

Report's type Current report ESPI
Number 3/2021
Entity LUG S.A.

Subject: Conclusion of an agreement by a subsidiary of the Issuer: LUG Light Factory Sp. z o.o.

Legal basis: Art. 17 para. 1 MAR – confidential information.

The Management Board of LUG S.A. ("Issuer", „LUG”) with its headquarters in Zielona Góra, with reference to the current report no. 14/2020 of December 22, 2020 and the current report no. 1/2021 of January 11, 2021, informs that today, i.e. January 13, 2021, the Issuer's subsidiary - LUG Light Factory Sp z o. o (The "Company") concluded an agreement for the supply of new lighting luminaires in LED technology for the Capital City of Warsaw ("Ordering Party").

According to the content of the submitted offer, LUG Light Factory Sp. z o.o. will be responsible for the implementation of the project, i.e. for:

- development and implementation of dedicated lighting luminaires,
- development of photometric projects,
- delivery of luminaires,
- delivery, installation and implementation of a remote control and inventory system,
- delivery, installation and implementation of the measurement system with the device,
- granting a license,
- necessary system integration with the solutions of the Ordering Party,
- and conducting training for Staff.

Nearly 38,5 thousand of street luminaires will be replaced. The luminaires will be designed and manufactured by LUG Light Factory Sp. z o.o. according to an individual project developed especially for Warsaw.

The total value of the LUG Light Factory Sp. z o.o. offer amounts to PLN 32 077 690,26 gross. In addition, the Ordering Party will have the right to options, which will cover the delivery of additional LED lighting luminaires with a total value of PLN 5 000 000 gross. The final date for the last delivery of luminaires is set on December 23, 2022. Payments under the contract will be made in accordance with the schedule specified in detail in the contract. Payments up to a total amount of 70% of the total gross remuneration will be made in the form of partial payments on the basis of invoices issued by LUG Light Factory sp.z o.o., and the basis for

issuing each invoice will be a partial receipt of luminaires. The remaining 30% of the gross remuneration will be paid after the Ordering Party signs the acceptance protocol for Stage II specified in the contract and after 15 months of the warranty and guarantee period for the luminaires, calculated from the date of delivery of the last luminaire, however not earlier than in the first quarter of 2024. Payments to the Company will be made in the same way if the Ordering Party exercises the right to supply additional lighting fittings.

In order to secure the proper performance of the obligations under the agreement, the Company provided a performance bond in the amount of 5% of the total gross remuneration in the form of a bank guarantee.

Detailed conditions of the agreement in question and the related risks do not differ from the conditions commonly used on the market for this type of agreement.

Company's Representative:

Ryszard Wtorkowski – CEO of the Management Board