Polimex Mostostal S.A.'s position in connection with calling the Consortium to pay liquidated damages for a delay in the execution of the investment of the construction of a combined cycle steam and coal unit at the Azoty Group in Puławy

10/23/2024



On Friday, October 18, 2024, Polimex Mostostal S.A. received a call for the payment of liquidated damages for the delay in the execution of the investment of the construction of a combined cycle steam and coal unit at the Azoty Zakłady Azotowe "Puławy" S.A Group.

The project is being implemented by a Consortium composed of: Polimex Mostostal S.A. (as Consortium leader), Polimex Energetyka sp. z o.o. and SBB ENERGY S.A. The Supplier of the technological part in the scope of the OP-350 pulverized coal-fired boiler is Fabryka Kotłów Sefako S.A..

Construction of the coal unit began in 2019 and coincided with the difficult period of the COVID 19 pandemic, the outbreak of war in Ukraine and elevated inflation. Despite the above circumstances, a use permit was obtained for the investment being executed in May 2023.

The BW100 unit is designed as a highly flexible unit with the ability to adapt smoothly to both the thermal and electrical power demands. The requirements set by the contracting authority for optimal efficiency in various configurations of unit operation posed a significant technical challenge.

Due to the project getting prolonged, in March 2024, a request was made to the Employer for mediation proceedings before the Attorney General's Office. No formal mediation process had begun until the receipt of the liquidated damages notice in question.

After receiving the call from the Employer, the Board of Directors of Polimex Mostostal S.A. has taken measures primarily to safeguard the Company's interests.

"*Regardless of the circumstances, we look forward to a quick return to negotiations with the Board of Directors of the Azoty Zakłady Azotowe "Puławy" S.A. Group and talks regarding a mutually satisfactory solution.*" - **Jakub Stypuła Acting President of the Board of Directors of Polimex Mostostal S.A. said.**

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