

Current report No 21/2019

Date of issue: 16 July 2019

Issuer short name: POLIMEX MOSTOSTAL

Subject: Conclusion of a significant agreement by a subsidiary of the Issuer

Legal basis: Article 17(1) of the Market Abuse Regulation (MAR) – confidential information

Content of the report:

With reference to the current report No 19/2019 of 8 July 2019, the Management Board of Polimex Mostostal S.A. with the registered office in Warsaw (the “Issuer”) informs about the conclusion of the agreement for the construction works in the formula of the general contractor (the “Agreement”) between PERN S.A. with the registered office in Płock (the “Ordering Party”) and the consortium consisting of the following companies: Naftoremont-Naftobudowa sp. z o.o. with the registered office in Płock (“NN”) – the subsidiary of the Issuer – and “AGAT” S.A. with the registered office in Koluszki (“AGAT”) (NN and AGAT jointly referred to as the “Consortium”). The subject of the Agreement is the construction of the storage tank for petroleum products class 3 with the capacity of 32,000 m<sup>3</sup> and the accompanying infrastructure including a waiting point for the tanks awaiting loading at the Fuel Depot No 1 in Koluszki” (the “Assignment”).

The remuneration of the Consortium for the performance of the Assignment is flat-rate and amounts to a total of PLN 50,975,000.00 net, of which PLN 25,727,684.00 net is the share of NN. The remuneration is payable in instalments on a stage-by-stage basis. Pursuant to the Agreement, the Consortium is obliged to finalize the Assignment by 31 May 2020. As per the Agreement, the Contractor will provide the Ordering Party with a guarantee for the period of 12 to 72 months, depending on the object of the guarantee. Notwithstanding the guarantees granted, the Ordering Party is entitled to a warranty for physical defects of the subject of the Agreement for a period of 5 years from the date of the finalization of the handover protocol.

In order to cover any potential claims from the Ordering Party, the Consortium will provide security for the proper performance of the Agreement in the form of bank or insurance guarantees or by the transfer of funds to the bank account of the Ordering Party in the amount of 10% of the net remuneration. The security will be valid for the period of up to 60 days from the date of the conclusion of the post-guarantee protocol by the Consortium with the Ordering Party.

The Agreement stipulates contractual penalties against non-performance or improper performance of the Agreement, inter alia, in the following cases and amounts: (i) delays in the finalization of the Assignment due to reasons attributable to the Consortium will result in a penalty of 0,2% of the net remuneration of the Consortium for each day of delay, (ii) delays in the finalization of each stage due to reasons attributable to the Consortium will result in a penalty of 0,2% of the net remuneration for the stage for each day of delay, (iii) delays in removing the defects due to reasons attributable to the Consortium will result in a penalty of 0,1% of the net remuneration of the Consortium for each day of delay, (iv) the withdrawal from the Agreement by the Consortium or the Ordering Party will result in a penalty of 10% of the net remuneration. As a rule, the maximum total amount of contractual penalties

may not exceed 35% of the remuneration of the Consortium. In addition, the Ordering Party may claim additional compensation on general terms.

The Consortium may withdraw from the Agreement in cases stipulated by the Civil Code. The Ordering Party may withdraw from the Agreement, in whole or in part, on grounds relating to the Consortium, in particular when: (i) delays in the works on part of the Consortium exceeded 30 business days, (ii) the Consortium concluded an agreement with a subcontractor without the consent of the Ordering Party, (iii) the Consortium is in serious violation of the Agreement and did not remove the effects of the breach on time.

The remaining provisions of the Agreement, particularly in relation to the subcontractors, insurance, obligations of parties and the copyright, do not deviate significantly from standard provisions contained in this type of contracts.