

Current report No 37/2019

Date of issue: 20/12/2019

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 Siemens AG with the registered office in Berlin and Munich, Germany (the "Contractor"). The subject of the Agreement is the production and delivery by the Contractor of a steam turbine generator set, feed water heaters and spare parts for the purpose of the "Construction of a coal-fired power unit in Puławy".

The Contractor is obliged to execute the subject of the Agreement in accordance with the adopted timeline, with the last delivery scheduled for 15 September 2021.

The Contractor's remuneration for the performance of the subject of the Agreement is flat-rate and has been set at PLN 17.457.000,00 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 7% of the remuneration.

The Contractor will be obliged to pay contractual penalties to the Company in the cases outlined in the Agreement to the maximum total amount of 10% of the remuneration, excluding the contractual penalty of 10% of the remuneration for the Contractor's withdrawal from the Agreement under circumstances for which the Contractor will be held accountable. 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 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 24 months and an extended guarantee for the period of 60 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.