Current report no. 71/2021
Date: 2021-08-10
ERBUD S.A.

Subject:
Signing a significant agreement for construction works worth PLN 23.4 million net for the construction of the hospital pavilion in Kraśnik.

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

Report content:
The Management Board of ERBUD S.A. (the Issuer) informs that on August 10, 2021, it signed the Agreement for construction works under the following conditions:

1 Date of concluding the contract: August 10, 2021.
2 Investor (exact name and registered office) "Independent Public Healthcare Centre in Kraśnik
ul. Chopin 13, 23-200 Kraśnik"
3 The contract value is PLN 23,400,000.00 net
4 Subject of the contract: The subject of the agreement involves the construction works for "Extension of the pavilion to the hospital building at SPZOZ in Kraśnik in order to improve the availability and quality of services, to secure services in gynecology, obstetrics and neonatology departments, and to reorganize the functioning of the hospital" and previous design works
5 Place of performance of the contract: Kraśnik
6 Completion date until February 28, 2023.
7 Payment terms

> "1. Settlement for the performance of the subject of the Agreement will be made based on VAT invoices issued by the Contractor in periods not more frequent than every three months. The Contractor may issue the first invoice for construction works after three full calendar months from the date of commencement of the construction works.
> 2. The Contractor will issue partial invoices for the performance of the subject of the Agreement for a total amount equal to 80% of the total remuneration; the remaining 20% of the value will be settled as settlement of the final invoice.
> 3. The deadline for payment of invoices issued by the Contractor will be up to 30 days, starting from the date of receipt by the Ordering Party of a correctly issued invoice together with a protocol for the progress of the works performed or with a final protocol for the performance of the works as well as statements and evidence from Subcontractors and further Subcontractors"

8 Performance guarantee (value, validity period) PLN 1,431,825.00 / validity period from signing the agreement to March 30, 2023.
9 Warranty for the repair of defects and faults (validity period value) PLN 429,547.50 / validity period March 31, 2023. until April 15, 2028
10 Other guarantees (type of guarantee, value, validity period)
11 Penalties "The Contractor will the Ordering Party a contractual penalty:
1) in the event of a delay in the performance of the subject of the agreement, described in §1, in the amount equivalent to 0.15% of the remuneration for the entire subject of the agreement, calculated for each commenced day of delay; the limit of penalties for delay in the performance of the agreement is 10% of the remuneration for the entire subject of the agreement;

2) in the event of a delay in removing defects during the guarantee and warranty period for defects - in the amount of PLN 1000 for each day of delay from the date indicated by the Ordering Party for the removal of defects;
3) in the event of withdrawal from the agreement by the Ordering Party for reasons for which the Contractor is responsible - in the amount equal to the amount of 10% of the remuneration for the entire subject of the contract;
4) in the case of non-payment of the due remuneration to Subcontractors or further Subcontractors (including remuneration due to Subcontractors for the change in the amount of remuneration referred to in Article 439 (5) of the Public Procurement Law Act) - in the amount equal to 10% of the unpaid receivables;
5) in the event of late payment of remuneration due to Subcontractors or further Subcontractors (including remuneration due to Subcontractors for the change in the amount of remuneration referred to in Article 439 (5) of the Public Procurement Law Act) - in the amount equivalent to 0.5% of the unpaid receivables for each day of delay;
6) in the event of failure to submit to the Ordering Party the documents referred to in § 8 (15) within the deadline specified by the Ordering Party, in accordance with § 8 (15) - in the amount of PLN 5,000.00, each time in the event of a breach of the deadline;
7) in the event of failure to submit a draft subagreement for the construction works for approval, or a draft of its amendment - in the amount equal to 0.5% of the value of this agreement, calculated for each day of delay from the date of its conclusion by the parties to the date of its disclosure implementation;
8) in the case of failure to submit a certified true copy of the subcontract or its amendment - in the amount equal to 0.5% of the value of this contract, calculated for each day of delay from the date of its conclusion by the parties to the date of submission of the contract to the Ordering Party;
9) in the absence of a change to the subagreement with regard to the payment date - in the amount equal to 0.5% of the value of this subagreement, calculated for each day of delay from the date indicated in the information referred to in §13 (4) (2);
10) in the event of non-compliance with the requirement to employ workers performing the construction works specified in § 8 (13), on the basis of an employment contract within the meaning of the provisions of the Labor Code - in the amount of the product of the minimum wage for work determined on the basis of the provisions on the minimum wage for work (applicable at the time when the Employer finds that the Contractor fails to employ workers performing the construction works under the contract for work within the meaning of the Labor Code), the number of days during the contract performance in which the requirement was not met and the factor 1/30 - for each person performing construction works indicated in § 8 (13) on the basis of a contract other than an employment contract within the meaning of the Labour Code;
11) in the event of interruption of the acceptance activities for reasons attributable to the Contractor, the Ordering Party will charge the Contractor with a contractual penalty in the amount of PLN 2,000.00.
12) the Contractor will be obliged to pay the Ordering Party the equivalent of penalties imposed on the Ordering Party by the Institution co-financing the implementation of the investment, if the Ordering Party is charged with such penalties as a result of the CONTRACTOR's actions or omissions
13) the Contractor is obliged to repair the damage due to the CONTRACTING PARTY's loss of funding for the investment due to the CONTRACTOR's actions or omissions, in particular to pay compensation in the amount corresponding to the amount of the lost funding
The total maximum amount of the contractual penalties is 20% of the agreement value.
The contractual penalty will be paid within 14 days from the date of delivery of a written request for payment of the penalty.
The Ordering Party may deduct the contractual penalty due to it from any amount due to the Contractor.
In the event of damage exceeding the amount of the stipulated contractual penalties, the Ordering Party has the right to claim supplementary compensation."