Current report no. 70/2021
Date: 2021-08-02
ERBUD S.A.

Subject:
Signing a significant contract for construction works between the consortium Erbud Industry Sp. z o.o. ul. Wapienna 40, 87-100 Toruń (Leader) and Erbud S.A. ul. Klimczaka 1, 02-797 Warsaw (partner); a Energa Kongregacja Sp. z o.o. ul. Elektryczna 20A, 82-300 Elbląg ("Ordering Party"). The contract value is PLN 39.1 million net. It is a "turnkey" construction of a reserve and peak water gas boiler house with two boilers with a capacity of approx. 20 MWt each and one boiler with a capacity of approx. 10 MWt and the necessary construction and technological infrastructure in Kalisz.

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

Report content:
Management Board of Erbud S.A. (Issuer) informs about signing a significant contract for construction works under the following conditions:
NO DESCRIPTION OF CONTRACT DATA

1 Date of concluding the contract 02.08.2021 - the Consortium of Erbud Industry Sp. z o.o. (leader) and Erbud S.A. (partner) with Energa Kogeneracja Sp. z o.o. with its registered office in Elbląg (82-300) at ul. Elektryczna 20A, (Ordering Party).
2 Investor (exact name and registered office) Energa Kogeneracja Sp. z o.o. with its registered office in Elbląg (82-300) at ul. Elektryczna 20A,

3 Contract value PLN 39,120,000 net

4 Subject of the contract "Turnkey construction of a reserve and peak water gas boiler house with two boilers of approx. 20 MWt each and one boiler of approx. 10 MWt and the necessary construction and technological infrastructure in Kalisz",

The subject of the Contract involves, in particular, complete design works, construction works, delivery, assembly, start-up, regulatory and trial operation, training of the employees of the Ordering Party, handing over to the Ordering Party with obtaining the required administrative decisions as well as a guarantee and warranty, made as "turnkey" modern Installation (hereinafter also the "Task"), i.e. a reserve and peak water gas boiler room with a capacity of at least 49 MWt with two boilers with a capacity of approx. 20 MWt each and one boiler with a capacity of approx. 10 MWt and the necessary construction and technological infrastructure in Kalisz.
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5 Place of performance of the contract: EC Kalisz

6 Completion dates Handover of the Installation for use by 31.12.2022.
7 Payment terms The Contractor will issue invoices for the execution of the Implementation Stages in accordance with the Material and Financial Schedule. The Ordering Party will pay the amounts by bank transfer within 30 (thirty) days from the date of receipt of a correctly issued VAT invoice with the required documents.
8 Performance guarantee (value, validity period) "15.1 The Contractor will, within 5 (five) business days from the date of entry into force of the Contract, provide a performance guarantee ("Collateral") in the amount of 5% of the Contractual Remuneration, i.e. 2,405,880.00 PLN. 15.10.1 The collateral will be valid, effective and maintained at least from the date of issue to 15 days after the expiry of the guarantee period, i.e. 36 months from the date of handing over the Installation for Operation

15.10.2 70% of the Collateral (reduced by any payments for satisfying claims of the Ordering Party) will be returned/released (depending on the form of collateral) up to 15 days after the signed Protocol of Taking Over the Operation for the entire Task.
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9 Guarantee for the repair of defects and faults (validity period value) 15.10.3 30% of the Collateral The Ordering Party will return/release (depending on the form of the collateral) up to 15 days after the guarantee period referred to in point 15.10.1.
10 Other guarantees (type of guarantee, value, duration)

11 Penalties "9.1 The Ordering Party will charge the Contractor with the following contractual penalties, including for delay due to reasons attributable to the Contractor:

a) if the Contractor does not install the gas installation from the gate valve behind the measuring station to the boiler burners by September 16, 2022 in accordance with the conditions set out in the Contract and the Conditions for connection to the gas network of February 27, 2020 - in the amount of PLN 8,000.00 per each day of delay started;

b) if the Contractor fails to meet the planned deadline for issuing the Protocol for taking over the operation of the Installation in the amount of:
- 0.20% of the Contractual Remuneration for each commenced day of delay in meeting the deadline for issuing the Protocol for Taking over for operation for the Task,

c) if the Contractor fails to meet the deadline agreed between the Parties for the removal of defects or the deadline for removing defects during the guarantee and warranty period (in accordance with point 8.2.2.2) in the amount of 0.04% of the Contractual Remuneration (specified in point 6.1), for each commenced day delays in starting the removal of defects and/or removal of defects during the guarantee and warranty period.

d) In the event of a delay in submitting all as-built documentation within the deadline specified in HRF in the amount of 0.03% of the Contractual Remuneration (specified in point 6.1) for each commenced day of delay;

The remaining contractual penalties resulting from the Contract correspond to the market standards in this type of contracts for similar orders.

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

- from the contractual penalties for failure to achieve the Guaranteed Technical Parameters of Group B, the amount of contractual penalties will not exceed 10% (twenty percent) of the Remuneration;

- from delay in the performance of the Contract, the amount of contractual penalties will not exceed 10% (twenty percent) of the Remuneration;

- from all reasons indicated in the Contract, it will not exceed 25% (thirty percent) of the Remuneration.
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12 Notes "The Contract is concluded upon its signing by both Parties.
Corporate consents to conclude the Contract obtained by the Ordering Party are the condition for the Contract to enter into force.