

CURRENT REPORT 31 / 2020

11 September 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 (the "Company," ZUE) inform about the subcontracting agreement (the "Agreement") signed on 11 September 2020 by the Company and Pilar-Rail sp. z o.o. with registered office in Falenty (the "Subcontractor").

Under the Agreement, the Company subcontracts to the Subcontractor specific construction works in connection with the following railway contract carried out by the Company: "LOT D – Works on the railway lines of the Rusiec Łódzki – Zduńska Wola Karsznice section." The Company informed about the conclusion of the contract in the current report 35/2019.

Net value of the Agreement: PLN 22.4m.

The Agreement completion date: February 2023.

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 works in a timely fashion or a delay in the removal of defects or termination of the Agreement due to the circumstances blamed on the Subcontractor (30% of net remuneration). The payment of a contractual penalty is without prejudice to the Company's right to claim additional damages up to the value of actual damage.

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