

Current report no. 28/2019

Date of issue: 2019-10-03

Abbreviated name of the Issuer: DEKPOL S.A.

Subject: Conclusion of a general contracting agreement of a production and warehouse hall with Inter Metal sp. z o.o.

Legal basis: Article 17 Section 1 MAR – confidential information.

Content of report:

The Management Board of Dekpol S.A. ("Company") informs that on 2nd of October 2019 in the evening it concluded with Inter Metal sp. z o.o. ("Investor") a general contracting agreement of the production and storage hall (hot dip galvanizing plant with internal installations) along with external technical infrastructure and associated works in Inowrocław ("Contract" and "Investment").

Completion of the construction and obtaining the occupancy permit is to take place by August 2020, with the proviso that the deadline may be extended by 1 month. The net remuneration due to the Company for the implementation of the subject of the Agreement amounts to approx. 3.5% of revenues from sales of the Dekpol Capital Group for 2018, however, it may change in case of changes in the scope of ongoing works.

The agreement contains provisions regarding contractual penalties, i.a. in case of delays in the implementation of the Investment and its stages and delay in removing defects or non-compliance. The Parties to the Agreement have the right to demand payment of a contractual penalty of 10% of net remuneration in the event of withdrawal from the Agreement, in whole or in part, for reasons attributable only to the other party to the Agreement. The total amount of contractual penalties may not exceed 10% of the net remuneration. The parties have the right to claim compensation exceeding the value of the reserved contractual penalty on general principles, with the proviso that they are liable only within the limits of actual damage.

The parties are entitled to withdraw from the Agreement in whole or in the scope of the non-performed part of the Agreement within 60 days of becoming aware of the circumstances specified in the Agreement justifying the exercise of this right (including suspension or delay in the implementation of works, breach of the terms of the Agreement), but not later than 31st of December 2021. In addition, if the Company reports the need for changes to the executive design in terms of the price or deadline for carrying out the Investment, and the parties do not reach an agreement, the Investor will have the right to withdraw from the Contract in the unrealized part for payment of a remuneration, however this right can be exercised until 31st of December 2025.

Information about the conclusion of the Agreement has been recognized by the Company as significant, due to the fact that the investment will be carried out with the innovative technology of overhead suspension cranes under the roof structure, thanks to which the overhead cranes will work collision-free in all directions. The project assumes that the hall will have the deepest galvanizing bath built in Poland.