

Current report No 22/2020

Date of issue: 27/03/2020

Issuer short name: POLIMEX MOSTOSTAL

Subject: Conclusion of a significant agreement by a subsidiary of 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 “Issuer”) informs about the conclusion of an agreement (the “Agreement”) between PKN Orlen S.A. with the registered office in Płock (the “Ordering Party”) and Naftoremont-Naftobudowa Sp. z o.o. with the registered office in Płock (a subsidiary of the Issuer) (the “Contractor”). The subject of the Agreement is the performance in the EPC formula of the infrastructural works, as well as the works related to inter-facility pipelines within the following assignment "Visbreaking Installation in the Production Plant in Płock" (the “Assignment”).

The remuneration for the execution of the Assignment is flat rate and amounts to PLN 106.800.000,00 net. The Agreement stipulates additional remuneration in the maximum amount of PLN 13.150.000,00 net in case there is a necessity to execute certain specified scopes that are contractually optional. The remuneration will be payable in instalments after the completion of each stage of the Assignment. The Contractor will be eligible to claim an advance payment of up to 10% of the net remuneration. The Contractor is obliged to finalize the performance of the Assignment within 34 months from the date of the conclusion of the Agreement. The Contractor will provide the Ordering Party with a security for the proper performance of the Agreement and a security for the removal of faults and defects in the form of bank or insurance guarantees, or in the form of deductions from the remuneration on the deposit. The Contractor will provide the Ordering Party with a security for the return of the advance payment in the form of a bank or insurance guarantee.

The Agreement allows for the possibility to impose contractual penalties on the Contractor. The total amount of penalties due to delays cannot exceed 20% of the net remuneration. The Agreement stipulates a contractual penalty imposed on the Contractor in the amount of 10% of the remuneration for the withdrawal from the Agreement by the Ordering Party through the fault of the Contractor. In the event of damage inflicted upon the Ordering Party that exceeds the allowed amount of the contractual penalty, the Ordering Party reserves the right to claim compensation under general principles. Pursuant to the Agreement, the Contractor will grant the Ordering Party with a guarantee for the subject of the Agreement for the period of 36 months, as well as a guarantee for the period of 48 months for the scope of the Assignment pertaining to the protective and varnish coating. The Parties provided for a contractual entitlement for the Ordering Party to withdraw from the Agreement in specified cases.