotive market and local markets, and will also assess its own potential, supporting business decisions in the new reality.



## **METAL SEGMENT**

Sales of Boryszew S.A., NPA Skawina Branch were not significantly, adversely affected by covid19; sale revenues exceed the level for the same period of last year. As of the date of drafting the report of Boryszew S.A. NPA Skawina Branch expects higher sales in Q4 '2020 than in the same period of the previous year.

## **CHEMICAL PRODUCTS SEGMENT**

In the first three quarters of 2020 the Segment recorded 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 approximately 20% in the first nine months of 2020. In 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.

## **OTHER COMPANIES NOT ALLOCATED TO SEGMENTS**

Boryszew S.A., Boryszew Energy Branch, due to the structure of contracts with related companies as well as with third party customers (acquisition price plus margin formula), forecasts a neutral impact of Covid-19 on EBITDA. In the first 9 months of 2020 no significant negative impact of the pandemic on sales was observed, compared to the budget assumptions. EBITDA may be lowered in case of significant deviations from the assumed natural gas consumption volumes at Boryszew Energy Branch Customers. So far Contractors have notified no planned significant contract drops.

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

## **SIGNATURES:**

Piotr Lisiecki - President of the Management Board

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Krzysztof Kołodziejczyk - Member of the Management Board

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Mikołaj Budzanowski – Member of the Management Board

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