

Current report no. 20/2017

Date prepared: 23.02.2017

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: The conclusion of a material agreement

Legal basis: Article 17(1) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

The Management Board of Polimex-Mostostal S.A. having its registered address in Warsaw (hereinafter referred to as the "**Company**") informs that it has become aware that yesterday Polimex Energetyka Sp. z o.o. (the Company's subsidiary) (hereinafter referred to as the "**Contractor**") and Rafako S.A. having its registered office in Racibórz (hereinafter referred to as the "**Employer**") concluded an agreement the subject matter of which is the construction, delivery and assembly of a steel supporting structure for the ducts and reactor and the structure of ducts and reactor for an SCR installation, units no. 9 and 10, on the premises of ENEA Wytwarzanie S.A. (hereinafter referred to as the "**Agreement**").

Pursuant to the Agreement, the Contractor has undertaken to comply with the provisions of the agreement concluded on 30 September 2016 between ENEA Wytwarzanie Sp. z o.o. having its registered office in Świerze Górne and the Employer.

The Agreement Price for the execution of the subject of the Agreement will be determined after completion as the quotient of the respective unit rates specified in the Agreement and the actual burdens. The unit rates remain fixed and constant during the execution of the Agreement and are not subject to change due to inflation or other reasons. The estimate remuneration of the Contractor for the execution of the subject of the Agreement has been set at the amount of PLN 57,302,500 zlotys net. The remuneration will be paid in instalments in accordance with the schedule.

Pursuant to the Agreement, the Contractor has undertaken to execute the subject of the Agreement in the scope of delivery by 25.06.2018 and in the scope of assembly by 01.07.2018.

Pursuant to the Agreement, the Contractor grants the Employer a guarantee for a period of 60 months. The guarantee period for a given part of the subject of the Agreement starts on the day when the Employer and the Investor have signed an acceptance report for each installation separately, but not later than up to 6 months more for each of the specified periods. The Contractor grants the Employer a warranty for the subject of the Agreement for a period starting on the day when risk is transferred on the Employer and ending on the day when the guarantee period ends.

The Contract provides for contractual penalties, including but not limited to penalties for: (i) delay in the submission of the documentation required under the contract in the amount of 0.5% of the value of the contractual remuneration for each day of delay, (ii) delay in the execution of the contract in the amount of 0.5% of the value of the contractual remuneration for each day of delay, (iii) delay in the rectification of defects in the subject of the contract or no reaction to a complaint or a warranty claim in the amount of 0.5% of the value of contractual remuneration for each day of delay; (iv) delay on the part of the Contractor in providing a financial guarantee or any of the required insurance policy copies in the amount of 0.1% of the value of the contractual remuneration for each day of delay. The total limit of all contractual penalties may not exceed 30% of the net price of the Agreement.

The maximum liability of the Parties resulting from a failure to perform or improper performance of the Agreement in question shall not be higher than 100% of the Agreement Price. The limitation does not apply to intentional damage or damage resulting from a gross negligence, as well as to the Contractor's liability arising from Articles 435 and 436 of the Civil Code. In case the value of damage exceeds the value of contractual penalties charged therefor as a result of a failure to perform or improper performance of the subject of the Contract, as well as in other cases a failure to perform or improper performance of the subject of the Contract, the Parties to the Agreement have the right to claim supplementary damages on the general terms resulting from the Civil Code, or the Parties will jointly determine the value of damages to which a given party is entitled.

In order to secure the claims of the Employer against the Contractor arising in connection with the execution of the Agreement, the Contractor shall be required to provide the Employer with: (i) a bank or insurance financial guarantee in the amount of 10% of the gross contractual remuneration – for the period of Contract execution,

and (ii) a bank or insurance financial guarantee in the amount of 5% of the contractual remuneration – for the guarantee and warranty validity period.

The provisions concerning the suspension or termination of the Agreement, or withdrawal therefrom, are included in the General Terms of Purchase available on <http://www.rafako.com.pl/kontakt/dla-dostawcow.s>