

Current report No 1/2020

Date of issue: 02/01/2020

Issuer short name: POLIMEX MOSTOSTAL

Subject: Issuer's withdrawal from a significant agreement

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

Content of the report:

With reference to the current report No 29/2019 of 15 November 2019, the Management Board of Polimex Mostostal S.A. with the registered office in Warsaw (the "Company") informs that on 2 January 2020 the Company withdrew with immediate effect from the agreement (the "Agreement") concluded on 15 November 2019 with Inwat sp.z o.o. with the registered office in Łódź (the "Contractor"). The subject of the Agreement was the development by the Contractor of multidisciplinary project documentation for the purposes of the "Construction of a Coal-Fired Power Unit in Puławy" (the "Contract") for Grupa Azoty Zakłady Azotowe "Puławy" S.A. with the registered office in Puławy (the "Ordering Party") and the performance of the author supervision during the implementation of the Contract by the Company. The Company has withdrawn from the Agreement due to the fault of the Contractor on the basis of the relevant provisions of the Agreement granting the Company such a right under specified conditions.

The Management Board also informs that on 2 January 2020 the Company concluded a letter of intent (the "LOI") with Engineering, Procurement and Construction Office "Energoprojekt-Katowice" S.A. ("EPK") regarding cooperation on the project documentation within the Contract. As part of the LOI, it was agreed that in the event of a signature of the agreement between the companies, the remuneration of EPK for the preparation of the project documentation (the "Project Agreement") will not exceed PLN 43,200,000.00 net. The Parties are obliged to finalize the terms of the Project Agreement within 7 days from the signature of the LOI and to conclude the Project Agreement within 7 days from its approval by the Ordering Party. LOI will expire in the following cases: (i) failure on the part of the Ordering Party to grant approval for the signature of the Project Agreement between the Company and EPK, (ii) conclusion of the Project Agreement between the Company and EPK and (iii) failure by the Company and EPK to conclude the Project Agreement within 7 days from its approval by the Ordering Party.