

CURRENT REPORT 52 / 2018

28 December 2018

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

Subject: Cooperation with Zarząd Dróg Miasta Krakowa.

Content:

With reference to the current report 42/2018 of 4 September 2018 concerning the cooperation with Zarząd Infrastruktury Komunalnej i Transportu w Krakowie (presently Zarząd Dróg Miasta Krakowa and hereinafter jointly referred to as ZDMK), the Management Board of ZUE S.A. with registered office in Cracow (the "Company," ZUE) inform that following the Company's conclusion of the contract of 28 December 2018 for the maintenance and repair of tram infrastructure in Cracow between 1.01.2019 and 30.09.2019 (the "Contract"), the total net value of the contracts entered into with ZDMK since 5 September 2018 is about PLN 29.3m.

The Issuer's cooperation with ZDMK includes, in particular, the abovementioned Contract whose approximate net value does not exceed PLN 16.9m (gross value of PLN 20.8m). Under the Contract, the Company will provide services to Zarząd Dróg Miasta Krakowa in the period 01.01.2019 - 30.09.2019.

The terms of the Contract, including but not limited to technical terms, performance, liability or termination, do not differ from the standard terms of such type of transactions. The warranty given by the Company is 36 months. The Contract provides for contractual penalties payable by the Company if, for instance, the Contract is terminated by Zarząd Dróg Miasta Krakowa due to the circumstances blamed on the Company. However, the total amount of the penalties must not exceed 30% of the gross remuneration.

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 2,022m.