

CURRENT REPORT 8 / 2018

18 April 2018.

Legal basis: Art. 17.1 of the MAR – Confidential Information.

Subject: Agreement with Subcontractor.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") inform about the agreement (the "Agreement") entered into on 18 April 2018 between the Company and Kolejowe Zakłady Automatyki S.A. with registered office in Katowice (the "Subcontractor"). The Agreement deals with the construction works performed by the Subcontractor on the Skarżysko Kamienna - Sandomierz section (the "Contract"). The Company informed about the Contract in the current report 71/2017 of 25 October 2017.

The Agreement net value is PLN 88.3m.

The Agreement completion date has been set as January 2021.

The quality warranty given by the Subcontractor is about 6 years and 30 days of the final acceptance of the works under the Contract. The Subcontractor is liable under guarantee for the same period of time.

The Agreement provides for contractual penalties payable by the Subcontractor to the Company in the circumstances specified therein including a penalty for the failure to complete a stage of the project in a timely fashion or a delay in the removal of defects or termination of the Agreement by the Subcontractor or the Company due to the circumstances blamed on the Subcontractor. However, the total amount of the penalties must not exceed 30% of the Agreement net value.

Regardless of the contractual penalties, the Company will have the right to claim additional damages up to the value of actual damage.

The remaining terms of the Agreement, including but not limited to the Agreement termination terms, do not differ from the standard terms of such type of transactions.

In addition, the Issuer informs about another construction agreement worth approx. PLN 19.1m entered into between the Company and the Subcontractor after 29 December 2017.