



## **CURRENT REPORT 40 / 2019**

**22 November 2019**

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

Subject: Agreement with Subcontractor.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company") inform about the agreement (the "Agreement") entered into on 22 November 2019 between the Company and Zakłady Automatyki KOMBUD S.A. with registered office in Radom (the "Subcontractor").

The Agreement deals with the provision by the Subcontractor of specific design and construction services ordered by the Company in connection with the following railway contract performed by the Company: LOT D – Works on the railway lines no. 131, 542 and 739 of the Rusiec Łódzki – Zduńska Wola Karsznice section. The Company informed about the conclusion of the contract in the current report 35/2019.

The Agreement net value: PLN 111.6m.

The Agreement completion date: February 2023.

The term of warranty given by the Subcontractor is 6 years and 21 days of the main contract acceptance date. The Subcontractor is liable under the guarantee for the same period of time.

The Agreement provides for contractual penalties payable by the Subcontractor to the Company in the circumstances specified therein including a penalty for the failure to complete a stage of the project or remove defects in a timely fashion or termination of the Agreement due to the circumstances blamed on the Subcontractor. However, the total amount of the penalties must not exceed 30% of the Agreement net value.

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

The remaining terms of the Agreement, including but not limited to the Agreement termination terms, do not differ from the standard terms of such type of agreements.