



CURRENT REPORT 42 / 2018

4 September 2018

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

Subject: Contract with Zarząd Infrastruktury Komunalnej i Transportu w Krakowie.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") inform about the contract entered into on 4 September 2018 between the Company and Zarząd Infrastruktury Komunalnej i Transportu w Krakowie (ZIKiT) in connection with the following project: "Reconstruction of the line of the Królewska, Podchorążych and Bronowicka Streets in Cracow, the reconstruction of tramway tracks, OCL network and dehydrating and lightening system and the reconstruction of colliding technical infrastructure" carried out in connection with the project named: "Upgrade of tramway tracks and associated infrastructure" (the "Contract").

The Company informed about the selection of the most economically advantageous tender in the current report 35/2018 of 11 July 2018.

Contract net value: PLN 62.6m.

Contract gross value: PLN 77.0m.

Project completion date: 12 months of the site delivery.

The warranty given by the Company to ZIKiT is six years of the day immediately following the date of the acceptance protocol. The guarantee given by the Company to ZIKiT is five years of the day immediately following the date of the acceptance protocol.

The Contract provides for contractual penalties payable by the Company to ZIKiT 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 10% of the Contract gross value if the Contract is terminated due to the circumstances blamed on the Company. However, the total amount of penalties for delayed performance of the works must not exceed 20% 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.

Apart from the abovementioned Contract and other contracts the Issuer informed about in current reports over the past year, the Company acting independently and ZIKiT entered into the contracts with the total value of approx. PLN 6.3m.

In addition, the Company informs that following the conclusion of the Contract, the total value of the backlog held by the companies within the ZUE Group at the date of this report is approx. PLN 2,314m.