



**Condensed interim consolidated financial statements  
of Mostostal Warszawa Group**

**for the period from 01/07/2019 to 30/09/2019**

**Consolidated profit and loss account  
for the period of 9 months from 01/01/2019 to 30/09/2019**

figures in thousands of PLN

No.	CONTINUING OPERATIONS	3 quarters of 2019 from 01/01/2019 to 30/09/2019	Third quarter of 2019 – from 01/07/2019 to 30/09/2019	3 quarters of 2018 from 01/01/2018 to 30/09/2018	Third quarter of 2018 – from 01/07/2018 to 30/09/2018
	<b>Continuing operations</b>				
<b>I</b>	<b>Sales revenue</b>	<b>926 013</b>	<b>331 075</b>	<b>683 170</b>	<b>264 848</b>
	Revenue from construction contracts	917 730	329 042	676 655	262 078
	Revenue from sale of services	7 511	1 718	4 384	1 803
	Revenue from sale of goods and materials	772	315	2 131	967
<b>II</b>	<b>Cost of goods sold</b>	<b>887 863</b>	<b>323 951</b>	<b>653 439</b>	<b>251 100</b>
<b>III</b>	<b>Gross profit (loss) on sales</b>	<b>38 150</b>	<b>7 124</b>	<b>29 731</b>	<b>13 748</b>
IV	Administrative expenses	46 396	15 788	47 611	15 030
V	Other operating revenue	21 100	20 161	3 973	1 589
VI	Other operating expenses	6 226	2 610	2 992	779
<b>VII</b>	<b>Profit (loss) on operating activities</b>	<b>6 628</b>	<b>8 887</b>	<b>-16 899</b>	<b>-472</b>
VIII	Financial revenue	1 657	-3 288	408	8
IX	Financing costs	17 815	10 885	13 479	-1 637
<b>X</b>	<b>Gross profit (loss)</b>	<b>-9 530</b>	<b>-5 286</b>	<b>-29 970</b>	<b>1 173</b>
XI	Income tax	3 225	58	3 074	4 855
	a) current	817	487	876	348
	b) deferred	2 408	-429	2 198	4 507
<b>XII</b>	<b>Net profit (loss) on continuing operations</b>	<b>-12 755</b>	<b>-5 344</b>	<b>-33 044</b>	<b>-3 682</b>
<b>XIII</b>	<b>Discontinued operations</b>				
XIV	Net profit (loss) on discontinued operations	0	0	0	0
<b>XV</b>	<b>Net profit (loss) for the period</b>	<b>-12 755</b>	<b>-5 344</b>	<b>-33 044</b>	<b>-3 682</b>
<b>XVI</b>	<b>Net profit (loss) allocated to shareholders of the Parent Company</b>	<b>-13 717</b>	<b>-5 742</b>	<b>-28 203</b>	<b>-4 604</b>
XVII	Net profit (loss) allocated to non-controlling interests	962	398	-4 841	922
	<b>Net profit (loss) on continued activities</b>	<b>-12 755</b>	<b>-5 344</b>	<b>-33 044</b>	<b>-3 682</b>
	Weighted average number of ordinary shares	20 000 000	20 000 000	20 000 000	20 000 000
	Net profit (loss) per ordinary share (in PLN)	-0,64	-0,27	-1,65	-0,18
	Net diluted profit (loss) per ordinary share (in PLN)	-0,64	-0,27	-1,65	-0,18
	<b>Net profit (loss) for the period</b>	<b>-12 755</b>	<b>-5 344</b>	<b>-33 044</b>	<b>-3 682</b>
	Weighted average number of ordinary shares	20 000 000	20 000 000	20 000 000	20 000 000
	Net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	-0,64	-0,27	-1,65	-0,18
	Diluted net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	-0,64	-0,27	-1,65	-0,18
	<b>Net profit (loss) allocated to shareholders of the Parent Company</b>	<b>-13 717</b>	<b>-5 742</b>	<b>-28 203</b>	<b>-4 604</b>
	Weighted average number of ordinary shares	20 000 000	20 000 000	20 000 000	20 000 000
	Net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	-0,69	-0,29	-1,41	-0,23
	Diluted net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	-0,69	-0,29	-1,41	-0,23

**Consolidated statement of comprehensive income  
for the period of 9 months from 01/01/2019 to 30/09/2019**

figures in thousands of PLN

ITEM	3 quarters of 2019 from 01/01/2019 to 30/09/2019	Third quarter of 2019 – from 01/07/2019 to 30/09/2019	3 quarters of 2018 from 01/01/2018 to 30/09/2018	Third quarter of 2018 – from 01/07/2018 to 30/09/2018
<b>Net profit (loss) on continuing operations</b>	-12 755	-5 344	-33 044	-3 682
Net profit (loss) on discontinued operations	0	0	0	0
<b>Net profit (loss) for the period</b>	-12 755	-5 344	-33 044	-3 682
Exchange differences on translation of a foreign operation	-113	-105	86	51
Change due to revaluation of fixed assets	0	0	0	0
Effective part of profit and loss associated with cash flow hedges	0	0	0	0
Income tax associated with other comprehensive income items	0	0	0	0
other comprehensive income	290	-1	-16	-1
<b>Other total comprehensive income after tax</b>	<b>177</b>	<b>-106</b>	<b>70</b>	<b>50</b>
including items that may be reclassified as profit or loss at a later date	177	-106	70	50
Total comprehensive income from continuing operations	-12 578	-5 450	-32 974	-3 632
Total comprehensive income from discontinued operations	0	0	0	0
<b>Total comprehensive income</b>	<b>-12 578</b>	<b>-5 450</b>	<b>-32 974</b>	<b>-3 632</b>
allocated to the shareholders of the Parent Company	-13 687	-5 848	-28 115	-4 553
allocated to non-controlling shareholders	1 109	398	-4 859	921

## Consolidated statement of financial position as at 30/09/2019

figures in thousands of PLN

No.	ASSETS	30.09.2019	30.06.2019	31.12.2018	30.09.2018
<b>I</b>	<b>Fixed assets (long-term)</b>	<b>106 151</b>	<b>101 728</b>	<b>88 211</b>	<b>115 854</b>
I.1	Intangible assets	2 412	2 572	3 157	2 393
I.2	Tangible fixed assets	63 461	62 119	43 406	67 642
I.3	Long-term deposits due from customers under construction contracts	9 813	7 538	9 078	3 977
I.4	Long-term prepayments for works	0	0	0	205
I.5	Investment property	4 788	4 858	4 996	7 974
I.6	Long-term financial assets	12	12	12	12
I.7	Deferred tax assets	24 276	24 138	26 856	32 820
I.8	Long-term accruals	1 389	491	706	831
<b>II.</b>	<b>Current assets (short-term)</b>	<b>935 084</b>	<b>969 123</b>	<b>959 050</b>	<b>909 016</b>
II.1	Inventory	20 801	17 839	26 811	38 031
II.2	Trade receivables	418 690	418 478	356 359	372 488
II.3	Other receivables	3 963	2 994	6 377	3 823
II.4	Prepayments for construction works	8 219	14 942	8 220	8 784
II.5	Cash and cash equivalents	112 952	88 562	154 513	42 391
II.6	Short-term financial assets	0	0	73	73
II.7	Assets arising from construction contracts	365 772	386 162	379 670	436 091
II.8	Other accruals	4 687	6 226	5 293	7 335
II.9	Assets held for sale	0	33 920	21 734	0
	<b>Total assets</b>	<b>1 041 235</b>	<b>1 070 851</b>	<b>1 047 261</b>	<b>1 024 870</b>
No.	LIABILITIES	30.09.2019	30.06.2019	31.12.2018	30.09.2018
<b>I</b>	<b>Equity allocated to shareholders of the Parent Company</b>	<b>67 139</b>	<b>72 987</b>	<b>80 826</b>	<b>96 775</b>
I.1	Share capital	44 801	44 801	44 801	44 801
I.2	Supplementary / reserve capital	138 497	138 497	139 707	139 707
I.3	Reserve capital from reclassification of loans	201 815	201 815	201 815	201 815
I.4	Exchange differences on translation of foreign operations	-945	-840	-832	-726
I.5	Retained earnings (loss brought forward)	-317 029	-311 286	-304 665	-288 822
	Accumulated profit (loss brought forward)	-303 312	-303 312	-261 890	-260 619
	<b>Profit / loss for the period</b>	<b>-13 717</b>	<b>-7 974</b>	<b>-42 775</b>	<b>-28 203</b>
<b>II.</b>	<b>Equity attributable to non-controlling interests</b>	<b>9 938</b>	<b>9 540</b>	<b>8 829</b>	<b>8 817</b>
<b>III.</b>	<b>Total equity</b>	<b>77 077</b>	<b>82 527</b>	<b>89 655</b>	<b>105 592</b>
<b>IV.</b>	<b>Long-term liabilities</b>	<b>210 707</b>	<b>209 820</b>	<b>296 348</b>	<b>248 587</b>
IV.1	Interest-bearing bank loans and borrowings	125 702	120 965	235 769	188 016
IV.2	Long-term lease liabilities	15 534	16 908	2 324	2 071
IV.3	Long-term deposits due to suppliers under construction contracts	32 624	32 151	39 483	47 081
IV.4	Long term liabilities from advance payments	23 549	23 549	8 202	0
IV.5	Deferred tax liability	17	269	133	20
IV.6	Long-term provisions	13 281	15 978	9 921	11 399
IV.7	Long-term accruals	0	0	516	0
<b>V.</b>	<b>Short-term liabilities</b>	<b>753 451</b>	<b>778 504</b>	<b>661 258</b>	<b>670 691</b>
V.1	Current portion of interest-bearing bank loans and borrowings	148 911	147 171	31 494	83 256
V.2	Short-term lease liabilities	6 864	7 261	2 845	1 817
V.3	Trade liabilities	255 985	271 081	256 989	241 390
V.4	Income tax	31	0	102	568
V.5	Other liabilities	50 113	68 092	74 793	47 092
V.6	Prepayments for construction works	47 395	39 494	32 469	72 114
V.7	Short-term provisions	17 629	16 772	28 571	26 342
V.8	Liabilities arising from construction contracts	34 850	15 635	31 262	16 178
V.9	Other accruals	191 673	200 983	202 733	181 934
V.10	Liabilities associated with assets held for sale	0	12 015	0	0
<b>VI.</b>	<b>Total liabilities</b>	<b>964 158</b>	<b>988 324</b>	<b>957 606</b>	<b>919 278</b>
	<b>Total equity and liabilities</b>	<b>1 041 235</b>	<b>1 070 851</b>	<b>1 047 261</b>	<b>1 024 870</b>

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**Consolidated cash flow statement  
for the period of 9 months from 01/01/2019 to 30/09/2019**

figures in thousands of PLN

No.	ITEM	3 quarters of 2019 from 01/01/2019 to 30/09/2019	Third quarter of 2019 – from 01/07/2019 to 30/09/2019	3 quarters of 2018 from 01/01/2018 to 30/09/2018	Third quarter of 2018 – from 01/07/2018 to 30/09/2018
<b>I</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Gross profit (loss) on continuing operations	-9 530	-5 286	-29 970	1 173
I.1	<b>Gross profit (loss) (allocated to shareholders of the Parent Company and non-controlling interests)</b>	<b>-9 530</b>	<b>-5 286</b>	<b>-29 970</b>	<b>1 173</b>
I.2	<b>Adjustments of items:</b>	<b>-62 371</b>	<b>-8 712</b>	<b>-64 719</b>	<b>-60 424</b>
I.2.1	Depreciation	11 353	3 668	8 330	2 753
I.2.2	Exchange differences	4 372	7 192	4 124	-4 961
I.2.3	Interest and profit sharing	8 247	1 488	5 529	2 110
I.2.4	Profit (loss) from investing activities	-19 663	-19 356	668	676
I.2.5	Increase (decrease) in receivables	-60 651	3 268	2 244	-14 022
I.2.6	Increase (decrease) in inventory	6 011	-2 962	-27 220	-9 330
I.2.7	Increase (decrease) in liabilities, except for loans and borrowings	-2 270	-24 701	25 254	-40 272
I.2.8	Change in assets and liabilities related to construction contracts and accruals	6 004	31 226	-65 854	4 236
I.2.9	Change in provisions	-7 697	-2 091	-17 824	-2 309
I.2.10	Income tax (paid/received)	-798	-320	-1 318	-109
I.2.11	Other	-7 279	-6 124	1 348	804
<b>I</b>	<b>Net cash from operating activities</b>	<b>-71 901</b>	<b>-13 998</b>	<b>-94 689</b>	<b>-59 251</b>
<b>II</b>	<b>Cash flows from investing activities</b>				
II.1	Sale of tangible and intangible assets	45 518	45 471	908	843
II.2	Acquisition of tangible and intangible assets	-7 326	-4 652	-2 420	-610
II.3	Sale of financial assets	0	0	0	0
II.4	Acquisition of financial assets	0	0	-14	0
II.5	Interest received	15	14	41	0
II.6	Repayment of loans granted	0	0	0	0
II.7	Loans granted	0	0	0	0
II.8	Other	0	-112	0	0
<b>II</b>	<b>Net cash from investing activities</b>	<b>38 207</b>	<b>40 721</b>	<b>-1 485</b>	<b>233</b>
<b>III</b>	<b>Cash flows from financing activities</b>				
III.1	Proceeds from issue of shares	0	0	0	0
III.2	Repayment of finance lease liabilities	-2 583	-863	-1 809	-569
III.3	Proceeds from borrowings/loans	4 566	-9 822	57 338	34 487
III.4	Repayment of loans/credits	-9 000	8 593	-12 476	0
III.5	Dividends paid to shareholders of the Parent Company	0	0	-8	-8
III.6	Dividends paid to non-controlling interests	0	0	0	0
III.7	Interest paid	-761	-209	-906	-256
III.8	Other	-89	-32	0	0
<b>III</b>	<b>Net cash from financing activities</b>	<b>-7 867</b>	<b>-2 333</b>	<b>42 139</b>	<b>33 654</b>
<b>IV</b>	<b>Net change in cash and cash equivalents</b>	<b>-41 561</b>	<b>24 390</b>	<b>-54 035</b>	<b>-25 364</b>
<b>V</b>	<b>Cash and equivalents at the beginning of the period</b>	<b>154 513</b>	<b>88 562</b>	<b>96 426</b>	<b>67 755</b>
<b>VI</b>	<b>Cash and equivalents at the end of the period, including:</b>	<b>112 952</b>	<b>112 952</b>	<b>42 391</b>	<b>42 391</b>
	Restricted cash	427	336	3 187	2 893
		0	0	0	0

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

figures in thousands of PLN

3 quarters of 2019 from 01/01/2019 to 30/09/2019	Equity allocated to shareholders of the Parent Company						Equity allocated to non-controlling interests	Total equity
	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Exchange differences on translation of foreign operations	Retained earnings (loss brought forward)	Equity allocated to shareholders of the Parent Company		
As at 01 January 2019	44 801	139 707	201 815	-832	-304 665	80 826	8 829	89 655
Profit (loss) for the period	0	0	0	0	-13 717	-13 717	962	-12 755
Other comprehensive income	0	0	0	-113	143	30	147	177
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-113</b>	<b>-13 574</b>	<b>-13 687</b>	<b>1 109</b>	<b>-12 578</b>
Distribution of previous years' profit	0	-1 210	0	0	1 210	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
<b>As at 30 September 2019</b>	<b>44 801</b>	<b>138 497</b>	<b>201 815</b>	<b>-945</b>	<b>-317 029</b>	<b>67 139</b>	<b>9 938</b>	<b>77 077</b>

figures in thousands of PLN

Third quarter of 2019 from 01/07/2019 to 30/09/2019	Equity allocated to shareholders of the Parent Company						Equity allocated to non-controlling interests	Total equity
	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Exchange differences on translation of foreign operations	Retained earnings (loss brought forward)	Equity allocated to shareholders of the Parent Company		
As at 01 July 2019	44 801	138 497	201 815	-840	-311 286	72 987	9 540	82 527
Profit (loss) for the period	0	0	0	0	-5 742	-5 742	398	-5 344
Other comprehensive income	0	0	0	-105	-1	-106	0	-106
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-105</b>	<b>-5 743</b>	<b>-5 848</b>	<b>398</b>	<b>-5 450</b>
Distribution of previous years' profit	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
<b>As at 30 September 2019</b>	<b>44 801</b>	<b>138 497</b>	<b>201 815</b>	<b>-945</b>	<b>-317 029</b>	<b>67 139</b>	<b>9 938</b>	<b>77 077</b>

figures in thousands of PLN

2018 – period from 01/01/2018 to 31/12/2018	Equity allocated to shareholders of the Parent Company						Equity allocated to non-controlling interests	Total equity
	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Exchange differences on translation of foreign operations	Retained earnings (loss brought forward)	Equity allocated to shareholders of the Parent Company		
As at 01 January 2018	44 801	137 646	201 815	-812	-258 560	124 890	13 676	138 566
Profit (loss) for the period	0	0	0	0	-42 775	-42 775	-3 491	-46 266
Other comprehensive income	0	0	0	-20	-1 269	-1 289	-1 356	-2 645
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-20</b>	<b>-44 044</b>	<b>-44 064</b>	<b>-4 847</b>	<b>-48 911</b>
Distribution of previous years' profit	0	2 061	0	0	-2 061	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
<b>As at 31 December 2018</b>	<b>44 801</b>	<b>139 707</b>	<b>201 815</b>	<b>-832</b>	<b>-304 665</b>	<b>80 826</b>	<b>8 829</b>	<b>89 655</b>

figures in thousands of PLN

3 quarters of 2018 from 01/01/2018 to 30/09/2018	Equity allocated to shareholders of the Parent Company						Equity allocated to non-controlling interests	Total equity
	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Exchange differences on translation of foreign operations	Retained earnings (loss brought forward)	Equity allocated to shareholders of the Parent Company		
As at 01 January 2018	44 801	137 646	201 815	-812	-258 560	124 890	13 676	138 566
Profit (loss) for the period	0	0	0	0	-28 203	-28 203	-4 841	-33 044
Other comprehensive income	0	0	0	86	2	88	-18	70
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86</b>	<b>-28 201</b>	<b>-28 115</b>	<b>-4 859</b>	<b>-32 974</b>
Distribution of previous years' profit	0	2 061	0	0	-2 061	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
<b>As at 30 September 2018</b>	<b>44 801</b>	<b>139 707</b>	<b>201 815</b>	<b>-726</b>	<b>-288 822</b>	<b>96 775</b>	<b>8 817</b>	<b>105 592</b>

## ADDITIONAL NOTES

### 1. General information

The Mostostal Warszawa Group consists of the Parent Company Mostostal Warszawa S.A. and its subsidiaries. For the consolidated profit and loss account, the condensed interim consolidated financial statements of Mostostal Warszawa Group cover the period of 9 months of 2019 and the third quarter of 2019 and comprise corresponding figures for the period of 9 months of 2018 and the third quarter of 2018; for the consolidated cash flow statement, the consolidated financial statements cover the period of 9 months of 2019 and the third quarter of 2019 and comprise the corresponding figures for the period of 9 months of 2018 and the third quarter of 2018; while the consolidated statement of financial position prepared as at 30 September 2019 includes comparative figures as at 30 June 2019, 31 December 2018 and 30 September 2018.

Mostostal Warszawa S.A. i.e. the Parent Company, is a joint stock company incorporated under the laws of Poland, registered with the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under the number 0000008820. The registered office of Mostostal Warszawa S.A. is situated in Warsaw at ul. Konstruktorska 12a. The primary business of the Company includes specialised construction works covered by the Polish Business Classification (PKD) in section 4120Z. The Company's shares are listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) in the construction sector.

The duration of the operation of the Parent Company and companies within the Group is undefined.

The parent company of Mostostal Warszawa S.A. is Acciona Construcción S.A.

The ultimate controlling party is Acciona S.A.

### 2. Composition of the Group

In the third quarter of 2019, the companies of Mostostal Warszawa Group included in the consolidation were:

No.	Company name	Registered office	Primary business	Competent Court	Mostostal Warszawa S.A.'s share of votes at the General Meeting (30/09/2019)	Mostostal Warszawa S.A.'s interest in the Company's share capital (30/09/2019)
1	Mostostal Warszawa S.A. – Parent Company	Warsaw	Civil engineering	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, Reg. No. 0000008820	-	-
2	Mostostal Kielce S.A.	Kielce	Civil engineering	District Court in Kielce, 10th Commercial Division of the National Court Register, Reg. No. 0000037333	100.00%	100.00%
3	AMK Kraków S.A.	Kraków	engineering, design, and project management services in the field of civil engineering and turnkey projects	District Court for Kraków Śródmieście, 11th Commercial Division of the National Court Register, Reg. No. 0000053358	60.00%	60.00%
4	Mieleskie Przedsiębiorstwo Budowlane S.A. in liquidation	Mielec	Construction and civil engineering services	District Court in Rzeszów, 12th Commercial Division of the National Court Register, Reg. No. 0000052878	97.14%	97.14%
5	Mostostal Płock S.A.	Płock	Civil engineering	District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register, Reg. No. 0000053336	53.10%	48.69%
6	Mostostal Power Development Sp. z o.o.	Warsaw	Civil engineering	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, Reg. No. 0000480032	100.00%	100.00%

Subsidiaries include all the economic entities controlled by the Group. The Group exercises control over a company, when the Group is exposed or entitled to variable returns resulting from its involvement in the said company and is capable of influencing these returns through the exercise of control over the Company. Subsidiaries are fully consolidated from the date of transfer of control to the Group. The consolidation ceases from the date of cessation of control.

As at 30/09/2019, Mostostal Warszawa SA held 907,095 ordinary bearer shares and 66,057 registered preference shares (1 share = 5 votes), ensuring a total of 48.69% equity interest and 53.10 % of the total number of votes in Mostostal Płock S.A. Pursuant to Article 4 of the Public Offering Act, the fact that Mostostal Warszawa S.A. holds all the voting rights in the Supervisory Board of Mostostal Płock S.A. (a body authorised to appoint and dismiss members of the management body), and that it exerts impact on the activities of this Company, means that Mostostal Warszawa S.A. is a parent entity in relation to Mostostal Płock S.A., which results in its full consolidation.

The aim of the Management Board of Mostostal Warszawa S.A. is to maintain a strong position among the largest construction companies in the country. In order achieve this objective, the Group takes measures oriented at:

- focusing its activities on the effective organisational structure that guarantees stable financial results and increased margins, which in turn enables further development,
- managing projects while maintaining the highest quality, taking care of safety on construction sites and supporting related initiatives,
- strengthening the role of Mostostal Warszawa SA as the Group's primary management centre and enhancing cooperation within the Group for development of regional centres,
- maintaining a nationwide network of representative offices, capable of providing services in all the segments of civil works, as a general contractor,
- development by the R&B Department of new technologies to improve implementation processes as well as to develop and enhance the engineering ideas, and
- nurturing the achievements of the Polish engineering thought and development of technical knowledge through close cooperation with the research centres and by improving the level of education of future engineers as well as by sharing knowledge and experience gained during over 70 years of its activities.

### Composition of the Management Board and the Supervisory Board of the Parent Company

As at 30/09/2019, the Management Board of Mostostal Warszawa S.A. was composed of:

Miguel Angel Heras Llorente, President of the Management Board  
Jorge Calabuig Ferre, Vice-President of the Management Board  
Alvaro Javier De Rojas Rodríguez, Member of the Management Board  
Jacek Szymanek, Member of the Management Board  
Radosław Gronet, Member of the Management Board

As at 30/09/2019, the Supervisory Board of Mostostal Warszawa S.A. was composed of:

Antonio Muñoz Garrido, Member of the Supervisory Board  
José David Márquez Arcos, Member of the Supervisory Board  
Javier Lapastora Turpín, Member of the Supervisory Board  
Neil Roxburgh Balfour, Member of the Supervisory Board

Ernest Podgórski, Member of the Supervisory Board

Javier Serrada Quiza, Member of the Supervisory Board

### 3. Approval of the Financial Statements

The condensed interim consolidated financial statements for the third quarter of 2019 were approved for publication by the Management Board of the Parent Company on 29 November 2019.

### 4. Significant Accounting Principles

#### 4.1 Basis for preparation of the condensed interim consolidated financial statements

These condensed interim consolidated financial statements have been prepared with the assumption that the Companies of the Group would continue their economic activities within the foreseeable future.

The condensed interim financial consolidated statements have been prepared in accordance with the historical cost principle.

In the period from 01/01/2019 to 30/09/2019, the Group generated gross sales profit of PLN 38,150 thousand and incurred a net loss of PLN 12,755 thousand. The Group's total equity as at 30/09/2019 was positive and amounted to PLN 77,077 thousand. As at the balance sheet date, the Group's short-term liabilities amounted to PLN 753,451 thousand and were higher by PLN 76,835 thousand PLN than current assets less assets, receivables and liabilities arising from construction contracts, which are unlikely to be realized and thus produce a cash inflow to the Parent Company within 12 months from the balance sheet date.

In the third quarter of 2019, the Group financed its operations using mainly its own funds and borrowings granted by the related party - Acciona Construcción S.A. The loan maturity dates fall for the years 2019-2020. In the event that the Parent Company is forced to repay the loans due, temporary difficulties in settlement of the Company's liabilities may occur. As of the date of these financial statements, Mostostal Warszawa S.A. has not received any assurance from the lender that the loans would be rolled over.

In the third quarter of 2019, Mostostal Warszawa S.A. sold a property, and recorded a cash inflow in the net amount of PLN 44,970 thousand. The funds obtained will be allocated to support financing of the Parent Company's operations in the next 12 months.

Based on the analysis of future cash flows, the Parent Company's Management Board estimates that the Group will have sufficient cash to fund its operations in the period of at least 12 months after the balance sheet date. As at 30/09/2019, the value of the backlog of Mostostal Warszawa S.A. and of the Group as a whole amounted to PLN 2,322,224 thousand and PLN 2,568,033 thousand, respectively. At the same time, the Group companies are involved in a number of procurement procedures, which will translate into winning new contracts in the near future, which should also contribute to improved performance and cash flows of Mostostal Warszawa S.A. and Mostostal Warszawa Group.

The above-mentioned events and circumstances indicate the existence of significant uncertainty which may raise serious doubts as to the Parent Company's and the Group's ability to continue as a going concern.

Despite the factors that may pose a threat to the Parent Company's and the Group's ability to continue as a going concern such as: negative financial performance, negative cash flows, and uncertainty regarding the roll-over of short-term loans, the Parent Company's Management Board believes that the liquidity and going concern risks are properly managed. Therefore, according to the Management Board, the going concern assumption for the Parent Company and Mostostal Warszawa Group is justified.

#### 4.2 Compliance statement

These condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting, as approved by the EU.

These condensed interim consolidated financial statements should be read together with the audited consolidated financial statements of the Group for the year ended 31 December 2018 and the related additional information.

Mostostal Warszawa S.A. prepares the separate financial statements in accordance with the International Financial Reporting Standards, as approved by the European Union (IFRS), while the remaining companies of the Group keep their accounts in line with the accounting policy (principles) defined in the Accounting Act of 29 September 1994 (the “Act”) and the regulations issued based thereon (collectively: “Polish Accounting Standards”). The consolidated financial statements contain adjustments not included in the accounts of the Group's companies, added in order to ensure compliance of these entities' financial statements with the IFRSs.

The condensed interim consolidated financial statements of Mostostal Warszawa Group have been neither reviewed nor audited by the statutory auditor.

#### 4.3 Accounting Policies

Detailed accounting policies adopted by the Group were described in the Consolidated Financial Statements of Mostostal Warszawa Group for the year ended 31/12/2018.

The accounting principles (policies) applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of Mostostal Warszawa Group for the year ended 31/12/2018, except for the accounting principles related to entry into force of IFRS 16 as of 01/01/2019, which have been described in Note 4.4.

#### **Standards, amendments, interpretations and clarifications to the standards applied for the first time in 2019**

- IFRS 16 “Leases”
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” - Long-term interests in Associates and Joint Ventures,
- Amendments to IFRS 9 “Financial Instruments” – Prepayment Features with Negative Compensation,
- Amendments to various standards, Improvements to IFRSs (2015-2017 cycle),
- Amendments to IAS 19 “Employee Benefits” – Plan Amendment, Curtailment or Settlement,
- Interpretation of IFRIC 23 “Uncertainty over income tax treatments”

#### **Standards and interpretations that have been approved by IASB, but have not yet been approved by the EU**

IFRSs, as adopted by the EU, do not differ from the regulations adopted by the IASB, except for the following standards, amendments to standards and interpretations, which as at the date of approval of these statements have not yet been approved for use:

- IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 01 January 2021)
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sales or transfers of assets between the investor and the associate or joint venture – the work leading to the approval of these amendments has been postponed indefinitely by the EU – the date of entry into force has been postponed by the IASB for an indefinite period,
- Amendments to IFRS 3 “Business combinations” (effective for annual periods beginning on or after 01 January 2020),
- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of material (effective for annual periods beginning on or after 01 January 2020),
- IFRS 14 “Regulatory Deferral Accounts” – according to the decision of the European Commission, the process of approving the pre-release standard will not be initiated before the release of the final version of the standard (effective for annual periods beginning on or after 01 January 2016),
- Amendments to the Conceptual Framework for IFRS (effective for annual periods beginning on or after 01 January 2020).

The Group does not expect the new standards or amendments to the existing standards to have a significant impact on its statements.

#### 4.4 Amendments to accounting policies and principles for preparation of financial statements

From 01 January 2019, the Group has for the first time applied the standard **IFRS 16 “Leases”**.

The standard establishes the rules for the recognition, measurement, presentation and disclosures relating to the lease. All lease transactions result in obtaining by the lessee of the right to use the assets and liabilities arising from the payment obligation. Therefore, IFRS 16 removes the classification of operating leases and finance leases hitherto regulated by IAS 17 and introduces a single model for the accounting for leases by the lessee. Currently, the lessee is required to recognize:

- (a) assets and liabilities for all leases entered into for a period of over 12 months, except when the asset is of low value; and
- (b) depreciation of leased assets separately from the interest on the lease liability in the profit and loss account.

As a result of the analysis carried out by the Management Board of the Parent Company, as of the date of the first application of IFRS, new significant assets were recognized in the Group's balance sheet that meet the criteria of the new standard. These include:

- right to perpetual usufruct
- the right to use office space (based on a rental agreement),
- the right to use cars.

#### **Method for implementation of the IFRS 16 and the impact on the opening balance**

The Group applied the standard retrospectively with the combined effect of the first application recognized on the first application date. The Group did not restate the corresponding figures, and the total effect of the first

application was recognized as an adjustment to the opening balance of retained earnings on the date of the first application.

As a result of the analysis of lease agreements, the Management Board of the Parent Company determined that the application of the new standard had no impact on the financial results presented so far and there was no need to adjust the opening balance of retained earnings as at 1 January 2019.

The Group decided to take advantage of the exemption regarding short-term leases and leases in which the underlying asset is of low value. In this case, the Group recognizes lease payments as costs under the profit and loss account. The equivalent of USD 5,000 in PLN has been considered as the low value. The recognition exemption for short-term leases has been applied to all types of the right-of-use assets, except for the right to use cars.

With regard to contracts identified as leases prior to the date of first application of IFRS 16 i.e. in accordance with IAS 17, the Group used the practical solution provided for under IFRS 16 and did not reassess whether the contract is a lease. Therefore, IFRS 16 was not applied to contracts that were not identified as leases prior to the date of the first application.

#### First application of IFRS 16

For leases previously classified as operating leases, as at the date of the first application (with the exception of low-value contracts and those maturing within 12 months),

the Group recognized:

- liability measured as the present value of the remaining lease payments, discounted at the marginal interest rate for the Company's leases on the date of the first application;
- right-of-use assets – in the amount equal to the lease liability.

The identified right-of-use assets were assessed for impairment as at the date of the first application and no need to recognize impairment was found.

The following table illustrates the impact of the first application of the IFRS on the individual items of the consolidated statement of financial position:

ASSETS	as at 31/12/2018	adjustments	as at 01/01/2019
<b>Fixed assets (long-term)</b>			
Tangible fixed assets	43,406	19,145	62,551
<b>Current assets (short-term)</b>			
Fixed assets classified as held for sale	21,734	12,531	34,265

EQUITY AND LIABILITIES	as at 31/12/2018	adjustments	as at 01/01/2019
<b>Long-term liabilities</b>			
Long-term lease liabilities	2,324	15,279	17,603
<b>Short-term liabilities</b>			
Short-term lease liabilities	2,845	4,305	7,150
Liabilities associated with assets held for sale	0	12,092	12,092

The weighted average lessee's incremental borrowing rate of interest applied by the Group to its lease liabilities recognized in the consolidated statement of financial position on the date of the first application was 4.02%.

#### Presentation in the Company's financial statements

The Group decided to include the right-of-use assets in the same reporting item under which the assets would be presented if they were owned by the lessee. Therefore, the right-of-use assets were presented in the following items of the consolidated financial statements:

- Tangible fixed assets (rental and lease agreements for office space and cars);
- Fixed assets classified as held for sale (right to perpetual usufruct)
  
- The Group presented its lease liabilities in the following items of the consolidated financial statements:
  - Long-term lease liabilities
  - Short-term lease liabilities
  - Liabilities associated with assets held for sale

#### 4.5 The principles applied to conversion of selected financial data into EUR

The following principles have been adopted for converting the selected financial data concerning the third quarter of 2019 to EUR:

- individual items of the profit and loss account and cash flow account for the third quarter of 2019 were converted at the PLN/EUR rate of 4.3086, which is the arithmetical mean of the rates announced by the National Bank of Poland for the last days of January, February, March, April, May, June, July, August and September of 2019.
- individual items of assets and liabilities in the statement of financial position were converted at the PLN/EUR rate of 4.3736 applicable as at 30/09/2019.

#### 4.6 Currency of the financial statements

The condensed interim consolidated financial statements for the third quarter of 2019 have been presented in Polish zlotys, and all the values stated – unless indicated otherwise – are rounded off to full thousands of zlotys.

#### 4.7 Long-term construction contracts

Selected consolidated data – Profit and Loss Account:

Item	01/01/2019- 31/09/2019	01/07/2019 – 30/09/2019	01/01/2018- 31/09/2018	01/07/2018- 31/09/2018
Revenue from construction contracts	917,730	329,042	676,655	262,078
Cost of construction works	865,497	316,009	636,493	245,539
Result on ongoing construction contracts	52,233	13,033	40,162	16,539

Revenue from construction contracts is adjusted for the damages and penalties paid, while the costs of constructions works are reduced by the damages and penalties received.

The costs of construction works include the costs of provisions created for the anticipated losses on contracts disclosed in section 10 of these condensed interim consolidated financial statements.

**Revenue from construction contracts in progress**

ITEM	30/09/2019	30/06/2019	31/12/2018	30/09/2018
Estimated incremental revenue from construction contracts in progress	3,760,855	3,730,168	3,271,725	4,982,187
Incrementally invoiced sales of construction contracts in progress	3,595,225	3,520,451	3,085,504	4,696,723
Assets and liabilities arising from construction contracts in progress (on balance)	<b>165,630</b>	<b>209,717</b>	<b>186,221</b>	<b>285,464</b>
Prepayments received on construction contracts in progress	70,944	68,900	40,671	72,114
<b>Net balance sheet position for construction contracts in progress</b>	<b>94,686</b>	<b>140,817</b>	<b>145,550</b>	<b>213,350</b>
<b>Reconciliation with the items from the statement of financial position:</b>				
Assets and liabilities arising from construction contracts in progress (on balance)	165,630	209,716	186,221	285,464
Assets arising from construction contracts for completed contracts	165,292	160,811	162,187	134,449
<b>Assets and liabilities arising from construction contracts (on balance)</b>	<b>330,922</b>	<b>370,527</b>	<b>348,408</b>	<b>419,913</b>

While implementing the construction contracts, especially in the years 2010-2012, circumstances have arisen for which the Parent Company has not been responsible. These circumstances resulted in losses (damages, increased amounts of unplanned expenditures etc.) that have not been caused by the Company. These circumstances included in particular the following:

- broadened scope of works in relation to the design (tender) conditions communicated to the Company by the customers,
- unexpected and extraordinary increase in the prices of construction materials (including crude oil derivatives and other materials), transport, equipment rental and construction services,
- the need for longer performance of contracts, and accordingly, to incur higher costs *inter alia* as a result of Company's lack of access to the site due to adverse weather conditions, defects in the design documentation supplied by the customer.

In the Parent Company's opinion, these circumstances resulted in changes to contracts with ordering parties (customers) in accordance with contractual provisions and general legal grounds, and the rights to which it is entitled as a result of the changes to those contracts exist and are enforceable (claims submitted to customers). As a consequence, the Company (in accordance with the provisions of IFRS 15):

- estimated the change in the transaction price resulting from the contract modification, taking into account all the information (historical, current, forecasts, legal opinions and expert reports) that were reasonably available,
- included in the transaction price some of the amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In connection with the foregoing, as at 30/09/2019, the Parent Company recognized assets arising from construction contracts for completed contracts due to amendments of contracts with employers (customers) in the amount of PLN 165,292 thousand and compared to the preceding year, their value increased by the amount of

PLN 4,481 thousand corresponding to the claims recognized on the Contract for Conversion of a Military Building in Redzikowo and was adjusted for the reversed provisions for completed contracts.

The aforementioned circumstances and modifications of contracts with ordering parties (customers) did not affect the amount of recognized revenue from construction contracts in the third quarter of 2019.

In its separate statement of financial position, the Parent Company shows overdue trade receivables in the amount of PLN 207,561 thousand, for which no revaluation write-offs have been recognized, and the assets arising from construction contracts in the amount of PLN 165,292 thousand, associated with the completed contracts, which are subject to the court proceedings. The value of accruals due to unbilled construction works under these contracts is PLN 48,200 thousand. The Management Board expects that within 12 months from the date of the report, some of these proceedings, given their progress, may be settled in favour of Mostostal Warszawa, which will result in settlement of receivables under the contracts in the amount of PLN 21.128 thousand, assets under the contracts in the amount of PLN 62,733 thousand and accruals in the amount of PLN 17,677 thousand.

**Selected figures from the consolidated statement of financial position:**

<b>ASSETS</b>	<b>30/09/2019</b>	<b>30/06/2019</b>	<b>31/12/2018</b>	<b>30/09/2018</b>
Amounts due from customers under construction contracts (long-term contracts)	418,690	418,478	356,359	372,488
Long-term deposits due from customers under construction contracts	9,813	7,538	9,078	15,645
Advances for the construction works (long- and short-term)	8,219	14,942	8,220	3,977
Assets arising from construction contracts	365,772	386,162	379,670	8,989

<b>LIABILITIES</b>	<b>30/09/2019</b>	<b>30/06/2019</b>	<b>31/12/2018</b>	<b>30/09/2018</b>
Amounts due to suppliers under construction contracts (long-term contracts)	255,985	271,081	256,989	241,390
Long-term deposits due to suppliers under construction contracts	32,624	32,151	39,483	53,759
Advances for the construction works (long- and short-term)	70,944	63,043	40,671	47,081
Provisions for expected losses	9,354	10,825	12,236	72,114
Liabilities arising from construction contracts	34,850	15,635	31,262	8,519

**5. Significant changes in estimates**

Preparation of financial statements in accordance with the EU's IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of the adopted accounting principles and the presented values of assets, liabilities, income and expenses, whose actual values may differ from the estimates. Estimates and related assumptions are based on historical experience and other factors that are considered reasonable in given circumstances, and their results provide the basis for professional judgement. When making judgements, estimates or assumptions regarding major issues, the Management Board may rely on the opinions of

independent experts. Estimates and related assumptions are subject to ongoing verification. Changes in accounting estimates are recognized prospectively from the period in which changes to the estimates took place.

Recognition of sales on construction contracts constitutes an essential estimate. The Group companies recognize revenue from construction contracts based on inputs measured by reference to the share of costs incurred between the day the contract has been entered into and the day of determining revenue in relation to the total costs of performance. Total revenue from long-term construction contracts denominated in a foreign currency is determined based on the invoices issued by the balance sheet date and the exchange rates applicable as at the balance sheet date. Budgets of individual contracts are subject to a formal update (revision) process based on the current information, at least once a quarter. In the event of any occurrences between official budget revisions that significantly affect the outcome of the contract, the total contract revenue or costs can be updated earlier.

Information about the created and reversed write-downs is presented in Note 9 of the consolidated report.

Information on the provisions created and reversed in the reporting period is presented in Note 10 of this report.

The deferred tax assets decreased over the reporting period by PLN 138 thousand and as at 30/09/2019 amounted to PLN 24,276 thousand. The Group recognizes deferred tax assets based on the assumption that future taxable income will allow for its use. Deterioration of tax results in the future could cause the whole or a part of the deferred tax assets not to be realized.

The Management Board of the Parent Company has carried out a deferred tax asset recoverability test as at the balance sheet date based on the projections that have been prepared taking into account the planned involvement in the power engineering and infrastructure sectors. The test demonstrates the realization of a deferred tax asset in the amount of PLN 24,276 thousand. In the opinion of the Parent Company's Management Board, the realisation of the deferred tax assets due to tax losses will be possible in the years 2019-2022.

## 6. Seasonal or cyclical nature of the Group's activities in the third quarter of 2019

The activities of the Mostostal Warszawa Group depend on weather conditions. The Group is significantly less active in winter than during other seasons. The atmospheric conditions in the third quarter of 2019 had no significant effect on the Group's operations and the results it achieved.

## 7. Amounts and types of items affecting the assets, liabilities, equity, net financial result or cash flows, which are exceptional due to their type, value or frequency

In the third quarter of 2019, the following events had impact on the profit or loss:

- sale of the real estate at ul. Krakowiaków, as a result of which the Parent Company recognized the profit of PLN 19,180
- weakening of the Polish currency against euro compared to the situation as at 30/06/2019, as a result of which the Parent Company recognized foreign exchange losses from the balance sheet valuation of loans in the amount of PLN 7,192 thousand

## 8. Impairment of inventory to net realizable value and reversal of the respective allowances

In the third quarter of 2019, the impairment loss on inventory in the amount of PLN 964 thousand was created and the impairment loss in the amount of PLN 291 thousand in this respect was reversed.

## 9. Impairment of financial assets, tangible assets, intangible assets, or other assets, and the reversed impairment losses

In the third quarter of 2019, the write-downs on the amounts receivable of PLN 100 thousand were reversed, the write-downs in the amount of PLN 518 thousand in this respect were recognized, and the write-downs of PLN 923 thousand were used.

## 10. Creation, increase, use and reversal of provisions

Item	Reserve for anniversary awards and retirement bonuses	Provisions for expected losses on contracts	Provision for warranty repairs	Provision for litigation	Other reserves	Total
As at 01/01/2019	5,257	12,236	15,156	5,273	570	<b>38,492</b>
created during the period	253	2,521	3,590	2,558	352	<b>9,274</b>
Used	-240	-5,321	-2,615	-4,452	-216	<b>-12,844</b>
Reversed	-389	-82	-3,418	0	-123	<b>-4,012</b>
<b>As at 30/09/2019</b>	<b>4,881</b>	<b>9,354</b>	<b>12,713</b>	<b>3,379</b>	<b>583</b>	<b>30,910</b>
Long-term as at 30/09/2019	2,266	1,970	9,045	0	0	<b>13,281</b>
Short-term as at 30/09/2019	2,615	7,384	3,668	3,379	583	<b>17,629</b>

## 11. Significant acquisitions and disposals of tangible fixed assets

On 06 September 2019, Mostostal Warszawa S.A. and a company from the data centre industry entered into the agreement for sale of the property located at ul. Krakowiaków 91/101. As a result of the agreement, the Parent Company will raise the net amount of PLN 44,970 thousand in cash. The decision to sell this non-strategic property was aimed at increasing the Parent Company's liquidity and reducing its liabilities to creditors.

## 12. Significant liabilities related to purchase of tangible fixed assets.

In the third quarter of 2019, there were no significant liabilities arising from the purchase of property, plant and equipment.

## 13. Significant litigation settlements

In the third quarter of 2019, there were no significant litigation settlements.

## 14. Corrections of prior period errors

In the reporting period, there were no corrections of errors from previous periods.

## 15. Issue, redemption and repayment of debt and equity securities

Mostostal Warszawa S.A. and the companies of the Group did not issue any shares in the third quarter of 2019. No debt or equity securities were repaid.

On July 2, 2019, Acciona Construcción SA announced a public tender offer for Mostostal Warszawa's shares. The public tender offer was announced in connection with the planned acquisition by Acciona Construcción S.A. of the Parent Company's shares accounting for 100% of the total number of votes at the Parent Company's general meeting.

As a result of the Public Tender Offer, Acciona acquired 2,407,655 (two million four hundred and seven thousand six hundred and fifty-five) shares accounting for 12.04% of the total number of shares in Mostostal Warszawa S.A.

## 16. Dividends paid (declared) by the Issuer

Mostostal Warszawa S.A. did not pay any dividends in the third quarter of 2019.

## 17. Changes in the major corporate governance principles of the Parent Company and the Group Companies included in the consolidation

In the reporting period there were no significant changes to the governance principles of the Parent Company and the Group.

## 18. Events that occurred after the balance sheet date as at which the condensed interim consolidated financial statements were prepared and which may have a significant impact on future results.

On 04 October 2019, Mostostal Warszawa S.A. 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 value of the contract is PLN 199,900 thousand. The time limit for completion of the project is 33 months from the date of the contract.

On 15 October 2019, Mostostal Warszawa S.A. 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 Parent Company for the period from 08 October 2019 to 07 October 2020.

On 17 October 2019, Mostostal Warszawa S.A. – 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

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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 Parent Company will publish the information on conclusion of an annex to the Agreement in a separate current report.

On 18 October 2019, Mostostal Warszawa S.A. received information about a lawsuit dated 28 December 2018, filed against the Parent 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 Parent 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. Mostostal Warszawa S.A. has taken steps to challenge the claims referred to in the lawsuit.

19. Changes in collaterals of commercial contracts and in contingent liabilities, which occurred after the last balance sheet date.

19.1 Contingent liabilities

Item	30/09/2019	31/12/2018
1. Lubelskie Region Oncology Centre – claims in respect of a penalty for withdrawal from the contract, reduction of remuneration, additional and safety works (description in Note 20.1 item 1)	27,072	27,072
2. Gamma Inwestycje Sp. z o.o. – claim for a contractual penalty related to the construction of the housing estate ‘Zielona Italia’ (description in Note 20.1 item 2)	15,784	15,784
3. Energa Kogeneracja S.A. – construction of a power unit in Elbląg – claim for reduction of remuneration and a contractual penalty for non-compliance with the parameters (description in Note 20.1 item 3)	114,386	114,386
4. University of Białystok – Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre in Białystok – claim for a contractual penalty (description in Note 20.1 item 4)	66,718	66,718
5. Agencja Rozwoju Miasta S.A. – construction of the Czyżyny Sports and Entertainment Arena in Kraków – claim for a contractual penalty (description in Note 20.1 item 5)	20,822	20,822
6. Biomatec Sp. z o.o. – claim for remuneration (description in Note 20.1 item 6)	22,876	22,876
7. Cestar A.Cebula J.Starski sj – claim for remuneration (description in Note 20.1 item 7)	12,689	12,689
8. – University of Białystok – claim for a contractual penalty (description in Note 20.1 item 10)	204,967	204,967
9. Municipality of Olsztyn – claims for liquidated damages and reimbursement of substitute performance costs (Description in Note 20.1 item 11)	0	13,560
10. Other	22,029	22,029
<b>Total</b>	<b>507,343</b>	<b>520,903</b>

Contingent liabilities as at 30/09/2019 amounted to PLN 507,343 thousand and decreased by PLN 13,560 thousand, compared to the previous year’s balance sheet date.

## 19.2 Collaterals of commercial contracts

<b>Collaterals granted</b>	<b>30/09/2019</b>	<b>31/12/2018</b>
Promissory notes issued to secure trade agreements	87,256	99,307
Guarantees to secure trade agreements	778,902	587,362
Mortgages	46,100	46,100
Other sureties	28,828	28,828
<b>Total collaterals granted</b>	<b>941,086</b>	<b>761,597</b>

As at 30/09/2019, the collaterals granted to secure trade agreements amounted to PLN 941,086 thousand, which means an increase by PLN 179,489 thousand, as compared to the previous year's balance sheet date.

<b>Collaterals received</b>	<b>30/09/2019</b>	<b>31/12/2018</b>
Guarantees received	87,147	132,170
Bills of exchange received	3,218	3,528
<b>Total collaterals obtained</b>	<b>90,365</b>	<b>135,698</b>

As at 30/09/2019, the collaterals received to secure trade agreements amounted to PLN 90,365 thousand, which means a decrease by PLN 45,333 thousand as compared to the previous year's balance sheet date.

Collaterals of trade agreements to secure repayment of promissory notes, bank guarantees, performance bonds and other are related to long-term construction contracts. The collaterals granted and received pertain also to contracts performed under consortium arrangements.

The Group has no liabilities related to the requirement to purchase fixed assets.

## 20. Legal proceedings pending before a court, authority competent for the arbitrage proceedings or a public administration body

During the reporting period, the Group Companies participated in the proceedings concerning claims with a total value of PLN 1.153.577 thousand and in the proceedings concerning liabilities with a total value of PLN 790,777 thousand.

### 20.1 Proceedings with the highest value in dispute (Group Companies as a Defendant)

#### 1. 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 03 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.– Partner, and 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.

2. Gamma Inwestycje Sp. z o.o. (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 contractual penalties 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 measurement. The dispute on the lack of grounds to charge the Company with the contractual penalties is currently examined by the Court.

3. 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 from Mostostal Warszawa S.A. in connection with the construction of the BB20 biomass unit in Elbląg. The Claimant's claims are based on the allegations 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. After the analysis of 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 they have 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.

4. 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 the regarding the "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 in the framework of the negotiations held, the proceedings were initiated pursuant to a court decision of 10/10/2019.

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

Date of the claim: 22/07/2016

Value in dispute: PLN 20,822 thousand

The Claimant demands that Mostostal Warszawa S.A. 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 has brought a counter-claim 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 is to be prepared.

6. 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. (in addition to Mostostal, the other defendant is the investor: 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. The conclusions of both opinions are unfavourable for the Defendant; therefore; Mostostal Warszawa SA raised extensive objections regarding the opinions.

7. 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 payment from Mostostal Warszawa S.A. for the works 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, issued 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.

8. Rafako S.A. (Claimant)

Date of the claim: 31/03/2017

Value in dispute: PLN 16,157 thousand

Rafako S.A. demands payment from Mostostal Warszawa S.A. 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 of the claim, 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.

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

Date of the claim: 09/10/2014

Value in dispute: PLN 10,810 thousand

The Claimant demands Mostostal Warszawa S.A. 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 will be prepared in the case.

10. 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 claims, Mostostal Warszawa S.A. disputes the legitimacy of the claims made by the Claimant in its entirety. The statement of defence was filed by Mostostal Warszawa S.A. 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 in the framework of the negotiations held, the proceedings were initiated pursuant to a court decision of 11/09/2019.

11. 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 Mostostal Warszawa S.A., the Defendant filed a counter-claim for the amount of PLN 211,839 thousand. The counter claim was served upon Mostostal Warszawa 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 Warszawa that effectively withdrew from the contract. The statement of defence was filed on 25/02/2019. Evidentiary proceedings in the case are pending.

12. 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.

The time limit for submitting the statement of defence the lawsuit is 09/11/2019.

13. Sarens Polska Sp. z o.o. (Claimant)

Date of the claim: 31/08/2017

Value in dispute: PLN 23,625 thousand

Sarens Polska Sp. z o.o. (Claimant) brought a lawsuit against Mostostal Power Development Sp. z o.o. (Defendant) for payment of remuneration for the works performed and for reimbursement of the amount paid out under the performance bond provided by the Claimant. The Defendant considers the claim to be unfounded, since the

remuneration claimed has been partially offset with a contractual penalty due to the Defendant. The amount paid out under the performance bond provided by the Claimant has been credited against the contractual penalty due to the Defendant.

### **20.2.1 Proceedings with the highest value in dispute (Group Companies as a Claimant)**

1. 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 appeal of the Claimants, 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.

2. 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.

3. Gamma Inwestycje Sp. z o.o. (successor in title of Zielona Italia Sp. z o.o.) (Defendant, Employer)

Date of the Claim: 29/03/2013

Value in dispute: PLN 15,785 thousand

The case brought by Mostostal Warszawa S.A. 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 amount claimed in court is presented by the Group under trade receivables and other receivables in the group of overdue receivables, for which no revaluation write-offs have been recognized.

4. 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.

5. 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

Mostostal Warszawa S.A. 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, set off 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. The appeal hearing was held on 29 June 2018. At the hearing, apart from admitting the pleadings submitted by Mostostal, the Court set a 3-month time limit for amicable settlement of the dispute by the parties and obliged the legal representatives to notify the parties of the results of these negotiations. Further actions in the

case will be taken at a closed session, after receiving information on the outcome of settlement negotiations. The parties' amicable negotiations commenced on 27 June 2018. A part of the amount claimed in court is presented by the Group under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

6. 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

Mostostal Warszawa S.A. 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.

7. 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 Mostostal Warszawa S.A. 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.

8. Gamma Inwestycje Sp. z o.o. (formerly Zielona Italia Sp. z o.o.) (Defendant)

Date of the Claim: 09/05/2013

Value in dispute: PLN 52,344 thousand

Mostostal Warszawa SA 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. A part of the amount claimed in court is presented by the Group under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

9. Municipality of Wrocław (Defendant)

Date of the Claim: 13/11/2012

Value in dispute: PLN 82,061 thousand

The case instituted by the Consortium of Mostostal Warszawa S.A., ACCIONA CONSTRUCCIÓN S.A., WPBP nr 2 “Wrobis” S.A. and Marek Izmajłowicz PH-U IWA (Claimant) for payment of PLN 82,061,000. Originally, the case concerned establishing non-existence of Wrocław Municipality's right to demand payment under the bank guarantee – performance bond. The claims included in the lawsuit have been modified and include the demand for payment of PLN 82,061,000 as the final settlement of the project in connection with the withdrawal from the Contract No. 7/2009/NFM of 22 December 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 Izmajłowicz - 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 will be further examined by the same Court of Arbitration, in accordance with the position of Mostostal Warszawa S.A. A part of the amount claimed in court is presented under assets arising from construction contracts.

10. Lubelskie Region Oncology Centre (Defendant)

Date of the Claim: 03/10/2014

Value in dispute: PLN 27,072 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 counter-claim 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 Group under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

11. 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 Group under trade receivables 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 in the framework of the negotiations held, the proceedings were initiated pursuant to a court decision of 10/10/2019.

12. 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. A part of the amount claimed in court is presented by the Group under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

13. Gamma Inwestycje Sp. z o.o. (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.

14. 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. Mostostal Warszawa 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. Currently, we are awaiting the appointment of the pre-trial date by the Supreme Court. The amount claimed in court is presented by the Group under trade receivables and other receivables in the group of overdue receivables, for which no revaluation write-offs have been recognized.

15. 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.

16. 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

Mostostal Warszawa S.A. and a Consortium member brought a lawsuit to the Regional Court in Warsaw against the Defendant for payment to the Claimants of 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 by the Defendant to the Claimant of the costs of works on the extension of the S-7 road on the Kielce beltway section, contract No. 210 / RK / 110/2009/2010 from 01/09/2010 for the execution of 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.

17. 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 payment 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. requested 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.

18. 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. is seeking from the Defendant the payment of 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 Defendant's statement of

defence was filed on 24 May 2018. The amount claimed in court is presented by the Group under trade receivables and other receivables in the group of overdue receivables, for which no revaluation write-offs have been recognized.

19. 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 claim, 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.

20. 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 receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

21. 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 – without any factual and legal basis – from a performance bond. On 12/03/2019, the Court issued an order for payment in favour of Mostostal Warszawa 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 receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

Some of the claims brought in the aforesaid cases were recognized by the Company in the budgets of contracts and accounted as previous years' revenue. Details are described in Note 4 of the Additional information and

explanatory notes to the condensed interim consolidated financial statements for the period from 01/07/2019 to 30/09/2019.

## 21. Loans and borrowings incurred and terminated in the third quarter of 2019

In the reporting period, the companies of Mostostal Warszawa Group used the loans and borrowings, the total value of which as at 30/09/2019 amounted to PLN 274,613 thousand.

The balance of loans payable as of 30/09/2019 amounted to PLN 261,086 thousand (the balance of loans payable as of 30/06/2019 amounted to PLN 251,368 thousand). The higher balance of loans results mainly from the interest accrued as at the balance sheet date and the negative balance sheet valuation of loans.

Interest-bearing long-term bank loans and borrowings as of 30/09/2019:

Name of the Bank / Lender	Amount of loan / borrowing	Amount used in thousands of PLN	Terms of interest	Due date
Acciona Construcción S.A.	14,399 thousand EUR	125,702	WIBOR 1Y + margin	30/11/2020
Acciona Construcción S.A.	13,475 thousand EUR		WIBOR 1Y + margin	30/11/2020
	<b>TOTAL</b>	<b>125,702</b>		

Current interest-bearing bank loans and borrowings as at 30/09/2019:

Name of the Bank / Lender	Amount of loan / borrowing	Amount used in thousands of PLN	Terms of interest	Due date
Acciona Construcción S.A.	3,051 thousand EUR	135,384	WIBOR 1Y + margin	21/11/2019
Acciona Construcción S.A.	7,135 thousand EUR		WIBOR 1Y + margin	10/01/2020
Acciona Construcción S.A.	12,390 thousand EUR		WIBOR 1Y + margin	30/04/2020
Acciona Construcción S.A.	7,432 thousand EUR		WIBOR 1Y + margin	30/04/2020
Societe Generale S.A. Branch in Poland	PLN 10,000 thousand	0	WIBOR 1M + bank's margin	30/06/2020
Bank PeKaO S.A.	PLN 10,000 thousand	9,937	WIBOR 1M + bank's margin	30/06/2020
Credit Agricole	PLN 5,000 thousand	3,590	WIBOR 1M + bank's margin	16/01/2020
Bank Pekao S.A.	PLN 1,000 thousand	0	WIBOR 1M + bank's margin	31/12/2019
	<b>TOTAL</b>	<b>148,911</b>		

In the third quarter of 2019, no loan agreement was terminated.

## 22. Related party transactions

Total consolidated sales revenue and turnover within the Group in the third quarter of 2019

Group Companies	Total net sales revenue	Sales within the Group	Consolidated net sales revenue
Parent Company	769,869	1,604	768,265
Other Companies	235,889	78,141	157,748
<b>TOTAL</b>	<b>1,005,758</b>	<b>79,745</b>	<b>926,013</b>

The total net sales revenue of the companies included in the consolidation, using the complete method, for the 3rd quarter of 2019, amounted to 1.005.758 thousand. Turnover within the Group amounted to PLN 79,745 thousand i.e. 8 % of the total net sales revenue without consolidation exclusions.

All the related party transactions in the third quarter of 2019 were typical and routine transactions, and were entered into on arm's length basis.

The following table shows the total amounts of transactions entered into by the Group companies with related parties:

Other related parties of the Group		Sales to related parties by the Group companies	Purchases by related parties from the Group companies	Receivables from related parties	Liabilities towards related parties, excluding loans
Acciona Construcción S.A. Branch in Poland	<b>30/09/2019</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>4,187</b>
	31/12/2018	34	0	0	4,323
	30/09/2018	25	0	0	4,344
Acciona Construcción S.A.	<b>30/09/2019</b>	<b>0</b>	<b>7,913</b>	<b>184</b>	<b>21,044</b>
	31/12/2018	0	8,602	184	22,605
	30/09/2018	0	8,581	184	22,605
Acciona Nieruchomości Wilanów Sp. z o.o.	<b>30/09/2019</b>	<b>22,922</b>	<b>70</b>	<b>3,969</b>	<b>8</b>
	31/12/2018	17,452	346	2,394	15
	30/09/2018	14,208	291	16	8
Acciona Facility Services Poland Sp. z o.o.	<b>30/09/2019</b>	<b>119</b>	<b>0</b>	<b>131</b>	<b>0</b>
	31/12/2018	170	0	209	0
	30/09/2018	123	0	151	0
<b>TOTAL</b>	<b>30/09/2019</b>	<b>23,064</b>	<b>7,983</b>	<b>4,284</b>	<b>25,239</b>
	<b>31/12/2018</b>	<b>17,656</b>	<b>8,948</b>	<b>2,787</b>	<b>26,943</b>
	<b>30/09/2018</b>	<b>14,356</b>	<b>8,872</b>	<b>351</b>	<b>26,957</b>

As at 30/09/2019, Mostostal Warszawa recognized liabilities arising from the loans from Acciona Construcción S.A. with its registered office in Madrid in the amount of PLN 261,086 thousand (as at 31/12/2018, the value of loans was PLN 249,288 thousand).

As at 30/09/2019, Mostostal Warszawa received bank or insurance guarantees under the guarantee limits of Acciona Construcción S.A. in the total amount of PLN 419,954 thousand (cf. 322,231 thousand as at 31/12/2018).

As at 30/09/2019, the interest on the loans received from Acciona Construcción S.A. amounted to PLN 7,426 thousand (cf. PLN 4,665 thousand as at 30/09/2018).

Mostostal Warszawa S.A. is a party to contracts and mutual settlements (as listed in the table above) for the companies: Acciona Construcción S.A. Branch in Poland, Acciona Construcción S.A., Acciona Nieruchomości Wilanów and Acciona Facility Services Poland Sp. z o.o.

### 23. Reporting by market segment

Mostostal Warszawa Group is organised and managed by segment, as appropriate for the types of products offered. The Group settles transactions between segments in such a way as if they were associated with unrelated entities using current market prices.

The tables below present data from the consolidated profit and loss account for the Group's individual reporting segments for the 9-month period ended on 30/09/2019.

The segments of continuing operations are as follows:

1. The industrial and power engineering segment, which includes activities related to construction of industrial and power engineering facilities (Mostostal Warszawa S.A., Mostostal Kielce S.A., AMK Kraków S.A., Mostostal Płock S.A., Mostostal Power Development Sp. z o.o.).
2. The infrastructural segment, which includes activities related to construction of roads and bridges (Mostostal Warszawa S.A., Mostostal Kielce S.A., AMK Kraków S.A., Mostostal Płock S.A.).
3. The general construction segment, which includes activities related to construction of residential and non-residential buildings and public utilities (Mostostal Warszawa S.A., MPB Mielec S.A.).

Unallocated revenue and costs are related to other manufacturing and service activities as well as administrative costs.

Starting from 2019, the Parent Company's Management Board decided to change the presentation of the financial performance by segments, separating two segments "Industry and Energy" and "Infrastructure" from the "Engineering and Industrial" segment. This is dictated by the development of the Parent Company in both areas.

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**Consolidate profit and loss account for individual operating segments:**

9-month period ended 30 September 2019	Industry and power engineering	Infrastructure	General civil engineering	Revenue, unallocated costs and consolidation adjustments	TOTAL
<b>Sales revenue</b>					
Sales to external customers	275,081	175,901	468,845	6,186	926,013
Sales between segments	0	0	0	0	0
<b>Total revenue from segment</b>	<b>275,081</b>	<b>175,901</b>	<b>468,845</b>	<b>6,186</b>	<b>926,013</b>
<b>profit or loss</b>					
Profit (loss) of the segment (taking into account other operating revenue and costs)	38,398	6,706	-273	8,193	53,024
Unallocated costs (administrative expenses)	0	0	0	46,396	46,396
<b>Profit (loss) from operations</b>	<b>38,398</b>	<b>6,706</b>	<b>-273</b>	<b>-38.203</b>	<b>6,628</b>
Financial revenue	1,487	225	5	-60	1,657
Financing costs	4,327	81	336	13,071	17,815
<b>Gross profit (loss)</b>	<b>35,558</b>	<b>6,850</b>	<b>-604</b>	<b>-51.334</b>	<b>-9.530</b>
Income tax	0	0	0	3,225	3,225
<b>Net profit (loss) from continuing operations</b>	<b>35,558</b>	<b>6,850</b>	<b>-604</b>	<b>-54.559</b>	<b>-12.755</b>
<b>Net profit (loss) for the period</b>	<b>35,558</b>	<b>6,850</b>	<b>-604</b>	<b>-54.559</b>	<b>-12.755</b>
Net profit (loss) allocated to shareholders of the Parent Company	35,558	6,850	-604	-55.521	-13.717
Net profit (loss) allocated to non-controlling interests				962	962

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9-month period ended 30 September 2018	Industry and power engineering	Infrastructure	General civil engineering	Revenue, unallocated costs and consolidation adjustments	TOTAL
<b>Sales revenue</b>					
Sales to external customers	283,695	90,574	299,559	9,342	683,170
Sales between segments	0	0	0	0	0
<b>Total revenue from segment</b>	<b>283,695</b>	<b>90,574</b>	<b>299,559</b>	<b>9,342</b>	<b>683,170</b>
<b>profit or loss</b>					
Profit (loss) of the segment (taking into account other operating revenue and costs)	37,207	89	1,286	-7,870	30,712
Unallocated costs (administrative expenses)	0	0	0	47,611	47,611
<b>Profit (loss) from operations</b>	<b>37,207</b>	<b>89</b>	<b>1,286</b>	<b>-55,481</b>	<b>-16,899</b>
Financial revenue	0	22	1	385	408
Financing costs	1,052	343	59	12,025	13,479
<b>Gross profit (loss)</b>	<b>36,155</b>	<b>-232</b>	<b>1,228</b>	<b>-67,121</b>	<b>-29,970</b>
Income tax	0	0	0	3,074	3,074
<b>Net profit (loss) from continuing operations</b>	<b>36,155</b>	<b>-232</b>	<b>1,228</b>	<b>-70,195</b>	<b>-33,044</b>
<b>Net profit (loss) for the period</b>	<b>36,155</b>	<b>-232</b>	<b>1,228</b>	<b>-70,195</b>	<b>-33,044</b>
Net profit (loss) allocated to shareholders of the Parent Company	36,155	-232	1,228	-65,354	-28,203
Net profit (loss) allocated to non-controlling interests				-4,841	-4,841

The Management Board of the Parent Company, which is responsible for operational decisions, does not conduct a review of segment assets and liabilities, due to transfers of assets between segments.

Revenue and costs are allocated to the individual segments on the basis of the implemented projects. Assets are analysed at the level of the entire Group. Gross profit (loss) on sales adjusted for other operating revenue and costs constitutes a key indicator of segment result.

The companies of Mostostal Warszawa Group operate on domestic and foreign markets.

The export sales revenue amounted to PLN 6,110 thousand, accounting for 0.7 % of the total sales revenue, and were attributable to prefabricated elements manufactured for the construction of a bridge in Denmark.

## 24. Financial instruments – Fair values

The table shows the comparison between carrying amounts and fair values of all financial instruments used by Mostostal Warszawa Group. The condensed interim consolidated financial statements include the figures restated to fair value (as shown below).

FINANCIAL ASSETS	Carrying amount		Fair value	
	30/09/2019	30/06/2019	30/09/2019	30/06/2019
Financial assets				
<b>Loans granted and receivables</b>				
- Long-term deposits due from customers under construction contracts*	9,813	7,538	*	*
- Trade receivables *	418,690	418,478	*	*
- Cash and cash equivalents	112,952	88,562	112,952	88,562
- Assets arising from construction contracts *	365,772	386,162	*	*

\* Fair value cannot be determined

FINANCIAL LIABILITIES	Carrying amount		Fair value	
	30/09/2019	30/06/2019	30/09/2019	30/06/2019
Financial liabilities				
<b>Liabilities (measured at amortised cost)</b>				
- Long-term deposits withheld from suppliers under construction contracts *	32,624	32,151	*	*
- Trade liabilities and other liabilities *	306,098	339,173	*	*
<b>Other financial liabilities (measured at amortised cost)</b>				
- Interest-bearing bank loans and borrowings *	125,702	120,965	*	*
- Current interest-bearing bank loans and borrowings	148,911	147,171	*	*
- Short-term and long-term liabilities from leasing agreements *	22,398	24,169	*	*

\* Fair value cannot be determined

As at 30/09/2019 and as at 30/06/2019, Mostostal Warszawa Group had no financial instruments used for hedge accounting.

**Other information**

to the condensed interim consolidated financial statements  
for the period from 01/07/2019 to 30/09/2019

## 1. Selected financial data

WYBRANE DANE FINANSOWE	w tys. zł		w tys. EUR	
	2019 okres od 01.01.2019 do 30.09.2019	2018 okres od 01.01.2018 do 30.09.2018	2019 okres od 01.01.2019 do 30.09.2019	2018 okres od 01.01.2018 do 30.09.2018
Przychody ze sprzedaży	926 013	683 170	214 922	160 614
Zysk (strata) brutto ze sprzedaży	38 150	29 731	8 854	6 990
Zysk (strata) z działalności operacyjnej	6 628	-16 899	1 538	-3 973
Zysk (strata) brutto	-9 530	-29 970	-2 212	-7 046
Zysk (strata) netto z działalności kontynuowanej	-12 755	-33 044	-2 960	-7 769
Zysk (strata) netto z działalności zaniechanej	0	0	0	0
Zysk (strata) netto	-12 755	-33 044	-2 960	-7 769
przypisany akcjonariuszom Spółki Dominującej	-13 717	-28 203	-3 184	-6 631
przypisany akcjonariuszom niekontrolującym	962	-4 841	223	-1 138
Środki pieniężne netto z działalności operacyjnej	-71 901	-94 689	-16 688	-22 261
Środki pieniężne netto z działalności inwestycyjnej	38 207	-1 485	8 868	-349
Środki pieniężne netto z działalności finansowej	-7 867	42 139	-1 826	9 907
Środki pieniężne na koniec okresu	112 952	42 391	25 826	9 858
	<b>30.09.2019</b>	<b>31.12.2018</b>	<b>30.09.2019</b>	<b>31.12.2018</b>
Aktywa razem	1 041 235	1 047 261	238 073	243 549
Zobowiązania długoterminowe	210 707	296 348	48 177	68 918
Zobowiązania krótkoterminowe	753 451	661 258	172 272	153 781
Zobowiązania razem	964 158	957 606	220 450	222 699
Kapitał własny (przypisany akcjonariuszom Spółki Dominującej)	67 139	80 826	15 351	18 797
Kapitał własny ogółem	77 077	89 655	17 623	20 850
Kapitał podstawowy	44 801	44 801	10 244	10 419
Liczba akcji w szt.	20 000 000	20 000 000	20 000 000	20 000 000
	<b>30.09.2019</b>	<b>30.09.2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
Zysk (strata) netto przypisany akcjonariuszom Spółki Dominującej	-13 717	-28 203	-3 184	-6 631
Średnia ważona liczba akcji zwykłych	20 000 000	20 000 000	20 000 000	20 000 000
Zysk (strata) netto na jedną akcję zwykłą przypisany akcjonariuszom Spółki Dominującej (w zł / EUR)	-0,69	-1,41	-0,16	-0,33
Rozwodniony zysk (strata) netto na jedną akcję zwykłą przypisany akcjonariuszom Spółki Dominującej (w zł / EUR)	-0,69	-1,41	-0,16	-0,33

2. Significant achievements and setbacks as well as major events in the third quarter of 2019;  
assessment of financial resources management

The consolidated sales revenue in the third quarter of 2019 amounted to PLN 331,075 thousand and increased by PLN 66,227 thousand, as compared to the third quarter of 2018. Gross profit on sales amounted to PLN 7,124 thousand (gross profit on sales in the same period of 2018 amounted to PLN 13,748 thousand). In the third quarter of 2019, the

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Group incurred a net loss of PLN 5,344 thousand (in the third quarter of 2018, the net loss amounted to PLN 3,682 thousand). The Group'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.

Short-term trade receivables as at 30/09/2019 amounted to PLN 418,690 thousand and compared to figures as at 30/06/2019 declined by PLN 212 thousand.

Assets arising from construction contracts as at 30/09/2019 amounted to PLN 365,772 thousand and were lower by PLN 20,390 thousand as compared to the value as at 30/06/2019.

Cash as at 30/09/2019 amounted to PLN 112,952 thousand and increased by PLN 24,390 thousand, as compared to the figures as at 30/06/2019. In the third quarter of 2019, the Group was using overdraft facilities and short-term and long-term loans, the value of which as at 30/09/2019 amounted to PLN 274,613 thousand and compared to the figures as at 30/06/2019 decreased by PLN 6,477 thousand.

Long-term liabilities in the third quarter of 2019 remained at the same level as at the end of 30/06/2019. Short-term trade liabilities as at 30/09/2019 amounted to PLN 255,985 thousand and compared to the figures as at 30/06/2019 were lower by PLN 15,096 thousand.

During the reporting period i.e. from 01/07/2019 to 30/09/2019, the following events significant for the Mostostal Warszawa Group took place:

On 02 July 2019, Mostostal Warszawa S.A. 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 03 July 2019, the Management Board of Mostostal Płock S.A. informed that the Company had received a signed Agreement with KT - Kinetics Technology S.p.A. regarding final mutual settlements between the parties and determining the final value of the Contract. The net value of the Contract is: PLN 28,150 thousand (the previous value was PLN 20,850 thousand).

On 22 July 2019, the Management Board of Mostostal Płock S.A. informed that the Company and NAFTOREMONT - NAFTOBUDOWA Sp. z o.o. with its registered office in Płock entered into the Contract Agreement for the comprehensive assembly of a 100,000 m<sup>3</sup> tank at the Oil Terminal in Gdańsk under the project carried out by PERN S.A. Time limit for completion: 30/05/2020 The net value of the contract is PLN 15,250 thousand. Warranty period: 61 months, no later than 16/11/2025.

On August 9, Mostostal Warszawa S.A. 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". Contract value: net amount of PLN 609,000 thousand and an option for the construction of the engine room and electrical building. Time limit for completion: 33 months.

On September 3, Mostostal Warszawa S.A. 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 value of the contract is PLN 36,290 thousand. Time limit for completion: 19 months.

Given the fulfilment of the conditions provided for in the letter of intent regarding the Company's intention to sell the property located at ul. Krakowiaków 91/101, on 06 September 2019, Mostostal and a company from the data centre industry entered into the agreement for sale of the property. As a result of the agreement, Mostostal Warszawa S.A. will raise the net amount of PLN 44.970 thousand. The decision to sell this non-strategic property was aimed at increasing the Parent Company's liquidity and reducing its liabilities to creditors.

On 24 September 2019, Mostostal Warszawa S.A. 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. Contract value: net PLN 38,970 thousand. Time limit for completion: 17.5 months.

### 3. Description of factors and events, particularly of extraordinary nature, which affect the financial results achieved

In the third quarter of 2019, the following events had impact on the profit or loss:

- sale of the real estate at ul. Krakowiaków, as a result of which Mostostal Warszawa S.A. recognized the profit of PLN 19,180
- weakening of the Polish currency against euro compared to the situation as at 30/06/2019, as a result of which the Parent Company recognized foreign exchange losses from the balance sheet valuation of loans from Acciona Construcción S.A. in the amount of PLN 7,192 thousand

### 4. Market position of the Group

In the third quarter of 2019, the companies of Mostostal Warszawa Group included in the consolidation were:

- Parent Company: Mostostal Warszawa S.A.
- Subsidiaries: Mostostal Kielce S.A., AMK Kraków S.A., Mostostal Płock S.A., MPB Mielec S.A., Mostostal Power Development Sp. z o.o.

Mostostal Warszawa S.A. is a company of Acciona S.A. Group based in Madrid.

Acciona Construcción S.A. holds 62.13 % of shares in Mostostal Warszawa S.A. as at 30/09/2019.

### 5. Financial performance forecasts

Mostostal Warszawa Group did not publish financial forecasts for 2019.

## 6. The main shareholders in the Parent Company Mostostal Warszawa S.A.

List of shareholders with at least 5% of votes at the General Meeting of Shareholders of Mostostal Warszawa S.A. as at 30/09/2019:

Entity	Number of shares	Number of votes	% of capital	% of votes
Acciona Construcción SA	12,426,388	12,426,388	62.13%	62.13%
Otwarty Fundusz Emerytalny PZU Złota Jesień (pension fund)	3,666,000	3,666,000	18.33%	18.33%

## 7. Mostostal Warszawa S.A. shares held by members of the management and supervisory bodies and changes in the shareholdings.

In the period from 24/09/2019 i.e. from the publication of the financial statements for the first half of 2019 until 29/11/2019, there were no changes in Mostostal Warszawa S.A. shares held by members of the management and supervisory bodies.

## 8. Legal proceedings pending before a court, authority competent for the arbitration proceedings or a public administration body

During the reporting period, the Group Companies participated in the proceedings concerning claims with a total value of PLN 1.153.577 thousand and in the proceedings concerning liabilities with a total value of PLN 790,777 thousand. Information on significant proceedings is presented in Note 20 of the Additional information and explanatory notes to the condensed interim consolidated financial statements for the period from 01/01/2019 to 30/09/2019.

## 9. Related party transactions

Presentation of total consolidated sales revenue and turnover within the Group for the third quarter of 2019

Group Companies	Total net sales revenue	Sales within the Group	Consolidated net sales revenue
Parent Company	769,869	1,604	768,265
Other Companies	235,889	78,141	157,748
<b>TOTAL</b>	<b>1,005,758</b>	<b>79,745</b>	<b>926,013</b>

The total net sales revenue of the companies included in the consolidation, using the complete method, for the 3rd quarter of 2019, amounted to 1.005.758 thousand. Turnover within the Group amounted to PLN 79,745 thousand i.e. 8 % of the total net sales revenue without consolidation exclusions.

All the related party transactions in the third quarter of 2019 were typical and routine transactions, and were entered into on arm's length basis.

Information on transactions with related parties is presented in Note 22 of the Additional explanatory notes to the condensed interim consolidated financial statements for the period from 01/01/2019 to 30/09/2019.

## 10. Information on the sureties for loans or guarantees granted

In the third quarter of 2019, the Group Companies granted no sureties for credits and loans or guarantees, which would total to at least 10 % of the equity of Mostostal Warszawa S.A.

## 11. Other information vital for assessing the Group's situation

It is the opinion of the Management Board of the Parent Company that there is no other information vital for assessing the Group's situation, except from those specified in the notes to the condensed consolidated financial statements for the period from 01/07/2019 to 30/09/2019 and other sections of the additional information to the condensed consolidated financial statements for the period from 01/07/2019 to 30/09/2019.

## 12. Factors to affect the results achieved in the perspective of at least the next quarter

Factors which may affect the Group's results achieved in the next quarter are:

- the risk of change in the prices of construction materials and subcontractors' services,
- the risk of foreign exchange fluctuations affecting the valuation of liabilities under the loans,
- stiff competition on the construction/assembly service market,