



CURRENT REPORT 35 / 2019

17 September 2019

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

Subject: Contract with PKP PLK S.A.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") inform about the contract signed on 17 September 2019 by the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK, the "Contracting Authority"). The contract deals with the project named: Preparation of design documentation and completion of construction works in connection with the project named: LOT D – Works on the railway lines no. 131, 542 and 739 of the Rusiec Łódzki (km 137.500) – Zduńska Wola Karsznice (km 170.212) section as part of the Infrastructure and Environment Operational Programme (IEOP) 5.1-14 "Works on the railway line C-E 65 of the Chorzów Batory – Tarnowskie Góry – Karsznice – Inowrocław – Bydgoszcz – Maksymilianowo section." (the "Contract").

The Company informed about the selection of the most economically advantageous tender in the current report 22/2019 of 26 June 2019.

The Contract net value including the provisional sum: PLN 582.7m.

The Contract gross value: PLN 716.7m.

Completion of the tasks under the Contract: 41 months of the Contract conclusion date.

The quality guarantee given by the Company to PKP PLK is 6 years of the final acceptance. The Company is liable under warranty for the same period of time.

The Contract provides for contractual penalties payable by the Company to PKP PLK 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 30% of the Contract gross value less the provisional sum and the costs of replacement transportation service stipulated in the Contract if the Contract is terminated due to the circumstances blamed on the Company. However, the total amount of the penalties must not exceed 30% of the Contract gross value



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Regardless of the contractual penalties, PKP PLK 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, the total value of orders and contracts concluded between the companies within the ZUE Capital Group and the companies within the PKP PLK Capital Group since 7 February 2019 is approx. PLN 15.3m.

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 Capital Group at the date of this report is approx. PLN 2,093m.