

Current report No 2/2019

Date of issue: 16th January 2019

Issuer short name: POLIMEX-MOSTOSTAL

Subject: Conclusion of a significant 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

With reference to the current report no 54/2018 of 17th December 2018, the Management Board of "Polimex-Mostostal" S.A. with the registered office in Warsaw (the "**Company**") informs about the conclusion of the agreement between PERN S.A. with the registered office in Płock (the "**Ordering Party**") and Naftoremont-Naftobudowa sp. z o.o. with the registered office in Płock as the leader of the consortium ("**NN**") and Agat S.A. with the registered office in Koluszki as the consortium partner (jointly referred to as the "**Contractor**"). The agreement has been signed today for the realization of the following project: "Stage 2 of the Implementation of the Oil Terminal in Gdańsk for PERN S.A. with the Registered Office in Płock" (the "**Contract**").

The net value of the Contract for the execution of all obligations arising from the Contract has a flat rate of PLN 326,89 mln ("**Contract Value**"). The remuneration will be payable after the Ordering Party accepts the completion of the stages of the Contract implementation. The Contractor may claim a single advance payment to the maximum amount of 20% of the gross Contract Value. NN will receive 69,3% of the Contract Value.

The Contractor has committed to finalizing the execution of the Contract in the timeframe of 21 months from the date of the signature of the agreement.

The Contract provides for the contractual penalties, amongst others: (i) failure by the Contractor to comply with the deadlines for the milestones outlined in the Contract will result in a penalty of 0,02% of the Contract Value for each day of delay, (ii) failure by the Contractor to comply with the deadline for the finalization of the Contract will result in a penalty of 0,05% of the Contract Value for each day of delay, (iii) failure by the Contractor to comply with the deadlines other than milestones will result in a penalty of PLN 500,00 for each day of delay, (iv) failure to comply with the deadline for initiating the defect removal will result in a penalty of 0,002% of the Contract Value for each day of delay. The maximum total amount of contractual penalties outlined in points (i)-(iv) may not exceed 10% of the Contract Value. The maximum total amount of contractual penalties for all breaches of agreement indicated in the Contract (with the exception of the penalty for the withdrawal from the agreement) may not exceed 20% of the Contract Value. The Ordering Party has the right to claim additional compensation transferring the stipulated contractual penalties to the maximum amount of 100% of the Contract Value.

The liability of the parties is subject to general principles. Additionally, the Contractor will relieve the Ordering Party from any liability towards third parties, including subcontractors, that may result from injury or damage or overdue payments arising from or in connection with the execution of the Contract.

The Contractor is obliged to secure the funds for the execution of the Contract in the amount of 10% of the Contract Value in the form of bank or insurance guarantees or by the transfer of funds to the bank account of the Ordering Party. In addition, the Contractor is obliged to secure the return of the advance payment in the form of a bank or insurance guarantee in the amount of the advance payment.

The Contractor's liability period for the quality assurance and warranty in the event of defects to the subject of the Contract is 60 months from the date of the signature of a relevant receipt protocol or final acceptance protocol, depending on the object of warranty.

The Ordering Party has a right to withdraw from the Contract if the Contractor performs the execution of the Contract in a manner that is grossly negligent and results in the delivery of a defective product or is contrary to the Contract. As a consequence of the withdrawal, the Ordering Party may request the payment of a contractual penalty in the amount of 30% of the Contract Value. The Contractor has the right to withdraw from the Contract in the event of payment delays or if the works are suspended at the request of the Ordering Party for a period exceeding 90 days.

The remaining provisions of the Contract are standard for agreements of this kind.

Furthermore, a consortium agreement has been concluded between Naftoremont-Naftobudowa sp. z o.o. with the registered office in Płock and Agat S.A. with the registered office in Koluszki. The agreement stipulates the terms and conditions of cooperation between the parties in the execution of the Contract.