



**Report on the Activities of Mostostal Warszawa
S.A. for the year 2019**

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I. Market position of the Company

Mostostal Warszawa S.A. is one of the largest construction companies in Poland. The Company carries out projects as a general contractor in all the key sectors on the domestic construction market. For more than 70 years of its presence on the Polish market, the Company has implemented all types of construction projects, including general-purpose, industrial, power-engineering, infrastructural, road and environmental projects. Through the years of its operation, the company has gained extensive experience in construction of steel structures and engineering installations for the petrochemical and chemical industries. In its activities, the Company combines a long tradition of Polish engineering thought with the leading-edge technology.

The objective set by the Management Board of Mostostal Warszawa S.A. (hereinafter "Mostostal Warszawa S.A.", or "Company") is to maintain its strong position among the largest construction companies in the country. In order to achieve this objective, the Company takes measures oriented at:

- leading the Group with a focus on development of the network of representative branches throughout the country;
- development of activities in the field of sustainable construction to increase profitability and create added value for shareholders;
- effective management of construction risks;
- development of partnership relations with customers;
- expansion on the market of general, industrial, energy, infrastructural and environmental construction;
- maintaining accident rate at zero.

At the end of December 2019, the backlog of Mostostal Warszawa S.A. amounted to PLN 1.7 bn. It includes mainly contracts from the general construction, industrial, energy and infrastructure sectors.

1. Geographical sales structure

In 2019, the Company operated mainly on the domestic market. Export sales in 2019 accounted for 0.6 % of revenue and were attributable to prefabricated elements manufactured for the construction of a bridge in Denmark.

2. Market segments and major contracts

Structure of revenue from sale of products and services by market segments is as follows:
in thousands of PLN

Item	2019			2018	
	thousands of PLN	%	2018=100	thousands of PLN	%
Sales revenue:	1,040,738	100	132%	790,326	100
Industry and power engineering	210,328	20	121%	173,648	22
Infrastructure	190,383	18	215%	88,461	11
General construction	634,587	61	144%	439,595	56
Unallocated revenue	5,440	1	6%	88,622	11

The sales revenue from major contracts performed by the Company in particular segments amounted to:

Industry and power engineering:

- construction of power units at Opole Power Plant – PLN 77,463 thousand,
- Connection of the Block No. 10 to the Heating System at Łagisza Power Plant – PLN 56,990 thousand,

Infrastructure:

- construction of the bypass road for Stalowa Wola i Nisko – PLN 62,441 thousand,
- construction of the bypass road for Strzyżów – PLN 37,657 thousand,

General construction:

- construction of Focus Mall Shopping Centre – PLN 68,752 thousand,
- construction of the residential building Apartamenty Mennica Polska – PLN 62,474 thousand
- expansion and conversion of the Autoliv production plant in Jelcz-Laskowice – PLN 47,582 thousand,

None of the customers exceed the threshold of a ten percent share in the sales of Mostostal Warszawa S.A.

3. Significant events having effect on the Company's operations in 2019.

During the reporting period, the following events material for Mostostal Warszawa S.A. occurred:

On 29 January 2019, the Company announced that it had become aware of the Decision of the Appellate Court in Szczecin, First Civil Division, of 24 January 2019, to suspend enforcement of the Judgement of the Appellate Court in Szczecin of 4 December 2018 (Case Ref. No. I Aga 175 / 18) and the Judgement of the District Court in Szczecin of 29 March 2018 (Case Ref. No. VIII GC 57/17) (of which the Company informed in the current reports 20/2018 and 61/2018), pending the completion of the final appeal procedure initiated by a complaint filed by Zakład Unieszkodliwiania Odpadów Sp. z o.o. in Szczecin against the Judgement of the Appellate Court of 4 December 2018.

On 30 January 2019, the Appellate Court in Szczecin passed a judgement in a case brought by Korporacja Budowlana DORACO Spółka z o.o. ("DORACO") against Mostostal Warszawa S.A., whereby it dismissed the Company's appeal and upheld the decision of the District Court in Szczecin of 28 April 2017, pursuant to which the Court ruled that the Company shall pay to DORACO the amount of PLN 10.93 million plus statutory interest accrued from 28 March 2015 until the payment date. Mostostal paid the above amount to DORACO in the first quarter of 2019. DORACO claimed liquidated damages from Mostostal Warszawa S.A. for withdrawal by DORACO (due to the Company's fault) from the subcontract for construction works under the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". The resolution of the dispute had no impact on the Company's profit (loss) for the year 2019, due to the fact that DORACO's claim was covered by a provision created in the prior reporting periods.

On 01 February 2019, the Management Board of Mostostal Warszawa S.A. informed that the Company had received information from the Company's representative about a counter-claim submitted at the District Court in Szczecin for the amount of PLN 211,839 thousand against Mostostal Warszawa SA by Zakład Unieszkodliwiania Odpadów Sp. z o.o. ("ZUO"). In the lawsuit, ZUO seeks compensation for the damage caused by the Company due to the withdrawal from the contract entitled "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". In the Company's opinion, the counter-claim filed by ZUO is completely unfounded and is only a consequence of the lawsuit filed by the Company in January 2018.

On 08 March 2019, Mostostal Warszawa S.A. and ST Łódź Rembielińskiego Sp. z o.o. ("Employer") entered into the Contract for the implementation of the project entitled "Construction of the BaseCamp Student House in Łódź at 16/18 Rembielińskiego Street". The gross value of the contract is PLN 110 million. Time limit for completion: 17 months and 23 days.

On 08 April 2019, Mostostal Warszawa SA and Przedsiębiorstwo Komunikacji Miejskiej Sp. z o.o. ("Employer") entered into the contract for the implementation of the project entitled "Comprehensive Modernization of the Bus Depot of Przedsiębiorstwo Komunikacji Miejskiej Sp. z o.o. Tychy at Towarowa 1 in Tychy – Second Procedure". The gross value of the contract is PLN 58.20 million. Time limit for completion: 13 months.

On 30 April 2019, the Company and Ammann Asphalt GmbH entered into the agreement, whereby the Company acquired the Production Plant of Mineral and Asphalt Mixes AMMANN (UNIBATCH 240) for a total net amount of EUR 2.08 million (equal to PLN 8.90 million, according to the average NBP exchange rate of 30 April 2019). The Production Plant of Mineral and Asphalt Mixes will be used for infrastructural contracts performed by the Company.

On 17 May 2019, the Company and Cross Point C Sp. z o.o. with its registered office in Warsaw ("the Employer") entered into the contract for the implementation of the project "Construction of the Cross Point C Office Building". The gross value of the contract is PLN 31.31 million; the time limit for completion is 14 months.

On 20 May 2019, the Company and the General Directorate for National Roads and Motorways in Opole (GDDKIA) entered into the contract for designing and performing the project entitled "Construction of the Bypass Road for Praszka along the National Road No. 45". The gross value of the contract is PLN 171.5 million. Time limit for completion: 36 months.

On 28 May 2019, the Company received information about the decision of the Regional Court in Olsztyn, Fifth Commercial Division, of 22 May 2019, on the approval of the settlement agreement between the Company and the Municipality of Olsztyn regarding the claims related to the Contract for "Construction of the Water Recreation and Sports Centre in Olsztyn". The Company requested the reimbursement of the amount paid out of the performance bond during the period of warranty and quality guarantee. During the hearing held on 29 May 2018 (Current Report No. 32/2018), the Municipality of Olsztyn filed a counter-claim for payment of a total of PLN 13,560 thousand as liquidated damages for untimely removal of defects and the costs of substitute performance in removal of defects. As a result of the settlement, the parties withdrew their claims and the proceedings in the case were discontinued.

On 31 May 2019, the Company received the Certificate of Completion of the Power Block No. 5 at Opole Power Plant from PGE Górnictwo i Energetyka Konwencjonalna S.A. (a subsidiary of PGE Polska Grupa Energetyczna S.A.). The Power Block No. 5 was commissioned before the date provided for in the annex to the contract i.e. before 15 June 2019.

On 02 July 2019, the Company withdrew from the uncompleted part of the contract concluded on 17 October 2016 with the District Board of Infrastructure in Gdynia, as amended, under the project entitled "Conversion of the building No. 20 into the staff and office building with a kitchen, canteen, food storage room and the briefing room at the military complex in Redzikowo, Project No. 13746" (Contract No. 682/IV/FIN/2016 and Annexes thereto).

On August 9, the Company and GE Power Sp. z o.o. ("GE Power") with its registered office in Warsaw entered into the contract for the implementation of a subcontract entitled "Execution of Construction Works at the Construction Site of the Ostrołęka C Power Plant with a capacity of approx. 1000 MW - Packages V30, V02, V20, V32 and V33". The net contract value is PLN 609 million and the contract provides for an option for the construction of the engine room and electrical building. Time limit for completion: 33 months.

On September 3, the Company and Akademia Górniczo-Hutnicza im. Stanisława Staszica (AGH University of Science and Technology) in Cracow entered into the Contract for performance of the project entitled "Construction of the Building for the Faculty of Physics and Applied Computer Science of the AGH University in Cracow KC – zp. 272 – 400/19". The gross contract value is PLN 36.29 million. Time limit for completion: 19 months.

On 06 September 2019, Mostostal and a company from the data centre industry entered into the agreement for sale of the property located at ul. Krakowiaków 91/101 in Warsaw. As a result of the agreement, the Company will raise the net amount of PLN 44.97 million. The decision to sell this non-strategic property was aimed at increasing the Company's liquidity and reducing its liabilities to creditors.

On 24 September 2019, the Company and Orpea Polska Sp. z o.o. with its registered office in Warsaw entered into the Contract for the construction of a complex of two buildings intended for health care services i.e. a rehabilitation hospital and accommodation services for the elderly with medical and nursing care on plots No. 70, 79, part of plot No. 10/7 in precinct 3-11-57, ul. Mrówcza 124, Borough of Wawer, Capital City of Warsaw. The net contract value is PLN 38,97 million. Time limit for completion: 17.5 months.

On October 4, the Company and the Marshal's Office of Zachodniopomorskie Province ("Employer") entered into the contract for performance of the task entitled "Provision of Architectural and Engineering Services in the field of Design and Construction Works under the Project: Consolidation of the Seat of the Marshal's Office of Zachodniopomorskie Province in Szczecin". The gross contract value is PLN 199.90 million. Time limit for completion: 33 months from the date of the contract.

On 15 October 2019, the Company received a set of relevant documents provided for in Annex 4 executed on 08 October 2019 ("Annex") to the Framework Agreement of 18 August 2017 for Insurance Guarantees with UNIQA Towarzystwo Ubezpieczeń Spółka Akcyjna (Current Report No. 45/2017). The annex provides for the extension of the maximum amount limit of PLN 10 million granted to the Company for the period from 08 October 2019 to 07 October 2020.

On October 17, the Company as a partner (with 0.01% share in the Consortium) of the Consortium, the leader of which is RAFAKO S.A. ("RAFAKO" with 99.99% share in the Consortium) with its registered office in Racibórz, was notified by RAFAKO about the arrangements between the Consortium and Nowe Jaworzno Grupa TAURON Sp z o.o. with its registered office in Jaworzno regarding the amendment of the provisions of the Agreement of 17 April 2014 for the Construction of 910 MW power unit with supercritical parameters at Power Plant Jaworzno III – Power Plant II within the scope of: steam boiler, turbine set, main building, electrical section and instrumentation and automation systems for the power unit ("Agreement") (Current Report No. 14/2014). As a result of negotiations, it was agreed that additional tasks would be performed under the Agreement, including the provision

of an additional catalyst layer and additive dosing installation for flue gas desulphurization system to reduce mercury emissions, and the expansion of the fuel base to allow combustion of a wider range of coals. The parties agreed that the net value of the Agreement would be increased by PLN 52.31 million, and the maximum time limit for signing the Power Block Commissioning Report would be 69 months and 15 days from the date of the Agreement, but no later than 31/01/2020. The amendments to the Agreement covered by negotiations require relevant corporate approvals. The Company will publish the information on conclusion of an annex to the Agreement in a separate current report.

On 18 October 2019, the Company received information about a lawsuit dated 28 December 2018, filed against the Company by Gamma Inwestycje S.A. ("Gamma Inwestycje", "Claimant"; formerly: Gamma Inwestycje Sp. z o.o. and previously Zielona Italia Sp. z o.o.). The case is pending before the District Court in Warsaw, 20th Commercial Division (Case File Ref. XX GC 1246/18). Under the lawsuit, Gamma Inwestycje requests an award of PLN 40.48 million plus statutory interest for withdrawal in part from the Contract between them and the Company. The Company disputes the legitimacy and the amount of the claims submitted by the Claimant in full and set out to analyse whether the claims are not repeated in the proceedings already pending. The Company has taken steps to challenge the claims referred to in the lawsuit.

On 28 October 2019, the Company and Acciona Nieruchomości Wilanów Sp. z o.o. with its registered office in Warsaw entered into the Contract for the implementation of the project entitled "Constriction of B8 Multi-Family Residential Building with Underground Garages and Accompanying Utilities on Plots No. 7/86 and 7/84 (al. Rzeczypospolitej), Precinct 1-10-26 in Warsaw". The gross value of the contract is PLN 60.17 million. The time limit for completion is 29/10/2021.

On 04 December 2019, the Consortium composed of Mostostal Warszawa S.A. ("Leader" with a 53% share in the consortium) and Mostostal Płock S.A. ("Partner" with a 47% share in the consortium) entered into the Contract with PERN S.A. ("Employer") for implementation of the Project No. MIZW.231.1.2019, the subject of which is the implementation of: Task No. 1 - Construction of a 10,000 m³ storage tank for class III petroleum products along with accompanying infrastructure at the Fuel Base No. 3 in Boronów; Task No. 2 - Construction of storage tanks 2x32000 m³ for class III petroleum products along with accompanying infrastructure at the Fuel Base No. 4 in Rejowiec". The net value of the contract is PLN 132.50 million. Time limit for completion: 56 weeks from the date of the contract.

4. Information on organizational and capital ties

Mostostal Warszawa S.A. holds shares in companies which form a part of the Group. The list of the companies has been included in the additional information and explanatory notes to the separate financial statements in Note 18. Mostostal Warszawa S.A. is a company of Acciona Construcción S.A. Group based in Madrid. As at 31/12/2019, Acciona Construcción S.A. holds 62.13 % of shares of Mostostal Warszawa S.A.

5. Related party transactions

Transactions with related parties in 2019 were concluded on arm's length basis. Detailed information on receivables, liabilities as well as sales and purchases has been presented in the Notes to the separate financial statements for 2019, in the Note 37.

6. Loans and borrowings contracted and terminated in 2019

The list of borrowings received from Acciona Construcción S.A. as at 31/12/2019 is as follows (in thousands of PLN):

Entity	Date of Agreement	Amount of the borrowing	Currency	Due date
Acciona Construcción S.A.	24/11/2011	64,263	PLN	30/11/2020
Acciona Construcción S.A.	05/12/2012	59,768	PLN	30/11/2020
Acciona Construcción S.A.	27/05/2013	54,828	PLN	30/04/2020
Acciona Construcción S.A.	05/08/2013	32,888	PLN	30/04/2020
Acciona Construcción S.A.	10/07/2018	31,594	PLN	10/01/2020
Total		243,341	PLN	

The list of loans received transferred to the reserve capital:

Entity	Date of Agreement	Amount of the borrowing	Currency
Acciona Construcción S.A.	30/03/2012	109,380	PLN
Acciona Construcción S.A.	18/07/2012	66,428	PLN
Acciona Construcción S.A.	11/07/2013	26,007	PLN
Total		201,815	PLN

Loan agreements concluded by the Company:

Bank	Type of loan	Amount of the loan in thousands of PLN	Amount used as at 31/12/2019	Due date	Interest rate
Societe Generale S.A. Branch in Poland	Current account overdraft	10,000	0	30/06/2020	WIBOR 1M + Bank's margin

In 2019, no loan agreement was terminated.

7. Loans granted in 2019.

In the reporting period, the Company granted a short-term loan of PLN 1,000 thousand to its subsidiary AMK Kraków S.A. Pursuant to the agreement, the loan repayment date was set for 27/05/2020.

8. Sureties and guarantees granted and received.

In the reporting period, Mostostal Warszawa S.A. received the guarantees and sureties in the amount of PLN 26,898 thousand and granted the guarantees (in the form of bank or insurance guarantees) to external entities in the amount of PLN 355,656 thousand.

9. Issue of debt securities

No securities have been issued in the reporting period.

10. Explanation of differences between the financial results disclosed in the annual report and previously published forecasts

The Company did not publish financial performance forecasts for 2019.

11. Assessment of financial resources management

In 2019, the Company maintained the financial liquidity. As at 31/12/2019, the Company held cash in the amount of PLN 234,410 thousand. Compared to the end of 2018, the cash balance increased by PLN 132,720 thousand, mainly due to the sale of a real property, prepayments received for the implementation of contracts and improved profitability of contracts. In 2019, the Company repaid a loan of EUR 3,127 thousand to Acciona Construcción S.A. The Company invested the surplus cash in banks on short-term deposits. In the reporting period, the Company used overdraft facilities and short-term loans. The total balance of loans and borrowings as at the balance sheet date amounted to PLN 243,341 thousand.

In the Management Board's opinion, the management of financial resources was adequate to the circumstances faced by the Company. The Management Board monitors the liquidity of the Company continuously based on the expected cash flows. Given the existing involvement of a related party granting loans and the performance of a range of contracts, in the opinion of the Board, there is no significant risk to the liquidity of Mostostal Warszawa S.A. The Management Board believes that the Company has the ability to settle their liabilities.

12. Assessment of feasibility of the investment plans

Currently, the Company is able to finance its investment plans from its own resources and through financial leases.

13. Evaluation of factors and extraordinary events affecting the financial of the activities for the reporting period

In 2019 a significant impact on the financial result had the sale of real estate at ul. Krakowiaków in Warsaw, as a result of which the Company recognized a profit of PLN 21,580.

The interest expense on loans received from Acciona Construcción S.A. in the amount of PLN 9,871 thousand had a material impact on the Company's earnings in 2019.

14. Characteristics of external and internal factors important for the development of the Company and description of growth prospects

The factors significant for the Company's future development include:

- an inflow EU funds aiming at improving Polish infrastructure,
- competition on the construction services market,
- better relations between employers and general contractors,
- change in the approach of the financial sector to the construction industry,
- coronavirus pandemic and the related announcement of the state of epidemic threat in the territory of the Republic of Poland.

Internal factors significant for the Company's development include:

- backlog ensuring revenues in 2020 at a level similar to 2019,
- efficient management and experienced staff,
- acquisition of profitable projects,
- maintenance of stable liquidity.

15. Changes in the basic principles of governance

In the reporting period, there were no changes to the Company's corporate governance principles.

16. Agreements between the Company and the management personnel, providing for the compensation in case of their resignation or dismissal from position without a valid reason.

In the event of termination of their employment contracts, members of the Management Board are entitled to severance pay of not more than their 6 month's salary.

17. Compensation of the Management Board and the Supervisory Board members

The compensation of the Management Board members was as follows (in thousands of PLN):

Full name	2019	2018
Alvaro Javier de Rojas Rodriguez	1,106	1,044
Jacek Szymanek	940	922
Jorge Calabuig Ferre, Member of the Management Board since 05 May 2017	845	784
Radosław Gronet, Member of the Management Board since 21 March 2018	820	492
Andrzej Goławski, Member of the Management Board until 19 April 2018	0	836
Miguel Angel Heras Llorente, Member of the Management Board since 09 May 2018	0	0
Total	3,711	4,078

The compensation of Members of the Supervisory Board of Mostostal Warszawa S.A. was as follows (in thousands of PLN):

Full name	2019	2018
Neil Balfour	87	81
Ernest Podgórski	120	109
Javier Lapastora Turpín	117	109
Francisco Adalberto Claudio Vazquez	0	0
Jose Manuel Terceiro Mateos	0	0
Javier Serrada Quiza, Member of the Supervisory Board until 24 April 2018	0	0
Arturo Cortez de la Cruz, Member of the Supervisory Board until 30 October 2017	0	0
Total	324	299

In 2019 and in 2018, members of the Management Board and the Supervisory Board of Mostostal Warszawa S.A. received no compensation from subsidiaries. Jacek Szymanek, Member of the Management Board, in connection with his delegation to the position of the President and then appointment to the position of President of the Management Board of Mostostal Płock received a compensation of PLN 15,000. Other Members of the Management Board did not receive any compensation from subsidiaries.

18. Shares of Mostostal Warszawa S.A. held by Members of the Management Board and the Supervisory Board as at 31/12/2019

Members of the Management Board and the Supervisory Board held no shares of Mostostal Warszawa S.A. at the balance sheet date.

19. Contracts known to the Company, which may result in future changes to the proportions of the shares held by the existing shareholders

As at the reporting date, the Management Board is not aware of any contracts that may result in changes in the proportions of shares held by the existing shareholders.

20. Employee share schemes

The Company operates no employee share schemes.

21. Agreement with the entity authorized to audit financial statements

On 01 July 2019, the Company and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. entered into the agreement for the review of interim financial statements and the audit of financial statements and group reports as well as the implementation of the procedures agreed with respect to group reports. The net remuneration PLN 455 thousand.

In addition, the Company is obliged to cover the expenses related to the above-mentioned activities up to the amount of 10% of contract value.

On 15 June 2018, the Company and KPMG Audyt Sp. z o.o. executed an annex to the agreement of 09 June 2017 to extend the scope of services to the audit of the annual and the review of semi-annual separate and consolidated financial statements for the year 2018. The net remuneration was PLN 380 thousand.

In addition, the Company was obliged to cover the expenses related to the above-mentioned activities up to the amount of 10% of contract value.

II. Other information

1. Selected financial data

SELECTED FINANCIAL DATA	in thousands of PLN		in thousands of EUR	
	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018
Sales revenue	1,040,738	790,326	241,931	185,223
Gross profit (loss) from sales	28,880	27,248	6,713	6,386
Profit (loss) from operations	3,888	-23,483	904	-5,504
Gross profit (loss)	4,689	-31,031	1,090	-7,272
Net profit (loss) from continuing operations	-1,926	-38,200	-448	-8,953
Net profit (loss)	-1,926	-38,200	-448	-8,953
Net cash from operating activities	113,359	-12,132	26,352	-2,843
Net cash from investing activities	36,226	2,282	8,421	535
Net cash from financing activities	-16,865	35,296	-3,920	8,272
Cash closing balance	234,410	101,690	55,045	23,649
Net profit (loss)	-1,926	-38,200	-448	-8,953
Weighted average number of ordinary shares	20,000,000	20,000,000	20,000,000	20,000,000
Net earnings (loss) per ordinary share in PLN	-0.10	-1.91	-0.02	-0.45

	in thousands of PLN		in thousands of EUR	
	31/12/2019	31/12/2018 (restated*)	31/12/2019	31/12/2018 (restated*)
Total assets	874,717	842,174	205,405	195,854
Long-term liabilities	90,589	285,375	180,748	66,366
Short-term liabilities	769,715	540,460	180,748	125,688
Total liabilities	860,304	825,835	202,020	192,055
Total equity	14,413	16,339	3,385	3,800
Share capital	44,801	44,801	10,520	10,419
Number of shares	20,000,000	20,000,000	20,000,000	20,000,000

* The company transformed comparative data in connection with the error correction described in Note 4.23 in the financial statements for the year ended 31 December 2019

2. Overview of key financial figures

In the reporting period, the Company recorded an increase in the sales revenue of 32 % compared to 2018 and earned the gross profit of PLN 28,880 thousand (cf. in 2018, the gross profit amounted to PLN 27,248 thousand). The Company recorded a net loss of PLN 1,926 thousand (in 2018, the net loss amounted to PLN 38,200 thousand). The Company's earnings are also influenced by the increase in prices of materials and services provided by subcontractors, which means that the margin on long-term contracts concluded 2-3 years ago is lower than expected.

A profit of PLN 21,933 thousand was recorded for other operating activities, mainly as a result of the profit achieved on the sale of real property at ul. Krakowiaków in Warsaw in the amount of 21,580 thousand.

The Company generated profit from financial activities in the amount of PLN 801 thousand. This result was achieved mainly due to interest accrued and paid as well as accrued exchange rate differences on loans.

The Company ended the year 2019 with the net loss of PLN 1,926 thousand. In the corresponding period of the previous year, the net loss amounted to PLN 38,200 thousand.

The balance sheet total as at 31/12/2019 amounted to PLN 874,717 thousand and was 4% higher, as compared to the end of 2018. Current assets decreased by 2% to PLN 781,520 thousand. As at 31/12/2019, 1.7% of assets were financed by equity. At the end of 2018, this indicator amounted to 1.9%.

3. Description of major factors and threats

The Company's major risks and threats include:

- a) the risk of change in the prices of construction materials and subcontractors' services,
- b) the risk of foreign exchange fluctuations affecting the valuation of liabilities under the loans,
- c) stiff competition on the market of construction/assembly services,
- d) prolonged procedures for settling public tenders due to numerous protests submitted by entities participating in them,
- e) slowdown of investment processes,
- f) coronavirus pandemic and the related announcement of the state of epidemic threat in the territory of the Republic of Poland.

The detailed description of various financial risks and hedges thereof is presented in the Note 39 to the separate financial statements for the period from 01/01/2019 to 31/12/2019.

III. Corporate Governance Statement of Mostostal Warszawa S.A.

a) Information on the set of principles applied by the Company

In 2017, the Company's Management Board adopted the Resolution No. 1070/VII on the company's application of the recommendations and principles set out in "The Best Practices of WSE Listed Companies 2016". Information in this regard is available on the Company's website under the Investor Relations tab.

b) Information on the set of principles not applied by the Company

Mostostal Warszawa S.A. applies the following corporate governance principles set out in the "Best Practices of WSE Listed Companies 2016":

c) The main features of internal control and risk management systems

Within the framework of the internal control and risk management systems, the Company implements actions involving verification and reconciliation of the management principles comprising interest rate risk, currency risk, commodity price risk, credit risk, liquidity risk, in particular such as:

- on-going monitoring of market situation,
- monitoring the prices of frequently purchased construction materials,
- drafting contracts, taking into account the possibility of rescheduling the deadlines of contracts and the introduction of revaluation clauses, taking into account the possibility of changes in remuneration, depending on the market prices of the labour factors,
- executing transactions with companies showing creditworthiness guaranteeing business security,
- continuous monitoring of receivables and liabilities,
- formal, legal and financial verification of partners

d) Major shareholders

The shareholders possessing directly or indirectly qualifying holdings and the indication of the number of shares held by them, their percentage in the share capital, number of votes attached to the shares and the percentage of the total number of votes at the General Meeting (to the best of our knowledge on the company's shareholding structure):

In the period from 01 January to 31 December 2019, the Company received the following notifications of changes in shareholdings.

1. On 06 August, AVIVA Powszechne Towarzystwo Emerytalne AVIVA BZ WBK SA announced that on 31 July 2019, its shareholding in Mostostal Warszawa S.A. fell below 5%.
2. On 12 August 2019, the Company received the relevant notifications from Acciona Group Companies that Acciona Construcción S.A. increased its shareholding in Mostostal Warszawa S.A. to 59.26%.
3. On 29 August 2019, the Company received the relevant notifications from Acciona Group Companies that Acciona Construcción S.A. increased its shareholding in Mostostal Warszawa S.A. to 62.13%.
4. On 08 January 2020, the Company received a notification from PTE PZU S.A. a change in the shares held by OFE PZU "Złota Jesień", which held 19.11% of shares in Mostostal Warszawa S.A. as at 30 December 2019.

Status as at 31 December 2019

Shareholder	Number of shares	Number of votes	Share in the share capital	Share in the total number of votes at the General Meeting
Acciona Construcción S.A.	12,426,388	12,426,388	62.13%	62.13%
Otwarty Fundusz Emerytalny PZU Żłota Jesień (pension fund)	3,826,194	3,826,194	19.13%	19.13%

e) Holders of securities with special control rights

The Company issued no shares carrying any special control rights.

f) Restrictions on voting rights attached to shares

The Company has introduced no restrictions on voting rights attached to shares.

g) Restrictions on the transfer of ownership of securities

The Company has introduced no restrictions on the transfer of ownership of the securities of Mostostal Warszawa S.A.

h) Principles applicable to managers

Members of the Management Board are appointed and dismissed by the Supervisory Board. The Management Board manages the assets and affairs of the Company and fulfils its duties with the utmost diligence, in strict compliance with the Company's Articles of Association, the Company's internal regulations and the applicable laws. While making decisions regarding the Company's affairs, the Management Board Members act within the limits of justified economic risk i.e. after having considered any and all information, analyses and opinions, which in a reasonable opinion of the Management Board shall be taken into account in a particular case for the sake of the Company's legitimate interest. Furthermore, the Management Board represents the Company in judicial and extrajudicial legal activities of the Company. The Management Board meetings are held as needed, at least once a month. Meetings are convened by the President or a member of the Management Board authorized by the President. The resolutions of the Management Board may also be adopted without convening a meeting, by voting in writing (by circulation). Pursuant to § 19 paragraph 10 of the Articles of Association, the issuance of bonds, convertible bonds or bonds with pre-emptive rights falls within the competence of the General Meeting.

i) Principles for amending the Articles of Association

Pursuant to § 19 paragraph 8 of the Articles of Association, amendments to the Articles of Association fall within the competence of the General Meeting, which shall adopt a resolution in this regard by a majority of 3/4 of the votes cast. Any amendment to the Articles of Association requires registration with the Registry Court by the Management Board.

j) Principles applicable to the General Meeting

According to the Articles of Association of the Company and the regulations of the Code of Commercial Companies, the General Meeting is held within six months after the end of each financial year. General Meetings are convened by the Management Board by an announcement made at least twenty six days before the scheduled date of the General Meeting on the Company's website and in the manner specified for publishing current information in accordance with the provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies as well as in accordance with the provisions of the Regulation of the Minister of Finance on current and periodic information published by issuers of securities and conditions under which information required by legal regulations of a non-member state may be recognised as equivalent. The materials for the General Meetings are prepared by the Management Board within the period prescribed by the Code of Commercial Companies and are made available to shareholders at the registered office of the Company. Except for the shareholders or their proxies, sessions of the General Meetings may be attended by members of the Supervisory Board, Management Board, Auditor and other persons invited to participate in the sessions of the General Meeting, in particular, the Company's employees, as the speakers for individual items on the agenda.

In addition to matters provided for under the law, the basic powers of the General Meeting include:

- 1) examination and approval of the Management Board's report on the Company's operations as well as financial statements for the previous financial year,
- 2) adoption of resolutions on the distribution of profit or covering of loss,
- 3) examination and approval of the report on the Supervisory Board's activities,
- 4) discharging members of the Supervisory Board and the Management Board from their duties,
- 5) examination and approval of the report on the operations as well as financial statements of the Group for the previous financial year,
- 6) determination of the dividend record date and the dividend payment date,
- 7) transfer and lease of the Company's enterprise or an organized part thereof and establishment of a limited property right thereon,
- 8) amendments to the Articles of Association,
- 9) increasing or decreasing the share capital,
- 10) issuing bonds, convertible bonds and bonds with pre-emptive rights,
- 11) adopting resolutions on the redemption of the Company's shares,
- 12) determination of the terms and conditions for acquisition, redemption and transfer of treasury shares,
- 13) adopting resolutions on the merger, division or liquidation of the Company,
- 14) creation and liquidation of special funds,
- 15) appointing and dismissing members of the Supervisory Board,
- 16) determining the principles for rewarding members of the Supervisory Board,
- 17) taking decisions related to claims for damages caused while exercising the management or supervision duties.

The principal rights of the Company's shareholders include:

- 1) the right to participate in the general meetings,
- 2) the right to vote,
- 3) the right to information,
- 4) the right to appeal against the resolutions of the general meeting,
- 5) the right to bring action against the executives of the Company or other persons, who caused damage to the Company.

The shareholders of the Company did not exercise any of the rights set forth in paragraphs 4 and 5, in the last year.

k) Composition of and changes in the bodies of the Company

Management Board

From 01 January to 31 December 2019, the composition of the Management Board of Mostostal Warszawa S.A. was as follows:

- | | |
|------------------------------------|--|
| • Miguel Angel Heras Llorente | – President of the Management Board |
| • Jorge Calabuig Ferre | – Vice-President of the Management Board |
| • Jacek Szymanek | – Member of the Management Board |
| • Alvaro Javier de Rojas Rodriguez | – Member of the Management Board |
| • Radosław Gronet | – Member of the Management Board |

Radosław Gronet resigned from the position of a Member of the Company's Management Board with effect from 7 January 2020.

The mode of operation of the Management Board is described in point (h).

Supervisory Board

From 01 January 2019 to 10 June 2019, Mostostal Warszawa S.A.'s Supervisory Board of the ninth term of office was composed of the following persons:

- Francisco Adalberto Claudio Vazquez – Chair of the Supervisory Board
- Jose Manuel Terceiro Mateos – Vice-Chair of the Supervisory Board
- Neil R. Balfour – Member of the Supervisory Board
- Javier Serrada Quiza – Member of the Supervisory Board
- Javier Lapastora Turpín, who – according to his declaration – satisfies the criteria of independence.

- Ernest Podgórski, who – according to his declaration – satisfies the criteria of independence.

On 24 April 2019, Mr. Jose Manuel Terceiro Mateos resigned from the position of a member of the Supervisory Board of Mostostal Warszawa S.A. with effect as of the day of the Annual General Meeting of Shareholders i.e. 10 June 2019.

On 14 May 2019, Mr. Francisco Adalberto Claudio Vazquez resigned from the position of a member of the Supervisory Board of Mostostal Warszawa S.A. with effect as of the day of the Annual General Meeting of Shareholders i.e. 10 June 2019.

On 10 June 2019, the Annual General Meeting adopted Resolutions No. 18 and No. 19 on changes in the composition of the Supervisory Board of Mostostal Warszawa S.A. of the ninth term and thereby appointed Mr. Antonio Muñoz Garrido and José David Márquez Arcos as members of the Supervisory Board.

- Antonio Muñoz Garrido – Member of the Supervisory Board (Chair of the Supervisory Board since 05 September 2019)
- José David Márquez Arcos – Member of the Supervisory Board (Vice-Chair of the Supervisory Board since 05 September 2019)
- Neil R. Balfour – Member of the Supervisory Board
- Javier Serrada Quiza – Member of the Supervisory Board
- Javier Lapastora Turpín, who – according to his declaration – satisfies the criteria of independence.
- Ernest Podgórski, who – according to his declaration – satisfies the criteria of independence.

The Supervisory Board of the ninth term of office continued working in the above-mentioned composition until 31 December 2019.

Members of the Supervisory Board exercise their rights and duties in person. The Supervisory Board performs its duties collectively, but may delegate its members to perform specific supervisory activities individually. The Supervisory Board meetings are held at least three times in a financial year. Resolutions of the Supervisory Board are adopted, provided that all members of the Supervisory Board have been invited. The Supervisory Board may however adopt its resolutions by correspondence. The primary responsibilities of the Supervisory Board include:

1. assessment of the Management Board's reports on the Company's operations and assessment of the Company's financial statements,
2. evaluation of the Management Board's proposals regarding the distribution of profit or covering of loss,
3. assessment of report on activities as well as financial statements of the Group,
4. providing the General Meeting with the annual written reports on the results of the assessments referred to in points 1-3,
5. appointment of the Company's auditor,
6. appointment and dismissal of the President of the Management Board,
7. appointment and dismissal of other members of the Management Board at the request of the President of the Management Board,
8. determining the terms and conditions governing the employment or other legal relationships between the members of the Management Board and the Company,
9. suspending individual or all members of the Management Board, for valid reasons,
10. delegating members of the Supervisory Board to temporarily perform duties of any member of the Management Board,
11. approving interim dividend payments,
12. approving the purchase, transfer or encumbrance of the Company's real estate or interest in real estate,
13. examining proposals and approving establishment of commercial companies, merger of the Company with other companies, or acquisition of shares in other companies,
14. approving the Company's donations, whose value exceeds 1/100 of the share capital on the annual basis,
15. adopting the Rules of Procedure of the Supervisory Board,
16. granting consents to members of the Management Board to become involved in competitive activities.

The Supervisory Board has the right to demand the Management Board and the Company's employees to provide the reports and explanations as well as to review their assets and inspect their books and documents.

Audit Committee

In the period from 01 January 2019 to 10 June 2019, the Audit Committee of the Supervisory Board was composed of the following members:

- Jose Manuel Terceiro Mateos
- Javier Lapastora Turpín, who – according to his declaration – satisfies the criteria of independence.
- Ernest Podgórski, who – according to his declaration – satisfies the criteria of independence.

In the period from 05 September 2019 to 31 December 2019, the Audit Committee of the Supervisory Board was composed of the following members:

- Javier Lapastora Turpín, who – according to his declaration – satisfies the criteria of independence.
- Ernest Podgórski, who – according to his declaration – satisfies the criteria of independence.
- José David Márquez Arcos

The main responsibilities of the Audit Committee include in particular:

1. supporting the Supervisory Board in the performance of its statutory control and supervisory duties, in particular as regards:
 - a) proper implementation and control of financial reporting processes within the Company and the Group,
 - b) effective operation of the Company's internal control system,
 - c) proper operation of the risk identification and management systems,
 - d) ensuring independence of internal and external auditors,
 - e) monitoring the Company's relationships with the related parties.
2. monitoring of:
 - a) financial reporting process,
 - b) effectiveness of internal control, risk management and internal audit systems, including financial reporting,
 - c) financial audit procedures, in particular, audits conducted by the audit firm;
3. development of the audit firm selection policy;
4. development of the procedure for selection of an audit firm by the Company;
5. development of a policy for provision of authorised non-audit services by the audit firm conducting the audit, entities related to the audit firm and by members of the audit firm's network;
6. presenting recommendations to the Supervisory Board regarding the appointment of statutory auditors or audit firms (referred to in Article 16 paragraph 2 of Regulation No. 537/2014);
7. assessment of the independence of the auditor and giving consent to the provision of the authorised non-audit services to the Company;
8. controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when the services other than auditing of the financial statements are provided to the Company;
9. informing the Supervisory Board about the audit results and explaining how the audit contributed to the reliability of the Company's financial reporting, and what was the role of the Audit Committee in the audit process;
10. presenting recommendations aimed at ensuring the reliability of the Company's financial reporting process.

In this respect, the Audit Committee engages in the following activities representing the key elements of the internal control system:

- assessment of the Company's current financial situation and business prospects in the years to follow, through the analysis of financial statements, economic indicators and the backlog.
- holding regular meetings with the Company's independent auditor, in order to directly obtain information on the accuracy and reliability of the accounts and the circumstances noted in the course of the audit, which could have a significant impact on the audited financial statements.

All members of the Supervisory Board have the knowledge and competence in the field of accounting or auditing of financial statements:

- Mr. Ernest Podgórski is a graduate of the Faculty of Economics and the Faculty of Management of the University of Gdańsk, where he obtained a PhD in management sciences. In addition, he is the President of the Management Board of Zespół Biegłych Rewidentów Saldo-Kredyt sp. z o.o. (audit company). On a daily basis, he manages audits of financial statements of enterprises and audits of projects co-financed by the European Union funds. He is a member of the National Council of Statutory Auditors and a member of the Accounting Standards Committee at

- the Ministry of Finance, nominated by the National Council of Statutory Auditors. He is an employee of Sopot University of Applied Sciences. He lectures on accounting and auditing at universities and numerous training institutions. He also conducts mandatory training for statutory auditors in the field of National Auditing Standard, International Accounting Standards/International Financial Reporting Standards and International Standards on Auditing.
- Mr. Javier Lapastora Turpín has a degree in economics and many years of professional experience both in management (including real estate companies) and auditing. He is a statutory auditor entered in the Spanish Official Registry of Accounting Auditors since 1995 (Registro Oficial de Auditores de Cuentas). In addition, Mr. Javier Lapastora Turpín is a member of the advisory committee of the National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV) and a member of the Institute of Chartered Accountants of Spain (Instituto de Censores Jurados de Cuentas de España, ICJCE).
 - Mr. José David Márquez Arcos (member of the audit committee since 05 September 2019) is currently the Chief Financial Officer responsible for finance at ACCIONA Construcción S.A. In 2017-2019, he was the Director for Corporate Taxes and Internal Audit at Nordex / Acciona Windpower, Germany. In the years 2012-2017, he was the Director for Accounting, Control and Tax and a Member of the Management Board at GS Inima Environment in Spain. He acted as a Corporate Finance Controller at ACCIONA SA, (2010-2012) and the Head of the Accounting and Tax Department at Acciona Inmobiliaria, SL (2006-2010). In 1999-2006, he worked as the Audit Manager at Deloitte in Spain. In 2008-2009, he obtained the MBA title from EOI Escuela de Negocios, Spain. In 1998 he received a bachelor's degree in business, economics and finance at the ICADE University, Spain
 - Mr. Jose Manuel Terceiro Mateos (served until 10 June 2019) earned a Diploma in Management and Economics at the University of Alcala de Henares in Spain, and in 2009, obtained the MBA title from Escuela de Organización Industrial. In 1993-1997 he worked as an Internal Auditor at Cubiertas y MZOV. In 1997-2002, he acted as the Head of the Accounting Department at Necso Entrecanales Cubiertas. In 2002-2008 he was the Financial Control Director at Acciona Infraestructuras S.A. From 2008, he was the Chief Financial Officer at Acciona Infraestructuras S.A.

In the period from 01 January 2019 to 10 June 2019, two members of the Audit Committee had knowledge of the industry in which the issuer operates. Their competences are described next to their respective names. They were Messrs. Jose Manuel Terceiro Mateos and Javier Lapastora Turpín – their professional experience and education background are described above.

In the period from 05 September 2019 to 31 January 2019, two members of the Audit Committee had knowledge of the industry in which the issuer operates. Their competences are described next to their respective names. They were Messrs. Javier Lapastora Turpín and José David Márquez Arcos – their professional experience and education background are described above.

KPMG Audyt Sp. z o.o. did not provide Mostostal Warszawa S.A. with any services other than auditing of financial statements.

The main assumptions behind the choice of the audit company to audit the financial statement and behind the policy for non-audit services provided by the audit firm, entities related to this audit firm and members of the audit firm's network:

The purpose of "Mostostal Warszawa S.A.'s policy and procedure concerning the choice of the audit company to audit the financial statements and additional services provided by the audit firm, entities related to this audit firm and members of the audit firm's network" is to define the procedures and principles for carrying out the following financial audit activities:

- review of the interim separate financial statements of the Company and the consolidated financial statements,
- audit of the Company's annual separate financial statements and consolidated financial statements,
- other assurance engagements provided for under the law, reserved for the auditors.

In addition, the policy defines the following principles:

1. The audit company is selected by the Supervisory Board acting on the recommendation of the Audit Committee.
2. It is forbidden to introduce any contractual clauses that would require the Supervisory Board to choose an audit firm of a specific category or from a specific list of authorized auditors.

3. In each case, the audit company is chosen by a resolution of the Supervisory Board.

In 2019, the Supervisory Board decided to enter into the agreement with KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. for the years 2019 and 2020, acting on the recommendation of the Audit Committee and based on the selection procedure adopted by the Company.

In 2019, six meetings of the Audit Committee were held.

(I) Diversity policy description

Mostostal Warszawa S.A. promotes gender diversity as well as professional and personal development of all employees to ensuring equal opportunities through its operating strategy.

- The Company accepts no discrimination in the professional field on the grounds of age, race, sex, religion, political views, nationality, sexual orientation, social origin or disability.
- It ensures compliance with the regulations of the International Labour Organization, in particular with regard to minors and does not allow child labour in any form.
- Mostostal Warszawa S.A. supports and acts actively for the implementation of policies aimed at promoting equal opportunities in the workplace.
- Recruitment and promotion of employees is based on their skills and performance as well as on the substantive criteria set out in the job description, in accordance with the principle of diversity.
- Mostostal Warszawa S.A. promotes professional advancement and internal mobility as a way to keep talents within the organization, while striving to provide its employees with stable jobs, development opportunities and motivation.
- All employees should actively participate in trainings offered by Mostostal Warszawa S.A. and engage in their own development, while committing to update their knowledge and skills necessary for their professional development and to provide value to customers, shareholders and the public.
- Persons in managerial positions should support professional development of their subordinates.

Notwithstanding the foregoing, Mostostal Warszawa S.A. provides working conditions that prevent sexual harassment and discrimination based on sex. In addition, Mostostal Warszawa S.A. promotes respect for the actual equality of opportunities for women and men, and also prevents any manifestations of direct or indirect discrimination.

With reference to the Regulation of the Minister of Finance of 29 March 2018 on current and interim reports published by issuers of securities and on conditions for recognition of information required by non-Member State regulations as equivalent (Journal of Laws of 2018, item 757 – Section 70, paragraph 6, point 5, letter m) and acting in compliance with the Principle IZ1.15. of “The Best Practices of WSE Listed Companies 2016”, as adopted by Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange of 13 October 2015 on the adoption of “The Best Practices of WSE Listed Companies 2016”, The Management Board of Mostostal Warszawa S.A. (“Company”) informs that the key personnel decisions in relation to the Company's authorities are made by the General Meeting and the Supervisory Board. The Company relies on the candidates' qualifications to perform specific functions as the criterion for selecting the members of individual bodies and its key management personnel. In the Company's opinion, due to the nature of the business conducted by the Company, the selection of the Company's authorities and its key management personnel based on the above criterion allows to implement the Company's strategy. The details of members of the Company's bodies are published in the relevant current reports informing about the composition of the Company's bodies and on the Company's website.

IV. Legal proceedings pending before a court, competent arbitration authority or public administration body

The Company participates in litigation concerning receivables with the total value of PLN 1,127,017 thousand as well as in the proceedings related to liabilities with the total value of PLN 825,772 thousand.

Proceedings with the highest value in dispute (Mostostal Warszawa S.A. as Defendant)

(a) Lubelskie Region Oncology Centre (Claimant)

Date of the claim: 10/09/2015

Value in dispute: PLN 27,072 thousand

The Claimant seeks payment of liquidated damages on account of the Defendant's withdrawal from the Contract as well as claims for reduction of the amounts due and the claims related to additional and securing works performed by the investor. According to Mostostal Warszawa S.A., the claimed liquidated damages are

unfounded. The Company disputes also other claims in their entirety. On 11 September 2012, the Company received a notice from St. John of Dukla Lubelskie Region Oncology Centre on the withdrawal from the contract for designing and conducting construction works for the expansion and modernisation of the Lubelskie Region Oncology Centre ("Contract"). The notice included also a request for the payment of a contractual penalty. The aforesaid Contract was entered into on 3 January 2011 by and between the Lubelskie Region Oncology Centre (the "Employer") and the Consortium composed of: Mostostal Warszawa S.A. – Leader, Acciona Construcción S.A. – Richter Med. Sp. z o.o. – Partner ("Contractor"). The Employer withdrew from the Contract due the fact that works were not conducted in accordance with the schedule of works and expenditures as well as the terms and conditions of the Contract, which resulted in delays affecting the agreed Contract completion date. At the same time, the Company filed counter-claims and asserts claims in the amount of PLN 32,461 thousand from the Employer as a payment for additional works performed and reimbursement of unduly charged contractual penalties.

(b) Gamma Inwestycje S.A. (Claimant)

Date of the claim: 29/03/2013

Value in dispute: PLN 15,784 thousand

The Claimant, a successor in title of Zielona Italia Sp. z o.o. ("Employer"), seeks liquidated damages from Mostostal Warszawa S.A. for withdrawal from the contract. The Company questions the grounds for charging the penalty in entirety, since it was the first to withdraw from the contract, which provided for construction of a complex of multi-family residential buildings with commercial premises and underground garages "Zielona Italia" ("Contract"). The reason behind the withdrawal was the Investor's failure to accept the completed works, despite Mostostal Warszawa S.A.'s repeated requests to do so. As a result of the withdrawal from the Contract for the reasons attributable to the Employer, Mostostal Warszawa S.A. charged a contractual penalty in the amount of PLN 15,784 thousand (not included in revenue). In response to this, Zielona Italia Sp. z o.o. charged the Company with contractual penalties in the amount of PLN 15,784 thousand. As the Management Board of the Company considers the contractual penalties to be charged unreasonably, this amount has not been included in the contract valuation. The dispute on the lack of grounds to charge the Company with the contractual penalties is currently examined by the Court. At present, the case has been referred to mediation.

(c) Energa Kogeneracja Sp. z o.o. (Claimant)

Date of the claim: 24/07/2017

Value in dispute: PLN 114,386 thousand

The Claimant asserts cash claims in connection with the construction of the BB20 biomass unit in Elbląg. The Claimant's demand is based on the allegation that the BB20 biomass unit in Elbląg, constructed by Mostostal Warszawa S.A. and commissioned in July 2014 has defects, does not achieve the guaranteed parameters and requires modernization. The amount of the claim covers three groups of claims i.e.: (1) contractual penalties in the amount of PLN 15,170 thousand PLN being a part of the total amount of contractual penalties, of which PLN 7,378 thousand was paid to the Claimant under the bank guarantee and the remaining part of which is claimed in the proceedings in question; (2) claim for reducing the contractual price in the amount of PLN 90,286 thousand PLN; and (3) capitalized interest in the amount of PLN 959 thousand. Having analysed the claim, the Company is of the view that both the Energa's claim for contractual penalties in connection with the failure to achieve the guaranteed technical parameters of the Block and the claim for a reduction of the contractual remuneration are unfounded. In particular, the Company indicates that in its opinion, the Claimant operated the Block in violation of the terms and conditions of the Contract as well as operation/maintenance instructions i.e. using the fuel with the parameters contrary to the provisions of the Contract, and further failed to conduct the measurement of the guaranteed parameters in accordance with provisions of the Contract. Mostostal Warszawa S.A. disputes these claims in their entirety and finds them unjustified. The statement of defence and the counter-claim for the amount of PLN 7,378 thousand were submitted by Mostostal Warszawa S.A. on 15/12/2017.

(d) University of Białystok (Claimant)

Date of the claim: 03/02/2015

Value in dispute: PLN 66,718 thousand

The subject of the statement of claim is the Claimant's demand for payment of various contractual penalties in connection with the performance of the Contract of 25/01/2011 for the "Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre" and the Contract of 25/01/2011 for "Construction of the Faculty of Physics and the Institute of Chemistry" under the Operational Program "Infrastructure and Environment". Mostostal Warszawa S.A. disputes these claims in their entirety and finds them unjustified. In the court proceedings, Mostostal Warszawa S.A. presents a number of obstacles which objectively had a significant impact on the performance of construction works, and thus the completion date, justifying the lack of grounds for charging contractual penalties. Mostostal Warszawa SA brought a counter claim against the Claimant for the amount of PLN 83,435 thousand in respect of overdue payment plus interest, indirect costs resulting from the extension of the contract completion deadline and other additional works. The claim have been referred to negotiations. At the joint request of the parties, the proceedings were suspended

on 24/04/2019. In the absence of an amicable settlement through the negotiations held, the proceedings were initiated pursuant to a court decision of 10/10/2019.

(e) Agencja Rozwoju Miasta S.A. (Claimant)

Date of the claim: 22/07/2016

Value in dispute: PLN 20,822 thousand

The Claimant demands that the Company shall pay contractual penalties for late completion of the "Construction of the Sports Hall Czyżyny in Krakow" – currently TAURON Arena Krakow. Having analysed the lawsuit, the Company disputes the legitimacy and the amount of the claim submitted by the Claimant and is of the opinion that there were no grounds to charge the penalties. As of 14/04/2014, the Contractor completed 99% of the Contract and the Investor was able to commence the acceptance procedure. Due to the design documentation defects, for which the Investor was responsible, the time for completing the acceptance procedure exceeded the contractual deadline, but not due to the Contractor's fault. During the alleged delay, the Investor was able to fully use the facility. The final permit for operation of the facility was issued already on 12/05/2014, and the first commercial event was held on 30/05/2014 i.e. at the time when the Investor still charged contractual penalties. The Company also brought a counterclaim against the Claimant for additional works and the other outstanding payments related to the "Construction of the Sports Hall Czyżyny in Krakow" for the amount of PLN 16,439 thousand. The case has been referred for mediation, under which a private opinion has been prepared. We are currently awaiting a supplementary opinion.

(f) Biomatec Sp. z o.o. (Claimant)

Date of the claim: 26/05/2014

Value in dispute: PLN 22,876 thousand

The Claimant demands Mostostal Warszawa S.A. to pay the remuneration for the subcontracted works carried out under the project Construction of the 20 MWe biomass-fired power block for Energa Kogeneracja Sp. z o.o. The basis for demanding payment is the claim that the Defendant withdrew from the contract with the Claimant in the situation where the Claimant was ready to perform the same i.e. there were obstacles to the performance of the above-mentioned contract, but on the part of the Defendant. The Company disputes the merits of the Claimant's lawsuit in the entirety. In reply to the lawsuit, Mostostal Warszawa S.A. pleaded that the withdrawal from the contract was for the reasons attributable to the Claimant, while the provisions of the agreement binding upon the parties in the situation discussed exclude the payment of the entire claim to the Claimant, except for the costs incurred by the Claimant until the date of withdrawal. In addition, Mostostal Warszawa SA, in accordance with the agreement concluded, inter alia, with the Claimant, paid to the Claimant all the costs incurred by the Claimant until the date of withdrawal. An expert opinion and a supplementary expert opinion were prepared in the case. The conclusions of both opinions are unfavourable for the Defendant; therefore; Mostostal Warszawa SA raised extensive objections regarding the opinions.

(g) CESTAR Andrzej Cebula i Jerzy Starski Spółka Jawna – in restructuring (Claimant)

Date of the claim: 16/11/2016 and 20/03/2017

Total value in dispute: PLN 14,667 thousand

The Claimant demands Mostostal Warszawa S.A. to pay for the works completed under the project "Sewage System for the Landscape Park of Puszcza Zielonka and the Surrounding Area" Contract IX – Water Catchment for the Sewage Treatment Plant in Szlachcin – Task 6 – Municipality of Murowana Goślina, in connection with the Interim Payment Certificate No. 23 and No. 24. Mostostal Warszawa S.A. filed for dismissal of the claim due to the fact that the claims asserted by the Claimant were fully offset against the claims of Mostostal Warszawa S.A. against the Claimant under the invoices issued for the substitute performance and contractual penalties charged. Evidentiary proceedings are pending in both cases.

(h) Rafako S.A. (Claimant)

Date of the claim: 31/03/2017

Value in dispute: PLN 16,157 thousand

Rafako S.A. demands payment from the Company for the construction works performed by the Claimant under a sub-contract within the framework of the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". The Company disputes the amount of the claim, since the Claimant did not provide any evidence of the amount claimed, in particular in the form of a common inventory (no bilaterally signed report confirming the performance of the of works) or expert opinion on the quality of the works. The court admitted the expert witness evidence. The opinion has not been prepared yet.

(i) Wagner Biro Sp. z o.o. (Claimant)

Date of the claim: 09/10/2014

Value in dispute: PLN 10,810 thousand

The Claimant demands the Company to pay for supplies and works performed by the Claimant under the project involving the construction of the National Forum of Music in Wrocław as well as the payment of contractual penalties and reimbursement of the storage costs. The Company disputes the legitimacy of the claim, since the

Claimant, according to the Company's knowledge, sold most of the supplies and works for which they are demanding payment to a new contractor of the National Forum of Music. An expert opinion is to be prepared in the case.

(j) University of Białystok (Claimant)

Date of the claim: 05/02/2018

Value in dispute: PLN 204,967 thousand

On 16 January 2018, the University of Białystok brought a lawsuit against Mostostal Warszawa S.A. for payment of PLN 204,967 thousand plus statutory interest for delay, accrued from 12 January 2018 until the payment date, as contractual penalty for delay in removal by Mostostal Warszawa S.A. of 449 defects resulting from the performance of contracts regarding the construction of the Institute of Biology, Faculty of Mathematics and Computer Science, University Computing Centre, and the Faculty of Physics and the Institute of Chemistry within the Campus of the University of Białystok. Having analysed the lawsuit, Mostostal Warszawa S.A. disputes the legitimacy of the claims made by the Claimant in their entirety. The statement of defence was filed by the Company on 26 May 2018. In connection with the initiated negotiations, the parties requested that the proceedings be suspended, which took place on 14/11/2018. In the absence of an amicable settlement through the negotiations held, the proceedings were initiated pursuant to a court decision of 11/09/2019.

(k) Zakład Unieszkodliwiania Odpadów Sp. z o.o. with its registered office in Szczecin ("ZUO") (Counter-claim)

Date of the claim: 24/01/2019

Value in dispute: PLN 211,839 thousand

Under the proceedings brought by MW, the Defendant filed a counter-claim for the amount of PLN 211,839 thousand. The counter claim was served upon MW on 24 January 2019. The counter-claim is currently being analysed. ZUO's claim has been challenged in its entirety, based on the erroneous assumption that it is ZUO and not Mostostal that effectively withdrew from the contract. The statement of defence was filed on 25/02/2019. Evidentiary proceedings in the case are pending.

(j) Gamma Inwestycje S.A. (successor in title of Zielona Italia Sp. z o.o.) (Claimant)

Date of the claim: 28/12/2018

Value in dispute: PLN 40,483 thousand

On 28 December 2019, Gamma Inwestycje filed a lawsuit against MW for the payment of approximately PLN 40.5 million, including: (a) approx. PLN 9.1 million as the costs incurred by Gamma Inwestycje to remedy defects and faults in Buildings C and D constructed by MW; (b) approx. PLN 8 million as an additional charge on the bank payment guarantee granted by MW; (c) approx. PLN 12.8 million as reimbursement of remuneration paid by Gamma Investments to MW's subcontractors; and (d) approx. PLN 10.5 million as compensation for damage suffered by Gamma Inwestycje due to the need to withdraw from the Contract with MW and subcontract the unfinished works to another entity i.e. Eiffage Budownictwo Mitex SA, at a price PLN 10.5 million higher than the remuneration due to MW. MW submitted the statement of defence on 11/12/2019. At present, the case has been referred to mediation.

Proceedings with the highest value in dispute (Mostostal Warszawa S.A. as Claimant)

(a) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 03/06/2012

Value in dispute: PLN 36,961 thousand

A lawsuit brought by Mostostal Warszawa S.A. and other Consortium members against the Defendant for amendment of the Contract for "Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394+500 and 411+465.8". Claimants demand that the increase of the remuneration due under the Contract by PLN 36,961 thousand, including PLN 18,850 thousand for Mostostal Warszawa S.A. due to the extraordinary increase in the prices of liquid fuels and bitumen and the payment of the above-mentioned amount. The proceedings were initially conducted before the Regional Court in Warsaw, which dismissed the claim in its entirety. As a result of the Claimants' appeal, by the virtue of the judgement of 16/03/2017, the Court of Appeal in Warsaw quashed the Regional Court's judgement and remitted the case for reconsideration. The proceedings are pending before the court of first instance. A part of the amount claimed in court is presented under assets arising from construction contracts.

(b) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 09/09/2013

Value in dispute: PLN 61,857 thousand

Mostostal Warszawa S.A. and Acciona brought a lawsuit against the Defendant for compensation of the damage suffered, reimbursement of unduly charged contractual penalties and payment of outstanding remuneration by the

Defendant in connection with the performance of the Contract for construction of the bridge over the Odra River along with access flyovers at the sections from 18+174 km to 19+960 km on Wrocław Ring Road A8. The case is heard by the Regional Court in Warsaw. A part of the amount claimed in court is presented under assets arising from construction contracts.

(c) Gamma Inwestycje S.A. (successor in title of Zielona Italia Sp. z o.o.) (Defendant)

Date of the Claim: 29/03/2013

Value in dispute: PLN 15,785 thousand

The case brought by the Company for declaring non-existence of the Defendant's right to demand payment under the bank guarantee – performance bond related to the construction of housing estate “Zielona Italia” in Warsaw, which has been transformed into the case for payment (reimbursement) of the amount equivalent to the amount paid by the under the bank guarantee. The Company withdrew from the contract for reasons attributable to the Defendant, and thus the conditions pursuant to which the Employer may satisfy its claims from the performance bond are not fulfilled. The case is heard by the Regional Court in Warsaw. The Company recognized an impairment loss on the receivable. At present, the case has been referred to mediation.

(d) The Treasury – Ministry of National Defence (Defendant)

Date of the Claim: 23/06/2010

Value in dispute: PLN 19,093 thousand

Claims of the Consortium Mostostal Warszawa S.A. – Unitek Ltd for additional compensation and reimbursement of the costs incurred in connection with the contract for performance projects under the Investment Package CP 2A0022, whereby the Claimant acted as an alternative investor. During performance of the Contract, the scope and nature of the project changed for the reasons beyond the control of the Claimants, which resulted in additional costs, the reimbursement of which is sought by the Claimants. On 10/10/2016, the Court ordered that the Claimants shall receive the amount of PLN 7,142 thousand plus interest accrued from 03/08/2010. The remainder of the lawsuit was dismissed. The Claimants appealed against the aforesaid judgement. By the virtue of the judgement of 08 November 2018, the Appellate Court in Warsaw amended the decision of the court of first instance by dismissing the claim for the amount of PLN 6,085 thousand. As a consequence of the final sentence, the decision of the court of first instance came into force as regards the amount of PLN 1,057 thousand plus interest due. On 15/02/2019, Mostostal Warszawa S.A. filed an appeal against the judgement of the appellate court to the highest instance. On 08/11/2019, the Supreme Court accepted the complaint for consideration. We await the appointment of the final appeal hearing before the Supreme Court.

(e) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 30/05/2012

Value in dispute: PLN 212,105 thousand

The Company and a Consortium member filed with the Regional Court in Warsaw a lawsuit against the Defendant for amending the Contract No. 2811/3/2010 of 26/02/2010 for construction of A-4 motorway Tarnów-Rzeszów, section between Rzeszów Centralny junction and Rzeszów Wschód junction (km. ca. 574+300 to ca. 581+250), by increasing the gross remuneration by PLN 77,345 thousand. On 23/08/2012, the Company extended the claim in such a way that, in addition to the previous demand for amending the contract, the Company requested for (i) ruling pursuant to Article 189 of the Code of Civil Procedure that the Defendant is not entitled to demand from the Company a contractual penalty for exceeding the Time Limit for Completion of works in connection with the construction of the A4 motorway section covered by the Contract; and (2) ordering GDDKiA to pay the amount of PLN 11,368 thousand plus statutory interest to the Company for the contractual penalty for exceeding the Time Limit for Completion set off unjustifiably against the remuneration due for the performance of construction works. On 15/04/2013, another extension of the claim was filed, in which the following amounts were updated: (i) the amount to be increased by the Court, as requested by the Claimants – up to gross PLN 195,723 thousand, and (ii) the claimed payment of the remuneration due, offset as a contractual penalty – up to PLN 13,243 thousand. The current value in dispute is PLN 207,530 thousand. By virtue of the judgement of 4/08/2016, the Regional Court in Warsaw ruled that the Defendant shall pay to the Company and Acciona the amount of PLN 11,298 thousand plus statutory interest for delay and dismissed the remainder of the claim. On 20/12/2016, the Claimants appealed against the above-mentioned judgement as regards the dismissal of the claim and charging the Claimants with the costs of the proceedings. The defendant also appealed against the above-mentioned judgement challenging the same as regards the acknowledgment of the claim and charging the Defendant with the costs of the proceedings. At present, an appeal is pending, under which an expert has been appointed in respect of MW's claim for payment of the remuneration due that had been offset against contractual penalty charged by the Defendant. Some of the amounts claimed in court are presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

(f) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 02/07/2013

Value in dispute: PLN 25,537 thousand

The Company and a Consortium member filed with the Regional Court in Warsaw a lawsuit against the Defendant for amending the Contract No. 210/RK/110/2009/2010 of 01/09/2010 for the upgrade of S-7 road to a two-lane road at Kielce bypass section, Kielce (National Road No. 73, Wiśniówka junction) – Chęciny (Chęciny junction), by increasing the remuneration by the gross amount of PLN 25,537 thousand in connection with the extraordinary increase in the prices of liquid fuels, asphalt and steel. A part of the amount claimed in court is presented under assets arising from construction contracts.

(g) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 23/05/2014

Value in dispute: PLN 103,644 thousand

The proceedings brought by the Company and other members of the Consortium against the Defendant are conducted before the Regional Court in Warsaw. The case concerns the compensation for the damage suffered by the Claimants as a result of improper description of the Employer's Requirements concerning ten Civil Engineering structures and the Bridge on the Rawka River, the Contractor was obliged to construct under the contract "Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394+500 and 411+465.8". The Claimants demanded that the Defendant should be ordered to pay PLN 103,644 thousand to the Claimants, including PLN 81,824 thousand to the Company. A part of the amount claimed in court is presented under assets arising from construction contracts.

(h) Gamma Inwestycje S.A. (formerly Zielona Italia Sp. z o.o.) (Defendant)

Date of the Claim: 09/05/2013

Value in dispute: PLN 52,344 thousand

The Company seeks payment of the amounts resulting from the settlement of the project and the completed additional works. The examination of the statement of withdrawal from the contract through the fault of Zielona Italia sp. z o.o. (of 06 March 2013) is of key importance for the case. If the Court accepts the statement of withdrawal from the contract by Mostostal Warszawa S.A. due to the fault of Zielona Italia sp. z o.o., the legitimacy of the Company's claims will be confirmed. The case is currently heard by the Regional Court in Warsaw. The Company recognized an impairment loss on the assets related to this case. At present, the case has been referred to mediation.

(i) Municipality of Wrocław (Defendant)

Date of the Claim: 13/11/2012

Value in dispute: PLN 71,439 thousand

The case instituted by the Consortium of Mostostal Warszawa S.A., ACCIONA CONSTRUCCIÓN S.A., WPBP nr 2 "Wrobis" S.A. and Marek Izmańłowicz PH-U IWA (Claimant) for payment of PLN 71,439 thousand (after changes). Originally, the case concerned establishing non-existence of Wrocław Municipality's right to demand payment under the bank guarantee – performance bond. The claim has been modified and includes the demand for payment under the final settlement of the project in connection with the withdrawal from the Contract No. 7/2009/NFM of 22.12.2009 for the construction of the National Forum of Music in Wrocław ("Contract"). In its preliminary judgement, the Court of Arbitration found that the Project Consortium (Mostostal Warszawa S.A. – Leader, Acciona Construcción S.A., Marek Izmańłowicz - IWA, WPBP Wrobis S.A.) on 05/10/2012 effectively withdrew from the Contract. As a result of the complaint brought by the Municipality of Wrocław, the initial decision of the Court of Arbitration was repealed. The case is continued to be examined by the same Court of Arbitration, in accordance with the position of Mostostal. Currently, we are awaiting the appointment of the pre-trial date by the Supreme Court.

(j) Lubelskie Region Oncology Centre (Defendant)

Date of the Claim: 03/10/2014

Value in dispute: PLN 32,461 thousand

In the proceedings brought against the Defendant, Mostostal Warszawa S.A. and the consortium members seek claims for payment in connection with the construction of the Lublin Region Oncology Centre. The case is heard by the Regional Court in Lublin. The above amount of the claim comprises the claims for: (i) payment for undisputed work, (ii) interest for late payment in the course of the contract, (iii) reimbursement of unduly charged and offset liquidated damages, (iv) other claims under which the Claimants demand payment for the purchased materials, costs of maintaining the performance bonds and lost benefits. In these proceedings, the Defendant filed a counterclaim in which they demand the Claimant to pay a total of PLN 27,072 thousand in respect of: (i) contractual penalty for withdrawal from the contract, (ii) reimbursement of costs, and (iii) payments to subcontractors. Currently, the case is at the stage of evidence proceedings. A part of the amount claimed in court

is presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

(k) University of Białystok (Defendant)

Date of the Claim: 29/04/2015

Value in dispute: PLN 83,435 thousand

Mostostal Warszawa SA, as a mutual claimant, asks for payment for basic and additional works and replacement works, payment of overdue remuneration plus interest, indirect costs resulting from extension of the work schedule and other additional works in connection with the performance of the contract of 25/01/2011 for the "Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre" and the Contract of 25/01/2011 for the regarding the "Construction of the Faculty of Physics and the Institute of Chemistry" under the Operational Program "Infrastructure and Environment". A part of the amount claimed in court is presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized. The claim have been referred to negotiations. At the joint request of the parties, the proceedings were suspended on 24/04/2019. In the absence of an amicable settlement through the negotiations held, the proceedings were initiated pursuant to a court decision of 10/10/2019.

(l) Agencja Rozwoju Miasta S.A. (Defendant)

Date of the Claim: 28/04/2017

Value in dispute: PLN 23,017 thousand

Mostostal Warszawa S.A. filed a counter-claim against the Defendant for payment of the amount due for additional works performed in connection with the construction of the Sports Hall (Czyżyny) in Krakow. The case has been referred for mediation, under which a private opinion has been prepared. A part of the amount claimed in court is presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

(m) Gamma Inwestycje S.A. (formerly Zielona Italia Sp. z o.o.) (Defendant)

Date of the Claim: 07/06/2013

Value in dispute: PLN 9,963 thousand

Mostostal Warszawa SA demands the Defendant to cease the infringement of proprietary copyrights to the working design of the multi-purpose housing estate "Zielona Italia" and that the defendant be ordered to pay to the Claimant the amount that is three times the market value of the working design. The case is heard by the Regional Court in Warsaw. At present, the case has been referred to mediation.

(n) Zakład Unieszkodliwiania Odpadów Sp. z o.o. (Defendant)

Date of the Claim: 10/02/2017

Value in dispute: PLN 33,770 thousand

Litigation for reimbursement of money on account of unjust enrichment in connection with the Defendant's exercise of the bank guarantee for proper performance of the contract awarded to the defendant on behalf of Mostostal Warszawa S.A. under the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". On 29 March 2018, the Regional Court in Szczecin awarded the amount of PLN 33,770 thousand plus interest to Mostostal Warszawa S.A. On 30 May 2018, the Defendant lodged an appeal against the decision. By the decision of 04/12/2018, the Appellate Court dismissed the Defendant's appeal in its entirety. MW initiated enforcement proceedings against the Defendant. On 5/02/2019, the Defendant filed an appeal to the highest instance and the motion to suspend enforcement of the judgements. The Appellate Court approved the Defendant's motion to suspend enforcement of the judgements until the Supreme Court has settled the final appeal. In connection with the Appellate Courts' decision, the enforcement of the proceedings against the Defendant has been suspended. On 25/10/2019, the Supreme Court admitted the final appeal against the judgment for consideration. At present, we await the appointment of the final appeal hearing before the Supreme Court. The amount claimed in court is presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

(o) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 17/05/2017

Value in dispute: PLN 29,063 thousand

Mostostal Warszawa S.A. and a consortium demand payment in respect of additional costs incurred in performance of the Contract No. 122/2010 of 31/08/2010 concluded with the Defendant for the works involving "Reconstruction of the national road No. 8 as an expressway on the section: border of Mazowieckie/Łódzkie Province - Radziejowice". The case is heard by the Regional Court in Warsaw. A part of the amount claimed in court is presented under assets arising from construction contracts.

(p) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 03/07/2017

Value in dispute: PLN 20,614 thousand

The Company and a Consortium member brought a lawsuit to the Regional Court in Warsaw against the Defendant for payment to the Claimants in the amount of PLN 20,614 thousand plus statutory interest for delay, accrued from the lawsuit date until the date of payment. The subject of the dispute is the reimbursement of the Claimant by the Defendant for the costs of works on the extension of the S-7 road on the Kielce beltway section, Contract No. 210/RK/110/2009/2010 of 01/09/2010 for works involving the upgrade of S-7 road to a two-lane road at Kielce bypass section, Kielce (National Road No. 73, Wiśniówka junction) – Chęciny (Chęciny junction), within the extended period of the project. A part of the amount claimed in court is presented under assets arising from construction contracts.

(q) Energa Kogeneracja Sp. z o.o. (Defendant)

Date of the claim: 20/01/2018

Value in dispute: PLN 26,274 thousand

Mostostal Warszawa S.A. demands the payment of PLN 26,274 thousand plus statutory interest accrued from the date of the claim until the due date and the reimbursement of the costs. Mostostal Warszawa SA is seeking payment for construction works carried out under the project "20 MWe Power Block in Elbląg". The value in dispute covers the principal amount of PLN 19,948 thousand and interest capitalized as at the date preceding the date of the claim i.e. PLN 6,366 thousand. The defendant paid only a part of the amount due to the Claimant for the works performed. The principal amount due results from the invoices, which have been reduced by the contractual penalties, which in the opinion of Mostostal Warszawa S.A. have been unduly charged. The Defendant was not entitled to charge contractual penalties, as the delay occurred due to circumstances for which Mostostal Warszawa S.A. was not liable. The contractual penalty charged by the Defendant is grossly excessive. Mostostal Warszawa S.A. applied also for issuing an order for payment in the writ proceedings. On 02 February 2018, the District Court in Gdańsk, 9th Commercial Division, issued an order for payment in the writ proceedings. On 23 February 2018, the Defendant lodged an appeal against the aforesaid order for payment. On 10 April 2018, Mostostal Warszawa S.A. submitted a response to the appeal against the order for payment. The court proceedings are pending.

(r) Zakład Unieszkodliwiania Odpadów Sp. z o.o. (Defendant)

Date of the Claim: 15/01/2018

Value in dispute: PLN 90,141 thousand

Mostostal Warszawa S.A. demands the payment of PLN 90,141 thousand plus statutory interest for delay, accrued from 28 November 2016 until the date of payment. Under this claim, Mostostal Warszawa S.A. requests the Defendant to pay the remuneration for the works, deliveries, designs and other services rendered to the Defendant until withdrawal by Mostostal Warszawa S.A. from the Contract for the Construction of the Waste Incineration Plant in Szczecin i.e. until 14 June 2016, for which Mostostal Warszawa S.A. did not receive the remuneration under the interim payment certificate issued on a monthly basis. The Company received the Defendant's statement of defence on 24 May 2018. On 24 January 2019, MW received a counter-claim for the amount of PLN 211,839 thousand, which, in the Company's opinion, was unfounded. The resolution of the case will be subject to the assessment of a court expert. Evidentiary proceedings in the case are pending. Part of the amount claimed in court is presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

(s) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the claim: 24/01/2018

Value in dispute: PLN 98,585 thousand

Mostostal Warszawa S.A. and a Consortium member brought a lawsuit to the Regional Court in Warsaw against the Defendant for payment of the amount of PLN 98,585 thousand plus statutory interest for delay, accrued from 31 December 2014 to 31 December 2015 and plus statutory interest for delay, accrued from 01 January 2016 until the date of payment. Under the lawsuit, Mostostal Warszawa S.A. demands the Defendant to pay the claims, which arose in the years 2010-2012 in the course of construction of the Section Tarnów – Rzeszów Wschód of A-4 Highway, due to obstacles encountered by the Claimants in the course of construction, for which the Defendant is responsible (e.g. unpredictable physical conditions) as well as additional costs related to the extension of the contract completion time. A part of the amount claimed in court is presented under assets arising from construction contracts.

(t) Energa Kogeneracja Sp. z o.o. with its registered office in Elbląg ("Energa") (Defendant)

Date of the claim: 15/12/2017

Value in dispute: PLN 7,753 thousand

The subject of the counter-claim proceedings of Mostostal v. Energa Kogeneracja Sp. z o.o. (Energa) is a demand for payment (reimbursement) of liquidated damages, which have been charged and paid by Energa from the bank guarantee issued in connection with the Contract EKO/86/2011 of 25 March 2011 for the construction of a 20 MW Biomass-Fired Power Block in Elbląg. The investor (Energa) maintains that the contract was executed improperly and that design and construction errors were made, as a result of which the block does not achieve the guaranteed parameters, which entitled Energa to charge liquidated damages. In Mostostal's opinion, the cause of the Block's malfunctioning and failure to achieve the guaranteed parameters is mainly the Block's operation with the use of fuel that does not meet the contractual requirements. The amount claimed in court is presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

(u) Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji m.st. Warszawa S.A. („MPWiK”) (Defendant)

Date of the claim: 04/03/2019

Value in dispute: PLN 9,438 thousand

A claim for reimbursement of the amount deducted by MPWiK from a performance bond without any factual and legal basis. On 12/03/2019, the Court issued an order for payment in favour of Mostostal in the writ proceedings. The Defendant lodged an appeal against the aforesaid order for payment. The amount claimed in court is presented by the Company under trade and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

V. Declaration of the Management Board

We hereby declare that, to the best of our knowledge, the annual financial statements and the corresponding figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the financial position of Mostostal Warszawa S.A. and its financial performance.

We declare that the report on activities gives a true view of developments, achievements and position of Mostostal Warszawa S.A., including the description of the major risks and threats.

VI. Choice of the audit firm to audit the separate financial statements of Mostostal Warszawa S.A. for the financial year 2019 on the basis of the Supervisory Board's declaration on their choice

Acting pursuant to § 70 paragraph 1 clause 7 of the Regulation of the Minister of Finance of 29 March 2018 on current and interim reports published by issuers of securities and on conditions for recognition of information required by the non-Member State regulations as equivalent, based on the information received from the Supervisory Board, the Management Board hereby informs that:

1. the audit firm and the members of the audit team have satisfied the conditions for preparing an unbiased and independent audit report on the annual separate financial statements in accordance with applicable regulations, professional standards and professional ethics,
2. the Company complies with the applicable regulations on the mandatory rotation of audit firms and the key statutory auditor as well as mandatory grace periods,
3. the Company has a policy for selection of an audit firm and a policy for providing the issuer by an audit firm, an affiliate of an audit firm, or a member of its network with additional non-audit services, including the services conditionally exempt from the prohibition of provision by an audit firm.

VII. Report on non-financial information

In observance of the requirements laid down in the Accounting Act, the Company presents a separate report of Mostostal Warszawa S.A. on non-financial information for the year 2018. The non-financial report has been prepared in accordance with the international standard for non-financial data reporting - Global Reporting Initiative, CORE application level, GRI Standards. In accordance with Article 49b point 9 of the Accounting Act, the non-financial report is available on the Company's website at www.mostostal.waw.pl.

Warsaw, 16 April 2020

Signatures:

Full name	Title	Signatures
Miguel Angel Heras Llorente	President of the Management Board	
Jorge Calabuig Ferre	Vice-President of the Management Board	
Alvaro Javier de Rojas Rodriguez	Member of the Management Board	
Jacek Szymanek	Member of the Management Board	