

**POLIMEX MOSTOSTAL S.A.**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2021**



## Table of Contents

INTERIM CONDENSED FINANCIAL STATEMENTS OF POLIMEX MOSTOSTAL S.A. FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2021 .....	3
Interim profit and loss account .....	3
Interim comprehensive income statement.....	4
Interim balance sheet .....	5
Interim cash flow statement .....	7
Interim statement of changes in equity.....	8
EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2021 .....	9
1. General information.....	9
2. Composition of the Management Board and Supervisory Board .....	9
3. Approval of the interim condensed financial statements.....	10
4. Platform of the applied International Financial Reporting Standards .....	10
4.1. Going concern .....	10
4.2. Accounting principles applied and basis for the preparation of the interim condensed financial statements.....	11
5. Shareholders of the Company.....	13
6. Uncertainty of estimates.....	13
7. Reporting segments and geographical information.....	15
8. Financial income.....	17
9. Financial costs .....	17
10. Information concerning changes in contingent liabilities which occurred since the end of the last financial year .....	17
11. Related-party transactions.....	18
12. Transactions with parties related with the State Treasury .....	19
13. Change in provisions .....	19
14. Information on purchase, sale and revaluation write-offs of tangible fixed assets.....	19
15. Assets held for sale and liabilities directly associated with the assets held for sale.....	20
16. Cash and cash equivalents .....	20
17. Factors and events with a significant impact on the Company's situation in the reporting period ...	20
18. Key events in the reporting period and significant events after 30 June 2021 .....	21
19. Explanations concerning seasonality or cyclicity of the Company's activities in the reporting period	28
20. Indication of factors that according to the Management Board of the Company, will affect the financial results achieved by the Company in the perspective of at least the next quarter .....	28
21. Information concerning issuance, redemption and repayment of debt and equity securities.....	28
22. Conversion of liabilities into shares .....	28
23. Financial instruments measured at fair value .....	28
24. Information concerning paid (or declared) dividend in total and per share, categorised by ordinary and preference shares.....	28
25. Position of the Management Board on financial forecasting.....	28
26. Court proceedings related to receivables and liabilities, arbitration bodies or public administration authorities .....	28

Accounting policy and other explanatory information presented in the notes from 1 to 26 constitute an integral part of these interim condensed financial statements

**INTERIM CONDENSED FINANCIAL STATEMENTS OF POLIMEX MOSTOSTAL S.A. FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2021**
**Interim 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	7	307,977	122,078	154,808	76,662
Cost of goods sold		(282,546)	(104,842)	(142,254)	(63,402)
<b>Gross profit / (loss) on sales</b>		<b>25,431</b>	<b>17,236</b>	<b>12,554</b>	<b>13,260</b>
General administration expenses		(16,330)	(16,964)	(7,326)	(7,936)
Profit / (loss) on impairment of financial assets		190	108	(17)	22
Other operating revenues		8,213	12,432	7,156	5,195
Other operating costs		(2,925)	(1,760)	(650)	(1,109)
<b>Profit / (loss) on operating activities</b>		<b>14,579</b>	<b>11,052</b>	<b>11,717</b>	<b>9,432</b>
Financial income	8	24,154	25,582	20,600	4,057
Financial costs	9	(4,586)	(11,835)	(2,257)	(5,655)
<b>Gross profit / (loss)</b>		<b>34,147</b>	<b>24,799</b>	<b>30,060</b>	<b>7,834</b>
Income tax		(2,151)	(2,829)	(1,605)	(2,654)
<b>Net profit / (loss)</b>		<b>31,996</b>	<b>21,970</b>	<b>28,455</b>	<b>5,180</b>
<b>Profit / loss per share (in PLN per share)</b>					
- basic profit per share		0.135	0.093	0.120	0.022
- diluted profit per share		0.121	0.100	0.104	0.027

Accounting policy and other explanatory information presented in the notes from 1 to 26 constitute an integral part of these interim condensed financial statements

**Interim 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)
<b>Net profit / (loss)</b>	<b>31,996</b>	<b>21,970</b>	<b>28,455</b>	<b>5,180</b>
<b>Items that will not be allocated in the later periods to the profit and loss account:</b>				
Change from the valuation of tangible fixed assets	76	-	76	-
Actuarial profit / (loss)	-	(102)	-	(102)
<b>Other net comprehensive income for the period</b>	<b>76</b>	<b>(102)</b>	<b>76</b>	<b>(102)</b>
<b>Total comprehensive income</b>	<b>32,072</b>	<b>21,868</b>	<b>28,531</b>	<b>5,078</b>

## Interim balance sheet

	Note	As at 30 June 2021 (unaudited)	As at 31 December 2020
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	14	41,230	36,879
Investment property		37,293	38,944
Intangible assets		422	346
Financial assets		470,529	486,833
Long-term receivables		233	235
Deposits due to the construction contracts		27,352	22,231
Deferred tax assets		100,939	103,224
Other long-term assets		4,481	4,520
<b>Total fixed assets</b>		<b>682,479</b>	<b>693,212</b>
<b>Current assets</b>			
Inventories		6,561	4,123
Trade receivables		105,610	309,286
Deposits due to the construction contracts		2,299	4,540
Construction contracts assets		68,463	49,549
Other receivables		108,576	110,812
Financial assets		32,492	32,658
Other assets		6,175	2,949
Cash	16	599,428	209,409
<b>Total current assets</b>		<b>929,604</b>	<b>723,326</b>
<b>Assets held for sale</b>	15	<b>37,828</b>	<b>26,685</b>
<b>Total assets</b>		<b>1,649,911</b>	<b>1,443,223</b>

Polimex Mostostal S.A.  
Interim condensed financial statements prepared in accordance with IAS 34  
For the period from 1 January 2021 until 30 June 2021  
(amounts in tables are expressed in thousands of PLN unless stated otherwise)

**Interim balance sheet (continued)**

	Note	As at 30 June 2021 (unaudited)	As at 31 December 2020
<b>Liabilities and equity</b>			
<b>Equity</b>			
Share capital		473,238	473,238
Reserve capital		211,295	157,746
Other capitals		–	(37,629)
Reserve capital from surplus of bonds convertible into shares		6,071	6,071
Accumulated other comprehensive income		28,901	28,825
Retained earnings / Uncovered losses		31,996	91,178
<b>Total equity</b>		<b>751,501</b>	<b>719,429</b>
<b>Long-term liabilities</b>			
Bank loans, borrowings and other external sources of financing		18,518	34,596
Long-term bonds		109,446	113,364
Provisions	13	12,112	12,018
Employee benefit liabilities		875	875
Other liabilities		37	37
Deposits due to the construction contracts		13,135	12,834
<b>Total long-term liabilities</b>		<b>154,123</b>	<b>173,724</b>
<b>Short-term liabilities</b>			
Bank loans, borrowings and other external sources of financing		30,752	16,984
Short-term bonds		16,764	13,484
Trade liabilities		215,545	256,860
Deposits due to the construction contracts		16,593	17,689
Construction contracts liabilities		433,104	211,106
Other liabilities		2,303	4,634
Provisions	13	10,221	17,076
Employee benefit liabilities		17,511	10,744
Deferred income		1,494	1,493
<b>Total short-term liabilities</b>		<b>744,287</b>	<b>550,070</b>
<b>Total liabilities</b>		<b>898,410</b>	<b>723,794</b>
<b>Total liabilities and equity</b>		<b>1,649,911</b>	<b>1,443,223</b>

Accounting policy and other explanatory information presented in the notes from 1 to 26 constitute an integral part of these interim condensed financial statements

**Interim 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)
<b>Cash flows from operating activities</b>			
<b>Gross profit / (loss)</b>		<b>34,147</b>	<b>24,799</b>
<b>Adjustment items:</b>		<b>327,010</b>	<b>(29,211)</b>
Depreciation		4,183	4,017
Net interest and dividends		(18,340)	475
(Profit) / loss on investments		(5,050)	222
Change in receivables		170,322	(58,426)
Change in inventories		(2,438)	(151)
Change in liabilities, excluding bank loans and borrowings		188,146	46,501
Change in other assets and deferred income		(3,185)	(344)
Change in provisions		(6,761)	(20,457)
Other		133	(1,048)
<b>Net cash from operating activities</b>		<b>361,157</b>	<b>(4,412)</b>
<b>Cash flows from investing activities</b>			
Sale of tangible and intangible assets		346	2,210
Purchase of tangible and intangible fixed assets		(3,577)	(1,217)
Cash received from the liquidation of a subsidiary		6,640	-
Purchase of financial assets		(1,388)	(42)
Dividends, interest and participation in profit received		36,774	21,621
Repayment of borrowings		4,300	4,000
Granting borrowings		(8)	(803)
<b>Net cash from investing activities</b>		<b>43,087</b>	<b>25,769</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings / bank loans		-	72,365
Redemption of bonds		(1,000)	-
Credit and loan repayment		(5,979)	(2)
Interests paid		(3,458)	(3,643)
Lease payments		(3,788)	(2,902)
<b>Net cash from financing activities</b>		<b>(14,225)</b>	<b>65,818</b>
Increase / (decrease) in net cash and cash equivalents		390,019	87,175
<b>Cash at the beginning of the period</b>	16	<b>209,409</b>	<b>133,397</b>
<b>Cash at the end of the period</b>	16	<b>599,428</b>	<b>220,572</b>
<i>Restricted cash</i>		414,189	34,192

Accounting policy and other explanatory information presented in the notes from 1 to 26 constitute an integral part of these interim condensed financial statements

**Interim statement of changes in equity**

	Share capital	Reserve capital	Other capitals	Reserve capital from surplus of bonds convertible into shares	Accumulated other comprehensive income		Retained earnings / Uncovered losses	Total equity
					Revaluation reserve	Actuarial profit / (loss)		
<b>As at 01 January 2021</b>	<b>473,238</b>	<b>157,746</b>	<b>(37,629)</b>	<b>6,071</b>	<b>27,959</b>	<b>866</b>	<b>91,178</b>	<b>719,429</b>
Net profit / (loss)	–	–	–	–	–	–	31,996	<b>31,996</b>
Other net comprehensive income	–	–	–	–	76	–	–	<b>76</b>
<b>Total comprehensive income</b>	–	–	–	–	<b>76</b>	–	<b>31,996</b>	<b>32,072</b>
Distribution of net profit / (loss)	–	53,549	37,629	–	–	–	(91,178)	–
<b>As at 30 June 2021</b>	<b>473,238</b>	<b>211,295</b>	–	<b>6,071</b>	<b>28,035</b>	<b>866</b>	<b>31,996</b>	<b>751,501</b>

	Share capital	Reserve capital	Other capitals	Reserve capital from surplus of bonds convertible into shares	Accumulated other comprehensive income		Retained earnings / Uncovered losses	Total equity
					Revaluation reserve	Actuarial profit / (loss)		
<b>As at 01 January 2020</b>	<b>473,238</b>	<b>157,746</b>	<b>(132,204)</b>	<b>31,552</b>	<b>35,100</b>	<b>870</b>	<b>94,575</b>	<b>660,877</b>
Net profit / (loss)	–	–	–	–	–	–	21,970	<b>21,970</b>
Other net comprehensive income	–	–	–	–	–	(102)	–	<b>(102)</b>
<b>Total comprehensive income</b>	–	–	–	–	–	<b>(102)</b>	<b>21,970</b>	<b>21,868</b>
Distribution of net profit / (loss)	–	–	94,575	–	–	–	(94,575)	–
Transfer of surplus from revaluation of tangible fixed assets due to their sale	–	–	–	–	(1,260)	–	1,260	–
<b>As at 30 June 2020</b>	<b>473,238</b>	<b>157,746</b>	<b>(37,629)</b>	<b>31,552</b>	<b>33,840</b>	<b>768</b>	<b>23,230</b>	<b>682,745</b>

Accounting policy and other explanatory information presented in the notes from 1 to 26 constitute an integral part of these interim condensed financial statements



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

### 1. General information

Polimex Mostostal S.A. (the "Company") operates under the statute established by the notarial deed of 18 May 1993 (Rep. 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 Company has been established for an indefinite period. The financial year of the Company is the same as the calendar year.

The core business of the Company includes construction and assembly services, installation of equipment and industrial installations provided in the general contracting system in Poland and abroad. The Company operates in the following areas: Power Sector, as well as Oil, Gas, Chemicals.

The shares of the Company are listed on the Warsaw Stock Exchange. The Company is the parent company in the Polimex Mostostal Group ("Capital Group", "Group").

The interim condensed financial statements of the Company comprise data for the 6-month period ended on 30 June 2021 and as at 30 June 2021 and include comparative data for the 6-month period ended on 30 June 2020 and as at 31 December 2020. The profit and loss account and the statement of 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.

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

### 2. Composition of the Management Board and Supervisory Board

Composition of the Management Board as at 30 June 2021 and as at the date of publication of this interim condensed financial statements:

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

During the reporting period and until the date of publication of these interim condensed 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 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 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).

### 3. Approval of the interim condensed financial statements

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

### 4. Platform of the applied International Financial Reporting Standards

#### 4.1. Going concern

These interim condensed financial statements have been prepared on a going concern basis for 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 Company has conducted an analysis of the impact of the SARS-CoV-2 epidemic on the Company's financial condition and financial results 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.
- 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 Company for the half-yearly period ended 30 June 2021 and in the perspective of the next 12 months.

#### **4.2. Accounting principles applied and basis for the preparation of the interim condensed financial statements**

These interim condensed financial statements of the Company 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.

### **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 Company’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 Company as at the balance sheet date.

## 5. Shareholders of the 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%
<b>The overall number of shares issued</b>	<b>236,618,802</b>	<b>100.00%</b>

\* 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.

## 6. 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 Company performs the impairment testing of tangible fixed assets and shares in related entities 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 or shares 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 Company recognizes a deferred tax asset based on the assumption that the future tax profit will be achieved to allow its use.

### *Fair value measurement and the valuation procedures*

Investment property is measured by the Company 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 Company 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 Company applies the percentage progress method for the settlement of long-term contracts. The application of this method requires of the Company 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 Company 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 Company 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 3-5 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 13.

#### *Provisions for litigations*

Provisions related to ongoing judicial proceedings are established when a lawsuit has been filed against the Company and the probability of a judgement adverse for the Company 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 13.

#### *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 13.

#### *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 13.

#### *Provisions for projected losses on construction contracts*

As at each balance sheet date, the Company 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 13.

#### *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 13.

#### *Revaluation write-offs for redundant materials and receivables*

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

In the reporting period, inventory revaluation write-offs of PLN 8 thousand were reversed in the Company. During the reporting period, the amount of revaluation write-offs on receivables decreased by PLN 183 thousand due to the use of write-offs and repayment of receivables.

## 7. Reporting segments and geographical information

Data on revenues of individual reporting segments and geographical information of the Company for the 6-month period ended on 30 June 2021 (in thousands of zlotys) are presented in the tables below.

### Reporting segments

For the period of 6 months from 01.01.2021 to 30.06.2021	Power sector	Oil, gas and chemicals	Other activity	Total activity
<b>Revenues</b>				
Sales to external clients	286,065	8	21,904	307,977
Sales between the segments	–	–	–	–
<b>Total segment sales revenues</b>	<b>286,065</b>	<b>8</b>	<b>21,904</b>	<b>307,977</b>
<b>Results</b>				
Profit / (loss) on operating activities of the segment	16,339	5	(1,765)	14,579
Financial income and costs balance	(99)	–	19,667	19,568
<b>Gross profit / (loss) from the segment</b>	<b>16,240</b>	<b>5</b>	<b>17,902</b>	<b>34,147</b>

For the period of 6 months from 01.01.2020 to 30.06.2020	Power sector	Oil, gas and chemicals	Other activity	Total activity
<b>Revenues</b>				
Sales to external clients	101,178	253	20,647	122,078
Sales between the segments	–	–	–	–
<b>Total segment sales revenues</b>	<b>101,178</b>	<b>253</b>	<b>20,647</b>	<b>122,078</b>
<b>Results</b>				
Profit / (loss) on operating activities of the segment	10,589	257	206	11,052
Financial income and costs balance	(21)	129	13,639	13,747
<b>Gross profit / (loss) from the segment</b>	<b>10,568</b>	<b>386</b>	<b>13,845</b>	<b>24,799</b>

For the period of 3 months from 01.04.2021 to 30.06.2021	Power sector	Oil, gas and chemicals	Other activity	Total activity
<b>Revenues</b>				
Sales to external clients	143,666	4	11,138	154,808
Sales between the segments	–	–	–	–
<b>Total segment sales revenues</b>	<b>143,666</b>	<b>4</b>	<b>11,138</b>	<b>154,808</b>

Polimex Mostostal S.A.  
Interim condensed financial statements prepared in accordance with IAS 34  
For the period from 1 January 2021 until 30 June 2021  
(amounts in tables are expressed in thousands of PLN unless stated otherwise)

<b>Results</b>				
Profit / (loss) on operating activities of the segment	8,294	3	3,420	11,717
Financial income and costs balance	54	–	18,289	18,343
<b>Gross profit / (loss) from the segment</b>	<b>8,348</b>	<b>3</b>	<b>21,709</b>	<b>30,060</b>

For the period of 3 months from 01.04.2020 to 30.06.2020	Power sector	Oil, gas and chemicals	Other activity	Total activity
<b>Revenues</b>				
Sales to external clients	66,563	162	9,937	76,662
Sales between the segments	–	–	–	–
<b>Total segment sales revenues</b>	<b>66,563</b>	<b>162</b>	<b>9,937</b>	<b>76,662</b>
<b>Results</b>				
Profit / (loss) on operating activities of the segment	9,554	144	(266)	9,432
Financial income and costs balance	(16)	129	(1,711)	(1,598)
<b>Gross profit / (loss) from the segment</b>	<b>9,538</b>	<b>273</b>	<b>(1,977)</b>	<b>7,834</b>

In the current period and in the comparative period, there were no transactions between the segments within the Company.

**Revenue by category**

For the period of 6 months from 01.01.2021 to 30.06.2021	Power sector	Oil, gas and chemicals	Other activity	Total activity
Revenues from the sales of construction and other services	286,054	–	11,272	297,326
Revenues from the sales of goods and materials	11	8	201	220
Revenues from rental	–	–	10,431	10,431
<b>Total sales revenues</b>	<b>286,065</b>	<b>8</b>	<b>21,904</b>	<b>307,977</b>

For the period of 6 months from 01.01.2020 to 30.06.2020	Power sector	Oil, gas and chemicals	Other activity	Total activity
Revenues from the sales of construction and other services	100,509	232	11,931	112,672
Revenues from the sales of goods and materials	669	21	149	839
Revenues from rental	–	–	8,567	8,567
<b>Total sales revenues</b>	<b>101,178</b>	<b>253</b>	<b>20,647</b>	<b>122,078</b>

For the period of 3 months from 01.04.2021 to 30.06.2021	Power sector	Oil, gas and chemicals	Other activity	Total activity
Revenues from the sales of construction and other services	143,666	–	5,586	149,252
Revenues from the sales of goods and materials	–	4	15	19
Revenues from rental	–	–	5,537	5,537
<b>Total sales revenues</b>	<b>143,666</b>	<b>4</b>	<b>11,138</b>	<b>154,808</b>

For the period of 3 months from 01.04.2020 to 30.06.2020	Power sector	Oil, gas and chemicals	Other activity	Total activity
Revenues from the sales of construction and other services	65,894	150	5,677	71,721
Revenues from the sales of goods and materials	669	12	113	794
Revenues from rental	–	–	4,147	4,147



Polimex Mostostal S.A.  
Interim condensed financial statements prepared in accordance with IAS 34  
For the period from 1 January 2021 until 30 June 2021  
(amounts in tables are expressed in thousands of PLN unless stated otherwise)

<b>Total sales revenues</b>	<b>66,563</b>	<b>162</b>	<b>9,937</b>	<b>76,662</b>
-----------------------------	---------------	------------	--------------	---------------

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

### Revenues by geographical area

During the 6-month period from 1 January 2021 to 30 June 2021 and in the comparative period, i.e. from 1 January 2020 to 30 June 2020, the Company only carried out domestic sales.

### 8. Financial income

	For the period of 6 months		For the period of 3 months	
	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Revenues from bank interests and borrowings	275	1,025	143	352
Revenues from dividends	22,150	8,446	22,150	500
Foreign exchange profits	85	–	85	–
Valuation of long-term settlements with amortized costs	58	2,459	1	656
Profit on liquidation of a subsidiary	442	–	–	–
Share in profits	1,089	10,469	(1,784)	481
Profit on modification of financial assets	–	2,215	–	1,574
Income due to the interest on late payment of receivables	–	850	–	850
Other	55	118	5	(356)
<b>Total financial income</b>	<b>24,154</b>	<b>25,582</b>	<b>20,600</b>	<b>4,057</b>

### 9. Financial costs

	For the period of 6 months		For the period of 3 months	
	from 01.01.2021 to 30.06.2021	from 01.01.2020 to 30.06.2020	from 01.04.2021 to 30.06.2021	from 01.04.2020 to 30.06.2020
Interest on bank loans and borrowings	197	1,861	81	1,100
Interest and commissions on bonds	3,162	8,122	1,680	3,913
Interest on other liabilities	197	64	193	20
Agency and administrative commissions, share listing	–	–	–	(345)
Foreign exchange losses	–	266	(197)	126
Financial costs due to lease agreements	488	309	254	201
Provisions for financial costs	–	84	–	33
Share in losses of limited partnerships	5	585	(15)	63
Other	537	544	261	544
<b>Total financial costs</b>	<b>4,586</b>	<b>11,835</b>	<b>2,257</b>	<b>5,655</b>

### 10. 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
<b>Contingent liabilities</b>	<b>821,427</b>	<b>612,072</b>
– granted guarantees and sureties	771,635	509,681
– promissory notes	960	51,182
– litigations	48,832	51,209

The increase in the value of guarantees issued is mainly due to the issuance of new performance bonds and advance payment refund guarantees for contracts: Dolna Odra (in the amount of PLN 232,067 thousand) and Czechnica (in the amount of PLN 43,000 thousand).

Polimex Mostostal S.A.  
Interim condensed financial statements prepared in accordance with IAS 34  
For the period from 1 January 2021 until 30 June 2021  
(amounts in tables are expressed in thousands of PLN unless stated otherwise)

### 11. Related-party transactions

The tables below present the total amounts of transactions concluded with related parties for the 6 months ended 30 June 2021 and as at that date, and for the 6 months ended 30 June 2020 and as at 31 December 2020.

	For the period of 6 months from 01.01.2021 to 30.06.2021				Status as at 30 June 2021					
	Sales income and other operating income	Financial income	Purchases of goods and services and other operating expenses	Financial costs	Trade receivables	Other receivables	Receivables from borrowings	Trade liabilities	Other liabilities	Liabilities from borrowings
Subsidiaries	22,051	23,886	70,117	197	24,190	95,610	35,015	53,978	–	23,998
Other parties related through shareholders	100,180	–	3,564	1	8,825	–	–	56,719	–	–
<b>Total</b>	<b>122,231</b>	<b>23,886</b>	<b>73,681</b>	<b>198</b>	<b>33,015</b>	<b>95,610</b>	<b>35,015</b>	<b>110,697</b>	<b>–</b>	<b>23,998</b>

	For the period of 6 months from 01.01.2020 to 30.06.2020				Status as at 31 December 2020					
	Sales income and other operating income	Financial income	Purchases of goods and services and other operating expenses	Financial costs	Trade receivables	Other receivables	Receivables from borrowings	Trade liabilities	Other liabilities	Liabilities from borrowings
Subsidiaries	20,145	22,545	80,639	50	11,755	108,647	39,481	67,491	26	30,501
Other parties related through shareholders	48,488	4	1,193	1	16,606	1,002	–	639	–	–
<b>Total</b>	<b>68,633</b>	<b>22,549</b>	<b>81,832</b>	<b>51</b>	<b>28,361</b>	<b>109,649</b>	<b>39,481</b>	<b>68,130</b>	<b>26</b>	<b>30,501</b>

According to the best knowledge of the Company, the transactions concluded during the reporting period were concluded on an arm's length basis and their nature and conditions resulted from the type of operating activities.

## 12. Transactions with parties related with the State Treasury

The Company is a party to 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 11 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.

## 13. Change in provisions

	Provisions for warranty repairs	Provision for litigations	Provision for penalties	Provision for the costs of contracts settlement	Provision for losses	Provision for sureties	Total
<b>As at 01 January 2021</b>	<b>11,181</b>	<b>7,017</b>	<b>529</b>	<b>341</b>	<b>9,974</b>	<b>52</b>	<b>29,094</b>
Created in the financial year	2,750	–	2	–	–	10	2,762
Used	(119)	(1,676)	(28)	(229)	(2,736)	(59)	(4,847)
Dissolved	(2,907)	(1,769)	–	–	–	–	(4,676)
<b>As at 30 June 2021</b>	<b>10,905</b>	<b>3,572</b>	<b>503</b>	<b>112</b>	<b>7,238</b>	<b>3</b>	<b>22,333</b>
<b>Short-term as at 30 June 2021</b>	2,365	–	503	112	7,238	3	10,221
<b>Long-term as at 30 June 2021</b>	8,540	3,572	–	–	–	–	12,112

	Provisions for warranty repairs	Provision for litigations	Provision for penalties	Provision for the costs of contracts settlement	Provision for losses	Provision for sureties	Total
<b>As at 01 January 2020</b>	<b>18,568</b>	<b>15,454</b>	<b>773</b>	<b>6,652</b>	<b>26,590</b>	<b>83</b>	<b>68,120</b>
Created in the financial year	967	–	–	–	–	84	1,051
Used	(675)	(105)	(129)	(454)	(5,581)	–	(6,944)
Dissolved	(4,497)	(6,157)	–	(2,936)	(856)	(118)	(14,564)
<b>As at 30 June 2020</b>	<b>14,363</b>	<b>9,192</b>	<b>644</b>	<b>3,262</b>	<b>20,153</b>	<b>49</b>	<b>47,663</b>
<b>Short-term as at 30 June 2020</b>	6,285	4,456	644	3,262	20,153	49	34,849
<b>Long-term as at 30 June 2020</b>	8,078	4,736	–	–	–	–	12,814

## 14. 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 372 thousand and due to conclusion and modification of lease agreements by the amount of PLN 6,625 thousand. Within the scope of leasing agreements, the increase results most from the lease recognition of new means of transport (PLN 5,345 thousand).

As at 30 June 2021, according to the revaluation model, the Company carried out a revaluation of land, buildings and structures. As a result of the revaluation, the value of fixed assets increased by PLN 1,506 thousand, of which PLN 1,431 thousand was included in the profit and loss account and PLN 76 thousand in other comprehensive income.

The value of sales and liquidation and revaluation write-offs of tangible fixed assets during 2021 was insignificant. Depreciation of tangible fixed assets amounted to PLN 4,131 thousand.

### 15. 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 sold include redundant tangible assets, organised parts of the company and real estate. 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
Financial assets	7,194	–
Tangible fixed assets	638	688
Investment property	29,996	25,997
<b>Total assets held for sale</b>	<b>37,828</b>	<b>26,685</b>

In the course of 2021, the Company reclassified the shares held in Polimex Ukraina in the amount of PLN 7,194 thousand as assets held for sale. 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.

### 16. Cash and cash equivalents

	As at 30 June 2021	As at 31 December 2020
Cash at bank and in hand	574,106	200,092
Short-term deposits	25,322	9,317
<b>Total</b>	<b>599,428</b>	<b>209,409</b>
Restricted cash	414,189	110,557

Restricted cash relates to funds held in project accounts for the Puławy contract. 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.

### 17. Factors and events with a significant impact on the Company's situation in the reporting period

During the 6 months ended 30 June 2021, the Company generated sales revenues of PLN 307,977 thousand in relation to PLN 122,078 thousand in the comparative period. The increase in revenues results from the progress of two strategic projects: the construction of two gas and steam units in Dolna Odra and the construction of a power unit in Pulawy. For the period, the Company generated an operating profit of PLN 14,579 thousand (compared to an operating profit in the period of 6 months of 2020 amounting to PLN 11,052 thousand). Net profit in the first half of 2021 amounted to PLN 31,996 thousand (compared to net profit for the first half of 2020 of PLN 21,970 thousand).

The Company's total assets amounted to PLN 1,649,911 thousand as at 30 June 2021 (an increase of 14% over the comparative data as at 31 December 2020). Fixed assets as at 30 June 2021 amounted to PLN 682,479 thousand (a decrease of 2% compared to the data as at 31 December 2020) and current assets amounted to PLN 929,604 thousand (an increase of 29% compared to the data as at 31 December 2020). Among the assets, the most valuable changes concern trade receivables and cash. Trade receivables decreased in the course of 2021 by PLN 203,676 thousand. This decrease is due to high repayments of receivables realised on the Puławy project. The value of cash as at 30 June 2021 amounted to PLN 599,604 thousand and was higher by PLN 390,019 thousand compared to 31 December 2020. The high level of cash is derived from the performance of the Puławy contract on which the Company receives payments for milestones achieved. The equity as at 30 June 2021 amounted to PLN 751,501 thousand (an increase of 4% compared to the data as at 31 December 2020) and the liabilities: PLN 898,410 thousand (an increase of 24% compared to the data as at 31 December 2020).

A significant change in the balance of liabilities due to the valuation of contracts (increase by PLN 179,191 thousand) to PLN 469,431 thousand results from the implementation of the Puławy project. During the 6 months ended 30 June 2021, according to the Company's cash flow statement, there was a net increase in cash and cash equivalents. The cash and cash equivalents as at 30 June 2021 amounted to PLN 599,428 thousand. The net cash flows from operating activities amounted to PLN 361,157 thousand. The net cash flows from investing activities amounted to PLN 43,087 thousand and the net cash flows from financing activities amounted to minus PLN 14,225 thousand. Restricted cash includes amounts received in connection with the Puławy contract in the amount of PLN 414,189 thousand.

The Company's current order portfolio less sales attributable to consortium members amounts to PLN 3,714 million. The current order portfolio for particular years is as follows: 2021 – PLN 833 million, 2022 – PLN 1,476 million, 2023 PLN – 1,116 million and the subsequent years PLN 289 million.

The Company's current and fast liquidity ratios as at 30 June 2021 were at similar levels as at the comparable date of 31 December 2020 and amounted to 1.25 and 1.23 respectively (these ratios were at 1.31 and 1.30 respectively as at 31 December 2020).

#### **18. 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 9 April 2021, an agreement ("Agreement") was concluded between the Capital City of 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 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 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. ("KUBE") 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 KUBE. In cases specified in the Agreement, KUBE may require establishment of additional security.

KUBE 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 KUBE'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.

#### **19. Explanations concerning seasonality or cyclicity of the Company's activities in the reporting period**

The Company's operations 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 areas 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). 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.

#### **20. Indication of factors that according to the Management Board of the Company, will affect the financial results achieved by the Company in the perspective of at least the next quarter**

The most important factors that may affect the Company'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 Company continuously analyses the macroeconomic situation and its impact on the construction services market in relation to the SARS-CoV-2 pandemic. The Company does not anticipate any significant negative impact of the pandemic on the Company's financial position and results of operations for one quarter and beyond. The impact of the SARS-CoV-2 pandemic on the Company's financial position is described in detail in Note 4.1.

#### **21. 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.

#### **22. Conversion of liabilities into shares**

There were no conversions of liabilities into shares during the six months ended on 30 June 2021.

#### **23. Financial instruments measured at fair value**

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

#### **24. Information concerning paid (or declared) dividend in total and per share, categorised by ordinary and preference shares**

During the 6 months ended on 30 June 2021, no dividend was declared or paid.

#### **25. Position of the Management Board on financial forecasting**

Performance forecasts for 2021 of the Company were not published.

#### **26. 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 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 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 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.

Polimex Mostostal S.A.  
Interim condensed financial statements prepared in accordance with IAS 34  
For the period from 1 January 2021 until 30 June 2021  
(amounts in tables are expressed in thousands of PLN unless stated otherwise)

---

Warsaw, 20 August 2021

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 FINANCIAL STATEMENTS FOR THE PERIOD OF 6 MONTHS FROM 1 JANUARY 2021 TO 30 JUNE 2021		
Name and surname	Position / Function	Signature
Sławomir Czech	Chief Financial Officer Chief Accountant	