

CURRENT REPORT 27 / 2021

22 October 2021

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

Subject: Conclusion of Infrastructure Contract.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company") inform about the contract entered into on 22 October 2021 between the Company and PKP PLK S.A. (the "Contracting Authority") for the project named: "Restoration of railway infrastructure on the Dorota - Sosnowiec Dańdówka section, line no. 171, as part of the following investment project: "Works on the south eastern part of the Upper Silesian Industrial Region ring road and adjacent sections." (the "Contract").

The Company informed about the selection of the Company's tender as the most economically advantageous offer in the current report 26/2021 of 11 October 2021.

The Contract is divided into the three sections with the total gross amount of PLN 84.9m and the total net amount of PLN 69.0m:

- 1) Main scope – the gross value of PLN 44.3m (the net value of PLN 36.0m);
- 2) Option 1 – the gross value of PLN 24.9m (the net value of PLN 20.2m);
- 3) Option 2 – the gross value of PLN 15.8m (the net value of PLN 12.8m).

Option 1 and Option 2 will be carried out depending on the Contracting Authority's decision. Any statements about the Contracting Authority's decision to use the Options will be made by the Contracting Authority at any date during the term of the Main Scope.

Project completion date:

- 1) Main scope: End of 2022.
- 2) Option 1: 22 months of the date of the statement made by the Contracting Authority about their decision to use Option 1.
- 3) Option 2: 22 months of the date of the statement made by the Contracting Authority about their decision to use Option 2.



The warranty given by the Company is six years. The Company is liable under the guarantee for the same period of time.

The Contract provides for contractual penalties payable by the Company to the Contracting Authority, including the penalty for the failure to complete a stage of the Contract or to remove defects in a timely fashion. The Company will also pay the Contracting Authority the contractual penalty of 10% of the net remuneration if the Contract is terminated due to the circumstances blamed on the Company. The total amount of the contractual penalties must not exceed 20% of the net remuneration. If a contractual penalty is imposed for the Contract termination due to the circumstances blamed on the Company, the total amount of the contractual penalties must not exceed 30% of the net remuneration.

The payment of the contractual penalty is without prejudice to the Contracting Authority's 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.

The Issuer informs that apart from the abovementioned Contract, the total value of the contracts and orders entered into between the Company and PKP PLK since November 2020 is about PLN 17.7m.

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 1,178m.