



CURRENT REPORT 31 / 2018

26 June 2018

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

Subject: Contract with the City of Bydgoszcz.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") inform about the contract entered into on 26 June 2018 between the Company and the City of Bydgoszcz (the "Contracting Authority") in connection with the following project: "Reconstruction of rail transport infrastructure along the Wojska Polskiego Street from Magnuszewska terminus to Wojska Polskiego, Szpitalna, Szarych Szeregów and Bełzy transport hub" (the "Contract").

The Company informed about the submission and selection of the most economically advantageous tender in the current report 11/2018 of 9 May 2018 and the current report 25/2018 of 12 June 2018, respectively.

Net value of the Contract: PLN 52.8m.

Gross value of the Contract: PLN 65.0m.

Project completion date: October 2019.

The warranty given by the Company to the Contracting Authority is eight years of the final acceptance. The Company is liable under the guarantee for the same period of time.

The Contract provides for contractual penalties payable by the Company to the Contracting Authority in the circumstances specified therein, including the penalty for the failure to carry out the works or to remove defects in a timely fashion. The Company will also pay the contractual penalty of 5% of the Contract gross value if the Contract is terminated due to the circumstances blamed on the Company. However, the total amount of contractual penalties must not exceed 15% of the Contract gross value. The Contracting Authority will pay contractual penalties of 5% of the Contract gross value if the Contract is terminated through the fault of the Contracting Authority or the acceptance of the works is delayed. However, the total amount of penalties payable by the Contracting Authority to the Company must not exceed 25% of the Contract gross value.



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

The remaining terms of the Contract, including but not limited to the termination or security terms, do not differ from the standard terms of such type of contracts.

In addition, the Company informs that following the conclusion of the Contract, the total value of the backlog held by the ZUE Group companies at the date of this report is approx. PLN 2,350m.