

Current report No 37/2020

Date of issue: 19/06/2020

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 Mitsubishi Hitachi Power Systems Ltd. with the registered office in Yokohama in Japan (the "Contractor"). The subject of the Agreement is the implementation and delivery of a complete exhaust outlet system for the purposes of the "Construction of a Coal-Fired Power Unit in Puławy" along with the accompanying services, namely the supervision over the assembly and commissioning of the system, preparation of as-built documentation and provision of training. The subject of the Agreement does not cover the assembly of the system. Pursuant to the Agreement, the signature of the protocol of acceptance of the exhaust outlet system for operation is scheduled to take place on 31 October 2022.

The Contractor's remuneration for the performance of the subject of the Agreement is flat-rate and has been set at PLN 22,600,000.00 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 stipulates the provision to the Contractor of an advance payment in the amount of 5% of the remuneration.

The Contractor will be obliged to pay contractual penalties to the Company under the circumstances outlined in the Agreement. The total amount of penalties will not exceed 30% of the net remuneration. The total liability for damages of each party arising from the Agreement and related to its performance is limited to the amount of 100% of the gross remuneration.

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 25 months and an extended guarantee for the period of 61 months in 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.