POLIMEX MOSTOSTAL CAPITAL GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2021

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(amounts in tables are expressed in thousands of PLN unless stated otherwise)

INTERIM CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF POLIMEX MOSTOSTAL GROUP FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2021

Interim consolidated profit and loss account

	Note	For the period of 6 months from 01.01.2021 to 30.06.2021 (unaudited)	For the period of 6 months from 01.01.2020 to 30.06.2020 (unaudited)	For the period of 3 months from 01.04.2021 to 30.06.2021 (unaudited)	For the period of 3 months from 01.04.2020 to 30.06.2020 (unaudited)
Sales revenues	8.9	975,908	724,446	566,753	373,094
Cost of goods sold		(862,731)	(656,941)	(486,140)	(331,401)
Gross profit / (loss) on sales		**113,177**	**67,505**	**80,613**	**41,693**
Cost of sales		(13,112)	(11,140)	(7,128)	(4,635)
General administration expenses		(37,834)	(34,504)	(18,855)	(15,932)
Profit / (loss) on impairment of financial assets		(14,521)	(1,312)	(14,952)	(1,330)
Other operating revenues	10	23,269	13,496	20,911	6,072
Other operating costs	11	(4,172)	(3,162)	(1,402)	(2,003)
Profit / (loss) on operating activities		**66,807**	**30,883**	**59,187**	**23,865**
Financial income	12	192	10,129	(100)	2,953
Financial costs	13	(9,821)	(13,199)	(6,776)	(8,034)
Share in the profit of an associated entity		(40)	187	39	123
Gross profit / (loss)		**57,138**	**28,000**	**52,350**	**18,907**
Income tax		(10,954)	(3,653)	(8,702)	(3,880)
Net profit / (loss)		**46,184**	**24,347**	**43,648**	**15,027**
Net profit / (loss) attributable to:					
– shareholders of the parent company		48,027	24,797	44,603	15,017
– non-controlling interests		(1,843)	(450)	(955)	10
Profit per share attributable to the shareholders of the parent company (in PLN per share)					
- basic profit per share		0.203	0.105	0.189	0.063
- diluted profit per share		0.178	0.110	0.161	0.061

The accounting policy and other explanatory notes presented in Notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Interim consolidated comprehensive income statement

	For the period of 6 months from 01.01.2021 to 30.06.2021 (unaudited)	For the period of 6 months from 01.01.2020 to 30.06.2020 (unaudited)	For the period of 3 months from 01.04.2021 to 30.06.2021 (unaudited)	For the period of 3 months from 01.04.2020 to 30.06.2020 (unaudited)
Net profit / (loss)	**46,184**	**24,347**	**43,648**	**15,027**
Items that will not be allocated in the later periods to the profit and loss account:				
Change from the valuation of tangible fixed assets	2,055	–	2,055	–
Actuarial profit / loss	–	(559)	–	(559)
Items that can be allocated in the later periods to the profit and loss account:				
Foreign exchange differences on translation of foreign entity	1,188	(2,217)	(433)	(356)
Other net comprehensive income	**3,243**	**(2,776)**	**1,622**	**(915)**
Total comprehensive income	**49,427**	**21,571**	**45,270**	**14,112**
Attributable to:				
– shareholders of the parent company	51,270	22,021	46,225	14,102
– non-controlling interests	(1,843)	(450)	(955)	10

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Interim consolidated balance sheet

	Note	As at 30 June 2021 (unaudited)	As at 31 December 2020
Assets			
Fixed assets			
Tangible fixed assets	18	416,277	405,316
Investment property		25,607	14,576
Goodwill from consolidation		91,220	91,220
Intangible assets		2,808	2,574
Investments in associated entities measured in accordance with the equity method		2,746	2,786
Financial assets		811	694
Long-term receivables		1,321	1,236
Deposits due to the construction contracts		49,301	43,769
Deferred tax assets		166,519	170,267
Other long-term assets		5,520	5,951
Total fixed assets		**762,130**	**738,389**
Current assets			
Inventories		158,501	103,419
Trade receivables		283,482	516,493
Deposits due to the construction contracts		25,209	46,843
Construction contracts assets		160,199	112,055
Other receivables		45,895	19,625
Financial assets		2,648	2,754
Other assets		9,808	4,832
Cash	20	756,521	367,754
Total current assets		**1,442,263**	**1,173,775**
Assets held for sale	19	**38,325**	**26,890**
Total assets		**2,242,718**	**1,939,054**

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Interim consolidated balance sheet (continued)

	Note	As at 30 June 2021 (unaudited)	As at 31 December 2020*
Liabilities and equity			
Share capital		473,238	473,238
Reserve capital		211,295	157,746
Reserve capital from surplus of bonds convertible into shares		6,071	6,071
Accumulated other comprehensive income		88,679	85,436
Retained earnings / Uncovered losses		60,108	65,276
Non-controlling interests		–	354
Total equity		**839,391**	**788,121**
Long-term liabilities			
Bank loans, borrowings and other external sources of financing		32,855	25,743
Long-term bonds		109,446	113,364
Provisions	17	24,306	22,716
Employee benefit liabilities		21,311	21,429
Other liabilities		4,650	6,392
Deposits due to the construction contracts		26,847	26,063
Deferred tax liabilities		4,658	1,610
Total long-term liabilities		**224,073**	**217,317**
Short-term liabilities			
Bank loans, borrowings and other external sources of financing		64,541	66,428
Short-term bonds		16,764	13,484
Trade liabilities		429,561	363,042
Deposits due to the construction contracts		45,085	46,739
Construction contracts liabilities		469,431	290,240
Other liabilities		13,657	33,818
Income tax liabilities		396	305
Provisions	17	20,609	29,665
Employee benefit liabilities		117,097	88,063
Deferred income		2,019	1,832
Total short-term liabilities		**1,179,160**	**933,616**
Liabilities directly associated with the assets held for sale		**94**	**–**
Total liabilities		**1,403,327**	**1,150,933**
Total liabilities and equity		**2,242,718**	**1,939,054**

** Restated data, changes presented in note 3.3.*

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Interim consolidated cash flow statement

	Note	For the period of 6 months from 01.01.2021 to 30.06.2021 (unaudited)	For the period of 6 months from 01.01.2020 to 30.06.2020 (unaudited)
Cash flows from operating activities			
Gross profit / (loss)		**57,138**	**28,000**
Adjustment items:		**364,313**	**(38,032)**
Share in the results of associates measured with the equity method		40	(187)
Depreciation		17,962	18,968
Net interests and dividends		4,830	10,554
Profit on investing activities		(4,411)	(13)
Change in receivables		177,087	(24,417)
Change in inventories		(55,140)	3,159
Change in liabilities, excluding bank loans and borrowings		257,373	(18,242)
Change in other assets and deferred income		(4,358)	(653)
Change in provisions		(7,465)	(21,661)
Income tax paid		(8,513)	(4,870)
Other	1	(13,092)	(670)
Net cash from operating activities		**421,451**	**(10,032)**
Cash flows from investing activities			
Disposal of tangible and intangible fixed assets		445	2,232
Purchase of tangible and intangible fixed assets		(12,179)	(5,140)
Expenses related to the acquisition of control over a subsidiary	1	(1,217)	–
Amount of cash in subsidiary over which control was acquired	1	1,132	–
Net cash from investing activities		**(11,819)**	**(2,908)**
Cash flows from financing activities			
Lease payments		(5,482)	(5,005)
Proceeds from bank loans		-	72,363
Repayment of borrowings / bank loans		(10,350)	(4,208)
Redemption of bonds		(1,000)	–
Interests paid		(4,033)	(5,572)
Net cash from financing activities		**(20,865)**	**57,578**
Increase / (decrease) in net cash and cash equivalents		388,767	44,638
Cash at the beginning of the period	20	**367,754**	**285,013**
Cash at the end of the period	20	**756,521**	**329,651**
Cash recognized in the consolidated cash flow statement		**756,521**	**329,651**
– including restricted cash		*418,061*	*62,302*

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Interim consolidated statement of changes in equity

	Share capital	Reserve capital	Reserve capital from surplus of bonds convertible into shares	Accumulated other comprehensive income			Retained earnings / Uncovered losses	Total	Non-controlling interests	Total equity
				Revaluation reserve	Actuarial profit / (loss)	Foreign exchange differences on translation of foreign entity				
As at 01 January 2021 *	**473,238**	**157,746**	**6,071**	**111,822**	**(4,559)**	**(21,827)**	**65,276**	**787,767**	**354**	**788,121**
Profit / (loss) for the period	–	–	–	–	–	–	48,027	48,027	(1,843)	46,184
Other net comprehensive income	–	–	–	2,055	–	1,188	–	3,243	–	3,243
Total comprehensive income	**–**	**–**	**–**	**2,055**	**–**	**1,188**	**48,027**	**51,270**	**(1,843)**	**49,427**
Distribution of net profit / (loss)	–	53,549	–	–	–	–	(53,549)	–	–	–
Recognition of the valuation held by minority shareholders of put option in Energomontaż Północ Bełchatów Sp. z o.o.	–	–	–	–	–	–	–	–	1,843	1,843
Reclassification	–	–	–	–	–	–	354	354	(354)	–
As at 30 June 2021	**473,238**	**211,295**	**6,071**	**113,877**	**(4,559)**	**(20,639)**	**60,108**	**839,391**	**–**	**839,391**

** Restated data, changes presented in note 3.3.*

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Interim consolidated statement of changes in equity (continued)

	Share capital	Reserve capital	Reserve capital from surplus of bonds convertible into shares	Accumulated other comprehensive income			Retained earnings / Uncovered losses	Total	Non-controlling interests	Total equity
				Revaluation reserve	Actuarial profit / loss	Foreign exchange differences on translation of foreign entity				
As at 01 January 2020*	**473,238**	**157,746**	**31,552**	**119,271**	**(4,048)**	**(17,478)**	**(28,185)**	**732,096**	**354**	**732,450**
Profit / (loss) for the period	–	–	–	–	–	–	24,797	24,797	(450)	24,347
Other net comprehensive income	–	–	–	–	(559)	(2,217)	–	(2,776)	–	(2,776)
Total comprehensive income	**–**	**–**	**–**	**–**	**(559)**	**(2,217)**	**24,797**	**22,021**	**(450)**	**21,571**
Transfer of surplus from revaluation of tangible fixed assets due to their sale	–	–	–	(1,259)	–	–	1,259	–	–	–
Recognition of the valuation held by minority shareholders of put option in Energomontaż Północ Bełchatów Sp. z o.o.	–	–	–	–	–	–	–	–	450	450
As at 30 June 2020*	**473,238**	**157,746**	**31,552**	**118,012**	**(4,607)**	**(19,695)**	**(2,129)**	**754,117**	**354**	**754,471**

The accounting policy and other explanatory notes presented in Notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

1. General information

Polimex Mostostal Capital Group ("Group", "Capital Group") consists of the parent company Polimex Mostostal S.A. ("Parent Entity", "Company", "Parent Company") and its subsidiaries and associates. The interim condensed consolidated financial statements of the Group comprise data for the six months period ended on 30 June 2021 and as at 30 June 2021 and contain comparative data for the six months period ended on 30 June 2020 and as at 31 December 2020.

The profit and loss account and the comprehensive income statement covering the data for the 3-month period ended on 30 June 2021 and comparative data for the 3-month period ended on 30 June 2020 were not reviewed or audited by a statutory auditor.

Polimex Mostostal S.A. operates under the statute established by the notarial deed of 18 May 1993 (Register A No 4056/93), as amended. The registered office of the Company is located in Warsaw on Jana Pawła II 12, 00-124 Warsaw. The Company was registered by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register under the number (KRS) 0000022460 The Company is assigned the statistical identification number (REGON) 710252031.

The Parent Company and the entities within the Capital Group have been established for an indefinite period. The financial statements of all consolidated subsidiaries have been prepared for the same reporting period as the financial statements of the Parent Company and with the application of consistent accounting policies. In case an associate or a subsidiary applies other accounting policies, for the purpose of consolidation the financial data have been transformed to comply with the accounting policies implemented by the Capital Group.

The financial year of the Parent Company and the entities within the Group is the same as the calendar year.

The primary business activity of the Parent Company involves a wide range of construction and assembly services provided in the formula of a general contractor, both in Poland and abroad, as well as administrative support for the companies within the Group. The Group's activity focuses on construction and assembly works, assembly and installation of industrial devices and equipment, production and property management. The Group operates in the following areas: Production, Industrial Construction, Infrastructure Construction, Power Sector, as well as Oil, Gas, Chemicals.

The shares of the Parent Company: Polimex Mostostal S.A. are listed on the Warsaw Stock Exchange.

These financial statements have been reviewed by an audit company in accordance with applicable laws and professional standards.

1.1. Composition of the Capital Group and an overview of changes in its structure

As at 30 June 2021 and 31 December 2020 the following subsidiaries and associates were subject to consolidation:

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Item	Entity	Registered office	Scope of business activity	Percentage share As at 30 June 2021	Percentage share As at 31 December 2020
Subsidiaries				(%)	(%)
1	Polimex Energetyka Sp. z o.o.	Warsaw	Construction works	100	100
2	Naftoremont-Naftobudowa Sp. z o.o.	Płock	Construction works	100	100
3	Polimex Opole Sp. z o.o. Sp. k.	Warsaw	Construction works	100	100
4	Mostostal Siedlce Sp. z o.o. Sp. k.	Siedlce	Manufacturing of metal products	100	100
5	Stalfa Sp. z o.o.	Sokołów Podlaski	Manufacturing of metal products	100	100
6	Polimex Mostostal ZUT Sp. z o.o.	Siedlce	Technical services	100	100
7	Polimex Mostostal Ukraina	Zhytomyr – Ukraine	Production of metal structures	100	100
8	Czerwonogradzki Zakład Konstrukcji Stalowych	Chervonograd – Ukraine	Production of metal structures	100	100
9	Polimex Mostostal Wschód	Moscow, Russia	Distribution of metal products	100	100
10	Polimex Centrum Usług Wspólnych Sp. z o.o. in liquidation	Warsaw	Does not conduct any business activity	100	100
11	Polimex Budownictwo Sp. z o.o.	Siedlce	Industrial construction	100	100
12	Polimex Budownictwo Sp. z o.o. Sp. k.	Siedlce	Industrial construction	100	100
13	Polimex Operator Sp. z o.o. Sp. k.	Warsaw	Rental and leasing services of construction machinery and equipment	100	100
14	Polimex Infrastruktura Sp. z o.o.	Warsaw	Construction works on roads and highways	100	100
15	BR Development Sp. z o.o. in liquidation	Warsaw	Does not conduct any business activity	100	100
16	Polimex-Development Inwestycje Sp. z o.o. in liquidation	Warsaw	Does not conduct any business activity	-	100
17	Polimex-Development Inwestycje Sp. z o.o. Apartamenty Tatarska S.K.A. in liquidation	Kraków [Cracow]	Does not conduct any business activity	100	100
18	Instal Lublin S.A.	Warsaw	Specialised construction services	100	–
19	Energomontaż-Północ Bełchatów Sp. z o.o.	Rogowiec	Specialized construction and assembly services	54.95	54.95
Associates					
19	Finow Polska Sp. z o.o.	Ostrowiec Świętokrzyski	Specialized construction and assembly services	24.95	24.95

As at 30 June 2021, the share in the total number of votes held by the Parent Company in its subsidiaries was equal to the Company's share in the capital of those entities.

The Parent Company has control over the subsidiaries under full consolidation; this results from the fact that the Parent Company has the majority ownership of shares in the subsidiaries and it is in a position to manage the operations of these entities. The subsidiaries excluded from the consolidation are entities in liquidation or restructuring, over which the Parent Company does not have control, or entities that are considered insignificant from the point of view of consolidation within the Group. The materiality threshold for excluding a subsidiary from the consolidation is determined by the ratio of the assets of a given entity to the total balance sheet of the Group and by the share of the sales revenues of an entity in the Group's sales revenues.

The Company has significant influence in its associated entity Finow Polska Sp. z o.o. due to the fact that it holds over 25% of its shares and can appoint one member of its Supervisory Board.

The liquidation process of BR Development Sp. z o.o. in liquidation ended on 31 March 2021. The Parent Company was the sole shareholder of this company.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Acquisition of control over Instal Lublin S.A.

On 1 April 2021, Polimex Mostostal S.A. acquired shares in the entity Instal Lublin S.A. corresponding to 100% of the share capital and giving 100% of votes at the meeting of Shareholders for the price of PLN 1,217 thousand (total consideration, in full including cash, equal to fair value). As a result of the transaction Polimex Mostostal acquired control over Instal Lublin S.A. The Group recognised the profit on a bargain purchase in the amount of PLN 10,876 thousand (presented in other operating revenues) and in other items of the cash flow statement. The settlement of the transaction for the acquisition of control has been completed and recognised in full in the interim consolidated financial statements for the 6-month period ended on 30 June 2021. The value of tangible fixed assets under the control was determined at fair value based on the appraisal report. For buildings and structures, the valuation was prepared using an income approach, an investment method, a simple capitalization technique. For other items of tangible fixed assets, the valuation was prepared using a mixed approach, using in particular information on the prices of the valued machinery in its new state, current wear and tear, as well as the demand and supply of these movables. No significant differences were identified in the remaining assets over which the Company has acquired control. The liability components of the assets acquired were measured at fair value. The gross value of acquired trade and other receivables amounts to PLN 19,133 thousand and the value of write-offs relating to these receivables amounts to PLN 6,151 thousand. The value of revenues and profits generated by the acquired entity from the date of the acquisition of control, as recognized in the consolidated financial statements amounted respectively to PLN 6,923 thousand (revenues) and PLN 1,263 thousand (net loss). Income and profit of Instal Lublin S.A. calculated as if the date of acquisition was the beginning of the annual reporting period amounted to respectively: PLN 12,415 thousand, and loss: PLN 1,629 thousand.

As a result of the transaction, the Group has acquired control over assets and liabilities in the amounts outlined below:

Fixed assets		**Long-term liabilities**	
Tangible fixed assets	11,249	Borrowings, bank loans and lease liabilities	2,168
Investment property	11,031	Provisions	498
Intangible assets	64	Deferred tax liabilities	3,154
Deferred tax assets	1,508		
Total fixed assets	**23,852**	**Total long-term liabilities**	**5,820**
Current assets		**Short-term liabilities**	
Inventories	220	Borrowings, bank loans and lease liabilities	6,351
Trade receivables	12,513	Trade liabilities	11,806
Other receivables	1,338	Other liabilities	1,032
Cash	1,132	Provisions	1,783
Total current assets	**15,203**	**Total short-term liabilities**	**20,972**
Total assets	**39,055**	**Total liabilities**	**26,792**
		Net assets	**12,263**

1.2. Composition of the Management Board and Supervisory Board of the Parent Company

As at 30 June 2021, the Management Board was composed of the following members:

Krzysztof Figat	President of the Management Board
Maciej Korniluk	Vice President of the Management Board

During the reporting period and until the date of preparation of these interim condensed consolidated financial statements, there were no changes in the composition of the Company's Management Board.

As at 30 June 2021 and as at the date of publication of these interim condensed consolidated financial statements, the Supervisory Board was composed of the following members:

Zbigniew Chmiel	Chairman of the Supervisory Board
Bartłomiej Kurkus	Vice Chairman of the Supervisory Board

Katarzyna Dąbrowska	Secretary of the Supervisory Board
Jonasz Drabek	Member of the Supervisory Board
Marcin Mauer	Member of the Supervisory Board
Karolina Mazurkiewicz-Grzybowska	Member of the Supervisory Board
Tomasz Myśliński	Member of the Supervisory Board

During the reporting period and until the date of publication of these interim condensed consolidated financial statements, the following changes occurred in the composition of the Supervisory Board:

07 January 2021	On 07 January 2021 the Member of the Supervisory Board Ms Eliza Kaczorowska resigned from her functions in the Supervisory Board (Current report No 2/2021).
07 January 2021	On 07 January 2021 the Member and Chairman of the Supervisory Board Mr Jakub Rybicki resigned from his functions in the Supervisory Board (Current report No 2/2021).
07 January 2021	The Extraordinary General Meeting of Shareholders of Polimex Mostostal S.A. appointed Mr Zbigniew Chmiel to the Supervisory Board as of 07 January 2021 (Current report 5/2021).
26 February 2021	The Extraordinary General Meeting of Shareholders of Polimex Mostostal S.A. appointed Mr Jonasz Drabek to the Supervisory Board as of 26 February 2021 (Current report 14/2021).

1.3. Functional and reporting currency

The items included in the financial statements of individual entities of the Group are measured in the currency of the primary economic environment in which a given entity operates. The interim condensed consolidated financial statements are presented in the Polish zloty, which is the presentation currency of the Group. The amounts in the interim condensed consolidated financial statements are presented in thousands of PLN, except for specific situations where the data is provided with greater accuracy.

2. Approval of the financial statements

These interim condensed consolidated financial statements are not subject to approval by the validating authority in accordance with Article 53 of the Accounting Act of 29 September 1994. The interim condensed consolidated financial statements are signed by the head of the parent company, i.e. the Management Board of Polimex Mostostal S.A., and by the person responsible for the preparation of the interim condensed consolidated financial statements. These interim condensed consolidated financial statements were approved for publication on 20 August 2021.

3. Platform of the applied International Financial Reporting Standards

3.1. Going concern

These interim condensed consolidated financial statements have been prepared on the going concern basis for the Parent Company and all consolidated subsidiaries and associates that are not in the process of liquidation in the foreseeable future. During the reporting period and up to the date of this statement, there has been no indication of any threat to the going concern.

SARS-CoV-2 virus pandemic

The Management Board of the Parent Company Polimex Mostostal S.A. conducted an analysis on the impact of the SARS-CoV-2 epidemic on the financial condition and financial results of the Group for the current period and in the perspective of the coming quarters:

- The Contractor (Consortium) was on schedule to complete the Żerań Project on November 20, 2020 in accordance with the contractual requirements, however the program was prevented by the outbreak of the COVID-19 pandemic and drastic restrictions introduced by the Polish legislator and in the legislations of other countries introducing anti-crisis regulations. Consequently, due to changes in the law, it became impossible to mobilise a sufficient number of workers from Belarus and Ukraine to meet the recovery schedule, and due to the complete loss of production capacity by the two largest Polish companies in the electrical sector, Elektrobudowa and Elsta, which occurred at a time coinciding with the closure of the Polish borders, it became impossible to efficiently restore lost resources. As a result, electrical work of a participant in the consortium – which lies in the main critical path of the project and on the completion of which the date of the first firing of the gas turbine directly depended – was carried out during the initial period of the pandemic by only 15% of the necessary number of workers. On October 7, 2020, the contractor submitted a claim to the ordering party, “Claim for Extension of Contract Period and Change in Contract Price Due to Changes in Law Introduced to Counter COVID-19”, regarding the impact of the COVID-19 outbreak on the contract completion date and contract price resulting from the extension of the completion date due to the reduced availability of subcontractor personnel and loss of their productivity, particularly due to the introduction of new legislation that constitutes a change in law as defined in the contract. On 29 April 2021, the Settlement, constituting Annex No. 7 to the Contract, was signed, pursuant to which the period of the Contract execution was extended and the date of taking over the Unit for operation will take place no later than on 30 September 2021. Additionally, the Contract Price was changed by the total net amount of PLN 47 million, of which Polimex Mostostal S.A. received PLN 13 million net.

- During the implementation of the Puławy Project there have already been negative effects related to the Force Majeure event consisting in the spread of the SARS CoV-2 coronavirus. Due to emerging infections among employees of both the Company and its subcontractors, as well as the legal obligation related to isolation and quarantine, on the one hand the management of the Project is significantly hampered and on the other hand the design process suffers permanent delays (infections of key employees of the General Designer in practice from the beginning of the pandemic with further intensification throughout its duration). Also, key subcontractors (in particular: Siemens – turbo-generator and Mitsubishi – IOS, SCR installation) reported delays in the procurement of materials, equipment and services due to the SARS-CoV-2 outbreak with the possibility of untimely execution of the concluded subcontracts for the Project. Due to the global outbreak of COVID-19:
  a) there are restrictions on communication with counterparties – the possibility of any negotiation meetings has been significantly restricted by our counterparties. The only options left were teleconferencing and videoconferencing, which, bearing in mind the Ordering Party’s above-standard requirements in the Main Contract, are unfortunately not as efficient as standard meetings and in practice significantly prolong the process of selecting a suitable subcontractor;
  b) a significant number of potential contractors do not want to guarantee fixed completion dates and remuneration amounts as well as, some technical issues in the contract;
  c) a significant number of potential subcontractors are requesting to include mechanisms in the contracts, directly relativising their responsibility in terms of deadlines, delivery prices and certain technical issues, which on the one hand are very disadvantageous for the Contractor and on the other are not reflected in the provisions of the Main Contract;
  d) the high number of infections, the high number of forced absences related to coronavirus as well as the large number of employees working remotely or receiving care benefits due to pandemic-related regulations, limits the possibility of proper implementation of the Contract;
  e) the unpredictable and sharp increase in the prices of construction materials as well as the growing problem of their availability may affect the execution of the contract.

  The occurrence of the epidemic in question is of a continuous and increasing nature, so there may be further negative manifestations of the epidemic for the Puławy Project, the extent of which is still difficult to predict.
- At the Dolna Odra project, in accordance with the project schedule, work continued on the preparation of Executive Designs for all industries, demolition and relocation work was carried out, work related to excavation for the main buildings and for cooling water pipelines, piling, foundation foundations and reinforcement. More subcontractors were contracted. A complete power supply to the construction site was carried out and temporary access roads and storage areas were prepared. The ongoing design, excavation and piling work proceeded without major disruptions, which was confirmed by the achievement of the first six Implementation Stages within the agreed deadlines.
- On the Opole project there are ongoing works related to the servicing of the warranty period.
- With regards to other key projects currently implemented by the Group, there have been no major delays reported. In several cases the Group has been notified about the suspension of the planned works by the ordering party, but these instances have only been limited to the lower priority projects. Despite the fact that in the opinion of the Group at present there is no risk of delays related to the pandemic, the ordering parties have nevertheless been informed about the occurrence of force majeure.

- Within the manufacturing segment, the main negative impact in macro terms is the increase in raw material prices on global markets. In particular, the production activities based on steel and zinc composites face unprecedented upward price dynamics. At the beginning of 2020, when the first pandemic-related restrictions appeared in Europe, steel orders fell. Steel plants reduced production, which involved, among other things, the shutting down of furnaces. In the second half of 2020, demand for steel increased dynamically, but due to reduced production capacity, steel plants were unable to fulfil orders. Nor was it possible to make up the shortfall in the European market with supplies from China or Turkey. As a result, demand currently significantly exceeds supply, resulting in an increase in sheet metal prices. Despite the increase in prices of final products in the production segment, the significant increase in prices of basic materials poses a risk of a decrease in margins obtained on the offered products. At the moment it is difficult to forecast the behaviour of the steel and zinc market for the coming months.
- The Company's liquidity is fully secured. The epidemic did not cause any significant delays in payments on the part of the Company's counter parties. At the moment there are no premises to adjust the expected cash flows. The credit risk of receivable balances has not materially increased. At the end of 2020, the Company completed a financing structure change and made an early repayment of financial debt and agreed a material change to the terms of bond issue, which positively minimises the Company's liquidity risk in the current and future periods.
- The Company operates on numerous markets and it is active on diverse segments of the market. This reduces the risk of over-concentration in areas that may be particularly affected by the epidemic. The Company has a secure order portfolio that is diversified in terms of geographies and industries.

In the opinion of the Management Board of Polimex Mostostal S.A., the SARS-CoV-2 virus epidemic has not had a significant negative impact on the financial results and financial position of the Group for the half-yearly period ended 30 June 2021 and in the perspective of the next 12 months.

3.2. Accounting principles applied and basis for the preparation of the interim condensed financial statements

These interim condensed consolidated financial statements of the Group have been prepared in compliance with International Accounting Standard ("IAS") 34 Interim Financial reporting ("IAS 34") and with the relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and binding at the time of preparation of the interim financial statements, applying the same principles for the current and comparable period. The detailed accounting principles adopted by the Company are described in the financial statements of the Company for the year ended on 31 December 2020, published on 29 April 2021.

Some of the Group's entities maintain their accounting books in compliance with the policy (rules) stipulated in the Accounting Act of 29 September 1994 ("Act"), as amended, and with the regulations issued on the basis of this Act. The interim consolidated financial statements include adjustments that were excluded from the accounting books of the Group's entities. These adjustments were introduced in order to render those financial statements compliant with the IFRS.

Standards, amendments to standards and interpretations applied for the first time in 2021

While preparing these interim condensed financial statements the Company adopted the following standards for the first time:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform – Phase 2;
- Amendments to IFRS 4 "Insurance contracts" – deferral of IFRS 9;

The above mentioned standards have not had a significant impact on these financial statements.

IFRS as approved by the EU do not differ from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the interpretations and standards listed below, which as at 23 August 2021 still awaited implementation:

- IFRS 14 Regulatory interim accruals (published on 30 January 2014) – compliant with the decision of the European Commission, the process for approving a draft standard will not be initiated before the final version is published – as at the date of the approval of these financial statements, the standard has not been signed off by the EU – effective for annual reporting periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture" (published on 11 September 2014) – discussions leading to the approval of these

amendments have been postponed by the EU for an indefinite period – the date of entry into force has been postponed by the IASB for an indefinite period;

- IFRS 17 "Insurance Contracts" – (applicable to annual periods starting on or after 1 January 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as short-term and long-term (published on 23 January 2020) – effective for annual reporting periods beginning on or after 01 January 2023;
- Amendments to IFRS 3 Amendments with a reference to the Conceptual Framework (published on 14 May 2020) – effective for annual reporting periods beginning on or after 01 January 2022;
- Amendments to IAS 16 Property, Plant and Equipment: revenue earned before an asset is ready for its intended use (published on 14 May 2020) – effective for annual reporting periods beginning on or after 01 January 2022;
- Amendments to IAS 37 Onerous contracts – costs of fulfilling a contract (published on 14 May 2020) – effective for annual reporting periods beginning on or after 01 January 2022;
- Amendments arising from the IFRS review 2018-2020 (published on 14 May 2020) – effective for annual reporting periods beginning on or after 01 January 2022;
- Amendment to IFRS 16 Leases: Rent concessions related to Covid-19 (published on 28 May 2020) – as at the date of the approval of these financial statements, the standard has not been signed off by the EU – effective for annual reporting periods beginning on or after 01 June 2020;
- Amendments to IAS 1 and Practice Statement 2: Disclosure of Accounting Policies (published on 12 February 2021) – effective for annual reporting periods beginning on or after 01 January 2023;
- Amendments to IAS 8 Definition of Accounting Estimates (published on 12 February 2021) – applicable to annual periods beginning on or after 1 January 2023;
- Amendments to IAS 12 Income Taxes: deferred tax on non-recurring transactions (published on 6 May 2021) – applicable to annual periods beginning on or after 1 January 2023.

According to the Group's estimates, the above-mentioned new standards and amendments to existing standards would not have had a material impact on the interim condensed financial statements if applied by the Group as at the balance sheet date.

3.3. Changes in presentation

In these interim condensed financial statements, the Company changed the presentation of other capitals. They were presented under the Retained earnings. According to the Group, this presentation provides more reliable and useful information.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

The table below outlines the impact of the changes in the presentation on the comparative data:

	As at 31 December 2020 (before change)	Changes in presentation	As at 31 December 2020 (after change)
Share capital	473,238		473,238
Reserve capital	157,746		157,746
Other capitals	322,041	(322,041)	–
Reserve capital from surplus of bonds convertible into shares	6,071		6,071
Accumulated other comprehensive income	85,436		85,436
Retained earnings / Uncovered losses	(256,765)	322,041	65,276
Non-controlling interests	354		354
Total equity	**788,121**	**–**	**788,121**

4. Shareholders of the Parent Company

The table below presents the list of shareholders with at least 5% of the total number of votes as at 30 June 2021:

Shareholder	Number of shares / votes	% in the share capital / in the total number of votes at the General Meeting of Shareholders
ENEA S.A. with the registered office in Poznań, ENERGA S.A. with the registered office in Gdańsk, PGE Polska Grupa Energetyczna S.A. with the registered office in Warsaw, PGNiG Technologie S.A. with the registered office in Krosno – as Investors acting jointly and in agreement *	156,000,097	65.93%
Bank Polska Kasa Opieki S.A.	13,629,376	5.76%
Others – below 5% of the share capital	66,989,329	28.31%
The overall number of shares issued	**236,618,802**	**100.00%**

* each Investor holds 16.48% of the shares

During the period from 31 December 2020 to the date of publication of this statement, the members of the Management Board and the Supervisory Board of the Parent Company did not carry out any transactions in the Company's shares. As of 30 June 2021 nor as of the date of publication of this statement, members of the Management Board and Supervisory Board of the Parent Company did not hold any shares in the Company.

There have been no changes in the number of shares between 30 June 2021 and the date of the report going public.

5. Uncertainty of estimates

The preparation of the financial statement in accordance with IFRS requires making estimates and assumptions that affect the amounts disclosed in the financial statements, including additional information and explanations. Although, the adopted assumptions and estimates are based on best knowledge of the Management Board concerning on-going activities and events, actual results can differ from the envisaged ones.

Impairment of assets

The Group performs the impairment testing of tangible fixed assets under circumstances that indicate the possibility of the impairment of assets. The tests require an estimation of the value-in-use of a cash-generating unit to which these tangible fixed assets belong. The value-in-use estimation involves a calculation of future cash flows generated by the cash-generating unit and it requires to determine the discount rate to be used in order to calculate the current value of these cash flows.

Deferred tax asset

The Group recognizes a deferred tax asset based on the assumption that the future tax profit will be achieved to allow its use. As at 30 June 2021, the Group companies incurred PLN 180,557 thousand of unsettled tax losses (mostly consisting of losses of PLN 135,595 thousand in Polimex Energetyka Sp. z o.o.). The value of deferred tax assets due to unsettled tax losses amounted to PLN 30,342 thousand. The Group carried out an analysis of the recoverability of assets due to tax loss based on the anticipated tax results and additional one-off events fostering the recovery of tax losses incurred in the previous reporting periods. The analysis was prepared using the best estimates and under the most probable scenario. A change in individual assumptions and elimination of one-off events fostering the recovery of tax losses from the analysis could lead to other conclusions regarding the amount of recoverable losses. The performed analysis is particularly sensitive to changes in the amount of expected tax revenues and costs obtained from operating activities. The main limitation in the possibility of settling tax losses is the 5-year period indicated in the regulations when tax losses can be settled. According to the conducted analysis, the Group will be able to utilise all tax loss assets recognised as at 30 June 2021. The Management Board of the Parent Company estimates that the occurrence of the above one-off events is highly probable.

As at 30 June 2021, the Group recognised net deferred tax assets in the amount of PLN 166,519 thousand. As at 30 June 2021, the Parent Company recognised deferred tax assets amounting to PLN 100,939 thousand.

Fair value measurement and the valuation procedures

Investment property is measured by the Group at fair value for the purpose of financial reporting. The valuation has been carried out by external qualified property appraisers. The valuations are prepared with the application of income or comparative methods.

The Group applies the revaluation model for the following class of assets: land, buildings and structures. In case the revaluation needs to be performed, the Company obtains a fair value measurement for particular locations of real estate and objects. The revaluation is performed for the entire class of assets when the fair value differs significantly from the carrying amount. The valuations are prepared with the application of income or comparative methods.

Recognition of revenues

The gross margins of the contracts in progress are determined based on the formalized process called the Project Review as the difference between the cost of sales and the estimated total contract costs (the total amount of the costs incurred and the estimated costs until the completion of the contract). Verification of the estimated costs until the completion of the contract is performed during the Project Review on a monthly, quarterly or semi-annual basis, or with other frequency depending on the contract type. The costs until the completion of the contract are determined by competent teams who are substantively accountable for the implementation of a given area based on their best knowledge and experience.

The Group applies the percentage progress method for the settlement of long-term contracts. The application of this method requires of the Group to provide an estimation of the ratio of the works already performed to all services to be performed. The progress of works is measured based on the input-based method, i.e. as the share of costs incurred so far in the total expected cost budget of the contract. Based on the updated contract budgets and the status of construction contracts, the Group recognizes the effects of the changes in estimates in the financial results of the period.

Depreciation rates

Depreciation rates are determined based on the estimated useful life of fixed and intangible assets. Every year, the Group performs a verification of the adopted periods of usable lifetime based on the current estimates.

Valuation of employee benefits liabilities – retirement and pension payments

The provision for the present value of liabilities due to retirement and pension allowances is determined by the actuarial method of valuation of projected unit allowances. The provision is subject to revaluation as at 31 December.

Provision for warranty repairs

Provisions for liabilities under warranty repairs are established during the project implementation in proportion to sales revenues recognised. The amount of provisions created depends on the type of construction services performed and represents a certain percentage of the value of sales revenues from a given contract, taking into account possible recourse to subcontractors. However, the value of provisions for warranty repairs may be subject to individual analysis (including the opinion of the manager in charge of a given construction site) and it may be increased or decreased in duly justified cases. The provisions can be used within the first 3 to 5 years after the completion of the investment in proportions corresponding to the actually incurred costs of repairs. Information on the creation, increase, use and release of the provision is presented in Note 17.

Provisions for litigations

Provisions related to ongoing judicial proceedings are established when a lawsuit has been filed against a given entity and the probability of a judgement adverse for the entity is greater than the probability of a favourable judgement. The probability of either outcome is assessed in the course of the judicial proceedings and on the basis of legal opinions from attorneys. The established provisions are charged to other operating costs. Information on the creation, increase, use and release of the provision is presented in Note 17.

Provision for penalties

The estimates of contractual penalties are provided by technical services assigned to the implementation of the construction contract, in cooperation with the legal department that interprets the provisions of the contract. Provisions for penalties are established when there is a high risk of the imposition of a penalty by the ordering party due to improper performance of the contract. Information on the creation, increase, use and release of the provision is presented in Note 17.

Provision for the settlement price of contracts

Provisions for contract costs relate to the final settlement of claims arising from ongoing road contracts. Information on the creation, increase, use and release of the provision is presented in Note 17.

Provisions for projected losses on construction contracts

As at each balance sheet date, the Group updates the estimates of the total revenues and expenses related to projects in progress. The projected total loss on a contract is recognized as an expense in the period in which it has been recognized. The loss is recognised in the amount corresponding to the lower of the costs of fulfilling the agreement or penalties resulting from the withdrawal from further performance. Information on the creation, increase, use and release of the provision is presented in Note 17.

Provision for sureties

A surety is recognized in the accounting records as a provision when at the balance sheet date there is a high likelihood that the borrower will not be able to repay their debts. The provision covers the costs of commissions related to sureties and guarantees granted. Information on the creation, increase, use and release of the provision is presented in Note 17.

Revaluation write-offs for redundant materials and receivables

As at each balance sheet date, the Group analyses individual conditions for the impairment of trade receivables such as disputable receivables, receivables under court proceedings, receivables from companies in bankruptcy or liquidation and others. Based on this, the Group makes individual write-offs of receivables and the remaining receivables are included in the statistical write-off of anticipated credit losses.

At each balance sheet date, the Group updates the write-off of redundant materials, while taking into account the remaining time in the warehouse and the potential for future use.

6. Measurement currency and presentation currency

The measurement currency of the Parent Company and companies included in these interim condensed consolidated financial statements and the reporting currency of these interim condensed consolidated financial statements is the Polish zloty with the exception of the following companies: Czerwonograd ZKM, Ukraine; Polimex Mostostal Ukraina SAZ, Ukraine; Polimex Mostostal Wschód Sp. z o.o., Russia.

Financial data of the above companies have been converted into the reporting currency according to the principles specified in IAS 21.

7. Conversion of amounts expressed in foreign currencies

Transactions expressed in currencies other than the Polish zloty are converted into PLN using the exchange rate in force on the date of the transaction.

As at the balance sheet date, the monetary assets and liabilities expressed in currencies other than the Polish zloty are converted into PLN using the average exchange rate specified for a given currency by the National Bank of Poland at the end of the reporting period. Exchange differences arising on translation are recognised as financial income (expenses) respectively. Non-monetary assets and liabilities measured at a historical cost in a foreign currency are recognized using the exchange rate on the date of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rate on the date when the fair value was determined.

The functional currencies of the foreign subsidiaries are UAH and RUB. As at the balance sheet date, the assets and liabilities of these foreign subsidiaries are converted into the currency of the presentation of financial statements using the exchange rate on the balance sheet date. Their financial statements of comprehensive income are converted at the weighted average exchange rate for the given financial period. The exchange differences from such translation are recognised in other comprehensive income and accumulated within a separate item of equity. At the time of the disposal of a foreign entity, the deferred exchange differences relating to a given foreign entity and accumulated in the equity are recognized under the profit and loss account.
The following rates were used to convert financial data into PLN:

- conversion of turnover, financial results and cash flows for the current period: 4.5472PLN/EUR; 0.1364 PLN/UAH; 0.0507 PLN/RUB
- conversion of turnover, financial results and cash flows for the comparable period – 4.4413 PLN/EUR; 0.1532 PLN/UAH; 0.0572 PLN/RUB.

8. Reporting segments and geographical information

The tables below present the consolidated revenues of individual operating segments and the Group's geographical information for the 6-month period ended on 30 June 2021 and for the 3-month period from 1 April to 30 June 2021, as well as comparative data.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Reporting segments

For the period of 6 months from 01.01.2021 to 30.06.2021	Production	Industrial construction	Power Sector */	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Total activity
Revenues								
Sales to external clients	320,167	33,363	375,272	232,064	13,624	1,418	–	975,908
Sales between the segments	13,887	41,853	300	2,920	7,052	18,555	(84,567)	–
Total segment sales revenues	334,054	75,216	375,572	234,984	20,676	19,973	(84,567)	975,908
Results								
Profit / (loss) on operating activities of the segment	12,192	11,583	8,166	35,968	2,963	(4,105)	–	66,767
Financial income and costs balance	(3,661)	(107)	(927)	(1,453)	22	(3,503)	–	(9,629)
Gross profit / (loss) from the segment	8,531	11,476	7,239	34,515	2,985	(7,608)	–	57,138

The income from transactions between the segments has been excluded.

* / The operating profit includes the share in the loss of an associated entity in the amount of PLN 40 thousand

For the period of 3 months from 01.04.2021 to 30.06.2021	Production	Industrial construction	Power Sector */	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Total activity
Revenues								
Sales to external clients	172,787	21,182	184,747	178,805	8,284	948	–	566,753
Sales between the segments	7,983	26,670	154	(2)	3,549	9,261	(47,615)	–
Total segment sales revenues	180,770	47,852	184,901	178,803	11,833	10,209	(47,615)	566,753
Results								
Profit / (loss) on operating activities of the segment	5,288	12,309	2,945	35,479	2,366	839	–	59,226
Financial income and costs balance	(3,208)	(59)	(39)	(1,504)	3	(2,069)	–	(6,876)
Gross profit / (loss) from the segment	2,080	12,250	2,906	33,975	2,369	(1,230)	–	52,350

The income from transactions between the segments has been excluded.

* / The operating profit includes the share in the profit of an associated entity in the amount of PLN 39 thousand.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

For the period of 6 months from 01.01.2020 to 30.06.2020	Production	Industrial construction	Power Sector */	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Total activity
Revenues								
Sales to external clients	268,186	17,851	212,483	180,989	42,222	2,715	–	724,446
Sales between the segments	27,414	26,819	4,909	1,386	295	18,414	(79,237)	–
Total segment sales revenues	295,600	44,670	217,392	182,375	42,517	21,129	(79,237)	724,446
Results								
Profit / (loss) on operating activities of the segment	9,449	5,810	5,775	15,307	9,642	(14,913)	–	31,070
Financial income and costs balance	1,806	(1,115)	(1,299)	1,243	193	(3,898)	–	(3,070)
Gross profit / (loss) from the segment	11,255	4,695	4,476	16,550	9,835	(18,811)	–	28,000

The income from transactions between the segments has been excluded.

* / The operating profit includes the share in the profit of an associated entity in the amount of PLN 187 thousand.

For the period of 3 months from 01.04.2020 to 30.06.2020	Production	Industrial construction	Power Sector */	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Total activity
Revenues								
Sales to external clients	120,381	12,166	119,384	92,656	27,822	685	–	373,094
Sales between the segments	12,273	12,931	964	1,379	–	11,858	(39,405)	–
Total segment sales revenues	132,654	25,097	120,348	94,035	27,822	12,543	(39,405)	373,094
Results								
Profit / (loss) on operating activities of the segment	3,570	2,999	5,538	13,893	5,810	(7,822)	–	23,988
Financial income and costs balance	(2,316)	(1,995)	109	(117)	191	(953)	–	(5,081)
Gross profit / (loss) from the segment	1,254	1,004	5,647	13,776	6,001	(8,775)	–	18,907

The income from transactions between the segments has been excluded.

* / The operating profit includes the share in the profit of an associated entity in the amount of PLN 123 thousand.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

9. Revenue by categories

Revenue by type of goods or services

For the period of 6 months from 01.01.2021 to 30.06.2021	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Revenues from the sales of construction and other services	316,853	74,886	375,330	234,846	20,676	8,795	(78,806)	**952,580**
Revenues from the sales of goods and materials	15,625	17	221	138	–	3,901	(2)	**19,900**
Revenues from rental	1,576	313	21	–	–	7,277	(5,759)	**3,428**
Total sales revenues	**334,054**	**75,216**	**375,572**	**234,984**	**20,676**	**19,973**	**(84,567)**	**975,908**

For the period of 3 months from 01.04.2021 to 30.06.2021	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Revenues from the sales of construction and other services	171,530	47,527	184,813	178,737	11,833	3,038	(44,668)	**552,810**
Revenues from the sales of goods and materials	8,463	12	67	66	–	3,057	97	**11,762**
Revenues from rental	777	313	21	–	–	4,114	(3,044)	**2,181**
Total sales revenues	**180,770**	**47,852**	**184,901**	**178,803**	**11,833**	**10,209**	**(47,615)**	**566,753**

For the period of 6 months from 01.01.2020 to 30.06.2020	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Revenues from the sales of construction and other services	284,102	44,670	217,348	182,256	42,517	13,047	(74,489)	**709,451**
Revenues from the sales of goods and materials	9,839	–	44	119	–	2,784	–	**12,786**
Revenues from rental	1,659	–	–	–	–	5,298	(4,748)	**2,209**
Total sales revenues	**295,600**	**44,670**	**217,392**	**182,375**	**42,517**	**21,129**	**(79,237)**	**724,446**

For the period of 3 months from 01.04.2020 to 30.06.2020	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Revenues from the sales of construction and other services	126,956	25,097	120,327	93,943	27,822	7,853	(36,392)	**365,606**
Revenues from the sales of goods and materials	4,934	–	21	92	–	1,450	–	**6,497**
Revenues from rental	764	–	–	–	–	3,240	(3,013)	**991**
Total sales revenues	**132,654**	**25,097**	**120,348**	**94,035**	**27,822**	**12,543**	**(39,405)**	**373,094**

The first two items in the tables below include the revenues from the contracts with clients in line with IFRS 15.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Revenues by geographical area

For the period of 6 months from 01.01.2021 to 30.06.2021	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Poland	118,277	75,216	352,454	183,240	20,676	18,746	(84,264)	**684,345**
Abroad	215,777	–	23,118	51,744	–	1,227	(303)	**291,563**
Total sales revenues	**334,054**	**75,216**	**375,572**	**234,984**	**20,676**	**19,973**	**(84,567)**	**975,908**

For the period of 3 months from 01.04.2021 to 30.06.2021	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Poland	61,242	47,852	170,659	140,176	11,833	9,640	(47,468)	**393,934**
Abroad	119,528	–	14,242	38,627	–	569	(147)	**172,819**
Total sales revenues	**180,770**	**47,852**	**184,901**	**178,803**	**11,833**	**10,209**	**(47,615)**	**566,753**

For the period of 6 months from 01.01.2020 to 30.06.2020	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Poland	106,358	44,670	193,735	121,194	42,517	18,494	(78,108)	**448,860**
Abroad	189,242	–	23,657	61,181	–	2,635	(1,129)	**275,586**
Total sales revenues	**295,600**	**44,670**	**217,392**	**182,375**	**42,517**	**21,129**	**(79,237)**	**724,446**

For the period of 3 months from 01.04.2020 to 30.06.2020	Production	Industrial construction	Power sector	Oil, gas and chemicals	Infrastructure construction	Other activity	Exclusions	Consolidated financial data
Poland	45,751	25,097	107,931	74,232	27,822	11,207	(38,858)	**253,182**
Abroad	86,903	–	12,417	19,803	–	1,336	(547)	**119,912**
Total sales revenues	**132,654**	**25,097**	**120,348**	**94,035**	**27,822**	**12,543**	**(39,405)**	**373,094**

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

10. Other operating revenues

	For the period of 6 months from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	For the period of 3 months from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Profit from the sale of tangible fixed assets	411	13	92	(66)
Dissolution of the provision for litigations	2,580	6,209	2,580	2,067
Dissolution of other provisions	–	3,329	–	3,107
Gain from bargain purchase	10,876	–	10,876	–
Revaluation of tangible fixed assets and fixed assets held for sale	5,937	–	5,937	–
Penalties and compensations received	974	833	809	502
Waiver on trade liabilities	74	2,505	35	42
Other	2,417	607	582	420
Total other operating revenues	**23,269**	**13,496**	**20,911**	**6,072**

11. Other operating costs

	For the period of 6 months from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	For the period of 3 months from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Write-offs on inventory	165	465	44	245
Write-offs for fixed assets	–	199	–	199
Penalties and compensations	621	623	545	415
Costs of unsuccessful litigation cases	2,469	–	320	–
Legal costs	541	842	345	729
Change in the terms and conditions of the lease agreements	–	470	–	–
Other	376	563	148	415
Total other operating costs	**4,172**	**3,162**	**1,402**	**2,003**

12. Financial income

	For the period of 6 months from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	For the period of 3 months from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Revenues from bank interests	73	567	45	139
Income due to the interest on late payment of receivables	26	1,317	6	760
Profit on modification of financial assets	–	1,244	–	1,244
Foreign exchange profits	–	4,285	(131)	–
Valuation of long-term settlements with amortized costs	–	2,594	(61)	775
Dissolution of provisions for the financial costs	50	119	–	34
Other	43	3	41	1
Total financial income	**192**	**10,129**	**(100)**	**2,953**

13. Financial costs

	For the period of 6 months from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	For the period of 3 months from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Interest on bank loans and borrowings	1,086	3,118	612	1,630
Interest and commissions on bonds	3,162	8,122	1,680	3,913
Interest on other liabilities	359	337	226	16

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

Financial costs due to financial leasing contracts	704	558	369	418
Foreign exchange losses	3,335	–	3,335	1,601
Bank charges on guarantees and loans	441	970	100	365
Valuation of long-term settlements with amortized costs	191	–	191	–
Other	543	94	263	91
Total financial costs	**9,821**	**13,199**	**6,776**	**8,034**

14. Information concerning changes in contingent liabilities which occurred since the end of the last financial year

	As at 30 June 2021	As at 31 December 2020
Contingent liabilities	**872,246**	**637,353**
– granted guarantees and sureties	749,198	502,097
– promissory notes	66,230	82,351
– litigations	56,818	52,905

The increase in the value of guarantees issued is mainly due to the issuance of new performance bonds on the Dolna Odra contract.

15. Information about transactions with related parties

The table below presents the total amounts of related party transactions for the 6-month period ended on 30 June 2021 and 30 June 2021 and for the 6-month period ended on 30 June 2020 and 31 December 2020.

Group of entities		Income from related parties	Acquisitions from related parties	Receivables from related parties	Liabilities towards related parties
		For the period of 6 months from 01.01.2021 to 30.06.2021		Status as at 30 June 2021	
Other parties related through shareholders	2021	289,789	13,400	30,032	73,017
Unconsolidated subsidiaries	2021	24	49	426	870
Total		**289,813**	**13,449**	**30,458**	**73,887**
		For the period of 6 months from 01.01.2020 to 30.06.2020		Status as at 31 December 2020	
Other parties related through shareholders	2020	111,830	10,679	54,454	85,099
Unconsolidated subsidiaries	2020	6	–	261	823
Associates	2020	–	-	-	232
Total		**111,836**	**10,679**	**54,715**	**86,154**

To the best knowledge of the Management Board of the Parent Company, transactions entered into by the Company or its subsidiaries with related parties during the reporting period were concluded on an arm's length basis and their nature and conditions resulted from the type of operating activities.

16. Transactions with parties related with the State Treasury

Polimex Mostostal Capital Group is a party in the transactions with entities related with the State Treasury. These transactions, which are also conducted with shareholders and parties related through shareholders, are presented in note 15 as transactions with parties related through shareholders. Transactions conducted with other parties related with the State Treasury are transactions concluded under market terms – these transactions are considered to be insignificant.

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

17. Change in provisions

	Provisions for warranty repairs	Provision for litigations	Provision for penalties	Provisions for the costs of contracts	Provision for losses	Provision for sureties	Other provisions	Total
As at 01 January 2021	**30,622**	**10,801**	**544**	**877**	**7,973**	**97**	**1,467**	**52,381**
Acquisition of a subsidiary	841	94	535	–	–	–	812	**2,282**
Created in the financial year	5,010	–	2	5	1,391	118	8	**6,534**
Used	(4,003)	(1,678)	(27)	–	(3,411)	(159)	(754)	**(10,032)**
Dissolved	(4,533)	(1,782)	–	(5)	60	–	(14)	**(6,274)**
Foreign exchange rate differences	–	–	–	–	–	–	24	**24**
As at 30 June 2021	**27,937**	**7,435**	**1,054**	**877**	**6,013**	**56**	**1,543**	**44,915**
Short-term as at 30 June 2021	9,379	1,919	1,054	877	6,013	56	1,311	**20,609**
Long-term as at 30 June 2021	18,558	5,516	–	–	–	–	232	**24,306**
As at 01 January 2020	**42,653**	**20,714**	**813**	**7,189**	**19,534**	**142**	**1,117**	**92,162**
Created in the financial year	4,312	–	–	3	1,985	154	906	**7,360**
Used	(6,220)	(104)	(154)	(453)	(6,187)	(86)	(510)	**(13,714)**
Dissolved	(5,637)	(6,157)	–	(2,938)	(346)	(120)	(32)	**(15,230)**
Foreign exchange rate differences	–	–	–	–	–	–	(77)	**(77)**
As at 30 June 2020	**35,108**	**14,453**	**659**	**3,801**	**14,986**	**90**	**1,404**	**70,501**
Short-term as at 30 June 2020	17,705	6,606	659	3,801	14,986	90	1,404	**45,251**
Long-term as at 30 June 2020	17,403	7,847	–	–	–	–	–	**25,250**

(amounts in tables are expressed in thousands of PLN unless stated otherwise)

18. Information on purchase, sale and revaluation write-offs of tangible fixed assets

During the course of 2021, the value of tangible fixed assets increased due to purchase by the amount of PLN 8,595 thousand and due to conclusion and modification of lease agreements by the amount of PLN 12,107 thousand. The increase in the balance due to acquisition of a subsidiary amounted to PLN 9,428 thousand in the form of acquired fixed assets and PLN 1,820 thousand due to lease agreements taken over with the entity. Within the scope of leasing agreements, the increase results most from the lease recognition of new means of transport (PLN 9,295 thousand).

As at 30 June 2021, according to the revaluation model, the Group carried out a revaluation of land, buildings and structures. As a result of the revaluation, the value of fixed assets increased by PLN 4,404 thousand, of which PLN 1,885 thousand was included in the profit and loss account and PLN 2,519 thousand in other comprehensive income.

The value of sales and liquidation and revaluation write-offs of tangible fixed assets during 2021 was insignificant.

19. Assets held for sale and liabilities directly associated with the assets held for sale

In compliance with the Agreement on the Management of Financial Debt of 21 December 2012 the Company has undertaken to divest certain assets. The assets disposed of include redundant property, organized parts of the company and development and investment properties, as well as selected operating properties. The table below presents financial data concerning those assets whose disposal is planned within one year from the balance sheet date.

	As at 30 June 2021	As at 31 December 2020
Tangible fixed assets	8,036	893
Investment property	29,997	25,997
Other assets	292	–
Assets held for sale	**38,325**	**26,890**
Other liabilities	94	–
Liabilities directly associated with the assets held for sale	**94**	**–**

In the course of 2021, the Group reclassified as assets and liabilities held for sale the assets and liabilities of Polimex Ukraina in the amount of PLN 7,194 thousand. The reclassification was made due to the planned transaction of the sale of these shares to an unrelated entity. The planned selling price does not differ significantly from the value of these shares recognised in the financial statements.

The value of investment properties held for sale increased compared to 31 December 2020 mainly due to an updated offer for the sale of the property in Kraków at ul. Powstańców 66 where the proposed sale price was increased by PLN 4,000 thousand.

20. Cash and cash equivalents

	As at 30 June 2021	As at 31 December 2020
Cash at bank and in hand	710,625	353,004
Short-term deposits	45,896	14,750
Total	**756,521**	**367,754**
Restricted cash	418,061	124,480

Restricted cash relates to funds held in project accounts for the Puławy and Opole contracts. These accounts are used to receive payments from the Ordering Parties for services rendered and to make payments to subcontractors for work performed. Payments from the project accounts in question to subcontractors are made using the procedure of expenditure approval by an independent technical consultant appointed for the contract in question.

21. Factors and events with a significant impact on the situation of Polimex Mostostal Capital Group in the reporting period

During the first 6 months of 2021 Polimex Mostostal Capital Group generated sales revenues in the amount of PLN 975,908 thousand (an increase by 34.7% compared to the data for the corresponding period of 6 months of 2020).

During the reporting period, the Capital Group generated operating profit in the amount of PLN 66,807 thousand (compared to a profit of PLN 30,883 thousand in the period 6 months of 2020).

In the reporting period, the value of general administrative expenses increased by 9.7% in relation to the comparative period (in the period of 6 months of 2021, general administrative expenses amounted to PLN 37,834 thousand, in the comparative period: PLN 34,504 thousand).

The net profit attributable to the shareholders of the Parent Company in the period 6 months of 2020 amounted to PLN 48,027 thousand (compared to the profit for the period 6 months of 2020 amounting to PLN 24,797 thousand).

As at 30.06.2021, the total assets of Polimex Mostostal Capital Group amounted to PLN 2,242,718 thousand. The fixed assets as at 30.06.2021 amounted to PLN 762,130 thousand (an increase of 3.2% in relation to the comparable data as at 31.12.2020) and the current assets amounted to PLN 1,442,263 thousand (an increase of 22.9% in relation to the comparable data as at 31.12.2020). In terms of the assets, the most valuable changes concern trade receivables and cash. Trade receivables decreased in 2021 by PLN 233,011 thousand. The reason for the decrease was the significant payments received under the Puławy project. The value of cash as at 30.06.2021 amounted to PLN 756,521 thousand and was higher by PLN 388,767 thousand compared to 31.12.2020.

During the reporting period, inventory revaluation write-offs in the amount of PLN 131 thousand were created in the capital Group. At the same time, the amount of reversal of inventory write-offs during this period amounted to PLN 289 thousand. However, during the reporting period, the Parent Company reversed inventory revaluation write-offs in the amount of PLN 8 thousand.

In the reporting period, the Capital Group created write-offs updating the value of receivables in the amount of PLN 13,294 thousand mainly in the Oil, Gas and Chemicals segment. In the same period, the amount of revaluation write-offs on receivables decreased by PLN 44 thousand due to the use of write-offs, repayment of receivables and estimated expected credit losses. In the Parent Company, in the reporting period, revaluation write-offs in the amount of PLN 183 thousand were reversed due to the use of write-offs and receivables repayment.

The equity as at 30 June 2021 amounted to PLN 839,391 thousand (an increase of 6.5% compared to the data as at 31.12.2020) and the liabilities: PLN 1,403,327 thousand (an increase of 21.9% compared to the data as at 31.12.2020). Significant change in value occurred in the case of liabilities due to the valuation of contracts, where the amount increased by PLN 179,191 thousand to PLN 469,431 thousand. The reason for growth is the progress in implementation and invoicing on the Puławy contract.

In the reporting period, in accordance with the cash flow statement of the Capital Group, there was an increase in net cash and cash equivalents of PLN 388,767 thousand. The cash and cash equivalents as at 30 June 2021 amounted to PLN 756,521 thousand. The net cash flows from operating activities amounted to PLN 421,451 thousand. The net cash flows from investing activities amounted to minus PLN 11,819 thousand and the net cash flows from financing activities amounted to minus PLN 20,865 thousand. Restricted cash comprises the amounts received in connection with the performance of the Opole and Puławy contract.

The current order portfolio of the capital Group less the sales of the consortium members, amounts to PLN 5,015 million. The current order portfolio for particular years is as follows: 2021 – PLN 1,480 million, 2022 – PLN 1,997 million, 2023 – PLN 1,217 million, subsequent years – PLN 321 million.

The Capital Group's current and fast liquidity ratios were at a comparable level as at 30.06.2021 in relation to 31.12.2020 and amounted to 1.22 and 1.08 respectively (these ratios were at 1.26 and 1.14 as at 31.12.2020).

22. Key events in the reporting period and significant events after 30 June 2021

During the reporting period, significant events of the Company included:

- On 5 January 2021, an annex was concluded with Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A. ("ERGO Hestia") to the Agreement on Cooperation in the Scope of Granting Insurance Guarantees within the allocated guarantee limit concluded on 8 July 2020 ("Agreement"), pursuant to which the total guarantee amount for guarantees issued under the Agreement is increased from PLN 20 million to PLN 83 million ("Limit"). The limit available to the Company under the Agreement is renewable and is valid until 31

December 2021. Under the Agreement, the Company is entitled to apply for insurance guarantees with a validity period of up to 84 months from the date of issue.

Blank promissory notes issued by the Company along with promissory note declarations serve as collateral for repayment of potential ERGO Hestia claims. In cases specified in the Agreement, ERGO Hestia may require establishment of additional security. ERGO Hestia may terminate the Agreement in the event of inadequate performance by the Company of its obligations under the Agreement, in particular i) failure to submit the securities required under the Agreement, ii) failure by the Company to satisfy claims due to ERGO Hestia under the Agreement, iii) breach of other obligations of the Company under the Agreement. The agreement is concluded for an indefinite period.

- On 10 February 2021, a Guarantee Line Agreement ("Agreement") was concluded with Intesa Sanpaolo S.p.A. with its registered office at Piazza San Carlo 156, 10121 Turin, Italy, acting through its branch Intesa Sanpaolo S.p.A. Spółka Akcyjna Branch in Poland, with its registered office at ul. Książęca 4, 00-498 Warszawa ("Bank"). Under the terms of the Agreement the Bank granted the Company a limit for bank guarantees in the amount of PLN 186 million ("Limit") with a maximum validity period of the guarantees issued under the Agreement not longer than until 30 June 2024. The limit available to the Company under the Agreement is renewable in nature and is valid until 10 February 2022. Within the framework of the Agreement, the Company obtained in particular the guarantees required for financing the contract, about which the Company informed in current report no. 6/2020 of January 30, 2020 ("Dolna Odra Contract").

  In compliance with the Agreement, the receivables of the Bank will be secured by: (i) assignment to the Bank of cash receivables due to the Company under contracts being financed by the Bank, in particular the Dolna Odra Contract, (ii) registered pledge on receivables under the bank account agreement regarding bank accounts opened with the Bank and (iii) financial and registered pledge on cash and claims for cash payments from accounts opened with the Bank. In addition, the Company submitted a statement of submission to enforcement, compliant with Article 777(1), point 5 of the Civil Procedure Code. On the basis of the Agreement, the Company assumed a standard range of obligations for this type of transactions, including information obligations concerning, inter alia, the provision of information on financial statements, concluded contracts and other significant events. The Agreement also provides, inter alia, for restrictions on the scope of activities (e.g. no change in the core business) or on the trading of assets and collateral. The Bank may terminate the Agreement in the event of the Company's improper performance of its obligations under the Agreement, in particular i) failure to submit the securities required under the Agreement, ii) failure by the Company to satisfy the Bank's matured receivables under the Agreement, iii) breach of other obligations of the Company under the Agreement.

- On 18 February 2021, Polimex Budownictwo spółka z ograniczoną odpowiedzialnościa sp.k. with its registered office in Siedlce (a subsidiary of the Company) received from Janikowo GP GmBH sp.k. with its registered office in Dąbrowa (formerly E&W spółka z ograniczoną odpowiedzialnością sp.k.) a contract for the execution of Phase II of the project consisting in comprehensive construction, in the "turnkey" formula, of the "Janikowo Wind Farm" comprising 30 turbines of the total capacity of 60MW.

- On 9 April 2021, an agreement ("Agreement") was concluded between the Capital City of Warsaw ("Ordering Party") and a consortium ("Contractor") consisting of: the Parent Company and Polimex Infrastruktura sp. z o.o. with its registered office in Warsaw (wholly owned by the Company). The subject matter of the Agreement is the performance of construction works on the extension of voivodeship road No. 631 in the scope of the construction of a bridge facility in the course of Marsa-Żołnierska streets along with the reconstruction of the existing road system and land development network as part of the investment task entitled "Modernization of Marsa-Żołnierska Streets, section from Marsa intersection to city border" ("Assignment"). The deadline for completion of the Assignment has been set as 20 months from the day of concluding the Agreement. The remuneration for the completion of the Assignment is a cost estimate, the offer price amounts to PLN 46,441,302.41 net ("Offer Price"), and the value of the contractual remuneration, exceeding of which results in the need to conclude an annex to the Agreement, amounts to PLN 55,729,562.89 net. The Remuneration will be paid in instalments after the completion of respective implementation stages provided for in the Assignment Implementation Schedule. The Parties to the Agreement have agreed that the Contractor shall provide a warranty for defects in the subject matter of the Agreement for a period of 96 months. In order to secure the Ordering Party's potential claims, the Contractor provided the Ordering Party with a performance bond in the amount of 5% of the Offer Price. The Agreement provides for contractual penalties for, inter alia, delay in the performance of construction work. The Agreement provides for a limitation of contractual penalties to 20% of the Offer Price. The Agreement provides for the possibility of withdrawal from the Agreement by the Ordering Party or the Contractor in specific cases.

- On 29 April 2021, an annex ("Annex") was concluded to the contract dated 29 June 2017 for the delivery and assembly of a gas and steam power unit at the Żerań CHP Plant in Warsaw ("Contract") between PGNiG TERMIKA S.A., with its registered office in Warsaw ("Ordering Party") and Mitsubishi Hitachi Power Systems Europe GmbH, with its registered office in Germany, Mitsubishi Hitachi Power Systems Ltd. with its registered office in Japan, Mitsubishi Hitachi Power Systems Ltd. with its registered office in London and the Company as members of a consortium (jointly referred to as the "Contractor"). The conclusion of the Annex is related to the impact on the performance of the contract of the SARS-CoV-2 coronavirus pandemic. Under the Annex, the term of performance of the Contract was postponed to 30 September 2021 and for this reason additional remuneration of PLN 47 million net was granted to the Contractor (of which PLN 13 million net is attributable to the Company). The Annex also introduces into the Contract an accelerated date for signing the certificate of acquisition of the gas and steam power unit in the Żerań CHP Plant in Warsaw for operation (31 August 2021), the achievement of which entails additional remuneration for the Contractor in the maximum amount of PLN 11 million net, of which the Company will receive PLN 3 million net. The above amount will be reduced in steps if the accelerated date is reached after 31 August 2021 and before 15 September 2021.
- On 29 April 2021, an agreement ("Agreement") was concluded between the Gdańsk University of Technology ("Employer") and a consortium ("Contractor") consisting of: the Company and Polimex Infrastruktura sp. z o.o. with its registered office in Warsaw (wholly owned by the Company). The subject of the Agreement is the construction of the Building of the Eco-Innovation Centre including its equipment and land management as part of the project "construction of the Gdańsk Eco-Innovation Centre of the Gdańsk University of Technology" ("Assignment"). The deadline for the completion of the subject of the Agreement is 18 months from the date of concluding the Agreement. The remuneration for the performance of the Assignment is flat rate and it amounts to PLN 79.7 million gross ("Remuneration"). The Remuneration will be paid in instalments after the completion of respective implementation stages provided for in the Assignment Implementation Schedule. Pursuant to the provisions of the Agreement, the Contractor shall provide the Ordering Party with a guarantee and warranty for defects in the subject of the Agreement, for a period of 84 months. In order to secure the Ordering Party's potential claims, the Contractor will provide the Ordering Party with a performance bond ("Security") amounting to 5% of the Remuneration in one of the forms agreed with the Ordering Party. 70% of the Security shall be returned to the Contractor 30 days after the acceptance of the subject of the Agreement, and the remaining part within 15 days from the end of the period of warranty for defects in the subject of the Agreement. The Agreement provides for contractual penalties, e.g. for delay in the performance of construction work, including for withdrawal by the Ordering Party from the Agreement due to fault of the Contractor, amounting to 20% of the Remuneration (the Contractor will be entitled to a contractual penalty of an analogous amount if the Contractor withdraws from the Agreement due to fault of the Ordering Party). The Agreement provides for the limitation of contractual penalties imposed on the Contractor up to 20% of the remuneration.
- On 13 May 2021, an agreement ("Agreement") was concluded between Innogy Stoen Operator sp. z o.o. with its registered office in Warsaw ("Employer") and a consortium ("Contractor") consisting of: the Company and Polimex Infrastruktura sp. z o.o. with its registered office in Warsaw (wholly owned by the Company). The subject of the Agreement is the reconstruction and extension of an office building with an underground garage and landscaping works at ul. Pory 80 in Warsaw according to the design documentation provided by the Ordering Party ("Assignment"). The deadline for completion of all construction works covered by the Agreement was 15 April 2023.

  The remuneration for the performance of the Assignment is flat rate and it amounts to PLN 44,980 thousand net ("Remuneration"). The Remuneration will be paid in instalments after the completion of respective implementation stages provided for in the Assignment Implementation Schedule. Under the provisions of the Agreement, the Contractor shall provide the Ordering Party with a guarantee for the Subject of the Agreement for a period of 36 months, except for batteries which are covered by a 24-month guarantee and equipment for which the guarantee shall be valid within the period provided by its manufacturer. The Parties to the Agreement have agreed that the Contractor shall be liable under the warranty for physical defects and legal defects of the Subject of the Agreement for a period of 2 years from the date of acceptance. In order to secure the Ordering Party's potential claims, the Contractor shall provide the Ordering Party with a performance bond in the amount of 8% of the gross Remuneration in one of the forms agreed with the Ordering Party. Moreover, during the period specified herein, the Contractor shall operate a guarantee of performance of the warranty and guarantee obligations in the amount of 4% of gross Remuneration. The Agreement provides for contractual penalties, inter alia, for delays in the performance of construction work. The Agreement provides for a limitation of contractual penalties to 10% of the net Remuneration. The Agreement provides for the possibility of withdrawal from the Agreement by the Ordering Party or the Contractor in specific cases.

- On 31 May 2021, the Company entered into an annex ("Annex") to the agreement between the Company, Polimex Energetyka sp. z o.o. (subsidiary of the Company, jointly referred to as the "Ordering Parties") and Powszechny Zakład Ubezpieczeń Spółka Akcyjna with its registered office in Warsaw ("PZU"), the subject of which is to define the rules for PZU to issue contractual insurance guarantees within the agreed commitment limits ("Agreement").

  As a result of conclusion of the Annex, Naftoremont-Naftobudowa sp. z o.o. (subsidiary of the Company) became a party to the Agreement as an additional Ordering Party, and the term of the Agreement was extended until 31 May 2022. The total limit of engagement for the three Ordering Parties remained unchanged at PLN 98,970,000.00, subject to the sublimit for Polimex Energetyka sp. z o.o. not being higher than PLN 4,000,000.00, and for Naftoremont-Naftobudowa sp. z o.o. not being higher than PLN 20,000,000.00. The existing catalogue of securities for the repayment of potential claims of PZU under the Agreement has been extended by declarations of individual Ordering Parties on submission to execution pursuant to Article 777 § 1 of the Code of Civil Procedure.

  The Annex introduces an extended catalogue of available insurance guarantee types and optimises, from the Ordering Parties' point of view, the remuneration rates payable to PZU for the guarantees issued. Under the Agreement, the Ordering Parties are entitled to apply for insurance guarantees with a validity period of up to 96 months + 45 days from the date of issue.

- On 2 June 2021, an agreement ("Agreement") was concluded between the Municipality of Olsztyn ("Ordering Party") and a consortium ("Contractor", "Consortium") consisting of: the Company, Polimex Infrastruktura sp. z o.o. with its registered office in Warsaw (wholly owned by the Company) and TRAKCJA S.A. with its registered office in Warsaw. The subject matter of the Agreement is the execution of construction works – development of tramway lines in Olsztyn ("Assignment"). The term of completion of the Subject of the Agreement was defined as 791 days from the date of conclusion of the Agreement. The price for the performance of the Assignment is of a measurement nature and was set at PLN 403,164,353.11 gross ("Remuneration"), of which 50% is attributable to members of the Consortium from the Company's Capital Group. The Agreement provides for the possibility of paying an advance of up to 10% of the Remuneration. Payment of the Remuneration shall be made in instalments, on a monthly basis. Pursuant to the provisions of the Agreement, the Contractor shall provide the Ordering Party with a guarantee and warranty for defects in the subject of the Agreement, for a period of 60 months. In order to secure any potential claims of the Ordering Party, the Company has provided the Ordering Party with a performance bond ("Security") in the amount of 3% of the Remuneration in the form of an insurance guarantee. 70% of the Security shall be released upon acceptance of the Subject of the Agreement (issuance of the take-over certificate), and the remaining part shall be released within 15 days of the expiry of the period of warranty for defects in the Subject of the Agreement (issuance of the certificate of performance). If the Contractor exercises the possibility of receiving an advance payment, they shall provide the Ordering Party with security for its return in the amount not lower than the amount of the advance payment, in the form of a bank or insurance guarantee. The Agreement provides for contractual penalties, inter alia, for late execution of construction works, including withdrawal from the Agreement by the Ordering Party through the fault of the Contractor in the amount of 15% of the Remuneration. The Agreement provides for the limitation of contractual penalties imposed on the Contractor up to 15% of the remuneration.

- On 10 June 2021, an annex was concluded with Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A. ("ERGO Hestia") to the Agreement on Cooperation in the Scope of Granting Insurance Guarantees within the allocated guarantee limit concluded on 8 July 2020 ("Agreement"), pursuant to which the total guarantee amount for guarantees issued under the Agreement is increased from PLN 83,000,000.00 to PLN

103,000,000.00 ("Limit"). The Limit to which the Company is entitled under the Agreement shall be renewable and shall apply until 31 December 2021.

Other provisions of the Agreement remain unchanged.

- On 23 June 2021, between Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A., based in Wrocław ("Ordering Party"), and a consortium ("Contractor") consisting of: the Company and Polimex Energetyka sp. z o.o. of Warsaw (wholly owned by the Company) the following agreements ("Agreements") were concluded: an agreement for the turnkey construction of a gas and steam CHP plant for Zespół Elektrociepłowni Wrocławskich KOGENERACJA S. A. in Siechnice ("EPC Agreement") and the gas turbine maintenance contract for the Order for the turnkey construction of the gas-steam CHP plant for Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. in Siechnice ("LTSA Agreement").

  The Subject of the EPC Agreement is execution by the Contractor of construction and assembly works and other works, in order to construct a gas and steam CHP plant for Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. in Siechnice ("Assignment"). The date of completion of the Subject of the Agreement was the date of signing the takeover protocol. The period of performance shall be 34 months from the date of issuing the order to commence the works. The remuneration for the performance of the Assignment is flat rate and amounts to PLN 1,425,791 thousand gross ("EPC Remuneration"). The EPC Remuneration will be paid in instalments after the completion of respective implementation stages provided for in the Assignment Implementation Schedule. The Contractor shall be paid an advance of 10% of the EPC Remuneration. Under the provisions of the EPC Agreement, the Contractor shall provide the Ordering Party with a basic guarantee and warranty for defects in the subject of the EPC Agreement for a period of 24 months, and for selected elements of the task such as construction structures, foundations, anti-corrosion protections, thermal and acoustic insulation of buildings, facades, for a period of 60 months. In order to secure the Ordering Party's potential claims under the EPC Agreement, the Contractor shall provide the Ordering Party with a performance bond ("EPC Security") equal to 10% of the EPC Remuneration in one of the forms agreed with the Ordering Party. 70% of the security shall be returned to the Contractor within 30 days from the date of signing of the settlement protocol from the first guarantee measurements, and the remaining part within 15 days from the expiry of the warranty period for defects in the Subject of the EPC Agreement. The EPC Agreement provides for contractual penalties, inter alia, for late execution of key milestones or failure to achieve certain guaranteed technical parameters, including for withdrawal of the Ordering Party from the Agreement due to the Contractor's fault in the amount of 10% of the net EPC Remuneration. The EPC Agreement provides for a limitation of contractual penalties imposed on the Contractor on account of delay up to 20% of the net EPC Remuneration, on account of failure to achieve certain guaranteed technical parameters up to 20% of the net EPC Remuneration and jointly on the aforementioned grounds up to 25% of the net EPC Remuneration.

  The subject of the LTSA Agreement is the performance by the Contractor of services and supplies aimed at ensuring the proper functioning of the gas turbines of the gas and steam CHP plant, enabling their safe operation and ensuring their achievement of the guaranteed parameters. The LTSA Agreement shall be valid and enter into force upon conclusion, however, the date of commencement of service provision under this Agreement shall be the date of taking-over of the unit for operation and shall remain valid until 102.96 months after that date. The maximum total remuneration under the LTSA Agreement will amount to PLN 25,027,789.80 net and EUR 20,717,846.68 net ("LTSA Remuneration"), of which the remuneration for scheduled works will amount to PLN 19,252,146.00 net and EUR 15,936,805.14 net ("Scheduled Remuneration"). The LTSA remuneration shall be paid in instalments, in the form of quarterly remuneration, performance remuneration, remuneration for performing unscheduled repairs, remuneration for additional work, remuneration for additional work not related to gas turbines. Under the provisions of the LTSA Agreement, the Contractor shall provide the Ordering Party with a guarantee and a warranty for defects in the Subject of the LTSA Agreement, for a period of 24 months. In order to secure the Ordering Party's potential claims, the Contractor shall provide the Ordering Party with an LTSA performance bond ("LTSA Security") equal to 10% of the gross Scheduled Remuneration in one of the forms agreed with the Ordering Party. 70% of the LTSA Security shall be returned to the Contractor 30 days after the end of the LTSA Agreement period, and the remaining part shall be returned within 15 days from the end of the warranty period for defects in the Service under the LTSA Agreement. The LTSA Agreement provides for contractual penalties, such as failure to meet the guaranteed availability ratio, failure to meet parameters, or delay in commencing unplanned repair or additional work. The Agreement provides for an amount limitation of contractual penalties of selected titles of their accrual. Each party to the LTSA Agreement shall have the right to charge a contractual penalty for termination of the LTSA Agreement for reasons attributable to the other party in the amount of 15% of the net Scheduled Remuneration.

- On 23 June 2021, the Company concluded: (i) with a consortium ("Consortium", "Contractor") composed of: Siemens Energy Austria GmbH, with its registered office in Vienna, and Siemens Energy sp. z o.o., with its registered office in Warsaw, "Agreement for the design, production, supply, technical consultancy over installation and performance of services in the scope of commissioning of the Turbine Island for the needs of the Steam and Gas Unit for Zespół Elektrociepłowni Wrocławskich Kogeneracja S.A. in Siechnice" ("EPC Agreement") and (ii) with Siemens Energy sp. z o.o. a gas turbine maintenance agreement ("LTSA Agreement", together with the EPC Agreement – "Agreements"). The subject of the EPC Agreement is a comprehensive scope of works related to: design, manufacturing, supply, technical consulting over assembly and conducting the start-up of the Steam and Gas Unit in Siechnice ("Unit") for Zespół Elektrociepłowni Wrocławskich Kogeneracja S.A. with its registered seat in Wrocław ("Investor"). The subject of the LTSA Agreement is the provision of a service ensuring the proper functioning of gas turbines, enabling in particular their safe operation and ensuring their achievement of the guaranteed parameters of the Unit. The EPC Agreement is divided in terms of scope and validity for phase I, under which the Consortium will perform preparatory activities for the relevant obligation, which will enter into force upon the conclusion of the EPC Agreement, and phase II, which consists of the essential obligations of the Company and the Consortium, whose entry into force is conditional, dependent on the conclusion between the consortium of the Company and Polimex Energetyka sp. z o.o. with its registered office in Warsaw (the Company's subsidiary) and the Investor of the contract for the turnkey construction of the gas and steam CHP plant in Siechnice, and notification of the Contractor to the Investor. The EPC Agreement provides for the performance of its subject within 34 months from the date of issuing the commencement order, and the completion date shall be the date of signing the protocol of taking-over of the unit for operation. The LTSA Agreement shall enter into force after the same conditions as for phase II of the EPC Agreement have been fulfilled and shall remain in force until 102.96 months after that date, with the date of commencement of service provision being the date of taking-over of the unit for operation. The remuneration for the performance of the EPC Agreement by the Consortium was set at PLN 12,396,000.00 net and EUR 79,976,000.00 net, payable in instalments for individual stages of the performance of the EPC Agreement. The EPC Agreement provides for an advance payment to the Consortium of 10% of the Remuneration. The remuneration for the performance of the LTSA Agreement by Siemens Energy sp. z o.o. was set at PLN 16,752,146.00 net and EUR 15,936,805.14 net, comprising, inter alia, quarterly remuneration, task-based remuneration, with the LTSA Agreement providing for the possibility for Siemens Energy Sp. z o.o. to perform Unscheduled Repairs, Additional Work and Additional Work not related to Gas Turbines of a value not exceeding 30% of the above remuneration. The LTSA Agreement provides for the possibility for Siemens Energy sp. z o.o. to request an advance payment for certain parts of the subject of the Agreement. The Contractor will provide a basic warranty of 24 months for the subject of the EPC Agreement and an extended warranty of 60 months for selected elements of the subject of the Agreement. In order to secure any potential claims of the Company that may arise due to non-performance or improper performance of the Agreement by the other Party, it is provided to establish a performance bond for the EPC Agreement in the amount of 10% of net remuneration and the LTSA Agreement in the amount of 10% of gross remuneration for the planned works. The Agreements provide for the possibility for the Company to charge contractual penalties and, in certain cases, the Agreements provide for the possibility for either party to withdraw from them.

- On 25 June 2021, an annex was concluded with the bank Intesa Sanpaolo S.p.A. with its registered office at Piazza San Carlo 156, 10121 Turin, Italy, acting through its branch Intesa Sanpaolo S.p.A. Spółka Akcyjna Oddział w Polsce, with its registered office at ul. Książęca 4, 00-498 Warszawa ("Bank"), to the Guarantee Line Agreement ("Agreement"), pursuant to which the total line limit for bank guarantees available under the Agreement was increased from PLN 186,000,000.00 to PLN 472,000,000.00 ("Line Limit"). The maximum period of validity of guarantees issued under the Agreement may not exceed 30 June 2025. The line limit to which the Company is entitled under the Agreement is renewable and is valid until 25 June 2022. Under the Agreement, the Company plans to obtain, in particular, the guarantees required to finance the contract, of which the Company informed in the current report no. 28/2021 of 23 June 2021 ("Czechnica Contract").

  As a result of the concluded annex to the Agreement, the price conditions of cooperation and the scope of its security have been updated. In compliance with the Agreement, the receivables of the Bank will be secured by: (i) an assignment to the Bank of cash receivables due to the Company under contracts financed by the Bank, in particular the Dolna Odra Contract and the Czechnica Contract, (ii) a registered pledge on receivables under the bank account agreement relating to bank accounts opened with the Bank, and (iii) a financial pledge on cash held in such accounts opened with the Bank. In addition, the Company will submit an updated statement of submission to enforcement, compliant with Article 777(1), point 5 of the Civil Procedure Code.

Significant events that occurred after the balance sheet date of 30 June 2021 until the date of the approval of the financial statements

- On 1 July 2021, an annex was signed with Korporacja Ubezpieczeń Kredytów Eksportowych S.A.("KUKE") to the General Agreement for the provision of contractual insurance guarantees concluded on 18 November 2020 ("Agreement"), pursuant to which the amount of the guarantee limit available to the Company under the Agreement is increased from PLN 20,000,000.00 to PLN 40,000,000.00 ("Limit"). The Limit is renewable and the maximum term of warranties issued under the Agreement may not exceed 96 months.

  The blank promissory notes issued by the Company together with promissory note declarations and – depending on the type of guarantee – a cash deposit in the amount not exceeding 10% of the value of a given guarantee constitute a security for the repayment of any claims of the KUKE. In cases specified in the Agreement, KUKE may require establishment of additional security.

  KUKE may withhold issuance of guarantees under the Agreement in the event of the Company's improper performance of its obligations under the Agreement, in particular i) failure to submit the securities required under the Agreement, ii) failure by the Company to satisfy the KUKE's matured receivables under the Agreement, iii) breach of other obligations of the Company under the Agreement. Either Party may terminate the Agreement with one month's notice.

  The agreement is concluded for an indefinite period.

- On 19 July 2021, the Consortium ("Consortium", "Ordering Party"), consisting of: the Company, Polimex Infrastruktura sp. z o.o. with its registered office in Warsaw (wholly owned by the Company) and TRAKCJA S.A. with its registered office in Warsaw, concluded an agreement with Sprint S.A. with its registered office in Olsztyn ("Contractor"), the object of which is the comprehensive performance of works in the field of reconstruction of traffic lights, reconstruction of telecommunications networks, WIFI-MESH network, passive fibre optic network, street lighting and multi-discipline works in Aleja Zdobywców Kosmosu in Olsztyn. Under the Agreement, the Contractor has undertaken to complete the Subject of the Agreement by 31 May 2023. Remuneration for the Contractor's performance of the subject of the Agreement is a cost estimate and has been determined at PLN 36.2 million net. The remuneration shall be payable to the Contractor in instalments, in connection with the implementation of subsequent stages of the subject of the Agreement. The Agreement provides that the Contractor will be obliged in certain cases to pay to the Consortium contractual penalties, the maximum total amount of which may reach up to 15% of the gross value of the Agreement. In order to secure potential claims of the Ordering Party that may arise in connection with non-performance or improper performance of the Agreement by the Contractor, the Contractor is obliged to establish a performance bond in the amount of 3% of the gross remuneration in the form specified in the Agreement or to realise the said bond by deducting an appropriate amount from the Contractor's remuneration. The Contractor shall provide a warranty of 60 months for the subject of the Agreement. In certain cases, the Agreement provides for the possibility of withdrawal from the Agreement by the Consortium.

- On 5 August 2021, an agreement ("Agreement") was concluded between PGE Energia Ciepła S.A. with its registered office in Warsaw ("Ordering Party") and a consortium ("Contractor") consisting of: the Company and Polimex Energetyka sp. z o.o. with its registered office in Warsaw (wholly owned by the Company). The subject of the Agreement is the performance of design works, including construction and assembly works, supplies and services necessary for the design, construction and commissioning of the project named "Construction of the 6 x 31 MWt Gas Boiler Room at PGE Energia Ciepła S.A. Oddział Elektrociepłownia in Rzeszów" ("Assignment"). The deadline for completion of the works on the performance of the Subject of the Agreement was 28 February 2023. The price for the performance of the task is flat-rate and is set at PLN 77,053,232.60 net ("Remuneration"). Payment of the Remuneration shall be made in instalments, on a monthly basis. Under the provisions of the Agreement, the Contractor shall provide the Ordering Party with a guarantee and warranty for a period of 24 months, with the exclusion of defects and deficiencies of buildings/structures, where the warranty period shall be 60 months. In order to secure any potential claims of the Ordering Party, the Company has provided the Ordering Party with a performance bond ("Security") in the amount of 5% of the gross remuneration in one of the forms provided for in the Agreement. 70% of the Security shall be released within 30 days from the date of signing the protocol of taking over the boiler room for operation, and the remaining part within 30 days from the end of the period of warranty for defects in the subject of the Agreement. The Agreement provides for contractual penalties, inter alia, for late performance of the works, as well as a contractual penalty in the amount of 20% of the Remuneration for withdrawal from the Agreement by the Ordering Party through the fault of the Contractor. The Agreement provides for the limitation of contractual penalties imposed on the Contractor up to 25% of the remuneration.

- On 12 August 2021, the Company concluded with Biuro Studiów, Projektów i Realizacji "Energoprojekt – Katowice" S.A., with its registered office in Katowice ("Contractor"), an agreement ("Agreement"), the subject of which is the Contractor's performance of multi-discipline design documentation and engineering services together with author's supervision and performance of the function of a general designer within the scope of the Company's execution of the contract for the turnkey construction of a gas and steam CHP plant for Zespół Elektrociepłowni Wrocławskich KOGENERACJA S. A. in Siechnice, of the conclusion of which the Company informed in current report no. 28/2021 of 23 June 2021. The period of performance of the subject of the Agreement shall commence on the day of its signing and end on the day of signing of the Final Protocol by the Parties, provided that the Contractor submits the complete as-built designs and the Company accepts them.

  The remuneration for the Contractor's performance of the subject of the Agreement is flat rate and has been set at PLN 33 million net ("Agreement Price"). The Contractor shall be obliged to pay contractual penalties to the Company in cases specified in the Agreement, however, the total amount of contractual penalties from all titles may not exceed 25% of the Agreement Price. The total aggregate liability of the Contractor for the performance of the Agreement shall not exceed 100% of the Agreement Price, and the Parties excluded liability for lost profits. The Agreement provides for the possibility, in certain cases, of withdrawal from the Agreement by either party.

- On 18 August 2021, an agreement ("Agreement") was executed between Panattoni Development Europe sp. z o.o., with its registered office in Warsaw ("Ordering Party"), and a consortium ("Contractor") consisting of: the Company and Polimex Infrastruktura sp. z o.o. with its registered office in Warsaw (wholly owned by the Company). The subject of the Agreement is the construction as general contractor of a research and development centre with accompanying facilities and necessary technical infrastructure in Gliwice ("Assignment"). The date of completion of the works on the performance of the Subject of the Agreement was 29 April 2022. The price for the performance of the Assignment is flat-rate and is set at EUR 8,010,694.00 net ("Remuneration") and additionally up to EUR 248,640.00 net in case of achieving certain levels of certification of the Subject of the Agreement. Payment of the Remuneration shall be made in instalments, on a monthly basis. Under the provisions of the Agreement, the Contractor shall provide the Ordering Party with a guarantee and warranty for a period of 5 years, excluding selected elements and works for which separate periods have been determined. In order to secure any potential claims of the Ordering Party, the Company shall provide the Ordering Party with a performance bond ("Security") in the amount of 7.5% of the Remuneration and a guarantee period in the form of a bank guarantee in the amount of 7.5% of the Remuneration. The Agreement provides for contractual penalties, i.a. for delay in completion of the task or for deviation from technical specification of the task. The Agreement provides for the limitation of contractual penalties imposed on the Contractor up to 10% of the remuneration.

23. Explanations concerning seasonality or cyclicity of the Group's activities in the reporting period

The operations of the Parent Company and the companies of the capital Group exhibit the characteristics of seasonality in the scope of carrying out construction, assembly, repair and road works. During the winter period, the number of works performed on open spaces of construction sites decreases. In addition, in some sectors, renovation works are carried out at certain times of the year (e.g. power plants and CHPs in summer months). In turn, modernisation works are undertaken in cycles of few years (e.g. in power plants, refineries or chemical plants). The Group's investment task implementation schedules take into account weather conditions, while the budgeting process also takes into account the consequences of the procedures used to grant and settle financial orders.

24. Indication of factors that according to the Management Board of the Parent Company will affect the financial results achieved by the Group in the perspective of at least the next quarter

The most important factors that may affect the Group's performance in the next quarter include primarily: the scheduled completion of the Puławy and Żerań Projects, the macroeconomic situation in Poland and abroad affecting the demand for construction services, as well as the situation in the financial markets, the financial condition of the consortium members and subcontractors, the level of prices of raw materials, construction materials and services. The Group continuously analyses the macroeconomic situation and its impact on the construction services market in relation to the SARS-CoV-2 pandemic. The Group does not anticipate any significant negative impact of the pandemic on the Group's financial position and results of operations for one quarter and beyond. The impact of the SARS-CoV-2 pandemic on the Group's financial position is described in detail in Note 3.1.

25. Information concerning issuance, redemption and repayment of debt and equity securities

In the reporting period, the Company bought back its own bonds issued in previous periods with a value of PLN 1,000,000. Apart from the above transaction, no other debt and capital securities were issued, bought back or repaid in the reporting period.

26. Conversion of liabilities into shares

During the reporting period, no conversion of liabilities into shares was performed.

27. Financial instruments measured at fair value

The carrying amounts of financial assets and liabilities recognised in the interim condensed consolidated financial statements are close to their fair values.

28. Information concerning paid (or declared) dividend in total and per one share, divided into ordinary and preference shares

No dividend was declared or paid during the reporting period.

29. Position of the Management Board of the Parent Company on the financial forecasting

Performance forecasts for 2021 of Polimex Mostostal S.A. and Polimex Mostostal Group were not published.

30. Court proceedings related to receivables and liabilities, arbitration bodies or public administration authorities

As at 30 June 2021 there was an ongoing counterclaim proceeding initiated by Mostostal S.A. with the registered office in Warsaw ("Defendant"). The counterclaim was filed against the Parent Company and Mostostal Siedlce Sp. z o.o. Sp.k. The counterclaim presents the position of the Defendant in the case filed by the Company and by Mostostal Siedlce Sp. z o.o. Sp.k. in June 2017 for Company cancellation of the sales agreement pertaining to two Mostostal trademarks: the figurative trademark "Mostostal" registered under number R 87887 and the verbal trademark "Mostostal" registered under number R 97850. The sales agreement for the trademarks was concluded in 2007 by the administrative receiver of one of the entities using the trademarks. The Defendant was the purchaser in this transaction. The value of the subject matter under dispute is PLN 96,908,719. The amount indicated by the Defendant constitutes the compensation for the violation of the protective rights with regards to the specified trademarks. The Defendant is claiming compensation of PLN 83,717,995 from the Company and PLN 13,190,724 from Mostostal Siedlce Sp. z o.o. Sp.k. The position of the Management Board of the Parent Company is that the counterclaim and the value of the compensation have no legal merit and the counterclaim was filed merely in a reaction to the lawsuit initiated by the Parent Company in June 2017. As indicated by the analysis undertaken by the Company, the Company has subjective rights to Mostostal, as well as the prior user right to the trade name "Mostostal", which take precedence over the above-mentioned Mostostal trademarks under dispute.

Apart from this case, as at 30 June 2021 there were no ongoing court proceedings with the values relevant from the standpoint of financial statements.

Warsaw, 20 August 2021

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS		
Name and surname	Position / Function	Signature
Krzysztof Figat	President of the Management Board	
Maciej Korniluk	Vice President of the Management Board	

SIGNATURE OF THE PERSON RESPONSIBLE FOR DRAWING UP THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021		
Name and surname	Position / Function	Signature
Sławomir Czech	Chief Financial Officer Chief Accountant	