

Current report no. 40/2022

Date: August 19, 2022

ERBUD S.A.

Topic

Signing a significant contract for construction works with value of PLN 66.78 million net for construction works related to the construction of a penitentiary complex in Chmielów - part I

Legal basis

Art. 17 sec. 1 of MAR - confidential information.

Report content:

Management Board of ERBUD S.A. _Emitter_ informs that today it has signed a Construction Works Contract on the following terms:

NO. SPECIFICATION CONTRACT DATA

1 Date of concluding the contract: August 19, 2022.

2 Investor _exact name and seat_ "District Inspectorate of Prison Service in Rzeszów Rzeszów 35-322, ul. Załęska 76 "

3 Contract value PLN 66,784,152.28 net

4 The subject of the contract "Construction of a penitentiary complex in Chmielów - part I - includes:

1. Construction of a multifunctional building _B_

along with installations of

_ sanitary sewage system, water supply system, gray water, gas, central heating and cooling, hot utility water installations, mechanical, electric and low-current ventilation, devices, first equipment of the building.

2. Construction of the building of penitentiary pavilion _C_ together with installations of _ sanitary sewage, water supply, gray water, gas, central heating, hot utility water installations, mechanical, electric and low-current ventilation _ , devices, first equipment of the building.

3. Construction of the building of transition house _E_ together with installations of _ sanitary sewage, water supply, gray water, gas, central heating, hot utility water systems, mechanical, electric and low-current ventilation, devices, first equipment of the building.

4. Construction of the necessary accompanying infrastructure for the construction of a penitentiary complex in the form of:

a. Construction of all necessary inter-facility networks of the area infrastructure development as well as connections and installations supplying all designed facilities with all required utilities,

i.e. construction of: water supply system, sanitary sewage system, rainwater sewage system with rainwater tanks, gray water, power, gas, lighting, low-current installation_ teletechnical installations, surveillance television system, perimeter protection, access control, gates and wickets control, _construction of ground heat exchangers, etc._.

b. Construction and reconstruction of the medium voltage power line colliding with the planned construction of the penitentiary complex.

c. Construction of a low voltage power line.

d. Construction of two 15kV / 0.4kV medium voltage transformer stations.

e. Construction of a photovoltaic installation.

f. Construction of communication roads, pavements, manoeuvring yards, parking place, walking squares and movement recreation squares, devices of green areas.

g. Construction of the external fence - two lines of the fence, _ together with the entrance gate and the control sluice enabling entry to the unit and partial reconstruction of the existing external fencing and internal fencing in order to remove collisions with designed facilities or to connect the newly designed fence with the existing facilities.

i. Construction of internal fences, drive-through gates, wickets and internal technical and protective safeguards. "

5 Place of performance of the contract Chmielów 662, 39-442 Chmielów

6 Implementation time limits August 19, 2022 - April 19, 2024

7 Payment terms

partial monthly invoicing up to 85%, the remaining value is based on the final invoice, after obtaining the use permit and signing the final protocol; payment time limit 30 days

8 Good performance guarantee _value, binding period_ 5% of the gross contract value = PLN 3,903,847.95; binding period until May 19, 2024 _insurance guarantee_

9 Guarantee for repair of defects and faults _ value, binding period _ 1.5% of the gross contract value = PLN 1,171,154.39; binding period from May 20, 2024 until June 03, 2030 _insurance guarantee_

10 Other guarantees_ type of guarantee, value, binding period_ not applicable

11 Penalties

"1_ for withdrawal from the contract for reasons attributable to the Contractor, or by the Contractor for reasons related to it, in the amount of 15% of the gross lump sum remuneration referred to in § 5 sec. 2;

2_ for delay in finish of the construction works in the amount of 0.01% of the gross lump sum remuneration referred to in § 5 section 2, for each commenced day of delay, counting from the contractual deadline for the performance of the contract, listed in § 2 section 1, section 3, section 4.

3_ for delay in removing defects found upon acceptance of construction works or during the guarantee and warranty period for defects - in the amount of 0.005% of the agreed gross flat-rate remuneration referred to in § 5 sec. 2, for each day of delay counting from the date set for the removal of defects;

4_ in the absence of payment of the due remuneration to subcontractors or further subcontractors, in the amount of 10% of the unpaid amount due;

5_ in the event of delayed payment of remuneration due to subcontractors or further subcontractors, in the amount of 0.5% of the unpaid amount due for each day of delay;

6_ in case of entrusting subcontractors with the performance of construction works before the date of signing the subcontract, in the amount of 0.01% of the agreed gross flat-rate remuneration referred to in § 5 sec. 2 of the contract,

7_ in the case of failure to submit a draft subcontract for approval, the subject of which are construction works, or a draft of its amendment, in the amount of 0.5% of the gross value of this contract, for each commenced day of delay, counting from the date of its signing by the parties until the date of disclosure of its implementation;

8_ in the case of failure to submit to the Ordering Party a certified true copy of the subcontract, within 7 days from the date of its conclusion, in the amount of 0.5% of the gross value of this contract, for each commenced day of delay, counting from the expiry of the above-mentioned deadline until the date of submission of the contract to the Ordering Party or its amendment;

9_ in the absence of a change to the subcontracting contract with regard to the payment date, in the amount of 0.5% of the gross value of this contract, for each day of delay from the date indicated in the information referred to in § 7 section 12;

10_ for failure to submit to the Ordering Party, prior to the commencement of the performance of the works covered by the subject of the contract, the Contractor's or Subcontractor's statement, mentioned in § 4 sec. 1 point 50 of the contract or the Contractor's statement mentioned in § 4 sec. 1 point 52 of the contract, in the amount of 0.001% of the agreed gross flat-rate remuneration referred to in § 5 sec. 2, for each commenced day of delay in submitting the statement;

11_ for failure to submit to the Ordering Party during the execution of the order, at each its summons, within the time limit specified in that summons, the indicated evidences in order to confirm the fulfilment of the employment requirement by the Contractor or the Subcontractor of persons under an employment contract, or in order to confirm the fulfilment of the employment requirement by the Contractor of convicted persons, in the amount of 0.001% of the gross remuneration referred to in § 5 section 2, for each commenced day of delay in handover of the indicated evidences;

12_ in the event of failure to employ the convicted person declared by the Contractor in the performance of the subject of the order, the Contractor will be obliged to pay to the Ordering Party a contractual penalty in the amount of the product of the lowest remuneration together with due social security contributions and the number of months of the order execution in which the Contractor did not employ the convicted person, unless the Contractor proves that it has presented the job offer to the Prison, and the convicted person has not been employed for reasons not attributable to the Contractor. The lack of convicted persons capable of performing the order will be considered a cause not attributable to the Contractor.

13_ for delay in providing the Ordering Party with material and financial schedules or their updates - in the amount of PLN 1,000.00 for each day of delay, counting from the contractual deadline of their handover;

14_ for breach of obligations, in the scope of the Contractor's other obligations, referred to in § 4 sec. 1, in the amount of PLN 1,000.00 per each case.

The sum of contractual penalties calculated on the basis of this contract may not exceed 25% of the total / gross/ remuneration of the Contractor referred to in § 5 sec. 2 of the contract.