

Current Report No. 43/2019

Date prepared: 2019-11-28

Short name of the issuer ELEKTROTIM S.A.

Subject Information update - reversal of provisions for a contractual penalty to the Contract concluded with AWBUD S.A.

Legal grounds Article 17, section 1 of MAR - Confidential Information

Content of the Report:

The Board of ELEKTROTIM S.A. (hereinafter referred to as: the Company) informs that on 28.11.2019 the Board of the Company passed a resolution on reversal of provisions for the amount of PLN 963,754.22 which had been established by the Company in May 2018 for a contractual penalty imposed by AWBUD S.A. with its seat in Fugasówka to the Contract of 30.06.2015 which subject was the execution of the following investment task: "The construction of a public building Rehabilitation and Sport Medicine Centre in Wrocław together with the development of the area and necessary technical infrastructure, including an exit from ul. Lekarska" carried out by AWBUD S.A. for the following investor: Medico-Investment Sp. z o.o. with its seat in Wrocław.

The Company informed that in the opinion of the Board of ELEKTROTIM S.A. the issued accounting note is incorrect and the the Board of ELEKTROTIM S.A. does not agree with the accounting note provided by AWBUD S.A., in the Current Report no. 10/2018 of 30.05.2018.

The Board of the company passed on 28.11.2019 a resolution on reversal of provisions for the above-mentioned contractual penalty considering the justification of terminating the said contractual penalty, i.e. completing the agreement between the Company and AWBUD S.A.

Pursuant to the bilaterally agreed agreement ELEKTROTIM S.A. and AWBUD S.A. shall conclude a court settlement.

Given the above, the Management Board of the Company, in conformity with the applicable regulations and the Accounting Policy of ELEKTROTIM S.A., reverses the provision for contractual penalty in the amount of PLN 963,754.22.

Reversing the provision for the contractual penalty - as an event after the balance day - shall have a direct influence on the individual and consolidated financial result of ELEKTROTIM S.A. and ELEKTROTIM Group of Companies for 2019.

The Company publishes the Report because of the update of confidential information included in the Current Report no. 10/2018 of 30.05.2018.