



In connection with its operations, the CIECH Group is exposed to a number of risks, including financial risks. The most important risk factors are presented in details in Section 3.4 of the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2019, published on 31 March 2020.

There were no significant changes in relation to the Group's risk management policy.

During the first quarter of 2020, a significant new risk related to the ongoing global coronavirus pandemic COVID -19 emerged. The first information on the impact of the pandemic has already been presented in the Consolidated Financial Statements of the CIECH Group for 2019, published on 31 March 2020.

Information on the current situation in connection with the impact of the COVID-19 coronavirus pandemic on the CIECH Group's activities is provided below

The outbreak of the COVID-19 coronavirus pandemic during the first quarter of 2020 and the resulting decisions and recommendations of the state authorities affected the operations of the CIECH Group, but did not disrupt its core operating activities. Since the announcement of the state of epidemic by the government, the Group has implemented and followed all officially announced decisions and recommendations. In addition, the Group has launched its own crisis procedures and safety instructions resulting from the risk analysis conducted within the Group on an ongoing basis. The impact of the COVID-19 pandemic on the CIECH Group's situation is monitored on an ongoing basis. When making decisions related to counteracting the effects of the pandemic, the Management Board is guided by concern for the health of employees and care for the long-term value of the Group.

During the period in which the most severe restrictions announced by the government were in force, the CIECH Group conducted its operations on an ongoing basis and did not record any interruptions in production. There were also no cases of supply chain disruptions due to interruptions in transport, availability of raw materials or for other reasons.

As a result of the global freezing of the economy and the recorded global economic slowdown, some segments and areas of the CIECH Group's operations were affected by the pandemic, which required a decision to temporarily reduce production.

This was particularly the case for the organic segment - foam production, due to the suspension of production by most furniture manufacturers, and for the silicates and glass segment, caused by the freezing of the automotive sector. With the development of the COVID-19 coronavirus pandemic, the CIECH Group also began to feel the negative effects of the impact of the pandemic and the resulting economic slowdown on a key business segment, i.e. the soda segment, in the form of not placing a part of the planned volume of soda and salt on the market.

However, it should be noted that the situation should improve and return to a new normality as the decisions to unfreeze individual economies and industries (in particular the automotive and construction sectors) evolve. At the time of publication of this report, the first signs of recovery and a gradual return to a new normality were already observed in, among others, the furniture industry and the restarted automotive industry.

The CIECH Group stays in touch with its key customers, while at the same time being ready to meet the customers' needs for raw materials, as they restore their production capacity.

The current situation shows that the pandemic has affected the global economy, including the level of demand and industrial production, which may have a detrimental effect on the Group's performance in 2020. A comprehensive and accurate assessment of this impact, especially of the scale and duration of the effects, is currently difficult to estimate as it will depend mainly on the further development of the pandemic and future economic policies of individual countries.

The CIECH Group has already made preparations for various scenarios, including a scenario of a serious global economic slowdown.