

CURRENT REPORT 6 / 2020

13 February 2020

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 receipt on 13 February 2020 of the signed contract between the Company and PKP Polskie Linie Kolejowe S.A. with registered office in Warsaw (PKP PLK) for the following task: "Provision of design services and completion of additional railway traffic control works in connection with the project no. 1: "Works on the Chabówka - Zakopane railway line no. 99" carried out as part of the following project: "Works on the railway lines no. 97, 98 and 99 of the Skawina – Sucha Beskidzka – Chabówka – Zakopane section" (the "Contract"), the total net value of the contracts between PKP PLK and the companies within the ZUE Group concluded since 18 September 2019 amounted to approx. PLN 17.8m. The Contract deals with additional works performed in connection with the main contract referred to by the Company in the current report 5/2018.

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). The Contract completion date has been set as the end of August 2021.

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 terms (termination of the Contract). The guarantee and the warranty given by the Company is 48 months. The Contract provides for contractual penalties payable by the Company for its failure to perform the Contract in a timely fashion 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 the 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.