

**CURRENT REPORT 10 / 2020**

**15 April 2020**

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

Subject: Cooperation with Subcontractor.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (ZUE, the “Company”) inform about the receipt on 15 April 2020 of the annex signed by both parties (the “Annex”) to the subcontract (the “Subcontract”) entered into in June 2019 between the Company and Pilar-Rail sp. z o.o. with registered office in Raszyn (the “Subcontractor”). Accordingly, the total net value of orders and contracts entered into between ZUE and the Subcontractor since June 2019 is approx. PLN 30.4m.

The highest value contract signed in the abovementioned period is the Subcontract with the Annex.

Net value of the Subcontract with the Annex: PLN 24.4m.

The Subcontract completion date: September 2021.

The Subcontract provides for contractual penalties payable by the Subcontractor to the Company in the circumstances specified therein, including the penalty for the failure to complete a stage of the project or to remove defects in a timely fashion. However, the total amount of contractual penalties must not exceed 36% of the Subcontract net value.

Regardless of the contractual penalties, the Company may claim additional damages up to the value of actual damage.

The remaining terms of the cooperation between the Company and the Subcontractor, including but not limited to the termination terms, do not differ from the standard terms of such type of contracts.

The Subcontract was signed in connection with the railway contract carried out by the Company in the Chabówka – Zakopane region. The Company informed about the conclusion of the contract in the current report 64/2017.