

CURRENT REPORT 3 / 2019**6 February 2019**

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

Subject: Cooperation with PKP PLK S.A.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company," ZUE) inform that following the conclusion of the contract of 6 February 2019 between the Company and PKP Polskie Linie Kolejowe S. A. with registered office in Warsaw (PKP PLK) for the following project: "Provision of design services and completion of works on the Warszawa Włochy – Ożarów Mazowiecki section, the railway line no. 3, in connection with the Infrastructure and Environment Operational Programme (*POIiŚ*) 5.1-16: Improvement of capacity of E 20 railway line of the Warszawa – Kutno section, Stage I: Works on the railway line no. 3 of the Warszawa – the Łowicz Local Traffic Control Centre (LCS) section" (the "Contract"), the total net value of the contracts between the companies within the PKP PLK Group and the companies within the ZUE Group signed since 12 October 2018 (except for the contract referred to in the current report 50/2018) amounted to approx. PLN 25.7m. The Contract deals with additional works performed in connection with the contract referred to by the Company in the current report 56/2017.

The abovementioned cooperation between the Company and PKP PLK includes, in particular, the abovementioned Contract of the net value of approx. PLN 12m (gross value of PLN 14.8m) and individual orders for the supply of rail materials by the ZUE Group to the PKP PLK Group. The Contract completion date has been set as the first quarter of 2021. Given the conclusion of the Contract referred to herein, the deadline for the completion of the main order will be accordingly extended.

The Company will cooperate with PKP PLK under the Contract on the terms and conditions typical for such type of cooperation including, in particular, technical terms, security, liability and termination (termination of the Contract). The warranty and guarantee given by the Company is 60 months. The Contract provides for contractual penalties payable by the Company for its failure to complete a stage of the project or termination of the Contract by PKP PLK due to the circumstances blamed on the Company. However, the total amount of contractual penalties must not exceed 30% of gross remuneration. The payment of a contractual penalty is without prejudice to PKP PLK's right to claim additional damages up to the value of actual damage.