



LUG Spółka Akcyjna
Producent Opraw Oświetleniowych



Report's type: Current report

Number: 6/2016

Company: LUG S.A.

Subject:

Concluding a significant agreement with the Government of the Province of Misiones (Argentina).

Content:

The Management Board of LUG S.A. with its seat in Zielona Góra ("LUG", the "Issuer"), hereby informs about the conclusion of a significant agreement on 11 October 2016 GMT, signed between LUG S.A. and the local Government of the Province of Misiones (Argentinian Republic). The subject matter of an agreement is setting up the foundation of cooperation of the aforementioned Parties in purpose of setting up new production and assembly factory of LED lighting fixtures in the Province of Misiones and delivery by the LUG S.A. LED lighting fixtures, produced particularly in the newly created factory, in the course of the commonly managed by both Parties project. Also the subject of the agreement is a mutual exclusivity on the production in LED technology and factory development, dedicated to this technology in the province of Misiones.

According to the agreement set out above, the value of supplied luminaires will be amounted to approximately 5.6 million EUR (in words: five million six hundred thousand EUR). Estimated contract completion date for the delivery of luminaires is 3 months from the production start in a newly established factory in Argentina. The Issuer anticipates that the construction and commissioning of the factory will take approximately 15 months from the date of signing of the Agreement.

At the same time, according to the concluded contract, a significant condition of the implementation of this Agreement is an agreement between LUG S.A. and operator managing the energy network, which the aim will be to establish technical conditions regarding to operation of lighting fixtures, being the subject of this contract.

Provided of positive implementation of the first stage of the agreement, the Government of the Province of Misiones undertook in the second stage to purchase more luminaires of value approximately 15 million EUR (in words: fifteen million EUR) within 3 years.

The specific commitments of both parties will be governed by separate agreements that will be concluded at a later stage of the cooperation.

At the same time, the LUG S.A. Management Board announces that together with registration of a new entity in Argentina, being a part of LUG S.A. Capital Group, named LUG Argentina, this company can take over all rights, obligations and liabilities arising from the subject matter of the agreement (about the decision taken by the LUG Management Board regarding to the formation of LUG Argentina, the Issuer informed on 24 August 2016 in the current report No. 5/2016). The implementation of the above contract will be carried out together with an argentinian partner of LUG S.A.

The Issuer will inform immediately in the form of current report about concluding any important agreement regulating detailed liabilities and obligations of the Parties.

Legal basis:

Art. 17 par. 1 MAR – confidential information.

Company representatives:

Ryszard Wtorkowski – President of the Executive Board