

Current report No 28/2020

Date of issue: 15/05/2020

Issuer short name: POLIMEX MOSTOSTAL

Subject: Conclusion of a loan agreement

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 that on 15 May 2020 the Company, acting as the borrower, and the Bank of China (Luxembourg) S.A. represented by the Bank of China (Luxembourg) S.A., branch in Poland (the “Bank”), acting as the creditor, concluded a loan agreement (the “Agreement”).

Pursuant to the Agreement, the Bank granted the Company with a non-renewable loan in the amount of PLN 80,762,500. The provision of the loan by the Bank is conditional upon the fulfilment of terms outlined in the Agreement including, in particular, the submission by the Company of the documents regarding collateral securing the Bank’s receivables arising from the Agreement.

The Agreement has been secured through the following: (i) a transfer of Company's receivables to Enea Wytwarzanie Sp. z o.o. (the “Ordering Party”) related to the return of a guarantee for the proper performance of contract submitted in cash for the duration of the warranty period on the contract (the “Kozienice Deposit”). The Company informed about the conclusion of the contract in the current report No 80/2012 of 21 September 2012 (the “Kozienice Contract”), (ii) a deposit in the amount of 10% of the loan granted under the Agreement, and (iii) the Company’s statement on voluntary submission to enforcement.

The final repayment date of the loan under the Agreement has been set at 15 February 2021 and it correlates with the contractual maturity of the Kozienice Deposit, which will be used to repay the loan granted under the provisions of the Agreement. As a result, in financial terms the Agreement enables the Company to obtain access to the funds equivalent to the Kozienice Deposit earlier, which in accordance with the provisions of the Kozienice Contract will be released by the Ordering Party after the finalization of the warranty period.

The funds from the loan granted under the Agreement can be used by the Company to finance its ongoing operations. The loan interest rate for each interest period is the interest rate on an annual basis and it is the sum of the applicable margin and the base rate (according to the Warsaw Interbank Offered Rate).

The Agreement is compliant with the international standard applied in these types of transactions. The Company has assumed a standard scope of obligations, in essence equivalent to the requirements on the financing documentation already binding the Company, including the obligation by the Company to inform the Bank about the publication of financial statements and other significant events, in particular regarding the implementation of the Kozienice Contract. The Agreement stipulates, inter alia, the restrictions on changes to the scope of business activity, trading in key assets and collateral, as well as dividend payments, granting loans to entities external to the Company's capital group or the obligation to maintain positive equity.

In case of identified violations of the Agreement, the Bank is eligible to execute its standard rights, including the right to terminate the Agreement or to suspend financing of unused funds.