ERBUD S.A.

Current Report No.06/2018
Report date: 2018-02-27

Topic:

Disclosure of delayed confidential information –.negotiation of the content of a material agreement by a company from the Group.

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

Content of report:

Legal basis: Article 17(1) of Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse (MAR) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

The Management Board of ERBUD SA with its registered office in Warsaw ("Issuer") informs that on 6 February 2018 it decided to delay the disclosure of confidential information in accordance with Art. 17(4) of Regulation No. 596/2014 on Market Abuse (MAR) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

The reason for the disclosure of delayed confidential information is the conclusion with shareholders of IVT Weiner + Reimann GmbH seated in Oberhausen ("IVT") of a conditional agreement for the sale and transfer of shares.

The content of delayed confidential information was that the conditional sale and transfer agreement ("Agreement") between IVT Beteiligungs GmbH (indirect subsidiary of the Issuer through its subsidiary Erbud Deutschland Holding GmbH) as the buyer and shareholders of IVT Weiner + Reimann GmbH based in Oberhausen ("IVT") as the sellers has been agreed on 6 February 2018.

The subject matter of the Agreement are all shares in IVT, which is the sole partner in a subsidiary operating under the name of IVT Menzenbach GmbH with its registered office in Oberhausen.

The selling price was set at EUR 8,500,000.00 for the total number of shares. The price is constant; no correction will take place. The transfer of ownership of shares depends on the payment of the entire price. The Sale Price is due for payment on 15 March 2018. In addition, the Price becomes payable under the conditions precedent, including: (i) conclusion of contracts with the existing Management Board members regarding their continued employment; (ii) obtaining corporate approvals.

Pursuant to the Contract provisions, current members of the Management Board of IVT and its subsidiary, i.e. Mr. Carsten Weiner and Mr. Heinrich Anton Reimann, intend to work for IVT and its subsidiary as Management Board members for at least three years and a year, respectively.

The Sellers provided appropriate guarantees regarding, among others, business activities of IVT and its group, its assets, contracts, operating activities and public and legal liabilities ("Guarantees"). In the event that the Guarantees prove false or incomplete, the Buyer is entitled - depending on the type of the Guarantee that has been breached - to withdraw from the Agreement (effective only if the notice of withdrawal is submitted within one year from the transfer of ownership of the shares) or a claim for monetary damages, which corresponds to the amount that is or would be necessary to bring about a condition consistent with the Guarantee. The claims expire after five or two years.

The Sellers committed themselves, among others, that in the period between the conclusion of the contract and the transfer of shares, they will conduct the company’s affairs in a way that secures the existing commercial situation and assets and will not undertake activities that would go beyond the company’s business. The Sellers undertake to compensate for any damage that the Buyer or IVT suffer from or in connection with the violation of these obligations.

The Sellers committed themselves not to engage in any competitive activity for a period of three years either directly or indirectly through the related company or through another shareholding or otherwise. For every breach, the Seller who violates the ban will pay a contractual penalty of EUR 500,000.00. In the event that the violation is continued, a further contractual penalty of EUR 100,000.00 is due. The Buyer's claims for compensation due to further-reaching damages and those regarding the refrain from future acting violating the ban remain unaffected. For three years, the Sellers undertake not to recruit persons who in the last three years before the date of concluding the Agreement have acted for IVT as a member of the body or the management. For each case of violation, the Seller breaching this ban is obliged to pay a contractual penalty equal to this employee's annual salary.

The contract is subject to German law. The UN Convention on Contracts for the International Sale of Goods (CISG) is not applicable. All disputes arising in connection with the Agreement will be settled by Deutsche Institution für Schiedsgerichtsbarkeit e.V. (DIS).