



STALEXPORT
Autostrady

**CONDENSED SEPARATE
INTERIM FINANCIAL STATEMENTS**

for the six-month period ended
30 June 2019

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

These condensed separate interim financial statements are unaudited

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STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

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Condensed separate interim statement of comprehensive income
for the six-month period ended 30 June

| <i>In thousands of PLN, unless stated otherwise</i> | <i>Note</i> | 2019 <i>(unaudited)</i> | 2018 <i>(unaudited)</i> |
|--|-------------|-----------------------------------|-----------------------------------|
| Revenue | | 1 909 | 1 851 |
| Cost of sales | | (1 926) | (1 878) |
| Gross loss | | (17) | (27) |
| Other income | | 45 | 8 |
| Administrative expenses | | (2 372) | (2 169) |
| Other expenses | | (5) | (12) |
| Impairment losses on trade and other receivables | | (9) | (5) |
| Operating loss | | (2 358) | (2 205) |
| Finance income | 8.2 | 12 974 | 2 851 |
| Finance expenses | | (57) | (4) |
| Net finance income | | 12 917 | 2 847 |
| Profit before income tax | | 10 559 | 642 |
| Income tax expense | | (149) | (149) |
| Profit for the period | | 10 410 | 493 |
| 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 | | (142) | 382 |
| Remeasurement of employee benefits | | (8) | (1) |
| Income tax on other comprehensive income | | 29 | (73) |
| Other comprehensive income for the period, net of income tax | | (121) | 308 |
| Total comprehensive income for the period | | 10 289 | 801 |
| Earnings per share | | | |
| Basic earnings per share (PLN) | | 0.04 | 0.00 |
| Diluted earnings per share (PLN) | | 0.04 | 0.00 |

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 SIX-MONTH PERIOD ENDED 30 JUNE 2019

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Condensed separate interim statement of financial position
as at

| <i>In thousands of PLN</i> | <i>Note</i> | 30 June 2019 <i>(unaudited)</i> | 31 December 2018 |
|--|-------------|---|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 317 | 358 |
| Intangible assets | | 2 | 1 |
| Investment property | 16* | 6 733 | 3 765 |
| Investments in subsidiaries and associates | 6 | 67 118 | 67 118 |
| Other non-current investments | | 173 | 143 |
| Finance lease receivables | 8.1 | 2 635 | 3 243 |
| Deferred tax assets | | 2 476 | 2 596 |
| Total non-current assets | | 79 454 | 77 224 |
| Current assets | | | |
| Current investments | | 1 651 | 1 823 |
| Finance lease receivables | 8.1 | 1 462 | 1 636 |
| Trade and other receivables | | 5 695 | 5 584 |
| Cash and cash equivalents | | 188 498 | 267 946 |
| Total current assets | | 197 306 | 276 989 |
| Total assets | | 276 760 | 354 213 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 185 447 | 185 447 |
| Share premium reserve | | 7 430 | 7 430 |
| Fair value reserve | | 292 | 407 |
| Other reserve and supplementary capitals | | 64 662 | 151 717 |
| Retained earnings | | 10 431 | 4 459 |
| Total equity | | 268 262 | 349 460 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Lease liabilities | 4 | 3 056 | - |
| Employee benefits | | 629 | 99 |
| Total non-current liabilities | | 3 685 | 99 |
| Current liabilities | | | |
| Lease liabilities | 4 | 122 | - |
| Trade and other payables | | 1 482 | 1 446 |
| Employee benefits | | 3 209 | 3 208 |
| Total current liabilities | | 4 813 | 4 654 |
| Total liabilities | | 8 498 | 4 753 |
| Total equity and liabilities | | 276 760 | 354 213 |

* Reference made to the note to the condensed consolidated interim financial statements as at the day and for the six-month period ended 30 June 2019.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2019

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of cash flows
for the six-month period ended 30 June

| <i>In thousands of PLN</i> | <i>Note</i> | 2019 <i>(unaudited)</i> | 2018 <i>(unaudited)</i> |
|--|-------------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | | |
| Profit before income tax | | 10 559 | 642 |
| Adjustments for | | | |
| Depreciation and amortisation | | 326 | 266 |
| Interest and dividends | | (12 937) | (2 956) |
| Change in receivables | | 678 | 813 |
| Change in trade and other payables | | 941 | 752 |
| Net cash used in operating activities | | (433) | (483) |
| Cash flows from investing activities | | | |
| Investment proceeds | | 12 987 | 7 756 |
| Dividends received | 8.2 | 10 908 | 4 971 |
| Interest received | | 2 079 | 2 785 |
| Investment expenditures | | (390) | (9) |
| Acquisition of intangible assets and property, plant and equipment | | (390) | (9) |
| Net cash from investing activities | | 12 597 | 7 747 |
| Cash flows from financing activities | | | |
| Financial expenditures | | (91 612) | (71 706) |
| Dividends paid | 20.5* | (91 487) | (71 706) |
| Payment of lease liabilities | | (125) | - |
| Net cash used in financing activities | | (91 612) | (71 706) |
| Total net cash flows | | (79 448) | (64 442) |
| Change in cash and cash equivalents | | (79 448) | (64 442) |
| Cash and cash equivalents at the beginning of the period | | 267 946 | 327 386 |
| Cash and cash equivalents at the end of the period | | 188 498 | 262 944 |

* Reference made to the note to the condensed consolidated interim financial statements as at the day and for the six-month period ended 30 June 2019.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2019

These condensed separate interim financial statements are unaudited

Condensed separate interim statement of changes in equity

In thousands of PLN

| <i>(unaudited)</i> | <i>Note</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 |
| Profit for the period | | - | - | - | - | 10 410 | 10 410 |
| Other comprehensive income | | - | - | (115) | - | (6) | (121) |
| Change in fair value of equity instruments | | - | - | (142) | - | - | (142) |
| Remeasurement of employee benefits | | - | - | - | - | (8) | (8) |
| Income tax on other comprehensive income | | - | - | 27 | - | 2 | 29 |
| Total comprehensive income for the period | | - | - | (115) | - | 10 404 | 10 289 |
| Dividends paid | 20.5* | - | - | - | (91 487) | - | (91 487) |
| Allocation of profit to supplementary capital | | - | - | - | 4 432 | (4 432) | - |
| As at 30 June 2019 | | 185 447 | 7 430 | 292 | 64 662 | 10 431 | 268 262 |

In thousands of PLN

| <i>(unaudited)</i> | <i>Note</i> | Share capital | Share premium reserve | Fair value reserve | Other reserve and supplementary capitals | Retained earnings | Total equity |
|--|-------------|----------------|-----------------------|--------------------|--|-------------------|----------------|
| As at 1 January 2018 | | 185 447 | 7 430 | - | 150 215 | 73 235 | 416 327 |
| Profit for the period | | - | - | - | - | 493 | 493 |
| Other comprehensive income | | - | - | 309 | - | (1) | 308 |
| Change in fair value of equity instruments | | - | - | 382 | - | - | 382 |
| Remeasurement of employee benefits | | - | - | - | - | (1) | (1) |
| Income tax on other comprehensive income | | - | - | (73) | - | - | (73) |
| Total comprehensive income for the period | | - | - | 309 | - | 492 | 801 |
| Dividends paid | 20.5* | - | - | - | - | (71 706) | (71 706) |
| Allocation of profit to supplementary capital | | - | - | - | 1 502 | (1 502) | - |
| As at 30 June 2018 | | 185 447 | 7 430 | 309 | 151 717 | 519 | 345 422 |

* Reference made to the note to the condensed consolidated interim financial statements as at the day and for the six-month period ended 30 June 2019.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2019

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 30 June 2019 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 do not include all the information required for yearly financial statements and therefore should be analyzed together with the separate financial statements prepared as at the day and for the year ended 31 December 2018 and the condensed consolidated interim financial statements prepared as at the day and for the six-month period ended 30 June 2019.

The condensed separate interim financial statements were approved by the Management Board of the Company on 31 July 2019.

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. Use of estimates and judgments

The preparation of condensed separate 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. 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.

2.4. 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 2019, 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.

STALEXPORT AUTOSTRADY S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
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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)

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. 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.

4. Description of significant accounting principles

Except for the changes resulting from the introduction of new standards and interpretations, as well as amendments to existing standards, effective for reporting periods beginning on 1 January 2019 or later, 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 2018. The changes, which had significant impact on these condensed separate interim financial statements, has been presented below.

IFRS 16 Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 *Leases* and interpretations related to such agreements. The standard introduces a single lessee accounting model for agreements meeting the definition of lease, however lessors will still distinguish two kinds of lease, i.e. financial lease, if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred, or otherwise an operating lease.

i) Accounting policies applied

Considering the extent to which IFRS 16 has affected the existing accounting policies of the Company, the accounting policies that follow apply only to cases where the Company is the lessee.

At the lease commencement date the Company recognises a right-of-use asset and a lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease, or if that rate can't be readily determined, using the Company's incremental borrowing rate.

The Company subsequently measures the lease liabilities by

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

At the lease commencement date the Company measures the right-of-use asset at cost. Subsequently these assets are measured at cost less any accumulated depreciation and impairment losses, taking into account adjustments resulting from aforementioned revaluation of lease liabilities.

If a right-of-use asset meets the definition of investment property, it is presented as such within separate statement of financial position.

In case of short-term leases and leases for which the underlying asset is of low value, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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

ii) *Impact of initial application*

The Company applied IFRS 16 using the modified retrospective approach, with the cumulative effect of the implementation recognised at the date of initial application, i.e. 1 January 2019, as an adjustment to the opening balance of retained earnings at that date. As the result, the comparative information has not been restated.

So far the Company classified perpetual usufruct of land as operating lease, with the payments for perpetual usufruct expensed to profit or loss when incurred. As the result of IFRS 16 introduction the Company recognised a lease liability amounting to the present value of payments for perpetual usufruct that are not yet paid (the perpetual usufruct expires in December 2089), discounted using the Company's incremental borrowing rate (3.67%) as of initial application date. Lease liability related to payments for perpetual usufruct of land amounted to TPLN 3,247 at the date of initial application of IFRS 16. The Company recognised a right-of-use asset measured at the amount equal to the aforementioned liability, as the consequence of which Company's equity were not subject to any changes as at 1 January 2019. Considering that this right-of-use asset meets the definition of investment property, it has been presented as such within the condensed separate interim statement of financial position.

5. 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.

6. Investments in subsidiaries and associates

Investments in subsidiaries and associates relate to the following companies:

| | Cost | Impairment loss | Carrying amount | Ownership |
|------------------------------|---------------|-----------------|-----------------|-----------|
| 30 June 2019 | | | | |
| Petrostal S.A. w likwidacji | 1 727 | (1 727) | - | 100.00% |
| Stalexport Autoroute S.a r.l | 67 086 | - | 67 086 | 100.00% |
| Biuro Centrum Sp. z o.o. | 32 | - | 32 | 40.63% |
| Total | 68 845 | (1 727) | 67 118 | |
| 31 December 2018 | | | | |
| Petrostal S.A. w likwidacji | 1 727 | (1 727) | - | 100.00% |
| Stalexport Autoroute S.a r.l | 67 086 | - | 67 086 | 100.00% |
| Biuro Centrum Sp. z o.o. | 32 | - | 32 | 40.63% |
| Total | 68 845 | (1 727) | 67 118 | |

Company's investments in subsidiaries and associates weren't subject to any changes in the six-month period ended 30 June 2019.

7. Contingent liabilities

Contingent liabilities relate to guarantees granted to related entities amounting to TPLN 23,818 (31 December 2018: TPLN 23,668).

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8. Related party transactions

8.1. Intragroup receivables and liabilities

| | Trade and other receivables | Finance lease receivables | Trade and other payables |
|---------------------------------------|-----------------------------|---------------------------|--------------------------|
| 30 June 2019 | | | |
| Atlantia SpA | - | - | 17 |
| Parent entity | - | - | 17 |
| Stalexport Autostrada Małopolska S.A. | - | - | 3 |
| VIA4 S.A. | 154 | 4 097 | - |
| Subsidiaries | 154 | 4 097 | 3 |
| Biuro Centrum Spółka z o.o. | 90 | - | 342 |
| Associates | 90 | - | 342 |
| Autogrill Polska Sp. z o.o. | - | - | 10 |
| Other related entities | - | - | 10 |
| Total | 244 | 4 097 | 372 |
| | | | |
| | Trade and other receivables | Finance lease receivables | Trade and other payables |
| 31 December 2018 | | | |
| Atlantia SpA | - | - | 17 |
| Parent entity | - | - | 17 |
| Stalexport Autostrada Małopolska S.A. | - | - | 3 |
| VIA4 S.A. | 155 | 4 879 | - |
| Subsidiaries | 155 | 4 879 | 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 | 659 |

8.2. Related party transactions amounts

| | Revenue | Finance income (dividends) | Finance income (other) | Cost of sales |
|---------------------------------------|------------|----------------------------|------------------------|----------------|
| I semester 2019 | | | | |
| Stalexport Autostrada Małopolska S.A. | - | - | - | (13) |
| VIA4 S.A. | 235 | - | 93 | - |
| Stalexport Autoroute S.a.r.l | - | 10 908 | - | - |
| Subsidiaries | 235 | 10 908 | 93 | (13) |
| Biuro Centrum Spółka z o.o. | 109 | - | - | (1 505) |
| Associates | 109 | - | - | (1 505) |
| Autogrill Polska Sp. z o.o. | 6 | - | - | - |
| Other related entities | 6 | - | - | - |
| Total | 350 | 10 908 | 93 | (1 518) |
| | | | | |
| | Revenue | Finance income (dividends) | Finance income (other) | Cost of sales |
| I semester 2018 | | | | |
| Stalexport Autostrada Małopolska S.A. | - | - | - | (13) |
| VIA4 S.A. | 215 | - | 118 | - |
| Subsidiaries | 215 | - | 118 | (13) |
| Biuro Centrum Spółka z o.o. | 106 | 171 | - | (1 427) |
| Associates | 106 | 171 | - | (1 427) |
| Autogrill Polska Sp. z o.o. | 23 | - | - | - |
| Other related entities | 23 | - | - | - |
| Total | 344 | 171 | 118 | (1 440) |

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9. Subsequent events

- On 19 July 2019 the Polish Financial Supervision Authority approved the Company's prospectus drawn up in connection with the intention to apply for admission and introduction to public trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) of 89,500,000 series G ordinary bearer shares (numbered from G 157,762,024 to G 247,262,023) held by Atlantia S.p.A. The prospectus was published on 24 July 2019.
- On 24 July 2019 the Management Board of Stalexport Autostrada Małopolska S.A. (hereinafter referred to as "SAM S.A.") adopted a resolution in accordance with which it decided to make on 30 September 2019 the full prepayment of outstanding debt resulting from the Project Loan Agreement and, after making the prepayment, take any actual or legal actions to remove the debt resulting from the said agreement from the relevant register of securities.

Taking into account the above decision of the Management Board of SAM S.A., on 24 July 2019 the Management Board of the Company adopted a resolution pursuant to which it decided that in the event that SAM S.A. effectively performs the actions referred to above, the Management Board of the Company shall take actions aimed at simplifying the Group's structure in order to reduce the costs of its operation by terminating the business activity of Stalexport Autoroute S.à r.l. with its registered office in Luxembourg (hereinafter referred to as "Holdco") and its legal status. The legal existence of Holdco will be terminated through a cross-border merger of the Company and Holdco consisting in a cross-border takeover of Holdco by the Company, without increasing the share capital of the Company, using a simplified merger procedure in accordance with the Commercial Companies Code and pursuant to the relevant provisions of Luxembourg law.

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.