Current report no. 64/2021
Date: 2021-07-08
ERBUD S.A.

Subject
Signing of a significant Construction Contract between a consortium of Erbud Industry Sp. z o.o. ul. Wapienna 40, 87-100 Toruń (Leader) and Erbud S.A. ul. Klimczaka 1, 02-797 Warsaw (Partner); and Tauron Ciepło Sp. z o.o. ul. Grażyńskiego 49, 40-126 Katowice (Employer). Contract value: PLN 51.79 million net.
“Construction of a turnkey peak load boiler house at TAURON Ciepło Sp. z o.o., Zakład Wytwarzania Bielsko-Biała Elektrociepłownia Bielsko - Północ EC-2”.

Legal basis
Article 17(1) MAR - confidential information.

Report content:
The Management Board of Erbud S.A. (Issuer) hereby announces that today it has signed a significant construction works contract on the following terms and conditions:

NO. SPECIFICATION - CONTRACTUAL INFORMATION

1. Date of Contract conclusion: 08.07.2021- Consortium of Erbud Industry Sp. z o.o. (Leader) and Erbud S.A. (Partner ) with Tauron Ciepło Sp. z o.o. (Employer)
2. Investor (exact name and registered office): Tauron Ciepło Sp. z o.o. ul. Grażyńskiego 49, 40-126 Katowice
3. Contract value: PLN 51,790,000 net
4. Subject matter of the Contract: “Construction of a turnkey peak load boiler house at TAURON Ciepło Sp. z o.o., Zakład Wytwarzania Bielsko-Biała Elektrociepłownia Bielsko - Północ EC-2”. The subject matter of the Contract includes the design and construction for the Employer in the turnkey formula of a peak load boiler house in ZWB EC2, equipped with two water boilers of 2x38 MWt each, fitted with two flame tubes, an economiser and a mixing system, a system for keeping the boiler in warm reserve and two oil/gas burners together with the necessary installations and auxiliary equipment, completed in accordance with the provisions of the Contract, especially in accordance with the content of Appendix No. 2 (SOPZ), the Correct Engineering and Construction Standards, as well as the Legal Requirements binding on the date of commissioning of the Facility."
5. Place of Contract performance: Zakład Wytwarzania Bielsko-Biała Elektrociepłownia Bielsko - Północ EC-2
6. Deadlines for implementation: Release the Installation for Operation within 19 months to the date of signing the Contract.
7. Payment terms: The remuneration shall be payable on the basis of partial invoices issued by the Contractor after the completion and acceptance of the individual Execution Stages indicated in Appendix No. 4A to the Contract (Material and Financial Schedule) for amounts corresponding to the values of the individual Execution Stages. The Employer shall pay the amounts due by bank transfer within 30 (thirty) days of receipt of a correctly issued VAT invoice together with the required documents.
8. Performance bond (value, duration): The Contractor shall obtain and provide a performance bond in the form of a bank or insurance bond in the amount of PLN 6,370,170.00, constituting 10% (ten per cent) of the Remuneration, with a term of validity from the day of

conclusion of the Contract until the expiry of 19 months from the day of conclusion of the Contract plus 30 (thirty) days.

9. Guarantee for repairing defects and faults (value, duration): The Contractor shall obtain and provide Security in the form of a bank or insurance bond for the warranty period (Basic Guarantee Period is 60 months from the date of commissioning the installation) in the amount of PLN 1 911 051.00, constituting 3% (three per cent) of the Remuneration, with a duration period until the end of the warranty period plus 15 (fifteen) days.
10. Other guarantees (type of guarantee, value, duration)
11. Penalties: "The parties agree that the Contractor shall be obliged to pay contractual penalties to the Employer in the following cases:

— for delay in meeting the completion deadline of the third (3rd) Stage of the Execution defined in Appendix no. 4A to the Contract (HRF) titled "Execution and submission of the basic project to the Employer". - in the amount of 0.02% (two hundredths of a percent) of the Remuneration for each day of delay, provided that the contractual penalty shall not be calculated if the Contractor meets the final completion deadline specified in Art. 5.1 of the Contract (planned deadline for signing the Site Acceptance Protocol). Stage 3 shall be deemed to be completed on the handover date when the basic project has been accepted or approved with comments by the Employer.
— in the event of delay in meeting the final deadline for the completion of the Contract as specified in Art. 5.1 (the scheduled date for signing the Site Acceptance Protocol) - in the amount of 0.2% (two tenths of a percent) of the Remuneration for each day of delay, the remaining contractual penalties resulting from the Contract are in line with market standards for this type of contract for similar orders.

Total maximum amount of contractual penalties to be paid by the Contractor:

— for contractual penalties for failure to achieve the Guaranteed Technical Parameters of Group B, the amount of contractual penalties shall not exceed 20% (twenty percent) of the Remuneration;
— for a delay in the completion dates of the Contract, the amount of contractual penalties shall not exceed 20% (twenty percent) of the Remuneration;
— from all causes indicated in the Contract shall not exceed 30% (thirty percent) of the Remuneration."

12. Comments: none