

Current report No 32/2019

Date of issue: 21 November 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 28/2019 of 22 October 2019, the Management Board of Polimex Mostostal S.A. with the registered office in Warsaw (the “Issuer”) informs about the conclusion of an agreement (the “Agreement”) between PERN S.A. with the registered office in Płock (the “Ordering Party”) and the consortium comprising of the following companies: Naftoremont-Naftobudowa Sp. z o.o. with the registered office in Płock (“NN”) (the consortium leader and the subsidiary of the Issuer) and AGAT S.A. with the registered office in Koluszki (the consortium partner) (jointly referred to as the “Consortium”). The subject of the Agreement is the construction of the 2x10.000 m³ storage tanks for petroleum products class 3 with the accompanying infrastructure at the Fuel Depot 5 in Emilianów and the construction of a 32,000 m³ storage tank for petroleum products class 3 with the accompanying infrastructure at the Fuel Depot 22 in Małaszewicze” (the “Assignments”).

The remuneration for the performance of the Assignments is flat rate and amounts to PLN 107 million net in total, of which 51% is the share of NN. The remuneration will payable in instalments after completion of subsequent stages of the Assignments, as outlined in the Agreement. The Agreement provides for the possibility to reimburse the Contractor with an advance payment in the maximum amount of 20% of the remuneration, on condition that the Contractor submits an appropriate security for the advance payment issued by an insurance company or a bank. Pursuant to the Agreement, the Contractor is obliged to perform the Assignments within 60 weeks from the date of entering into the construction site. The deadline for the completion of the Assignments has been initially set to January 2020.

In order to cover any potential claims from the Ordering Party, the Contractor will provide security for the proper performance of the Agreement in the amount of 10% of the remuneration in cash or in the form of bank or insurance guarantees. Within 30 days from the date of the signature of the final acceptance protocol the Contractor will be entitled to reduce the security by 50% or provide the Ordering Party with a separate security in the equivalent amount for the duration of the guarantee, as well as obtain a 100% refund on the guarantee of due performance.

The Agreement provides for contractual penalties, however the total amount of contractual penalties in case of a failure by the Contractor to meet the deadline for the implementation of the Assignments will not exceed 10% of the remuneration and the total amount of penalties will not exceed 20% of the remuneration. The above restrictions on contractual penalties do not apply in case of a violation of the Agreement as a result of gross negligence or bad faith on part of the Contractor. The maximum liability of the Contractor due to non-performance or inadequate performance of the Agreement is limited to 100% of the remuneration and, with the exception of cases outlined in detail in the Agreement, it does not include lost profits.

Pursuant to the Agreement, the Contractor will provide the Ordering Party with a guarantee for the subject of the Agreement for the period of 60 months from the date of the signature of the final acceptance protocol. The Contractor has separately granted the Ordering Party with the warranty for defects. The warranty period for defects corresponds with the warranty period.

The Parties provided for a contractual entitlement to withdraw from the Agreement.