

Current report No 41/2020

Date of issue: 10/07/2020

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 E&W Sp. z o.o. Sp. k. with the registered office in Dąbrowa near Poznań (the “Ordering Party”) and Polimex Budownictwo Sp. z o.o. Sp. k. with the registered office in Siedlce (a subsidiary of the Issuer) (the “Contractor”). The subject of the Agreement is the comprehensive turnkey implementation of the wind farm “Janikowo Wind Park” comprising 30 turbines with a total capacity of 60 MW. The remuneration for the execution of the subject of the Agreement is flat rate and amounts to PLN 43,050,000.00 gross. The remuneration will be paid in instalments in conjunction with the billable implementation stages finalized in a given month. The project has been divided into two stages in terms of the scope of works (“Stage 1” and “Stage 2”). The deadline for the finalization of Stage 1 has been set at 30 September 2020 and the deadline for Stage 2 at 15 December 2021. The implementation of Stage 2 of the Agreement is conditional upon the fulfilment of specified conditions included in the Agreement, especially related to obtaining funds from the Ordering Party to finance the subject of the Agreement. The Issuer will inform about the go-ahead from the Ordering Party to implement Stage 2 in a separate current report. The Contractor will provide the Ordering Party with a security for the due implementation and the proper performance of the Agreement in the form of bank or insurance guarantees in the amount of 10% of the net remuneration due to be paid during Stage 1 and in the amount of 5% of the net remuneration due to be paid during Stage 1 in the guarantee and warranty period. The above amounts will respectively increase to 10% and 5% of the total net remuneration after receiving the go-ahead by the Contractor to implement Stage 2. In case of a failure by the Contractor to submit the above guarantees, the Ordering Party will be entitled to retain 10% of the invoices under Stage 2 until the corresponding amount of the security for the implementation of Stage 2 is obtained. The Agreement allows for the possibility to impose contractual penalties on the Contractor, including a contractual penalty in the amount of 10% of the gross remuneration related to the withdrawal of the Ordering Party from the Agreement through the fault of the Contractor. The total amount of contractual penalties imposed on the Contractor will not exceed 20% of the gross remuneration. 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 provide the Ordering Party with a guarantee and a warranty for the subject of the Agreement for the period of 36 months. The Parties provided for a contractual entitlement for the Ordering Party to withdraw from the Agreement in specified cases.