

Current report No 36/2019

Date of issue: 16/12/2019

Issuer short name: POLIMEX MOSTOSTAL

Subject: Conclusion of a significant agreement by the Issuer

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

Content of the report:

The Management Board of Polimex Mostostal S.A. with the registered office in Warsaw (the "Company") informs about the conclusion of an agreement (the "Agreement") with Fabryka Kotłów SEFAKO S.A. with the registered office in Sędziszów (the "Contractor"). The subject of the Agreement is the preparation by the Contractor of a basic design and the implementation documentation, the prefabrication and delivery of a complete boiler together with the accessories and protections, as well as the delivery of the construction and electrical component of the boiler and the measurement, control equipment and automatic devices parts for the purpose of the "Construction of a coal-fired power unit in Puławy". The scope of service also includes the supervision over the assembly and start-up of the boiler, audit supervision and training.

The Contractor is obliged to execute the subject of the Agreement in accordance with the adopted timeline, with the last delivery scheduled for 10 October 2021 and the delivery of the as-built documentation by 15 December 2022.

The remuneration of the Contractor for the performance of the subject of the Agreement is flat-rate and has been set at PLN 179.900.000,00 net. The remuneration will be payable to the Contractor in instalments, conditional upon the completion of the subsequent stages of the subject of the Agreement. The Agreement provides for the advance payment made to the Contractor in the amount of 9% of the remuneration. The advanced payment will be deducted from the amounts of instalments paid for the completion of each subsequent stage of the subject of the Agreement.

The Contractor will be obliged to pay contractual penalties to the Company under the circumstances outlined in the Agreement. The total amount of contractual penalties for all titles mentioned in the Agreement will not exceed 30% of the remuneration. Under the Agreement, the Contractor's total liability for damages is limited to the amount of 100% of the remuneration, excluding lost profits, losses and damage that may be incurred by the Company in connection with the Agreement and resulting from the intentional activity of the Contractor.

In order to cover any potential claims from the Company for the non-performance or improper performance of the Agreement by the Contractor, the Agreement stipulates the provision of a security for the due performance of the Agreement in the amount of 10% of the net remuneration.

The Contractor will grant the Company with a basic guarantee for the subject of the Agreement for the period of 24 months and an additional guarantee for the period of 60 months, depending on the scope of the specified elements of the subject of the Agreement.

In certain defined cases, the Agreement provides for the possibility of withdrawal from the Agreement by the Company or by the Contractor.