

Current report No. 40/2018

Date of preparation: 21.09.2018

Short name of the issuer: POLIMEX-MOSTOSTAL S.A.

Subject: Delayed public information - information regarding negotiations with the General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad).

Legal basis; Article 17 para. 1 of the Regulation of the European Parliament and of the Council (EU) No 596/2014 of 16 April 2014 on market abuse (regulation on market abuse) and repealing Directive 2003/6 / EC of the European Parliament and Council and Commission Directives 2003/124 / EC, 2003/125 / EC and 2004/72 / EC.

In reference to the current report No. 37/2018 dated 28 August 2018, the Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw (the "**Company**") informs that on 17 July 2018 it decided to delay disclosure of confidential information in accordance with Article 17 sec. 4 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation) and repealing Directive 2003/6 / EC of the European Parliament and of the Council and Commission Directives 2003/124 / EC, 2003/125 / EC and 2004/72 /EC.

The reason for the disclosure of delayed confidential information is the failure to meet the conditions for its further delay due to the validation of the decisions to discontinue specific court proceedings concerning Agreements (as defined below).

The delayed confidential information contained the agreement on the conditions for ending disputes between the Company and other parties to the infrastructure contracts listed below: State Treasury - General Directorate of National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad), Doprastav AS, MSF Engenharia S.A. and MSF Polska Sp. z o.o. (jointly "**Consortiumers**"). The arrangements relate to mutual claims pursued in court proceedings or other potential claims that may arise under contracts whose subject matter were:

- (i) Design and construction of the A1 motorway Stryków - "Tuszyn" junction on the section from km 295 + 850 (from the Stryków 1 junction without a junction till km 335 + 937.65 ("**A1 Contract**"),
- (ii) Construction of the A-4 motorway, Rzeszów section (Rzeszów Wschód junction) - Jarosław (Wierzbna junction) from km 581 + 250 till km 622 + 450 ("**A4 Contract**") and
- (iii) Construction of the S-69 Bielsko-Biała - Żywiec - Zwardoń expressway, section "Mikuszowice" junction ("Żywiecka / Bystrzańska") - Żywiec ("**S69 Contract**"), (collectively referred to as "**Contracts**").

As a result of the arrangements made between the parties that will come into force under the condition that the provisions on the discontinuation of court proceedings concerning the Contracts become final and binding, including:

1. The Parties will confirm the completion of the execution of the Contracts on 14 January 2014 in relation to the A1 Contract and the A4 Contract, and on 31 December 2013 in relation to the S69 Contract,
2. The Parties have agreed not to pursue any claims related to the execution of the Contracts, as a result of which the court proceedings regarding the Contracts will be terminated, in particular the Company will withdraw its actions in court proceedings before the courts in Slovakia against Doprastav AS,
3. The Company has taken over responsibility for potential claims of subcontractors, service providers and suppliers, as well as other entities that performed works, provided services, made deliveries or fulfilled other benefits in connection with the execution of the Contracts. To secure these claims, the Company shall undertake to provide General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) with bank guarantees in the total amount of PLN 20.00 million. Bank guarantees will be issued for a period of 6 years with the possibility of reducing them to the total level of PLN 12.50 million after a period of three years from their issue,
4. General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) will release a bank guarantee issued at the request of the Company to secure claims under the A1 Contract for the amount of PLN 29.21 million and a bank guarantee issued on behalf of the Company to secure claims under the A4 Contract for PLN 56.00 million and will reverse court actions for payment of such guarantees.
5. The Company will take over the warranty service for certain works regarding the Wierzbno junction constructed under the A4 Contract (until 2024), and the warranty service on the A4 Szarów-Brzesko contract (until January 2019) and settlements for substitute contractorship as part of the warranty service for another infrastructure contract,
6. The Company is required to pay a cash deposit of approximately PLN 6.58 million for a period not longer than until 4th July 2019 as security for the non-payment of funds from a counter guarantee issued by Doprastav AS to secure the removal of defects and faults during the quality assurance guarantee and surety period concerning the A4 Contract,
7. The total liability of the Company under the settlements and agreements, according to the Company's estimates, will not exceed PLN 48.80 million - this amount is covered by financial reserves established in previous years, therefore the arrangements made between the parties should not have a negative impact on the Company's EBITDA result.