

Current report No 7/2020

Date of issue: 31/01/2020

Issuer short name: POLIMEX MOSTOSTAL

Subject: Fulfilment of conditions precedent for the issuance of guarantees

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

Content of the report:

With reference to the current report No 39/2019 of 31 December 2019, the Management Board of Polimex Mostostal S.A. with the registered office in Warsaw (the "Company") informs about the fulfilment of the following conditions precedent:

- i) the issuance of a guarantee for the proper performance of contract in the amount of PLN 59,650,000.00, pursuant to the agreement of 31 December 2019 between the Company and Bank Ochrony Środowiska S.A. with the registered office in Warsaw ("BOŚ") for the purpose of securing performance of the contract concluded with Grupa Azoty Zakłady Azotowe "Puławy" S.A. for the construction of a complete coal-fired heating and condensing power unit in Puławy (the "Puławy Contract").
- ii) the issuance of a guarantee for the proper performance of contract in the amount of PLN 46,340,000.00 for the purpose of securing performance of the Puławy Contract, pursuant to the agreement of 31 May 2017, amended by Annex No 3 of 31 December 2019, concluded between the Company, Naftoremont-Naftobudowa Sp. z o.o., Polimex Energetyka Sp. z o.o., Polimex Budownictwo Sp. z o.o. Sp.k. as the liable and Bank Gospodarstwa Krajowego ("BGK").

The main conditions precedent included an obligation to establish collateral for BOŚ, the most important of which is the submission of a declaration on establishing mortgage on the Company's real estate and pledges on the assets of the Company and its subsidiaries, as well as joint collateral of which BGK is also a beneficiary. In the remaining scope, the conditions for the issuance of the guarantees concerned the delivery of standard documentation for this type of transaction.

In relation to the fulfilment of conditions referred to in points i) and ii) above, on 31 January 2020 BOŚ issued, at the request of the Company, a guarantee for the proper performance (due performance) in connection with the implementation of the Puławy Contract in the amount of PLN 59,650,000 and BGK issued, at the request of the Company, a guarantee for the proper performance (due performance) in the amount of PLN 46,340,000.