

This document constitutes a translation of the Management Board's Report on the activities of the Company and Stalexport Autostrady S.A. Group in H1 2022 which was originally issued in Polish. In case of ambiguities in interpretation of terminology, the Polish terminology should be treated as binding.



REPORT

**OF THE MANAGEMENT BOARD ON
THE ACTIVITIES OF THE COMPANY
AND STALEXPORT AUTOSTRADY
GROUP IN THE FIRST HALF OF 2022**

Mysłowice, July 29, 2022

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DEFINITIONS AND ABBREVIATIONS

The following are definitions of abbreviations used in the body of this Report.

ADT	Average Daily Traffic
Atlantia	Atlantia S.p.A. established in Rome (Italy)
Biuro Centrum	Biuro Centrum Sp. z o.o. with its registered office in Katowice
GPLC 2021	"Good Practices of Companies Listed on the WSE 2021", which were adopted by Resolution No. 13/1834/2021 of the WSE Supervisory Board of 29 March 2021 and came into force on 1 July 2021.
Ernst & Young	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw at Rondo ONZ 1, entered in the list of entities authorised to audit financial statements maintained by the National Chamber of Statutory Auditors (PIBR) under number 130
GDDKiA	General Directorate for National Roads and Motorways
WSE	Warsaw Stock Exchange
Group Stalexport Autostrady Group; Group	Stalexport Autostrady S.A. Group with its registered office in Mysłowice
CCC, Commercial Companies Code	The Commercial Companies Code of 15 September 2000 (Journal of Laws of 2000, No. 94, item 1037, as amended)
Pavimental Poland	Pavimental Polska Sp. z o.o. with its registered office in Trzebinia (32-450), ul. Słowackiego 49
Regulation on Current and Periodic Information	Regulation of the Minister for Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-Member State (Journal of Laws of 2018, item 757).
SAM, Concessionaire	Stalexport Autostrada Małopolska S.A. with registered office in Mysłowice
Report	Report of the Management Board on the operations of the Company and Stalexport Autostrady S.A. Group in H1 2022.
Stalexport Autostrady, Company, Issuer	Stalexport Autostrady S.A. with its registered office in Mysłowice

Concession Agreement	Concession Agreement of 19 September 1997 for the construction by way of adaptation of the A4 motorway in the section: Katowice (Murckowska junction, km 340.2) - Kraków (Balice junction, km 401.1) to the requirements of the toll motorway and the operation of the motorway in this section, as amended under subsequent annexes, under which the rights and obligations were fully transferred from Stalexport Autostrady to SAM on 28 July 2004.
Act on Auditors	Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2017, item 1089, as amended)
Act on Offering	Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Journal of Laws 2005 item 1539, as amended)
UOKiK	The Office of Competition and Consumer Protection
VIA4	VIA4 S.A. with its registered office in Mysłowice
GM	General Meeting

→ PART 1

BASIC INFORMATION ABOUT STALEXPORT AUTOSTRADY GROUP

The operations of the Company and of the entities comprising its Group are primarily focused on motorway operations. It covers the operation and maintenance of the A4 Katowice-Kraków motorway section. These activities are carried out through SAM and VIA4.

In addition, in connection with the fact of co-owning an office building in the centre of Katowice, Stalexport Autostrady Group conducts operations connected with the provision of services involving the lease of office space and parking spaces. These are activities carried out by the Company itself, as co-owner of the property, and its affiliate Biuro Centrum Sp. z o.o., as property manager.

The chart below presents the organisational structure of Stalexport Autostrady Group, broken down into:

(i) core business, i.e. the motorway segment, and (ii) other business.

FIGURE 1 | ORGANISATIONAL CHART OF STALEXPORT AUTOSTRADY GROUP AS AT 30 JUNE 2022



Source: Company's own study

Table 1 contains basic consolidated data of Stalexport Autostrady Group and individual data concerning the three largest entities comprising the Group, i.e. Stalexport Autostrady, SAM, and VIA4. In addition to the results achieved by these companies in H1 2022, the results achieved by them in the corresponding period of the previous year are also included for comparison, while for balance sheet data the figures as at 31 December 2021 are presented.

TABLE 1 | KEY FINANCIAL DATA OF SELECTED MEMBERS OF THE GROUP [FIGURES IN PLN THOUSAND]

	Group		Stalexport Autostrady		SAM		VIA4	
balance sheet data	30.06.22	31.12.21	30.06.22	31.12.21	30.06.22	31.12.21	30.06.22	31.12.21
Non-current assets	1,028,993	998,383	78,730	80,088	1,017,061	985,245	15,342	15,809
Current assets	257,883	351,970	229,542	242,300	22,856	102,811	22,877	16,571
Total shareholders' equity	784,105	799,019	301,942	314,371	542,170	540,200	8,616	12,376
Non-current liabilities	297,240	353,754	3,700	3,217	295,344	352,271	10,288	11,806
Current liabilities	205,531	197,580	2,630	4,800	202,403	195,585	19,315	8,198
Net debt*	-678,154	-674,249	-215,493	-228,083	-453,846	-436,673	22,094	15,052
result data	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Sales revenue	187,720	158,847	2,019	1,831	185,476	156,822	29,329	24,198
Gross profit on sales	94,123	105,035	-519	-390	81,168	96,430	11,726	7,439
EBITDA**	112,624	104,668	-2,424	-3,176	105,597	102,155	10,186	6,364
EBIT	68,759	64,507	-2,766	-3,509	62,289	62,695	8,747	4,878
Result on financial activities	-1,691	-889	50,234	5,201	-3,029	-431	-231	-176
Net profit	48,976	48,819	46,897	1,931	44,143	47,861	6,884	3,792
EBIT margin***	37%	41%	-137%	-192%	34%	40%	30%	20%
ROE	6%	6%	16%	1%	8%	9%	80%	71%

* Net debt = total liabilities - provision for capital expenditures - long-term deposits - cash and cash equivalents

**EBITDA = EBIT + depreciation and amortisation

*** EBIT margin = EBIT / sales revenue

Source: Company's own study

1.1. STALEXPORT AUTOSTRADY S.A.

ul. Piaskowa 20
41-404 Mysłowice
phone no: +(48) 32 762 75 45

Management Board:

Emil Wąsacz –
President of the Management Board,
Chief Executive Officer

Mariusz Serwa –
Vice-President of the Management
Board, Chief Financial Officer

**KRS (NATIONAL COURT REGISTER
NUMBER): 0000016854**
**NIP (TAX IDENTIFICATION NUMBER):
634-013-42-11**
REGON: 271936361

Share capital:
PLN 185,446,517.25
(paid in full)

www.stalexport-autostrady.pl

Stalexport Autostrady S.A. plays a leading role in the Group focusing its activity on modernising and expanding motorway infrastructure. In 1997, the Company was the first entity in Poland to obtain a concession for the implementation of the pioneering project of operation, reconstruction and adaptation of the Katowice-Kraków section of A4 motorway to the toll motorway requirements.

In 2004, the concession was transferred to an entity specifically appointed to perform the provisions of the Concession Agreement, i.e. Stalexport Autostrada Małopolska S.A.

Since mid-2006, the Company has been part of the Italian Atlantia group. As at 30 June 2022 and as at the date of preparation of the Report, Atlantia held 61.2% of the share capital of the Company. More information about Atlantia Group can be found on Stalexport Autostrady's website: www.atlantia.it, apart from the activities related to the construction and operation of toll motorways, also leases office space in a building in Katowice, of which it is a co-owner.

1.2. ENTITIES COVERED BY CONSOLIDATION AND THEIR CONSOLIDATION METHODS

Stalexport Autostrady is the parent company and prepares consolidated financial statements. The entities consolidated as at 30 June 2022, other than the parent company, are described in the table below.

TABLE 2 | ENTITIES COMPRISING THE GROUP AS AT 30 JUNE 2022 (IN EXTERNAL RELATIONS)

Company name	Registered office	Core business	Company status	Share in capital and number of votes	Date of gaining control / Date of acquisition	Consolidation method
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of the 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	Affiliate	40.63%	1994	Equity method
Petrostal S.A. in liquidation *	Warsaw	The Company is inactive	Subsidiary	100%*	2005	-

**entity not consolidated due to existing control restrictions*

Source: Company's own study

1.3. PRINCIPLES OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The principles (basis) on which the condensed interim consolidated financial statements have been prepared are described in Section 2 of the Notes to the Condensed Interim Consolidated Financial Statements for the 6-month period ended 30 June 2022.

1.4. CHARACTERISTICS OF OTHER COMPANIES OF STALEXPORT AUTOSTRADY GROUP

1.4.1. STALEXPORT AUTOSTRADA MAŁOPOLSKA S.A.

ul. Piaskowa 20
41-404 Mysłówice
phone no: +(48) 32 762 75 55

Management Board:

Emil Wąsacz – President of the
Management Board,

Mariusz Serwa – Vice-President of the
Management Board, Chief Financial
Officer

Paweł Kocot – Member of the
Management Board

**KRS (NATIONAL COURT REGISTER
NUMBER): 0000026895**
NIP (TAX IDENTIFICATION NUMBER):
634-22-62-054
REGON: 273796214

Share capital:
PLN 66,753,000
(paid in full)

Ownership structure:
100% - Stalexport Autostrady

www.autostrada-a4.pl

SAM was established on the basis of a notarial deed of 19 December 1997 as a special purpose vehicle to carry out the project consisting in the management of the A4 motorway between Katowice and Kraków.

The statutory activity of this entity includes the management of motorway projects and all tasks under the applicable Concession Agreement, covering the management of the construction, adjustment to the requirements of the toll motorway and the operation of the A4 motorway section between Katowice and Kraków (said concession was originally granted to Stalexport Autostrady, and then transferred to SAM by virtue of the decision of the Minister of Infrastructure dated 28 July 2004).

Pursuant to the Concession Agreement, SAM has been authorised to charge lease rents and tolls on the above motorway section. According to the provisions of the Concession Agreement, in return it is obliged to maintain the motorway on an ongoing basis and continue further necessary investment tasks.

SAM finances its operations through revenues generated from toll collection and other revenues, including received rents.

SAM's selected financial data is included in Table 1.

1.4.2. VIA4 S.A.

ul. Piaskowa 20
41-404 Mysłowice
phone no: +(48) 32 762 73 50

Management Board:
Andrzej Gienieczo -
President of the Management Board
Mieczysław Skołożyński - Vice-
President of the Management Board

**KRS (NATIONAL COURT REGISTER
NUMBER): 0000162861**
**NIP (TAX IDENTIFICATION
NUMBER): 634-22-98-951**
REGON: 276194390

Share capital:
PLN 500,000
(paid in full)

Ownership structure:
55% - Stalexport Autostrady
45% - Egis Road Operation S.A.S.
(France)

www.via4.pl

The company VIA4 was established on the basis of a notarial deed dated 14 May 1998. The scope of activity of VIA4 involves the operation of the A4 toll motorway between Katowice and Kraków. This entity actually provides its services to its sole client, SAM, as the entity that manages this section of motorway under the Concession Agreement.

It is paid a lump sum for its services, the amount of which depends mainly on the level of vehicle traffic on the motorway and the inflation rate.

The most important tasks performed by VIA4 include current operation and maintenance services of the toll A4 motorway section (Katowice-Kraków), including: toll collection system operation; motorway traffic management; maintaining the motorway equipment in appropriate technical condition; full maintenance of the whole motorway lane; motorway winter maintenance; management and advisory services, especially with respect to future road surface repairs and upgrading projects.

Equally important are safety and traffic tasks, where VIA4 provides: round-the-clock motorway patrols, which in cooperation with the Motorway Management Centre ensure the ASAP detection of incidents; operation of the SOS telephone system along the motorway lane; cooperation with the police and other services to keep the motorway passable in the event of collisions, accidents, or other incidents.

Selected financial data for VIA4 is provided in Table 1.

1.4.3. BIURO CENTRUM SP. Z O.O.

ul. Mickiewicza 29
40-085 Katowice
phone no: +(48) 32 207 22 08

Management Board:
Damazy Ćwikowski -
President of the Management Board
Dorota Karolak -
Vice-President of the Management
Board

**KRS (NATIONAL COURT REGISTER
NUMBER): 0000087037**
NIP (TAX IDENTIFICATION NUMBER):
634-10-03422
REGON: 272254793

Share capital:
PLN 80,000
(paid in full)

Ownership structure:
59.37% - WĘGŁOKOKS S.A.
40.63% - Stalexport Autostrady

www.biurocentrum.com.pl

Biuro Centrum company was established on the basis of a notarial deed of 9 June 1994.

The core business of Biuro Centrum is the management and maintenance of an office and conference facility in Katowice at ul. Mickiewicza 29, jointly owned by Stalexport Autostrady (40.47%) and Węgłokoks S.A. (59.53%).

Biuro Centrum provides high standards and professionalism in a full range of property management and maintenance services. It has modern organisational, technical, and office facilities.

As complementary operations, Biuro Centrum provides catering services in its restaurant "Pod wieżami".

PART 2

OTHER INFORMATION ABOUT STALEXPORT AUTOSTRADY GROUP

2.1. INFORMATION ON CONCLUDED AGREEMENTS SIGNIFICANT FOR THE ACTIVITY OF THE GROUP, INCLUDING AGREEMENTS BETWEEN SHAREHOLDERS KNOWN TO THE COMPANY, INSURANCE AGREEMENTS, COOPERATION OR PARTNERSHIP AGREEMENTS

On 4 January 2022, SAM issued a letter of approval for Pavimental Polska, which meant that SAM accepted Pavimental Polska's bid placed as part of the tender for the performance of lump sum contract ROM 4610 - "Repair of bridge structures nos. M04, M06, M10P, and M10L" (hereinafter: "Contract").

The total contract value amounts to PLN 35,953,301.90 net (hereinafter referred to as: Approved Net Contract Amount). Under the Contract, the repair of bridge structures nos. M04, M06, M10P, M10L, and M11L will be carried out on the A4 Katowice-Kraków motorway section.

Together with the letter of approval issued by SAM, an agreement (signed by SAM on 4 January 2022) for the performance of the Contract was sent to be signed by Pavimental Polska.

Pursuant to clause 27.2 of the Guidelines for Tenderers, SAM's notification of acceptance of the bid in the letter of approval is considered tantamount to the conclusion of the Contract until the agreement is signed by SAM and Pavimental Polska.

The General Terms and Conditions of said Contract are set out in "Terms and Conditions of the Contract for Equipment and Design and Construction for Electrical and Mechanical Equipment and Engineering and Construction Works designed by the Contractor", First Edition of 1999, prepared by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (Fourth English and Polish edition, unamended, 2008). The General Terms and Conditions of the Contract are supplemented by Special Terms and Conditions of the Contract. The General Terms and Conditions of the Contract are binding, unless the Special Terms and Conditions of the Contract provide otherwise. The General Terms and Conditions of the Contract and the Special Terms and Conditions of the Contract jointly constitute the Terms and Conditions of the Contract.

The Agreement provides for the following contractual penalties for Pavimental Polska:

- penalties for delay - the limit of contractual penalties under clause 8.7 of the Terms and Conditions of the Contract is 10% of the Approved Net Contract Amount,
- penalties for failure to remedy defects or faults in the works within the time limit - the limit of contractual penalties under clause 11.4 of the Terms and Conditions of the Contract is 10% of the Approved Net Contract Amount,
- penalties for unjustified impediments to traffic - the limit of contractual penalties under clause 8.13 of the Terms and Conditions of the Contract is 2% of the Approved Net Contract Amount,

On 19 April 2022, SAM issued a letter of approval for Pavimental Polska, which meant that SAM accepted Pavimental Polska's bid placed as part of the tender for the performance of lump sum contract "F2b-13-2021 - Reconstruction of the A4 motorway drainage system - Part V" (hereinafter: "Contract").

The total contract value amounts to PLN 50,161,175.44 net (hereinafter referred to as: Approved Net Contract Amount). Under the Contract, the section of the A4 Katowice-Kraków motorway drainage system with a length of approx. 10 km will be reconstructed.

Together with the letter of approval issued by SAM, an agreement (signed by Pavimental Polska on 19 April 2022) for the performance of the Contract was sent to be signed by Pavimental Polska, the content of which is consistent with the template presented in the tender documents.

Pursuant to clause 27.2 of the Guidelines for Tenderers, SAM's notification of acceptance of the bid in the letter of approval is considered tantamount to the conclusion of the Contract until the agreement is signed by SAM and Pavimental Polska.

The General Terms and Conditions of said Contract are set out in "Terms and Conditions of the Contract for Construction Works designed by the Contracting Authority", First Edition of 1999, prepared by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (Fourth English and Polish edition, unamended, 2008). The General Terms and Conditions of the Contract are supplemented by Special Terms and Conditions of the Contract. The General Terms and Conditions of the Contract are binding, unless the Special Terms and Conditions of the Contract provide otherwise. The General Terms and Conditions of the Contract and the Special Terms and Conditions of the Contract jointly constitute the Terms and Conditions of the Contract.

The Agreement provides for the following contractual penalties for Pavimental Polska:

- penalties for delay - the limit of contractual penalties under clause 8.7 of the Terms and Conditions of the Contract is 10% of the Approved Net Contract Amount,
- penalties for failure to remedy defects or faults in the works within the time limit - the limit of contractual penalties under clause 11.4 of the Terms and Conditions of the Contract is 10% of the Approved Net Contract Amount,
- penalties for unjustified impediments to traffic - the limit of contractual penalties under clause 8.13 of the Terms and Conditions of the Contract is 2% of the Approved Net Contract Amount.

On 26 July 2022 SAM issued a letter of approval for Pavimental Polska, which meant that SAM accepted Pavimental Polska's bid placed as part of the tender for the performance of lump sum contract "HM-5-2022 - Resurfacing of motorway junctions and emergency crossings" (hereinafter "Contract").

The net value of the Contract amounts to PLN 72,391,897.60 (hereinafter referred to as: "Approved Net Contractual Value").

The following works will be performed under the Contract:

- renovation of the road of the "Brzęczkowice" motorway junction along with the renovation of the M13P and M13L bridges at km 349 + 728,
- renovation of the road of the "Chrzanów", "Mysłowice" and "Balin" motorway junctions,
- renovation of 15 emergency crossings and selected 11 technological crossings.

Together with the letter of approval issued by SAM, an agreement (signed by SAM on 26 July 2022) for the performance of the Contract was sent to be signed by Pavimental Polska.

Pursuant to clause 27.2 of the Guidelines for Tenderers, SAM's notification of acceptance of the bid in the letter of approval is considered tantamount to the conclusion of the Contract until the agreement is signed by SAM and Pavimental Polska.

The General Terms and Conditions of said Contract are set out in "Terms and Conditions of the Contract for Construction Works designed by the Contracting Authority", First Edition of 1999, prepared by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (Fourth English and Polish edition, unamended, 2008). The General Terms and Conditions of the Contract are supplemented by Special Terms and Conditions of the Contract. The General Terms and Conditions of the Contract are binding, unless the Special Terms and Conditions of the Contract provide otherwise. The

General Terms and Conditions of the Contract and the Special Terms and Conditions of the Contract jointly constitute the Terms and Conditions of the Contract.

The Agreement provides for the following contractual penalties for Pavimental Polska:

- penalties for delay - the limit of contractual penalties under clause 8.7 of the Terms and Conditions of the Contract is 10% of the Approved Net Contract Amount,
- penalties for failure to remedy defects or faults in the works within the time limit - the limit of contractual penalties under clause 11.4 of the Terms and Conditions of the Contract is 10% of the Approved Net Contract Amount,
- penalties for unjustified impediments to traffic - the limit of contractual penalties under clause 8.13 of the Terms and Conditions of the Contract is 2% of the Approved Net Contract Amount.

During the reporting period and until the day of writing of the Report, no agreements significant for the Group's activity were concluded.

2.2. INFORMATION ON CHANGES IN THE ORGANISATIONAL OR CAPITAL RELATIONS OF THE GROUP WITH OTHER ENTITIES

In the reporting period, there were no changes in the organisation of the Group, including as a result of business combinations, gaining or loss of control over subsidiaries and long-term investments, as well as demergers, restructurings, or discontinuation of business.

2.3. INFORMATION ON CONCLUSION BY THE COMPANY OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED PARTIES, IF THEY WERE CONCLUDED ON CONDITIONS OTHER THAN MARKET CONDITIONS

Any and all transactions made by the Company and/or its subsidiaries with related parties were carried out on an arm's length basis. However, the Company's Management Board would like to draw attention to several significant transactions between the Company or its subsidiaries and related parties:

- **Maintenance and Operation Agreement**, which was originally concluded in 1998 between Stalexport Autostrady and VIA4. The current agreement was signed **between SAM and VIA4** on 22 March 2006.

The Maintenance and Operation Agreement was concluded for the term of the Concession Agreement (until 2027), and its subject matter is strictly defined works related to the A4 concession-granting project, including, inter alia, toll collection services and ongoing maintenance and operation of the motorway (including winter maintenance). The contractually agreed level of remuneration of the operator for the duration of the agreement separates in the long term the risk of frequent changes in market prices affecting maintenance and operating costs and ensures continuity of service and operation during the many years' period of project implementation. In H1 2022, the value of the transaction between SAM and VIA4 resulting from the aforementioned Agreement amounted to PLN 28,880 thousand.

Due to the specificity and scope of the agreement described above, as well as a very limited market for this type of services, there is a difficulty in relating the provisions of the Maintenance and Operation Agreement to conditions obtainable on the so-called free market.

However, in the opinion of the Management Board of the Company, said agreement was concluded on market terms and the provisions contained therein do not deviate from those that could be obtained if it was signed with an entity outside the Group.

- **Agreement on the operation** of an office facility located in Katowice at ul. Mickiewicza 29 of 1 March 2000, as amended, concluded between **Biuro Centrum** and co-owners of the office building, including the Company, and **Car Park Management Agreement** for the car park located in the vicinity of the aforementioned office building of 1 October 2009 concluded between the Company and **Biuro Centrum**.

The Company incurred maintenance costs related to the security and operation of said office facility and parking lot and all said expenses were paid through Biuro Centrum. The total amount of the above-mentioned expenses in H1 2022 attributable to the Company amounted to PLN 2,120 thousand.

- **Toll collection system maintenance services** provided by **Movyon S.p.A.** (former name: Autostrade Tech S.p.A, which belonged until 5 May 2022 to the Atlantia group) to **SAM and VIA4**.

As part of the successive expiration of the support and maintenance period under the contract "Replacement of Toll Collection Devices" in 2018, maintenance services for the toll collection system were provided under separate agreements. At present, SAM is entitled to outsource investment tasks related to the development of the tolling system under a service contract. In the first half of 2022, under said agreement works were continued, among others, on adding more lanes intended for "A4Go" electronic toll collection and videotolling, integration with subsequent videotolling service providers, exchange of toll collection cabins and implementation of new signage, including variable message signs for dedicated lanes. The value of capital expenditures for tasks commissioned under the Software Maintenance Agreement amounted to PLN 2,713 thousand in H1 2022 (including PLN 2,000 thousand until 30 April 2022).

In the opinion of the Management Board of the Company, the aforementioned services were provided on market terms not dissimilar to those obtainable if provided by an entity from outside the Group.

- **Contract between SAM and Pavimental Polska Sp. z o.o.** (until 5 May 2022 the entity belonged to the Atlantia group) **for resurfacing on the motorway sections with the total length of 42.4 km, execution of bridge works related to resurfacing and reconstruction of a part of linear drainage in the division strip.**

The selection of the contractor for this contract was based on a tender procedure. The contract was concluded for the amount of PLN 49,689 thousand on 4 February 2019, with deadline for completion of the work provided for in the contract being 600 days from the date of commencement, i.e. from 25 February 2019.

In 2019, the mobilisation period was completed and work began. By the end of H1 2021, more than a dozen change orders were issued, including one change order in H1 2021 significantly increasing the scope of work to include resurfacing on the "Jeleń" junction. Taking into account all change orders, the total contract value increased to PLN 69,954 thousand. The total net value of works invoiced by the contractor under this contract amounts to PLN 67,752 thousand (96.85% of the contract value), of which PLN 1,446 thousand was invoiced in H1 2022 (including PLN 227 thousand until 30 April 2022).

In view of the selection procedure used to select the entity to perform this contract, in the opinion of the Company's Management Board its terms and conditions should be considered arm's length.

- **Contract between SAM and Pavimental Polska Sp. z o.o.** (until 5 May 2022, the entity belonged to the Atlantia group) **for reconstruction of the A4 motorway drainage system – Part IV, involving reconstruction of the drainage for 13 catchment areas in Małopolska Province.**

The selection of the contractor for this contract was based on a tender procedure. The contract was concluded for the amount of PLN 64,730 thousand on 25 June 2020, with deadline for completion of work under the contract being 800 days from the start date, i.e. 27 July 2020.

In 2020, the mobilisation period was completed and work began. Taking into account all change orders, the total contract value increased to PLN 73,795 thousand. The total net value of works invoiced by the contractor under

this contract amounts to PLN 51,011 thousand (69.12% of the contract value), of which PLN 23,637 thousand was invoiced in H1 2022 (including PLN 14,250 thousand until 30 April 2022).

In view of the selection procedure used to select the entity to perform this contract, in the opinion of the Company's Management Board its terms and conditions should be considered arm's length.

- **Contract between SAM and Pavimental Polska Sp. z o.o.** (until 5 May 2022 the entity belonged to the Atlantia group) **for Repair of bridges' structures no. M04, M06, M10P and M10L.**

The selection of the contractor for this contract was based on a tender procedure. The contract was concluded for the amount of PLN 35,953 thousand on 4 January 2022, with deadline for completion of work under the contract being 650 days from the start date, i.e. 1 February 2022.

In H1 2022, the mobilisation period was completed and work began. The total net value of works invoiced by the contractor under this contract amounts to PLN 3,064 thousand (8.52% of the contract value), with the entire amount being invoiced in H1 2022 (including PLN 1,657 thousand until 30 April 2022).

In view of the selection procedure used to select the entity to perform this contract, in the opinion of the Company's Management Board its terms and conditions should be considered arm's length.

- **Contract between SAM and Pavimental Polska Sp. z o.o.** (until 5 May 2022, the entity belonged to the Atlantia group) **for Reconstruction of the A4 motorway drainage system – Part V, involving reconstruction of the drainage for 17 catchment areas in Małopolska Province.**

The selection of the contractor for this contract was based on a tender procedure. The contract was concluded for the amount of PLN 50,161 thousand on 19 April 2022, with deadline for completion of work under the contract being 660 days from the start date, i.e. 23 May 2022.

In H1 2022, mobilisation-related work was carried out. During the reporting period, no work was invoiced in connection with the performance of the contract.

In view of the selection procedure used to select the entity to perform this contract, in the opinion of the Company's Management Board its terms and conditions should be considered arm's length.

2.4. INFORMATION ON GRANTING BY THE COMPANY OR ITS SUBSIDIARY OF SURETIES FOR LOANS OR BORROWINGS OR GUARANTEES - JOINTLY TO A SINGLE ENTITY OR ITS SUBSIDIARY, IF THE TOTAL AMOUNT OF THE EXISTING SURETIES OR GUARANTEES IS SIGNIFICANT.

In the reporting period, no sureties or guarantees were granted.

2.5. INFORMATION ON THE ISSUE OF SECURITIES WITH A DESCRIPTION OF THE USE BY THE COMPANY OF PROCEEDS FROM THE ISSUE

In the reporting period, the Company, like other entities of the Group, did not issue any securities.

2.6. SHARES IN THE COMPANY OR RIGHTS THERETO HELD BY PERSONS MANAGING AND SUPERVISING THE COMPANY, TOGETHER WITH AN INDICATION OF CHANGES IN OWNERSHIP DURING THE PERIOD SINCE THE PUBLICATION OF THE PREVIOUS INTERIM REPORT

The number and nominal value of Stalexport Autostrady shares (or rights thereto) held by persons managing and supervising the Company has been presented on the basis of statements made. The table below shows the situation as at 30 June 2022 and as at the date of submission of the Report.

TABLE 3 | NUMBER AND PAR VALUE OF STALEXPORT AUTOSTRADY SHARES (OR RIGHTS THERETO) HELD BY MANAGEMENT AND SUPERVISORY STAFF (AS AT 30 JUNE 2022 AND AS AT THE REPORT PUBLICATION DATE)

Full name	Name of entity	Number of shares [units]	Par value
Emil Wąsacz	Stalexport Autostrady	59,000	PLN 44,250

Source: Company's own study on the basis of statements submitted by persons managing and supervising the Company

From the date of preparing the previous interim report to the date of submitting this Report, there were no changes in the ownership of shares of Stalexport Autostrady by persons managing and supervising the Company.

2.7. SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING AS AT THE DATE OF SUBMITTING THE INTERIM REPORT, INCLUDING INFORMATION ON THE NUMBER OF SHARES HELD BY SUCH ENTITIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES CONFERRED BY THOSE SHARES AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE COMPANY'S GENERAL MEETING

The table below contains a list of shareholders who, to the best of the Company's knowledge, hold at least 5% of the total number of shares in the total number of votes at the General Meeting of Stalexport Autostrady.

TABLE 4 | LIST OF STALEXPORT AUTOSTRADY SHAREHOLDERS HOLDING SIGNIFICANT PORTFOLIOS OF COMPANY SHARES (AS AT 30 JUNE 2022 AND THE REPORT PUBLICATION DATE)

Name of entity	Number of ordinary bearer shares held [units]	Share in the share capital [%]	Number of votes at GM [units]	Share in the total number of votes at GM [%]
Atlantia	151,323,463	61.20%	151,323,463	61.20%
TFI PZU	12,406,475	5.02%	12,406,475	5.02%

Source: Own compilation based on notifications received by the Company from shareholders pursuant to Articles 69 and 69a in conjunction with Article 87 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text: Journal of Laws 2014.133, as amended)

From the date of preparing the previous interim report to the date of submitting this Report, there were no changes in the ownership structure of significant share portfolios of Stalexport Autostrady.

2.8. INFORMATION ON MATERIAL PROCEEDINGS PENDING BEFORE A COURT, COMPETENT AUTHORITY FOR ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION AUTHORITY

Neither Stalexport Autostrady nor its subsidiaries are parties to any material proceedings pending before any court of general jurisdiction, arbitration court or public administration authorities, concerning liabilities or receivables of the Company or its subsidiary.

→ PART 3

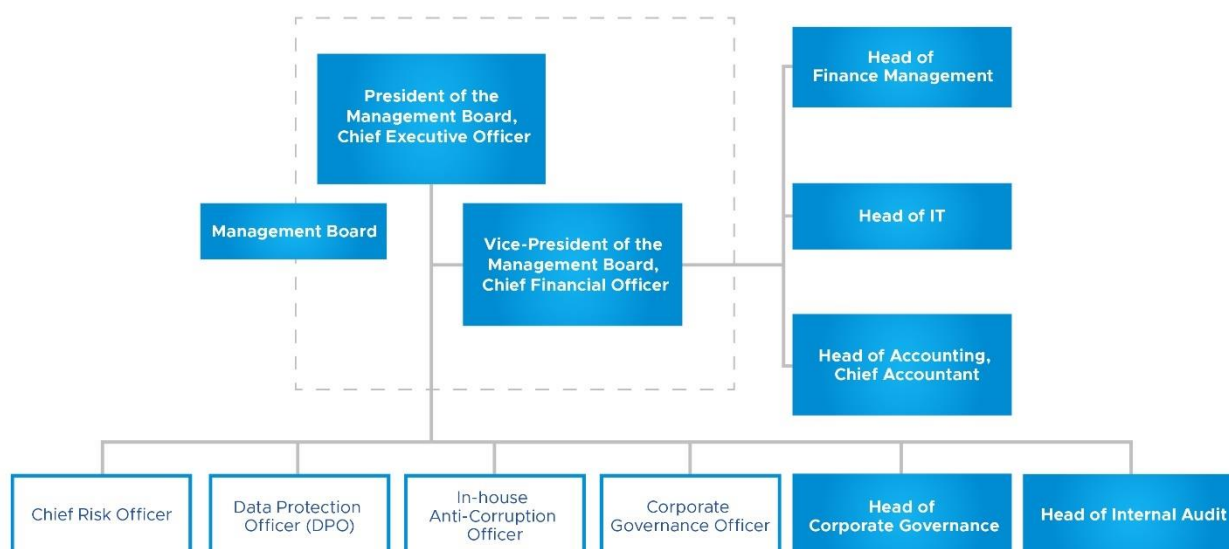
INFORMATION RELEVANT FOR THE ASSESSMENT OF THE FINANCIAL SITUATION (CURRENT AND ANTICIPATED), PROPERTY SITUATION, FINANCIAL RESULT OF THE GROUP AND THEIR CHANGES, AND INFORMATION RELEVANT FOR THE ASSESSMENT OF THE ABILITY OF THE ISSUER AND ITS GROUP TO FULFIL THEIR OBLIGATIONS

3.1. STALEXPORT AUTOSTRADY

(i) Organisational structure of Stalexport Autostrady

Organisation chart of the Company as at 30 June 2022 is shown in the figure below.

FIGURE 2 | ORGANISATIONAL STRUCTURE OF STALEXPORT AUTOSTRADY S.A. AS AT 30 JUNE 2022.



Source: Company's own study

The structure and organisation of the Group together with a description of the entities comprising it has been presented in Section 1 of the Report.

(ii) Employment in the Group

As at 30 June 2022, the headcount at Stalexport Autostrady was 25 persons (6 ⅓ full-time positions), thus it did not change as compared to 31 December 2021 and 30 June 2021.

As at 30 June 2022, the Group had 332 employees, including 5 managers (members of the Management Boards) and 23 middle managers (directors, managers).

For comparison, the number of employees of Stalexport Autostrady Group (in persons) as at 31 December 2021 was 325, and as at 30 June 2021 - 323.

In H1 2022, the number of middle management employees increased (by one) compared to the level of employment at 31 December 2021 and 30 June 2021.

(iii) The 2.79% and 2.15% increase in the Group's headcount at 30 June 2022 compared to 30 June 2021 and 31 December 2021, respectively, was primarily due to an additional hiring in the group of collectors at VIA4 (operating company).

(iv) **Changes in the composition of the management and supervisory bodies of the Company and of the Group during the reporting period of Stalexport Autostrady**

▪ **Management Board of the Company**

According to §10 of the Company's Articles of Association, the Management Board consists of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board, with other members of the Management Board being appointed by the Supervisory Board at the request of the President of the Management Board. The joint term of office of Management Board members lasts three consecutive years, and their mandates expire on the date of the General Meeting approving the financial statements for the last full financial year during which they held the position of Management Board member.

During the reporting period (and until the date of this Report) the composition of the Company's Management Board remained unchanged and was as follows:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-President of the Management Board.



Emil Wąsacz – President of the Management Board



Mariusz Serwa – Vice-President of the Management Board

The Management Board acts pursuant to applicable laws, including the Commercial Companies Code and the Articles of Association adopted by the General Meeting. In addition, in accordance with the Company's Articles of Association, the Management Board has adopted its regulations setting forth the detailed procedure of its proceedings. The content of the Regulations of the Management Board is available on the corporate website of Stalexport Autostrady (www.stalexport-autostrady.pl).

▪ Supervisory Board

Pursuant to §14 of the Company's Articles of Association, the Supervisory Board consists of 5 to 9 members elected for a joint term of three years. The General Meeting appoints and dismisses members of the Supervisory Board, setting in advance their number for a given term of office.

From 1 January 2022 to 4 April 2022, the Supervisory Board was composed of the following members:

1. Roberto Mengucci – Chairman of the Supervisory Board,
2. Tomasz Dobrowolski – Deputy Chairman of the Supervisory Board,
3. Stefano Bonomolo,
4. Nicola Bruno,
5. Massimo Di Casola,
6. Andrzej Kaczmarek.

On 4 April 2022, the Ordinary General Meeting of Stalexport Autostrady selected members of the Supervisory Board for the next term of office in persons:

1. Stefano Bonomolo,
2. Nicola Bruno,
3. Tomasz Dobrowolski,
4. Andrzej Kaczmarek,
5. Enrica Marra,
6. Roberto Mengucci,
7. Marco Stocchi Grava.

On 6 May 2022, the members of the Supervisory Board of Stalexport Autostrady S.A. selected the Chairman, Deputy Chairman, and Secretary of the Supervisory Board.

From 4 April 2022 to the date of the Report, the Supervisory Board of Stalexport Autostrady was composed of the following members:

1. Roberto Mengucci – Chairman of the Supervisory Board,
2. Tomasz Dobrowolski – Deputy Chairman of the Supervisory Board,
3. Marco Stocchi Grava – Secretary of the Supervisory Board,
4. Stefano Bonomolo,
5. Nicola Bruno,
6. Andrzej Kaczmarek,
7. Enrica Marra.

The Supervisory Board acts pursuant to applicable laws, including the Commercial Companies Code and the Articles of Association adopted by the General Meeting. In addition, in accordance with the Company's Articles of Association, the Supervisory Board has adopted its Regulations. Its content is available on the corporate website of Stalexport Autostrady (www.stalexport-autostrady.pl).

▪ Committees of the Supervisory Board

The following committees operate within the Supervisory Board: Remuneration Committee and Audit Committee, acting as advisory and opinion-making bodies to the Supervisory Board,

From 1 January 2022 to 4 April 2022 and from 6 May 2022 to the date of the Report, they were composed of the following members:

Remuneration Committee:

- Stefano Bonomolo – Chairman,
- Tomasz Dobrowolski – Vice-Chairman,
- Andrzej Kaczmarek.

Audit Committee:

- Tomasz Dobrowolski – Chairman,
- Nicola Bruno – Vice-Chairman,
- Andrzej Kaczmarek.

Mr. Tomasz Dobrowolski and Mr. Andrzej Kaczmarek meet the independence criteria provided for an independent member of the Audit Committee, as referred to in Article 129(3) of the Act on Auditors, Audit Firms and Public Supervision of 11 May 2017 (Journal of Laws of 2017, item 1089) and § 3.5 of the Regulations of the Audit Committee and the **independence criteria provided for an independent member of the Remuneration Committee** referred to in Annex II to the European Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committee of the (supervisory) board and in the guidelines contained in GPLC 2021.

The Committees of the Supervisory Board acts pursuant to regulations adopted by the Supervisory Board, which constitute appendices to the Regulations of the Supervisory Board. These regulations are also available on the Company's corporate website (www.stalexport-autostrady.pl).

3.2. DISCUSSION OF FINANCIAL RESULTS

The table below shows the key financial results of Stalexport Autostrady Group achieved in H1 2022, together with comparative data for the corresponding period of the previous year.

TABLE 5 | SELECTED ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME OF STALEXPORT AUTOSTRADY GROUP IN H1 2022 AND IN THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR (CONSOLIDATED DATA)

PLN thousand	H1 2022	H1 2021	Change [%]
Sales revenue	187,720	158,847	18%
Cost of sales	-93,597	-53,812	74%
Gross profit on sales	94,123	105,035	-10%
Other operating revenues	2,718	2,627	3%
General and administrative expenses	-27,817	-42,545	-35%
Other operating expenses	-262	-156	68%
Reversal of losses/(Losses) on impairment of trade receivables and other receivables	-3	-454	-99%
Profit on operating activities (EBIT)	68,759	64,507	7%
Financial income	8,384	507	1554%
Financial expenses	-10,075	-1,396	622%
Balance on financial activities	-1,691	-889	90%
Shares in the profit of affiliates	62	24	158%
Profit before tax	67,130	63,642	5%
Income tax	-18,154	-14,823	22%
Net profit	48,976	48,819	0%

Source: Company's own study

In H1 2022, the Group's sales revenue was 18% higher than in the corresponding period last year. In the comparative period, the operations of the Group were affected by limitations on social and economic activity as a result of the COVID-19 pandemic. In H1 2022, however, these limitations were of relatively minor importance.

Gross profit on sales decreased by 10% compared to the corresponding period last year. The dynamics of the gross profit was influenced by the aforementioned increase in sales revenues and on the other hand the cost of sales was 74% higher than in H1 2021.

3.2.1. AMOUNT AND STRUCTURE OF OPERATING INCOME

The financial performance of Stalexport Autostrady Group is primarily affected by its motorway operations consisting in the management and operation of the toll section of the A4 Katowice-Kraków motorway, carried out by its subsidiary SAM under the Concession Agreement executed by it and binding until 2027.

The level of traffic passing through the concession section of the motorway, especially in the heavy vehicle segment, depends to a great extent on the rate of the economy development measured by the Gross Domestic Product (GDP).



In H1 2022, the average daily traffic on the concession section of the A4 Katowice-Kraków motorway amounted to 45,330 vehicles and was 21% higher than the traffic recorded in the corresponding period of 2021 (37,477 vehicles). Revenue from toll collection in H1 2022 amounted to PLN 185,476 thousand, which was 18.3% higher than in the corresponding period of 2021 (PLN 156,822 thousand).

For passenger cars, the average daily traffic increased from 30,079 vehicles in H1 2021 to 37,278 vehicles in H1 2022 (an increase of 23.9%). As a result, the revenue from the collection of passenger car tolls in H1 2022 amounted to PLN 114,867 thousand, i.e. increased by 21.4% relative to H1 2021 (PLN 94,593 thousand). The difference between the dynamics of the change in toll revenues in relation to the dynamics of the change in average daily traffic of passenger cars is the outcome of the change in the preferential toll rate for automatic payments from 1 October 2021 (from PLN 8 to PLN 9), consistently increasing the share of automatic payments in traffic structure and increased traffic related to armed conflict in Ukraine which is partially exempted from charges.

On the other hand, for heavy goods vehicles, the average daily traffic increased by approx. 8.8%, i.e. from 7,398 vehicles in H1 2021 to 8,052 vehicles in H1 2022. As a result, the revenue from charging heavy goods vehicles in H1 2022 amounted to PLN 70,610 thousand, i.e. increased by 13.5% compared to H1 2021 (PLN 62,230 thousand). For heavy goods vehicles, on 1 October 2021, there was a change in the rate for category 2 and 3 vehicles (from PLN 20 to PLN 22) and preferential toll rates for automatic payments were abolished, which are the main reasons for the difference between the dynamics of average daily traffic and that of changes in revenues from toll on these vehicles.

The table below shows the Average Daily Traffic (ADT) in H1 2022 relative to H1 2021 along with the dynamics.



TABLE 6 | AVERAGE DAILY TRAFFIC (ADT)

ADT		H1 2022	H1 2021	Change
	Passenger cars	37,278	30,079	23.9%
	Heavy goods vehicles	8,052	7,398	8.8%
Total		45,330	37,477	21%

Source: Company's own study

The table below shows the revenue in H1 2022 relative to H1 2021 along with the dynamics.

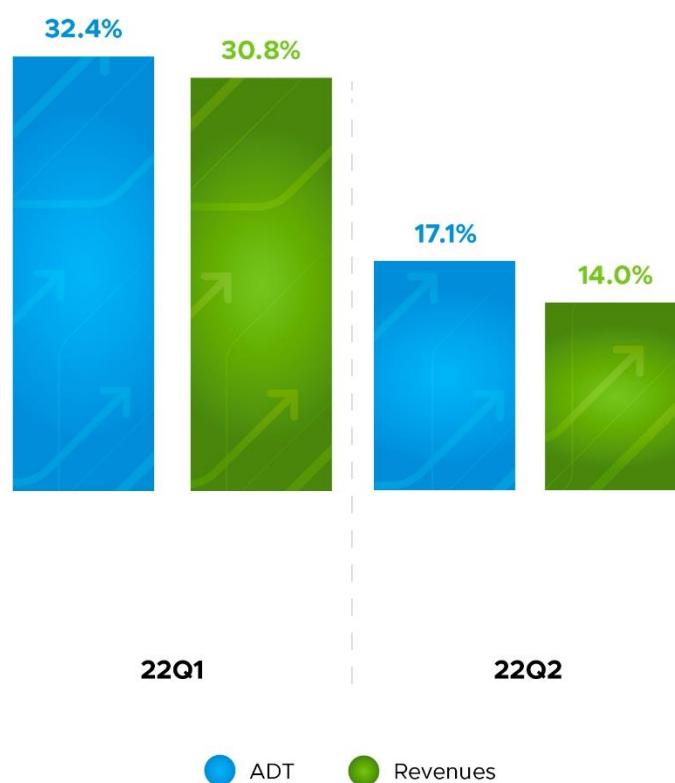
TABLE 7 | REVENUE FROM TOLL COLLECTION

[PLN thou.]		H1 2022	H1 2021	Change
	Passenger cars	114,867	94,593	21.4%
	Heavy goods vehicles	70,610	62,230	13.5%
Total		185,476	156,822	18.3%

Source: Company's own study

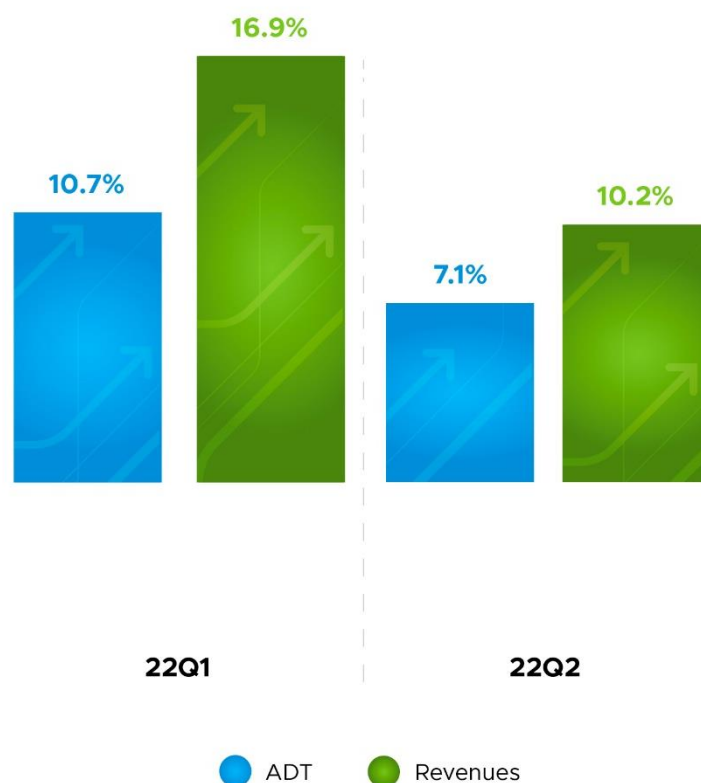
The following figures show the dynamics of Average Daily Traffic [ADT] and toll revenue in H1 2022 compared to H1 2021 on a quarterly basis, separately for passenger vehicles and trucks.

FIGURE 3 | DYNAMICS OF AVERAGE DAILY TRAFFIC LEVELS [ADT] AND TOLL REVENUES FOR PASSENGER VEHICLES IN THE FIRST HALF OF 2022 COMPARED TO THE FIRST HALF OF 2021 (QUARTER-TO-QUARTER)



Source: Company's own study

FIGURE 4 | DYNAMICS OF AVERAGE DAILY TRAFFIC LEVELS [ADT] AND TOLL REVENUES FOR TRUCKS IN THE FIRST HALF OF 2022 COMPARED TO THE FIRST HALF OF 2021 (QUARTER-TO-QUARTER)



Source: Company's own study

The difference in the dynamics of both traffic and revenues between quarters results from the factors described above. In addition, it should be noted that there were still restrictions on social and economic activity in the first half of last year due to the spread of the SARS-CoV-2 coronavirus and the number of COVID-19 cases, and in the current period the Group has seen a point increase in traffic at the beginning of the armed conflict in Ukraine, caused by a wave of migration and support for Ukrainian citizens. It is worth noting that from 1 March 2022, after prior agreement with the Ministry of Infrastructure, vehicles with Ukrainian licence plates, as well as vehicles or vehicle groups reported by Polish NGOs and foreign organisations and persons as providing aid to Ukrainian citizens have been exempted from payment. The exemption from toll on vehicles with Ukrainian licence plates was valid until 31 May 2022 and vehicles reported as providing humanitarian aid are still subject to the exemption.

In addition to tolling, the Group earned additional sales revenues of PLN 350 thousand in connection with the motorway operation, including PLN 348 thousand in compensation for damages to the infrastructure caused by users.

Apart from motorway operations, the sales revenue of Stalexport Autostrady Group in the amount of PLN 1,894 thousand was related to the lease of space in the office building located in Katowice at 29 Mickiewicza St. and the provision of other services. Non-motorway revenue increased slightly (9.5%) compared to H1 2021.

In H1 2022, other operating revenues amounted to PLN 2,718 thousand and included, among others, revenues from lease of rest areas (PLN 2,175 thousand), received damages, contractual penalties, reimbursement of fees and costs of court proceedings (PLN 325 thousand) and others (PLN 137 thousand).

3.2.2 AMOUNT AND STRUCTURE OF OPERATING COSTS

In H1 2022, operating costs of Stalexport Autostrady Group amounted to PLN 121,679 thousand and were 25.5% higher than in the corresponding period of the previous year, mainly due to the higher cost of setting up provisions for resurfacing (PLN 36,760 thousand in the current period, compared to PLN 1,114 thousand in the previous period). The increase in this item results from the increase in prices in the construction market. The Company updated the costs of works related to resurfacing, which it is obliged to complete by the end of the concession period. The result of these activities was not only an increase in the cost of setting up provisions, but also an increase in funds available in the provision account for resurfacing, which in turn affected the lack of cash underlying the calculation of "Payments to the State Treasury".

In H1 2022, operating expenses consisted of:

- cost of sales of PLN 93,597 thousand. The value of this cost group was 73.9% higher than the year before (PLN 53,812 thousand), mainly due to an increase in the cost of setting up provisions for resurfacing;
- general and administrative expenses of PLN 27,817 thousand, which decreased by PLN 14,728 thousand (34.6%) compared to the same period a year earlier (including due to lack of "Payments to the State Treasury");
- other operating expenses of PLN 262 thousand, which were mainly affected by donations granted (PLN 186 thousand), costs of loss adjustment (PLN 37 thousand), as well as fines, damages and fees (PLN 28 thousand);
- impairment losses on trade and other receivables in the amount of PLN 3 thousand.

3.2.3. FINANCING ACTIVITIES

In H1 2022, the Group recorded a negative balance on financing activities of PLN 1,691 thousand, i.e. the financial income generated (PLN 8,384 thousand) was lower than the financial expenses incurred (PLN 10,075 thousand). Financial income was mostly influenced by interest on deposits in the amount of PLN 8,215 thousand. Financial expenses were mainly affected by the discounting of provisions in the amount of PLN 8,627 thousand and discounting of the liability due to Concession Fees in the amount of PLN 1,377 thousand.

It is worth mentioning that according to the International Accounting Standards and International Financial Reporting Standards, the above-mentioned provisions are reported by the Group in the financial statements in current values. This figure thus represents the nominal value of the liability or expected expenditure in question, discounted at the date the financial statements are prepared, using a market interest rate.

The negative balance on financing activities recorded in H1 2022 (PLN 1,691 thousand) was at a slightly lower level compared to the balance recorded in H1 2021 (PLN 889 thousand).

3.3. PROPERTY AND FINANCIAL SITUATION

The table below presents a synthetic report on the financial standing of the Group as at 30 June 2022. The comparison also shows the value of individual items and their structure at the end of 2021.

TABLE 8 | SYNTHETIC STATEMENT OF FINANCIAL POSITION OF STALEXPORT AUTOSTRADY GROUP (CONSOLIDATED DATA) – AS AT 30 JUNE 2022 AND 31 DECEMBER 2021.

figures in PLN thousand	30.06.2022	31.12.2021	Dynamics	Structure	
			2022/2021	30.06.2022	31.12.2021
Non-current assets	1,028,993	998,383	3%	80%	74%
Current assets	257,883	351,970	-27%	20%	26%
Total shareholders' equity	784,105	799,019	-2%	61%	59%
Non-current liabilities	297,240	353,754	-16%	23%	26%
Current liabilities	205,531	197,580	4%	16%	15%
Balance sheet total	1,286,876	1,350,353	-5%	100%	100%

Source: Company's own study

3.3.1. ASSETS

The largest item of **non-current assets** were other non-current investments, the value of which increased at the end of H1 2022 to PLN 589,376 thousand from PLN 502,727 thousand at the end of 2021. This was mainly the result of an increase in cash accumulated by SAM on deposit/provision accounts created in accordance with the provisions of the Concession Agreement in order to perform strictly defined tasks (these include mainly financing of the implemented investment programme and resurfacing).

The second largest item was intangible assets, whose value as at the end of H1 2022 amounted to PLN 371,880 thousand and consisted almost entirely of concession intangibles. Compared to the end of 2021, their value decreased by PLN 54,488 thousand. This decrease is the result of (i) depreciation of concession and other intangible assets (PLN 39,462 thousand), (ii) decrease in concession intangible assets due to revaluation (PLN 17,209 thousand), (iii) acquisition (PLN 2,281 thousand), and (iv) transfer to non-current assets under construction (PLN 86 thousand) and (v) sales/liquidation (PLN 12 thousand).

Another significant elements of non-current assets were deferred tax assets (PLN 33,265 thousand, down by PLN 580 thousand) and tangible non-current assets (PLN 28,281 thousand, down by PLN 825 thousand). The former included deferred tax assets relating to, among other things, property, plant and equipment and provisions established, offset by a provision for deferred tax relating mainly to concession intangibles.

In the structure of **current assets**, the largest item was cash (PLN 230,301 thousand), whose value as at the end of H1 2022 decreased by PLN 95,882 thousand compared to the balance as at the end of 2021. Another significant current asset was trade and other receivables (PLN 22,604 thousand), which increased by PLN 1,748 thousand, mainly due to an increase in receivables from other entities. In addition, inventories (PLN 3,738 thousand) increased by PLN 418 thousand

compared to 2021 and short-term investments amounting to PLN 1,119 thousand decreased by PLN 5 thousand compared to the end of 2021.

3.3.2. LIABILITIES

As at 30 June 2022 total Group's **payables and provisions** amounted to PLN 502,771 thousand, of which 59.1% were non-current items. The main titles of payables and provisions included:

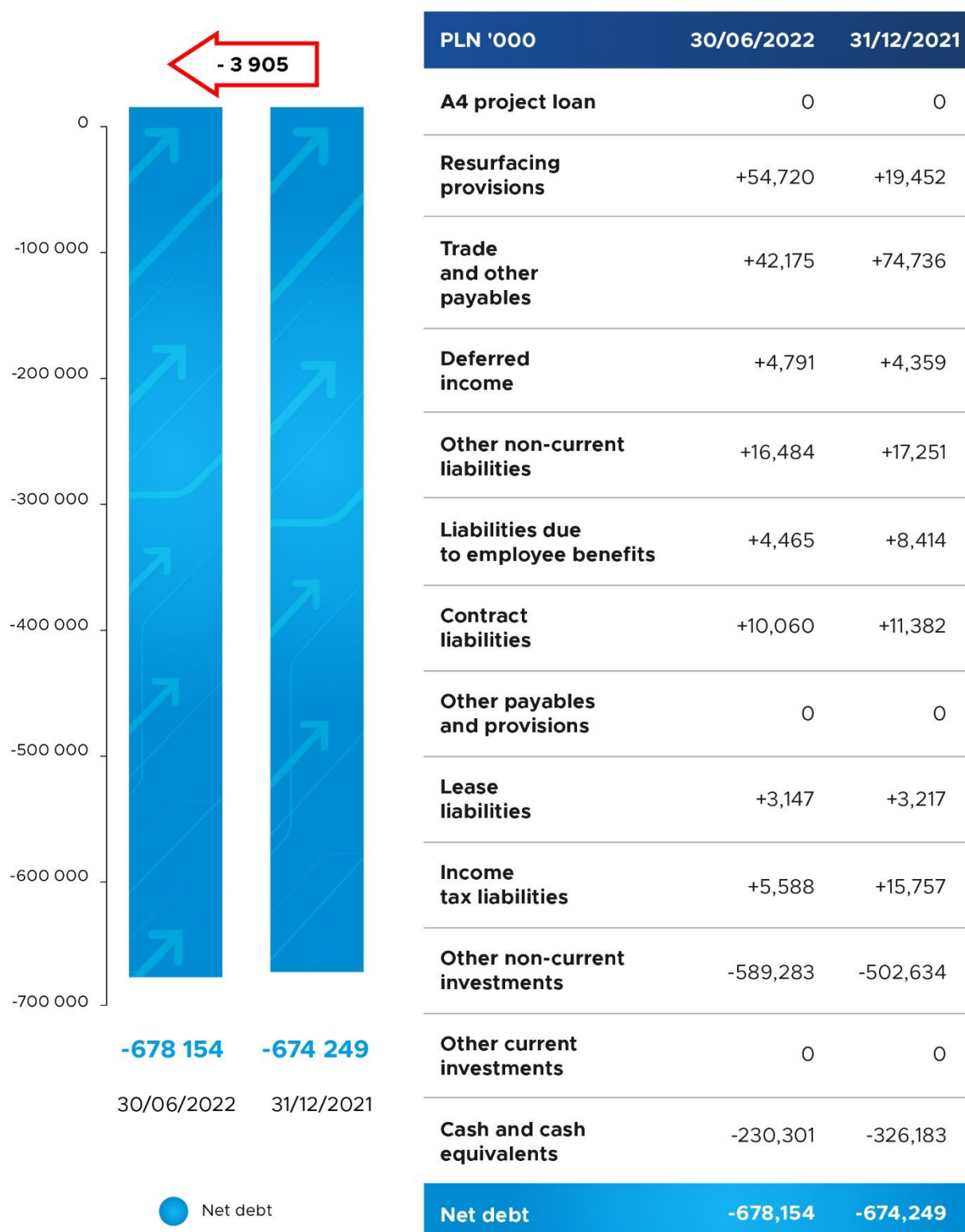
- PLN 361,341 thousand of provision for capital expenditures under stage II of the investment project carried out on the managed section of the A4 motorway;
- PLN 54,720 thousand of provision established for the planned resurfacing of the motorway;
- PLN 42,175 thousand of trade and other payables;
- PLN 16,484 thousand of other non-current liabilities (including PLN 9,756 thousand of liabilities from Concession Fees);
- PLN 10,060 thousand worth of sold, under prepaid proximity cards (kartA4) and on-board devices A4Go and not used passages through the A4 Katowice-Kraków motorway;
- PLN 5,588 thousand of income tax liabilities;
- PLN 4,791 thousand of prepayments for lease of Passenger Service Areas and land for optical fibres (related to the A4 Katowice-Kraków motorway section);
- PLN 4,465 thousand of liabilities due to employee benefits;
- PLN 3,147 thousand of lease liabilities.

3.3.3. NET DEBT

Excluding provisions for stage II construction works from the liabilities, the Group's net debt in the first half of 2022 decreased by PLN 3,905 thousand. The Group's net debt is primarily influenced by other non-current investments and cash on long-term and short-term deposits.

The detailed calculation of the ratio and its value at the end of H1 2022 and at 31 December 2021 is presented below.

FIGURE 5 | GROUP NET DEBT LEVELS (CONSOLIDATED DATA) – AS AT 30 JUNE 2022 AND 31 DECEMBER 2021



Source: Company's own study

3.3.4. INVESTMENT OUTLAYS

The value of capital expenditures incurred by Stalexport Autostrady Group in H1 2022 amounted to PLN 30,844 thousand and included mainly construction works carried out on the managed section of the A4 Katowice-Kraków motorway. These expenses were mainly related to the reconstruction of drainage system on the Silesian section of the motorway. The Group's other capital expenditures include the purchase of equipment necessary for the ongoing maintenance of the motorway, as well as the replacement of office equipment and means of transport. The capital expenditure figure above also includes the Engineer's costs and design costs.

All the investment activities of the Group described above were included in the capital expenditure plans for 2022 and were previously approved by the Supervisory Board of Stalexport Autostrady. It is worth noting here that the financing of the investment tasks under the Concession Agreement concluded by SAM is secured with own funds derived from the operation of the A4 motorway (tolls).

→ PART 4

DEVELOPMENT PROSPECTS AND DEFINITION OF KEY RISKS AND THREATS, DESCRIPTION OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF THE GROUP

4.1. GROWTH PROSPECTS

As part of its internal development strategy, the Group has taken and will continue to take steps to improve the quality of service provided to motorway users by enhancing the toll collection system which will enable customers to diversify the forms of payment for using the motorway. These measures are aimed at increasing the capacity of toll plazas and reducing transaction times. An example of such action by Stalexport Autostrady Group was the pioneering project carried out in 2016 - among concessionaires of toll motorways in Poland - to introduce electronic toll collection in microwave technology (compliant with European Union directives) under the trade name "A4Go", which enables more convenient and faster passage through toll plazas operated on the A4 Katowice-Kraków motorway section than using traditional forms of payment.

The implementation of this project was possible thanks to the experience of companies from the Atlantia group in the electronic toll collection sector. Taking this experience further in 2019, the Group has taken steps to introduce other forms of electronic payment. These efforts gave rise to the introduction of so-called "videotolling" using the AutoPay app in July 2019, with a newer and more user-friendly online store for "A4Go" being launched in 2020 (www.a4go.pl). Subsequently, videotolling was made available also through applications such as SkyCash (July 2020.), IKO PKO BP (February 2021), mPay (January 2022) and users of Orlen (May 2021) and Shell fleet cards (April 2022).

Work is also underway and discussions are being held with other partners to further expand access to electronic forms of payment. The applied technological solutions may in future enable the users of the new national electronic toll collection system (e-TOLL) to travel along the motorway section managed by the Group - the so-called national interoperability. Implementation of such functionality is subject to appropriate arrangements with the Public Side, owner of e-TOLL.

4.2. DESCRIPTION OF SIGNIFICANT RISK FACTORS, THREATS AND WAYS OF COUNTERACTING THOSE RISKS AS WELL AS CHARACTERISTICS OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF THE COMPANY AND STALEXPORT AUTOSTRADY GROUP

The principal risks, threats and the external and internal factors relevant to the Group's and the Company's operations can be divided into three main areas, related to:

- **the implemented A4 Katowice-Kraków project**

This area is dominated by risks and factors of economic and financial nature connected with the general economic situation and the current situation on the construction works market, including the increase in the prices of these works, as well as risks of political and legal nature.

The **economic situation** prevailing in the country primarily affects the number of vehicles using the A4 motorway (this factor mainly affects truck traffic), and thus the level of toll revenues generated by the Concessionaire. The Group mitigates this risk by applying an appropriate (optimal) pricing policy and takes steps to improve the quality of customer service on the motorway section it manages by improving the toll collection system currently in place, allowing customers to diversify the forms of payment for using the motorway.

As for **market for construction works**, a good economic situation raises the prices of construction services and reduces the effectiveness of the A4 Katowice-Kraków project, while in a weak economic situation the Group is able to obtain more favourable conditions for the performance of the necessary works, and thus more funds are available to the shareholders. The Company seeks to mitigate the risk in this area by actively managing the schedule of planned and executed construction works as part of its rights under the Concession Agreement.

Institutional and legal instability of the environment regulating the infrastructure sector in Poland is the main factor from a group of **political and legal risks**. By promoting good practices and solutions aimed at creating an appropriate legal framework for the implementation of infrastructural projects and through active participation in the public discussion on new legislative solutions, among other things, the Company seeks to counteract those risks. The group of these risks also includes potential actions aimed at changing the applicable laws which may affect the level of revenues or expenses of the A4 Katowice-Kraków project. It is worth noting here that the Concession Agreement contains provisions allowing the State Treasury to seek compensation if the public side carries out activities which have a negative impact on the profitability of the A4 Katowice-Kraków project.

The timeframe of the A4 Katowice - Krakow project, combined with the good situation on the labor market, may create a risk of not ensuring sufficient resources of suitably qualified personnel. The company intends to take measures to limit the creation of the above-mentioned risk by creating appropriate loyalty and retention programs for employees.

Additional risks also arise from the decision of the Office of Competition and Consumer Protection (hereinafter referred to as UOKiK) of 2008, in which, among other things, the Concessionaire's practice of 'imposing unfair prices for the toll section of the motorway in the amount specified in the price list at the time of renovation of this section of the motorway, causing significant impediments to the traffic of vehicles' was considered restrictive of competition and it was ordered to discontinue said practice. The Concessionaire should take into account the provisions of the decision in the implementation of the policy of setting toll rates when carrying out renovations in the future, causing significant impediments to vehicle traffic. The Company has mitigated this risk by implementing the following documents: (i) Rules for Conducting Works on the Motorway Causing Traffic Congestion and (ii) Rules for Applying Discounts to Motorway Toll Rates in the Event of Conducting Construction/Repair Works Between Toll Plazas Resulting in the Failure to Meet the Motorway Standard.

- **rental of office space and investment of cash resources held**

This area includes risks related to the economic situation and investment climate as well as market interest rate risk.

The economic situation prevailing in the country is directly reflected in the office space rental market, and thus influences the volume of vacant (unrented) space and the level of rents. The Company mitigates this risk by applying a flexible pricing policy and other measures aimed at increasing the attractiveness of office space and improving the safety of its users. Moreover, the Company is constantly conducting activities aimed at attracting new tenants.

Due to the revenue structure and nature of the Company's business, its financial results are subject to **interest rate risk**. This risk arises from the volatility of financial markets and manifests itself in changes in the price of money. Stalexport Autostrady limits this risk by diversifying the terms for which the accumulated funds are invested.

- **overall activities carried out by the Group**

The aforementioned institutional and legal instability of the environment does not refer only to the performance of the A4 Katowice-Kraków project, but to the entire activity of the Company and its Group, with particular focus on the fact that Stalexport Autostrady operates as a public company. The Company tries to counteract these risks by on-going monitoring of changes in legal regulations (domestic and EU), using advisory services of companies specialising in a given field, participation of the Management Board and employees responsible for a given area of

the Company's operations in trainings and conferences devoted to new regulations, and implementing appropriate procedures and good practices both at the level of the Company and of the entire Group.

In addition to the risks described above, which have accompanied the Company's operations for years, a new risk emerged in 2020 **associated with the spread of the SARS-CoV-2 coronavirus and COVID-19 infections**.

In the past, the **SARS-CoV-2** pandemic reduced vehicle traffic on the A4 and toll revenue. At that time, the Company took a number of measures to maintain business continuity – including by introducing partial remote working and reducing face-to-face contact between employees, providing personal protective equipment for employees, and commissioning tests to detect the virus among staff.

The **SARS-CoV-2** pandemic did not interrupt the supply chain of goods and services for the Company and the Group companies and did not result in a shortage of resources, including personnel, conditioning their operations. At the moment of writing of this report, the Company does not see any threat to the continuity of its operations. The effects of the spread of the SARS-CoV-2 coronavirus and the COVID-19 outbreak have had and may continue to have a significant impact on the Group's future operating and financial results and operations, given that the majority of the Group's revenue is generated from tolling the A-4 Katowice-Kraków motorway section managed by SAM.

Thus, any changes in traffic on the aforementioned section of the motorway due to the spread of SARS-CoV-2 coronavirus and COVID-19 cases will be material for the Group and may be affected by:

- a) guidelines and restrictions by state authorities and institutions to limit the spread of the SARS-CoV-2 coronavirus, including but not limited to the introduction of restrictions on passenger and truck traffic within the country or for international road transport through Poland or neighbouring countries,
- b) the macroeconomic effects of the epidemic on the Polish economy, including the prospects of a stable GDP growth.

In the opinion of the Management Board, the actual extent of future impact of SARS-CoV-2 (or other virus with similar effects) spread and COVID-19 cases on Company's and Group's activity is unknown and depends on factors that are beyond the Company's control.

Another **risk** that occurred in February 2022 is **the armed conflict in Ukraine**, the course and impact of which on the economic situation are currently difficult to predict. At the moment of writing of this report, the Company does not see any threat to the continuity of its operations. However, the Group will monitor on an ongoing basis the impact of the political and economic situation in Ukraine on the Group's activities, including its future financial standing and financial performance.

The responsibility for proper identification of risks in all the aforementioned areas of activity of the Company and of the Group and their owners, as well as for setting an acceptable level of risk, rests with the Management Board, which is supported in the above areas by Chief Risk Officer appointed both at Stalexport Autostrady and its subsidiaries.

→ PART 5

SUMMARY

In conclusion of the presentation of the Report, we wish to emphasise that Stalexport Autostrady Group, operating in the motorway sector, has solid financial foundations which guarantee the stability of its current operations and create opportunities for the implementation of future, usually very capital-intensive projects, related to the construction and management of motorways.

<hr/> 29.07.2022	<hr/> Emil Wąsacz	<i>Signed with a qualified</i>
<i>Date</i>	President of the Management Board, Chief Executive Officer	<i>electronic signature</i>
<hr/> 29.07.2022	<hr/> Mariusz Serwa	<i>Signed with a qualified</i>
<i>Date</i>	Vice-President of the Management Board, Chief Financial Officer	<i>electronic signature</i>

→ PART 6

STATEMENTS OF THE MANAGEMENT BOARD THAT TO THE BEST OF THEIR KNOWLEDGE, THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND COMPARABLE DATA HAVE BEEN PREPARED IN ACCORDANCE WITH THE APPLICABLE ACCOUNTING PRINCIPLES AND THAT THEY GIVE A TRUE, RELIABLE AND FAIR VIEW OF THE PROPERTY AND FINANCIAL SITUATION OF THE GROUP AND ITS FINANCIAL RESULT AND THAT THE INTERIM REPORT OF THE MANAGEMENT BOARD ON THE OPERATIONS OF THE COMPANY'S GROUP TRULY REFLECTS THE DEVELOPMENT, ACHIEVEMENTS AND SITUATION OF THE COMPANY'S GROUP, INCLUDING A DESCRIPTION OF BASIC THREATS AND RISKS

Statement

We hereby represent that to the best of our knowledge the condensed interim consolidated financial statements of the Company for H1 2022 and comparative data have been prepared in compliance with the applicable accounting principles and that they give a true, fair and clear view of the property and financial position, as well as of the financial result of Stalexport Autostrady.

We also declare that the Report of the Management Board on the operations of Stalexport Autostrady S.A. in H1 2022 truly reflects the development, achievements and situation of the Company, including the description of basic threats and risks.

29.07.2022

Date

Emil Wąsacz

President of the Management Board,
Chief Executive Officer

29.07.2022

Date

Mariusz Serwa

Vice-President of the Management
Board, Chief Financial Officer

APPENDIX

Appendix 1

Selected financial data of Stalexport Autostrady

Appendix 2

Selected financial data of Stalexport Autostrady Group

APPENDIX 1 | SELECTED FINANCIAL DATA OF STALEXPORT AUTOSTRADY

TABLE 9 | FINANCIAL DATA RELATING TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2022

	in PLN thousand		in EUR thousand	
	H1 2022	H1 2021	H1 2022	H1 2021
Revenue	2,019	1,831	435	403
Loss on operating activities	(2,766)	(3,509)	(596)	(772)
Profit before tax	47,468	1,692	10,224	372
Net profit for the reporting period	46,897	1,931	10,101	425
Weighted average number of shares at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Earnings per ordinary share (in PLN/EUR)	0.19	0.01	0.04	0.00
Diluted earnings per ordinary share (in PLN/EUR)	0.19	0.01	0.04	0.00
Net cash from operating activities	(77)	(3,441)	(17)	(757)
Net cash from investing activities	45,269	204,596	9,751	44,994
Net cash from financing activities	(59,469)	(158,374)	(12,809)	(34,829)
Total net cash flows	(14,277)	42,781	(3,075)	9,408
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Total assets	308,272	322,388	65,862	70,093
Non-current assets	78,730	80,088	16,820	17,413
Current assets	229,542	242,300	49,041	52,681
Total payables	6,330	8,017	1,352	1,743
Non-current liabilities	3,700	3,217	790	699
Current liabilities	2,630	4,800	562	1,044
Total equity	301,942	314,371	64,509	68,350
Share capital	185,447	185,447	39,620	40,320

Source: Company's own study

Selected financial data were converted into EUR according to the following principles:

- individual items of the separate statement of comprehensive income and cash flow statement for the first half of 2022 and for the first half of 2021 according to the exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland, in force on the last day of each month of the fiscal period, i.e. 4.6427 PLN/EUR and 4.5472 PLN/EUR, respectively;
- individual asset and liability items at the average exchange rate announced by the National Bank of Poland as at the balance sheet date, i.e. respectively 4.6806 PLN/EUR as at 30 June 2022 and 4.5994 PLN/EUR as at 31 December 2021.

APPENDIX 2 | SELECTED FINANCIAL DATA OF STALEXPORT AUTOSTRADY GROUP

TABLE 10 | FINANCIAL DATA RELATING TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY GROUP FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2022

	in PLN thousand		in EUR thousand	
	H1 2022	H1 2021	H1 2022	H1 2021
Revenue	187,720	158,847	40,433	34,933
Profit on operating activities	68,759	64,507	14,810	14,186
Profit before tax	67,130	63,642	14,459	13,996
Net profit for the reporting period	48,976	48,819	10,549	10,736
Net profit attributable to owners of the Parent Company	45,878	47,113	9,882	10,361
Weighted average number of shares at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Earnings per share attributable to owners of the Parent Company (in PLN/EUR)	0.19	0.19	0.04	0.04
Diluted earnings per share attributable to owners of the Parent Company (in PLN/EUR)	0.19	0.19	0.04	0.04
Net cash from operating activities	70,529	85,257	15,191	18,749
Net cash from investing activities	(105,592)	138,352	(22,744)	30,426
Net cash from financing activities	(60,819)	(160,173)	(13,100)	(35,225)
Total net cash flows	(95,882)	63,436	(20,652)	13,951
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Total assets	1,286,876	1,350,353	274,938	293,593
Non-current assets	1,028,993	998,383	219,842	217,068
Current assets	257,883	351,970	55,096	76,525
Total payables	502,771	551,334	107,416	119,871
Non-current liabilities	297,240	353,754	63,505	76,913
Current liabilities	205,531	197,580	43,911	42,958
Total equity	784,105	799,019	167,522	173,722
Equity of owners of the Parent Company	780,228	793,449	166,694	172,511
Non-controlling interest	3,877	5,570	828	1,211
Share capital	185,447	185,447	39,620	40,320

Source: Company's own study

Selected financial data were converted into EUR according to the following principles:

- a) individual items of the consolidated statement of comprehensive income and cash flow statement for the first half of 2022 and for the first half of 2021 according to the exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland, in force on the last day of each month of the fiscal period, i.e. 4.6427 PLN/EUR and 4.5472 PLN/EUR, respectively;*
- b) individual asset and liability items at the average exchange rate announced by the National Bank of Poland as at the balance sheet date, i.e. respectively 4.6806 PLN/EUR as at 30 June 2022 and 4.5994 PLN/EUR as at 31 December 2021.*