

Current report no. 9

Date of issue: 19.08.2019r.

Subject: An action against AB Industry S.A. in connection with the faulty project implementation of liquid products mixing plant in Radom.

Legal basis: Article 17 (1) of the MAR Regulation – confidential information.

Content of the report:

In connection with current report no. 4/2019 of 28th February 2019, the Management Board of Global Cosmed S.A. with the seat in Radom („Issuer“, „Company“) hereby informs , that today i.e. on 19th August 2019 obtained an information about the submission on 16th August 2019 by an external law office acting on behalf of the Issuer, a lawsuit against AB Industry S.A., to pursuing claims arising from a defectively designed and constructed liquid product mixing plant at the Company’s plant in Radom.

A claim filed on behalf of the Issuer is a counterclaim and it is connected with an objection against order for payment, issued by District Court in Lublin IX Commercial Division on 2nd August 2019, from AB Industry S.A. against the Issuer.

The request for a counterclaim filed by the Issuer amounts to PLN 21,112,622.60 and EUR 111,289.25 consisting of:

- a) a claim for payment of contractual penalties in the total amount of PLN 5,985,000 for a delay in realization of the contract’s subject and a delay in the removal of defects founded by delivery,
- b) a claim for a compensation of PLN 13, 594,878.84 and EUR 100,028.51, consisting of:
 - a claim for payment of costs incurred by the Issuer in connection with faulty design and construction of an installation by AB Industry in the Company’s new mixing plant in Radom in the amount of PLN 175,352.62 and EUR 3,595.40 gross (PLN 142,563.13 and EUR 3,595.40 net);
 - a claim for payment of the costs of necessary repairs of a faulty designed and constructed mixing plant in the amount of PLN 4,921,393.59 and EUR 96,433.11 gross (PLN4,001,133.00 and EUR 78,400.90 net);
 - a claim for payment of PLN 8,498,132.60 corresponding to current losses incurred by the Issuer in connection with faulty design and construction of the mixing plant and lost profits

resulting from the fact that the mixing plant of the Company in Radom did not achieve the performance assumed in the executive design;

c) claim for payment of:

- PLN 2,295.62 constituting statutory interest for late payment of the amounts indicated in point 1 above for the period from August 13, 2019 (inclusive) to August 15, 2019 (inclusive) and
- PLN 1,530,448.14 and EUR 11,260.74 EUR constituting statutory interest for late payment of the amounts indicated in point 2 above for the period from January 5, 2018 (inclusive) to August 15, 2019 (inclusive), capitalized on the day preceding the date of filing this counterclaim
- and further statutory interest for delay with the amount of PLN 21,122,622.60 and 111,289.25 for the period from the day following the date of filing this counterclaim till the date of payment.

At the same time, claims of AB Industry S.A. covered by the lawsuit against the Issuer amount to PLN 818,899 together with interest for delay in commercial transactions from:

- June 17, 2017 up to the day of the payment, counted on the amount PLN 285,284.97
- May 18, 2019 up to the day of the payment, counted on the amount PLN 533,613.36 and they constitute – in AB Industry S.A.'s opinion – the unpaid receivable payment for work done.

In Issuer's opinion, the claims against the Issuer are unfounded; The Issuer filed also the allegation of any AB Industry's set-off claims, with his own claims covered by counterclaim.