

Current report No 9/2020

Date of issue: 13/02/2020

Issuer short name: POLIMEX MOSTOSTAL

Subject: Conclusion of a significant 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. (the "Issuer", the "Company") informs about the conclusion of an agreement (the "Agreement") between VEOLIA Energia Poznań S.A. with the registered office in Poznań (the "Ordering Party") and a consortium (the "Contractor") comprising Polimex Energetyka sp. z o.o. with the registered office in Warsaw (a wholly owned subsidiary of the Issuer, as the consortium leader), the Issuer (as the consortium partner) and Energomontaż-Północ-Bełchatów sp. z o.o. with the registered office in Rogowiec (a subsidiary of the Issuer, as the consortium partner). The subject of the Agreement is the turnkey construction of a heat accumulation system at the Karolin CHP Plant (the "Assignment"), involving a comprehensive design, deliveries, performance of works, commissioning and handover for operation. The Agreement came into force on the day of its conclusion and the final implementation stage of the Assignment, the handover for operation, will take place by 10 August 2021.

The remuneration for the performance of the Assignment is flat rate and it amounts to PLN 35.978.469,00 net (the "Remuneration"). The Remuneration will be paid in instalments after the completion of respective implementation stages of the Assignment.

Pursuant to the provisions of the Agreement, in order to secure the subject of the Agreement the Contractor will grant the Ordering Party with a guarantee of durability and a guarantee for the maintenance of selected parameters for the period of 2 years from the date of the handover for operation.

In order to cover any potential claims from the Ordering Party, the Contractor will provide the Ordering Party with a security for the proper performance of the Agreement in the amount of 5% of the gross Remuneration, in one or several forms agreed with the Ordering Party. In order to ensure the Contractor's performance of all obligations during the warranty period, the Contractor will provide the Ordering Party with a security for the guarantee of quality in the amount of 1.5% of the gross remuneration, no later than by the date of the finalization of warranty measurements, in one or several forms agreed with the Ordering Party.

The Agreement provides for contractual penalties, inter alia, for delays and failure to meet the guaranteed parameters. The Agreement stipulates limitations on the contractual penalties: the liability limit of the Contractor due to contractual penalties resulting from delays is 10% of the net Remuneration, the limit for failure to meet the requested level of parameters is 20% of the net Remuneration and the total amount of contractual penalties imposed on the Contractor will not exceed 25% of the gross Remuneration. In case the imposed contractual penalties do not cover the damage suffered by the party to the Agreement, that party will be entitled to seek supplementary damages in excess of the reserved contractual penalties under general principles. Neither party will be liable for lost profits and benefits, indirect damage, loss of operational capacity, costs of substitute

power, capital costs or lost contracts, unless such loss or damage was caused by fraud, wilful misconduct or negligence.

There is a contractual entitlement to withdraw from the Agreement in cases including, inter alia, force majeure or specified circumstances for which the Contractor is responsible.