

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report QSr I / 2020

(prepared in accordance with §60 section 2 and §62 section 1 of the Minister of Finance Regulation of 29 March 2018 - Dz.U.2018.757*)

(for issuers of securities whose business activity embraces manufacture, construction, trade and services)

for the I quarter of 2020 covering the period from 1 January 2020 to 31 March 2020, comprising condensed consolidated interim financial statements drawn in accordance with International Financial Reporting Standards with amounts quoted in PLN and condensed interim separate financial statements of the parent entity drawn in accordance with International Financial Reporting Standards with amounts quoted in PLN.

submission date: 22 May 2020

STALEXPORT AUTOSTRADY SPÓŁKA AKCYJNA (issuer's full name)		
STALEXPORT AUTOSTRADY S.A. (issuer's abbr. name)	Other services (sector according to GPW SE)	
41-404 (postal code)	Mysłowice (city)	
Piaskowa (street)	20 (number)	
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Explanation

This document constitutes a translation of the consolidated quarterly report, which was originally issued and submitted in Polish. The document comprises the English translation of terminology used in the Polish original. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.

* The Official Journal of law 2018.757;

**Financial data concerning the condensed consolidated interim financial statements
for the three-month period ended 31 March 2020**

	in TPLN		in TEUR	
	<i>1 quarter 2020</i>	<i>1 quarter 2019</i>	<i>1 quarter 2020</i>	<i>1 quarter 2019</i>
Revenue	73 210	79 310	16 653	18 454
Operating profit	40 650	13 787	9 246	3 208
Profit before income tax	40 505	12 681	9 213	2 951
Profit for the period	31 990	5 031	7 277	1 171
Profit for the period attributable to owners of the Parent Entity	30 367	3 682	6 907	857
Weighted average number of ordinary shares at the end of the period (in thousands of shares)	247 262	247 262	247 262	247 262
Earnings attrib. to owners of the Parent Entity per 1 ordinary share (in PLN/ EUR)	0.12	0.01	0.03	0.00
Diluted earnings attrib. to owners of the Parent Entity per 1 ordinary share (in PLN/ EUR)	0.12	0.01	0.03	0.00
Net cash from operating activities	14 041	78 972	3 194	18 375
Net cash used in investing activities	(82 210)	(3 984)	(18 700)	(927)
Net cash used in financing activities	(125)	(24 523)	(28)	(5 706)
Total net cash flows	(68 294)	50 465	(15 534)	11 742
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Total assets	1 315 053	1 322 052	288 877	310 450
Total non-current assets	989 547	918 245	217 373	215 626
Total current assets	325 506	403 807	71 504	94 824
Total liabilities	495 999	526 288	108 956	123 585
Total non-current liabilities	352 857	344 696	77 512	80 943
Total current liabilities	143 142	181 592	31 444	42 642
Total equity	819 054	795 764	179 921	186 865
Total equity attributable to owners of the Parent Entity	816 729	786 335	179 410	184 651
Non-controlling interest	2 325	9 429	511	2 214
Share capital	185 447	185 447	40 737	43 547

**Financial data concerning the condensed separate interim financial statements of the Parent Entity
for the three-month period ended 31 March 2020**

	in TPLN		in TEUR	
	<i>1 quarter 2020</i>	<i>1 quarter 2019</i>	<i>1 quarter 2020</i>	<i>1 quarter 2019</i>
Revenue	911	895	207	208
Operating loss	(1 580)	(1 366)	(359)	(318)
Profit/(Loss) before income tax	140 954	(265)	32 062	(62)
Profit/(Loss) for the period	140 811	(308)	32 029	(72)
Weighted average number of ordinary shares at the end of the period (in thousands of shares)	247 262	247 262	247 262	247 262
Basic earnings per share (in PLN/ EUR)	0.57	(0.00)	0.13	(0.00)
Diluted earnings per share (in PLN/ EUR)	0.57	(0.00)	0.13	(0.00)
Net cash used in operating activities	(780)	(415)	(177)	(97)
Net cash from investing activities	884	11 506	201	2 677
Net cash used in financing activities	(125)	(125)	(28)	(29)
Total net cash flows	(21)	10 966	(5)	2 552
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Total assets	416 928	275 619	91 586	64 722
Non-current assets	77 856	78 362	17 103	18 401
Current assets	339 072	197 257	74 484	46 321
Total liabilities	6 352	5 854	1 395	1 375
Non-current liabilities	4 386	4 231	963	994
Current liabilities	1 966	1 623	432	381
Total equity	410 576	269 765	90 191	63 347
Share capital	185 447	185 447	40 737	43 547

Selected financial data has been translated to Euro according to following rules:

- (i) items of the statement of comprehensive income and the statement of cash flows for the 3 months ended 31 March 2020 and 31 March 2019 according to exchange rate, calculated as an average of average NBP exchange rates at the last day of every month comprising the accounting period, i.e. 4.3963 PLN/EUR and 4.2978 PLN/EUR respectively;
- (ii) items of the statement of financial position according to average NBP exchange rate at the reporting date, i.e. 4.5523 PLN/EUR at 31 March 2020 and 4.2585 PLN/EUR at 31 December 2019.



STALEXPORT
Autostrady

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
OF THE CAPITAL GROUP**

for the three-month period ended
31 March 2020

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Contents

Condensed consolidated interim statement of comprehensive income.....	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of cash flows.....	5
Condensed consolidated interim statement of changes in equity.....	6
Notes to the condensed consolidated interim financial statements	
1. Group overview	9
2. Basis for preparation of condensed consolidated interim financial statements.....	10
3. Going concern	11
4. Information concerning the Concession Agreement	11
5. Description of significant accounting principles	12
6. Segment reporting	13
7. Periodicity and seasonality of the business	14
8. Revenue	15
9. Expenses by nature	15
10. Other income	16
11. Other expenses	16
12. Net finance expense	17
13. Property, plant and equipment.....	18
14. Intangible assets	19
15. Investment property	20
16. Deferred tax	21
17. Allowances for expected credit losses	22
18. Financial instruments.....	23
19. Equity	26
20. Provisions.....	27
21. Contingent liabilities	28
22. Related party transactions.....	28
23. Financial results of the Capital Group and its Parent Entity for the I quarter 2020	30
24. Other important events within the Stalexport Autostrady S.A. Capital Group during the period from 1 January to 31 March 2020.....	32
25. Shareholders holding directly or indirectly via their subsidiaries at least 5% of total number of votes at the Annual General Meeting of the Parent Entity at quarterly report's date.....	32
26. Parent Entity's shares held by managing and supervising personnel at quarterly report's date	33
27. Subsequent events.....	33

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of comprehensive income
for the three-month period ended

<i>In thousands of PLN, unless stated otherwise</i>	<i>Note</i>	31 March 2020 <i>(unaudited)</i>	31 March 2019 <i>(unaudited)</i>
Revenue	6, 8	73 210	79 310
Cost of sales	6, 9	(24 038)	(23 287)
Gross profit		49 172	56 023
Other income	10	4 441	1 077
Administrative expenses	6, 9	(12 883)	(43 064)
Other expenses	11	(81)	(249)
Reversal of impairments losses on trade and other receivables	17	1	-
Operating profit		40 650	13 787
Finance income		2 426	3 009
Finance expenses		(2 571)	(4 180)
Net finance expense	12	(145)	(1 171)
Share of profit of equity accounted investees (net of income tax)		-	65
Profit before income tax		40 505	12 681
Income tax expense		(8 515)	(7 650)
Profit for the period		31 990	5 031
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss for the period</i>			
Change in fair value of equity instruments	18	-	(155)
Income tax on other comprehensive income		-	30
		-	(125)
<i>Items that are or may be reclassified subsequently to profit or loss for the period</i>			
Foreign currency translation differences for foreign operations		27	97
Effective portion of changes in fair value of cash flow hedges		-	(48)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period		-	628
Income tax on other comprehensive income		-	(110)
		27	567
Other comprehensive income for the period, net of income tax		27	442
Total comprehensive income for the period		32 017	5 473
Profit attributable to:			
owners of the Company		30 367	3 682
non-controlling interest		1 623	1 349
Profit for the period		31 990	5 031
Total comprehensive income attributable to:			
owners of the Company		30 394	4 124
non-controlling interest		1 623	1 349
Total comprehensive income for the period		32 017	5 473
Earnings per share			
Basic earnings per share (PLN)		0.12	0.01
Diluted earnings per share (PLN)		0.12	0.01

The condensed consolidated interim statement of comprehensive income should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of financial position
as at

<i>In thousands of PLN</i>	<i>Note</i>	31 March 2020 <i>(unaudited)</i>	31 December 2019	31 March 2019 <i>(unaudited)</i>
ASSETS				
Non-current assets				
Property, plant and equipment	13	31 513	31 813	32 391
Intangible assets	14	441 725	438 177	444 727
Investment property	15	6 316	6 455	6 873
Investments in associates		973	973	1 135
Other non-current investments		483 944	417 794	418 168
Deferred tax assets	16	25 076	23 033	29 780
Total non-current assets		989 547	918 245	933 074
Current assets				
Inventories		3 038	3 064	2 601
Current investments		1 146	1 574	1 668
Income tax receivables		-	-	15 717
Trade and other receivables		16 748	26 301	20 778
Cash and cash equivalents		304 574	372 868	384 206
Total current assets		325 506	403 807	424 970
Total assets		1 315 053	1 322 052	1 358 044
EQUITY AND LIABILITIES				
Equity				
Share capital	19.1	185 447	185 447	185 447
Share premium reserve		7 431	7 430	7 430
Fair value reserve		(67)	291	282
Hedging reserve		-	-	(1 939)
Other reserve capitals and supplementary capital		511 718	511 248	434 091
Foreign currency translation reserve		-	143	131
Retained earnings and uncovered losses		112 200	81 776	178 750
Total equity attributable to owners of the Company		816 729	786 335	804 192
Non-controlling interest		2 325	9 429	5 951
Total equity		819 054	795 764	810 143
Liabilities				
Non-current liabilities				
Loans and borrowings		-	-	9 851
Lease liabilities		3 019	3 112	3 029
Employee benefits		4 727	4 452	3 191
Deferred income		4 983	5 191	5 815
Other non-current liabilities		18 356	17 567	18 781
Non-current provisions	20	321 772	314 374	299 181
Total non-current liabilities		352 857	344 696	339 848
Current liabilities				
Loans and borrowings		-	-	45 431
Lease liabilities		121	125	121
Derivative financial instruments		-	-	2 522
Income tax liabilities		28 267	20 555	149
Trade and other payables		35 429	90 307	59 157
Employee benefits		553	857	4 055
Deferred income		2 006	832	1 972
Contract liabilities		7 515	6 570	7 244
Current provisions	20	69 251	62 346	87 402
Total current liabilities		143 142	181 592	208 053
Total liabilities		495 999	526 288	547 901
Total equity and liabilities		1 315 053	1 322 052	1 358 044

The condensed consolidated interim statement of financial position should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of cash flows
for the three-month period ended

<i>In thousands of PLN</i>	31 March 2020 <i>(unaudited)</i>	31 March 2019 <i>(unaudited)</i>
Cash flows from operating activities		
Profit before income tax	40 505	12 681
Adjustments for		
Depreciation and amortisation	15 817	14 035
Foreign currency translation differences for foreign operations	27	97
(Gain)/Loss on disposal of intangible assets and property, plant and equipment	18	(47)
Interest and dividends	(2 542)	(1 169)
Share of profit of equity accounted investees	-	(65)
Change in receivables	9 553	16 582
Change in inventories	26	123
Change in trade and other payables	(52 546)	35 514
Change in provisions	4 118	4 938
Change in deferred income	966	933
Change in contract liabilities	945	1 142
Cash generated from operating activities	16 887	84 764
Income tax paid	(2 846)	(5 792)
Net cash from operating activities	14 041	78 972
Cash flows from investing activities		
Investment proceeds	2 818	4 289
Sale of intangible assets and property, plant and equipment	8	28
Interest received	2 810	4 261
Investment expenditures	(85 028)	(8 273)
Acquisition of intangible assets and property, plant and equipment	(18 639)	(7 998)
Non-current deposits held for investment expenditures	(66 389)	(275)
Net cash used in investing activities	(82 210)	(3 984)
Cash flows from financing activities		
Financial expenditures	(125)	(24 523)
Repayment of loans and borrowings	-	(21 702)
Interest paid	-	(2 696)
Payment of lease liabilities	(125)	(125)
Net cash used in financing activities	(125)	(24 523)
Total net cash flows	(68 294)	50 465
Change in cash and cash equivalents	(68 294)	50 465
Cash and cash equivalents at the beginning of the period	372 868	333 741
Cash and cash equivalents at the end of the period	304 574	384 206

The condensed consolidated interim statement of cash flows should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of changes in equity

In thousands of PLN

<i>(unaudited)</i>	<i>Note</i>	Share capital	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2020		185 447	7 430	291	-	511 248	143	81 776	786 335	9 429	795 764
Profit for the period		-	-	-	-	-	-	30 367	30 367	1 623	31 990
Other comprehensive income:		-	-	-	-	15	(19)	31	27	-	27
Foreign currency translation differences for foreign operations		-	-	-	-	15	(19)	31	27	-	27
Total comprehensive income for the period		-	-	-	-	15	(19)	30 398	30 394	1 623	32 017
Liquidation/Redemption of equity instruments measured at fair value through other comprehensive income		-	-	(358)	-	-	-	358	-	-	-
Dividends paid	19.3	-	-	-	-	-	-	-	-	(8 727)	(8 727)
Allocation of profit to supplementary capital		-	-	-	-	455	-	(455)	-	-	-
Changes in Capital Group's structure	1	-	-	-	-	-	(124)	124	-	-	-
Other		-	1	-	-	-	-	(1)	-	-	-
As at 31 March 2020		185 447	7 431	(67)	-	511 718	-	112 200	816 729	2 325	819 054

The condensed consolidated interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of changes in equity (continued)

In thousands of PLN

	Note	Share capital	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2019		185 447	7 430	407	(2 409)	429 324	132	179 738	800 069	4 602	804 671
Profit for the period		-	-	-	-	-	-	75 526	75 526	4 870	80 396
Other comprehensive income:		-	-	(116)	2 409	(8)	11	(69)	2 227	(43)	2 184
Effective portion of changes in fair value of cash flow hedges		-	-	-	(46)	-	-	-	(46)	-	(46)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period		-	-	-	3 020	-	-	-	3 020	-	3 020
Remeasurement of employee benefits		-	-	-	-	-	-	(183)	(183)	(53)	(236)
Change in fair value of equity instruments		-	-	(219)	-	-	-	-	(219)	-	(219)
Foreign currency translation differences for foreign operations		-	-	-	-	(8)	11	79	82	-	82
Income tax on other comprehensive income		-	-	103	(565)	-	-	35	(427)	10	(417)
Total comprehensive income for the period		-	-	(116)	2 409	(8)	11	75 457	77 753	4 827	82 580
Dividends paid	19.3	-	-	-	-	(91 487)	-	-	(91 487)	-	(91 487)
Allocation of profit to supplementary capital		-	-	-	-	173 419	-	(173 419)	-	-	-
As at 31 December 2019		185 447	7 430	291	-	511 248	143	81 776	786 335	9 429	795 764

The condensed consolidated interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Condensed consolidated interim statement of changes in equity (continued)

In thousands of PLN

<i>(unaudited)</i>	<i>Note</i>	Share capital	Share premium reserve	Fair value reserve	Hedging reserve	Other reserve capitals and supplementary capital	Foreign currency translation reserve	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2019		185 447	7 430	407	(2 409)	429 324	132	179 738	800 069	4 602	804 671
Profit for the period		-	-	-	-	-	-	3 682	3 682	1 349	5 031
Other comprehensive income:		-	-	(125)	470	-	(1)	97	441	-	441
Effective portion of changes in fair value of cash flow hedges		-	-	-	(48)	-	-	-	(48)	-	(48)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period		-	-	-	628	-	-	-	628	-	628
Change in fair value of equity instruments		-	-	(155)	-	-	-	-	(155)	-	(155)
Foreign currency translation differences for foreign operations		-	-	-	-	-	(1)	97	96	-	96
Income tax on other comprehensive income		-	-	30	(110)	-	-	-	(80)	-	(80)
Total comprehensive income for the period		-	-	(125)	470	-	(1)	3 779	4 123	1 349	5 472
Allocation of profit to supplementary capital		-	-	-	-	4 767	-	(4 767)	-	-	-
As at 31 March 2019		185 447	7 430	282	(1 939)	434 091	131	178 750	804 192	5 951	810 143

The condensed consolidated interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed consolidated interim financial statements

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

1. Group overview

Stalexport Autostrady S.A. (“the Company”, “the Parent Entity”) with its seat in Mysłowice, Piaskowa 20 Street, is a public listed company registered in the National Court Register under registration number KRS 16854.

The Company together with its subsidiaries constitutes Stalexport Autostrady S.A. Capital Group (“Group”, “Capital Group”).

The business activities of the Group include the following:

- construction of roads and railroads, in particular services related to managing, construction by adapting to the requirements of toll motorway and exploitation of the section of A-4 motorway Katowice-Kraków,
- management and business advisory,
- rental services.

As at 31 March 2020, beside the Company, the Group comprised of the following entities:

Name of the entity	Seat of the entity	Main activities	Status	Ownership interest and voting rights	Date of obtaining control/Date of acquisition	Consolidation method
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of motorway	Subsidiary	100%	1998	Full consolidation
VIA4 S.A.*	Mysłowice	Motorway operation	Subsidiary	55%	1998	Full consolidation
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Associate	40.63%	1994	Equity method
Petrostal S.A. w likwidacji**	Warszawa	Non-operational	Subsidiary	100%	2005	-

* Assessment of control included the fact, that Company had and still has (currently through subsidiary Stalexport Autostrada Małopolska S.A.) a decisive influence on the definition of the objective and operating model of VIA4 (operator on the section Katowice – Kraków of A-4 motorway subject to the concession – see note 4), including significant operational and financial activities. Furthermore, as the result of the ownership interest held, the decisions regarding VIA4 policy on dividends are at Company’s sole discretion.

** This entity is not subject to consolidation due to existing limitations regarding control exercise.

The condensed consolidated interim financial statements as at the day and for the three-month period ended 31 March 2020 comprise financial statements of the Company and its subsidiaries and also Group’s share in net assets of associates.

The Capital Group is also included within the consolidated financial statements of the higher-level parent entity Atlantia S.p.A. (Italy).

Changes in the Capital Group’s structure

On 28 February 2020 the District Court Katowice-Wschód in Katowice, VIII Commercial Division of the National Court Register, made an entry into the register of entrepreneurs of the Company’s cross-border merger with its subsidiary Stalexport Autoroute S.à r.l. with its registered office in Luxembourg.

The cross-border merger of the companies was conducted in accordance with the terms and conditions included in the merger plan agreed and adopted on 30 September 2019 by both Management Boards of merging companies i.e. by taking over all assets and liabilities of Stalexport Autoroute S.à r.l. by the Company without an increase of its share capital, in accordance with Art. 516 (1) in relation to Art. 492 § 1 item 1 and Art. 515 of the Commercial companies code of 15 September 2000 (“CCC”) and Art. 278 of the Luxembourg act of 10 August 1915 on commercial companies.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

According to the Art. 494 § 1 of CCC on the day of the merger i.e. on 28 February 2020 the Company stepped into all the rights and obligations of Stalexport Autoroute S.à r.l., which in accordance with the Luxembourg law was wound up without going into liquidation.

Considering that until the date of the merger Stalexport Autoroute S.à r.l was consolidated by means of full consolidation method, the aforementioned business combination had no impact on these condensed consolidated interim financial statements, except for the reclassification of foreign currency translation differences for foreign operation in amount of TPLN 124 from the dedicated equity item to “Retained earnings and uncovered losses”.

2. Basis for preparation of condensed consolidated interim financial statements

2.1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union and other regulations in force.

Condensed consolidated interim financial statements do not include all the information required for yearly financial statements and therefore should be analysed together with the Group’s consolidated financial statements as at the day and for the year ended 31 December 2019.

The condensed consolidated interim financial statements were approved by the Management Board of the Company on 22 May 2020.

2.2. Functional and presentation currency

The condensed consolidated interim financial statements are presented in Polish zloty, being the functional currency and presentation currency of the Group, rounded to full thousands.

2.3. Use of estimates and judgments

The preparation of condensed interim financial statements requires that the Management Board makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, equity and liabilities, income and expenses with respect to the Group. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments and estimates made by the Management Board, which have significant impact on condensed consolidated interim financial statements, have been disclosed in notes 14, 15, 16, 17, 18 and 20.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

2.4. New standards and interpretations not applied in these condensed consolidated interim financial statements

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2020, have not been applied in preparation of these condensed consolidated interim financial statements. Neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the consolidated financial statements of the Group for the period for which they will become effective.

3. Going concern

The condensed consolidated interim financial statements have been prepared under the assumption that the Group will continue to operate as a going concern for the foreseeable future. Taking into account the overall economic and legal situation of the Group, including the known negative economic and social impact of the COVID-19 epidemic, as at the date of approval of these condensed consolidated interim financial statements, there is no evidence indicating that the Group will not be able to operate as a going concern.

4. Information concerning the Concession Agreement

The activities of the Group include primarily business related to the management, construction by transformation to toll motorway and operation of the section Katowice – Kraków of A-4 motorway, performed mainly by the Company's subsidiary Stalexport Autostrada Małopolska S.A. ("Concession Holder", "SAM S.A."). These activities are regulated by the concession agreement ("Concession Agreement").

The subject of the Concession Agreement is completion of construction of the A-4 motorway (by transformation to the toll motorway) on the section from Katowice (junction Murckowska, km 340.2) to Krakow (junction Balice I, km 401.1) and its subsequent operation as well as conducting and completion of the remaining construction works as specified in the Concession Agreement ("Venture").

The Concession Agreement has been concluded for a time equal to the term of the concession i.e. 30 years ending in March 2027.

As specified in the Concession Agreement, toll revenues constitute the principal source of income from the execution of the venture.

Throughout the term of the Concession Agreement, the Concession Holder shall have the right to use and receive profits from the road strip of the motorway. The right includes among other things the right to demolish and remove the existing buildings, facilities, equipment, trees and plants, subject to any relevant legal provisions. In return the Concession Holder is responsible for the operation and maintenance of the toll motorway until the termination or expiry of the Concession Agreement, which determines detailed range of the Concession Holder's obligations, and is obliged to perform precisely specified construction works.

Furthermore, as determined by the Concession Agreement, after fulfilment of conditions therein defined, the Concession Holder:

- (i) made concession payments to the National Road Fund ("Concession Payments"), constituting so-called subordinate debt (obligation due to loan drawn by State Treasury from the European Bank for Reconstruction and Development for the purpose of financing the construction of A-4 Toll Motorway Katowice-Kraków taken over by the Concession Holder);
- (ii) is obliged to makes payments to the National Road Fund constituting State Treasury's share in profits of the Venture ("Payments to the State Treasury").

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

So far completed Phase I included the construction of toll collection system, setting up of the maintenance centre in Brzeczkwice and construction of the communication and motorway traffic management system, including the emergency communication system. Further investment phases (Phase II) in progress or to be carried out include, among others, renovations of bridges, development of junctions, construction of rest areas and works related to environmental protection measures (constructions of noise screens, motorway drainage system, passes for animals).

At the conclusion of the Concession Agreement the right to use and receive profits from all buildings and structures constructed by the Concession Holder will be transferred to the State Treasury.

According to provisions of the Concession Agreement between SAM S.A. and the Minister of Infrastructure Payments to the State Treasury, as well as dividend payments to the shareholder(s) of SAM S.A., are dependent, among others, on completion of specified construction phases, achieving minimum level of debt service ratios and assuring the sufficient coverage of reserve accounts.

The Group recognises the liabilities due to Payments to the State Treasury only after all the underlying conditions for the obligation to make payments, as foreseen in the Concession Agreement, are met. So-called calculation date is considered to be the moment when the aforementioned criteria triggering the payment obligation are met, i.e. the date as of which the assessment of meeting of the criteria, as well as the determination of the amount available for distribution in the period prior to next calculation date, are performed.

In previous years the Group considered 31 March and 30 September as calculation dates (with the liability of TPLN 34,941 recognised as at 31 March 2019 and liability of TPLN 44,444 recognised as at 30 September 2019). Starting from 2020, the Group considers 30 June and 31 December as the calculation dates, therefore the Group did not recognize the liability due to Payments to the State Treasury as at 31 March 2020.

5. Description of significant accounting principles

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those described in the consolidated financial statements as at and for the year ended 31 December 2019.

Changes resulting from the introduction of amendments to existing standards and interpretations, effective for reporting periods beginning on 1 January 2020 or later, had no significant impact on Group's accounting policies, and as the result, on these condensed consolidated interim financial statements.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

6. Segment reporting

The Group presents its activity in business segments, which are based on the Group's management and internal reporting structure.

The Group operates in one geographical segment – entire revenue is earned in Poland, where all Group's non-current assets are located (excluding financial instruments).

Business segments

Business segments include:

- management, advisory and rental services,
- management and operation of motorways.

Business segments results

For the three-month period ended 31 March 2020

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	860	72 350	73 210
Total revenue	860	72 350	73 210
Operating expenses			
Cost of sales to external customers	(1 056)	(22 982)	(24 038)
Total cost of sales	(1 056)	(22 982)	(24 038)
Other income	55	4 386	4 441
Other expenses	(2)	(79)	(81)
Reversal of impairments losses on trade and other receivables	1	-	1
Administrative expenses*	(1 482)	(11 401)	(12 883)
Operating profit/(loss)	(1 624)	42 274	40 650
Net finance income/(expense)	645	(790)	(145)
Income tax expense	(152)	(8 363)	(8 515)
Profit/(Loss) for the period	(1 131)	33 121	31 990
Other comprehensive income, net of income tax			27
Total comprehensive income for the period			32 017
Major non-cash items			
Depreciation and amortisation	(163)	(15 654)	(15 817)
Reversal of impairments losses on trade and other receivables	1	-	1
Unwinding of discount (including lease interest expense)	-	(2 270)	(2 270)
Time-barred liabilities written off	18	-	18

* Expenses related to "Management, advisory and rental services" comprise all administrative expenses of the Company.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

For the three-month period ended 31 March 2019

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	844	78 466	79 310
Total revenue	844	78 466	79 310
Operating expenses			
Cost of sales to external customers	(999)	(22 288)	(23 287)
Total cost of sales	(999)	(22 288)	(23 287)
Other income	42	1 035	1 077
Other expenses	(2)	(247)	(249)
Administrative expenses*	(1 296)	(41 768)	(43 064)
Operating profit/(loss)	(1 411)	15 198	13 787
Net finance income/(expense)	952	(2 123)	(1 171)
Share of profit of equity accounted investees (net of income tax)	65	-	65
Income tax expense	(67)	(7 583)	(7 650)
Profit/(Loss) for the period	(461)	5 492	5 031
Other comprehensive income, net of income tax			442
Total comprehensive income for the period			5 473

Major non-cash items

Depreciation and amortisation	(162)	(13 873)	(14 035)
Unwinding of discount (including lease interest expense)	-	(2 339)	(2 339)

* Expenses related to "Management, advisory and rental services" comprise all administrative expenses of the Company - expenses related to "Management and operation of motorways" include Payments to the State Treasury in amount of TPLN 34,941.

Financial position according to business segments as at

	31 March 2020	31 December 2019	31 March 2019
Management, advisory and rental services			
Assets of the segment	205 766	205 941	299 396
Liabilities of the segment	6 350	5 851	8 064
Management and operation of motorways			
Assets of the segment	1 109 287	1 116 111	1 058 648
Liabilities of the segment	489 649	520 437	539 837
Total assets	1 315 053	1 322 052	1 358 044
Total liabilities	495 999	526 288	547 901

7. Periodicity and seasonality of the business

Activity of the "Management and operation of motorways" business segment is influenced by seasonality, due to fluctuations of traffic levels on the A4 motorway section subject to concession between the individual quarterly periods. The highest level of traffic is recorded in third quarter and the lowest in first quarter of each calendar year. Fluctuations of traffic levels in 2020 may deviate from trends observed in previous years due to the economic and social effect of COVID-19.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

8. Revenue

	<i>I quarter 2020</i>			<i>I quarter 2019</i>		
	<i>Management, advisory and rental services</i>	<i>Management and operation of motorways</i>	<i>Total</i>	<i>Management, advisory and rental services</i>	<i>Management and operation of motorways</i>	<i>Total</i>
Revenue from contracts with customers						
Toll revenue, including:	-	72 146	72 146	-	78 329	78 329
Manual toll collection (cash, bank cards)	-	39 816	39 816	-	48 470	48 470
Fleet cards	-	15 984	15 984	-	16 973	16 973
Electronic toll collection	-	15 671	15 671	-	11 730	11 730
KartA4	-	675	675	-	1 156	1 156
Revenue due to other services rendered	-	2	2	-	1	1
	-	72 148	72 148	-	78 330	78 330
Other revenue						
Revenue from rental of investment property	860	-	860	844	-	844
Other revenue	-	202	202	-	136	136
	860	202	1 062	844	136	980
Total	860	72 350	73 210	844	78 466	79 310

Revenue from motorway operation (toll revenue) is recognised when the customer passes through toll collection plaza as the result of:

- customer paying the motorway toll in cash or by means of bank cards directly at the toll collection plaza; or
- positive identification at the toll collection plaza of customer's right to pass through the motorway (kartA4, electronic toll collection, fleet cards).

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

9. Expenses by nature

	<i>I quarter 2020</i>	<i>I quarter 2019</i>
Depreciation and amortisation	(15 817)	(14 035)
Energy and materials consumption	(1 317)	(1 803)
Accrual of provision for motorway resurfacing disclosed within cost of sales (external services)*	(2 685)	(3 578)
Other external services	(4 368)	(3 604)
Payments to the State Treasury (net amount)	-	(34 941)
Taxes and charges	(3 660)	(318)
Employee benefit expenses	(8 463)	(7 623)
Other costs	(606)	(449)
Cost of goods and materials sold	(5)	-
Total expenses by nature	(36 921)	(66 351)
Cost of sales and administrative expenses	(36 921)	(66 351)

* Including change of estimates related to provisions - see note 20.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

9.1. Employee benefit expenses

	<i>I quarter 2020</i>	<i>I quarter 2019</i>
Wages and salaries	(6 582)	(5 853)
Social security contributions and other benefits	(1 606)	(1 477)
Movement in employee benefits liabilities included in profit and loss:		
Other employee benefits	(275)	(293)
Total	(8 463)	(7 623)

10. Other income

	<i>I quarter 2020</i>	<i>I quarter 2019</i>
Rental income from passenger service areas	4 311	642
Compensations, contractual penalties and costs of court proceedings received	67	34
Reimbursement of real estate tax paid for previous periods	-	214
Interest from receivables	2	3
Time-barred liabilities written off	18	-
Net gain on disposal of property, plant and equipment and intangible assets	-	47
Other	43	137
Total	4 441	1 077

11. Other expenses

	<i>I quarter 2020</i>	<i>I quarter 2019</i>
Donations granted	(36)	(7)
Penalties, compensations, fees	(21)	(22)
Reversal of rental income from passenger service areas for previous periods due to reimbursement of real estate tax paid	-	(214)
Net loss on disposal of property, plant and equipment and intangible assets	(18)	-
Unrecoverable input VAT	(3)	(3)
Other	(3)	(3)
Total	(81)	(249)

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

12. Net finance expense

	<i>I quarter 2020</i>	<i>I quarter 2019</i>
Recognised in profit or loss for the period		
Interest income under the effective interest method on:	2 396	2 920
- cash and cash equivalents	1 495	1 345
- non-current deposits	901	1 575
Net foreign exchange gain	30	-
Other finance income	-	89
Finance income	2 426	3 009
Interest expense on liabilities measured at amortised cost, including:	(683)	(1 770)
- loans and borrowings, including:	-	(1 058)
- nominal	-	(698)
- other	-	(360)
- discount of Concession fees	(654)	(683)
- lease interest expense	(29)	(29)
Discount of provisions	(1 587)	(1 627)
Net foreign exchange loss	-	(66)
Net change in fair value of cash flow hedges reclassified from other comprehensive income	-	(628)
Other finance expenses	(301)	(89)
Finance expenses	(2 571)	(4 180)
Net finance expense recognised in profit or loss for the period	(145)	(1 171)
Recognised in other comprehensive income		
Foreign currency translation differences for foreign operations	27	97
Effective portion of changes in fair value of cash flow hedges	-	(48)
Net change in fair value of cash flow hedges reclassified to profit or loss for the period	-	628
Change in fair value of equity instruments	-	(155)
Finance income/(expenses) recognised in other comprehensive income	27	522

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

13. Property, plant and equipment

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2019	20 940	23 826	18 686	8 296	401	72 149
Acquisitions	-	223	92	6	19	340
Transfer from property, plant and equipment under construction	-	-	-	91	(91)	-
Disposals	-	(22)	(120)	(28)	-	(170)
Cost as at 31 March 2019	20 940	24 027	18 658	8 365	329	72 319
Cost as at 1 January 2020	21 167	26 691	18 787	8 506	1 060	76 211
Acquisitions	-	89	-	1	1 427	1 517
Transfer from property, plant and equipment under construction	-	1 196	-	-	(1 196)	-
Disposals	-	(8)	(256)	-	-	(264)
Cost as at 31 March 2020	21 167	27 968	18 531	8 507	1 291	77 464
Depreciation and impairment losses as at 1 January 2019	(14 363)	(10 673)	(9 316)	(4 134)	-	(38 486)
Depreciation for the period	(231)	(733)	(464)	(203)	-	(1 631)
Disposals	-	21	140	28	-	189
Depreciation and impairment losses as at 31 March 2019	(14 594)	(11 385)	(9 640)	(4 309)	-	(39 928)
Depreciation and impairment losses as at 1 January 2020	(15 297)	(13 621)	(10 562)	(4 918)	-	(44 398)
Depreciation for the period	(239)	(863)	(481)	(208)	-	(1 791)
Disposals	-	6	232	-	-	238
Depreciation and impairment losses as at 31 March 2020	(15 536)	(14 478)	(10 811)	(5 126)	-	(45 951)
Carrying amounts						
As at 1 January 2019	6 577	13 153	9 370	4 162	401	33 663
As at 31 March 2019	6 346	12 642	9 018	4 056	329	32 391
As at 1 January 2020	5 870	13 070	8 225	3 588	1 060	31 813
As at 31 March 2020	5 631	13 490	7 720	3 381	1 291	31 513

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Impairment losses

As at 31 March 2020, 31 December 2019 and 31 March 2019 there were no indicators, which would require the Group to test property, plant and equipment for impairment.

14. Intangible assets

	Concession intangible assets	Other concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Cost as at 1 January 2019	938 183	12 643	970	125	951 921
Acquisitions	-	31	-	766	797
Revaluation of concession intangible assets	6 273	-	-	-	6 273
Disposals	-	(53)	-	-	(53)
Cost as at 31 March 2019	944 456	12 621	970	891	958 938
Cost as at 1 January 2020	969 262	12 647	2 798	5 201	989 908
Acquisitions	-	2	-	1 021	1 023
Transfer from intangible assets not ready for use	-	971	-	(971)	-
Revaluation of concession intangible assets	16 412	-	-	-	16 412
Cost as at 31 March 2020	985 674	13 620	2 798	5 251	1 007 343
Amortisation and impairment losses as at 1 January 2019	(496 718)	(4 311)	(970)	-	(501 999)
Amortisation for the period	(11 908)	(357)	-	-	(12 265)
Disposals	-	53	-	-	53
Amortisation and impairment losses as at 31 March 2019	(508 626)	(4 615)	(970)	-	(514 211)
Amortisation and impairment losses as at 1 January 2020	(545 051)	(5 710)	(970)	-	(551 731)
Amortisation for the period	(13 424)	(463)	-	-	(13 887)
Amortisation and impairment losses as at 31 March 2020	(558 475)	(6 173)	(970)	-	(565 618)
Carrying amounts					
As at 1 January 2019	441 465	8 332	-	125	449 922
As at 31 March 2019	435 830	8 006	-	891	444 727
As at 1 January 2020	424 211	6 937	1 828	5 201	438 177
As at 31 March 2020	427 199	7 447	1 828	5 251	441 725

During the current period the Group revalued concession intangible assets recognized in relation to estimated costs of Phase II:

- (i) due to changes of discount rates used for valuation of provision for capital expenditures (see note 20), which resulted in their increase by TPLN 6,453 (I quarter 2019: increase of TPLN 830); and
- (ii) due to changes of estimates regarding construction works schedule and capital expenditures, which according to the Concession Agreement are to be executed by the Group before the end of the concession period (see note 20), resulting in the increase of concession intangible assets by TPLN 9,959 (I quarter 2019: increase of TPLN 5,443).

The amortization charge on concession intangible assets is recognized in cost of sales. The amortization charge on other intangible assets is recognized in administrative expenses.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

The annual amortization rate calculated based on estimated traffic increase during the concession period in relation to present net value of intangible asset at the beginning of the quarterly period equalled 12.66% in I quarter 2020 (I quarter 2019: 10.79%). According to current amortization schedule, based on updated estimates of traffic increase, the proportion of annual amortization costs to the carrying value of intangible asset as at 31 March 2020 will range from 10.06% to 15.72% during the concession period.

As at 31 March 2020, 31 December 2019 and 31 March 2019 there were no indicators, which would require the Group to test concession and other intangible assets for impairment.

15. Investment property

	Right-of-use assets	Other investment property	Total
Cost as at 1 January 2019	3 247	30 879	34 126
Cost as at 31 March 2019	3 247	30 879	34 126
Cost as at 1 January 2020	3 247	30 879	34 126
Cost as at 31 March 2020	3 247	30 879	34 126
Depreciation and impairment losses as at 1 January 2019	-	(27 114)	(27 114)
Depreciation for the period	(11)	(128)	(139)
Depreciation and impairment losses as at 31 March 2019	(11)	(27 242)	(27 253)
Depreciation and impairment losses as at 1 January 2020	(46)	(27 625)	(27 671)
Depreciation for the period	(11)	(128)	(139)
Depreciation and impairment losses as at 31 March 2020	(57)	(27 753)	(27 810)
Carrying amounts			
As at 1 January 2019	3 247	3 765	7 012
As at 31 March 2019	3 236	3 637	6 873
As at 1 January 2020	3 201	3 254	6 455
As at 31 March 2020	3 190	3 126	6 316

Investment property comprises the Group-owned part of the building property, consisting of land (subject to perpetual usufruct) on which office building and the adjacent parking lot are situated, as well as parking lot property, consisting of land (subject to perpetual usufruct) on which parking lot and garages are situated. Both properties are located in Katowice.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

16. Deferred tax

Deferred tax assets have not been recognised in full amount of excess of negative temporary differences and tax losses over positive temporary differences, due to uncertainty of some temporary differences utilization and estimates regarding tax losses carried forward utilization.

Changes of deferred tax assets / liabilities for three-month periods ended 31 March 2020 and 31 March 2019 were following:

	1 January 2020	Change of deferred tax on temporary differences recognised in		31 March 2020
		profit or loss for the period	other comprehensive income	
Concession intangible assets	(78 879)	(626)	-	(79 505)
Property, plant and equipment and other intangible assets	32 924	(507)	-	32 417
Investment property	(503)	4	-	(499)
Other non-current investments	(72)	45	-	(27)
Trade and other receivables	209	-	-	209
Inventories	7	-	-	7
Current investments	284	-	-	284
Cash and cash equivalents	(81)	35	-	(46)
Lease liabilities	615	(18)	-	597
Other non-current liabilities	2 159	765	-	2 924
Deferred income	1 144	184	-	1 328
Contract liabilities	1 248	180	-	1 428
Employee benefits	1 355	44	-	1 399
Provisions	71 578	2 716	-	74 294
Trade and other payables	861	(566)	-	295
Tax loss carry-forwards	1 782	31	-	1 813
Valuation adjustment	(11 598)	(244)	-	(11 842)
Total	23 033	2 043	-	25 076

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

	1 January 2019	Change of deferred tax on temporary differences recognised in		31 March 2019
		profit or loss for the period	other comprehensive income	
Concession intangible assets	(81 918)	1 010	-	(80 908)
Property, plant and equipment and other intangible assets	38 431	(2 303)	-	36 128
Investment property	99	(612)	-	(513)
Other non-current investments	(304)	275	-	(29)
Trade and other receivables	(422)	17	-	(405)
Inventories	7	-	-	7
Current investments	175	-	30	205
Cash and cash equivalents	(285)	39	-	(246)
Loans and borrowings	319	(274)	-	45
Lease liabilities	-	599	-	599
Other non-current liabilities	2 895	(499)	-	2 396
Deferred income	1 302	178	-	1 480
Contract liabilities	1 159	217	-	1 376
Employee benefits	1 588	75	-	1 663
Provisions	71 489	1 962	-	73 451
Trade and other payables	334	593	-	927
Derivative financial instruments	587	-	(110)	477
Tax loss carry-forwards	1 923	(101)	-	1 822
Valuation adjustment	(8 797)	102	-	(8 695)
Total	28 582	1 278	(80)	29 780

17. Allowances for expected credit losses

The movement in loss allowances in respect of trade and other receivables and other was as follows:

	<i>1 quarter 2020</i>	<i>1 quarter 2019</i>
Balance as at 1 January	(91 558)	(91 553)
Net remeasurement of loss allowance	1	-
Reclassifications	(1)	-
Balance as at 31 March	(91 558)	(91 553)

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

18. Financial instruments

Classification and fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels on the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2020

	Carrying amount			Fair value			
	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Equity instruments*	1 319	-	1 319	-	-	1 319	1 319
	1 319	-	1 319				
Financial assets not measured at fair value							
Trade and other receivables**	-	16 599	16 599				
Bank deposits (non-current investments)	-	483 771	483 771				
Cash and cash equivalents	-	304 574	304 574				
	-	804 944	804 944				
Financial liabilities not measured at fair value							
Lease liabilities	-	(3 140)	(3 140)				
Liabilities due to Concession fees	-	(15 225)	(15 225)				
Trade and other payables**	-	(27 594)	(27 594)				
	-	(45 959)	(45 959)				

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements
(all amounts in PLN thousand (TPLN), unless stated otherwise)

31 December 2019

	Carrying amount			Fair value			
	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Equity instruments*	1 747	-	1 747	-	-	1 747	1 747
	1 747	-	1 747				
Financial assets not measured at fair value							
Trade and other receivables**	-	15 708	15 708				
Bank deposits (non-current investments)	-	417 621	417 621				
Cash and cash equivalents	-	372 868	372 868				
	-	806 197	806 197				
Financial liabilities not measured at fair value							
Lease liabilities	-	(3 237)	(3 237)				
Liabilities due to Concession fees	-	(14 570)	(14 570)				
Payments to the State Treasury	-	(54 667)	(54 667)				
Trade and other payables**	-	(32 544)	(32 544)				
	-	(105 018)	(105 018)				

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

31 March 2019

	Carrying amount			Total	Fair value			Total
	Financial instruments measured at fair value through other comprehensive income	Hedge derivatives measured at fair value	Financial instruments measured at amortised cost		Level 1	Level 2	Level 3	
Financial assets measured at fair value								
Equity instruments*	1 811	-	-	1 811	-	-	1 811	1 811
	1 811	-	-	1 811				
Financial assets not measured at fair value								
Trade and other receivables**	-	-	18 378	18 378				
Bank deposits (non-current investments)	-	-	418 025	418 025				
Cash and cash equivalents	-	-	384 206	384 206				
	-	-	820 609	820 609				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging***	-	(2 522)	-	(2 522)	-	(2 522)	-	(2 522)
	-	(2 522)	-	(2 522)				
Financial liabilities not measured at fair value								
Loans and borrowings	-	-	(55 282)	(55 282)				
Lease liabilities	-	-	(3 150)	(3 150)				
Liabilities due to Concession fees	-	-	(15 918)	(15 918)				
Payments to the State Treasury	-	-	(34 941)	(34 941)				
Trade and other payables**	-	-	(14 452)	(14 452)				
	-	-	(123 743)	(123 743)				

* Equity instruments belonging to the Group are not listed on financial markets, the Group has also no information on recent observable arm's length transactions in these instruments. Considering the above, the fair value of the equity instruments determined based on the Group's share in nett assets of their issuers as at the end of the last reporting period for which the Group has adequate financial data. In I quarter 2020 the valuation of aforementioned equity instruments remained unchanged (I quarter 2019: loss of TPLN 155 was recorded).

** Without consideration of receivables due to VAT/payables due to taxes, duties, social and health insurance and other benefits, payroll liabilities, liabilities due to Concession fees and Payments to the State Treasury.

*** Fair value of hedge derivatives (interest rate SWAP) was based on discounted future cash flows for undersigned transactions, constituting a difference between cash flows based on floating interest rate (6M WIBOR) and cash flows based on fixed interest rate. The fair value estimate includes a credit risk adjustment that reflects the credit risk of the Group and of the counterparty.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Hierarchy of financial instruments carried at fair value

Financial instruments carried at fair value can be classified according to the following valuation methods:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3: inputs that are not based on observable market data (unobservable inputs).

19. Equity

19.1. Share capital

	31 March 2020	31 December 2019	31 March 2019
Number of shares at the beginning of the period	247 262 023	247 262 023	247 262 023
Number of shares at the end of the period (fully paid)	247 262 023	247 262 023	247 262 023
Nominal value of 1 share (PLN)	0.75	0.75	0.75
Nominal value of A-series issue	6 256	6 256	6 256
Nominal value of B-series issue	370	370	370
Nominal value of D-series issue	3 000	3 000	3 000
Nominal value of E-series issue	71 196	71 196	71 196
Nominal value of F-series issue	37 500	37 500	37 500
Nominal value of G-series issue	67 125	67 125	67 125
Total	185 447	185 447	185 447

19.2. Fair value reserve

All gains and losses from valuation of investments in equity instruments measured at fair value through other comprehensive income are attributed to this equity item.

19.3. Dividends

1 quarter 2020

On 24 March 2020 the Ordinary General Meeting of VIA4 S.A. decided to pay out dividend amounting to TPLN 19,395, out of which TPLN 8,727 was attributed to non-controlling interest.

1 quarter 2019

On 3 April 2019 the Ordinary General Meeting of the Company decided to pay out the dividend in amount of TPLN 91,487, i.e. PLN 0.37 per share. The dividend date was set for 18 April 2019 and the dividend payment date for 20 May 2019.

On 21 March 2019 the Ordinary General Meeting of VIA4 S.A. decided to pay out dividend amounting to TPLN 3,045 (the amount was paid in full in 2018 as interim dividend), out of which TPLN 1,370 was attributed to non-controlling interest.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

20. Provisions

For three-month periods ended 31 March 2020 and 31 March 2019

	Provisions for motorway resurfacing	Provisions for capital expenditures (Phase II)	Total
Non-current provisions			
Balance at 1 January 2019	2 460	294 903	297 363
Additions, including:	2 699	1 275	3 974
- due to discounting	11	1 275	1 286
Change of estimates	824	17 914	18 738
Reclassifications	-	(20 894)	(20 894)
Balance at 31 March 2019	5 983	293 198	299 181
Balance at 1 January 2020	-	314 374	314 374
Additions, including:	-	1 324	1 324
- due to discounting	-	1 324	1 324
Change of estimates	-	18 179	18 179
Reclassifications	-	(12 105)	(12 105)
Balance at 31 March 2020	-	321 772	321 772
Current provisions			
Balance at 1 January 2019	27 614	51 280	78 894
Additions, including:	119	222	341
- due to discounting	119	222	341
Change of estimates	66	(11 641)	(11 575)
Utilisation	(267)	(885)	(1 152)
Reclassifications	-	20 894	20 894
Balance at 31 March 2019	27 532	59 870	87 402
Balance at 1 January 2020	14 001	48 345	62 346
Additions, including:	2 687	204	2 891
- due to discounting	59	204	263
Change of estimates	57	(1 767)	(1 710)
Utilisation	(154)	(6 227)	(6 381)
Reclassifications	-	12 105	12 105
Balance at 31 March 2020	16 591	52 660	69 251

Provision for capital expenditures constitutes the present value of future construction costs to be incurred in relation to section Katowice-Kraków of A4 motorway (Phase II), due to obligations undertaken by Concession Holder under the Concession Agreement (see note 4).

As at 31 March 2020 the Group changed estimates regarding discount rates used for calculation of the present value of provisions for resurfacing and provision for capital expenditures of Phase II (in both cases as at 31 December 2019 the rates ranged from 1.69% to 1.98%, currently from 0.81% to 2.48%). As result of those changes the provision for resurfacing increased by TPLN 118 (I quarter 2019: decrease of TPLN 7), which in line with IAS 37 was recognized as an increase of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 6,453 (I quarter 2019: increase of TPLN 830), which was recognized as an increase of concession intangible assets.

As at 31 March 2020 the Group made also a revaluation of provision for resurfacing and provision for capital expenditures of Phase II following the change of estimates regarding expected expenditures and future construction works schedule. As result of those changes the provision for resurfacing decreased by TPLN 61 (I quarter 2019: increase of TPLN 897), which in line with IAS 37 was recognised as a decrease of operating

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 9,959 (I quarter 2019: increase of TPLN 5,443), which was recognized as an increase of concession intangible assets.

21. Contingent liabilities

Both as at 31 March 2020 and 31 December 2019 the Group had no contingent liabilities.

As at 31 March 2019 the contingent liabilities related to guarantees given to related entities amounting to TPLN 23,378.

22. Related party transactions

22.1. Intragroup receivables and liabilities

	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
31 March 2020			
Biuro Centrum Sp. z o.o.	260	220	-
Associates	260	220	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	3 225
Pavimental Polska Sp. z o.o.	6	-	7 437
Telepass S.p.A.	1 267	-	-
Autostrade Tech S.p.A.	-	1 659	-
Other related entities	1 273	1 659	10 662
Total	1 533	1 879	10 662

	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
31 December 2019			
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	2	112	-
Associates	2	112	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	589	3 202
Pavimental Polska Sp. z o.o.	15	5 842	6 969
Telepass S.p.A.	1 086	-	-
Autostrade Tech S.p.A.	-	7 212	-
Other related entities	1 101	13 643	10 171
Total	1 103	13 772	10 171

	Trade and other receivables	Trade and other payables	Guarantees and suspended amounts
31 March 2019			
Atlantia S.p.A.	-	17	-
Parent entities	-	17	-
Biuro Centrum Sp. z o.o.	2	22	-
Associates	2	22	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	3 455
Pavimental Polska Sp. z o.o.	7	-	3 693
Telepass S.p.A.	1 148	-	-
Autostrade Tech S.p.A.	-	895	176
Autogrill Polska Sp. z o.o.	-	-	10
Other related entities	1 155	895	7 334
Total	1 157	934	7 334

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

22.2. Related party transactions amounts

	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
I quarter 2020				
Atlantia S.p.A.	-	18	-	-
Parent entities	-	18	-	-
Biuro Centrum Sp. z o.o.	53	-	(853)	-
Associates	53	-	(853)	-
Pavimental S.p.A. S.A. Oddział w Polsce	-	-	(227)	-
Pavimental Polska Sp. z o.o.	34	6	(45)	(5 627)
Telepass S.p.A.	2 885	-	-	-
Autostrade Tech S.p.A.	-	3	(573)	(1 806)
Other related entities	2 919	9	(845)	(7 433)
Total	2 972	27	(1 698)	(7 433)
	Revenue	Other income	Cost of acquired goods and services	Capital expenditures and resurfacing works
I quarter 2019				
Biuro Centrum Sp. z o.o.	54	-	(790)	-
Associates	54	-	(790)	-
Pavimental Polska Sp. z o.o.	12	7	(67)	-
Autogrill Polska Sp. z o.o.	3	-	-	-
Telepass S.p.A.	2 287	-	-	-
Autostrade Tech S.p.A.	-	1	(431)	(950)
Other related entities	2 302	8	(498)	(950)
Total	2 356	8	(1 288)	(950)

22.3. Information on transactions concluded by the Parent Entity or its subsidiaries with related entities under terms different than arm's length

All transactions concluded by the Parent Entity or its subsidiaries with related entities were concluded at arm's length.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

23. Financial results of the Capital Group and its Parent Entity for the I quarter 2020

23.1. Financial results of Stalexport Autostrady S.A.

In I quarter 2020 the Company generated revenue on sales amounting to TPLN 911, i.e. 1,8% higher than in comparable quarterly period of 2019 (TPLN 895). The increase of revenue in comparison to I quarter 2019 resulted mainly from greater revenue due to rental of office space.

The Company suffered a loss from operating activities for I quarter 2020 of TPLN 1,580 – loss for comparable period of 2019 amounted to TPLN 1,366. The above resulted mainly from higher costs of external services (increase of TPLN 247, i.e. 29%), mainly due costs of advisory services related to the Company's cross-border merger with its subsidiary incurred in I quarter 2020.

The financial activity of Stalexport Autostrady S.A. generated a profit of TPLN 142,534 for I quarter 2020 – I quarter 2019 brought a profit of TPLN 1,101. Dividends amounting to TPLN 141,828 (I quarter 2019: none) and interest on bank deposits amounting to TPLN 708 (I quarter 2019: TPLN 1,076) constituted the main items of financial income in I quarter 2020.

As the consequence of all the above Stalexport Autostrady S.A. generated a net profit for I quarter 2020 amounting to TPLN 140,811, comparing to TPLN 308 net loss for I quarter 2019.

23.2. Financial results of motorway business

The motorway activity, consisting mainly of exploitation, toll collecting and execution of motorway investments on section Katowice – Kraków of A4 motorway, has the biggest impact on Group's financial results. The activity is performed mainly by two related entities: Stalexport Autostrada Małopolska S.A. and VIA4 S.A. SAM S.A. organizes and supervises motorway investments and has the right to receive profits from the motorway, while VIA4 S.A is responsible for motorway operation and on behalf of SAM S.A. collects tolls for vehicle passage.

Financial results of Group's motorway business in I quarter 2020 were significantly impacted by the change in traffic levels due to social and economic effect of COVID-19.

Consolidated revenue on sales generated by motorway activity for I quarter 2020 amounted to TPLN 72,350 decreasing by 7.8% in relation to revenue for I quarter 2019 (TPLN 78,466).

The aforementioned variation was mainly the consequence of:

- (i) 10.2% decrease of traffic level in relation to I quarter 2019, resulting from 11.2% decrease of traffic level for light vehicles and 5.1% decrease of traffic level for heavy vehicles, dominantly due to restrictions related to COVID-19 introduced in Poland in March 2020. The average daily traffic (ADT) for each month of 2020 and 2019 is presented below.

ADT	January			February			March		
	2020	2019	change	2020	2019	change	2020	2019	change
light vehicles	35 682	33 408	6,8%	36 167	36 507	-0,9%	21 417	34 910	-38,6%
heavy vehicles	6 495	6 794	-4,4%	7 092	7 251	-2,2%	6 657	7 269	-8,4%
total	42 177	40 202	4,9%	43 260	43 759	-1,1%	28 074	42 178	-33,4%

- (ii) increase of toll rates since 1 March 2019 respectively for:

- a) the passage of heavy vehicles category 2 and 3 from PLN 18.00 to PLN 20.00,
- b) the passage of heavy vehicles category 4 and 5 from PLN 30.00 to PLN 35.00.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

(iii) the introduction of preferential toll rates for automatic payments (A4Go, Autopay, Telepass) from 1 January 2020:

- a) for vehicles category 1 (other than the motorcycles) – PLN 7.00 instead of PLN 10.00,
- b) for vehicles category 2 and 3 – PLN 17.00 instead of PLN 20.00,
- c) for vehicles category 4 and 5 – PLN 30.00 instead of PLN 35.00.

Cost of sales and administrative expenses incurred in relation to motorway activity amounted to TPLN 34,383, decreasing by 46% in relation to I quarter 2019 (TPLN 64,056). The above resulted mainly from the recognition of liability due to Payments to the State Treasury in amount of TPLN 34,941 as at 31 March 2019. As the Group, starting from 2020, considers 30 June and 31 December as the calculation dates (see note 4), the liability due to these payments was not recognised as at 31 March 2020. At the same time the increase of depreciation/amortisation costs by TPLN 1,781 (out of which TPLN 1,516 was attributed to concession intangible assets) and the increase of taxes and charges by TPLN 3,347 were recorded (out of which TPLN 3,368 concerned real estate tax).

The financial activity of motorway segment for I quarter 2020 resulted in a loss amounting to TPLN 790, comparing to a loss of TPLN 2,123 for I quarter 2019. This positive variation was mainly the consequence of expenses related to the Project Loan Agreement (TPLN 1,058) and expenses resulting from the reclassification of net change in fair value of cash flow hedges recorded in I quarter 2019 – these costs did not occur in I quarter 2020 due to full prepayment of the above mentioned credit agreement and early settlement of transactions securing interest payments resulting from it.

As the consequence of all the above, the Group's motorway activity generated a net profit of TPLN 33,121 for I quarter 2020, comparing to net profit of TPLN 5,492 for I quarter 2019.

23.3. Information on construction contracts involving Stalexport Autostrada Małopolska S.A.

On 4 July 2017 SAM S.A. employed Pavimental Polska Sp. z o.o. for the contract ROM48 "Renovation of M48 bridge supports" currently amounting to TPLN 22,169 (including change orders). As at 31 March 2020 the financial progress of the project (value of works recorded) amounted to TPLN 22,169 (100% of the contract value), out of which TPLN 12 was recorded in 2020.

On 21 November 2018 SAM S.A. and consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. signed a contract ROM09-54 "Renovation of bridges M09L and M09P and also replacement of expansion joints on the bridge M54P" amounting currently to TPLN 10,812 (including change orders). As at 31 March 2020 the financial progress of the project (value of works recorded) amounted to TPLN 7,084 (66% of the contract value), out of which TPLN 227 was recorded in 2020.

On 4 February 2019 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract HM-4-2019 „Resurfacing 2019-2020” for the resurfacing of motorway sections with a total length of 42.4 km, resurfacing of bridges and the partial reconstruction of linear drainage within the motorway median. The current value of the contract amounts to TPLN 55,012 (including change orders). As at 31 March 2020 the financial progress of the project (value of works recorded) amounted to TPLN 30,086 (55% of the contract value), out of which TPLN 2,694 was recorded in 2020.

On 9 July 2019 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-10-2018 "Reconstruction of A-4 motorway drainage – part III" including reconstruction of drainage for one catchment in Małopolskie voivodeship. The value of the contract amounts to TPLN 15,033. As at 31 March 2020 the financial progress of the project (value of works recorded) amounted to TPLN 3,694 (25% of the contract value), out of which TPLN 2,965 was recorded in 2020.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

On 30 November 2018 SAM S.A., VIA4 S.A. and Autostrade Tech S.p.A signed a Software Service Agreement pursuant to which SAM S.A. is entitled to commission investment projects related to the development of the toll collection system. In 2020, under the said agreement, works were carried out, among others, on the implementation of integration module and automation of dedicated lanes. The value of capital expenditures for projects commissioned under the Software Maintenance Agreement amounted to TPLN 1,901 in 2020.

On 14 August 2019 SAM S.A. and Future Processing Sp. z o.o. signed a software support and development agreement under which a new e-commerce system will be implemented to replace the existing Internet Customer Service. In 2020 capital expenditures amounting to TPLN 515 were incurred under the aforementioned agreement.

On 29 January 2020 SAM S.A. and Pavimental Polska Sp. z o.o. signed a contract MPA12-2019 "Modernisation of 12 culverts located in section of the A4 motorway Katowice – Kraków subject to the concession" amounting to TPLN 7,305. As at 31 March 2020 no capital expenditures have yet been incurred in relation to the contract.

24. Other important events within the Stalexport Autostrady S.A. Capital Group during the period from 1 January to 31 March 2020.

On 20 March 2020 the Management Board of the Company, due to the epidemic situation in the country, decided to cancel the Ordinary General Meeting scheduled for 27 March 2020.

On 24 March 2020 the Ordinary General Meeting of VIA4 S.A. adopted a resolution in accordance with which the net profit for 2019 in amount of TPLN 10,821, increased by the amount of TPLN 8,669 accumulated on the reserve capital for future dividend payments, i.e. total amount of PLN 19,490 was assigned to cover previous years' losses in amount of TPLN 95 and to pay dividends in amount TPLN 19,395.

On 27 March 2020 the Ordinary General Meeting of SAM S.A. decided to distribute the net profit for 2019 in amount of TPLN 70,646, with the amount of TPLN 3,524 assigned to cover previous years' losses, the amount of TPLN 455 transferred to supplementary capital and the amount of TPLN 66,667 allocated to dividend payment. The Meeting also adopted a resolution on the payment of dividend in the amount of TPLN 131,161, consisting of TPLN 66,667 from the net profit for 2019 and TPLN 64,494 from the reserve capital for future payments to shareholders.

25. Shareholders holding directly or indirectly via their subsidiaries at least 5% of total number of votes at the Annual General Meeting of the Parent Entity at quarterly report's date

List of Shareholders holding more than 5% of total number of votes eligible for Annual General Meeting of Stalexport Autostrady S.A.:

Shareholder	Number of ordinary shares held*	Share in share capital (%)	Number of votes at AGM	Share in total number of votes at AGM (%)
Atlantia S.p.A.	151,323,463	61.20%	151,323,463	61.20%

*Based on notifications received by the Company according to article 69 and 69a in connection with article 87 of the Act on Public Offering and conditions of introducing the financial instruments to public trading and on public companies.

STALEXPORT AUTOSTRADY S.A. CAPITAL GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed consolidated interim financial statements are unaudited

Notes to the condensed consolidated interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

26. Parent Entity's shares held by managing and supervising personnel at quarterly report's date

The President of the Management Board of the Parent Entity Mr Emil Wąsacz held 59,000 shares at report's issue date. There were no changes in the number of Parent Entity's shares held by managing and supervising personnel since the previous report's issue date.

27. Subsequent events

There were no significant subsequent events, which should be disclosed in the condensed consolidated interim financial statements for the 3-month period ended 31 March 2020.

Explanation

This document constitutes a translation of the condensed consolidated interim financial statements of Stalexport Autostrady S.A. Capital Group, which were originally issued in Polish. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.



STALEXPORT
Autostrady

**CONDENSED SEPARATE
INTERIM FINANCIAL STATEMENTS**

for the three-month period ended
31 March 2020

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Contents

Condensed separate interim statement of comprehensive income 3

Condensed separate interim statement of financial position 4

Condensed separate interim statement of cash flows 5

Condensed separate interim statement of changes in equity 6

Notes to the condensed separate interim financial statements

1. Company overview 7

2. Basis for preparation of condensed separate interim financial statements 7

3. Going concern 7

4. Description of significant accounting principles 8

5. Business combination with a subsidiary 8

6. Segment reporting 13

7. Investments in subsidiaries and associates 13

8. Contingent liabilities 13

9. Related party transactions 14

10. Subsequent events 15

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of comprehensive income
for the three-month period ended

In thousands of PLN, unless stated otherwise

	31 March 2020 <i>(unaudited)</i>	31 March 2019* <i>(unaudited)</i>
Revenue	911	895
Cost of sales	(1 056)	(999)
Gross loss	(145)	(104)
Other income	55	42
Administrative expenses	(1 490)	(1 302)
Other expenses	(1)	(2)
Reversal of impairments losses on trade and other receivables	1	-
Operating loss	(1 580)	(1 366)
Finance income	142 569	1 130
Finance expenses	(35)	(29)
Net finance income	142 534	1 101
Profit/(Loss) before income tax	140 954	(265)
Income tax expense	(143)	(43)
Profit/(Loss) for the period	140 811	(308)
Other comprehensive income		
<i>Items that will never be reclassified to profit or loss for the period</i>		
Change in fair value of equity instruments	-	(155)
Income tax on other comprehensive income	-	30
Other comprehensive income for the period, net of income tax	-	(125)
Total comprehensive income for the period	140 811	(433)
Earnings per share		
Basic earnings per share (PLN)	0,57	(0,00)
Diluted earnings per share (PLN)	0,57	(0,00)

* Restated due to business combination with a subsidiary - see note 5.

The condensed separate interim statement of comprehensive income should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of financial position
as at

<i>In thousands of PLN</i>	31 March 2020 <i>(unaudited)</i>	31 December 2019*	31 March 2019* <i>(unaudited)</i>	1 January 2019*
ASSETS				
Non-current assets				
Property, plant and equipment	248	272	335	358
Intangible assets	1	1	1	1
Investment property	6 316	6 455	6 873	7 012
Investments in subsidiaries and associates	67 060	67 060	67 060	67 060
Other non-current investments	173	173	143	143
Finance lease receivables	2 002	2 226	2 975	3 243
Deferred tax assets	2 056	2 175	2 647	2 596
Total non-current assets	77 856	78 362	80 034	80 413
Current assets				
Current investments	1 147	1 574	1 668	1 823
Finance lease receivables	1 207	1 336	1 558	1 636
Trade and other receivables	147 539	5 147	5 726	16 490
Cash and cash equivalents	189 179	189 200	280 853	269 887
Total current assets	339 072	197 257	289 805	289 836
Total assets	416 928	275 619	369 839	370 249
EQUITY AND LIABILITIES				
Equity				
Share capital	185 447	185 447	185 447	185 447
Share premium reserve	7 431	7 430	7 430	7 430
Fair value reserve	(67)	291	282	407
Other reserve and supplementary capitals	64 661	64 662	151 717	151 717
Retained earnings	153 104	11 935	16 902	17 210
Total equity	410 576	269 765	361 778	362 211
Liabilities				
Non-current liabilities				
Lease liabilities	3 019	3 112	3 029	3 122
Employee benefits	1 367	1 119	358	99
Total non-current liabilities	4 386	4 231	3 387	3 221
Current liabilities				
Lease liabilities	121	125	121	125
Income tax liabilities	9	29	59	38
Trade and other payables	1 734	1 367	1 286	1 446
Employee benefits	102	102	3 208	3 208
Total current liabilities	1 966	1 623	4 674	4 817
Total liabilities	6 352	5 854	8 061	8 038
Total equity and liabilities	416 928	275 619	369 839	370 249

* Restated due to business combination with a subsidiary - see note 5.

The condensed separate interim statement of financial position should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of cash flows
for the three-month period ended

In thousands of PLN

	31 March 2020 <i>(unaudited)</i>	31 March 2019* <i>(unaudited)</i>
Cash flows from operating activities		
Profit/(Loss) before income tax	140 954	(265)
Adjustments for		
Depreciation and amortisation	163	162
Interest and dividends	(142 683)	(952)
Change in receivables	147	202
Change in trade and other payables	683	481
Cash generated used in operating activities	(736)	(372)
Income tax paid	(44)	(43)
Net cash used in operating activities	(780)	(415)
Cash flows from investing activities		
Investment proceeds	884	11 889
Dividends received	-	10 908
Interest received	884	981
Investment expenditures	-	(383)
Acquisition of intangible assets and property, plant and equipment	-	(383)
Net cash from investing activities	884	11 506
Cash flows from financing activities		
Financial expenditures	(125)	(125)
Payment of lease liabilities	(125)	(125)
Net cash used in financing activities	(125)	(125)
Total net cash flows	(21)	10 966
Change in cash and cash equivalents	(21)	10 966
Cash and cash equivalents at the beginning of the period	189 200	269 887
Cash and cash equivalents at the end of the period	189 179	280 853

* Restated due to business combination with a subsidiary - see note 5.

The condensed separate interim statement of cash flows should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of changes in equity

In thousands of PLN

<i>(unaudited)</i>	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2020	185 447	7 430	291	64 662	10 410	268 240
Adjustments due to business combination	-	-	-	-	1 525	1 525
As at 1 January 2020*	185 447	7 430	291	64 662	11 935	269 765
Profit for the period	-	-	-	-	140 811	140 811
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	140 811	140 811
Liquidation/Redemption of equity instruments measured at fair value through other comprehensive income	-	-	(358)	-	358	-
Other	-	1	-	(1)	-	-
As at 31 March 2020	185 447	7 431	(67)	64 661	153 104	410 576

In thousands of PLN

	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2019	185 447	7 430	407	151 717	4 459	349 460
Adjustments due to business combination	-	-	-	-	12 751	12 751
As at 1 January 2019*	185 447	7 430	407	151 717	17 210	362 211
Loss for the period*	-	-	-	-	(829)	(829)
Other comprehensive income	-	-	(116)	-	(14)	(130)
Change in fair value of equity instruments	-	-	(219)	-	-	(219)
Remeasurement of employee benefits	-	-	-	-	(17)	(17)
Income tax on other comprehensive income	-	-	103	-	3	106
Total comprehensive income for the period	-	-	(116)	-	(843)	(959)
Dividends paid	-	-	-	(91 487)	-	(91 487)
Allocation of profit to supplementary capital	-	-	-	4 432	(4 432)	-
As at 31 December 2019*	185 447	7 430	291	64 662	11 935	269 765

In thousands of PLN

<i>(unaudited)</i>	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2019	185 447	7 430	407	151 717	4 459	349 460
Adjustments due to business combination	-	-	-	-	12 751	12 751
As at 1 January 2019*	185 447	7 430	407	151 717	17 210	362 211
Loss for the period*	-	-	-	-	(308)	(308)
Other comprehensive income	-	-	(125)	-	-	(125)
Change in fair value of equity instruments	-	-	(155)	-	-	(155)
Income tax on other comprehensive income	-	-	30	-	-	30
Total comprehensive income for the period	-	-	(125)	-	(308)	(433)
As at 31 March 2019*	185 447	7 430	282	151 717	16 902	361 778

* Restated due to business combination with a subsidiary - see note 5.

The condensed separate interim statement of changes in equity should be analyzed together with notes, which constitute integral part of the condensed separate interim financial statements

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

1. Company overview

Stalexport Autostrady S.A. (“the Company”) with its seat in Mysłowice, Piaskowa 20 Street, is a public listed company registered in the National Court Register under registration number KRS 16854.

As at 31 March 2020 the Company’s business activity includes management and business advisory, rental of office space and also finance lease services

2. Basis for preparation of condensed separate interim financial statements

2.1. Statement of compliance

These condensed separate interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union and other regulations in force.

These condensed separate interim financial statements should be analysed together with the separate financial statements prepared as at the day and for the year ended 31 December 2019 and the condensed consolidated interim financial statements prepared as at the day and for the three-month period ended 31 March 2020.

The condensed separate interim financial statements were approved by the Management Board of the Company on 22 May 2020.

2.2. Functional and presentation currency

The condensed separate interim financial statements are presented in Polish zloty, being the functional currency and presentation currency of the Company, rounded to full thousands.

2.3. New standards and interpretations not applied in these condensed separate interim financial statements

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2020, have not been applied in preparation of these condensed separate interim financial statements. Neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the separate financial statements of the Company for the period for which they will become effective.

3. Going concern

The condensed separate interim financial statements have been prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future. Taking into account the overall economic and legal situation of the Company, including the known negative economic and social impact of the COVID-19 epidemic, as at the date of approval of these condensed separate interim financial statements, there is no evidence indicating that the Company will not be able to operate as a going concern.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

4. Description of significant accounting principles

The accounting policies applied by the Company in these condensed separate interim financial statements are the same as those described in the separate financial statements as at and for the year ended 31 December 2019.

Changes resulting from the introduction of amendments to existing standards and interpretations, effective for reporting periods beginning on 1 January 2020 or later, had no significant impact on Company's accounting policies, and as the result, on these condensed separate interim financial statements.

5. Business combination with a subsidiary

On 28 February 2020 the District Court Katowice-Wschód in Katowice, VIII Commercial Division of the National Court Register, made an entry into the register of entrepreneurs of the Company's cross-border merger with its subsidiary Stalexport Autoroute S.à r.l. with its registered office in Luxembourg.

The cross-border merger of the companies was conducted in accordance with the terms and conditions included in the merger plan agreed and adopted on 30 September 2019 by both Management Boards of merging companies i.e. by taking over all assets and liabilities of Stalexport Autoroute S.à r.l. by the Company without an increase of its share capital, in accordance with Art. 516 (1) in relation to Art. 492 § 1 item 1 and Art. 515 of the Commercial companies code of 15 September 2000 ("CCC") and Art. 278 of the Luxembourg act of 10 August 1915 on commercial companies.

According to the Art. 494 § 1 of CCC on the day of the merger i.e. on 28 February 2020 the Company stepped into all the rights and obligations of Stalexport Autoroute S.à r.l., which in accordance with the Luxembourg law was wound up without going into liquidation.

Considering that IFRS EU do not contain any specific regulations for this type of transaction, it has been carried by means of so called "pooling of interest method". Under the pooling of interest method the carrying amounts of individual items of assets and liabilities, as well as income and expenses of the entities subject to combination, are aggregated as at the date of a business combination, after prior unification of valuation methods and elimination of the result of mutual transactions.

Restatement of comparative data as the result of the business combination with a subsidiary

The comparative data included in these condensed separate interim financial statements, has been restated accordingly by the Company as if the business combination had been concluded at the beginning of previous financial year.

The total impact of business combination on separate statement of financial position and separate statement of comprehensive income for the comparative periods presented in these condensed separate interim financial statements has been outlined below.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Separate statement of comprehensive income for the 3-month period ended 31 March 2019

<i>In thousands of PLN, unless stated otherwise</i>	<i>Stalexport Autostrady S.A. published</i>	<i>Stalexport Autoroute S.à r.l.</i>	<i>Adjustments due to business combination</i>	<i>Stalexport Autostrady S.A. restated</i>
Revenue	895	-	-	895
Cost of sales	(999)	-	-	(999)
Gross loss	(104)	-	-	(104)
Other income	42	-	-	42
Administrative expenses	(1 143)	(159)	-	(1 302)
Other expenses	(2)	-	-	(2)
Operating loss	(1 207)	(159)	-	(1 366)
Finance income	12 018	15	(10 903) ¹⁾	1 130
Finance expenses	(29)	(76)	76 ²⁾	(29)
Net finance income	11 989	(61)	(10 827)	1 101
Profit/(Loss) before income tax	10 782	(220)	(10 827)	(265)
Income tax expense	21	(64)	-	(43)
Profit/(Loss) for the period	10 803	(284)	(10 827)	(308)
Other comprehensive income for the period, net of income tax	(125)	-	-	(125)
Total comprehensive income for the period	10 678	(284)	(10 827)	(433)

- 1) Elimination of finance income due to dividends received by the Company from Stalexport Autoroute S.à r.l. (TPLN 10 908) and recognition of foreign exchange gains;
- 2) Elimination of foreign exchange losses.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Separate statement of financial position as at 31 December 2019

<i>In thousands of PLN</i>	<i>Stalexport Autostrady S.A. published</i>	<i>Stalexport Autoroute S.à r.l. published</i>	<i>Adjustments due to business combination</i>	<i>Stalexport Autostrady S.A. restated</i>
ASSETS				
Non-current assets				
Property, plant and equipment	272	-	-	272
Intangible assets	1	-	-	1
Investment property	6 455	-	-	6 455
Investments in subsidiaries and associates	67 118	264 202	(264 260) 1)	67 060
Other non-current investments	173	-	-	173
Finance lease receivables	2 226	-	-	2 226
Deferred tax assets	2 175	-	-	2 175
Total non-current assets	78 420	264 202	(264 260)	78 362
Current assets				
Current investments	1 574	-	-	1 574
Finance lease receivables	1 336	-	-	1 336
Trade and other receivables	5 147	-	-	5 147
Cash and cash equivalents	187 609	1 591	-	189 200
Total current assets	195 666	1 591	-	197 257
Total assets	274 086	265 793	(264 260)	275 619
EQUITY AND LIABILITIES				
Equity				
Share capital	185 447	239 113	(239 113) 2)	185 447
Share premium reserve	7 430	1 252	(1 252) 2)	7 430
Fair value reserve	291	-	-	291
Other reserve and supplementary capitals	64 662	23 911	(23 911) 3)	64 662
Foreign currency translation reserve	-	4	(4) 4)	-
Retained earnings	10 410	1 505	20 5)	11 935
Total equity	268 240	265 785	(264 260)	269 765
Liabilities				
Non-current liabilities				
Lease liabilities	3 112	-	-	3 112
Employee benefits	1 119	-	-	1 119
Total non-current liabilities	4 231	-	-	4 231
Current liabilities				
Lease liabilities	125	-	-	125
Income tax liabilities	29	-	-	29
Trade and other payables	1 359	8	-	1 367
Employee benefits	102	-	-	102
Total current liabilities	1 615	8	-	1 623
Total liabilities	5 846	8	-	5 854
Total equity and liabilities	274 086	265 793	(264 260)	275 619

- 1) Elimination of Stalexport Autoroute S.à r.l. shares held by the Company and recognition of Stalexport Autostrada Małopolska S.A. and VIA4 S.A. shares held by Stalexport Autoroute S.à r.l.;
- 2) Elimination of share capital and share premium reserve of Stalexport Autoroute S.à r.l.;
- 3) Elimination of supplementary capital of Stalexport Autoroute S.à r.l. resulting from the increase of share capital increase in previous years and reclassification of the remaining part of the supplementary capital to "Retained earnings";
- 4) Reclassification of foreign currency translation reserve to „Retained earnings“;
- 5) Total impact of adjustments on „Retained earnings“.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Separate statement of financial position as at 31 March 2019

<i>In thousands of PLN</i>	<i>Stalexport Autostrady S.A. published</i>	<i>Stalexport Autoroute S.à r.l. published</i>	<i>Adjustments due to business combination</i>	<i>Stalexport Autostrady S.A. restated</i>
ASSETS				
Non-current assets				
Property, plant and equipment	335	-	-	335
Intangible assets	1	-	-	1
Investment property	6 873	-	-	6 873
Investments in subsidiaries and associates	67 118	266 858	(266 916) ¹⁾	67 060
Other non-current investments	143	-	-	143
Finance lease receivables	2 975	-	-	2 975
Deferred tax assets	2 647	-	-	2 647
Total non-current assets	80 092	266 858	(266 916)	80 034
Current assets				
Current investments	1 668	-	-	1 668
Finance lease receivables	1 558	-	-	1 558
Trade and other receivables	5 726	-	-	5 726
Cash and cash equivalents	279 059	1 794	-	280 853
Total current assets	288 011	1 794	-	289 805
Total assets	368 103	268 652	(266 916)	369 839
EQUITY AND LIABILITIES				
Equity				
Share capital	185 447	241 516	(241 516) ²⁾	185 447
Share premium reserve	7 430	1 264	(1 264) ²⁾	7 430
Fair value reserve	282	-	-	282
Other reserve and supplementary capitals	151 717	24 152	(24 152) ³⁾	151 717
Retained earnings	15 262	1 624	16 ⁴⁾	16 902
Total equity	360 138	268 556	(266 916)	361 778
Liabilities				
Non-current liabilities				
Lease liabilities	3 029	-	-	3 029
Employee benefits	358	-	-	358
Total non-current liabilities	3 387	-	-	3 387
Current liabilities				
Lease liabilities	121	-	-	121
Income tax liabilities	-	59	-	59
Trade and other payables	1 249	37	-	1 286
Employee benefits	3 208	-	-	3 208
Total current liabilities	4 578	96	-	4 674
Total liabilities	7 965	96	-	8 061
Total equity and liabilities	368 103	268 652	(266 916)	369 839

- 1) Elimination of Stalexport Autoroute S.à r.l. shares held by the Company and recognition of Stalexport Autostrada Małopolska S.A. and VIA4 S.A. shares held by Stalexport Autoroute S.à r.l.;
- 2) Elimination of share capital and share premium reserve of Stalexport Autoroute S.à r.l.;
- 3) Elimination of supplementary capital of Stalexport Autoroute S.à r.l. resulting from the increase of share capital increase in previous years and reclassification of the remaining part of the supplementary capital to "Retained earnings";
- 4) Total impact of adjustments on „Retained earnings“.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Separate statement of financial position as at 1 January 2019

<i>In thousands of PLN</i>	<i>Stalexport Autostrady S.A. published</i>	<i>Stalexport Autoroute S.à r.l. published</i>	<i>Adjustments due to business combination</i>	<i>Stalexport Autostrady S.A. restated</i>
ASSETS				
Non-current assets				
Property, plant and equipment	358	-	-	358
Intangible assets	1	-	-	1
Investment property	7 012	-	-	7 012
Investments in subsidiaries and associates	67 118	266 777	(266 835) ¹⁾	67 060
Other non-current investments	143	-	-	143
Finance lease receivables	3 243	-	-	3 243
Deferred tax assets	2 596	-	-	2 596
Total non-current assets	80 471	266 777	(266 835)	80 413
Current assets				
Current investments	1 823	-	-	1 823
Finance lease receivables	1 636	-	-	1 636
Trade and other receivables	5 584	10 906	-	16 490
Cash and cash equivalents	267 946	1 941	-	269 887
Total current assets	276 989	12 847	-	289 836
Total assets	357 460	279 624	(266 835)	370 249
EQUITY AND LIABILITIES				
Equity				
Share capital	185 447	241 443	(241 443) ²⁾	185 447
Share premium reserve	7 430	1 264	(1 264) ²⁾	7 430
Fair value reserve	407	-	-	407
Other reserve and supplementary capitals	151 717	24 144	(24 144) ³⁾	151 717
Retained earnings	4 459	12 735	16 ⁴⁾	17 210
Total equity	349 460	279 586	(266 835)	362 211
Liabilities				
Non-current liabilities				
Lease liabilities	3 122	-	-	3 122
Employee benefits	99	-	-	99
Total non-current liabilities	3 221	-	-	3 221
Current liabilities				
Lease liabilities	125	-	-	125
Income tax liabilities	-	38	-	38
Trade and other payables	1 446	-	-	1 446
Employee benefits	3 208	-	-	3 208
Total current liabilities	4 779	38	-	4 817
Total liabilities	8 000	38	-	8 038
Total equity and liabilities	357 460	279 624	(266 835)	370 249

- 1) Elimination of Stalexport Autoroute S.à r.l. shares held by the Company and recognition of Stalexport Autostrada Małopolska S.A. and VIA4 S.A. shares held by Stalexport Autoroute S.à r.l.;
- 2) Elimination of share capital and share premium reserve of Stalexport Autoroute S.à r.l.;
- 3) Elimination of supplementary capital of Stalexport Autoroute S.à r.l. resulting from the increase of share capital increase in previous years and reclassification of the remaining part of the supplementary capital to "Retained earnings";
- 4) Total impact of adjustments on „Retained earnings“.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

6. Segment reporting

The Company's business activity includes management and business advisory and also rental of office space and its revenue is earned exclusively in Poland.

7. Investments in subsidiaries and associates

Investments in subsidiaries and associates relate to the following companies:

	Cost	Impairment loss	Carrying amount	Ownership
31 March 2020				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autostrada Małopolska S.A.	66 753	-	66 753	100.00%
VIA4 S.A.	275	-	275	55.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 787	(1 727)	67 060	

	Cost	Impairment loss	Carrying amount	Ownership
31 December 2019*				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autostrada Małopolska S.A.	66 753	-	66 753	100.00%
VIA4 S.A.	275	-	275	55.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 787	(1 727)	67 060	

	Cost	Impairment loss	Carrying amount	Ownership
31 March 2019*				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autostrada Małopolska S.A.	66 753	-	66 753	100.00%
VIA4 S.A.	275	-	275	55.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 787	(1 727)	67 060	

	Cost	Impairment loss	Carrying amount	Ownership
1 January 2019*				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100.00%
Stalexport Autostrada Małopolska S.A.	66 753	-	66 753	100.00%
VIA4 S.A.	275	-	275	55.00%
Biuro Centrum Sp. z o.o.	32	-	32	40.63%
Total	68 787	(1 727)	67 060	

* Restated due to business combination with a subsidiary - see note 5.

8. Contingent liabilities

Both as at 31 March 2020 and 31 December 2019 the Company had no contingent liabilities.

As at 31 March 2019 and as at 1 January 2019 the contingent liabilities related to guarantees given to related entities amounting to TPLN 23,378 and TPLN 23,668 respectively.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

9. Related party transactions

9.1. Intragroup receivables and liabilities

	Trade and other receivables	Finance lease receivables	Dividend receivables	Trade and other payables
31 March 2020				
Stalexport Autostrada Małopolska S.A.	-	-	131 161	3
VIA4 S.A.	21	3 209	10 667	-
Subsidiaries	21	3 209	141 828	3
Biuro Centrum Sp. z o.o.	260	-	-	220
Associates	260	-	-	220
Total	281	3 209	141 828	223
	Trade and other receivables	Finance lease receivables	Dividend receivables	Trade and other payables
31 December 2019*				
Atlantia SpA	-	-	-	17
Parent entities	-	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	-	3
VIA4 S.A.	21	3 562	-	-
Subsidiaries	21	3 562	-	3
Biuro Centrum Sp. z o.o.	2	-	-	112
Associates	2	-	-	112
Total	23	3 562	-	132
	Trade and other receivables	Finance lease receivables	Dividend receivables	Trade and other payables
31 March 2019*				
Atlantia SpA	-	-	-	17
Parent entities	-	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	-	3
VIA4 S.A.	21	4 533	-	-
Subsidiaries	21	4 533	-	3
Biuro Centrum Sp. z o.o.	2	-	-	21
Associates	2	-	-	21
Autogrill Polska Sp. z o.o.	-	-	-	10
Other related entities	-	-	-	10
Total	23	4 533	-	51
	Trade and other receivables	Finance lease receivables	Dividend receivables	Trade and other payables
1 January 2019*				
Atlantia SpA	-	-	-	17
Parent entities	-	-	-	17
Stalexport Autostrada Małopolska S.A.	-	-	10 906	3
VIA4 S.A.	155	4 879	-	-
Subsidiaries	155	4 879	10 906	3
Biuro Centrum Spółka z o.o.	2	-	-	629
Associates	2	-	-	629
Autogrill Polska Sp. z o.o.	-	-	-	10
Other related entities	-	-	-	10
Total	157	4 879	10 906	659

* Restated due to business combination with a subsidiary - see note 5.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

These condensed separate interim financial statements are unaudited

Notes to the condensed separate interim financial statements

(all amounts in PLN thousand (TPLN), unless stated otherwise)

9.2. Related party transactions amounts

	Revenue	Other income	Finance income (dividends)	Finance income (other)	Cost of sales
I quarter 2020					
Atlantia SpA	-	18	-	-	-
Parent entities	-	18	-	-	-
Stalexport Autostrada Małopolska S.A.	-	-	131 161	-	(7)
VIA4 S.A.	51	-	10 667	33	-
Subsidiaries	51	-	141 828	33	(7)
Biuro Centrum Sp. z o.o.	53	-	-	-	(853)
Associates	53	-	-	-	(853)
Total	104	18	141 828	33	(860)
I quarter 2019*					
Stalexport Autostrada Małopolska S.A.	-	-	-	-	(7)
VIA4 S.A.	51	-	-	49	-
Subsidiaries	51	-	-	49	(7)
Biuro Centrum Sp. z o.o.	54	-	-	-	(789)
Associates	54	-	-	-	(789)
Autogrill Polska Sp. z o.o.	3	-	-	-	-
Other related entities	3	-	-	-	-
Total	108	-	-	49	(796)

* Restated due to business combination with a subsidiary - see note 5.

10. Subsequent events

There were no significant subsequent events, which should be disclosed in the condensed separate interim financial statements for the 3-month period ended 31 March 2020.

Explanation

This document constitutes a translation of the condensed separate interim financial statements of Stalexport Autostrady S.A., which were originally issued in Polish. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.