



Capital Group

2021 Operations Report

Comprises

2021 ERBUD S.A. OPERATIONS REPORT

6 April 2022

Table of Contents

A LETTER OF THE MANAGEMENT BOARD MEMBERS	4
1. MACROECONOMIC ENVIRONMENT	6
1.1. Economic situation	6
1.2. Condition of the construction sector in Poland	9
1.3. Regulatory changes	11
1.4. Factors that will affect the Group's operations in the quarters to come	13
2. ERBUD GROUP ACTIVITIES IN 2021	17
2.1. Capital Group Structure	17
2.2. ERBUD S.A.	24
2.3. ERBUD International Sp. z o.o.	35
2.4. MOD 21 GmbH (GWI BAUUNTERNEHMUNG GmbH)	42
2.5. ONDE S.A. Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. (<i>Road Engineering Construction S.A.</i>)	45
2.6. ERBUD Industry Sp. z o.o.	54
2.7. Erbud Industry Centrum Sp. z o.o.	58
2.8. Satchwell Toruń Polska Sp. z o.o.	59
2.9. ERBUD Industry Południe Sp. z o.o.	60
2.10. ERBUD Shared Services Sp. z o.o.	63
2.11. HEBUD	64
2.12. IVT Weiner + Reimann GmbH	64
2.13. IKR GmbH	65
2.14. JV MATOC POLAND Sp. z o.o.	68
3. ERBUD GROUP FINANCIAL PERFORMANCE IN 2021	73
3.1. Key drivers of financial performance	73
3.2. Sales revenues	73
3.3. Costs	74
3.4. Other operating and financial income and expenses	75
3.5. Statement of Financial Position	75
3.6. Cash flows	76
3.7. Changes in equity	76
3.8. Financial ratios	76
3.9. Interest debt	77

3.10. Contingent receivables and liabilities	85
3.11. The Management Board's position on the 2021 performance forecasts	90
3.12. The Management Board's recommendation concerning the distribution of 2021 profit	91
4. FINANCIAL PERFORMANCE OF ERBUD S.A.	92
4.1. Drivers of financial performance in 2021	92
4.2. Statement of Financial Position	94
4.3. Cash Flow Statement	95
4.4. Statement of Changes in Equity	95
4.5. Basic financial ratios of ERBUD S.A.	95
5. RISK MANAGEMENT	98
5.1. Financial Risk	99
5.2. Operational risk	102
6. Litigations	109
6.1. Material proceedings to which the Issuer is the plaintiff	109
6.2. Material proceedings to which the Issuer is the defendant	112
7. ERBUD S.A. IN CAPITAL MARKET	114
However, there is every indication are that the year 2022 is going not to be so optimistic. A new virus mutation, a need to tighten monetary policy (raising interest rates) may have negative impact on the equity markets.	114
7.1. Listing of ERBUD S.A. shares on WSE	114
7.2. Dividend	115
7.3. Investor relations	116
7.4. Recommendations	116
8. CORPORATE GOVERNANCE	117
8.1. Rules and Scope of Corporate Governance	117
8.2. Control and risk management systems in the process of preparing financial statements	120
8.3. Shares and shareholders of ERBUD S.A.	120
8.4. Articles of Association and General Meeting of Shareholders	127
8.5. Activities of the Supervisory Board	134
8.6. Entity authorized to audit the financial statements	138
8.7. Management Board Activities	141
8.8. Diversity Policy	145

9. MANAGEMENT BOARD STATEMENTS

146

A LETTER OF THE MANAGEMENT BOARD MEMBERS

Dear Sirs,,

efforts taken to draw up the Annual Report created an excellent opportunity to look at the passing year from a broader perspective, to sum up the Company successes and how the Company responded to the market developments.

And we know one thing for sure - ERBUD has been operational for almost 32 years and never before it had been so busy. The second year of the pandemic, the acquisition of another company in Germany, the setting up of a hydrotechnical division, ONDE's IPO on the Warsaw Stock Exchange, EMAS certification, our presidency of the Polish organisation Construction Safety Alliance. The Alliance was joined by 423 male and female colleagues. Despite turmoil such as a pandemic or inflation, this year proved to be one of the best for us in the Group's more than 30-year history.

This is the effect of the diversification strategy implemented many years ago - ERBUD is expanding its areas of activity year by year, directing its attention to the most promising ones. In 2021, we launched two new business branches - hydraulic engineering, establishing a new branch in city of Gdansk, and modular timber construction targeted mainly at the German market. The listing of ONDE on the Warsaw Stock Exchange confirmed our leadership in the RES construction segment, while the acquisition of IKR from the German Bilfinger Group will significantly increase the share of industrial services in the ERBUD's revenues in Germany.

In the reported period our personnel worked very hard that we appreciate very much. It was also a year of continued intensive care for their safety, which is the cornerstone of our business. Not only did we counteract the pandemic by, for instance, offering Covid-19 vaccination on our company premises, but we also implemented further safety procedures as part of our membership of the Construction Safety Alliance ("Alliance"). In 2021 we held the Presidency of the Alliance. Our safety standards have been confirmed, *inter alia*, by the series of "Build Safely" awards, won by the construction sites from almost all our branches and by companies in Poland.

We are also extremely proud to have embarked on the path of green transformation. The confirmation of the adopted strategy was the successful EMAS certification - the highest EU distinction in this segment - as well as a series of awards and distinction. We are happy that prestigious institutes have recognised our efforts to become as much environmentally friendly as possible. We absolutely believe that the strong climate neutral trend does not contradict business profitability, as evidenced by this year's Group performance.

Thanks our work and commitment we generated EBIT margin at the level of 3.9% at the year-end, with revenues in the range of PLN 3.1 billion, whereas the order portfolio worth PLN 3.7 billion allows us to be optimistic about the current year 2022 and beyond. It should be noted that we have maintained our revenues

in the building construction segment, but every third zloty of revenues came from the intensively developing segment of renewable energy, in which our company ONDE is a leader.

From the early days of the pandemic, we were looking for the best solutions and procedures to carry out projects in accordance with the ERBUD standard, i.e. on time, in a safe and innovative manner and with the top quality. The realisation of our plans would not have been possible if it were not for the joint action taken in partnership with our stakeholders. It is with you in mind - our investors, business partners and customers - that we present this document summarising what has been a busy year in 2021.

With best wishes of good health,

Dariusz Grzeszczak

Agnieszka Głowacka

Jacek Leczkowski

Radosław Górski

1. MACROECONOMIC ENVIRONMENT

1.1. Economic situation

1.1.1. Poland

The Central Statistical Office's preliminary estimates of GDP dynamics in Poland indicate that gross domestic product in 2021 was 5.7% higher in real terms than in 2020, compared to a 2.5% decline in 2020 *vis-à-vis* 2019. This demonstrates the rapid adaptation of the economy to pandemic conditions, despite the restrictions still in place, and the standardization of consumer demand. Last year, the scale of restrictions was gradually reduced thanks to, including but not limited to, progressive vaccination programme. The Poland's GDP growth rate in 2021 was mainly driven by domestic demand. The scale of its impact on GDP growth was 7.6 percentage points, which is more than in the years preceding the pandemic. The impact of total consumption on GDP was 3.6%, whereas the positive impact of investment demand of 1.3% should also be noted.

Real growth rate of Gross Domestic Product (same period of previous year = 100)

Source: Polish Central Statistical Office (CSO), Gross domestic product in 2021, ball park estimate

According to the Polish Central Statistical Office (CSO), domestic demand was up by 8.2% compared to 2020. Total consumption in 2021 was up by 4.8% in real terms, of which household consumption rose by 6.2% (2020 saw declines of 1.1% and 3.0% respectively). Gross capital expenditures on fixed assets in 2021 were up by 8.0% compared to the previous year (against a decline of 9.0% in 2020). The investment rate in the national economy (the ratio of gross capital expenditures on fixed assets to gross domestic product at current prices) in 2021 was, similarly to 2020, at the level of 16.6%.

Throughout 2021, companies struggled with disruptions in global supply chains due to undersupply in markets of key manufacturing feedstocks. In the second half of the year, economic activity was increasingly affected by inflationary processes and rising operating costs as a result of the drastic rise in energy prices on the European market.

According to National Bank of Poland data published in early March 2022, Poland's GDP growth in 2022 should be range from 3.4 to 5.3 per cent. A significant uncertainty factor for the formation of future economic activity in the world and in Poland is Russia's armed aggression against Ukraine. However, the National Bank of Poland forecasts that due to, *inter alia*, the small share of exports to these countries in Poland's

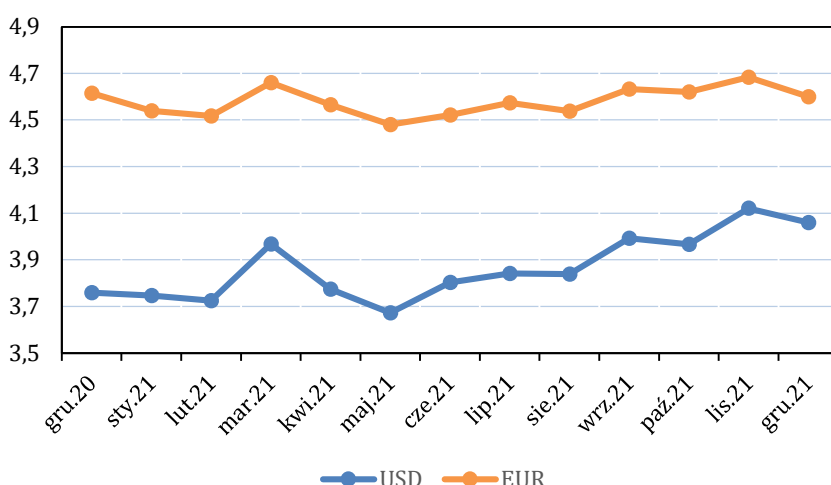
foreign sales, the country's favourable economic performance may be expected to continue in the quarters to come.

A weakening of the Polish currency (PLN) against the US dollar (USD) was recorded in 2021. On 31 December 2021 the exchange rate is up by 8% compared to that on 31 December 2020. The Polish currency's (PLN) exchange rate against the US dollar during the year was negatively affected by low interest rates, which remained low until Q3 of the year, and at the same time it was paralleled by a relatively high interim inflation rate, which was 5.1% according to the Central Statistical Office (CSO). Only in Q4 The Monetary Policy Council launched the process of raising interest rates.

The currencies of emerging markets, including the Polish currency (PLN), were negatively hit by the continuing uncertainty about on-going pandemic and the US dollar strengthening process. The Polish currency exchange rate was hit adversely by the Poland's failure to receive funds from the EU Reconstruction Fund as a result of a conflict with the European Commission over the approval of the National Reconstruction Plan.

The year-on-year change of the zloty against the European currency was symbolic, the exchange rate at the end of 2021 was 4.5994 compared to 4.6148 on 31 December 2020.

Quotations in PLN

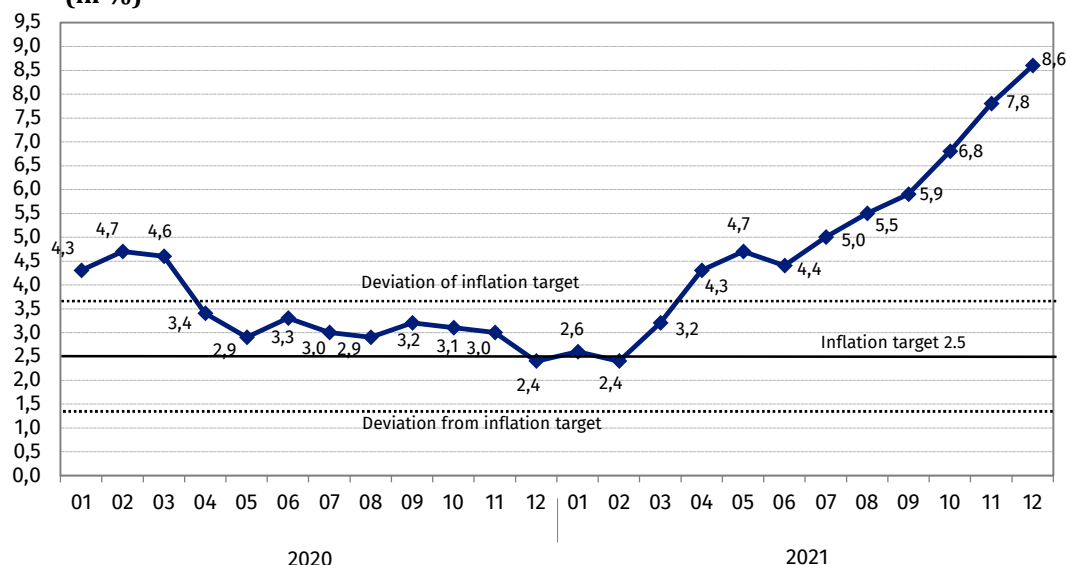


Source: National Bank of Poland, Archives of average exchange rates – Table A

A new driver may impact the Polish currency exchange rate (namely, its depreciation) in short-term is the Russia's attack on Ukraine and the on-going war alongside the eastern border, which causes uncertainty of the investors. We should also bear in mind possible interest rates' hikes in the USA that would generate demand for the US dollar. On the other hand, the National Bank of Poland in its announcements forecast further interest rates' hikes in Poland, which will stabilise the level of the Polish currency exchange rate.

In H1 2021, the Polish Central Bank kept interest rates at record low levels preferring fundamental undervaluation of the Polish currency. Last year was a period of significant acceleration in price growth. At the end of December inflation was at the level of 8.6% and it was 5.1% for the overall year. The rapid rebound of demand encountered a barrier represented by blocked production capacity. Commodity prices in domestic as well as global markets were driven by shortages of raw materials and semi-finished products, emerging problems in supply chains. Producer Price Index (PPI) at the end of December 2021 reached 14.2% (26.2% in the European Union) and 7.9% (12.2% in the EU) on an annualised basis.

**Changes of CPI index compared to the same period in the previous year
(in %)**



Source: CSO, Consumer price indices (CPIs) in December 2021.

High demand was paralleled by rising energy, fuel and labour prices, which were passed on by businessmen to the prices of final goods. The continued steady upward trend in inflation, a warming economy and concern about "unanchoring" inflation expectations have prompted the Central Bank to make a significant change in monetary policy. The National Bank of Poland decided to raise the reference rate from 0.10% to 1.75% in total at the end of 2021. The 3-month WIBOR rate went up to the level of 2.54%.

At the beginning of the year, the Polish government launched the so-called Anti-Inflation Shield, with the main objective to reduce retail prices through lower indirect taxes. The Anti-Inflation Shield impacts the prices of food, fuel and energy carriers. The National Bank of Poland (NBP), in its March Inflation Report, estimates that the impact of the Anti-Inflation Shield will lead to a 2.1 per cent annual average decline in consumer price growth in 2022, against the scenario without anti-inflation package. The program was launched for the period lasting until July 2022, but it is possible that it will be extended until the end of 2022.

On the other hand, the heated labour market and the associated wage and price pressures, the significant energy price hikes on the market on the onset of 2022, which will force businesses to pass them on to the prices of goods and services, should be mentioned as negative factors in curbing inflation. On the onset of March, the NBP published new inflation forecasts for the 2022-2024 period taking into account the Russian invasion in Ukraine, which cause growing uncertainty in the markets about the global macroeconomic environment as well as in our region. According to the National Bank of Poland's (NBP) forecast, there is a 50% likelihood that inflation in Poland (assuming changes in interest rates) will range from 9.3 to 12.2% in 2022 and from 7 to 11% in 2023. Approaching the inflation target will not happen prior to 2024. The Monetary Policy Council made further interest rate increases in 2022 and the main reference rate reached 3.5% in March. According to preliminary data published by the Polish Central Statistical Office (CSO), inflation in January was at the level of 9.2%.

1.1.2. European Union

According to preliminary estimates presented in the European Commission's February 2022 Economic Forecast, GDP in the overall European Union and in the Eurozone was up by 5.3% in 2021.

In the countries where the ERBUD Capital Group operates, the GDP growth in the entire 2021 (y/y) was as follows based on the same source:

- Germany: 2.9%

- Belgium: 6.3%,
- France: 7%,

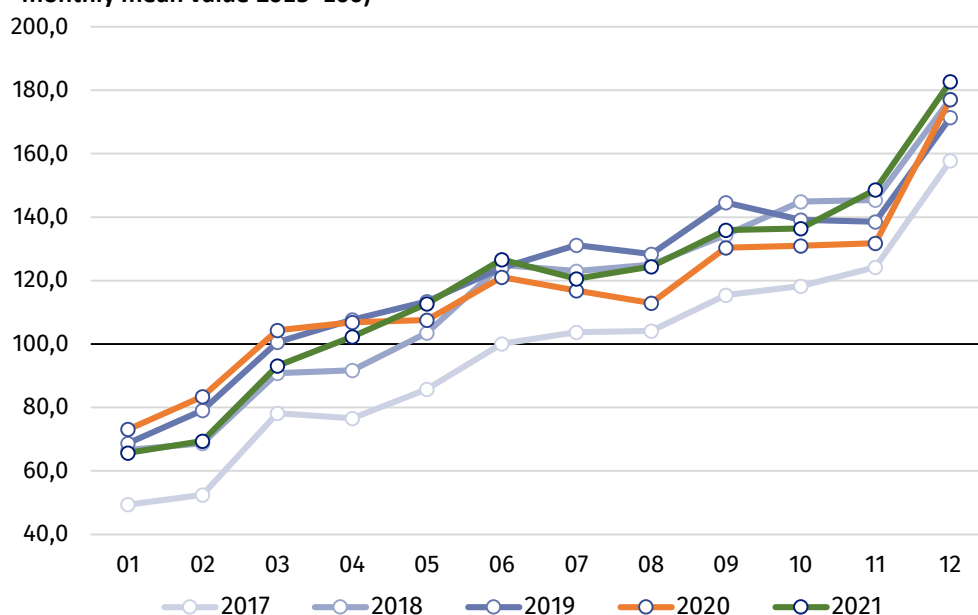
1.2. Condition of the construction sector in Poland

According to preliminary data from the Polish Central Statistical Office (CSO), the average annual construction and assembly production (in constant price terms) performed in Poland in 2021 went up by 3.2% y/y. In the corresponding period a year earlier a 2.2% decline was recorded, which was mainly due to the impact of the Covid-19 pandemic.

The best performance was recorded in the specialised construction work segment, where the average annual growth rate was 9.3%. Growth was also recorded in the civil engineering construction segment, where it was at the level of 2.8%. On the other hand, construction and assembly production among those specialising in building construction was down by 1.2%.

Sales of investment construction works was at the level of the previous year (i.e. up by 7.7%), while an increase of 8.4% was recorded for repair works (down by 3.1% in 2020). In 2021, compared to the previous year, the value of investment projects was down by 1.3%. On the other hand, sales of renovation works was up by 10.7% (in 2020, down by 1.1% and 4.0% respectively were recorded).

Growth rates of construction and assembly production (fixed prices; monthly mean value 2015=100)



Source: Polish Central Statistical Office (Polish Statistics), monthly information on growth rates of construction and assembly production

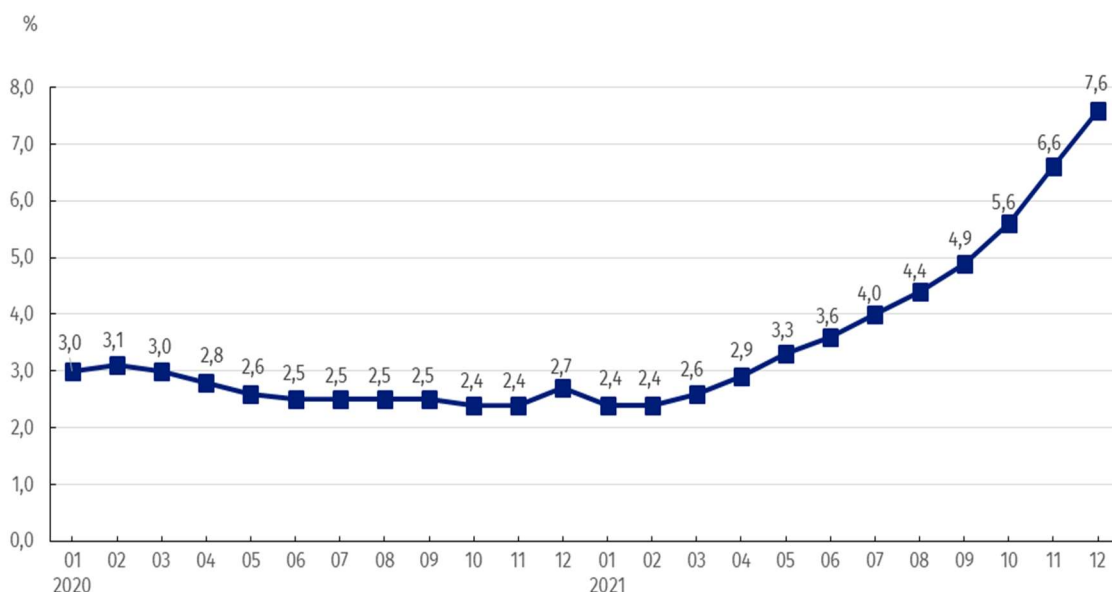
The growth rate of construction and assembly production in December 2021 (in constant prices), compared to the average monthly value of 2015, was 182.7. Taking off the impact of seasonal factors, the construction and assembly production was up by 1.1 compared to the corresponding month of 2020 and down by 5.6% compared to November 2021.

In the housing market, according to the Polish Central Statistical Office data, more housing units will be completed in 2021 than in the previous year. There was also an increase in the number of dwellings for which building permits were issued or notifications with a building design were submitted, as well as the number of housing unit projects already launched.

According to preliminary data, 234.7 thousand housing units were completed in 2021, up by 6.3% compared to the previous year. Developers commissioned 141.7 thousand housing units, i.e. down by 0.7% compared to 2020, while individual investors commissioned 88.3 thousand housing units, i.e. up by 19.4%. A total of 98.0% of all newly completed housing units were built using such construction structures. The usable area of apartments completed in 2021 amounted to 21.8 million m², which is 11.4% more than in the previous period, and the average usable area per 1 housing unit reached 92.9m². According to the Polish Central Statistical Office estimates, 871,300 housing units were still under construction at the end of 2021, up by 5.2% compared to the end of 2020.

In 2021, 340.6 thousand permits were issued or the housing unit construction projects were notified, up by 23.3% more than in 2020. In 2021, the construction of 277,400 housing units was started, up by 23.9% compared to the previous year.

Construction and assembly production price changes in 2020-2021 compared to the same period of the previous year in %

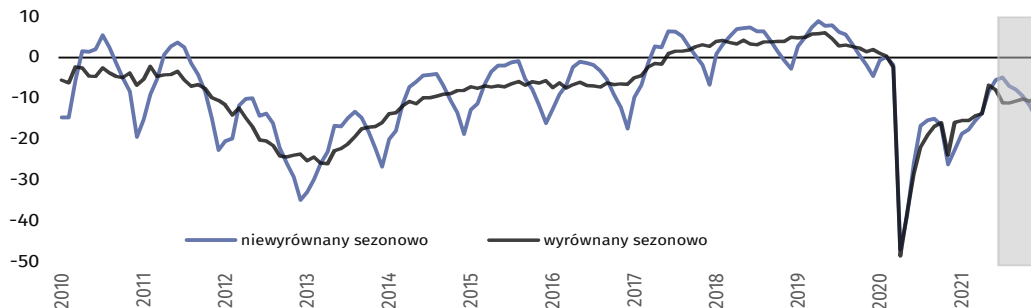


Source: Polish Central Statistical Office (Polish Statistics), price indices of construction and erection production

According to preliminary data from the Central Statistical Office, the producer prices in the construction business were up by 7.6% compared to December 2020. Compared to December 2020, prices were raised in the building construction segment by 7.8%, in the civil engineering construction segment by 7.6% and in the specialty construction segment by 6.5%. Since March 2021, there has been an increasing trend in the annual price growth rate in the construction and assembly production.

Diagram showing general business sentiment index in the construction sector

Source: Central Statistical Office, Trends in industrial processing, construction sector, commerce and services



The December 2021 General Business Climate Indicator (NSA) was negative, at the level of minus 15.4 compared to minus 11.9 in November.

According to the Coface report, the financial condition of the construction industry at the end of 2021 should be described as stable compared to the economy as a whole. On the other hand, the situation in individual construction production categories varies. Despite growing number of insolvencies, specialty construction was the largest contributor to the industry's output growth. The residential housing construction, as opposed to the commercial space construction, is also reporting very good performance in statistical terms. Construction industry saw a 50 per cent growth in the number of insolvencies in 2021. However, it should be noted that this is largely due to an increase in the number of notifications under the simplified approval procedure of composition proceedings, which accounted for more than half of the construction sector's cases last year. Construction contractor insolvencies have been declining as a share in the total number for several years, and for the first time in 20 years the annual percentage is below 10 per cent.

1.3. Regulatory changes

1.3.1. Regulations with a significant impact on the operations of building contractors

Effective from 1 January 2021 the new Act called Public Procurement Law and its implementing regulations came into force. The Act implemented, *inter alia*, the obligation to make advance and partial payments, simplified tendering procedures, reduced fee for a complaint against a National Appeal Chamber (NAC) ruling, and the obligation to incorporate into a construction or service contract, concluded for a period exceeding 12 months, a clause on the rules for making changes in the amount of remuneration due to the contractor in the event of a change in material prices or costs.

From the onset of 2022, the minimum wage is PLN 3010, which is up by PLN 210 compared to the lowest wage that was in force in 2021 and up by PLN 410 compared to 2020.

A major amendment to the Construction Law, which came into force on 20 September 2019, forced legislative efforts pertaining to a new regulation of the Minister of Development and Technology on the technical requirements to be met by buildings and their location. The amendment provides 3 years to harmonise this regulation. The deadline is September 2022. The purpose of specifying the listed requirements is to ensure that the building will - pursuant to Article 5(1) of the Act called Construction Law of 7 July 1994 - be designed and constructed in adherence to the state-of-the-art principles. The provisions of the Regulation apply to the design, construction and redevelopment as well as to changes in the use of a building as well as an aboveground or underground structure that fulfils the utility functions of the building, as well as it applies to the construction equipment related to the building.

Since January 2022, the so-called Polish Deal legislative pact has been in force in Poland. In the part concerning the construction sector, it provides an option of building houses up to 70 m² without building permits, introduction of housing subsidies, reform of spatial planning and labour market institutions. The Polish Deal legislative pact also provides for the digitalization of the construction process and, as part of Poland's New Industrial Policy, the infrastructure projects are supposed to be the driving force of the construction sector, as well as investments into wind and photovoltaic power plants. The government plans to continue major investment projects in the energy, road and rail construction and hydro-engineering sectors. They assume the expansion of agglomeration railroads, the construction and upgrading of district heating plants, the implementation of major water supply and sewerage projects in the regions and the erection of prefabricated public buildings.

On 17 November 2021, the Lower Chamber of Polish Parliament (Sejm) adopted an amendment to the Act on Foreigners and Certain Other Acts, which amends, *inter alia*, the Act on Employment Promotion and Labour Market Institutions. The main amendments to the Employment Promotion and Labour Market Institutions Act are concerned with:

- changes in the employment of foreigners based of the declaration on job commissioning to a foreigner,
- job on the basis of declaration on job commissioning to foreigners could be performed for a period of maximum 24 months,

It will apply, as before to the citizens of 6 countries (Armenia, Belarus, Georgia, Moldova, Russia, Ukraine).

- the 12-month "settlement" period will no longer apply, which will allow to employ the foreigner continuously on the basis of subsequent declarations,
- the amendments made will reduce the burden on employers and offices, as well as will contribute to the reduction of widespread labour force shortages,
- the employers life was made easier even further: the period for notifying the county job agency about the commencement of work by a foreigner has been extended up to 7 days.

However, in relation to the armed conflict in the territory of Ukraine, which has lasted since 24 February 2022 Poland has been making legislative efforts to develop new regulations on legalization of residence and employment of Ukrainians in our country.

The special Act on assistance to the Ukrainian citizens, or more precisely the Draft Act on assistance to the Ukrainian citizens in connection with the armed conflict in the territory of Ukraine, facilitates the legalization of the Ukrainians' stay in Poland, which enables refugees to take up employment in Poland more quickly. Thus, the employment of a Ukrainian in 2022 will take place following simplified principles.

1.3.2. Regulations with a material impact on the activities of accounting and financial business units

From the beginning of 2021, an amendment to the Corporate Income Tax Act introducing an option to benefit from the so-called Estonian CIT is in force. The essence of Estonian CIT is the shift of the time of tax collection to the time of profit distribution by the company. The businessman will be able to choose whether he wants to take advantage of the new taxation system or whether he prefers to settle taxes under the old rules. Pursuant to the Act, a capital company whose shareholders are exclusively natural persons will be able to benefit from taxation under the new rules.

In mid-November 2021, the President of the Republic of Poland signed the Act of 29 October 2021 amending the Personal Income Tax Act, the Corporate Income Tax Act and certain other acts. Thus, by the same token effective from the onset of January 2022, the so-called Polish Deal legislative pact came into force. It contains a number of significant modifications in the Polish tax system. The modifications are concerned with a lot of issues, both the settlement principles applicable to remuneration and health insurance contributions, taxation of businessmen, investment tax breaks and incentives, as well as withholding tax or transfer pricing.

Some of the most significant changes under the Polish Deal legislative pact include:

- no option to deduct the health contribution from the personal income tax, which will directly affect the net wages of those hired,
- the new tax scale and the tax-free amount,
- tax relief for the so-called middle class,
- introduction of new solutions such as "minimum tax", "hidden dividend", "tax on transfer pricing" or "Polish holding companies",
- deductibility of debt financing costs, changes to withholding tax (WHT), and regulations on costs related to the acquisition of intangible services,
- simplification of the so-called "Estonian CIT" system
- changes in the Tax Capital Group or introduction of the possibility to establish VAT Groups.

1.4. Factors that will affect the Group's operations in the quarters to come

1.4.1. The conflict in Ukraine.

It is difficult to quantify unequivocally what impact a conflict caused by Russia will have on the Group's operations. The initial panic in all markets in late February and early March started already to slow down after 15 March 2022. No matter what will be the end result of this conflict, the economic map of the world will change. Embargoes imposed on Russia and Belarus will significantly change the trade situation. The ERBUD Group member companies do not have any direct business ties with companies from this area. The Group also has no assets there. The Group member companies donated PLN 1 million to help the Ukrainian refugees.

The Management Board of ERBUD S.A. monitors the market situation related to the availability and prices of raw materials on an on-going basis. The budget was reviewed in terms of expenditures that can be deferred or dropped altogether.

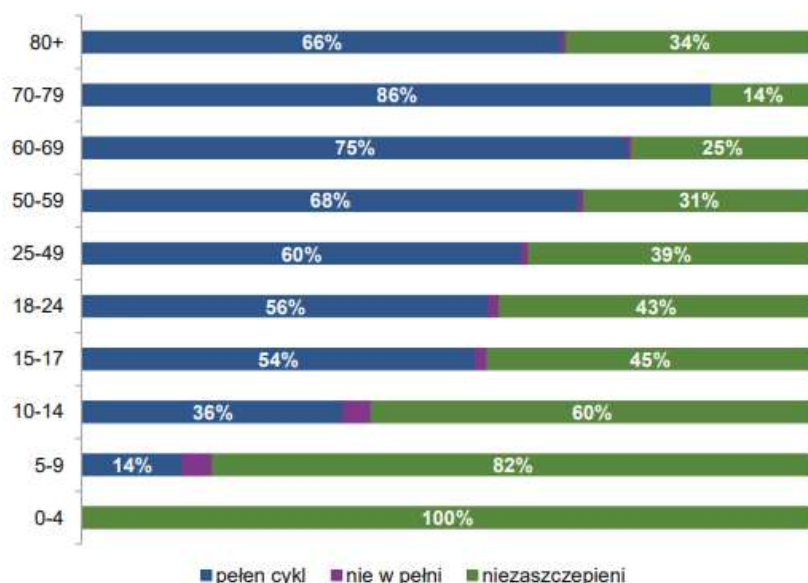
Talks have been initiated with the Employers with respect to remuneration changes.

Our order book allows for a very selective approach to bidding.

1.4.2. Economic growth rate

The future economic situation and the level of inflation in Poland depend to the largest extent on the scale of disturbances in the functioning of the global economy caused by Russia's military aggression against Ukraine and the COVID-19 pandemic. Uncertainty about the impact of the pandemic on global economic activity is estimated to have declined, although it still remains high.

Percentage of vaccinated in different age categories in Poland



Key: full cycle incomplete cycle non-vaccinated

Source: Ministry of Health, National Bank of Poland - Inflation Report

Geopolitical risk, on the other hand, has increased significantly. As a direct result of the Russian aggression against Ukraine, the price quotations for energy and some agricultural commodities in the global markets are significantly higher, as their prices were already increasing at a dynamic pace. According to the National Bank of Poland's 2022 Inflation Report, published in early March, domestic price-setting processes in 2022 are also still affected by the high cost of CO₂ emission allowances and prolonged tensions in global supply networks. In an environment of strong demand in the economy after a period of significant restrictions introduced in connection with the outbreak of the pandemic, the above circumstances lead to an intensification of price pressures and a marked increase in CPI inflation in 2022. In the first half of 2022, the scale of the increase in energy and food price inflation is temporarily limited by the impact of the Anti-Inflation Shield.

Economic growth in Poland - Forecast of the National Bank of Poland (NBP)



	2021	2022	2023
PKB (r/r, %)			
III 2022	5,7	4,4	3,0

Key: PKB = GDP; kw. = quarter; r/r = y/y

Source: NBP, Inflation Report – March 2022

After a strong recovery in economic activity in 2021, the National Bank of Poland expects stronger impact of GDP growth constraining factors and eventually GDP growth will slow down. This is because in the coming quarters, the domestic economy will be under the influence of a strong negative supply shock reflected in a marked increase in CPI inflation. In longer time perspective, the economic growth prospects will be more adversely affected by the expected slowdown in activity abroad and a significant decline in the inflow of the European funds once the funds under the 2014-2020 EU financial perspective have been exhausted.

According to estimates presented by the National Bank of Poland, Poland's GDP growth rate will reach 4.4% in 2022 (3.2% in the Euro zone) and 3.0% (2.4% in the Euro zone) in 2023.

Effective from 2022, the Polish Deal legislative pact came into force, which implemented fundamental changes in the Polish tax system. According to the National Bank of Poland analysis, the decrease in the tax burden under the Polish Deal legislative pact will affect people with lower incomes and higher propensity to consume, while it will go up for the groups characterized by an average more favourable financial standing and having more savings. Consequently tax changes will lead to a shift in demand towards lower-income groups, contributing to a relatively strong response of the aggregate household consumption. According to the estimates presented by the Central Bank, in 2022 the Polish Deal legislative pact will contribute to the reduction of the public finance sector balance by PLN 21 billion, i.e. by approximately 0.75% of GDP.

1.4.3. European Union funds

In December 2020, the European Council adopted a regulation laying down the EU's multi-annual financial framework with the value exceeding €1 trillion in 2021-2027, which, when combined with the €750 billion in Reconstruction Fund to mitigate the economic impact of the pandemic, brings the total budget to an unprecedented level of €1.8 trillion. From the total budget, Poland will receive around EUR 125 billion in direct subsidies, plus EUR 160 billion in loans. The Reconstruction Fund provides for two allocation methods (non-reimbursable grants and low-interest loans) and consists of the Recovery and Resilience Facility, the Just Transition Fund and other smaller funds and programmes.

As of the end of February 2022, Poland's National Reconstruction Plan (NRP), amounting to €24 billion in subsidies and €12 billion in low-cost loans, is still blocked by the European Commission, which requires Poland to comply with Court of Justice of the European Union (CJEU) rulings. It should be noted that the EU regulation stipulates that by the end of 2022, 70% of the amount from the NIP must be contracted, and by the end of 2023 - the entire amount. The expenditures may be borne until the end of 2026.

1.4.4. Construction sector growth prospects

The 2021 Coface Report notes that the construction sector faces numerous challenges. Currently, there are supply-side problems related to the availability of commodities and lack of skilled labour, resulting in a significant price hikes for construction materials and swelling labour costs. The tax changes under the Polish Deal legislative pact should be also noted, since they introduce uncertainty into the running businesses.

A general increase of prices in the economy exerts pressure on actual margins, forcing an attempt to pass costs on to customers, which is particularly difficult in the case of public contracts for which the indexation mechanism is limited and inadequate to current inflation rates. The aforementioned factors will significantly

affect running of construction activities in the months to come. Consequently, a gradual deterioration in the liquidity position of some building contractors can also be expected.

For construction business players, it seems to be pivotal to draw up accurate cost estimates and upkeep partnerships with investors, especially in the environment of swelling prices causing margin squeeze.

The general economic climate indicator for the onset of 2022 in most presented economic areas is at a level similar to or lower than that recorded at the end of 2021. Similar situation is present in the construction sector, where significant constraints include growing delays in payments for performed works and the expected further price hikes for construction and assembly works.

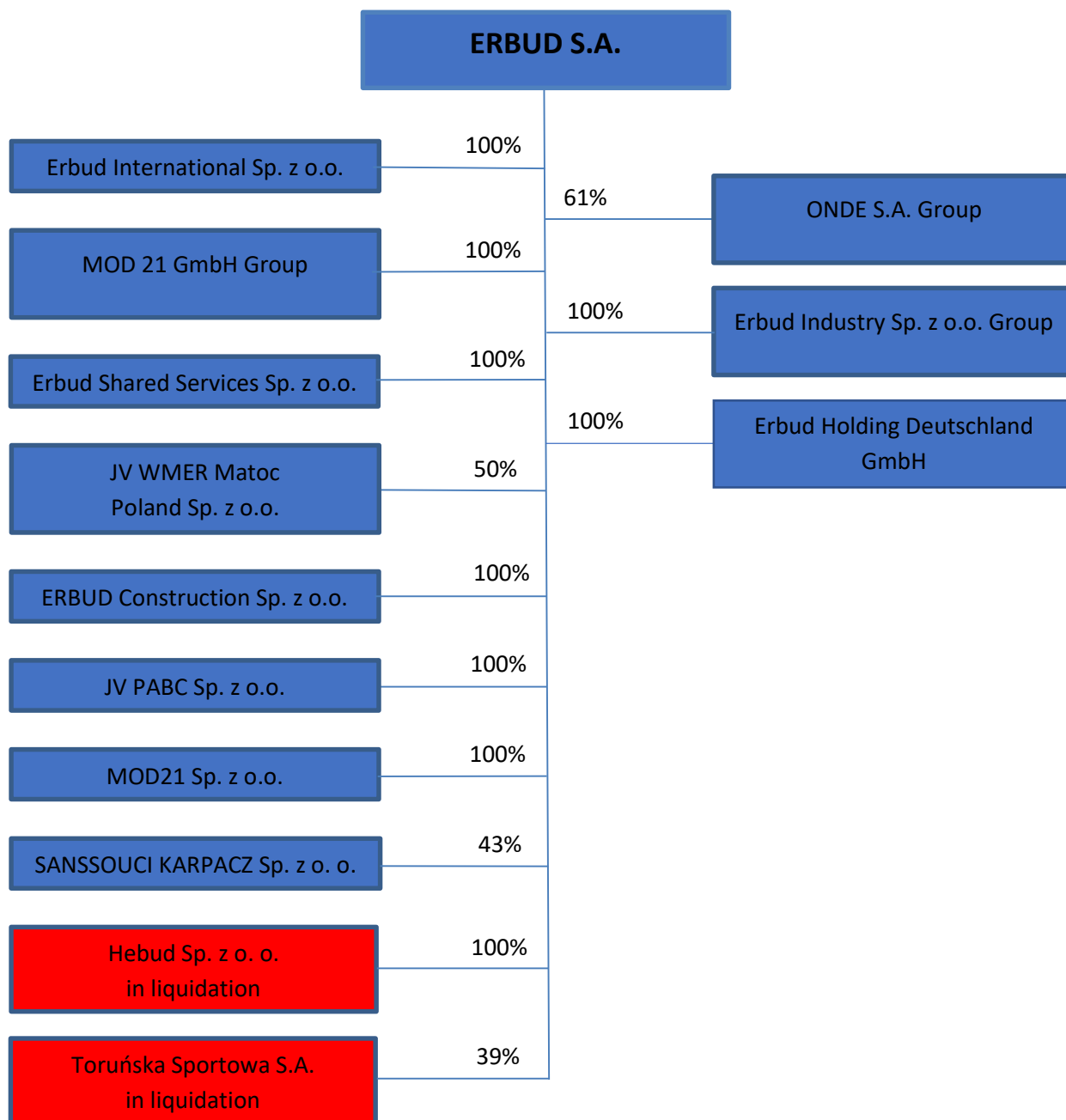
High workmanship costs and rising interest rates, may cause many public and private investors to revise their investment plans in the near future. It can be assumed that large public investment projects in energy or transport infrastructure will be less affected by this factor. In 2022, many road projects commissioned by the General Directorate for National Roads and Motorways are expected to enter the implementation phase. Energy projects related to the climate transformation of Polish economy, including renewable energy areas, should also start to accelerate.

According to the National Bank of Poland's Report on the real estate market, the major challenge faced by the construction sector in 2022 may be filling up the order portfolios and the already observed weakening of demand for construction services. As predicted by the Central Bank, the scale of recovery in the construction sector may largely depend on the smooth implementation of the investment package with part financing with the new EU funds (this applies both to the new EU 2021-2027 Financial Perspective and the Reconstruction Fund, which is already lagging behind). If funds under both mechanisms are used effectively, the construction market in Poland should go back to an upward trend in 2022-2023. It is expected that in the next two or three years the investments of the General Directorate for National Roads and Motorways (GDDKiA) and Polish Railway Infrastructure Manager (PKP PLK) will be a key factor stabilizing the economic position of the engineering sector. For the local government sector, there is a significant risk of an investment slowdown. The National Bank of Poland adds in its report that while waiting for the inflow of EU funds under the 2021-2027 Financial Perspective to finance infrastructure construction (EUR 25 billion), the housing construction market may become an alternative, mainly for the largest subcontractors who often deal with building and infrastructure construction at the same time.

2. ERBUD GROUP ACTIVITIES IN 2021

2.1. Capital Group Structure

As of 6 April 2022, i.e. the date of publication of the 2021 periodic report, the structure of ERBUD Capital Group was as follows:



Due to marginal significance, ERBUD Construction Sp. z o.o. and the associated entity Toruńska Sportowa S.A. in liquidation were excluded from the consolidated financial statements.

Changes that occurred in the ERBUD Group in 2021

As of 31 December 2021, the total headcount of the Group was 2,860 people using various forms of employment.

On 11 March 2021 On 11 March 2021 an application was filed with the National Court Register for registration of a new subsidiary under the name SPVDM Sp. z o.o. (currently MOD21 Sp. z o.o.) with its registered office in Ostaszewo, at Ostaszewo 57, 87-148 Łysomice. SPVDM is a subsidiary in 100% controlled by ERBUD S.A. The company was established to implement the Group's strategy for the fabrication of modular buildings. The Memorandum of Association of the Company was drawn up on 5 March 2021. On 23 March 2021 the District Court in Toruń registered the Company under the name SPDVM Sp. z o.o. with its registered office in the town of Ostaszewo, the Toruń Municipality. Reg. No. KRS 0000890465 The President of the Management Board of the Company is Mr Theodor Kaczmarczyk.

On 1 April 2021 Erbud Industry Centrum Sp. z o.o. (EIC) acquired 100% shareholding in Satchwell Polska Toruń Sp. z o.o.

Satchwell specializes in the execution and maintenance of building and industrial automation systems and will complement the range of services delivered by Erbud Industry Centrum Sp. z o.o. (EIC).

The Company has its registered office in Toruń at ul. Olsztyńska 93-95 and currently its headcount is approximately 30 workers.

The value of transaction totalled PLN 4,95 million.

On 19 February 2021 the Extraordinary General Meeting of Shareholders of ONDE S.A. adopted a resolution on increasing the share capital of the Company by virtue of issuing ordinary bearer D-series shares, divesting the existing shareholders of all pre-emptive rights to all D-series shares, amending the Company's Articles of Association and appointing a Company proxy to represent the Company when entering into agreements Management Board members for the acquisition of D-series shares. Under the new share issue, 1,105,000 shares were issued, which were acquired by ONDE S.A. personnel and three members of the Management Board of ERBUD S.A. The par value per share was PLN 0.02 and the issue price at which the shares were taken up was PLN 0.35. As a result of the issue of series D-shares, the shares held by ERBUD S.A. were diluted from 90% to 88%.

D-series shares are subject to a 12-month lock up counting from the date of the first listing of ONDE S.A. shares on the Warsaw Stock Exchange (WSE).

On 19 April 2021 ONDE acquired 100% of shares in IDE PROJEKT Sp. z o.o. based in Toruń for the total amount of PLN 500 thousand from a non-related entity. Transaction costs related to this transaction were immaterial. The assets of the acquired company consist mainly of cash and receivables from non-related entities in the total amount of PLN 863 thousand. The company's liabilities include mainly amounts due to other entities in the amount of PLN 370 thousand. The transaction was initially classified as a business acquisition due to the fact that, in accordance with IFRS 3 Business Combinations, inputs, processes and outputs are identifiable in IDE Projekt Sp. z o.o. The purpose of the acquisition of the photovoltaic farm development company is to expand the scope of ONDE's supply chain with its subsidiaries in the area of photovoltaic farm development.

On 1 June 2021 the German company Bilfinger Rohrleitungsbau GmbH joined the ERBUD Group and will change its name into IKR GmbH.

100% shareholding in Bilfinger Rohrleitungsbau GmbH was acquired by ERBUD Holding Deutschland GmbH, which is a wholly-owned subsidiary of ERBUD S.A.

Bilfinger Rohrleitungsbau GmbH has been operating under its current name since 2013. The company previously operated under the name of BIS IKR GmbH. Once the company has been acquired by ERBUD S.A. its previous name will be restored and it will be called IKR GmbH.

IKR (former Bilfinger Rohrleitungsbau) is a company with 30 years of history, which provides services of construction and extension of industrial installations, scheduled repairs, service and maintenance, assembly and disassembly of industrial installations, as well as production of elements and assemblies of equipment and steel structures. The company's headcount exceeds 300 workers who work on four sites in Germany. Its customer base comprises such major companies as Nynas, Wacker and Solvay. In 2020 the company generated €39.2 million in revenue.

Owing to the growing demand for industrial services in Germany, IKR has significant growth potential in the future.

Bern König will retain the position of the President, Andreas Schmitz, CEO of the service company IVT Weiner + Reimann GmbH, Oberhausen, which ERBUD S.A. acquired in 2018, will join the Management Board.

The transaction is part of a growth outlook that includes expanding competencies through acquisitions. The Western European markets, including Germany, play a particular important to us, as we have been leading and consistently strengthening our position in this region for years.

In the organisational structure of the ERBUD Group, IKR is in the Erbud Deutschland Holding GmbH Group along with the following companies: IVT GmbH; IVT Mezenbach GmbH and Erbud Beteiligungen GmbH.

On 19 July 2021 IPO of ONDE S.A. was held. The company's IPO process began in early 2021.

On 7 July 2021 the National Depository for Securities S.A. ("NDS") registered the Company's securities under code ISIN PLONDE000018, i.e.:

- a. 33,605,000 (thirty-three million six hundred and five thousand) ordinary A-series bearer shares with a par value of PLN 0.02 each ("A-series shares");
- b. 10,000,000 (ten million) ordinary B-series bearer shares with a par value of PLN 0.02 each ("B-series shares");
- c. 2 070 000 (two million seventy thousand) ordinary C-series bearer shares with a nominal value of PLN 0.02 each ("C-series shares");
- d. 1,105,000 (one million one hundred and five thousand) ordinary D-series bearer shares with a par value of PLN 0.02 each ("D-series shares").

On 14 July 2021 the National Depository for Securities S.A. ("NDS") registered conditionally the Company's securities, viz.: 8,250,000 (eight million two hundred and fifty thousand) rights to E-series ordinary bearer shares with a par value of PLN 0.02 each ("Rights to Shares") subject to their admission to trading in a regulated market.

On 15 July 2021 The Management Board of the Warsaw Stock Exchange S.A. ("WSE") adopted Resolution No. 730/2021 of 15 July 2021 to admit the following securities of the Company to trading in the WSE main market:

- a. 33,605,000 (thirty-three million six hundred and five thousand) ordinary A-series bearer shares with a par value of PLN 0.02 each;
- b. 10,000,000 (ten million) ordinary B-series bearer shares with a par value of PLN 0.02 each;

c. 2 070 000 (two million seventy thousand) ordinary C-series bearer shares with a nominal value of PLN 0.02 each; d. 1,105,000 (one million one hundred and five thousand) ordinary D-series bearer shares with a par value of PLN 0.02 each.

e. 8,250,000 (eight million two hundred and fifty thousand) E-series shares with a par value of PLN 0.02 each, provided that the increase of the Company's share capital as a result of the issue of these shares is registered; and

f. 8 250 000 (eight million two hundred and fifty thousand) rights to E-series ordinary bearer shares of the Company with a nominal value of PLN 0.02 each.

On 15 July 2021 the National Depository for Securities S.A. ("NDS") ("NDS") issued a notice on registration in the securities depository of the Company, i.e. 8,250,000 (eight million two hundred and fifty thousand) rights to E-series ordinary bearer shares of the Company with a par value of PLN 0.02 each ("Rights to Shares"). The Rights to the Shares will be registered under the ISIN code PLONDE000034. The Rights to Shares were registered with the NDS securities depository on 16 July 2021.

On 16 July 2021 The Management Board of the Warsaw Stock Exchange S.A. ("WSE") has adopted Resolution No. 734/2021 concerning the listing of the Company on the main market as of 19 July 2021: (i) 33,605,000 (thirty-three million, six hundred and five thousand) series A ordinary bearer shares of the Company; (ii) 10,000,000 (ten million) B-series ordinary bearer shares of the Company; (iii) 2,070,000 (two million, seventy thousand) C-series ordinary bearer shares of the Company; (iv) 1,105,000 (one million, one hundred and five thousand) D-series ordinary bearer shares of the Company; with a par value of PLN 0.02 each, designated by the National Depository for Securities S.A/ with ISIN code PLONDE000018 and quoted in the continuous trading system under the abbreviated name "ONDE" and the code "OND". In addition, on 16 July 2021 the Management Board of the WSE adopted a Resolution No. 735/2021 on listing 19 July 2021 in the main market of 8,250,000 (eight million two hundred and fifty thousand) rights to E-series ordinary bearer shares of the Company with a par value of PLN 0.02 each, with ISIN code PLONDE000034 assigned by the National Depository for Securities and listing the rights to shares in the continuous trading system under the abbreviated name "ONDE-PDA" and the designation "ONDA".

Thus, on 19 July 2021, the subscription of E-series shares and the sale of some A-, B-series shares were completed.

1. The start and end dates of the subscription or sale: From 24 June 2021 - 1 July 2021 the subscriptions from retail investors were accepted. On 24 June 2021. - 1 July 2021, a book-building process was carried out among institutional investors and between 2 July 2021- 7 July 2021 institutional investors' subscriptions were accepted. On 7 July 2021, the substitute investors were enrolled.

2. Date of securities allotment: The Shares put up on offer were allocated on 8 July 2021.

3. Number of securities subscribed or sold: The subject of public subscription was 8 250 000 (eight million two hundred and fifty thousand) New Issue Shares. The subject of the public sale was 8,846,700 (eight million, eight hundred and forty-six thousand, seven hundred) of Shares Put Up for Sale.

4. The reduction rate in individual tranches where, in at least one tranche, the number of securities allocated was less than the number of securities subscribed for: The Offered Shares were offered in two tranches: (i) the retail investor tranche; and (ii) the institutional investor tranche. The retail investor tranche was offered only

New Issue Shares. Meanwhile the institutional investors were offered both New Issue Shares and Shares Put up for Sale. The reduction covered only subscriptions for New Issue Shares offered to retail investors. The average subscription reduction rate was 89.426% (eighty-nine and four hundred and twenty-six thousandths of a per cent).

5. Number of securities subscribed for or sold was as follows: Within the public subscription of New Issue Shares: a. individual investors have subscribed in total for 12,935,141 (twelve million nine hundred thirty five thousand one hundred forty one) of New Issue Shares; and b. institutional investors have subscribed in total for 6,882,264 (six million eight hundred eighty two thousand two hundred sixty four) of New Issue Shares. In the public sale of the Shares Put Up for Sale, institutional investors subscribed in total 8,846,700 (eight million, eight hundred and forty-six thousand, seven hundred) of Shares Put Up for Sale. The retail investors were not eligible to subscribe for the Shares Put Up for Sale.

6. The number of securities that were allocated under the subscription or carried out sale was as follows: Under the public subscription of the New Issue Shares: a) individual investors were allocated 1,367,736 (one million, three hundred and sixty-seven thousand, seven hundred and thirty-six) of New Issue Shares; b) institutional investors were allocated 6,882,264 (six million, eight hundred and eighty-two thousand, two hundred and sixty-four) of New Issue Shares. The total number of New Issue Shares allocated to all investor tranches was 8,250,000 (eight million two hundred and fifty thousand). Institutional investors were allocated 8,846,700 (eight million, eight hundred and forty-six thousand, seven hundred) Shares for Sale under the public sale of the Shares Put Up for Sale. Retail investors were not entitled to subscribe for the Shares Put Up for Sale and, consequently, no Shares Put Up for Sales were allocated to them.

7. The price at which the securities were subscribed (acquired): The New Issue Shares were acquired at the following issue prices: a. individual investors at PLN 26.00 (twenty six Polish zlotys and 0/100) per share under the New Issue ; and b. institutional investors at PLN 26.00 (twenty six Polish zlotys and 0/100) per share under New Issue. The Shares Put Up for Sale were acquired at PLN 26.00 (twenty-six zlotys and 0/100) per share in the Shares Put Up for Sale tranche.

8. The number of persons who subscribed for the securities covered by the subscription or sale in individual tranches: Approximately 5.3 thousand investors subscribed for the New Shares in the retail investor tranche. Due to the fact that the allocation process of New Issue Shares was carried out through the IT system of the Warsaw Stock Exchange, the exact number of individual investors who subscribed for the New Issue Shares is not known as of the date of this current report. Upon receipt and verification of the number of retail investors who have subscribed for the New Issue Shares, the Company will prepare and make available to the public a separate current report providing information on the number of such investors. In the tranche of institutional investors, 200 (two hundred) investors submitted subscriptions for Shares Put up Of Sale and 176 (one hundred and seventy-six) investors submitted subscriptions for New Issue Shares.

9. Number of persons to whom securities were allocated in the subscription or sale in particular tranches: In the retail investor tranche, New Shares were allocated to approximately 5.3 thousand investors. Due to the fact that the allocation process of New Issue Shares was carried out through the IT system of the Warsaw Stock Exchange, the exact number of individual investors who subscribed for the New Issue Shares is not known as of the date of this current report. Upon receipt and verification of the number of individual investors who have been allocated New Issue Shares, the Company will prepare and make available to the public a separate current report providing information on the number of such investors. In the institutional investor

tranche, the Shares Put Up for Sale were allocated to 200 (two hundred) investors and the New Issue Shares were allocated to 176 (one hundred and seventy-six) investors.

10. The name of the underwriters who have subscribed for securities in the performance of the underwriting agreements, stating the number of securities which they have subscribed for, along with the actual price per unit of the security, being the issue or sale price, after deducting the fee for subscribing for a unit of the security, in the performance of the underwriting agreement, purchased by the underwriter: Not applicable. The New Issue Shares and the sale of the Shares Put up for Sale were not subject to an underwriting commitment.

11. The value of the subscription or sale, understood as the product of: the number of securities offered and the issue or sale price: The value of New Issue Shares subscription understood as the product of number of New Issue Shares under offer and the issue price totalled PLN 214 500 000.00 (two hundred and fourteen million five hundred thousand 00/100). The value of the sale of the Shares Put Up for Sale, understood as the product of: the number of the Shares Put Up for Sale under the offer and the sale price, totalled PLN 230,014,200.00 (two hundred and thirty million, fourteen thousand, two hundred and 00/100).

12. The amount of the total costs, which were included in the issue costs, with indication of the amount of costs according to their titles, with division into at least the following costs: a) preparation and conduct of the offer, b) remuneration of the underwriters, for each one separately, c) preparation of the Issuing Prospectus, including costs of advisory services, d) promotion of the offer - together with the methods of settlement of these costs in the accounting books and the method of their presentation in the financial statement of the issuer: Since no final settlement of the offering costs has been made prior to the date of this current report, the Company will prepare and make available to the public a separate current report on the final amount of the offering costs, including the costs by title, and the method of accounting for these costs in the Company's books of account and the manner of their recognition in the Company's financial statements, after receipt and acceptance of all invoices from the entities involved in the preparation and conduct of the offering.

13. The average cost of conducting the subscription or sale per unit of the security being subscribed or sold: The Company will prepare and make available to the public a separate current report on the average cost of conducting the subscription or sale per Share under Offer incurred by the Company, once it has received and accepted all invoices from the entities involved in the preparation and conduct of the Offer.

14. Method of payment for securities subscribed (acquired): The Offered Shares have been subscribed for or acquired in exchange for cash contributions.

On 20 August 2021 the District Court in Toruń registered the equity increase in ONDE S.A.

The share capital of ONDE was increased by PLN 165,000.00 (one hundred sixty five thousand Polish zlotys) through the issue of 8,250,000 (eight million two hundred fifty thousand) E-series with a par value of PLN 0.02 each.

The share capital after the registration of the increase is currently PLN 1,100,600.00 (one million one hundred thousand six hundred PLN) and is divided into 55,030,000 (fifty five million thirty thousand) shares with a nominal value of PLN 0.02 each, and the share capital structure is as follows

- 1) 33,605,000 (thirty-three million six hundred and five thousand) A-series inscribed shares with a par value of PLN 0.02 (2/100) each,
- 2) 10 000 000 (ten million) B-series inscribed shares with a par value of PLN 0.02 (2/100) each, and
- 3) 2,070,000 (two million seventy thousand) C-series inscribed shares with a par value of PLN 0.02 (2/100) each; and
- 4) 1,105,000 (one million one hundred and five thousand) D-series ordinary bearer shares with a par value of PLN 0.02 (2/100) each; and
- 5) 8 250 000 (eight million two hundred and fifty thousand) E-series ordinary bearer shares with a par value of PLN 0.02 (2/100) each.

The total number of votes resulting from all issued shares of the Company is: 55,030,000.

On 21 October 2021 ERBUD OPERATIONS Limited Liability Company, based in Jasionka (Acquirer, KRS registration No.: 0000000746) merged with 0000000746), acquired ERBUD INTERNATIONAL Limited Liability Company, with its registered office in Toruń (Acquiree, KRS registration No.: 0000160349), by virtue of acquisition pursuant to Article 492 § 1 point 1) of the Commercial Companies' Code. At the indicated date, the Acquirer, i.e. ERBUD OPERATIONS Sp. z o.o. adopted a new name and henceforth will operate under the name of ERBUD INTERNATIONAL Limited Liability Company. The Company's registered office remains in Jasionka; the Company's core business will continue to be construction activities (PKD 41.20.Z). The merger is the next step in the development of the Company's business, enhancement of its potential and the operational area. The major objectives of the merger are as follows:

- to enhance the share of market (SOM) by the merged Companies in Poland and in the Western Europe through synergies; the planned doubling of current sales within 4 years,
- to boost the EBIT margin to a minimum level of 3.7%,
- to reduce % ratio between fixed costs and sales,
- to build a strong base for the export of construction services to the Western European countries, using the structures of Erbud Operations in Poland and the status of a delegated worker within the EU,
- to guarantee the export of personnel associated with Erbud Group companies, allowing for reduction of downtime associated with interruptions in the implementation of projects both in Poland and abroad,
- to expand the scope of services provided with equipment, technologies used in Poland and materials partially delivered from Poland,
- to operate jointly with Erbud Group member companies running their activities in the German market,
- to expand export activities into other segments of the construction sector, and already implemented or planned for implementation in short-term by Erbud Operations in Poland.

On 16 December 2021 the court in Duisburg registered the merger of Erbud Beteiligung GmbH with IVT Weiner&Reimann GmbH. Following the merger, Erbud Beteiligungs GmbH ceased to exist. Before the merger, Erbud Beteiligungs held 100% shareholding in IVT Weiner&Reimann GmbH and this was its only significant asset. The company did not run any activities. As a result of the merger, IVT Weiner&Reimann GmbH became a 100% subsidiary of Erbud Holding Deutschland GmbH. This merger was designed to optimize the capital structure of member companies of the ERBUD Group in Germany.

On 4 January 2022 the Düsseldorf Court registered the change of business name of GWI Bauunternehmung GmbH into MOD 21 GmbH. The renaming is a consequence of the strategy adopted in the ERBUD Group concerning the production and sale of modular buildings. On 19 February 2021, the Company's Supervisory Board adopted a resolution on the adoption of amendments to the Operational Strategy of the Company and the ERBUD S.A. Capital Group. ("Strategy") with respect to the expansion of the Group's business by adding a new segment - fabrication and sale of modular buildings.

The amended Strategy assumes that modules will be manufactured in Poland and sold and assembled mainly on the European market through the Company's subsidiary - GWI Bauunternehmung GmbH with its registered office in Düsseldorf. The expansion of the scope of the Company's activities under the amended Strategy will

require investments including in particular the purchase of manufacturing lines, purchase of real estate where manufacturing activities for the new segment will be carried out, and enhancement of the headcount. The Company assumes that total expenditures related to the launch of the new business segment will amount to approximately PLN 80-100 million over the next 3 years.

As of the date of publication of this report, the extension of the production shop in Ostaszewo is being completed. The ordered manufacturing line is being made. On the German side, a commercial team is being created. Poland employs a production director, a finance director and an administrative director.

The sale of the first projects related to the modular housing segment will take place at the turn of Q2 2023.

Except for the events mentioned above and until the date of publication of the report there were no other changes in the structure of the ERBUD Group in 2021.

2.2. ERBUD S.A.

2.2.1. Scope of activities

ERBUD S.A. has been present in the market since 1990. It operates mainly in the segment of building construction and executes: industrial facilities, shopping malls, office buildings, housing facilities, hospitals, schools, hotels and cultural facilities. Since 2006 all projects have been executed on general contractor basis. Meanwhile in foreign countries, acting as a subcontractor, it performs complex engineering projects involving the construction of compressed gas tanks, tunnels, power plants.

The Company performs works mainly for large business entities and public administration. We have been cooperating with a number of them for many years now.

ERBUD S.A. has seven branches office in Poland: in Kraków, Rzeszów, Warsaw, Wrocław, Toruń, Szczecin and a hydro-engineering branch office in Gdańsk established in late 2020.

ERBUD S.A. was subject to an external audit carried out by the Quality Certification Centre to check the compliance with the standards effective at ERBUD S.A:

- ISO9001:2015, AQAP 2110:2016 – quality management,
- ISO14001:2015– environmental management,
- ISO 45001:2018 – OH&S management.

In addition, for the first time ever an external body certified the Company for compliance with Regulation (EC) No. 1221/2009 of the European Parliament and of the Council, as amended - EMAS

Each area driven by both normative and internal regulations has been thoroughly verified.

Once again, auditors found no inconsistencies. One area for improvement was identified:

ERBUD SA takes into account environmental requirements as part of externalized processes, e.g. in contracts with subcontractors, as an attachment to the contract (6/2B Form) This provision, however, does not fully specify a uniform manner of proceeding with respect to environmental requirements for other activities, such as services and suppliers, which may represent a risk of failure to understand and implement the provisions of the contract in this area.

The Audit Report highlights 5 strengths driven by the operation of the Integrated Management System (IMS) in the organization:

1. Assessment of risks and investment opportunities in all implementation phases (2/1 Form). Harmonize provisions with work progress and in line with evolving contract performance environment.
2. Planning and implementation of processes in the area of quality, Occupational Health, Safety and Environment (HSE) during construction projects.
3. Organization's activities in the field of HR - (tools for attracting new employees, improving competences, improving communication channels)
4. Work order on construction sites and ensuring safe and healthy working conditions
5. Involvement of the Health, Safety and Environment (HSE) Division

ERBUD SA's subsidiaries have also implemented Integrated Management Systems (IMS), which are maintained and subject to external audits on annual basis, run by accredited certification bodies:

- ONDE SA is audited for compliance with ISO 14001:2015, ISO 45001:2018 and Regulation (EC) No. 1221/2009 of the European Parliament and of the Council, as amended - EMAS
- ERBUD Industry Sp. z o.o. is audited for compliance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018
- ERBUD Industry Centrum Sp. z o.o. is audited for compliance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

In 2021 another company ERBUD Industry Południe Sp. z o.o. for the first time passed the certification audit in the accredited Management Systems Certification Body UDT-CERT for compliance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

The year 2021 was special for us due to the fact that two companies, ERBUD SA and ONDE SA, implemented and certified EMAS eco-management and audit system. It is a key element of the climate strategy implemented by ERBUD, related to the implementation of the European Green Deal. Positive verification enabled us to obtain entries in the EMAS registers kept by the General Director of Environmental Protection and the European Commission, which is a confirmation that our companies meet the most stringent requirements for environmental protection. Currently, there are about 3,200 entities in the EU EMAS Register and less than 70 in Poland. We are proud to be among the companies that are willing to openly talk and communicate data about the environmental impact of their operations in order to reduce their negative environmental impact.

The ERBUD Group, as every year, as an overriding objective in the field of health and safety has set 0 severe, fatal accidents. Unfortunately, we have to point out that in 2021 this objective was achieved in Poland. However, we failed to avoid an accident at our German company. We have implemented appropriate corrective actions resulting in full alignment of standards and policies in this area with the inclusion of foreign operations in the future.

2021 was another year in which the procedures developed in the ERBUD Group related to the on-going pandemic were reviewed. On a complementary basis, in June and July 2021, ERBUD vaccinated the company's employees, employees' families, subcontractors and business partners as part of the prevention and government vaccination program against Covid-19. The vaccinations took place in 6 major Polish cities at points organized by the company (mainly construction sites) according to the guidelines of the medical centre with which we had an agreement.

Vaccination in conjunction with a well-maintained sanitary regime, discipline in the workplace and adherence to procedures have allowed work to be carried out on all our sites without any downtime.

ERBUD is an active Signatory of the Construction Safety Alliance (Alliance) that has been active since 2014.. Currently, the Alliance associates 15 leading building contractors in Poland.

In 2021, we completed a two-year presidency in the Alliance.

The Alliance's achievements in 2020-2021 (the period of our presidency):

- 1) **Formalization of the Alliance:**
 - The new legal formula will allow Alliance members to work even more effectively together towards the goal of "Zero Accidents on Construction Sites",
- 2) **"developing a new formula for the "Build Safely" competition organized by the National Labour Inspectorate:**
- 3) **signing of a declaration of cooperation with the General Directorate for National Roads and Motorways (GDDKiA):**
 - development of common guidelines for implementation of projects in the "Design and Build" system, based on 18 Alliance standards,
 - initiate work to standardize more areas - including working with the road in-service
- 4) **development of joint security guidelines effective from 1 January 2022 on construction sites followed by the Alliance members and their subcontractors**
- 5) **development of common epidemic recommendations:**
 - 6 recommendations (in the form of clear graphic materials) in 4 languages, delivered to: General Directorate for National Roads and Motorways (GDDKiA), investors, business partners, building contractors, Ministry of Development
 - COVID-19 Prevention Safety Rulebook (office and construction equipment standards, employee responsibilities, use of protective equipment)
- 6) **promotion of on-site occupational health and safety standards as well as responsible leadership and attitudes:**
 - organization of seminars (e.g. for investors and road managers),
 - participation in conferences on on-site safety (e.g. during the Budma Trade Fair)
 - numerous press articles written with the support of the Alliance experts,
 - videos tutorials on YouTube - a total of 56 thousand views (the most popular topic - stairs and balconies)
- 7) **Expanding the knowledge base available to the general public on the Alliance website:**
 - Prevention project (content on such topics as safe work at height, vertical transport),
- 8) **implementation of e-learning platform:**
- 9) **entering new areas and actively seeking out entities with objectives that are compatible with those of the Alliance:**
- 10) **compiling a report on 10 years of Alliance activities**
- 11) **admission of new Alliance members (NDI and Eurovia),**

The year 2021 also presented a challenge connected with pandemic. In the ERBUD Group, already in 2020 we implemented procedures related to maintaining a sanitary regime and discipline at the workplace, which, with time, have been improved and supplemented with the method of dealing with persons showing symptoms and with proven positive results (this has also been appreciated by the CCJ Auditors). Quick identification, isolation of individuals from direct contacts, and shared responsibility of our employees meant that no downtime was recorded on any of our construction sites. This is extremely important under current market circumstances.

Also, an appropriate change in the organization of the work of internal auditors in the hybrid formula resulted in enhanced job security without compromising the quality of carried out audits.

2.2.2. Contracts signed in 2021

Major contracts signed by ERBUD S.A. in 2021

Contract Date	Investor	Subject of the Agreement	Contract net value
23 Dec. 2021	LIDL Sp. z o.o. Sp. komandytowa, based in ul. Poznańska 48, Jankowice 62-080 Tarnowo Podgórne.	Construction of LIDL BŁONIE distribution centre in the locality of Piorunów 21	PLN 298.4 million
20 Dec. 2021	BEST DEWELOPER Limited Liability Company based in Szczecin, at ul. Południowa 27D, 71-001 Szczecin	Construction of multi-family residential buildings with underground car-park facilities in Chmielewskiego Street - Phases II and III on the plots of land Nos. 3/5, 3/6, 3/7, 3/10, 3/17, precinct 1058, along with above- and underground infrastructure necessary for buildings' operation, land development and retaining walls to the extent necessary for the implementation of the investment",	PLN 54.6 million
8 Dec. 2021	Marina Dąbki Sp. z o.o. based in Warsaw (01-651) at ul. Gwiaździsta 5B Apt. 5	Development of PHASE I of a complex of service buildings (apartment buildings) with an underground car park, along with the accompanying infrastructure on plots of land with cadastral Nos. 2/3 , 2/4, 2/5 within the 0006 precinct in Dąbki in Darłowska Street.	PLN 41.1 million
1 Dec. 2021	"ORPEA Polska Sp. z o.o., ul. Prosta 69, 00-838 Warsaw	Extension, superstructure and redevelopment connected with a change of use of the University Clinical Center for a complex of buildings with a service function, collective residence falling under the scope of care for seniors along with land development and technical infrastructure at ul. Kliniczna 1A in Gdańsk	PLN 58.6 million
1 Dec. 2021	Spravia Sp. z o.o. with its registered office in Warsaw (01-230), at ul. Skierniewicka 16/20	Construction of a multifamily residential building complex with services including technical and transport infrastructure, underground car-park facilities and land development called "FREDRY - PHASE 3" and "FREDRY - PHASE IV" at ul. Aleksandra Fredry 6, Kraków	PLN 94.6 million
26 Nov. 2021	Polish Export Trade & Investment Sp. z o.o. with its registered office in Warsaw, at ul. Franciszka Klimczaka 1, 02-797 Warsaw	Complex of three multi-family residential buildings with underground garage, along with necessary technical infrastructure and land development on plots of land Nos. 32/6 and 39/3, precinct 3-04-11 in Szaserów and Dynowska Streets in the Praga-Południe district of the capital city of Warsaw along with the construction of the public road in Dynowska and Makowska Streets along with necessary road infrastructure	PLN 52.8 million
17 Nov. 2021	The Professor Jan Mazurkiewicz Mazovian Specialist Outpatient Clinic with its registered seat in Pruszków in Partyzantów 2/4 Street , 05-802 Warsaw, entered into register of associations, other social and vocational organisations, foundations and independent public health care facilities, kept by the District Court for the Capital City of Warsaw in Warsaw, 14 th Commercial Division of the National Court Register under No. KRS 00000006607, Tax ID (NIP) No. 5340012306, REGON Statistical No. 000687617,	"Improvement of energy efficiency and adaptation to current regulations of I and VIIB Pavilions of the Mazovian Specialist Outpatient Clinic in Pruszków" (contract executed on the "Design & Build" basis).	PLN 39.9 million

21 Oct. 2021	Pilotów 21 Sp. z o.o. with its registered office at ul. 10 Lutego 5, 81-366 Gdynia	Construction of a multi-family building with underground car-park facilities, outpatient clinic and commercial premises along with internal installations and external technical infrastructure and landscaping works at ul. Pilotów 21 in the City of Gdańsk	PLN 40.3 million
6 Oct. 2021	OL2 Sp. z o.o., with its registered office in Warsaw, at Franciszka Klimczaka 1, 02-797 Warsaw	Construction of a multi-family residential building complex with commercial premises, underground car-park facility and landscaping works at ul. Pstrowskiego in the City of Olsztyn	PLN 47.0 million
1 Oct. 2021	"AIR FORCE ACADEMY 08-521 Dęblin, ul. Dywizjonu 303 No. 35".	Construction of a sports and entertainment arenal" along with the arrangement of an occupancy permit. The building consists of two parts: the main one-storey section - the arena with the stands, the second two-storey section - the back-up facilities. Total floor area $\approx 3,246.31$ m ² ; cubic capacity $\approx 41,690.72$ m ³ . The building is equipped with mechanical ventilation and air conditioning, central heating installation, water supply and sewage system, electrical and telecommunication system, fire protection, renewable energy sources, i.e. solar system and heat pump. The scope of the contract also comprises landscaping and delivery of sports equipment.	PLN 29.2 million
15 Sept. 2021	"AIR FORCE ACADEMY 08-521 Dęblin, ul. Dywizjonu 303 No. 35".	Construction of a sports and entertainment arenal" along with the arrangement of an occupancy permit. The building consists of two parts: the main one-storey section - the arena with the stands, the second two-storey section - the back-up facilities. Total floor area $\approx 3,246.31$ m ² ; cubic capacity $\approx 41,690.72$ m ³ . The building is equipped with mechanical ventilation and air conditioning, central heating installation, water supply and sewage system, electrical and telecommunication system, fire protection, renewable energy sources, i.e. solar system and heat pump. The scope of the contract also comprises landscaping and delivery of sports equipment.	PLN 69.8 million
13 Sept. 2021	State Treasury - The District Court in Lublin, at ul. Krakowskie Przedmieście 43, 20-076 Lublin; Tax ID (NIP) No.: 712-19-34-656	The subject matter of the contract is construction of the District Court building in Opole Lubelskie at ul. Przemysłowa 1C on plot of land No. 592/4, along with the construction of parking spaces, hardened access roads and pedestrian communication system, as well as development of technical infrastructure, including underground utilities.	PLN 24.6 million
23 Aug. 2021	Panattoni Development Europe Sp. z o.o. ul. Pl. Europejski 1, 00-844 Warsaw	Construction of a manufacturing, warehousing and construction facility with accompanying infrastructure in the City of Łódź.	PLN 31.8 million
12 Aug. 2021	The Popowice Harbour limited liability company, limited partnership with its registered seat in Wrocław, at ul. Dąbrowskiego 44, 50-457 Wrocław, entered into the Register of Entrepreneurs, kept by the District Court for Wrocław-Fabryczna in Wrocław, 6 th Commercial Division of the National Court Register under the KRS number 0000760684, Tax ID (NIP) No.: 8971803332, REGON Statistical No.: 360248155, represented by the general partner - Popowice Limited Liability Company with its registered office in Wrocław, ul. ul. Dąbrowskiego 44, 50-457 Wrocław, entered into the Register of Entrepreneurs, kept by the District Court for Wrocław-Fabryczna in Wrocław, 6 th Commercial Division of the National Court Register under the KRS number 0000753603, Tax ID (NIP) No.:	implementation of Phase 3 of the investment project titled the Popowice Harbour, in the part covering the construction of a multi-family residential building with commercial premises on the first floor and a two-storey underground car park facility, designated in the design documentation as "D" and "E" buildings, with internal and external technical infrastructure and land development and utilities, including landscape architecture and greenery, associated buildings, as well as a traffic system at the intersection of in Białowieska Street in the City of Wrocław.	PLN 83.1 million

	8992852560, REGON Statistical No.: 381630071,		
10 Aug. 2021	"Independent Public Health Care Facility in Kraśnik at ul. Chopina 13, 23-200 Kraśnik".	Subject matter of the Contract comprises the construction works defined as: "Addition of a pavilion to the hospital building of Independent Public Health Care Facility in Kraśnik in order to improve the availability and quality of provided services, secure services in gynaecological, obstetrics and neonatology wards and reorganize the functioning of the hospital" and the preceding design works	PLN 23.4 million
8 Feb. 2021	Energa Kogeneracja Sp. z o.o. with its registered office in Elbląg (82-300) at ul. Elektryczna 20A.	"Construction on a turnkey basis a peak load/reserve water gas-fired boiler house with two boilers with capacity of approximately 20 MWt each and one boiler of capacity of approximately 10 MWt along with necessary construction and process infrastructure in the City of Kalisz" The subject matter of the Contract in particular, comprises the complete design works, construction works, delivery, assembly, start-up, adjustment and trial runs, training of the Employer's personnel, handing over for operation to the Employer together with obtaining the required administrative decisions as well as warranty and guarantee of the complete modern Plant (hereinafter also referred to as the "Task") built on a turn-key basis, i.e. a peak load/reserve water gas-fired boiler house with a capacity of at least 49 MWt with two boilers with capacity of approx. 20 MWt each and a single boiler of approximately 10 MWt, as well as the necessary construction and technological infrastructure in Kalisz". The contract signed by the consortium consisting of ERBUD S.A. and its subsidiary Erbud Industry Sp. z o.o.	PLN 39.1 million
28 Jul. 2021	"MIROSLAW WRÓBEL sp. z o.o., ul. Graniczna 4A, 54-610 Wrocław".	Construction of a complex of buildings, including a car showroom for trucks and delivery vans with a workshop and administrative-social facilities, a sales building with a car umbrella roof, a utility building, necessary technical infrastructure in Będzieszyn	PLN 29.4 million
8 Jun. 2021	Tauron Ciepło Sp. z o.o. ul. Grażyńskiego 49, 40-126 Katowice	Construction on "a turnkey" basis of peak load and reserve boiler house for TAURON Ciepło Sp. z o.o., Bielsko-Biała Combined Heat and Power Plant EC-2." The subject matter of the Contract comprises the design and construction for the Employer on a turnkey basis of a peak load/reserve boiler house in ZWB EC2, equipped with two water boilers of 2x38 MWt each, equipped with two flame tubes, an economizer, a feeding system, a system for keeping the boiler on a hot standby basis and in two oil and gas burners together with the necessary installations and auxiliary equipment, completed in accordance with the provisions of the Contract, in particular in accordance with the contents of Appendix No. 2 (SOPZ), the Correct Engineering and Construction Standards, and the Legal Requirements in force on the hand-over date of the Facility"	PLN 51.8 million
30 Jun. 2021	VANTAGE DEVELOPMENT S.A. with its registered office in Wrocław, at ul. ul. Dąbrowskiego 44, 50-457 Wrocław, entered into the Register of Entrepreneurs, kept by the District Court for Wrocław-Fabryczna in Wrocław, 6 th Commercial Division of the National Court Register under the KRS number 0000030117, Tax ID (NIP) No.: 8960000701, REGON Statistical No.: 930778024, with share capital of PLN 30,108,257.72"	implementation of the investment project involving the construction of two residential buildings as well as commercial, service building with underground car park facilities as well as internal and external technical infrastructure with land development (external installations), including landscaping and greenery, associated buildings and communication system. Designated for long-term residential lease, in which during the construction works carried out by the Contractor, the Employer's Direct Contractors will carry out finishing works in order to finish and equip the premises on "a turnkey" basis.	PLN 56.8 million
24 Jun. 2021	DGS Diagnostics Sp. z o.o.	Performance of works in the capacity of General Contractor. The subject matter of the contract comprises: - Construction of a manufacturing building with warehouse section and office and social facilities. The manufacturing section will be used to manufacture specialized devices for hearing diagnosis and testing of the labyrinth.	PLN 53.8 million

22 June 2021	Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin, 70-111 Szczecin, at Al. Powstańców Wielkopolskich No. 72.	execution of civil and installation works, land development with accompanying technical infrastructure, supply of equipment, mechanical and process start-up.	PLN 31.5 million
2 Jun. 2021	AMW Towarzystwo Budownictwa Społecznego "KWATERA" Spółka z ograniczoną odpowiedzialnością ("KWATERA" Social Housing Society Ltd.), at ul. Starościńska 1, 02-516 Warsaw.	Construction on a turnkey basis of 3 (three) multi-family residential buildings and 1 (one) office building with underground multi-space car-park facilities, along with technical infrastructure, landscaping, internal and external road system, utilities networks and accompanying facilities at a housing estate in Gilarska Street in Warsaw.	PLN 92.2 million
25 May 2021	R4R RE WAVE 3 Spółka z ograniczoną odpowiedzialnością, ul. Litewska 1, 00-581 Warsaw	a) Phase 1: preparatory works b) Phase 2: comprehensive general construction of a Service Building with a residential function, together with its surroundings, external infrastructure, road infrastructure, underground utilities, parking lots and land development	PLN 60.0 million
14 May 2021	SANSSOUCI KARPACZ SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ with its registered office in Warsaw, at Aleja Jana Pawła II 12, 00-124 Warsaw, entered into the Register of Entrepreneurs of the National Court Register by the District Court for the Capital City of Warsaw in Warsaw under No.: 0000875527, Tax ID (NIP) No. 5252846851, REGON Statistical No.: 387783982	REDEVELOPMENT AND EXTENSION OF THE SERVICE AND RESIDENTIAL BUILDING OF HOTEL RESORT VITAL & SPA "SANSSOUCI"	PLN 38.5 million
12 May 2021	"Budlex Naruszewicza Sp. z o.o., ul. Lubicka 54 87-100 Toruń".	Construction of a multi-family residential building with service establishments on the first floor and second floor, underground car-park facilities and car-park facilities on the ground floor along with the necessary technical infrastructure and landscaping works at ul. Naruszewicza in the City of Bydgoszcz	PLN 35.1 million
5 May 2021	"BETARD Sp. z o.o., ul. Polna 30, 55-095 Długoleka"	Comprehensive design, manufacture, delivery and assembly of reinforced concrete structures for ERBUD S.A. (Subcontracting Contract)	PLN 23.5 million
6 Apr. 2020 Disclosure of delayed confidential information: 4 May 2021	DK Farma Wiatrowa Spółka z ograniczoną odpowiedzialnością (<i>Wind Farm</i>), ul. Chmielna 101/102, 80-748 Gdańsk.	Construction works concerning the Debnica Kaszubska wind farm; Contract performed by the consortium comprising ERBUD S.A. and ONDE S.A. subsidiary.	PLN 27.4 million
30 Apr. 2021	LIDL Sp. z o.o Sp. komandytowa (<i>LIDL Ltd., General Partnership</i>) ul. Poznańska 48, Jankowice 62-080 Tarnowo Podgórne.	Construction of LIDL OLEŚNICA distribution centre in the locality of Dobroszyce at ul. Zakładowa 1.	PLN 229.3 million
12 Mar. 2021	PALENA Limited Liability Company - Partnership limited by shares for the general contracting of the building - Service and Hotel Building - Kraków, at Al. Pokoju.	General contracting of a service and hotel building in Kraków at Al. Pokoju	PLN 74.5 million
25 Feb. 2021	"VANTAGE DEVELOPMENT S.A. with its registered office in Wrocław, at ul. ul. Dąbrowskiego 44, 50-457 Wrocław, entered into the	The construction on "design and build" basis of the residential investment project (with services rendered on the ground floor) "Sienkiewicza", located in Wrocław at Sienkiewicza/Swiętokrzyskiej Streets.	PLN 41.1 million

	Register of Entrepreneurs, kept by the District Court for Wrocław-Fabryczna in Wrocław, 6 th Commercial Division of the National Court Register under the KRS number 0000030117, Tax ID (NIP) No.: 8960000701, REGON Statistical No.: 930778024, with share capital of PLN 30,108,257.72, fully brought up."		
2 Feb. 2021	"Archicom Limited Liability Company - Investment Project Execution - General Partnership" with its registered seat in Wrocław at 45 Traugutta Street (50-416 Wrocław), entered into the Register of Entrepreneurs, under No. 0000608733, for which the registration files are kept by the District Court in Wrocław, 6 th Commercial Division of the National Court Register, holding Tax ID (NIP) 8981003018 and REGON Statistical No. 930379146 ("Contractor"), represented by general partner: Archicom Limited Liability Company with its registered office in Wrocław, ul. Traugutta 45 (50-416 Wrocław), entered into the Register of Entrepreneurs under No. 0000314926, holding Tax ID (NIP) No.: 8982148612 and REGON Statistical No.: 020844188"	"Construction of multi-family residential buildings with underground and overground car-park facilities, with necessary technical infrastructure and land development - buildings BA2 - Coffee Factory and BA3 - Malt-House". 5. Contract execution site at: Wrocław, Jedności Narodowej	PLN 67.7 million
28 Jan. 2021	"EMPLOYER - ECHO PROJECT - 127 LIMITED LIABILITY COMPANY, GENERAL PARTNERSHIP with its registered office in Warsaw, at Al. Jana Pawła II 22, 00-133 Warsaw	General construction of two residential buildings with a underground car park facility in Kraków, in Rydlówka Street	PLN 23.9 million
14 Jan. 2021	"Metropolitan Police Headquarters, at ul. Nowolipie 2, 00-150 Warsaw	"Construction of a two-storey building of the District Police Headquarters in Minsk Mazowiecki, along with car-park facilities and a storage building". NOTE: Contract terminated on 15 July 2021	PLN 22.5 million

2.2.3. Major executed projects

In 2021 the Company executed, *inter alia*, the following major investment projects:

- Retail facilities and distribution centres: Construction of a Lidl Distribution Center in Oleśnica; Construction of a Panattoni Koszajec Distribution Center; Construction of a Panattoni Distribution Center in Duńska Street, Łódź;
- Housing construction: Construction of multi-family buildings in Bydgoszcz for Budlex Naruszewicza Sp. z o.o.; Construction of a multi-family building with services at the ground floor level and an underground car-park facility, located on the site with own ownership title in the City of Bydgoszcz, at ul. Grabary 5; Construction of a multi-family residential building in Gdańsk for Pilotów 21 Sp. z o.o. New residential complex at the intersection of Jaśminowa/Pory streets in Warsaw "Nowa Królikarnia Phase K10 LMNO buildings; Construction of residential complex at the intersection of Jaśminowa/Pory streets in Warsaw "Nowa Królikarnia Phase K10 TUW buildings; Completion of multi-family building with underground car-park facility and technical infrastructure "Dom Mehoffera"; New apartment building with underground car-park facility and technical infrastructure "Grochowska 230"; execution of a residential building with underground car-park facility and infrastructure "Żeromskiego 17"; Comprehensive execution of a building with car-park facility and accompanying infrastructure "R4R Suwak"; Comprehensive execution of three residential buildings (B1, B2, B7) and an office building BB. for AMW Social Housing Society KWATERA Sp. z o.o.; Construction of apartment building "Wilanowska" for R4R WaVE 3 Sp. z o.o.; Construction of three residential buildings with common underground car-park facility along with necessary technical infrastructure. For OL2 Sp. z o.o. "PANORAMA 2"; Construction of one multi-storey residential building with an underground garage underneath ("Task 1") and construction of three multi-storey buildings with one underground garage underneath ("Task 2") "NOVUM III APARTMENTS"; Construction of a residential investment "PORT POPOWICE" in Wrocław; Construction of a residential building in Wrocław "Gwiazdzysta"; Development of the second stage of the Port Popowice project, including construction of a multi-family residential building with commercial premises on the first floor and an underground garage, designated in the design documentation as the "H" and "G" buildings; Construction of a multi-family building for VD "Sienkiewicza" in Wrocław; Construction of multi-family residential buildings with underground and ground-level garage, with the necessary technical infrastructure and land development - buildings BA2 - Wytwórnia Kawy and BA3 - Słodownia for Archicom Sp. z o.o.; Construction of a multi-family building at Piątkowska Street in Wrocław for VD; Realisation of a residential investment PORT POPOWICE - buildings D and E; Realisation of a collective residence building for R4R "Jaworska"; Residential complex Fuzja II in Łódź in general contractor system for Elektrownia RE Limited Liability Company, 25-323 Kielce, at Al. Solidarności 36; "Myśliwska" multi-family building with accompanying infrastructure for NP 20 Sp. z o.o. S.K.; General construction of two residential buildings with a underground car park facility in Kraków, in Rydlówka Street for ZAM - PROJEKT ECHO - 127 Sp. z o.o. Sp.K., at Al. Jana Pawła II 22, 00-133 Kraków
- Hotels: Renovation with redevelopment, extension and change of intended use of the post-industrial buildings of the former "Mammoth" bakery for the purposes of the multi-apartment residential building - a dormitory with services, necessary technical and road infrastructure, underground car-park facility and land development. "Base Camp Dormitory"; REDEVELOPMENT AND EXTENSION OF A SERVICE AND RESIDENTIAL BUILDING, HOTEL RESORT VITAL & SPA "SANSSOUCI"; Performance of a service and hotel building in the capacity of General Contractor for Student Depot Kraków Sp. z o.o. 00-581 Warsaw, ul. Litewska 1.
- Public utility buildings: Office building with necessary infrastructure in Sierpc "Pracosław Office Building"; Modernization of power supply to "Aquanet" water treatment plant in Poznań; Rebuilding of "Pomorskie Pralinki" chocolate products plant in Tuchola; Construction of storage hall for Sprick Rowery Sp. z o.o. in Świebodzin; Expansion of production hall for MOD 21 Sp. z o.o. in Ostaszewo near Toruń; Construction of a Maritime Scientific Centre named after Jerzy Stelmach in Szczecin, execution of building and installation works, land development with accompanying technical infrastructure, delivery of equipment, execution of mechanical and technological start-up; Construction of Mercedes car showroom in Będzieszyn; Construction of Senior Citizen House in Gdańsk for OPERA

Polska Sp. z o.o.; Comprehensive construction of a new building together with the technical infrastructure and reconstruction of the existing APART warehouse building; Comprehensive execution of building and installation works and the accompanying technical infrastructure for MOD21 GmbH (TZMO); Construction of a commercial and service facility (HU Castorama retail park) in Lipnik; Construction, expansion and redevelopment of the SOFRA hotel and therapeutic service building - SFORA building shell; Construction of a production building with a warehouse part and social and office facilities, with external installations: water, gas, sanitary sewage system, rainwater drainage system with a retention tank, fire water, electricity, land lighting cable line, gatehouse, parking lot with internal communication, building of a pumping station and fire water tank, three flagpoles, shelter for land development, gatehouse, parking lot with internal communication system, three flagpoles and a water tank for fire purposes, flagstaff, water supply system, fire-protection equipment. Construction of a production building with a warehouse part and social and office facilities, with external installations: water, gas, sanitary sewage system, rainwater drainage system with a retention tank, fire water, electricity, lighting cable line, with landscaping equipment, gatehouse, parking lot with internal communication system, pumping station and fire water tank, three flagpoles, bicycle shed with a smoking room, garbage shed and pallet storage, foundations for a nitrogen tank and power generator, chemicals storage for DGS Diagnostics Sp. z o.o. Execution of construction and installation works, landscaping works with accompanying technical infrastructure, delivery of equipment, performing mechanical and technological start-up for Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin; Construction of an elementary school in the Złocień housing estate in Kraków, Poland on the "Design and Build" basis for the Urban Municipality of Kraków, Kraków (31-004),, Pl. Wszystkich Świętych 3-4; Southern Hospital in Warsaw; thermal modernization of the Main Hospital Building and the Polyclinic Building in order to improve energy efficiency of the SPSK No. 4 in Lublin; development of project documentation for the building of the Clinical and Scientific Centre for Prevention and Treatment of Environmental, Civilization and Elderly Diseases named after Prof. Zbigniew Religa with an over-ground connector and a storage building for flammable materials, connecting to the existing road system, designing a new transport system. Execution of a parking lot under a commissioned project. Execution of relocation of utilities under a commissioned project; Construction of the building of the Zbigniew Religa Clinical and Scientific Center for Prevention and Treatment of Environmental, Civilization and Prof. Construction of a multifunctional building for the Polish Air Force Academy in Dęblin; "Redevelopment of POK "Dom Chemika", stage II - construction of a Mediatheque"; Realization of Research, Implementation and Didactic Centre of Innovative Technologies for the University of Life Sciences in Lublin; Construction of the District Court and District Public Prosecutor's Office building in Opole Lubelskie; Comprehensive execution of building A, which is a part of the building of the Center for Non-Invasive Medicine, together with construction of a ground-level connector to the Center for Invasive Medicine at the Medical University of Gdańsk; Construction of the Center for Research and Conservation of Cultural Heritage at the Faculty of Fine Arts of Nicolaus Copernicus University in the City of Toruń;

ERBUD S.A. also provides construction services abroad, mainly in the Belgium and Holland markets. The Company operates abroad as a subcontractor, mainly for building shells.

In 2021, the total value of such revenues from foreign construction projects totalled PLN 50,835 thousand. In 2020, the volume of foreign revenue amounted to PLN 48,700 thousand and in 2019 this revenue volume amounted to PLN 30,975 thousand.

ERBUD S.A. projects in Belgium in 2021

Employer	Name of contract	Contract value in '000 EUR
Mourik nv	Antwerp, Refinery, industrial buildings	3.195
THV MBG&DEMOCO	Residential buildings, Leuven	2.634
GWI	Düsseldorf, Kö36, housing units + offices	200
THV Jan de Nul & Interbuild	Apartment Bldgs. Nos. 22 and 25, residential buildings	3.216
Interbuild	Apartment Building No. 17, skyscraper	583
Van Roey	Erps Kwerps, housing units	758

2.2.4. 2022 Objectives

ERBUD S.A. plans to continue its activity on the Polish market of volume construction and carry out hydro-engineering investment projects - repairs of quays, harbours, breakwaters, coastal bands - in marine hydro-engineering, reconstruction of marinas.

The Company intends to participate more actively in engineering projects related to the construction of industrial facilities and logistical centres.

At the end of 2021 the Company had a domestic order book worth PLN 1,188 million, of which PLN 2,818 million was for 2022. For comparison sake, at the end of 2020, the portfolio in value terms totalled PLN 1 188 million. The priority for the Company, as in 2020, will be to acquire contracts with a safe margin, to maintain business relations with existing customers and to acquire new customers in new segments, e.g. logistics centres.

On 19 February 2021 the Company announced its entry into a new business segment, the fabrication of modular buildings. Due to the huge demand for this type of construction in the Western Europe, ERBUD believes that its major markets will be there. Meanwhile modules will be prefabricated in Poland. For this purpose, the Company intends to spend on investment about PLN 80-100 million, (purchase and/or construction of a hall, purchase of a production line, employment and training of employees) In the German market, parallel sales channels will be created using the human resources of the subsidiary ERBUD S.A. – MOD 21 GmbH. The new business segment is in line with the ambitions of the Management Board of ERBUD S.A. to be a leader in the implementation of sustainable development (ESG). Environmental protection has long been at the heart of ERBUD Group, as evidenced by the EMAS certificate. The Management Board, together with its employees, undertakes numerous initiatives to protect and improve climate. In terms of equality policy, we widely promote the professional activation of women. Through the Eryk Grzeszczak Foundation and the activities of our employees we pursue the mission of corporate social responsibility.

In the business-related area, the Company's objective in the year 2022 is broadly understood safety. ERBUD S.A. pursues its mission of a safe partner by applying the highest standards of health and safety at work, maintaining partnership relations with all business partners and exercising care for the workforce

2.3. ERBUD International Sp. z o.o.

2.3.1. Scope of activities

Effective from 1 October 2021, ERBUD OPERATIONS Spółka z ograniczoną odpowiedzialnością with its registered office in Jasionka (the Acquirer, KRS: 0000000746), acquired ERBUD INTERNATIONAL Limited Liability Company, with its registered office in Toruń (Acquiree, KRS registration No.: 0000160349), by virtue of acquisition pursuant to Article 492 § 1 point 1) of the Commercial Companies' Code. At the indicated date, the Acquirer, i.e. ERBUD OPERATIONS Sp. z o.o. adopted a new name and henceforth will operate under the name of ERBUD INTERNATIONAL Limited Liability Company. The Company's registered office remains in Jasionka; the Company's core business will continue to be construction activities (PKD 41.20.Z). The merger is the next step in the development of the Company's business, enhancement of its potential and the operational area. The major objectives of the merger are as follows:

- to enhance the share of market (SOM) by the merged Companies in Poland and in the Western Europe through synergies; the planned doubling of current sales within 4 years,
- to boost the EBIT margin to a minimum level of 3.7%,
- to reduce % ratio between fixed costs and sales,
- to build a strong base for the export of construction services to the Western European countries, using the structures of Erbud Operations in Poland and the status of a delegated worker within the EU,
- to guarantee the export of personnel associated with Erbud Group companies, allowing for reduction of downtime associated with interruptions in the implementation of projects both in Poland and abroad,
- to expand the scope of services provided with equipment, technologies used in Poland and materials partially delivered from Poland,
- to operate jointly with Erbud Group member companies running their activities in the German market,

- to expand export activities into other segments of the construction sector, and already implemented or planned for implementation in short-term by Erbud Operations in Poland.

The Management Board of the merged Companies was composed of the existing managers. Combining export activities with activities in Poland within one company will change the position and perception of Erbud International in Western European markets, not as a company supplying only "labour", but as a partner in cooperation mainly for Investors who package their projects.

The experience, knowledge and practice of highly qualified personnel of merged companies allow to be optimistic about the development of this service segment. Erbud International operates in Poland as a General Contractor for investments in the field of building construction, specializing in projects for health care facilities in the design-build and fit-out systems. In addition, the company operates in the field of renovation projects, particularly rooms with high technological complexity, e.g. operating theatres, as well as improvement of thermal efficiency. Investments are made on active facilities. To carry out these tasks, it has numerous partners and a database of permanent, proven subcontractors. The Company is well acquainted with the specifics of public tenders in terms of formal and legal issues, which enables the correct submission of an offer and realization of investment using rights of Contractor that are given by Polish Public Procurement Law. The company operates in Poland as a General Contractor in tenders associated with the development of public spaces, such as revitalization and construction of spa parks, fountains, town squares, etc. It implements objects under the supervision of the Conservator of Historical Monuments, gaining valuable experience which is used on larger facilities. The Company has a domestic technical office in Wrocław, which executes contracts as a Contract Engineer / Substitute Contractor for Private Investors (residential buildings). The technical office provides technical support on on-going executive contracts. The geographical scope of activities focuses on parts of southern and central Poland. The company plans to enter the Western European markets with similar activities.

In addition to domestic investments, the Company carries out projects abroad, mainly in Belgium. ERBUD International Sp. z o.o. has a branch office in Düsseldorf, Germany.

While executing contracts in the European Union countries, ERBUD International Sp. z o.o. takes advantage of the work of its own, specialized personnel. At the end of 2021 the total headcount at Erbud International Sp. z o.o. was 213 workers, of which 117 dealt with export markets, whereas 96 dealt with domestic market.

2.3.2. Statutory governing bodies

In the period from 1 January 2021 to 30 September 2021, the Company's Management Board consisted of one person:

- Krzysztof Gawel – President of the Management Board

As a result of the merger, on 1 October 2021, by Resolution No. 4, the Extraordinary General Meeting of Shareholders of ERBUD International sp. z o. o. appointed Mr Krzysztof Gawel to the Management Board, appointing him a Member of the Management Board, and on 1 October 2021, by Resolution No. 5, the Extraordinary General Meeting of Shareholders of ERBUD International sp. z o. o. appointed Mr Bogdan Dürr to the Management Board, appointing him a Member of the Management Board.

Given the above, from 1 October 2021 to the Report Date, the Company's Management Board consisted of:

- Krzysztof Gawel – a Management Board member
- Bogdan Dürr – a Management Board member

2.3.3. Market environment

The construction market environment in 2021 was ambiguous and complicated in the entire global economy.

Despite the threats and risks brought by 2021 ERBUD Operations performed remarkably well

The Polish economy has already reached the climax of a short-term slump in economic activity. However, the same cannot be said about the construction sector, which can react to economic shocks with a delay. Therefore, the H1 2022 will be a challenging time for the Polish construction sector. The market has high hopes for the new pool of EU funds, but their noticeable impact on the investment volume will be visible in H2 2022 at the earliest.

Thanks to the anti-crisis measures taken (financial shield and job protection, interest rate cuts, June opening of the economy), the impact of the pandemic outbreak on construction dynamics will be less severe.

Paradoxically, one of the positive effects of the pandemic outbreak is a distinct reduction in the number of industrial injuries. This applies to the construction sector as well as other sectors of the economy. Certainly, many of the safety measures implemented in the past months will remain with us even after the pandemic.

Importantly enough, such a significant improvement in construction site safety was achieved while maintaining the value of completed construction works at the level prevailing in the previous year. It seems that the sanitary regime introduced on construction sites, e.g. limiting direct contact of workers to the minimum necessary, increases work efficiency and works very well.

Domestic construction market in 2021 – 2022

When the pandemic struck in 2020, there was concern not only for the execution of plans and contracts, but more importantly for the health and lives of employees, and sometimes for survival under the new conditions. Today, it is already certain that the construction market and construction companies have coped and are coping with the coronavirus better than other industries or sectors of the economy. The Company has not experienced massive construction site shutdowns. A stream of public investment money was flowing. The year 2021 was also a record year for renovations and this trend prevailed in 2022. Local government investment has slowed down the huge amount of funding is going into fighting the pandemic and there is little left in budgets for investment. However, the Company has perceived prospects for development in the domestic market due to several years of experience in execution of public investments under the Public Procurement Law, as new solutions appeared which strengthen the investment potential of Local Government Units. Local government revenues were supplemented by a new part of the general subvention for municipalities, districts and provinces - the development part of the general subvention. The development subsidy will be distributed amongst all Local Government Units. The allocation of funds will be decided by the Local Government Unit. The development subsidy will be available primarily for investment projects as well as for current expenses. Another investment-oriented measure is the Government's "Polish Deal" Fund: Strategic Investment Program, which offers non-refundable and very high part financing of investment projects executed by the Local Government Units. The goal of the program is to scale up public investment through non-refundable part financing. The level of support ranges from 80% to 95% of the project value (depending on the area). As a result of the first call under the Government's "Polish Deal" Fund: Strategic Investment Program, local governments received funds in the amount of more than PLN 23.8 billion.

In the field of the general contracting, unfortunately, the phenomenon of price competition between construction companies has emerged, which has forced some construction companies to enter into cut throat competition both for orders and in securing the necessary supplies of materials and the potential of subcontractors. Winning and maintaining the position of cost leader necessitates the use of and dependence on external factors such as inexpensive access to production resources, the purchase of cheaper construction materials or the employment of subcontractors with less experience and credibility. Certainly, there is a certain danger involved, since dictating lower and lower prices to undercut competition can have negative impact on customer relationships. Choosing the cheapest subcontractors and material suppliers can reduce the quality of products and services, worsen construction site organization procedures, which can ultimately undermine the image of the building contractor. Competition in the construction business is fierce and is natural in the economy. In the competitive struggle, the Company focuses on highlighting its advantages and specialization rather than reducing quality. According to the Company, the most optimal non-price advantage is achieved through a strategy of differentiation and specialization. It consists in giving a service or a product exceptional original features (e.g. comprehensive system approach to BIM), which in the eyes of recipients make the offer unique and better than offers of other competitive contractors or design studios.

Construction market in Belgium in 2021

Since May 2020, the construction situation has returned to normal, the Company is making up for the lost sales, the projects started are still being continued. In 2021, 5 new contracts were signed and will be implemented in Belgium.

The Management Board of Erbud International Sp. z o.o. sees an opportunity for increased sales by expanding the range of services provided to include equipment, technologies used in Poland and materials partially sourced from Poland.

Expanding your business requires you to look for a principal among not only construction companies but also direct investors.

The Flemish Ministry of Mobility and Public Works has announced plans to invest 2.2 billion euros (\$2.5 billion) in 924 smaller and larger projects after 2020. The investment under these projects will help to re-energize the construction sector.

Given that in today's world only specialists in certain fields are able to compete effectively and efficiently, ERBUD International focuses on the construction industry in the area of aforementioned specialisation. Over the past years, the Company's reliable approach in providing and guaranteeing construction services, the trust earned from customers, and flexibility, have allowed it to better respond to changes in the market. Key issue in the times of crisis is to be proactive and farsighted.

The possibility of territorial diversification, including foreign operations, allows us to look with optimism at the challenges that have been outlined in the Company's strategic plans for the coming years of activity.

2.3.4. Projects executed in 2021

In 2021, ERBUD International Sp. z o.o. executed projects in Belgium and Poland through Erbud Operations Sp. z o.o. including:

2.3.4.1. Contracts signed in 2021

Employer	Subject Matter of the Contract	Net contract value	Execution period
Siechnicka Investment Municipal Company Ltd. with its registered seat in Siechnice, at ul. Jana Pawła II 12, 55-011	Construction works involving: "CONSTRUCTION OF THE COMMUNITY CENTER IN SIECHNICE USING PASSIVE BUILDING STANDARD"	PLN 19 983 494.72	12 Feb. 2021-26 Feb. 2023
Siechnice Port Popowice Sp. z o.o. ul. Dąbrowskiego 44, 50-457, Wrocław	Construction and finishing works	PLN 973 844.12	15 Feb. 2021-24 May 2021
BOUYGUES IMMOBILIER POLSKA SP. Z O.O. Armii Ludowej 14, 00-638 Warsaw, Poland	Agreement for Investor's Substitution "Construction of multi-family building with underground car-park facilities along with land development and technical infrastructure on a part of a plot of land No. 56 AR 4 from the Pilczyce precinct, at 195 Pilczycka Street in Wrocław, Fabryczna District under the trade name of the investment: "Le Vert"	PLN 599 800.00	25 Mar. 2021-30 Apr. 2023
MR FRAGOLA SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, ul. Prosta 2/14/108, 00-850 Warsaw	Construction and finishing works in the commercial unit with the total usable area of 355,96 m2, located in WEST 4 building, WROCŁAW	PLN 1 035 000,00	9 Apr. 2021 - 31 Jul. 2021
The Lublin University of Technology Address: ul. Nadbystrzycka 38D, 20-618 Lublin	Redevelopment of Dormitory No. 2 of the Lublin University of Technology under the project aimed at harmonisation with the amendment to fire protection regulations and upgrading living standard in housing units	PLN 12 959 625.84	18 Jun. 2021-22 Apr. 2022
Promenady Zita Sp. z o.o., ul. Dąbrowskiego 13, 50-304 Wrocław	Construction and finishing works in the commercial unit with the total usable area 149.7 m2 located in the Promenada ZITA building, Part C, 5th floor, the Western Part in Wrocław, at ul. ul. Stonimskiego 1-1A	PLN 404 207.39	30 Jun. 2021-30 Sept. 2021
Mirosław Wróbel Sp. z o.o. Graniczna 4A, 54-610 Wrocław	Construction works of floors and infrastructure on the plot of land No. 1/20	PLN 1 249 983.38	23 Jul. 2021-25 Nov. 2021

National Institute of Oncology Institute of Madam Curie National Research Institute, ul. Roentgena 5, 02 – 781 Warsaw	Execution of construction works, including demolition, installation, and performance of all duties specified in the job description: "Demolition of 5 buildings together with systems and networks of underground utilities being part of the National Institute of Oncology named after Maria Skłodowska-Curie in Warsaw - National Research Institute	PLN 5 162 538.35	18 Jul. 2021-18 Jul. 2022
Reverend Bronisław Markiewicz State Higher School of Technology and Economics (PWSTE), ul. Czarnieckiego 16 37-500 Jarosław	CONSTRUCTION OF A DIDACTIC BUILDING WITH STUDENT SERVICE CENTER FOR THE PURPOSES OF STATE HIGHER SCHOOL OF TECHNOLOGY AND ECONOMICS NAMED AFTER, REVEREND BRONISŁAW MARKIEWICZ INCLUDING THE OBTAINING AN OCCUPANCY PERMIT IN THE CITY OF JAROSŁAW DAG/TP/6/21	PLN 15 421 719.34	23 Aug. 2021-13 Mar. 2023
Chamber of Fiscal Administration the City of Lublin, at ul. T. Szeligowskiego 24	Execution of construction works involving the extension and reconstruction of the building housing Chamber of Fiscal Administration in Lublin at ul. Legionów 55 in Lubartowo	PLN 12 627 748.66	17 Sept. 2021-30 Sept. 2022
The Professor Jan Mazurkiewicz Mazovian Specialist Outpatient Clinic in Pruszków, ul. Partyzantów 2/4, 05 – 802 Pruszków	Upgrading of energy efficiency and harmonization with effective legislation of the Pavillions I i VII B of the Mazovian Specialist Outpatient Clinic in Pruszków	PLN 39 949 152.00	17 Nov. 2021-17 Jun. 2023
Bau NV	Residential building complex with car-park facilities in Halle	EUR 728 151.00	15 Nov. 2020 - 28 Feb. 2022
Strabag Belgien	Execution of a school shell building in Deurne	EUR 384 500.00	28 Jun. 2021- 15 Mar. 2022
Bau NV	Execution of a shell apartment building in Willebroek	EUR 460 202.49	1 Oct. 2021 - 31 May 2022
Bau NV	Execution of a shell apartment building along with car-park facilities in Antwerp Leuvenstraat	EUR 834 227.04	22 Nov. 2021 - 18 Aug. 2022

2.3.4.2. Implemented in 2021 (until Report Date).

Employer	Subject Matter of the Contract	Net contract value	Execution period
BOUYGUES IMMOBILIER POLSKA SP. Z O.O. Armii Ludowej 14, 00-638 Warsaw	Investor's Substitution Agreement "Construction of Multi-family residential building with service outlets and parking spaces at the ground level, underground garage and necessary technical infrastructure on the plot of land Nos. 8 and 9 A-M 12, Plac Grunwaldzki precinct, in Kręta Street in Wrocław, Downtown under a commercial project name: "Terminal"	PLN 781 000.00	25 Apr. 2019-31 Mar. 2021
Specialist Hospital Institute of Ludwika Rydygiera w Krakowie sp. z o.o. os. Złotej Jesieni 1 31-826 Kraków	Subject matter of the contract "Execution of thermal efficiency improvement works of the main building of the Szpital Specjalistyczny im. Ludwika Rydygiera w Krakowie Sp. z o.o. (The Ludwik Rydygier Specialist Hospital in Krakow Ltd.),	PLN 33 993 658.54	30 May 2019-30 Nov. 2021
Nalęczów Zdrój Sp. z o.o. z siedzibą w Drzewcach, Drzewce 35, 24-150 Nalęczów	Civil works - Palace	PLN 6 968 639.69	10 Mar. 2020 - 31 Mar 2021
The Lublin University of Technology Address: ul. Nadbystrzycka 38D, 20-618 Lublin	Redevelopment of Dormitory No. 3 of the Lublin University of Technology under the project aimed at harmonisation with the amendment to fire protection regulations and upgrading living standard in housing units	PLN 13 352 572.50	16 Sept. 2020-7 Jul. 2021
Independent Public Health Care Facility in Łuków, at ul. A. Rogalińskiego 3, 21- 400 Łuków	Reconstruction and modernization of hospital rooms in order to adapt them to the needs of anaesthesiology and intensive care unit and intensive care unit and a single ward operating and medical procedure theatre at the Independent Public Health Care Facility in Łuków	PLN 7 274 050.06	20 Oct. 2020 - 20 Oct. 2021
National Institute of Oncology Institute of Madam Curie National Research Institute, ul. Roentgena 5, 02 – 781 Warsaw	Improvement of the energy efficiency of the building of the Madame Curie - National Research Institute in Warsaw. POIS.01.03.01-00-0124/17, Activity 1.3.1., Priority Axis I Reduction of emissions in the economy.	PLN 21 756 097.56	4 Nov. 2020-15 Dec. 2021
Siechnicka Investment Municipal Company Ltd. with its registered seat in Siechnice , at ul. Jana Pawła II 12, 55-011 Siechnice	Construction works involving: "CONSTRUCTION OF THE COMMUNITY CENTER IN SIECHNICE USING PASSIVE BUILDING STANDARD	PLN 19 983 494.72	12 Feb. 2021-26 Feb. 2023
Port Popowice Sp. z o.o. ul. Dąbrowskiego 44, 50-457, Wrocław	Construction and finishing works	PLN 973 844.12	15 Feb. 2021-24 May 2021

BOUYGUES IMMOBILIER POLSKA SP. Z O.O. Armii Ludowej 14; 00-638 Warsaw	Investor's Substitution Agreement for the "Construction of a Multifamily Building with Underground Car-Park Facilities, along with Landscaping and Infrastructure on a part of the plot of land No. 56 AR 4, in the Pilczyce precinct, at ul Pilczyckiej 195 in the City of Wrocław, the Fabryczna District, under the commercial name of "Le Vert	PLN 599 800.00	25 Mar. 2021-30 Apr. 2023
MR FRAGOLA SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, ul. Prosta 2/14/108, 00-850 Warsaw	Construction and finishing works in the commercial unit with the total usable area of 355,96 m2, located in WEST 4 building, WROCŁAW	PLN 1 035 000,00	9 Apr. 2021 - 31 Jul. 2021
The Lublin University of Technology Address: ul. Nadbystrzycka 38D, 20-618 Lublin	Redevelopment of Dormitory No. 2 of the Lublin University of Technology under the project aimed at harmonisation with the amendment to fire protection regulations and upgrading living standard in housing units	PLN 12 959 625.84	18 Jun. 2021-22 Apr. 2022
Promenady Zita Sp. z o.o., ul. Dąbrowskiego 13, 50-304 Wrocław	Construction and finishing works in the commercial unit with the total usable area 149.7 m2 located in the Promenada ZITA building, Part C, 5th floor, the Western Part in Wrocław, at ul. Słonimskiego 1-1A	PLN 404 207.39	30 Jun. 2021-30 Sept. 2021
Mirosław Wróbel Sp. z o.o., ul. Graniczna 4A, 54-610 Wrocław	Civil works involving construction of flooring and of infrastructure on the plot of land No. 1/20	PLN 1 249 983,38	23 Jul. 2021-25 Nov. 2021
National Institute of Oncology named after Madame Curie, National Research Institute ul. Roentgena 5, 02 – 781 Warsaw	Execution of construction works, including demolition, installation, and performance of all duties specified in the job description: „Demolition of 5 buildings along with the systems and underground buried utilities being a part of the National Oncology Institute named after Madame Curie in Warsaw – National Research Institute”	PLN 5 162 538.35	18 Jul. 2021-18 Jul. 2022
Reverend Bronisław Markiewicz State Higher School of Technology and Economics (PWSTE), ul. Czarnieckiego 16 37-500 Jarosław	CONSTRUCTION OF A DIDACTIC BUILDING WITH STUDENT SERVICE CENTER FOR THE PURPOSES OF STATE HIGHER SCHOOL OF TECHNOLOGY AND ECONOMICS NAMED AFTER, REVEREND BRONISŁAW MARKIEWICZ INCLUDING THE OBTAINING AN OCCUPANCY PERMIT IN THE CITY OF JAROSŁAW DAG/TP/6/21	PLN 15 421 719.34	23 Aug. 2021-13 Mar. 2023
Chamber of Fiscal Administration the City of Lublin, at ul. T. Szeligowskiego 24	Execution of construction works involving the extension and reconstruction of the building housing Chamber of Fiscal Administration in Lublin at ul. Legionów 55 in Lubartowo	PLN 12 627 748.66	17 Sept. 2021-30 Sept. 2022
The Professor Jan Mazurkiewicz Mazovian Specialist Outpatient Clinic in Pruszków, ul. Partyzantów 2/4, 05 – 802 Pruszków	Upgrading of energy efficiency and harmonization with effective legislation of the Pavillions I and VIIB of the Mazovian Specialist Outpatient Clinic in Pruszków	PLN 39 949 152.00	17 Nov. 2021-17 Jun. 2023
S.M. Gilly 2024 (Franki SA & Jan De Nul NV	Execution of a hospital shell building in Charleroi	EUR 5 027 988,56	15 Jun. 2019 – 31 Aug. .2021
Bau NV	Residential building complex with car-park facilities in Halle	EUR 728 151.00	15 Nov. 2020 - 28 Feb. 2022
Strabag Belgien	Execution of a school shell building in Deurne	EUR 384 500.00	28 Jun. 2021- 15 Mar. 2022
Bau NV	Execution of a shell apartment building in Willebroek	EUR 460 202.49	1 Oct. 2021 - 31 May 2022

Bau NV	Execution of a shell apartment building along with car-park facilities in Antwerp Leuvenstraat	EUR 834 227.04	22 Nov. 2021 - 18 Aug. 2022
--------	--	----------------	-----------------------------

2.4. MOD 21 GmbH (GWI BAUUNTERNEHMUNG GmbH)

2.4.1. Scope of activities

The ERBUD Group has been present on the German market since 1993. The Group operates on this market through GWI BAUUNTERNEHMUNG GmbH (GWI). This company, based in Düsseldorf, specialises in general construction.

MOD21 GmbH (formerly GWI GmbH), based in Düsseldorf, has been a proven expert in the construction sector for many years. It completes projects starting with earthwork and special foundation work to shell building construction, weather-proof coating and turnkey building. As a general contractor it has been active on the German market since 1993. The most important element of the MOD21 philosophy is a noticeable proximity to the client, representing his interests at all stages of the construction project. In 2022 the company was renamed from GWI Bauunternehmung GmbH to MOD21 GmbH.

MOD21 employs experts with years of industry knowledge and practical experience, as well as young, dynamic employees who bring fresh perspectives and suggestions for improving organization and execution. The company is also distinguished by its valuable mix of know-how, which is rare in an industry used by clients in particular.

As an experienced construction partner, MOD21 offers:

- Preliminary analysis of construction cycle
- Expert opinion already in the planning phase
- Budget determination, cost security
- Cost-benefit analysis
- Consideration of operating expenses
- Timely and professional project implementation
- Flexibility in case of changes during the construction phase
- Partnership and transparent settlements
- Warranty management

At the end of December 2021 the headcount level at the GWI was 65 people.

2.4.2. Statutory governing bodies

From 1 January 2007 to 30 June 2020, Mr Axel Wahl served as Chairman of the Management Board of GWI Bauunternehmung GmbH.

On 1 July 2020 the General Meeting of Shareholders of GWI GmbH dismissed Mr Axel Wahl and appointed Mr Igor Pawłowski as a member of the Company's Management Board.

On 1 October 2020 the General Meeting of Shareholders of GWI GmbH appointed Mr Jürgen Kugelberg to the Company's Management Board, entrusting him with the function of - President of the Management Board, thus the Management Board of the company became a two-person body.

On 1 February 2021, Mr Theodor Kaczmarek was appointed to the Management Board of GWI GmbH by a resolution of the General Meeting of Shareholders, while Mr Igor Pawłowski resigned from his position on that day.

Accordingly, from 1 February 2021 to the date of this report, the Company's Management Board are:

- Jürgen Kugelberg - President of the Management Board
- Theodor Kaczmarczyk - President of the Management Board

2.4.3. Market environment

"We handled the challenges of the pandemic well. This happened due to the tremendous efforts of our companies and employees. While gross value added for the economy as a whole was down by 5.8 per cent in the first three quarters without adjusting for seasonal factors, the construction sector **was up 2.0 per cent in real terms.**" Peter Hübner and Reinhard Quast, presidents of the Main Association of the German Construction Industry and the Central Association of the German Construction Industry, thus commented the 2020 hit by Covid-19 pandemic at the annual press conference of the two leading construction associations.

While overall employment fell 0.8 per cent from January to September compared to the same period last year, the construction sector posted a 1 per cent employment growth over the same period. In other words: just like in the previous years, the construction sector was also the driving force of the economy in 2020.

In their joint forecast, the leading construction sector trade unions assume that construction revenues in the general construction sector would go up by 3.0% this year in nominal terms. With an expected price hikes by 2.5%, this gives a small real increase of 0.5%. In 2021, the industry expects nominal in construction sector revenues in nominal terms, which would remain at 2020 levels. Taking prices into account, this gives a negative value of 2% in real terms.

The housing construction segment is likely to cope the best during the pandemic era and would generate revenues growth of 4% in nominal terms this year, and the revenues growth is likely to be only slightly lower and be at the level of 3% in the coming year. With a turnover of €52.6 billion, the housing construction will remain the key segment in construction sector in 2021.

"The pressure on housing markets in major cities has not declined. With the COVID-19 driving up work at home office, the possession of real property seems to be even more desirable. In addition, the main driving force of housing construction segment in recent years, namely the exceptionally low level of interest rates, will continue to persist. The investments in the housing construction segment are still attractive" - this is how Peter Hübner, President of the Main Association of the German Construction Industry, explains the motivation of buyers in the housing construction segment.

In 2020 and 2021, construction for private investors will be most severely hit by the COVID-19. Here the key indicators speak for themselves. Ailing private building construction segment will cause private construction revenues to go up only by 1.0% in nominal terms in 2020 and to go down by 2.0% in the year to come. In 2021 the traded volume will hover around 48.7 billion euros. "Large branches of the manufacturing sector are expecting a decline in sales this year, which could be as high as 15%. Many branches of the service sector that rely on direct contact with the customers are even harder hit. Their ability and willingness to invest was seriously undermined, which is likely to become apparent primarily in the coming year," - said Reinhard Quast, the President of the Central German Construction Association. "Private engineering construction segment, which relies on investment activity from supply and disposal companies, as well as broadband network expansion and investment from Deutsche Bahn (German Railways), stabilizes private construction."

For revenues in public construction, the trade unions continue to expect strong nominal growth of 3.0% this year, but this will turn into a decline of 2.0% in 2021. The sector's turnover volume is estimated to reach €29.5 billion next year, with public building construction expected to recover from the crisis better than civil engineering. "We urge the public sector to keep its capital expenditures at least at the same level and invest more into infrastructural projects. Speaking from our own painful experience we fear that investments will be put to the test when it comes to post-pandemic austerity," declared Hübner.

The employment in the general construction segment rose on average by 10,000 up to 880,000 in 2020. Compared to the 2009 low, staffing capacity is up by a quarter. Also in 2021, the presidents of the two leading construction unions continue to expect employment growth by approx. 5,000 workers. In addition, the companies also provide training - 14,146 young people started training with construction companies this fall. "It is up by 3.4 per cent compared to the previous year, making it the highest number of trainees in more than 15 years. A total of 41,307 young people are now being trained towards the construction sector - also a new record since 2002," - explained Quast.

2.4.4. Contracts signed and underway in 2021.

Business partners in 2021

- TZMO Deutschland GmbH
- Schattberg Objektgesellschaft mbH & Co. KG
- Dornieden Zooviertel GmbH & Co. KG
- Monheimer Einkaufszentren I.+II. GmbH
- Städtische Bäder BGA Bädergesellschaft Düsseldorf mbH
- Centrum Projektentwicklung GmbH

Projects executed in 2021

- New administration building for TZMO Deutschland GmbH in Biesenthal
- Construction activities related to building shell / Apartment buildings + garages + Penny Market in Düsseldorf
- Building shell work in Monheim am Rhein
- Restoration work at Schadowplatz 18 in Düsseldorf
- Renovation work on the swimming pool in Düsseldorf

2.4.5. Opportunities and Threats

The construction market is currently battling with numerous problems. The scale of projects completed over time, over budget, or with lower quality than expected is a particular problem in the construction sector. The source materials and analyses of the results of the research carried out to identify factors affecting implementation failure indicators are the basis of MOD21's construction site mobilization activities. Pandemic, unstable political situation in Europe, significant increase in prices of building materials and their insufficient supply, high costs of doing business are the current determinants of the construction market. Despite these aspects, the company plans to develop not only in connection with the modification and introduction of the modular system, but also the traditional construction of building structures, which it has been implementing for 29 years. The problems surrounding the company's operations and concerning its internal structure belong to the past. Their elimination related to last year's inflated costs has been finalized, and no internal structure risks are anticipated in the current year. An increase of the size of qualified personnel guarantees new contracts and, consequently, the planned business development.

2.4.6. Strategic priorities

The construction sector and related business has tackled relatively well the pandemic wave. However, the maintenance of demanding safeguards and stipulations will accompany the execution of assignments even in 2022. All helpful resources have been made available to all employees.

With the onset of 2022, GWI enters a new phase of construction activity and changes not only the name to MOD21 GmbH but also the concept and development of modular construction.

MOD21 focuses on the construction of large modular timber buildings - hotels, office buildings, dormitories, hospitals, public buildings. Supporting investors throughout the entire construction process, from design to commissioning of the completed building, is and will continue to accompany the overall execution of orders.

A good atmosphere at work has a huge impact on the performance level of employees. By being in a friendly environment, people are much more likely to engage in the performance of their professional duties as well as to enjoy and satisfy themselves. Maintaining a pleasant working environment is an important component of the Company's future operations.

2.5.ONDE S.A. Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. (Road Engineering Construction S.A.)

2.5.1. Scope of activities

The ONDE Group operates following a diversified business model, the core of which is the RES construction segment, complemented by the RES design segment and the road and engineering construction business.

ONDE has an established position on the wind farm construction and photovoltaic market and is positioned as the largest contractor of investments in renewable energy sources in terms of the total volume of completed wind projects on the Polish market.

The Group operates through the following business segments:

- › The "Renewable Energy Sources" segment, which is divided into three areas:
 - › execution of contracts for the wind farm sector,
 - › execution of contracts for the photovoltaic farm sector,
 - › service and maintenance of photovoltaic farms
- › "Road and Engineering Construction" segment,
- › "Other" segment (sales of aggregates, construction materials and auxiliary manufacturing).

In addition, at the beginning of 2021, the Group commenced operations in the area of building its own Renewable Energy Sources under the develop, build and sell model. This business is based on the acquisition, development, construction, and subsequent sale of photovoltaic and wind farm projects. The Group acquires both projects at an early phase of development (greenfield) and those that already have grid connection conditions or building permits, which means they can be commercialized more quickly.

The year 2021 was a record year for ONDE in terms of performance for RES segment. The company has completed 13 wind projects and 64 solar farms for its customers, with a total generation potential of nearly 0.4 GW. The company has completed 13 wind projects and 64 solar farms for its customers, with a total generation potential of nearly 0.4 GW. In 2021, the Company started the development of 15 wind farms with a total capacity of approximately 454 MW and a total contract value of over PLN 422 million.

On 9 April 2021 the Company acquired IDE Projekt sp. z o.o., a design office specialized in design services for the RES industry. The IDE Projekt team is experienced and competent in preparing complex construction and detailed designs of photovoltaic and wind farms. The IDE Projekt cooperates with the Company in the preparation of road and energy infrastructure projects and for accompanying industries. IDE Projekt develops construction and detailed designs for new construction and reconstruction, expansion and repair of existing road system elements and power facilities. The acquisition of IDE Projekt was executed as part of the

Company's strategy to expand its business and competencies in the area of design and construction of wind and photovoltaic farms.

In relation to the rapid development of its business, the ONDE Group's headcount was 587 workers at the end of December 2021, up by 136 compared to the end of 2020.

2.5.2. Statutory governing bodies

SUPERVISORY BOARD

From 31 May 2019 to 19 February 2021, the Supervisory Board operated with the following composition:

- | | |
|-------------------|----------------------|
| • Chairman | - Jacek Leczkowski |
| • Deputy Chairman | - Agnieszka Głowacka |
| • Secretary | - Joanna Piersa |

On 19 February 2021, Ms Joanna Piersa resigned from the Company's Supervisory Board. On the same day, the General Meeting of Shareholders appointed Mr Michał Otto, Mr Mirosław Godlewski, and Mr Jacek Socha to the positions of the Supervisory Board members, for a joint term of office effective from 31 May 2019. Thus, as of 19 February 2021, the Supervisory Board is composed of:

- | | |
|------------------------------|----------------------|
| • Chairman | - Jacek Leczkowski |
| • Deputy Chairman | - Jacek Socha |
| • A Supervisory Board member | - Agnieszka Głowacka |
| • A Supervisory Board member | - Mirosław Godlewski |
| • A Supervisory Board member | - Michał Otto |

The term of office of the Supervisory Board with the above composition will expire on 31 May 2022.

MANAGEMENT BOARD

In the period from 31 May 2019, the Company's Management Board shall serve an appointed 3-year joint term with the following composition:

- | | |
|--|-------------------|
| • President of the Management Board | - Paweł Średniawa |
| • Vice-President of the Management Board | - Piotr Gutowski |
| • Vice-President of the Management Board | - Marcin Szerszeń |

2.5.3. Market environment

A pivotal role for the current and future activities of the ONDE Group is played by the shape of legal regulations, mainly in the field of construction and energy. Current regulations affect, *inter alia*, the project implementation methodology, the ability to acquire new assignments and contracts, as well as constraints and opportunities for renewable energy development. For this reason, the ONDE Group monitors on-going legislative changes, assesses their possible implications for its operations, and seeks to mitigate identified threats and take advantage of opportunities arising from them. The major regulations most relevant to the ONDE Group and the sector include:

› Energy Law and Energy Policy of Poland until 2040.

The Energy Law (hereinafter referred to as the "EL") and its implementing regulations define the principles for the development of the state's energy policy, the terms and conditions for the supply and use of fuels and energy (including heat), as well as the activities of energy enterprises, and indicate the authorities competent for fuel and energy management. The Energy Law also defines the principles for the development of the state's energy policy, and the binding document in this regard is the Energy Policy of Poland until 2040 (hereinafter referred to as (EPP2040)). The key elements of the Energy Policy of Poland until 2040 for the Group include targets for increasing the share of RES in all sectors and technologies, including an increase in the share of RES in gross final energy consumption to at least 23% and not less

than 32% in the power sector (mainly through wind and photovoltaic energy) and an increase in installed photovoltaic capacity to approximately 5-7 GW in 2030 and approximately 10-16 GW in 2040.

› Act on Renewable Energy Sources

The Renewable Energy Sources Act (hereinafter referred to as The RES Act) sets out the terms and conditions for the production of electricity from RES, agricultural biogas in RES plants, and production of bioliquids. The RES Act also defines, among other things, mechanisms and instruments to support the production of electricity from RES, agricultural biogas and heat in RES installations, as well as rules of international cooperation regarding RES and joint investment projects.

The RES Act regulates, *inter alia*, the operation of the auction system - a support mechanism for generators of electricity from RES plants. During auctioning process, a generator bids to sell electricity from a plant at the price for which it undertakes to sell its declared volume of energy in subsequent years. The generator winning the auction thanks to the lowest price obtains guaranteed support in the period from the first delivery to the grid of electricity generated at his plant for a period of maximum 15 consecutive years.

In H1 2021, a draft act amending the RES Act was under procedure, which, *inter alia*, provides for the extension of support from the auction system until 30 June 2047 and for the exemption of RES plants with a capacity of up to 500 kW (for stand-alone photovoltaic systems located on certain sites) from the requirement to be included in the zoning study.

› The Distance Act

The Distance Act specifies, *inter alia*, conditions and procedures of location and construction of wind power plants in the vicinity of existing or planned residential development. In practice, it restricts wind turbines to be located not less than ten times their height from residential buildings or protected nature areas. In 2021, the government's draft amendment to the Distance Law, which assumes that the basic rule about locating a new wind power plant only on the basis of a local spatial development plan, is maintained. However, the amendment to the Distance Act introduces an option for the local development plan to specify a different distance between the wind turbine and the residential building, taking into account the range of impacts of the wind turbine, taking into account the absolute minimum safe distance specified in the Draft, i.e. 500 metres. According to the amendment to the Distance Law, the final distance from residential buildings will be reviewed and determined as part of the permit issuance procedure by the Regional Directorate for Environmental Protection.

› Environmental Law

Environmental Law regulations apply to the existing facilities as well as to the investment and construction process itself. These regulations also assume that the operation of installations that cause, *inter alia*, noise emissions and the generation of electromagnetic fields, should not cause surpassing of the environmental quality standards outside the area to which the operator holds legal title. The Environmental Law provides for civil, criminal and administrative liability for breaching its provisions or permits issued thereunder. It also defines circumstances where the use of a plant may be suspended (including when the plant is used without the required integrated permit).

› The EIA Act

The act on providing access to information about the environment and its protection, participation of the public in the environment protection and environmental impact assessment (hereinafter referred to as The EIA Act) obtaining a decision on environmental conditions is required in the case of implementation of planned projects, which may always have significant environmental impact, or projects which may potentially have significant environmental impact. Most investments in electricity generation from RES (especially onshore wind farm projects) are considered as such. The provisions of the act influence the progress of investment execution, because only after obtaining the decision on environmental constraints

(specifying the environmental requirements for the project), the investor may apply for the building design permit.

2.5.4. Market prospects

The ONDE Group entered the year 2022 with an order book worth more than PLN 925 million, of which over PLN 857 million is to be executed in 2022. For comparison sake, the Group entered the year 2021 with an order book worth PLN 1,077 million and 2020 with a portfolio worth PLN 650 million.

Wind power engineering

The ONDE Group operates in the dynamically developing market of renewable energy sources, which is a key element of the energy transformation of Poland and Europe. According to Wind Europe's report, "Wind Energy in Europe: 2021 Statistics and Forecasts for 2022-2026," capital expenditures in the wind energy sector in Europe reached €52 billion in 2019 and 105 GW of new wind power capacity will be installed between 2021 and 2025. And with capital expenditures of EUR 1.6 billion in 2020, Poland is among top five countries with the highest spending on onshore wind farms in the European Union. According to the data presented in the Energy Regulatory Office (ERO) Report, the total power generated by RES plants in 2020 was 9979 MW, compared to 6970 MW in 2015 (up by more than 43%), of which 63.6% came from wind energy. Over the past 10 years, the capacity of Polish wind farms has increased more than fivefold. According to the Energy Regulatory Office (ERO), there are more than 1,200 plants in Poland using wind as a renewable energy source. Their installed capacity is more than 5900 MW, which accounts approximately for 65% of the installed capacity of all types of domestic RES plants. Nearly 160 more wind farms are under development, with a total capacity of about 2,500 MW. The installed capacity of the entire power system in Poland was nearly 47,000 MW in 2019.

In 2020, wind power generation accounted for more than 9% of the domestic total energy output. The National Energy and Climate Action Plan provides for an increase in the capacity of RES plants in Poland up to 24 GW in 2030 and 37 GW in 2040 (from the level of 9.5 GW in 2020). (from 9.5 GW in 2020), and increase the share of electricity generation from RES to 32% and 40% (by 2030 and 2040)

Solar Energy

Solar energy (hereinafter referred to as: PV) develops the fastest among all RES sectors in Poland. According to Solar Power Europe, in 2021. With the installation of about 3.2 GW of new PV capacity, Poland ranked fourth in Europe in terms of growth, just behind Germany (5.8 GW), Spain (3.8 GW) and the Netherlands (3.3 GW). In 2021, more than 1.1 TWh of electricity produced in Poland was introduced from PV micro-installations - more than three times more than in 2019. According to the Energy Market Agency, at the end of June 2021, the installed PV capacity in Poland was 5,357 MW, up by 117.4 per cent compared to June 2020. The average capacity of PV farm is 10.3 kW. Energy Policy of Poland until 2040 assumes further development of capacity in this sector (to about 5-7 GW in 2030 and about 10-16 GW in 2040) and an overall increase in the share of RES in gross final energy consumption to at least 23% and not less than 32%. The stability of the supply chain for key components and procurement cost optimization are key factors. To this extent, the ONDE is making one of the largest module deliveries among RES contractors in Poland in the period Q4 2021 - Q2 2022, ordering 440 offshore containers with modules of about 140 MWp. Such a large volume not only provides the comfort of performance of contracted work, but also secures the construction of farms on their own account and price stability of an major component.

Development

The business of building our own Renewable Energy Sources is based on the develop, build and sell model. By the end of 2021, projects with a total capacity of about 830 MW had been purchased. Projects with a capacity of 132 MW have either won the auction or acquired an investor interested in its commercialization under the Power Purchase Agreement (PPA) model. Another 75 MW are developments with design and building design permits. About 224 MW are projects with connection conditions and about 250 MW with an application to obtain them.

In November 2021 the Company launched the construction of its first proprietary photovoltaic project, "Cyranka," which is located in the Mazursko-Warmińskie Province. The 18 MW plant is scheduled for commissioning by the end of 2022.

Road Engineering

The shape of government infrastructure programmes, such as the National Road Construction Program until 2030 (with an outlook until 2033) with a budget of approximately PLN 292 billion, is key to the Group's operations in the road and civil engineering construction projects implemented by the Company.

2.5.5. Contracts signed

Contracts signed and contracts that became effective between 1 January 2021 and the Report Date (of unit value exceeding PLN 15,000 thousand):

#	Investor	Contract date (date of contract signing)	Subject Matter of the Contract	Net value (attributable to ONDE) ('000 PLN)
Contracts signed in 2020 that came into force in 2021:				
1.	DK Farma Wiatrowa Spółka z ograniczoną odpowiedzialnością (<i>DK Wind Farm Ltd.</i>)	4 Jun. 2020 (entered into force on 30 Apr. 2021)	Construction of Dębica Kaszubska Wind Farm	27.397
2.	Quadran Wind Park 7 Spółka z ograniczoną odpowiedzialnością	24 Sept. 2020 (conditional contract, entered into force 9 Mar. 2021)	Construction of the Rychwał Wind Farm	24.282
3.	PON-THERM Farma Wólka Dobryńska Sp. z o.o.	8 Dec. 2020 (conditional contract, entered into force 9 July 2021)	Construction of Wólka Dobryńska Wind Farm	37.099
4.	Monsoon Energy Sp. z o.o.	8 Dec. 2020 (conditional, entered into force on 9 July 2021)	Construction of Sędzice (Podlasek)	18.567
Contracts signed from January 1, 2021 to the Financial Statement date :				
1.	Polenergia Farma Wiatrowa Dębice / Kostomłoty (<i>Polenergia Kostomłoty Wind Farm</i>)	29 Jan. 2021	Construction of Kostomłoty Wind Farm	31.495

2.	Spectris Energy Sp. z o.o.	4 Feb. 2021	Construction of 38 PV plants	24.890
3.	WIND FIELD WIELKOPOLSKA SP. Z O.O.	8 Feb. 2021	Construction of the Wielkopolska wind farm	39.648
4.	OX2 Construction	26 Feb. 2021	Construction of the Sulmierzyce Wind Farm	28.822
5.	The Kujawsko-Pomorskie Province	1 Apr. 2021	Expansion of the Provincial Road No. 270 - construction of the Brest bypass	16.937
6.	E&W Limited Liability Company ZOL General Partnership with its registered office in Dąbowa	30 Apr. 2021	Construction of the Żórkowska Wind Farm	17,300
7.	LongWing Polska Sp. z o.o.	10 May 2021	Construction of the Zalesie Wind Farm	26,383
8.	ABO WIND POLSKA Sp. z o.o.	12 May 2021	Construction of the Donaborów Wind Farm	15,603
9.	OX2 Construction AB	28 May 2021 (conditional, entered into force on 15 June 2021)	Construction of the Juniewiczze Wind Farm	36.271
10.	FW WARTA Sp. z o.o. (wind farm)	28 May 2021	Construction of the Warta Wind Farm	35.513
11.	of Wind Power AS company	11 Jun. 2021	Construction of PV Farm including delivery of modules	57.047
12.	WSB Park Wiatrowy KĘPNO (Wind Park)	28 Jul. 2021 (conditional, entered into force on 26 Aug. 2021)	Construction of Kępno Wind Farm	32.200
13.	Grand Solar 2 Sp. z o.o.	21 Sept. 2021	Construction of PV Farm including delivery of modules	125.726
14.	EW Rywałd sp. z o.o. (Rywałd Wind Farm Ltd.)	15 Oct. 2021.	Construction of Rywałd Wind Farm	25.033
15.	EE Liskowo Sp. z o.o.	5 November 2021 (contract entered into force 15 November 2021)	Contract for construction of auxiliary systems and equipment for the Liskowo Wind Farm	26.673
16.	Cyranka Sp. z o.o.	23 Nov. 2021	Construction of Giżycko 1 and Giżycko 2 photovoltaic farms	46.000

17.	member companies of R.Power Sp. z o.o. Capital Group	3 Dec. 2021	Performance of comprehensive construction works pertaining to 63 Photovoltaic Farms	164,000
18.	PV Pożarowo 1, PV Pożarowo 2, PV Pożarowo 3, PV Pożarowo 4 (four contracts)	16 Dec. 2021	Construction of Pożarowo Photovoltaic Farm	97.733
19.	Baltic Sea Polska II	12 Jan. 2022	Construction of the Potęgowo wind farm	19.070
20.	Windpower Poland sp. z o.o.	14 Jan. 2022	Construction of the Ujście wind farm	42,280
21.	Polenergia Piekło Wind Farm and Polenergia Wind Farm 16	4 Feb. 2022	Construction of Piekło Wind Farm	23.490
22.	The Zachodniopomorskie Province. Koszalin-based Western Pomeranian Provincial Road Board.	7 Mar. 2022	Redevelopment of Regional Road No. 152 at Świdwin - Połczyn Zdrój section - Phase 1	44.670

2.5.6. Projects executed in 2021

The key projects implemented by ONDE in 2021 include, but are not limited to:

- Construction of the Potęgowo wind farm
- the construction of the Dębowa Łąka wind farm,
- the construction of the Białogard wind farm
- the construction of the Biały Bór wind farm,
- the construction of the Dębsk wind farm
- Construction of the Photovoltaic Farms commissioned by the rPower Group member companies,
- Construction of the Photovoltaic Farms commissioned by the Qair Group (former Quadran Group) member companies,
- Construction of a tram route along Kujawska Street At the section from the Kujawskie Roundabout to the Bernardyńskie Roundabout in the City of Bydgoszcz together with the extension of the road system,
- The construction of the S3 expressway, the Legnica (A4) – Lubawka section, Subproject IV.

2.5.7. Opportunities and Threats

There are good prospects for the RES segment. The year 2020 was marked by the implementation of projects which guaranteed their support in auctions in 2018 and 2019. The consecutive auctions for the sale of electricity from new RES installations carried out in Q4 2020 gave a positive outcome for subsequent projects.

The stagnation on the wind construction market, caused by the lengthy amendment process of the 10H Act, led to the situation where in recent years the process of developing new projects was not carried out, thus further projects may not be submitted for subsequent auctions.

The potential and needs of road construction market in Poland is enormous. In 2020, the National Road Construction Program (with an outlook to 2030) was launched. It assumes large expenditures on the construction of expressways, motorways, ring roads and maintenance of technical standards of the existing road network. The Company's strategic objective is to bid with an assumed satisfactory margin. A threat to long-term contracts is the 5 per cent cap on indexation. A positive change in the road construction segment is the increase in the indexation threshold to 10% in February 2022 for short-term contracts (up to 12 months) performed for the General Directorate for National Roads and Motorways.

Burdens pressing local government budgets reduce the number of projects implemented by this investor category. The problem of financing infrastructure projects will grow after the end of the current EU financial perspective. One of the way outs of such a situation may be more frequent use of the public-private partnership formula as a way of financing investments.

2.5.8. Strategic priorities

Mission Statement		
Providing the highest quality construction services and developing activities in the market of construction for RES in order to support the Polish energy transition and, consequently, to participate in the implementation of the vision of a climate-neutral economy, respecting the principles of sustainable development.		
Strategic goal		
Building of shareholders' value by ensuring further growth of the Group, strengthening its position as a leader in environmentally friendly and modern construction solutions for the renewable energy and road sectors in Poland, as well as further expansion of its business activities to include the purchase and construction of photovoltaic systems and subsequent sale under the develop, build and sell model or own account operation under this model.		
Strategy Pillars		
1 leading position in the wind farm construction and a leading position in the dynamically growing segment of photovoltaic farm construction in Poland	2 the expected growth of the green energy generation sector, in particular the generation of wind and photovoltaic energy in Poland in the period until 2040, in connection with the implementation of the European Green Deal policy and the Energy Policy of Poland until 2040, which provide for growth and support for the development of wind and photovoltaic farms in Poland	3 maintenance and further use of own resources and cooperation with the ERBUD Group.

The ONDE Group's strategy is based on the expected further development of the market for construction of renewable energy sources, particularly photovoltaic farms and onshore wind farms, which will allow to take advantage of the existing experience and leading market position in Poland in the implementation of projects for the construction of such plants. In addition, selective participation of the ONDE in the implementation of

projects in the road infrastructure sector in Poland as a general contractor under the National Road Construction Programme and road projects financed by local government funds is envisaged.

The strategic goals are divided into two time horizons:

- › short-term objectives (12-24 months), and
- › long-term goals (more than 24 months).

The constituents included in each time horizon are not presented in chronological order.

Short-term strategy

The ONDE Group's short-term strategy is to take advantage of the expected rapid investment growth in connection with the implementation of the energy and climate policy in Poland by continuing to acquire and develop photovoltaic farm projects for further resale, or to leave some of the developed projects in the book and sell energy, which may provide recurring revenues to the company, and to approach sales more opportunistically.

The development strategy for the short-term horizon includes:

- › continuation of the adopted business model based on providing construction services in the RES segment in the area of photovoltaic and wind energy as the core, prospectively developing activity, as well as continuation of the activity in the road and engineering construction segment through selective selection and implementation of projects. At the end of 2021. The Group is executing contracts for the construction of wind farms with a capacity of 1260 MW and contracts for the construction of photovoltaic farms with a capacity of 277 MW. The strategy assumes an option of increasing the share of the photovoltaic construction segment in the portfolio after 2022 due to an increase in the number of projects and their capacity and the expected reduction in the construction of new onshore wind projects, which depends on potential regulatory changes, including, in particular, amendments to the Renewable Energy Sources Act and liberalization of the Distance Act.
- › further business expansion in the RES segment to include the development of RES projects under the "Develop, Build and Sell" model, by purchasing and investing in further RES projects at various phases of their preparation. The Group plans further acquisitions of projects falling into two categories, i.e. the first type of projects which at the time of acquisition are at a very early stage of preparation (greenfield), i.e. the land lease agreement has been signed, but decisions concerning conditions for connection to the distribution network or construction permits have not been issued, projects that did not win an auction organized by the Energy Regulatory Office (ERO) or do not have a signed or guaranteed Power Purchase Agreement (PPA), or the second type of projects that are at a further stage of development, i.e. those that have a construction permit, that won a RES auction organized by the ERO or have a signed or guaranteed PPA. As of 31 December 2021, projects totalling approximately 830 MW have been purchased, of which approximately 70 MW are wind projects. Projects with a capacity of 132 MW have either won the auction or acquired an investor interested in its commercialization under the Power Purchase Agreement (PPA) model. Another 75MW are developments with design and building design permits. About 224 MW are projects with connection conditions and about 250 MW with an application to obtain them.
- › development of operations in the segment of construction of RES by O&M services for photovoltaic and wind power installations. As part of this activity, the ONDE, based on its experience in the construction of wind and photovoltaic farms and its potential, human and engineering resources, provides operation and maintenance services for the farms it has built and sold, as well as other wind and photovoltaic farms already operational.

In addition, the short-term strategy for developing O&M services assumes the implementation of:

- › permanent remote supervision of farm operations by distributors,
- › regular overhauls and maintenance by qualified technicians, and
- › maintenance team, responsible for the maintenance of green areas, cleanliness of photovoltaic modules, as well as monitoring the condition of roads and squares at the farms.

Long-term Strategy

The strategy of the ONDE Group in the long-term horizon includes continuation of activities in the areas defined in the short-term strategy and potential further expansion of activities in the field of construction and operation of photovoltaic farms and undertaking work in other segments of construction related to the production of green energy including:

- › to engage in the business of generating and selling electricity from photovoltaic plants built by the Group. This will depend on the possibility of contracting and conditions for the sale of electricity from photovoltaic farms in Poland, as well as labour costs and the cost of purchasing photovoltaic system components, which depends on technological progress in this area. The ONDE Group also intends to use the support elements available in the implementation of the European Green Deal policy and the Energy Policy of Poland until 2040;
- › undertaking activities in the field of construction of electricity storage facilities and their operation based on experience and design-engineering competence of the ONDE Group gained while implementing other projects in the power sector infrastructure in Poland. The launch of this business is predicated on the development of modern energy storage technologies and their availability and universality;
- › applying for contracts for implementation of wind power and photovoltaic installations on foreign markets, in particular in countries belonging to the European Union, which implement the policy of the European Green Deal. The Group may compete for contracts outside Poland on the basis of its own experience and competence and using the support and competence in foreign markets of the ERBUD Group.

2.6. ERBUD Industry Sp. z o.o.

2.6.1. Scope of activities

ERBUD Industry Sp. z o.o. with its registered office in the City of Warsaw was established in December 2000. It is the parent company for the ERBUD Industry Capital Group, which consists of the following companies:

- ERBUD Industry Centrum Sp. z o.o., (on 4 January 2021 the District Court for Łódź-Śródmieście - 14th Commercial Division registered the merger between ERBUD Industry Centrum sp. z o. o. and ERBUD Industry Pomorze sp. z o. o.; the Acquiring Company is ERBUD Industry Centrum sp. z o. o.
- ERBUD Industry Południe Sp. z o.o.

There are two operational divisions at ERBUD Industry Sp. z o.o.:

1. ERBUD Industry Sp. z o.o. Division focuses on the construction of new and upgrading the existing energy sources, actively responding to the current needs of the district heating industry, commercial power sector and industrial plants in Poland. The Engineering Division's offerings include comprehensive engineering services on a "Design & Build" basis including the construction of:
 - energy sources in the form of water and steam boiler plants equipped with gas, oil and electric boilers,
 - installations for thermal conversion of municipal, industrial and hazardous waste,
 - industrial facilities, process systems and manufacturing lines,
 - environmental protection installations and auxiliary installations for power units (denitrification, desulphurization, dedusting, ash removal),
2. The Maintenance Division, focuses on servicing power generation facilities and industrial plants. Performs repairs, assemblies, upgrades and diagnostics of machinery and equipment. Specializes in

the assembly of steel structures for boilers and pipelines and the assembly of equipment for process junctions, pipelines, pumps and fittings.

In 2021 the Company carried out intensive operational activities to acquire and execute construction and installation contracts and maintenance services for the power and chemical sectors.

ERBUD Industry uses an integrated management system and holds the following certificates:

PN-EN ISO 9001

PN-EN ISO 14001

PN-ISO 45001

At the end of 2021 the headcount level at the Company was 49 people..

2.6.2. Statutory governing bodies

In the period from 1 January to 1 April 2021 the Management Board of ERBUD Industry Sp. z o.o. consisted of:

- Mirosław Białogłowski - A Management Board member
- Marcin Nowicki - A Management Board member

On 23 March 2021 the Extraordinary General Meeting of Shareholders of ERBUD Industry Sp. z o. o. appointed Zbigniew Gładys to the Management Board, effective from 1 April 2021.

In the period from 1 January to 31 December 2020 the Management Board of ERBUD Industry Sp. z o.o. consisted of:

for the period 1 April 2021 through 30 June 2021:

- Mirosław Białogłowski - A Management Board Member
- Marcin Nowicki - A Management Board Member
- Zbigniew Gładys - A Management Board member

for the period from 1 July through 30 September 2021:

- Marcin Nowicki - A Management Board Member
- Zbigniew Gładys - A Management Board member

During the period from 1 October 2021 to the date of the Report of Management Board of Erbud Industry Sp.z o.o:

- Zbigniew Gładys - A Management Board member

2.6.3. Market environment

Advanced age of power and heat generating units in Poland, recently announced legislation at the EU and Polish government level (EPP2040) on striving for climate neutrality by 2050, expressed in complete abandonment of coal as a fuel source, significantly limited ERBUD Industry's market for investments related to the construction of environmental protection facilities for coal-fired generating units. Financing this type of modernization and, what's worse, investment has become completely impossible, both in the owner's execution and in the case of obtaining financing from the market, i.e. with the participation of the banking sector. This forced the Company to exit this business segment and turn to new market opportunities related to the use of alternative fuels, primarily gas.

Modernization of Polish power industry involving the transition from coal fuel to zero-emission fuels with the use of transformational fuel such as gas, opens up a huge investment market for ERBUD Industry, touching both the area of power generation facilities and heat. This is the area of commercial and municipal energy, but also the area of industrial plants.

In view of the above, the Company assumes that with its extensive experience in project execution, its own credentials and experienced engineering staff, it has all the assets to successfully compete in and execute construction and assembly contracts in the following market segments:

1. Segment 1 - construction of new energy and heat sources based on gas-oil fired boilers, electrode boilers,
2. Segment 2 - construction of cogeneration energy and heat sources,
3. Segment 3 - construction of municipal, industrial and hazardous waste treatment facilities.

2.6.4. Projects executed in 2021

In 2021 key executed projects comprised:

- Construction of a turnkey flue gas denitrogenation installation using the catalytic method (SCR) and modernization of the flue gas dedusting installation together with the modernization of the OP-215 coal boiler 2 at Puławy Nitrogen Works
- for ZA Puławy S.A.,
- construction on a turnkey basis of a new peak load/reserve boiler house equipped with two oil/gas fired boilers and two electrode boilers of total capacity of 130MWt for PGE Energia Ciepła S.A. The Wybrzeże Branch of the Gdansk CHP Plant.
- construction on a turnkey basis of the second gas boiler system in the existing gas boiler house in Olsztyn for Michelin Polska SA,
- construction on a "turnkey" basis of a peak load/reserve boiler house for Tauron Ciepło Sp. z o.o. Generating Plant of Bielsko-Biała CHP Station, Bielsko-Północ EC-2,
- construction on a turnkey basis of a peak load/reserve water boiler house equipped with two boilers of the capacity of 20MWt each and one boiler of the capacity of approx. 10 MWt together with the necessary construction and technological infrastructure and technological infrastructure in Kalisz for ENERGA Kogeneracja Sp. z o.o.

2.6.5. Major contracts signed in 2021

On 8 July 2021 the Company, in a consortium with ERBUD SA, signed concluded a contract with Tauron Ciepło Sp. z o.o. for the turnkey construction of a peak load/reserve boiler house at Tauron Ciepło Sp. z o.o. Generating Plant Bielsko-Biała EC Bielsko-Północ EC-2.

On 30 July 2021, the Company in a consortium with ERBUD SA concluded with Energa Kogeneracja Sp. z o.o. a conditional agreement for the construction of a turnkey peak load/reserve, gas-fired boiler house with two boilers of approximately 20 MWt each and one boiler of approximately 10 MWt and the necessary construction and technological infrastructure in Kalisz. On 6 October 2021, Annex No. 1 was signed, specifying the effective date of the Agreement as of the Annex Date.

2.6.6. Opportunities and Threats

The current infrastructure of energy and heat sources in Poland in the area of commercial, municipal and industrial power and industrial energy requires thorough modernization in order to reduce CO₂ emissions and enable faster development of RES as well as increase reliability of energy and heat supply.

The Energy Regulatory Office estimated that the total capital expenditures on power sector construction activities scheduled in 2014-2028 totals almost PLN 100 billion. Poland has taken up the EU challenge of becoming climate-neutral by 2050, which primarily means building new energy and heat sources to replace the antiquated and worn-out units.

However, it should be mentioned that despite huge needs for infrastructure upgrading, at the same time there is a lack of appropriate dynamics in the process of construction and replacement of old infrastructure with new units by the current market owners. This situation is caused by insufficient financial resources allocated to the power sector upgrading process. Unfulfilled expectations of the market, including the expectations of the contractors themselves as to the number of projects carried out, lead to cut throat competition between them.

2.6.7. Development directions

Major development directions of ERBUD Industry Sp. z o.o. are as follows:

- Maintaining the current market position in the area of building new energy and heat sources based on gas/oil fired boilers and electrode boilers,
- acquisition of credentials and confirming competences in the area of construction of units for energy and heat co-generation,
- acquisition of credentials and confirming competence in the field of construction of municipal, industrial and hazardous waste treatment plants
- commencement of construction and assembly activities in the area of RES related to the construction of energy storage facilities and hydrogen generation plants.

ERBUD Industry Sp. z o.o. consistently strives to increase the scale of operations in the field of comprehensive investment projects for the energy sector and industry, focusing on modern sources of energy and heat. The company actively seeks to join the value chain associated with the upgrading of the Polish energy infrastructure by participating in the "from coal to gas" transformation process. As market opportunities allow, the Company also wants to participate in projects related to the circular economy and completely avant-garde projects related to hydrogen applications in energy and industry as a new energy source.

2.7. Erbud Industry Centrum Sp. z o.o.

2.7.1. Scope of activities

Erbud Industry Centrum Sp. z o.o. (formerly Engorem Sp. z o.o.) with its registered office in Łódź was established in 1994, it operates in the service sector and specialises in repairs of power, heating, electrical, control and measurement equipment (Control and Measurement Instruments and Automation) and industrial and municipal systems.

At the end of 2021 the headcount level at the Company was 453 people..

2.7.2. Statutory governing bodies

MANAGEMENT BOARD

In the period from 1 January 2021 to 4 January 2021 the Management Board was represented by:

- Paweł Zaorski - President of the Management Board
- Marcin Stasiak - Vice-President of the Management Board

Since 5 January 2021 the Company's Management Board has consisted of:

- Paweł Zaorski - President of the Management Board
- Marcin Stasiak - Vice-President of the Management Board
- Jarosław Głowczyński - Vice-President of the Management Board

As a result of merger of ERBUD Industry Centrum sp. z o. o. and ERBUD Industry Pomorze sp. z o. o. on 4 January 2021, Mr Jarosław Głowczyński was appointed to the Management Board of the Acquiring Company (ERBUD Industry Centrum sp. z o. o.) on 5 January 2021 by virtue of the Resolution No. 1/2021 of the Supervisory Board taken on 5 January 2021.

SUPERVISORY BOARD

In the period from 1 January 2021 to 30 September 2021, the Company's Supervisory Board was composed of:

- Radosław Górski - The Chairman of the Supervisory Board
- Mirosław Białogłowski - Deputy Chairman
- Marcin Nowicki - A Supervisory Board member until 30 September 2021 owing to his resignation from the Supervisory Board position that he submitted to the company on 31 August 2021
- Joanna Piersa - Secretary of the Supervisory Board

In the period from 1 October 2021 to 15 October 2021, the Company's Supervisory Board was composed of:

- Radosław Górski - The Chairman of the Supervisory Board
- Mirosław Białogłowski - Deputy Chairman
- Joanna Piersa - Secretary of the Supervisory Board

On 15 October 2021, the Ordinary General Meeting of Shareholders, by virtue of its Resolution No. 4/2020, appointed Mr Zbigniew Gładys to the position on the Supervisory Board, simultaneously appointing him to the position of a Supervisory Board member.

Given the above, from 15 October 2021 to 13 December 2021, the Company's Supervisory Board consisted of:

- Radosław Górski - The Chairman of the Supervisory Board
- Mirosław Białogłowski - Deputy Chairman of the Supervisory Board until 13 December 2021 owing to his resignation from the Supervisory Board position that he submitted to the company on 13 December 2021.
- Zbigniew Gładys - A Supervisory Board member
- Joanna Piersa - Secretary of the Supervisory Board

In the period from 13 December 2021 to the Report Date, the Company's Supervisory Board was composed of:

- Radosław Górski - The Chairman of the Supervisory Board
- Zbigniew Gładys - A Supervisory Board member
- Joanna Piersa - Secretary of the Supervisory Board

2.7.3. Projects executed in 2021

The company mainly executed repairs of basic equipment on sites of the Łódź combined heat and power plants, commissioned by Veolia Energia Łódź S.A. and on site of Karolin CHP Plant in Poznań commissioned by Veolia Energia Poznań S.A. During the summer shutdown of the plants, repairs were also carried out on the water supply and steam network fittings and auxiliary, electrical and control equipment. As part of its work in the district heating sector, the Company carried out repairs and modernization of district heating networks and built new district heating connections and modernized heat substations.

Apart from Łódź, the Company carried out significant repairs in the market of CIECH Janikowo and Inowrocław for a total amount of almost PLN 15 million, a one-year review and periodic overhaul after the second year of operation of the Municipal Waste Thermal Treatment Plant in Konin was carried out, works were continued on delivery of equipment maintenance services and technological infrastructure for the Pfeiderer Group plants in Wieruszów and Grajewo.

In accordance with the previously adopted development direction, two gantry cranes located at the Container Terminal in Łódź at ul. Tomaszowska 60 were upgraded under the project called Reconstruction of the Łódź-Olechów Container Terminal.

Jointly with Erbud Industry Sp. z o.o. the company participated in the turnkey construction of a peak /reserve boiler load boiler houses with an installed capacity of 130 MWt, involving two oil-gas boilers with a capacity of 30MWt each and two electrode boilers with a capacity of 35MWt each in the field of mechanical works related to the construction of grid water, DEMI water, oil management, installation of oil boilers and electrode boilers.

2.7.4. Expected Development

On 4 January 2021 ERBUD Industry Centrum took over another service company owned by the Capital Group, i.e. ERBUD Industry Pomorze.

In 2021, the company took steps to expand its expertise in Instrumentation and Control (I&C). On 1 April 2021, it acquired a 100% shareholding in Satchwell Torun Polska Sp. z o.o.

In 2022, further acquisitions are planned to broaden the scope of operations, both in terms of competencies and geographically.

At the end of December 2021, the Company's order book was worth more than PLN 37 million, of which PLN 35 million pertains to 2022..

2.8. Satchwell Toruń Polska Sp. z o.o.

2.8.1. Scope of activities

Satchwell Toruń Polska Sp. z o.o. with its registered office in Toruń was established in 1991. It operates in the service sector and specialises in electrical, control and measurement equipment (Control and Measurement Instruments and Automation).

At the end of 2021 the headcount level at the Company was 26 people..

2.8.2. Statutory governing bodies

MANAGEMENT BOARD

In the period from 1 January 2021 to 31 March 2021 the Management Board was represented by:

- Piotr Szoloniak - President of the Management Board
- Jarosław Tandecki - Vice-President of the Management Board
- Zbigniew Tandecki - Vice-President of the Management Board

Since 1 April 2021 the Company's Management Board consisted of:

- Piotr Szoloniak - The President of Management Board
- Marcin Stasiak - Vice-President of the Management Board

2.8.3. Projects executed in 2021

The most important tasks performed by the Company include the assembly and servicing of the installation of heat substations for PGE in Toruń, the Company completed works within the Capital Group, among others, I&C works at the Center for Non-Invasive Medicine in Gdańsk for Erbud S.A., and low-current installations at the office building of a newly-built factory of modular houses.

2.8.4. Expected Development

In connection with joining the Erbud S.A. Capital Group, the increased potential will allow to undertake larger tasks with better economic result.

The Company's management will look for small entities in a similar industry that can be purchased and integrated into the Company's structures.

At the end of December 2021, the Company's order book amounted to over PLN 7.5 million

2.9. ERBUD Industry Południe Sp. z o.o.

2.9.1. Scope of activities

ERBUD Industry Południe Sp. z o.o. based in Rybnik present in the market since July 1998. It provides repair and maintenance services for equipment installed at power plants, combined heat and power plants and industrial plants.

The Company's operational activity is currently carried out in the design system, including permanent maintenance tasks.

At the end of December 2021 the total headcount was 131 workers at ERBUD Industry Południe Sp. z o.o.

2.9.2. Statutory governing bodies

SUPERVISORY BOARD

From 1 January 2021 to 30 September 2021, the Supervisory Board of ERBUD Industry Południe was composed of 5 members, i.e.:

- Radosław Górski - The Chairman of the Supervisory Board
- Paweł Zaorski - Deputy Chairman of the Supervisory Board

- Mirosław Białogłowski - A Supervisory Board member
- Marcin Nowicki - A Supervisory Board Member
- Joanna Piersa - Secretary of the Supervisory Board

On 31 August 2021 Marcin Nowicki resigned as Member of the Supervisory Board of ERBUD Industry Południe Sp. z o.o., with effect from 30 September 2021.

On 30 September 2021, by virtue of Resolution No. 4/2021, the Extraordinary General Meeting of Shareholders of ERBUD Industry Południe Sp. z o.o. appointed Mr Zbigniew Gładys to the position of a Supervisory Board member,

Given the above, from 1 October 2021 to 13 December 2021 the Supervisory Board of the company consists of:

- Radosław Górski - The Chairman of the Supervisory Board
- Paweł Zaorski - Deputy Chairman of the Supervisory Board
- Zbigniew Gładys - A Supervisory Board member
- Mirosław Białogłowski - A Supervisory Board member
- Joanna Piersa - Secretary of the Supervisory Board

On 13 December 2021, Mirosław Białogłowski resigned as Member of the Supervisory Board of ERBUD Industry Południe Sp. z o.o. on 13 December 2021:

Given the above, from 14 December 2021 to this Report Date, the Company's Supervisory Board consisted of:

- Radosław Górski - The Chairman of the Supervisory Board
- Paweł Zaorski - Deputy Chairman of the Supervisory Board
- Zbigniew Gładys - A Supervisory Board member
- Joanna Piersa - Secretary of the Supervisory Board

MANAGEMENT BOARD

In the period from 1 January 2020 to this Report Date the Management Board was represented by:

- Dariusz Badeja - The President of the Management Board
- Ewa Chachulska - A Management Board member

2.9.3. Projects executed in 2021

In 2021 ERBUD Industry Południe sp. z o.o. executed, inter alia, the following projects:

Systemic power engineering sector:

- PGE - maintenance and emergency repairs of pressure equipment of boilers Nos. K3 - K8 at Rybnik power plant
- PGE - major overhaul of equipment of boiler No. 5 at Rybnik Power Plant
- TAURON - assembly during upgrading of OP650 boiler at Jaworzno III Power Plant under the 200 + Programme for RAFAKO
- TAURON - Repairs of Rotary Air Heaters No. 1 and 3 of the Boiler of for Units 10 and 11 at Łaziska Power Plant
- PGE - Performance of planned and emergency maintenance works as well as replacement repairs of the wet flue gas desulphurisation system at Rybnik Power Plant. Emergency maintenance works as well as replacement repairs on IMOS in Rybnik Power Plant
- PGE - Performance of assembly works during upgrading of electrostatic precipitators (ESPs) of Units 4, 4, 6 at the Rybnik Power Plant

Petrochemistry and Chemistry:

- Replacement of waterfalls of OP 230 K 2 boiler at the Police Chemical Plant

- Disassembly and assembly of pipelines as a part of renovation of Olefins II Plant at PKN Orlen in Płock

Foreign projects:

- Sweden - renovation of boiler grate for the incinerator plant at Linköping for Allsvets
- Norway - installation of pipelines for 3 boilers in Salten for Bertsch Energy,
- Austria - conversion of a coal-fired boiler to biomass - Sappi Gratkorn

District heating system:

- Replacement of 2nd and 3rd stage of superheater - CHP Poznań
- Maintenance services applied to fundamental pieces of power equipment in 2021
- Repair of breakdowns of pressure and mechanical parts of water and steam boilers and other equipment on site of DPE S.A.
- Delivery of emergency services to Polish Oil & Gas Company (PGNiG) in 2022
- Delivery of maintenance works to Polish Oil & Gas Company (PGNiG) in 2022 - 2023

District heating networks for Ciepło:

- a connection to the Barbara facility in Katowice,
- Gwiezdna connection, Sosnowiec
- Graniczna connection, Dąbrowa Górnicza
- Dworska connection, Olkusz,
- 3 Maja connection, Sosnowiec.

2.9.4. Expected Development

ERBUD Industry Południe Sp. z o.o. intends to continue its operations on the existing market, while emphasizing the development of its competences, mainly in the pressure area, especially for the energy, district heating, chemical as well as pulp and paper industries. Taking advantage of the formal and legal environment, including the Green Deal, to promote the development of sources powered by renewable energy. The Company intends to continue to develop partnerships with technology providers and general contractors.

Moreover, due to its erection competence, the company is prepared to cooperate on foreign projects in France, Austria, Germany, Sweden and Norway.

The projects executed in the Western Europe as well as the observed market trend indicate a significant increase in the industry's interest in own investments in modern energy generation sources using biomass fuel and heat recovery systems from other technological processes. The company participates in the implementation of projects of this type on the European market and expects to develop this segment in Poland.

The market for repair and maintenance services is expected to be maintained, driven by the need to comply with environmental requirements, the implementation of PEP2040, as well as the commencement of modernization projects at generators and distributors of system heat.

The market for energy services is characterised by fierce competition and high bargaining power of service buyers. In the Company's opinion, one of the effective methods to meet market requirements (without incurring high capex) is to develop a rational model of cooperation and strategic alliances. The focus should be on offering services of a complex nature in the organization's core competencies that provide profit and opportunity for further growth.

In December 2021, the Company's order book in value terms totalled PLN 36.1 million (including PLN 25 million in France and Austria), compared to PLN 19.5 million in the previous year.

ERBUD Shared Services Sp. z o.o.

2.10.1. Scope of activities

In 2021 ERBUD Shared Services Sp. z o.o. acted as a back office service provider for the ERBUD GROUP (accounting, HR and payroll, fleet management, IT services). The Company's registered office is in Warsaw.

On 31 December 2021 the headcount level at the Company was 80 people.

There are two strategic boards in the Company: the Technical Board, to which services are currently provided by 9 people, and the Strategic Board, to which services are provided by 7 people. The company works on an outsourced basis with advisors.

2.10.2. Statutory governing bodies

In the period from 1 January 2021 until 29 December 2021, the Management Board of ERBUD Shared Services Sp. z o.o. was one person, represented by:

- Mariola Zielińska - the President of the Management Board

On 13 Dec. 2021 the Meeting of Shareholders of ERBUD Shared Services Sp. z o.o. was informed of the resignation of Ms. Mariola Zielińska from the position of President of the Management Board effective from 29 December 2021. On 30 December 2021 the Extraordinary General Meeting of Shareholders appointed a new Management Board with the following composition:

- Tomasz Stryjewski - President of the Management Board,
- Małgorzata Polińska - Vice-President of the Management Board.

2.10.3. Plans for 2021 and beyond

- ERBUD Shared Services Sp. z o.o. on the basis of agreements concerning the provision of business consulting services and accounting, HR and payroll, administrative, IT and office space rental services provided in 2021 and will continue this activity in the following years.
- Within ERBUD Shared Services Sp. z o.o., the ERBUD Group will centralise and standardise maintenance processes. These measures are to contribute to the increase of operational efficiency and reduction of operating costs of individual companies of the Group.
- Effective from the end of 2021, the first phase of the implementation of a new IT system in the Erbud Group, led by ESS, was completed.
- Soon ESS, plans to digitize the remaining operations with internal customers to streamline further the Erbud Group's operations.

2.11. HEBUD

2.11.1. Company Foundation

HEBUD Spółka z ograniczoną odpowiedzialnością (HEBUD) was established by virtue of Resolution of the ERBUD S.A. Management Board No. 24/2017 of 6 November 2017.

Full business name and abbreviation in Russian:

Общество с ограниченной ответственностью "ХЭБУД"

ООО "ХЭБУД"

Full business name and abbreviation in Belarusian:

Таварыства з абмежаванай адказнасцю "ХЭБУД"

ТАА "ХЭБУД"

By virtue of Resolution No. 1 dated 6 November 2017, ERBUD S.A. as the sole shareholder of HEBUD approved the Company's Articles of Association and appointed the Company's Director.

On 28 November 2017 HEBUD was registered by the Ministry of Justice of the Republic of Belarus and launched its activities.

Registered office of HEBUD Spółka z ograniczoną odpowiedzialnością (HEBUD): 230023 Grodno, ul. Budenogo 48, bl.A,p.40 The Republic of Byelorussia.

On 3 August 2020 the Management Board of ERBUD S.A. adopted Resolution No. 37/2020 on liquidation of the "HEBUD" limited liability company. The Resolution was published in the Official Gazette of Belarus on 20 August 2020. The company called „Business Evolution”, with its registered office at ul. Gwintowta 44/67, Minsk, Byelorussia was appointed to the position of liquidator.

In 2021 the company HEBUD did not carry out any activity, being in the process of liquidation, by virtue of the Resolution No. 37/202 of the Management Board of REBUD S.A., dated 3 August 2020 and the entry in the Official Gazette of the Ministry of Justice dated 20 August 2020. The liquidator was private company called "Business Evolution" from Belarus. Due to the on-going outbreak of COVID coronavirus and related difficulties in personal contacts of decision-makers (illnesses) on 29 April 2021 the Management Board of ERBUD S.A. adopted Resolution No. 22/2021 on extending the date of the company's liquidation until 2 August 2021, as under Belarusian law the duration of the company's liquidation may not exceed 12 months.

During this process, the liquidator established the economic and financial standing of the company, resulting in the preparation of an intermediate liquidation balance sheet with an inventory of creditors as of 12 August 2021. (attached hereto).

During this process talks and negotiations were held with numerous entities (both from Poland and Belarus), whose aim was to sell shares of HEBUD in order to avoid a decision on the bankruptcy of the company. These talks, are quite likely to generate the expected positive outcome in 2022.

2.12. IVT Weiner + Reimann GmbH

2.12.1. Scope of activities

IVT Weiner + Reimann GmbH with its registered office in Oberhausen operates in the German market, especially in the Ruhr Area. The company is a provider of comprehensive services for the industry. It specializes in engineering and maintenance of industrial facilities (pipelines, pumps, silos, cooling towers), installation, maintenance and repair of power, air conditioning, ventilation and sanitary networks.

The Company also comprises its subsidiary, IVT Menzenbach GmbH, which operates in the area of employee lease. IVT Weiner + Reimann GmbH holds 100% shareholding in IVT Menzenbach GmbH.

IVT is a professionally managed company that will celebrate its 40th anniversary in 2022. The company's advantage is its high renown and well-established business relations in the local market, achieved thanks to the high competence of its experienced and specialized personnel.

2.12.2. Company governing bodies

In 2021 the Company's Management Board consisted of:

- Carsten Weiner - A Management Board member,
- Andreas Schmitz - A Management Board member.

2.12.3. Projects executed in 2021

The IVT's major business partners include, but are not limited to: ArcelorMittal Duisburg, ArcelorMittal Bremen, SBO (service company Oberhausen, former OGM), RAG, Minegas, Mingas Power, Cargill Germany, Vivawest Wohnen, INEOS Solvents Germany, Benteler Steel/Tube.

In 2021 the company completed the following projects:

- Participation in shaft filling as a RAG partner
- Modernisation of Oberhausen Castle (Ludwigsgalerie)
- Modernisation of the Oberhausen Castle's gallery with a panoramic view
- Partnered VIVAWEST in retrofitting existing housing units,
- Renovation of the swimming pool for teaching classes at the Schiller School

2.12.4. Expected Development

The year 2021 activities were overshadowed by the COVID-19 pandemic. In 2022 IVT will follow-up the actions taken in 2021 to minimize the risk of infection among workforce, including delivery of necessary Personal Protective Equipment (PPE) and setting up the smallest possible work teams. The Company will also focus on maintaining and further developing existing business relationships with customers, despite persisting pandemic.

The priority is also care for a friendly working atmosphere and engagement of personnel, who are the most valuable asset and represent the foundation of the Company's business model. In 2021, the Company also launched its own certified Covid-19 testing centre to provide even greater protection for its employees.

Thanks to the acquisition of IKR by Erbud Group in June 2021, the company is able to offer and execute even larger projects for customers, as together they have a highly qualified staff of almost 600 people.

As in previous years, IVT's priority is to offer quality service to its customers. The company plans to expand its customer base and enter new business areas.

2.13. IKR GmbH

2.13.1 Company profile

KR GmbH, based in Bitterfeld (Saxony-Anhalt), has a 30-year history. It joined the ERBUD Group in 2021. It carries out ordered projects in the field of pipeline construction and connections for the chemical and petrochemical industries, power generation and metallurgy. Repair and maintenance services as well as

maintenance-related projects are provided for the above-mentioned industries on the grounds of framework agreements.

In the organisational structure of the ERBUD Group, IKR is assigned to the Erbud Deutschland Holding GmbH. This group currently consists of two subsidiaries, IKR GmbH in Bitterfeld-Wolfen and IVT Weiner + Reimann GmbH successively with its subsidiaries, IVT Menzenbach GmbH and IVT Beteiligungs GmbH.

2.12.2. Company governing bodies

In 2021 the Company's Management Board consisted of:

- Bernd König – a Management Board member,
- Andreas Schmitz – a Management Board Member.

2.12.3. Projects executed in 2021

In addition to the German market, IKR also handles project orders in the neighbouring European countries. The company's headcount is approximately 280 WORKERS at four own branches in Germany. Its major customers include Wacker Chemie, Lyondell Basell, Nynas, BASF, Solvay, SKW Piesteritz, Linde Gas, Siemens, Thyssen Krupp, BP, Pfeiffer&Langen, Kali&Salz, Salzgitter AG and EEW.

In 2021 the Company completed, *inter alia*, the following projects:

- Chemistry: New Catalyst HOSTALEN Project (the catalyst plant) / LyondellBasell Frankfurt M.
- Industry: Savanna project (test facility for reduced-calorie sugar) / Pfeiffer&Langen Elsdorf
- Metallurgy: Finishing plant (chromium plating of galvanized sheet) - Antritz / ThyssenKrupp Rasselstein
- Manufacturing activities: Steam turbines pipelines / Siemens Görlitz
- Petrochemistry: Renovation reformer / Selas Linde – Linde Gas Brunsbüttel

2.12.4. Expected Development

Owing to the growing demand of German industry for industrial services, IKR has significant growth potential in the future.

The operational management system at IKR GmbH is based on ISO 9001, ISO 14001 and SCCP certification, combining an integrated health, occupational safety, environmental and quality management system. One of its main objectives is to help shape the future through sustainable and innovative solutions. With its own apprenticeships, totalling 24 apprentices, the company is countering the shortage of skilled workers. With its own apprenticeships, totalling 24 apprentices, the company is countering the shortage of skilled workers. In addition, the company is committed to improving the qualifications of its industrial employees in welding and pipeline technology.

The acquisition of IKR has made the Erbud Group even more visible on the German market and it is able to offer an even wider range of maintenance services.

2.14. JV MATOC POLAND Sp. z o.o.

2.14.1. Scope of activities

JV WMER MATOC POLAND Sp. z o.o. with its seat in Warsaw has been operating since 2018. The company's shareholders in the proportions of 50% each are ERBUD S.A. and WOLFF & MÜLLER Government Services GmbH & Co. KG belonging to the WOLFF & MÜLLER Group

The company operates on the Polish market and specializes in comprehensive construction and engineering projects carried out directly for the United States military stationed in Poland under relevant international treaties. The agreements concluded are subject to U.S. law and are characterized by strict requirements in terms of both formal and legal regulations and the selection of project personnel.

JV WMER MATOC POLAND Sp. z o.o. is an entity based on experience in the implementation of projects for the U.S. military in Western Europe and has experienced and specialized staff.

2.14.2. Company governing bodies

Since 7 September 2020 the Management Board consisted of:

- Jürgen Hagner - a Management Board member,
- Łukasz Świątkowski - a Management Board member,
- Lukas Czapla - a Management Board member,

2.14.3. Projects executed in 2021

In 2021, the Company implemented, *inter alia*, the following projects (on the "Design and Build" basis):

1. Construction of the Air Squadron operating building in the locality of Powidz. The value of the works is EUR 2.3 million.
2. Construction of maintenance infrastructure for military vehicles in the locality of Żagań. The value of the works is EUR 1.6 million.
3. Construction of tank washing facilities in Swietoszków and Skwierzyna, as well as the control tower for Karliki training ground. The value of the works is EUR 2.9 million.
4. Delivery of services to the NAVY military base in Redzikowo. Works performed in 2021 in value terms totalled 0.4 million euros.
5. Construction of combat vehicle parks in Drawsko Pomorskie. The value of the works is EUR 6.7 million.

2.14.4. Expected Development

The company JV WMER MATOC POLAND Sp. z o.o. plans to develop its business activity in a stable manner in connection with the planned further development of the US military presence in Poland.

The Company plans to acquire further orders, however, bearing in mind proper risk assessment in view of the characteristics of the projects being carried out.

An important element of the further development of the Company will be the further building of the personnel base taking into account the requirements set by the Employer.

2.15. Development directions of ERBUD Group activities

In short-term, the ERBUD Group will focus on:

- Being a leader of sustainable development (ESG)
- Developing new profitable business segments, in particular the segment related to "hydro-engineering" construction and the construction of modular timber buildings;
- Maintaining financial ratios declared in contracts with financial institutions,
- Generation of satisfactory profitability ratios,
- Increasing the scale of operations in the building construction and maintenance segment in the stable Western European markets, such as German and Benelux markets.

At the same time, the Group will continue to explore new expansion opportunities, both in geographical and industry-specific terms.

The attainment of the Group's objectives should be supported by the situation on the domestic and western European markets, in particular:

- Capex growth in relation to climate protection and climate adverse change mitigation,
- Good, profitable order book across the Group,
- Development of construction business in the Renewable Energy Sources (RES) area,
- Stable position and long track record in the German, Belgian and Dutch markets.

The ERBUD Group also intends to take an advantage of its strengths, such as:

- Strong ERBUD brand - during over 30 years of its presence in the market, ERBUD has gained the image of a company implementing construction projects with care for investors' satisfaction, in compliance with ethical principles and with respect for the natural environment. The Company also meets set deadlines and works within the adopted budgets. It is also renowned as a reliable payer.
- Diversified nature of the Company operations, both in business segment and geographical terms, which at least partly mitigates the adverse impact on the turmoil outcome in individual markets.
- Knowledge of foreign markets - almost from the start of its operation, the ERBUD Group has been operating in the German market, and uses the knowledge gained there to expand effectively in other Western European markets,
- Experienced, professional and committed staff. Constant care for the safety and professional development of our personnel has brought the Group competent, experienced and committed workforce. It is a stable personnel - many employees have been with ERBUD since the Company origins. Also foreign companies that are members of the Group have good local staff, including managers.
- Stable financial position - characterized primarily by effective cooperation with financial institutions,
- An experienced, committed team of senior and middle level personnel,
- Development activities and investment into the most committed personnel members - Talent Development Programme.

The COVID-19 pandemic did not let to be forgotten in 2021. However, the ERBUD Group had already learnt to operate in pandemic environment. The Group management promoted vaccination against COVID-19 by organising vaccinations for office workers and offering other incentives such as, for instance, a day off at work. Except for extra costs associated with providing staff with personal protective equipment (PPE), organising vaccinations, and testing, the Group has not felt the impact of the pandemic on its operations.

The Group entered 2022 with a very handsome order book and a very sound financial standing developed in 2021. The Group's diversification policy, which the Group is constantly striving to develop, is proving salutary. When one sector falters resources can be reallocated to another sector that is growing. Expanding into a new segment is the next step of the strategy. Additionally, the step that is in line with environment friendly trends that the Group's management is happy about.

As part of the strategy adopted, and its update, the following events took place:

On 19 February 2021, the Company's Supervisory Board adopted a resolution on the adoption of amendments to the Operational Strategy of the Company and the ERBUD S.A. Capital Group. ("Strategy").

The amended Strategy assumes that the scope of the Company's activity will be extended by a new business segment related to fabrication, sale and assembly of modular houses. The amended Strategy assumes that modules will be manufactured in Poland and sold and assembled mainly on the European market through the Company's subsidiary - GWI Bauunternehmung GmbH with its registered office in Düsseldorf. The expansion of the scope of the Company's activities under the amended Strategy will require investments including in particular the purchase of manufacturing lines, purchase of real estate where manufacturing activities for the new segment will be carried out, and enhancement of the headcount. The Company assumes that total expenditures related to the launch of the new business segment will amount to approximately PLN 80-100 million over the next 3 years.

In compliance with the amended Strategy, the company decided at that time to carry out a number of analyses and preparatory works to assess an opportunities to obtain and determine the conditions of financing the implementation of the amended Strategy through running the Initial Public Offering of shares in Przedsiębiorstwa Budownictwa Drogowo-Inżynieryjnego S.A. (currently "ONDE"), a subsidiary of the Company, to obtain an investor for ONDE or a debt financing transaction, assuming that the Company maintains control over ONDE for the purpose of consolidating ONDE's results within the results of the Company's group and excluding a scenario involving the issuance of new shares of the Company.

On 11 March 2021 an application was filed with the National Court Register for registration of a new subsidiary under the name SPVDM Sp. z o.o. (currently MOD 21 Sp. z o.o.) with its registered office in Ostaszewo, at Ostaszewo 57, 87-148 Łysomice. MOC 21 Sp. z o.o. is in 100% controlled by the parent company - ERBUD S.A. The company was established to implement the Group's strategy for the fabrication of modular buildings. The Memorandum of Association of the Company was drawn up on 5 March 2021. On 23 March 2021 the District Court in Toruń registered the Company under the name SPDVM Sp. z o.o. with its registered office in the town of Ostaszewo, the Toruń Municipality. Reg. No. KRS 0000890465 The President of the Management Board of the Company is Mr Theodor Kaczmarczyk.

On 31 March 2021 ERBUD S.A. concluded with GRAFITH-NIERUCHOMOŚCI sp. z o.o. ("Seller") a conditional property sales agreement (the "Agreement"). Conclusion of the Agreement is the next stage of implementing the strategy of developing a new business segment related to fabrication, sale and assembly of modular facilities.

The Company, as the buyer, undertook to enter into agreement on the sale of real estate located in Ostaszewo within the Pomeranian Special Economic Zone: (i) an industrial site with the total area of 5.2018 ha developed with a manufacturing and warehousing facility, and (ii) arable land with the total area 9.9643 ha (jointly referred to as the "Property"). The price for the Property amounts to PLN 39 million net (plus VAT).

The Parties set the deadline for handing over the Property until 31 May 2021. The Parties undertook to enter into a contract transferring the ownership title to the Property after the day when the condition is fulfilled, i.e. Pomorska Specjalna Strefa Ekonomiczna Sp. z o.o. (*The Pomeranian Special Economic Zone*) does not exercise its statutory pre-emptive right or makes a declaration that it will not exercise its statutory pre-emptive right to purchase the Real Property, however, not earlier than after filing a request for deletion of the joint contractual mortgage encumbering the Property and not later than on 30 April 2021. On 30 April 2021, all conditions set forth in the conditional sale agreement were fulfilled and ERBUD S.A. became the owner of the property.

On 27 April 2021, ERBUD S.A. signed an agreement for a non-revolving loan totalling PLN 31.2 million to finance the purchase of the aforementioned property. The remaining portion of the price was paid from own funds.

On 31 March 2021, a subsidiary of ERBUD S.A.. - Erbud Industry Centrum Sp. z o.o. acquired 100% of shares in Satchwell Sp. z o.o. with its registered office in Toruń. The value of share purchase transaction totalled PLN 4,950 thousand. The acquisition was aimed at extending the service competence by I&C systems for industry and power industry, extensive telemetry systems for district heating networks and other large-area systems, systems in smart and energy-neutral buildings.

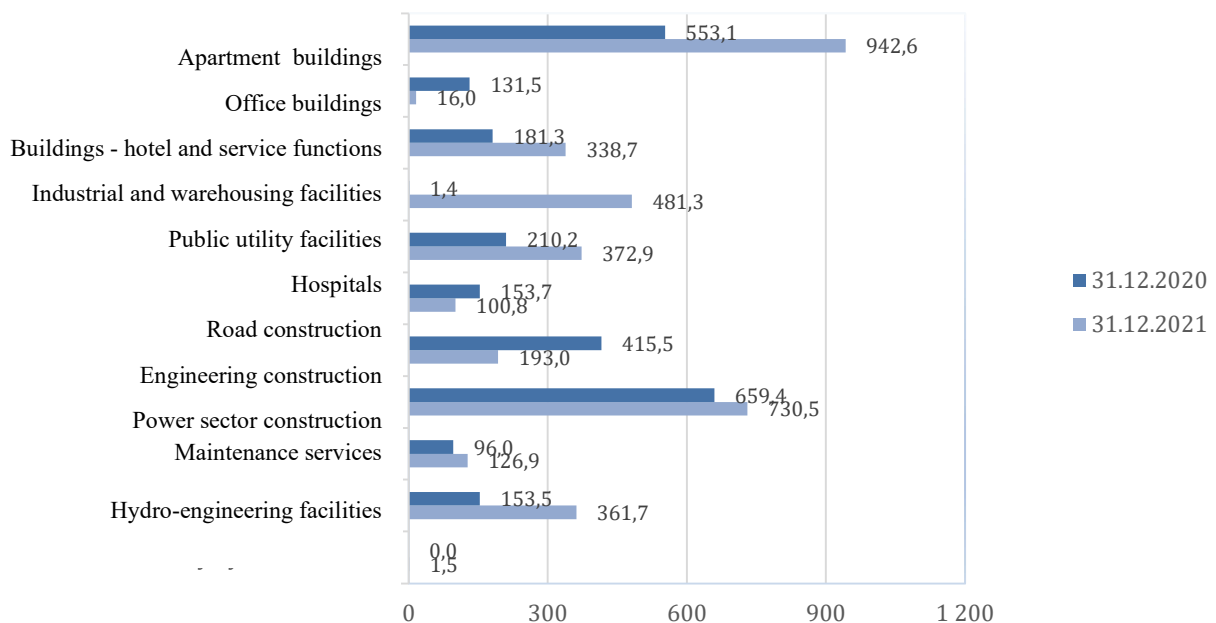
On 1 June 2021, the German company Bilfinger Rohrleitungsbau GmbH joined the ERBUD Group and was renamed into IKR GmbH.

On 19 July 2021 the IPO of ONDE S.A. took place, described in detail on page ... herein. Under the IPO, ERBUD S.A. sold 8,850,000 shares, reducing its shareholding to 60.1%. The funds obtained from the sale of shares in ERBUD S.A. will be mainly allocated to the implementation of the part of the strategy related to the launch of a new segment - the production and sale of modular buildings, and to potential acquisitions of service companies.

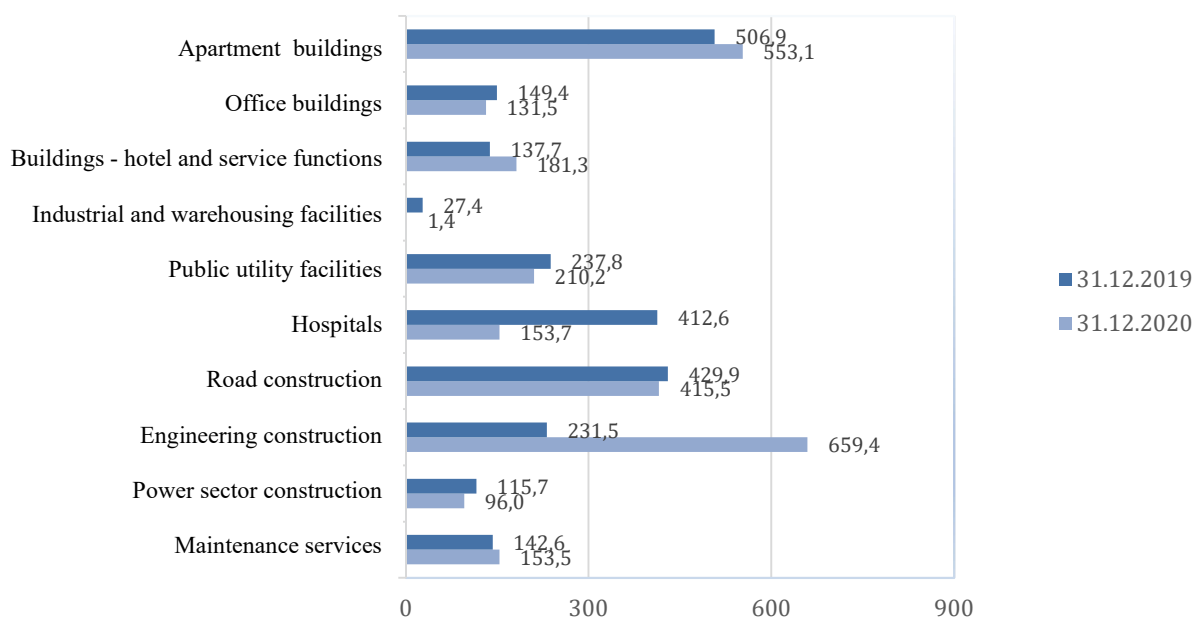
ONDE S.A. will use the funds raised in the IPO process to develop a new segment of its business - development of PV and wind farms, as well as construction of farms and sale of electricity.

All the activities described above (acquisition of two service companies, IPO of ONDE S.A. and the start of development of a new business segment) are elements of the ERBUD Group's long-term strategy.

Erbud Group's order book as of 31 Dec. 2021 (in M PLN)



Erbud Group order book as of 31 Jan. 2020 (in M PLN)



3. ERBUD GROUP FINANCIAL PERFORMANCE IN 2021

3.1. Key drivers of financial performance

The year 2021, the ERBUD Capital Group closed with a net profit on going concern operations equal to PLN 21,338 thousand (standardised net profit equal to PLN 83113 million) as opposed to a profit of PLN 50,373 thousand in 2020.

The standardisation of net profit for 2021 consists of the addition to profit of net costs related to the issue of D-series shares by ONDE S.A. and costs related to the acquisition of IKR and the addition of income tax paid by ERBUD S.A. on the sale of shares held in ONDE S.A., and that income tax reduced consolidated net profit.

In 2021 major drivers of the Group's financial performance in going concern activities included:

- Excellent project performance in the RES segment.
- Doubling of results in the segment: industry abroad (very good results of IVT GmbH and IKR GmbH)
- Sale of ONDE shares held by ERBUD S.A. under IPO

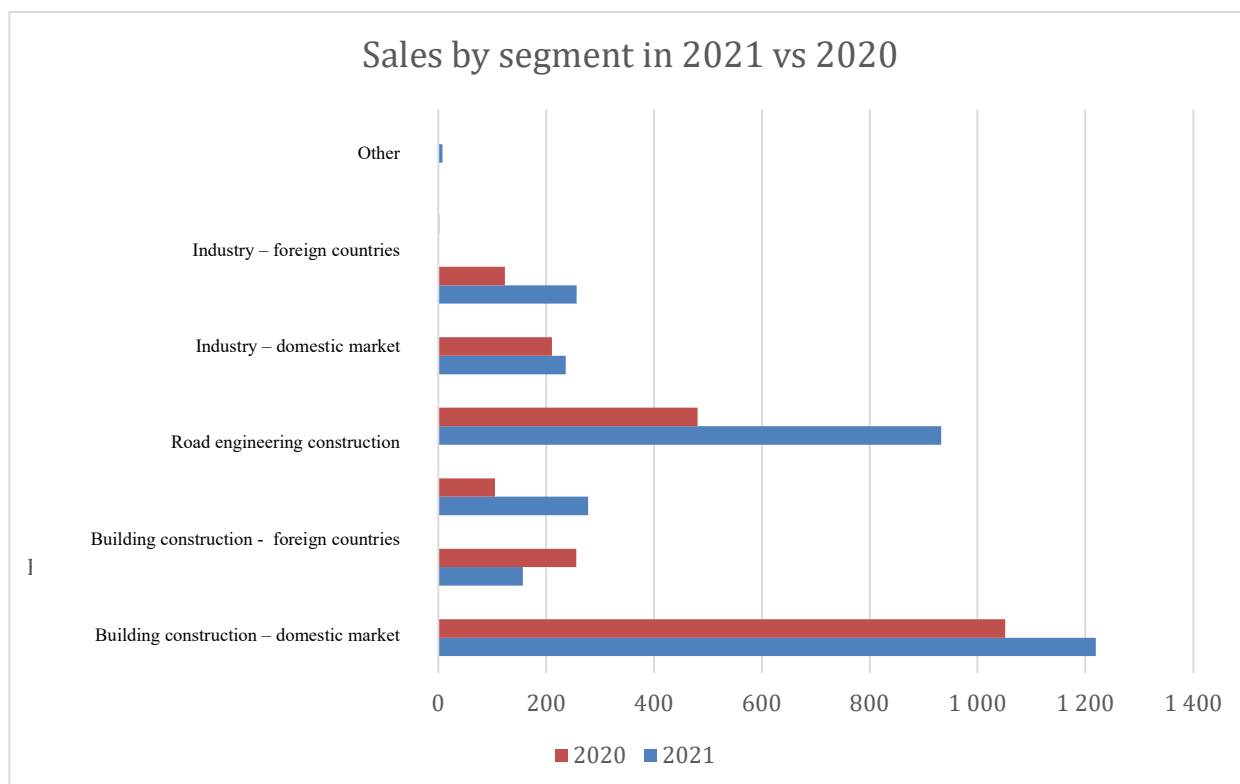
Profit and loss account of the ERBUD Group in analytical terms (in '000 PLN)

	2021	2020	%
Revenues from sales of products, goods and services from continuing operations	3,102,095	2,228,344	39.21%
Operating expenses*	3,005,529	2,162,393	38.99%
Other operating profit/loss	(5,908)	4,667	(226.59%)
Operating profit/loss	90,658	70,618	28.38%
Financial activity gains/losses	(5,263)	(6,366)	17.33%
Gross profit /(loss) from continuing operations	85,395	64,252	32.91%
Income tax	64,057	13,879	361.54%
Net profit /(loss) of the continued business	21,338	50,373	(57.64%)
Net profit (loss) in accounting year, of which	21,338	50,373	(57.64%)
- appropriated to the shareholders of Parent Company	8,788	46,660	(81.17%)

*Cost of goods sold (COGS), cost of selling, general and administrative expense (SG&A)

3.2. Sales revenues

In 2021, the Group generated sales revenues from continuing operations at the level of PLN 3,102,095 thousand, i.e. up by 39.21 % compared to the previous year (PLN 2,228,334 thousand). Primarily revenues in the RES segment went up (93.84%), whereas in the engineering and road construction segment (164.32%); and in the segment: industry abroad (107.65%). The ERBUD Group recorded a decline in the building construction segment in foreign countries (-38.78%).



The Group carries out orders at home and abroad (mainly in Germany and Belgium). In 2021, foreign operations accounted for 13.33% of the Group's sales revenues (17.04% share in the previous year's revenues).

3.3. Costs

The main cost item of the ERBUD Group (56.57 % of total costs by type) were the costs of third party services, mainly the costs of work subcontracted to subcontractors. This value was down compared to 2020, where the costs of third party services accounted for 62.06%. In 2021, they totalled PLN 1,684 million, i.e. up by 33.47% compared to the previous year. The percentage decline of the share of third-party service costs was mainly due to increased purchases of materials and energy by ERBUD Group member companies. The percentage share of these costs was 26.27% vs. 18.88%.

Moreover, a significant share in the Group's cost structure was held by:

- Costs of employee benefits (14.68%) - they totalled PLN 437 million (up by 30.97% compared to the previous year).

Operating costs of ERBUD Group ('000 PLN)

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020	% change
Third party services	1,684,317	1,261,944	33%
<i>including third party services from subcontractors</i>	1,384,534	0	
Material and energy consumption	782,165	383,829	104%
Employee benefit expenses	437,080	333,718	31%
<i>Including remuneration consisting of shares</i>	28,343	0	
Amortization and depreciation	27,649	22,941	21%
Taxes and charges	11,353	8,684	31%
Other cost categories	31,825	20,433	56%
Value of merchandise and materials sold	2,978	1,941	53%
Total costs by type	2,977,367	2,033,490	46%
Change in the balance of products, work in progress and accrued expenses under building contracts	28,162	128,903	(78%)
Cost of sales (negative value)	(10,830)	(9,009)	20%
General management and administration costs (negative value)	(185,919)	(118,556)	57%
Manufacturing costs of products sold	2,808,780	2,034,828	38%

3.4. Other operating and financial income and expenses

In 2021, the Group's other operating income was PLN 4 905 thousand, compared to PLN 4 551 thousand in the previous year.

Impairment of financial assets and contract valuation assets in 2021 PLN (10,557) thousand vs. PLN 116 thousand in 2020. The largest cost item was write down of written-off receivables (PLN 4 630 thousand).

The result on the Group's financial activities was negative and amounted to PLN (5 263) thousand compared to PLN (6,365) thousand in 2020. In 2021 the level of financial costs was PLN 14 080 thousand, of which the largest item included interest on credits and loans, lease, bonds and other - PLN 7 080 thousand. In 2021, financial costs were 4.71% higher than in the previous year.

3.5. Statement of Financial Position

On 31 December 2021, the total assets of the ERBUD Capital Group amounted to PLN 1,833,190 thousand compared to PLN 1,199,863 thousand at the end of 2020 (up by 52.78%). Fixed assets were up by 57.10% and reached PLN 329,472 thousand, whereas current assets were up by 51.87% and reached PLN 1,503,718 thousand.

Major items of the Group assets were as follows:

- Long- and short-term trade receivables and other receivables They totalled PLN 681,304 thousand, or they accounted for 37.30% of the total assets. Their value was up by 56.49% compared to the end of 2020 (PLN 435,359 thousand).

- Receivables from the measurement of building contracts in the amount of PLN 302,138 thousand (16.48% of the balance sheet total) against PLN 179,106 thousand (14.93% of the balance sheet total) in 2020. Up by 68.69%.
- Cash and cash equivalents including cash on separated VAT accounts and restricted cash totalled PLN 424,810 thousand. 23.17 % of the total assets vs. PLN 346,290 thousand, or 28.86% of total assets (up by 22.67% compared to the balance at the end of 2020).

As of 31 December 2021, total equity amounted to PLN 684,733 thousand (37.35% of total liabilities) vs. PLN 310,493 thousand at the end of 2020. The increase in equity is mainly due to the IPO of ONDE and the sale of a some ONDE S.A. shareholding by ERBUD S.A.

At the end of 2021 shareholders' equity of the parent company amounted to PLN 552,867 thousand as opposed to PLN 301,052 thousand in 2020.

In addition, the following items accounted for a significant share in the Group's balance sheet total:

- Long- and short-term trade liabilities and other liabilities (including advances received and retained bid bonds) in the amount of PLN 622,685 thousand (33.97% of total liabilities). They were up by 23.80 % compared to the previous year (PLN 474,474 thousand). For purposes of this description, bid bonds to long-term subcontractors are included in short-term trade payables.
- Liabilities related to the measurement of building contracts in the amount of PLN 244,048 thousand (13.31% of the balance sheet total) against PLN 234,463 thousand (19.54% of the balance sheet total) in 2020.

3.6. Cash flows

During 2021 the ERBUD Group recorded positive cash flows of PLN 70,622 thousand compared to the negative cash flows of PLN 144,387 thousand in the previous year. In particular they consisted of:

- Negative change in working capital equal to PLN 258,345 thousand; (much higher increase in receivables vs. increase in payables 54.36% vs. 23.80%; increase in inventories 162.15%; increase in building contract measurement on asset side - 68.69%)
- Negative result on investment activities mainly due to acquisition of fixed assets and shares - PLN (142,513) thousand;
- Negative operational and investment cash flows were offset by positive cash flows from financial activities (IPO ONDE S.A.) - PLN 386,498 thousand

As of 31 December 2021 the Group held cash and cash equivalents in the amount of PLN 424,810 thousand compared to PLN 346,290 thousand as of 31 December 2019.

3.7. Changes in equity

As of 31 December 2021, total equity amounted to PLN 684,733 thousand (37.35% of total liabilities) vs. PLN 310,493 thousand at the end of 2020. The increase in equity is mainly due to the IPO of ONDE and the sale of a some ONDE S.A. shareholding by ERBUD S.A.

At the end of 2021 shareholders' equity of the parent company amounted to PLN 552,867 thousand as opposed to PLN 301,052 thousand in 2020.

The changes in capitals were mainly influenced by the IPO process of ONDE S.A. and the related sale of a part of shares by ERBUD S.A. as well as the purchase of own shares of ERBUD S.A.

3.8. Financial ratios

In 2021, all profitability ratios at individual levels of sales profits were positive.

Key financial ratios of the ERBUD Group for continuing operations

	2021	2020
EBIT margin (in %)	2.93	3.17
EBITDA margin (in %)	3.82	4.20
EBIT margin, adjusted (in %)	3.94	3.17
EBITDA margin, standardized (in %)	4.83	4.20
Sales profitability (in %)	9.46	8.68
Gross profitability (in %)	2.75	2.88
Net profitability (in %)	0.69	2.26

EBIT margin - operating profit / sales revenue

EBITDA margin - EBITDA = Operating profit + Amortization / Sales net revenue

Sales profitability - Profit on sales / Sales revenue

Gross profitability - Earnings before tax / Sales revenue

Net profitability - Net earnings / sales revenue

The level of liquidity ratios shows that at the end of 2021, the Group had no problems with timely payment of liabilities.

ERBUD Group's key liquidity and debt ratios

	2021	2020
Current ratio	1.60	1.22
Quick ratio	1.53	1.19
Debt ratio (in %)	62.65%	74.12%
Debt-to-equity ratio	1.68	2.86

Current ratio - current assets / current liabilities

Quick ratio - current assets - inventories / current liabilities

Debt ratio = Liabilities and provisions for liabilities / Total assets

Debt-to-Equity ratio = Liabilities and provisions for liabilities / Equity

3.9. Interest debt

As of the end of December 2021, the ERBUD Group's total debt under loans, borrowings, bonds and finance leases amounted to PLN 213,895 thousand, including PLN 58,735 thousand of short-term debt and PLN 10,977 thousand of interest-bearing debt due to changes in the rules set forth in the IFRS 16 standard.

As the end of December 2020, the ERBUD Group's total debt related to loans, borrowings and bonds and financial leases totalled PLN 127,462 thousand, including PLN 91,589 thousand of short-term debt. 16 950 thousand of interest debt stems from changes in the rules related to IFRS 16.

The companies of the ERBUD Group have access to multi-purpose credit and guarantee lines totalling PLN 1,708,251 thousand.

The following loan agreements were signed between the onset of 2021 and the date of this report:

- **On 29 January 2021** Annex No. 2 was signed in the form of consolidated text of the Framework Agreement for Multi-Product Umbrella of 16 July 2020 and Annex No. 16 to the Framework Agreement

of 2 February 2010 with mBank S.A. Pursuant to these Annexes, the Issuer and its subsidiary: PBDI S.A. may utilize a multi-purpose line (overdraft and bank guarantee line) in the amount of PLN 110 million.

- The Issuer and its subsidiary may use the lines within the sublimits specified for each and every entity: PLN 110 million including an option of incurring debt up to PLN 15 million; the sublimit for PBDI S.A. is PLN 10 million with an option of incurring debt up to PLN 5 million.
- The line's maturity date is 4 February 2022. Other conditions do not deviate from arm's length principle conditions.
- **On 27 April 2021** ERBUD S.A. signed a non-revolving loan agreement with BNP Paribas Bank Polska S.A. with its registered office in Warsaw, designed for financing of purchase of Property - manufacturing facility in Ostaszewo near Toruń. Loan amount is PLN 31 200 00.00. Term of loan 84 months, and grace period for loan principal repayment: until 31 March 2022. The interest rate is based on WIBOR 3M plus bank margin. The collateral is a contractual joint mortgage that will be established on the Property. The Company has also issued a blank promissory note together with a promissory note declaration and will assign its rights under the insurance of the Property. The Company has agreed under the Agreement to comply with certain financial covenants (ratios), and failure to do so will represent an event of default.
- **On 30 April 2021** Annex No. 22 was signed by BGŻ BNP Paribas S.A. based in Warsaw to the Multi-Purpose Agreement of 7 July 2005. Under this Annex, the Issuer and its subsidiary ONDE S.A. may use the multi-purpose credit line up to PLN 120 million in total. The Issuer and the subsidiary may use the line within sub-limits specified by entities:
A limit for Erbud S.A. totals PLN 120 million including an option of incurring a debt up to PLN 3 million; the sublimit for ONDE S.A. is PLN 35 million with an option of incurring debt up to PLN 5 million.

The line's maturity date is 30 April 2022.

- **On 14 June 2021** Annex No. 19 was signed with PKO BP S.A. to the Agreement in the form of Multi-Purpose Credit Limit of 30 June 2009. Under this Annex ERBUD S.A. can use overdraft facility up to PLN 20 million and up to the limit for products of guarantee nature. The line was made available until 30 June 2022.
- **On 29 June 2021** Annex No. 7 was signed with Santander Bank Polska S.A. to the Multi-purpose Line Agreement No. K01393/15 of 20 November 2015, as amended. Under this Annex, the Issuer and its subsidiary ONDE S.A. may utilize a multi-purpose line (overdraft and bank guarantee line) in the amount of PLN 105.8 million. The Issuer and its subsidiary may use the lines within the sublimits specified for each and every entity: Limit for Erbud S.A. amounts to PLN 60.8 million, including an option of incurring debt up to the amount of PLN 5 million; (of which PLN 10.8 million within the allocated limit for guarantees are dedicated guarantees and issued for the Beneficiary - Energy Regulatory Office) Sublimit for ONDE S.A. amounts to PLN 40 million and is intended for the issuance of bank guarantees up to PLN 20 million and an option of incurring debt also up to PLN 20 million. The multi-purpose line matures on 7 July 2022 and the guarantee issued under the Energy Regulatory Office auction matures not later than 3.5 years from the Bank's liability origination date.
- **On 28 September 2021** Annex No. 13 with Alior Bank S.A. to the Receivables Limit Credit Agreement No. U0002139462604 of 27 September 2012 and Annex No. 6 to the Agreement U0002931236940 of the Limit for Guarantee Products of 20 August 2015. Under the Annexes, the Issuer may use an overdraft facility of max. PLN 10 million and guarantee products max. PLN 80 million and EUR 2 million. The above-mentioned banking products were made available to the Issuer until 30 September 2022.

- **On 29 September 2021** Annex No. 12 signed with Credit Agricole Bank Polska S.A. with its registered office in Warsaw to the Line Agreement No. KKW/NS/15/2015 of 18 September 2015. Pursuant to Annex No. 12, the Issuer along with its Subsidiaries, i.e.: (Erbud Industry Sp. z o.o.; Erbud Industry Centrum Sp. z o.o.; Erbud Industry Pomorze Sp. z o.o.; Erbud Industry Południe Sp. z o.o.) may take advantage of multi-purpose credit line up to the limit of PLN 60 million, whereas Issuer's subsidiaries may enjoy debt financing up to the amount i.e.: Erbud Industry Sp. z o.o. - PLN 7 million; Erbud Industry Centrum Sp. z o.o. - PLN 7 million; Erbud Industry Południe Sp. z o.o. - PLN 7 million). The maximum total value of the loan may not exceed PLN 21 million, meanwhile the maximum bank guarantee limit may not exceed PLN 60 million. The Issuer may utilize the limit up to the full amount, i.e. PLN 60 million, whereas the subsidiaries may place orders for guarantees up to the maximum amounts: Erbud Industry Sp. z o.o. - PLN 10 million; Erbud Industry Centrum Sp. z o.o. - PLN 15 million; Erbud Industry Południe Sp. z o.o. - PLN 12 million). The above-mentioned banking products were made available to the Issuer and its subsidiaries until 30 September 2022.
- **On 3 December 2021** Annex No. 5 to Multi-product Umbrella Framework Agreement No. 38/035/20/Z/UX with mBank S.A. with its registered office in Warsaw. This annex increases the existing Agreement by PLN 77 million due to the planned granting of a bank letter of credit to ONDE S.A. in the aforementioned amount.

Annex No 5 increases the total amount of the limit to PLN 117 million compared to the previous year. The aforementioned Agreement was made available to the Companies by 31 August 2022.

- **On 01 February 2022** Annex No. 25 was signed by ING Bank Śląski S.A. to the Loan Agreement of 6 July 2010. Pursuant to these Annexes, the Issuer and its subsidiaries: ONDE S.A. and Erbud Industry Centrum Sp. z o.o. extend an option of using a multi-purpose line (overdraft facility and bank guarantee line) for the total amount of PLN 160 million. In relation to the terms and conditions in force prior to the signing of Annex No. 25, the sub-limit for current account overdraft facility for ONDE S.A. was increased from PLN 5 million to PLN 20 million and a new product was made available to ONDE S.A. (Letter of Credit) in the sub-limit amount of PLN 30 million under the joint multi-option line. The Issuer and its subsidiaries may use the lines within the sublimits specified for each and every entity: Limit for Erbud S.A. amounts to PLN 160 million, including an option of drawing debt max. to PLN 50 million; - sublimit for ONDE S.A. amounts to PLN 50 million with an option of drawing debt max. to PLN 20 million; - sublimit for Erbud Industry Centrum Sp. z o.o. amounts to PLN 10 million with an option of drawing debt max. to PLN 4 million. The line's maturity date is 31 January 2023.
- **On 9 February 2022** Annex no. 17 to the Framework Agreement no. 38/003/10/Z/GX of 2 February 2010 with mBank S.A.. Pursuant to this Annex, the Issuer may use the guarantee line in the amount of PLN 85 million. The line's maturity date is 3 February 2023.
- **On 18 February 2022** Annex No. 9 to MultiLine Agreement No. K01393/15 dated 20 November 2015, as amended. Under this Annex, the Issuer and the ONDE S.A. may use a multi-purpose line (overdraft and bank guarantee line) up to PLN 165,800,000.00 (one hundred and sixty-five million, eight hundred thousand PLN), provided that the ONDE S.A. may use services under the MultiLine up to PLN 105,000,000.00 (one hundred and five million PLN). A new product has been made available to ONDE S.A. in relation to the terms and conditions in force prior to the signing of this annex. - Letter of Credit - in the sub-limit amount of EUR 14 million under the joint multi-option line. The line's maturity date is 7 July 2022.

Securities and collaterals for the repayment of the above-mentioned banking products are as follows:

- contractual and capped mortgages on the Group's assets,
- assignments of rights under building contracts,
- clauses with entitlement to deduct receivables from bank accounts
- blank promissory notes,
- transfer of ownership title to cash deposits representing the contractual percentage of secured receivables.
- a declaration of submission oneself to enforcement pursuant to Article 777 § 1, subpar. 5 of the Code of Civil Procedure.

Loan Agreements signed by the ERBUD Group member companies - as of the publication date of the 2021 Financial Statements.

Bank	Type of liability	Amount ('000 PLN)	Currency	Interest terms	Repayment date	Payment of installments	Borrower
BNP Paribas Bank Polska S.A.	Overdraft facility	0	PLN	WIBOR 3M + 1.5%	30 Apr. 2022.	one-off	ERBUD S.A.; ONDE S.A.
mBank S.A.	Overdraft facility	40,000	PLN	WIBOR 1M + 1.6%	15 Apr. 2022.	one-off	ERBUD S.A. – 15 000; ONDE S.A. – 30,000,
PKO Bank Polski S.A.	Overdraft facility	20,000	PLN	WIBOR 3M 2.28%	30 Jun. 2022	one-off	ERBUD S.A.
Alior Bank S.A. Group	Overdraft facility	10,000	PLN	WIBOR 3M+1.6%	30 Sept. 2022	one-off	ERBUD S.A.
ING Bank Śląski S.A.	Overdraft facility	59,000	PLN	WIBOR 1M +1.65%	31 Jan. 2023	one-off	ERBUD S.A. – 50,000.; ONDE S.A. – 20,000.; ERBUD Industry Centrum – 4,000
Santander Bank Polska S.A.	Overdraft facility	5,000	PLN	WIBOR 1M +2.0%	7 Jul. 2022	one-off	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Non-revolving loan for real property acquisition	31,200	PLN	WIBOR 3M + 1.35%	27 Apr. 2028	On instalment basis	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Overdraft facility	7,000	PLN	WIBOR 1M + 1.5%	30 Apr. 2022.	one-off	ERBUD Industry Sp. z o.o.
BNP Paribas Bank Polska S.A.	project finance facility	15,000	PLN	WIBOR 1M + 1.5%	30 Apr. 2022.	one-off	ERBUD Industry Sp. z o.o. (max. PLN 10 million) Erbud Industry Południe Sp. z o.o. (max. PLN 10 million)
Credit Agricole Bank Polska S.A.	working capital facility	7,000	PLN	WIBOR O/N+1.40%	30 Sept. 2022	one-off	ERBUD Industry Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	4,000	PLN	WIBOR O/N+1.40%	30 Sept. 2022	one-off	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	7,000	PLN	WIBOR O/N+1.40%	30 Sept. 2022	one-off	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	an investment loan for the acquisition of shares in Satchwell Sp. z o.o.	4,455	PLN	WIBOR O/N+1.55%	5/29/2026.	Quarterly installments	Erbud Industry Centrum Sp. z o.o.

Credit Agricole Bank Polska S.A.	working capital facility	7,000	PLN	WIBOR O/N+1.40%	30 Sept. 2022	one-off	ERBUD Industry Południe Sp. z o.o.
Credit Agricole Bank Polska S.A.	Working capital facility	1,000	PLN	WIBOR O/N+1.40%	30 Sept. 2022	one-off	Satchwell Sp. z o.o.
BNP Paribas Bank Polska S.A.	Overdraft facility	3,000	PLN	WIBOR 1M + 1.5%	30 Apr. 2022.	one-off	ERBUD International. z o.o.
BNP Paribas Bank Polska S.A.	Overdraft facility	3,000	PLN	WIBOR 1M + 1.5%	29 Jul. 2022	one-off	ERBUD International Sp. z o. o.
ING Bank Śląski S.A.	Investment loan	3,100	PLN	WIBOR 1M + 2.15%	30 Nov. 2025	On instalment basis	ONDE S.A.
Santander Bank Polska S.A.	Overdraft facility	20,000	PLN	WIBOR 1M + 2.00%	7 Jul. 2022	one-off	ONDE S.A.
BNP Paribas Bank Polska S.A.	Non-revolving loan for renovation and expansion of real estate	12,000	PLN	WIBOR 3M + 1.35%	20 May 2028	On instalment basis	MOD21 Sp. z o.o.
CommerzBank AG	Overdraft facilities	2,000	EUR	EURIBOR 3M+ 0.25%	31 May 2022	one-off	MOD21 GmbH (former GWI GmbH)
PKO BP S.A. German Branch	Overdraft facilities	500	EUR	EURIBOR 1M + 2.1%	30 Jun. 2022	one-off	MOD21 GmbH (former GWI GmbH)
Deutsche Bank AG	Overdraft facilities	1,000	EUR	2.25%	30 May 2022	one-off	MOD21 GmbH (former GWI GmbH)
HSBC France (Joint Stock Company) Branch in Poland	Non-revolving loan	1,225	EUR	EURIBOR 3M+ 2.2%	24 Feb. 2023	installments	IVT Weiner + Reimann GmbH
Commerzbank	Overdraft facilities	1,500	EUR	EURIBOR + 1.5%-2.0%	Valid indefinitely	one-off	IVT Weiner + Reimann GmbH
National Bank AG	Overdraft facilities	1,000	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Santander Bank AG	Overdraft facilities	2,000	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
National Bank AG	Investment loan	240	EUR	1.50%	31 May 2027	installments	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	17	EUR	EURIBOR + 1.25%	30 Apr. 2022.	installments	IVT Weiner + Reimann GmbH
Ford Bank AG	Car loan	28	EUR	0.00%-3.92%	31 Jul. 2022.	installments	IVT Weiner + Reimann GmbH
Santana Bank AG	Car loan	429	EUR	0.00%-3.92%	31 Jul. 2022.	installments	IVT Weiner + Reimann GmbH
	Total:	258,755	PLN				
	Total:	9,939	EUR				

Bank guarantee limits made available to the Group - as of Financial Statement Date.

Guarantor	Type of liability	Limit amount '000	Currency	Obligor
Alior Bank S.A. Group	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	90,000	PLN	ERBUD S.A.
Alior Bank S.A. Group	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	2,000	EUR	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	120,000	PLN	ERBUD S.A.; ONDE S.A. (37,000)
mBank S.A.	Bid bonds, performance bond, retention bond	85,000	PLN	ERBUD S.A. (ONDE S.A. – 20,000)
mBank S.A.	Bid bonds, performance bond, retention bond	40,000	PLN	ERBUD S.A. (ONDE S.A. – 30,000)
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	30,000	PLN	ERBUD S.A.
Santander Bank Polska S.A.	Bid bonds, performance bond, retention bond	101,000	PLN	ERBUD S.A.; ONDE S.A. (40,000)
HSBC Bank Polska S.A.	Bid bonds, performance bond, retention bond	100 000 (50 million for green guarantees)	PLN	ERBUD S.A.; ONDE S.A.
Credit Agricole Bank Polska S.A.	Bid bonds, performance bond, retention bond	60,000	PLN	ERBUD S.A. (60 000), ERBUD Industry Centrum Sp. z o.o. (15 000), ERBUD Industry Sp. z o.o. (10 000), ERBUD Industry Południe (12 000)
ING Bank Śląski S.A.	Bid bonds, performance bond, retention bond	110,000	PLN	ERBUD S.A. (110,000). ONDE S.A. (30 000) and ERBUD Industry Centrum Sp. z o.o. (6,000).
Santander Bank Polska S.A.	Letter of credit	14,000	EUR	ONDE S.A.
mBank S.A.	Bid bonds, performance bond, retention bond	3,000	PLN	Erbud International Sp. z o.o.
BNP Paribas Bank Polska S.A.	Bid bonds, performance bond, retention bond	3,000	PLN	Erbud International Sp. z o.o.
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	2,460	EUR	MOD 21 GmbH (former GWI GmbH)

Santander Bank DE AG	Bid bonds, performance bond, retention bond	8,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Commerz Bank S.A.	Bid bonds, performance bond, retention bond	1,500	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
National Bank AG	Bid bonds, performance bond, retention bond	2,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Total:		742,000	PLN	
Total:		29,960	EUR	

Insurance guarantee limits made available to the Group - as of Report Date.

Guarantor	Type of liability	Limit amount ('000 PLN)	Currency	Obligor
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond, advance payment	265,000	PLN	ERBUD S.A. (including for ONDE S.A. 15 000; including Erbud Industry Sp. z o.o. – 20.000)
PZU S.A.	Bid bonds, performance bond, retention bond, advance payment	15,244	PLN	ERBUD S.A.
Allianz Polska S.A.	Bid bonds, performance bond, retention bond, advance payment	1,989	PLN	ERBUD S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	50,000	PLN	ERBUD S.A.
Generali TU S.A.	Bid bonds, performance bond, retention bond, advance payment	32,500	PLN	ERBUD S.A.
CREDENDO	Bid bonds, performance bond, retention bond, advance payment	20,000	PLN	ERBUD S.A.; ONDE S.A.
Euler Hermes AG.	Bid bonds, performance bond, retention bond	7,500	EUR	MOD 21 GmbH (former GWI GmbH), ERBUD S.A. i ERBUD International Sp. z o.o

ZURICH	Bid bonds, performance bond, retention bond	3,500	EUR	MOD 21 GmbH (former GWI GmbH)
R+V	Bid bonds, performance bond, retention bond	7,000	EUR	MOD 21 GmbH (former GWI GmbH)
AXA	Bid bonds, performance bond, retention bond	1,000	EUR	MOD 21 GmbH (former GWI GmbH)
Bayerischer Versicherungsverband	Bid bonds, performance bond, retention bond	1,500	EUR	MOD 21 GmbH (former GWI GmbH)
Swiss RE	Bid bonds, performance bond, retention bond	2,000	EUR	MOD 21 GmbH (former GWI GmbH)
Credendo	Bid bonds, performance bond, retention bond	2,500	EUR	MOD 21 GmbH (former GWI GmbH)
VHV Versicherungen	Bid bonds, performance bond, retention bond	500	EUR	MOD 21 GmbH (former GWI GmbH)
Wuerttembergische Versicherung	Bid bonds, performance bond, retention bond	750	EUR	MOD 21 GmbH (former GWI GmbH)
Generali S.A.	Bid bonds, performance bond, retention bond	15,000	PLN	ONDE S.A.
InterRisk	Bid bonds, performance bond, retention bond	7,000	PLN	ONDE S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	5,000	EUR	ONDE S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	10,000	PLN	ONDE S.A.
Wiener DU S.A. VIG	Bid bonds, performance bond, retention bond, advance payment	3,000	PLN	ONDE S.A.
Uniq TU	Bid bonds, performance bond, retention bond, advance payment	30,000	PLN	ONDE S.A.
TU Europa S.A..	Bid bonds, performance bond, retention bond	850	PLN	Satchwell Sp. z o.o.
InterRisk	Bid bonds, performance bond, retention bond	25	PLN	Satchwell Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	7,000	PLN	Erbud Industry Centrum Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	500	PLN	ERBUD Industry Południe Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	8,000	PLN	Erbud International Sp. z o.o.
TU Gothaer.	Bid bonds, performance bond, retention bond	1,083	PLN	Erbud International Sp. z o.o.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	1,000	EUR	Erbud International Sp. z o.o.
InterRisk	Bid bonds, performance bond, retention bond	2,600	PLN	Erbud International Sp. z o.o.

TUZ S.A.	Bid bonds, performance bond, retention bond	1,200	PLN	Erbud International Sp. z o.o.
R+V	Bid bonds, performance bond, retention bond	3,000	EUR	IVT Weiner + Reimann GmbH
Total:		470,991	PLN	
Total:		32,250	EUR	

Loans extended in the Issuer Group (as of Financial Statement Date)

Lender	Borrower	Loan date	Value in '000 PLN)	Value in '000 EUR	Maturity date	Interest rate
ERBUD S.A.	Erbud Holding Deutschland GmbH	15 May 2018	92.00	20.00	31 Dec. 2023	3M EURIBOR+2.2%
ERBUD S.A.	MOD21 Sp. z o.o.	22 Apr. 2021	3,100.00	674.00	22 Apr. 2023	3M WIBOR +1.35%
ERBUD S.A.	MOD21 Sp. z o.o.	11 Jun. 2021	6,057.94	1,317.00	31 Mar. 2028	3M WIBOR +1.35%
ERBUD S.A.	JV PABC Sp. z o.o.	16 Jun. 2021	50.00	11.00	31 Dec. 2022	3M WIBOR +3.5%
ERBUD S.A.	Erbud Holding Deutschland GmbH	27 Jul. 2021	16,098.00	3,500.00	upon demand within 10 days,	3M EURIBOR+2.2%
ERBUD S.A.	MOD21 Sp. z o.o.	27 Jul. 2021	943.00	205.00	23 Jul. 2028.	3M EURIBOR+1.9%
ERBUD S.A.	JV PABC Sp. z o.o.	22 Sept. 2021	40.00	9.00	31 Dec. 2022	3M WIBOR +2.2%
ERBUD S.A.	Sanssouci Karpacz Sp. z o.o.	26 Feb. 2021	4,314.20	938.00	31 Mar. 2023	10% per annum
ERBUD S.A.	Sanssouci Karpacz Sp. z o.o.	24 Mar. 2021	250.00	54.00	31 Mar. 2023	10% per annum
ERBUD S.A.	MOD21 Sp. z o.o.	13 Jan. 2022	2,700.00	587.00	31 Mar. 2028	3M WIBOR +2.5%
ERBUD S.A.	MOD21 Sp. z o.o.	19 Jan. 2022	3,496.00	760.00	31 Mar. 2028	3M EURIBOR+1.9%
Erbud Shared Services	ERBUD S.A.	2019.01;30	3,500.00	761.00	2023.12;31	3M WIBOR +2.2%
IVT W&R GmbH.	Erbud Holding Deutschland GmbH	12 Jun. 2021	13,203.00	2,871.00	Valid indefinitely	EURIBOR 2,2%
			53,843	11,707		

3.10. Contingent receivables and liabilities

Contingent liabilities on account of guarantees and sureties granted are both sureties issued by companies of the ERBUD Group and by banks to contractors of the ERBUD Group to secure their claims against the Group under building contracts. The banks are entitled to claim reimbursement from the ERBUD Group.

Surety extended by ERBUD S.A. – as of the publication date of the Financial Statements

Guarantor	Surety holder	Value if issue ('000 PLN)	Subject	For whom	Surety expiry date	Type of surety and financial terms
ERBUD S.A.	MOD 21 GmbH (former) GWI GmbH	9,199	Overdraft facility	Commerz-Bank	31 May 2022	Guarantee extended by mBank S.A. on behalf of ERBUD S.A. The Guarantor charges the Company with fees charged by the Guarantor
ERBUD S.A.	MOD 21 GmbH (former) GWI GmbH	2,760	overdraft facility – EUR 600	PKO BP S.A.	31 Dec. 2024	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety per year
ERBUD S.A.	MOD 21 GmbH (former) GWI GmbH	13,577	Line for financial guarantees of EUR 2 952	PKO BP S.A. (German Branch)	31 Dec. 2031	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	MOD 21 GmbH (former) GWI GmbH	4,599	insurance guarantee lines of EUR 1 million	Euler Hermes, Zürich, AXA, Bayerische Versicherungsverband, R+V ; Swiss RE	31 Dec. 2021	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	MOD 21 GmbH (former) GWI GmbH	4,599	Overdraft facility of EUR 1 million	Deutsche Bank AG	31 May 2022	Guarantee extended by mBank S.A. on behalf of ERBUD S.A. The Guarantor charges the Company with fees charged by the Guarantor
ERBUD S.A.	ERBUD Industry Sp. z o.o.	17,000	multi-purpose credit line	BNP Paribas Bank Polska S.A.	24 Feb. 2033	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.;	IVT W&R GmbH.	16,452	Non-renewable loan for the acquisition of shares in IVT Weiner + Reimann GmbH (EUR 3,577 thousand)	HSBC	24 Mar. 2023	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	6,720	Investment loan	ING Bank Śląski S.A.	30 Nov. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	68,991	Building Contract performance bond	Sun Power Energy Sp. z o.o.	11 Mar. 2026	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	42,825	Surety extended to proper execution of investment contract	Baltic Green I Sp. z o.o	15 Mar. 2022	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	20,000	Building Contract performance bond	ABO Wind Polska Sp. z o.o.	19 May 2027	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	17,300	Surety extended to proper execution of investment contract	Eurowind Energy A/S	28 May 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value

ERBUD S.A.	ONDE S.A.	37,889	Building Contract performance bond	EW Rywald Sp. z o.o. (Wind Farm)	20 Jun. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	GWI GmbH	41,855	Building Contract performance bond	Monheimer Einkaufszentrum GmbH	Until works acceptance	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	12,000	Surety for an investment loan for the expansion of a production room	BNP Paribas Bank Polska S.A.	20 May 2028	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	23,195	Surety for a manufacturing line lease contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jul. 2028	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,641	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jun. 2029.	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,843	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jun. 2029.	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
Total:		342,445				

Surety extended to ERBUD S.A. – as of the publication date of the Financial Statements

Guarantor	Surety holder	Value if issue ('000 PLN)	Subject	For whom	Surety expiry date	Type of surety and financial terms
ONDE S.A. (subsidiary of ERBUD S.A.; ERBUD International Sp. z o.o. (subsidiary of ERBUD S.A.) – joint and several guarantee	ERBUD S.A.	50,000	multi-purpose credit– guarantee line (LKW)	PKO BP S.A.	30 Sept. 2027	Civil surety, the Guarantor charges a surety fee of 1% of the value

Liabilities under guarantees granted to third parties ('000 PLN) as of 31 December 2021

Company	Liability payment guarantee	Performance bond	Retention bond	Total contingent liabilities
ERBUD S.A.				
31 Dec. 2021	87,568	238,980	260,306	586,854
31 Dec. 2020	71,900	203,869	266,734	542,503
ONDE S.A.				

31 Dec. 2021	7,436	160,022	50,907	218,364
31 Dec. 2020.	5,848	107,820	24,994	138,662
MOD 21 GmbH (GWI GmbH)				
31 Dec. 2021	6,234	19,639	41,138	67,011
31 Dec. 2020.	7,588	15,813	45,930	69,331
Erbud International Sp. z o.o.				
31 Dec. 2021	1,465	8,936	6,356	16,757
31 Dec. 2020.	2,518	11,126	3,863	17,507
ERBUD Industry Sp. z o.o.				
31 Dec. 2021	0	565	7,234	7,800
31 Dec. 2020.	15,485	8,590	5,491	29,566
Erbud Industry Centrum Sp. z o.o.				
31 Dec. 2021	1,698	7,811	3,074	12,583
31 Dec. 2020.	850	8,032	855	9,737
Satchwell Sp. z o.o.				
31 Dec. 2021	0	0	726	726
31 Dec. 2020.				
ERBUD Industry Południe Sp. z o.o.				
31 Dec. 2021	450	5,629	1,384	7,463
31 Dec. 2020.	274	3,377	1,831	5,482
ERBUD Industry Pomorze Sp. z o.o.				
31 Dec. 2021	Entity acquired by Erbud Industry Centrum			
31 Dec. 2020.	0	1,182	778	2,060
ERBUD Operations Sp. z o.o.				
31 Dec. 2021				
31 Dec. 2020.	2,518	11,126	3,863	17,507
IVT Weiner & Reimann GmbH				
31 Dec. 2021	3,146	69		3,215
31 Dec. 2020.	2,614	69	0	2,683
IVT Menzenbach GmbH				
31 Dec. 2021	741	0	0	741
31 Dec. 2020.	725	0	0	725
IKR GmbH				
31 Dec. 2021	4,990	15,192	7,482	27,665
31 Dec. 2020.				
Total contingent liabilities as of 31 Dec. 2021	Total			949,179
Total contingent liabilities as of 30 Dec. 2020	Total			818,256

Contingent liabilities under lawsuits brought against ERBUD S.A.

Item	31 Dec. 2021 (in PLN M)	31 Dec. 2018 (value in PLN M)
Contingent liabilities under lawsuits brought against ERBUD S.A.	46.68	46.68

Based on legal opinions and knowledge of cases, the Management Board of ERBUD S.A. determines the probability of the Company winning cases related to contingent liabilities. Among contingent liabilities, the highest amount concerns the dispute with MPL Modlin Sp. z o.o. – PLN 34.4 million.

As of 31 December 2021, the Group had the following contingent receivables under guarantees where the ERBUD Group companies are beneficiaries.

Contingent receivables under guarantees held

Item	As of 31 Dec. 2021	As of 31 Dec. 2020	Company
Performance bond, retention bond, payment guarantees	90,000	86,477	ERBUD S.A.
Performance bond, retention bond	51,206	29,978	ONDE S.A.
Performance bond, retention bond	25,139	0	Erbud International Sp. z o.o.
Performance bond, retention bond	40,019	23,741	MOD 21GmbH (former GmbH GWI)
Performance bond, retention bond	15,023	16,387	ERBUD Industry Sp. z o.o.
Performance bond, retention bond	25	0	Erbud Industry Centrum Sp. z o.o.
Performance bond, retention bond	Company acquired by Erbud Industry Centrum Sp. z o.o.	38	ERBUD Industry Pomorze Sp. z o.o.
Performance bond, retention bond	396	820	ERBUD Industry Południe Sp. z o. o.
Performance bond, retention bond	See Erbud International Sp. z o.o.	2,396	ERBUD Operations Sp. z o.o.
Performance bond, retention bond	46	46	IVT Weiner + Reimann GmbH
Performance bond, retention bond	0	0	IVT Menzenbach GmbH
Performance bond, retention bond	0	0	IKR GmbH
Total:	221,854	159,882	

3.11. The Management Board's position on the 2021 performance forecasts

The Issuer's Management Board did not publish financial forecasts for 2021.

3.12. The Management Board's recommendation concerning the distribution of 2021 profit

Due to the fact that the dividend policy is suspended and in connection with the geopolitical situation (armed conflict in Ukraine) as well as in connection with the plans of redemption of the purchased shares, the Management Board of the parent company recommends that the net profit of the parent company in the amount of PLN 177,736,302.25 be allocated to The remaining part of the profit will be allocated to reserve capital.

4. FINANCIAL PERFORMANCE OF ERBUD S.A.

4.1. Drivers of financial performance in 2021

In 2021 ERBUD S.A. generated a net profit of PLN 177,736 thousand compared to a net loss of PLN 27,308 thousand in 2020 (up by 550.86%)

In 2021 major drivers of the Group's financial performance included:

- Sale of a portion of shareholding in ONDE S.A. during its IPO (impact on EBIT of PLN 186 million);
- Provision for bonuses due to handsome performance in 2021
- Good, profitable order book,
- Strong commitment of top and mid-level management.

In the following years, the Management Board of ERBUD S.A. estimates that the Company's financial situation will be affected primarily by:

- **Economic position triggered by armed conflict in Ukraine,**
- Economic situation in Poland and Europe
- Investment demand,
- Pandemic development and its impact on the economy,
- Monetary policy
- Development of a new production segment in the ERBUD Group related to the fabrication and sale of modular facilities.

Profit and loss account of the ERBUD Group in analytical terms (in '000 PLN)

	2021	2020	Change in %
Revenues from sales of products, goods and services from continuing operations	1,303,612	1,131,739	15.19%
Operating expenses*	1,300,030	1,121,701	15.90%
Other operating income including reversal of impairment of financial assets and assets from valuation of contracts with customers	(893)	2,290	(139.00%)
Net proceeds from the disposal of a subsidiary (ONDE S.A.)	186,205	0	
Operating profit/loss	188,894	12,328	1,432.24%
Financial activity gains/losses	27,606	15,846	74.21%
Gross profit /(loss) from continuing operations	216,500	28,174	668.44%
Income tax	38,764	866	4,376.21%
Net profit /(loss) of the continued business	177,736	27,308	550.86%
Net profit /(loss) of the discontinuing business	0	0	

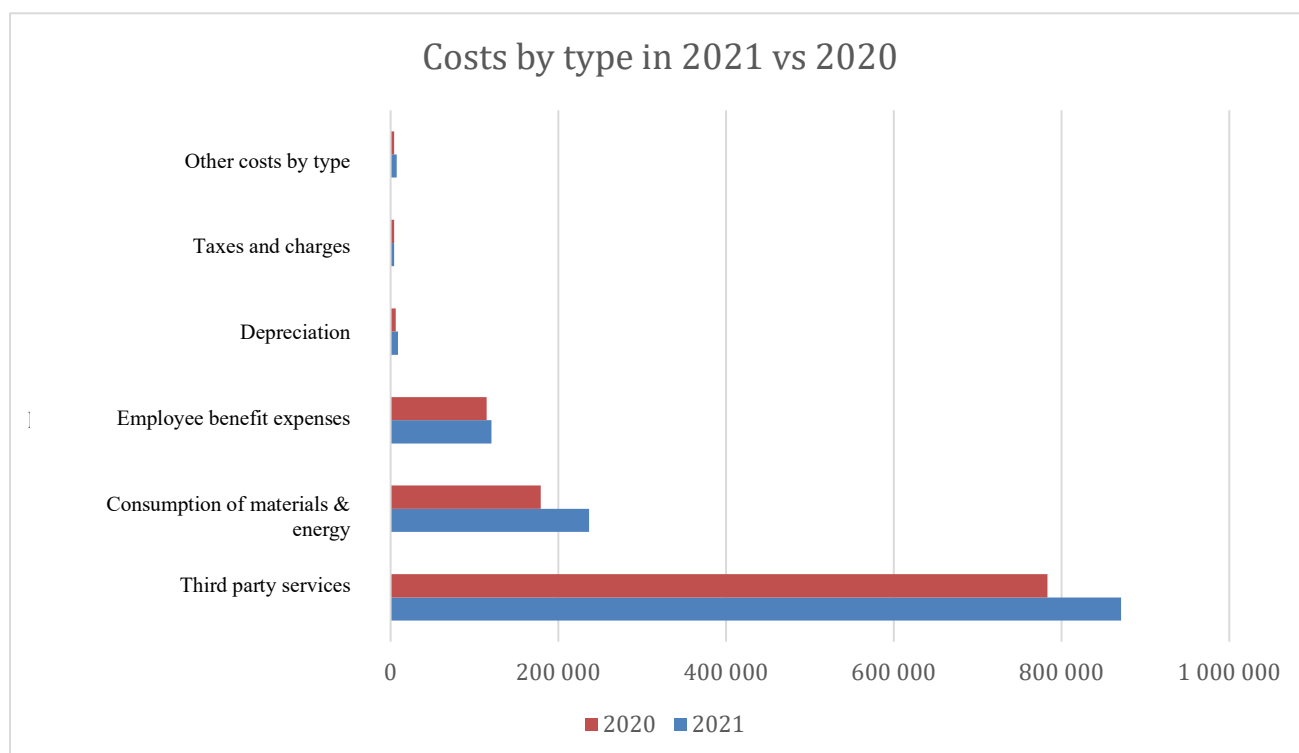
Net profit (loss) in accounting year	177,736	27,308	550.86%
--------------------------------------	---------	--------	---------

In 2021, despite the increase in the Company's revenues, the EBIT margin (excluding the profit on the sale of shares in the subsidiary ONDE S.A. and excluding the provision for bonuses in the amount of PLN 8 million) was down by 13.29%. This was primarily due to the ever-increasing cost of materials and raw materials, particularly steel and oil. Also, the depreciation of Polish zloty had an impact on the cost of wall materials and specialty materials.

Main cost item of ERBUD S.A. (69.75% of total costs by type) were the costs of third party services, mainly the costs of work commissioned to subcontractors. In 2021, they totalled PLN 871 186 thousand in value terms, i.e. they were down by 11.20% compared to the previous year.

Moreover, a significant share in the Group's cost structure was held by:

- Expenditures on materials and energy - they were at the level of PLN 236 837 thousand vs. PLN 179 166 thousand in 2020. This accounted for 18.96% of total costs in 2021 and 14.44% in 2020 respectively. Up by 32.19% compared to 2020.
- Employee benefits in the amount of PLN 120 208 thousand. They accounted for 9.62% of total costs. In 2020, this relationship was as follows: PLN 114,493 thousand - 9.23% of total costs by type. In 2021, the costs of employee benefits were up by 4.99% compared to the previous year.



Operating costs of ERBUD S.A. ('000 PLN)

Cost	2021	2020	% change
Third party services	871,186	783,411	11.20%
Material and energy consumption	236,837	179,166	32.19%
Employee benefit expenses	120,208	114,493	4.99%
Amortization and depreciation	8,900	6,311	41.02%
Taxes and charges	4,492	4,204	6.85%
Other cost categories	7,357	4,269	72.34%
TOTAL	1,248,980	1,091,854	14.39%

4.2. Statement of Financial Position

On 31 December 2021, the total assets of ERBUD S.A. amounted to PLN 897,132 thousand and were up by 33.71% compared to the 2020 year-end (PLN 670,951 thousand). The assets increase was driven by the acquisition of tangible fixed assets in the form of developed real estate near Toruń in order to launch a new business segment - construction of modular facilities. The 33.69% rise in current assets is due to the increase in cash (89.26%) and trade receivables (28.92%).

As of 31 December 2021, the Company's equity totalled PLN 329,629 thousand compared to PLN 221,887 thousand at the end of 2020 (up by 48.55%). The increase of equity was primarily driven by the net profit generated in 2021, of which major component were proceeds the sale of shares in the subsidiary ONDE S.A.

The year 2021, compared to 2020, saw a significant increase in long-term liabilities (up by 1437.20%) against PLN 113,384 thousand. The increase resulted from the issuance of D-series bonds in the amount of PLN 75 million and the repayment of C-series bonds in the amount of PLN 52 million, which were posted into short-term liabilities at 2020 year-end. As a result of this event, short-term liabilities remained unchanged compared to the previous year despite a rise in trade payables (20.86%).

On **26 August 2021** the Management Board of ERBUD S.A., by virtue of Resolution No. 64/2021 of the Supervisory Board approving the issue of bonds, adopted a resolution on the issue of maximum 75,000 D-series bonds ("Bonds"). The par value and the issue price of one Bond shall be PLN 1,000.00. Once the bond issue expenses have been deducted, the bond issue proceeds will be used for:

- (i) refinancing of debt under the Company's C-series bonds, and to the remaining extent
- (ii) financing of the Company's core business and/or acquisitions of businesses from the industrial service sector in Poland and Germany.

The issue date of the Bonds shall be the date at which the Bonds are registered in the deposit kept by National Depository for Securities, Poland S.A., with its registered office in Warsaw, and the redemption of the Bonds shall take place not later than 4 years from the issue date (on 23 September 2025).

The Bonds shall bear interest equal to the interest rate of WIBOR 6M plus a margin determined on the basis of the margin indicated by subscribers in the Bonds' subscription forms.

The Bonds may be redeemed prior to maturity on demand:

- (i) the Bondholder only in the cases and following the terms set forth in the terms of issue of the Bonds, or
- (ii) the Bondholder with the approval of the Bondholders' Meeting, or
- (iii) the Company on 23 March 2024 at the earliest.

The Bonds are not going to be secured.

The Company floated its Bonds on the trading platform for debt financial instruments operated by the Warsaw Stock Exchange as an alternative trading system called Catalyst.

The Bonds were issued pursuant to the procedure provided for in Article 33.1 of the Bond Act in compliance with Article 1.4(b) or (d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing the Directive 2003/71/EC in conjunction with Art. 3(1a) of the Act on Public Offerings and Conditions for Introducing Financial Instruments to Organized Trading System and on Public Companies of 29 July 2005, which does not require the publication of an information memorandum, nor prospectus.

On 20 September 2021, the Company's Management Board adopted a resolution to make an initial allocation of 75,000 D-series bonds (the "Bonds"). The total nominal value of the Bonds is PLN 75,000,000.00. The Company has set the margin for the Bonds at 2.60% per annum. The Bonds were allocated subject to the condition precedent that the final settlement of the Bonds acquisition transaction under the issue performed by the National Depository for Securities will take place on 23 September 2021.

On 23 September 2021 the National Depository for Securities performed the final settlement of the issued bonds.

4.3. Cash Flow Statement

During 2021 ERBUD S.A. recorded positive cash flows of PLN 96,172 thousand (against PLN (67 147) thousand in the previous year). In particular they consisted of:

- Negative operational cash flows in the amount of PLN 35 201 thousand, which were influenced by the change of other non-cash adjustment in the amount of PLN (200 689) thousand.
- Negative cash flows from investment activities in the amount of PLN 27 949 thousand
- Positive cash flows from financial activities in the amount of PLN 159 322 thousand.

As of 31 December 2021 the Company held cash and cash equivalents including on a separate VAT account totalling PLN 215 852 thousand compared to PLN 114 052 thousand as of 31 December 2020.

4.4. Statement of Changes in Equity

On 31 December 2021, equity amounted to PLN 329,623 thousand (up by 48.55% compared to the end of 2020).

4.5. Basic financial ratios of ERBUD S.A.

Item	2021	2020
Return of Equity (ROE) (in %)	53.92%	12.31%
Return on Assets (ROA) (in %)	19.81%	4.07%
EBIT margin (in %)	14.49%	1.09%
EBITDA margin (in %)	15.17%	1.65%
Sales profitability (in %)	5.31%	6.20%
Gross profitability (in %)	16.61%	2.49%
Net profitability (in %)	13.63%	2.41%

Rate of return on equity - net profit / equity balance

Rate of return on assets - net profit / assets balance

EBIT margin - operating profit / sales revenue

EBITDA margin – EBITDA = Operating profit + Amortization / Sales net revenue

Sales profitability – Profit on sales / Sales revenue

Gross profitability – Earnings before tax/ Sales revenue

Net profitability – Net earnings /sales revenue

Basic liquidity and debt ratios for ERBUD S.A.

Item	2021	2020
Current ratio	2.10	1.16
Quick ratio	1.51	1.16
Debt ratio (in %)	63%	67%
Debt-to-equity ratio	172%	199%

Current ratio - current assets / current liabilities

Quick ratio - current assets - inventories / current liabilities

Debt ratio = Liabilities and provisions for liabilities / Total assets

Debt-to-Equity ratio = Liabilities and provisions for liabilities / Equity

Debt ratios significantly improved compared to 2020. Also liquidity ratios improved despite significantly higher cash due to the reclassification of bond obligations from short-term to long-term. The achieved ratios are satisfactory, however, the Management Board will strive to improve the debt ratios.

5. RISK MANAGEMENT

Risk management is a very important aspect of the ERBUD Group. The high volatility we face today changes the weights attached to individual risks and creates new risks. The Management Board approaches the problem of risk management systemically, taking into account all possible potential risks such as:

Internal risks	External risks
Strategy <ul style="list-style-type: none"> • lack of fast adaptation to ever changing market environment • failure to keep abreast with changing technology • incorrect selection of a business partner/employee • erroneous strategy tying up resources Organisation <ul style="list-style-type: none"> • poor communication between operational units • misappropriations • breaches of guidelines and internal procedures • inadequate organizational structure for fast responses • bad work organisation 	Economics <ul style="list-style-type: none"> • fluctuation of raw material prices • currency and interest rate fluctuations • inflation rate growth • payroll cost growth • recession Politics <ul style="list-style-type: none"> • regulatory changes • entry barriers • trade embargoes • unstable global political situation
Personnel <ul style="list-style-type: none"> • occupational diseases • labour strikes • lack of competencies • loss of workers • accidents at work Processes and assets <ul style="list-style-type: none"> • improper communication • fire / failures • defective product quality and pollution / contamination • too lengthy, complicated processes • cyberattacks 	Market <ul style="list-style-type: none"> • customer pressure on price reduction - customer consolidation • failure to comply with contractual terms by key suppliers/subcontractors • labour force deficiency in the marketplace • loss of intellectual property • competition growth Nature <ul style="list-style-type: none"> • flood • hurricane wind • epidemic/pandemic Social <ul style="list-style-type: none"> • crimes • increase of damages awareness • demonstrations

Types of risks specifically monitored in the ERBUD Group

Recent events taking place a month and a half before the publication of the 2021 financial statements had shown that the risks referred to as "black swans" are unpredictable and it is hard to be protected against them in 100%. The war conflict behind the eastern border has shown that one man's decision can destabilize the economy almost on a global scale. Following the Russia's invasion of Ukraine, the whole world faced a fuel crisis, stock markets and currencies of neighbouring countries, including Poland, were weakening. Raw material prices and their availability have become a much bigger issue in the construction business than COVID 19 hazards.

Erbud Group has always looked for its development in the Western Europe, especially in Germany. Any inclination to enter eastern markets sometimes perceived as emerging markets, however, was viewed negatively by the Management Board.

Neither the Issuer nor any member company of the ERBUD Group runs business operations in the Eastern European countries and does not maintain any commercial ties with entities from those countries. The Group does not have any assets there.

At the Financial Statement Date, the Group directly employs 51 Ukrainian personnel members out of a total workforce of 3,000. Approximately 1,300 people from Ukraine work on construction sites as employees of subcontracting companies. Since the conflict outbreak, about 100 workers of our subcontractors have returned to Ukraine. Most of these people have been in Poland for years and are Pole's Card holders. Because of the war they had to bring their family members to Poland, who were offered assistance by the Eryk Grzeszczak Common Challenge Foundation. The Group earmarked for this purpose the total amount of PLN 1.5 million.

The Management Board monitors on an on-going basis the impact of the political and economic situation in Ukraine, Russia and Belarus on the ERBUD Group's operations. For more than a year we have been dealing with price hikes of building materials and labour in the Polish market. Due to the fact that the Group does not execute long-term contracts, exceeding 30 months, it is possible to account for the risk of swelling material prices in the calculations on an on-going basis or, in the case of public contracts, to apply the price indexation clauses. Very good relations with employers, diversification of operations, both in geographical and segment terms, reduce the negative impact of the price shock caused by the conflict in Ukraine.

5.1. Financial Risk

While running its operations, the ERBUD Group is exposed to the following types of financial risk: currency risk, interest rate risk, credit risk and liquidity risk. The Management Board verifies and establishes the management principles for each of the risk categories listed below.

5.1.1. Currency risk

As part of their core business, the Group member companies enter into construction contracts, which are denominated in foreign currencies (primarily in Euros). The currency risk management policy adopted by the Management Board consists in adjusting the contract currency to the currency of expenses connected with such contract. An important element of this policy is the strife for safe hedging of potential currency exposures that will not expose companies to losses in the event of turbulence in the foreign exchange market.

For contracts denominated in Euro or in other currencies for which it is not possible to adjust suitably the currency of expenditures, the Company hedges the material currency risk resulting from highly probable transactions threatened with changes in cash flows that may affect the financial result of the entity. Hedging is performed by means of forward currency contracts with key parameters as close as possible to those of the hedged item (transfer date, value)

When entering into hedging transactions, the Company applies hedging accounting principles.

5.1.1.1. Hedging of construction contracts denominated in foreign currencies - hedge accounting

- Type of hedged risk: cash flow risk related to highly probable future cash flows in foreign currencies under the building contracts. This risk is related to the strengthening of the Polish zloty - the expected cash flows from the contract in the currency will be lower in PLN.

- Type of hedging instrument: currency forward contracts for the sale of foreign currency in quantities and at dates corresponding to expected flows from the building contract. For the purpose of testing the effectiveness of the hedge, the interest rate (swap points) and spot exchange rate (*spot rate*) components are not separated, but the fair value changes of the entire *forward* transaction are analysed.
- Prospective hedge effectiveness testing: tests are performed at inception of the hedging instrument and at every balance sheet date. A hedging relationship is regarded to be effective, if the expected changes in the fair value or cash flows of the hedged item will be offset by changes in the fair value or cash flows of the hedging instrument.

As only hedging instruments with matching key parameters (the same currencies, amounts and dates of expected flows) are used to hedge the risk related to construction contracts denominated in foreign currencies, the Management Board considers that such a hedge will be effective. Nevertheless, to better justify the application of hedge accounting, the Group additionally examines prospectively the effectiveness using a quantitative method with the following parameters:

- Type of effectiveness testing method: by comparing the cumulative change in the fair value of the hedging instrument with the cumulative change in the fair value of the hedged item (the so called dollar offset method) using the so called hypothetical derivative.
- Hypothetical derivative: for the purpose of testing the effectiveness of a financial instrument, a hypothetical derivative was separated from the construction contract as a *forward* contract for the purchase of specific amounts of foreign currencies at specific dates, corresponding to the amounts and dates under the building contract. Thus separated hypothetical derivative is subject to the same risks as the construction contract - i.e. its value decreases with the appreciation of the Polish currency (the expected cash flows under the contract in the currency will have lower value in the Polish zlotys).
- The fair value of a hedging instrument and a hypothetical derivative at a certain measurement date is understood as the sum of discounted net cash flows to be received/payable at future dates agreed upon in the term sheet of the instrument. Net cash flows for a given future date are calculated as the difference between the amount in PLN under the forward contract and the amount in a foreign currency under the forward contract multiplied by the forward exchange forward and the amount in a foreign currency resulting from the forward contract multiplied by the forward price valid at the measurement date in the future. Discounting of the net cash flows received in this manner is carried out by means of zero-coupon rates implied by the interest swap curve in PLN, valid as of the measurement date.
- For the purpose of the prospective test, historical market exchange rates and interest rates at 12 monthly dates prior to the planned transaction date or, in the case of a test carried out during the course of a transaction, at 12 monthly dates prior to the balance sheet date shall be used.
- For each of the 12 historical dates described above, the cumulative change in the fair value of the hypothetical derivative is calculated and compared with the cumulative change in the fair value of the hedging instrument. The relationship of the changes calculated in this manner at each date should be between 80-125%.

Retrospective hedging effectiveness test: the effectiveness test shall be carried out at each balance sheet date during the term of the hedging. A hedging relationship is regarded to be effective, if in a certain period actual changes in the fair value or cash flows of the hedged item will be offset by changes in the fair value or cash flows of the hedging instrument. As in the case of prospective tests, the dollar offset method is applied using a hypothetical derivative, with the relationship between cumulative changes in the fair value of the hedging instrument and cumulative changes in the hypothetical derivative being measured. For the purpose of the efficiency tests, thus calculated ratio must be in the range of 80-125% for each accounting period.

As at the balance sheet date, there is one derivative transaction posted in the ERBUD Group. ERBUD Industry Sp. z o.o. hedged, using the forward contract, EUR buy transaction to execute its order. The hedged amount totals EUR 1.9 million.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
Low

5.1.2. Interest rate risk

The interest rate risk occurs mainly in connection with the utilization of debt financing i.e. bank credits and loans, issued bonds and financial lease products and bond issue by the Group member companies. These financial instruments are based on variable interest rates and expose the Group to the risk of changes in cash flows. At the current level of interest rates this risk is partially offset by the Group's idle cash deposits invested on the basis of a variable interest rate.

Most of the debt financing exposures are short-term, which flattens the risk associated with rising interest rates.

In the territory of Germany the Group member companies also uses instruments with fixed interest rates, where market interest rate fluctuations have no impact on interest expenses incurred or interest income generated. Trade receivables and payables and other receivables and payables are non-interest-bearing and have a maturity of up to one year.

The Group monitors its exposure to interest rate risk and interest rate projections and allows for hedging of material interest rate risk through interest rate swaps.

When entering into hedging transactions, the Company applies hedging accounting principles.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
Medium

5.1.3. Credit risk

The Group's financial assets, which are exposed to credit risk, are mainly trade receivables and construction performance bonds. The ERBUD Group has a policy of assessing and verifying credit risk related to all contracts. Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

The ERBUD Group does not have concentrated credit risk on trade receivables, since the Group has a high number of customers, both domestic and foreign.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
Medium

5.1.4. Liquidity risk

In order to reduce the risk of liquidity loss, the Group member companies maintain an appropriate amount of cash and transferable securities as well as enter into credit line agreements, which serve as additional liquidity security. To finance investment purchases, the Group uses its own funds to the extent necessary, required for its own contribution and long-term finance lease agreements, ensuring that the financing structure for this type of assets is sufficiently sustainable, long-term loans.

The Group companies cooperate both in cash and equity transactions with highly reliable financial institutions, without causing a significant concentration of credit risk. The Group pursues also a policy limiting credit exposures to individual financial institutions and issuers of debt securities, which are acquired as part of periodic investments of surplus cash. Liquidity management is supported by the existing liquidity forecast reporting system by the Group member companies.

As of 31 December 2021 the ERBUD Group had the capacity to meet its short-term liabilities. All Group member companies paid their interest and trade payables on time.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
Medium

5.1.5. Price risk

The ERBUD Group is exposed to the price risk associated with the price hikes of the most frequently purchased construction materials, such as steel and concrete as well as subcontracting service prices. The prices in the contracts concluded with investors are usually fixed throughout the entire effective term of the contract. Therefore, price hikes of materials have an adverse effect on the Group's financial performance.

As a result of the increase in material prices, the prices of services provided to the Group by its subcontractors may also increase.

In order to mitigate the price risk, the ERBUD Group monitors the prices of the most frequently purchased materials on an on-going basis, and the contracts signed have appropriately adjusted parameters concerning, *inter alia*, contract effective term and contract value adapted to the market situation.

Additionally, the Group member companies use bids from subcontractors and suppliers to calculate the price of their offers. However, these are not binding offers.

Assessment of the parent company's Management Board of the impact of the risk on the Group's financial performance:
High

5.2. Operational risk

The activities of the ERBUD Group are accompanied by many operational risks, such as:

- Risk of underestimation of contract execution costs. If the value of all works necessary to perform the contract, specified in the tender offer, is underestimated, the Group may incur a loss or generate a lower profit on a certain contract.

- Risk of failure to recognise extra costs of works by the Employer. The proper performance of the subject matter of the contract sometimes requires the performance of extra works not specified in the contract, and thus incurring costs higher than accepted. Additional work may also result in the contract execution deadline being exceeded. The Group's request for additional fee may be considered groundless by the Employer.
- Risk of suspension of contracts by the investor.
- Protests by residents or ecologists in the case of road investments, delaying construction work.
- Risk of poor quality of delivered materials.
- Risk related to liability under the warranty for physical defects and guarantee of the quality of performed works.
- Risk related to the responsibility for the improper performance of construction works by subcontractors.
- Risk of loss of managerial and engineering staff. Decisions to reassign some of these staff and the no possibility to replace them with suitable staff may have a negative impact on the performance of certain contracts.

In order to minimize operational risks, the Group has an internal audit unit that monitors continuously projects and reports to the Management Board on the audit findings.

Due to the customer risk, the Customer Assessment Committee was also established. The Committee's task is to carry out the Customer's scoring before submitting a bid.

Assessment of the parent company's Management Board of the impact of the group of operational risks on the Group's financial performance: High

5.3. Macroeconomic Risk

The development prospects of the ERBUD Group and its financial standing depend primarily on the condition of the Polish economy and the construction industry. The year 2021 was a difficult year for the construction business due to large price hikes. General contractors and subcontractors clashed with changes that occurred overnight. A decrease of margins in the building construction sector was offset by the ERBUD Group in other market segments. This is another piece of evidence for the success of the business diversification policy.

In the context of COVID 19 pandemic, the Management Board of the ERBUD Group, along with leading managers, continued activities ensuring uninterrupted operations of all Group member companies. The sanitary regime and constant monitoring of the situation enabled us to operate in normal environment as much as possible. The construction, road engineering, and maintenance services for the industry were not closed by the sanitary decisions as was the case with the tourism sector. However, this example showed how the macroeconomic environment affects the operations of individual companies. The Management Board of the ERBUD Group carefully follows all macroeconomic forecasts, including in particular those referring to the size of recession in individual countries, inflation rates, investment performance indicators and information about EU funds' distribution. Though the Management Board is aware that despite the fact in the pandemic times the Company manages to make it through the crisis unscathed, the effects of global economy freezing are already felt.

The year 2022 will be marked by ESG sustainability. A new business segment perfectly fits this trend - production and sale of modular buildings and activities carried out by ONDE S.A. The Management Board of the parent company believes that the most handsome margins will be in this segment in the years to come.

Assessment of the parent company's Management Board of the impact of the macroeconomic risk on the Group's financial performance: High

5.4. Legal Risk

Possible regulatory changes may adversely affect the activities of the ERBUD Group. In particular, this refers to:

- New environmental protection requirements which may make it necessary to obtain further permits and delay the implementation of the investment.

- Changes in the regulation of licences and public procurement (e.g. introduction of additional innovation and social security requirements).
- Tightening of requirements concerning guarantee, warranty and subcontracting contracts in bidding procedures.
- Risks related to the rigour of the Group whose parent company is an entity listed on the Warsaw Stock Exchange (WSE).
- High variability in tax regulations

In order to minimise these risks, the Group is supported by specialised law firms. There is a legal department in the Group which, *inter alia*, coordinates cooperation with third party law firms.

This is particularly important currently, where legislative changes are being made in every field.

Assessment of the parent company's Management Board of the impact of the legal risk on the Group's financial performance: Low

5.5. Tax Risk

As business entities, the Group member companies are also exposed to the risk related to the tax systems in force effective in the countries where they run their business activities. In the last couple of years in Poland there have been a series of changes in all taxes. Additionally, the Group member companies upkeep business relations with one another, which requires pursuing a very restrictive transfer pricing policy. The Group works jointly tax counselling companies on a permanent basis. Members of the financial units attend in numerous training courses and sessions. Periodic audits are also carried out with the focus on tax security issues.

Assessment of the parent company's Management Board of the impact of the tax risk on the Group's financial performance: Medium

5.6. Environmental Risk

Environmental risk management at ERBUD GROUP S.A. is a permanent element of the process approach and is defined for each investment project. This process starts with the identification of environmental aspects and their environmental impact. For material environmental aspects, objectives and targets are set leading to the mitigation of the Company's negative environmental impact.

The major environmental aspects of ERBUD S.A. include, but are not limited to:

- land contamination,
- water pollution,
- air emissions,
- the environmental nuisance of the manufacturing process (noise, vibrations),
- utilisation of natural resources,
- substances applied in the construction products,
- waste including in particular hazardous waste,
- other aspects related to the specific nature of the construction activity.

In the organisation, an assessment of the probability of occurrence of threats or opportunities resulting from a given environmental aspect is carried out, and then an analysis of possible environmental damages and benefits related to the occurrence of a certain event is made. The classification of risks is determined on the basis of defined matrices, which present criteria of probability of occurrence of an undesirable phenomenon (environmental hazard) and criteria of the effect of the occurring phenomenon (outcome). The purpose of the aforementioned analysis is to determine what risks and impacts on the environment result from the identified significant environmental aspects and what is their environmental impact and contract performance. The defined environmental risks are constantly monitored when each construction project is being performed and described in the Environmental Programme, which defines:

- environmental objectives for individual environmental aspects,
- the risks and opportunities associated with environmental aspects and the risks and benefits related to them,
- preventive measures to minimize risks and achieve objectives,
- persons responsible for preventive measures.

The effect of the assessment of the environmental impact of a facility, through the identification of significant risks, is to indicate ways to reduce the negative environmental impact of construction activity in the future.

Assessment of the parent company's Management Board of the impact of the environmental risk on the Group's financial performance: Low

5.7. Climate Risk

Based on the guidance provided in the Climate Information Reporting Supplement (2020/C 209/01), including the appendix in the form of Recommendations of the Task Force on Climate Financial Disclosure (TCFD) (under Materials and Buildings Group), types of climate risks were identified for the ERBUD Group. They are presented in a table below:

Risk categories based on financial materiality	Individual risks	Risk categories based on environmental and social materiality	Individual risks
Acute physical risk	<ul style="list-style-type: none"> - the risk of heat waves disrupting the value chain due to the overloading of the energy system by air conditioners and shortening the working time of employees, - the risk of abrupt storms or hurricanes disrupting the value chain due to flooding or destruction of transport routes and construction sites, as well as the breaking of electric traction lines or the discontinuation of the supply of process utilities, - the risk of floods disrupting the value chain due to flooding or destruction of transport routes and construction sites, as well as the breaking of electric traction lines or the discontinuation of the supply of process utilities, - the risk of outbreak of fires disrupting the value chain by destroying your own property or that of your partners in the value chain. 	Risks associated with the transition concerning political aspects	<ul style="list-style-type: none"> - tightening energy efficiency requirements due to climate change and lack of access to water or overloading of the power system, - change of the mechanisms for setting charges for greenhouse gas emissions affecting the purchase of fossil fuels or other non-renewable raw materials, - changing land management policies due to their location in areas of climate risk or impact on climate changes.
Long-term physical risk	<ul style="list-style-type: none"> - the risk of reducing the amount of available process water disrupting the value chain, in connection with the drop in surface and groundwater levels as a result of rainfall, - the risk of reducing the working time of workers disrupting the value chain as the average temperature rises. 	Transition risk concerning political aspects	- the risk of a possible lawsuit in case of too much adverse impact on the climate, e.g. due to failure to adapt to climate change.
		Transition risk concerning technological aspects	- the risk of not using technologies with less harmful impact on the climate.
		Transition risk concerning market aspects	- the risk of redirecting business customers' choices to solutions and structures that have an even more passive impact on the climate.
		Transition risk concerning loss of reputation	<ul style="list-style-type: none"> - the risk of failure to attract and retain business customers, if the Group's operations are deemed to be harmful to the climate, - the risk of failure to attract and retain personnel, if the Group's operations are deemed to be harmful to the climate, - the risk of failure to attract and retain investors, if the Group's operations are deemed to be harmful to the climate, - the risk of failure to attract and retain suppliers and subcontractors, if the Group's

			operations are deemed to be harmful to the climate.
--	--	--	---

Assessment of the parent company's Management Board of the impact of the climate risk on the Group's financial performance: Low

5.8. Cyberattack Risk

The group of risks to which the companies are currently exposed includes also cyberattack risk. According to the Forbes monthly, Poland is on the 20th position in the ranking of the most threatened countries. Although the major industries exposed to cyberattacks are energy and transport, they also include the industries in which the ERBUD Group operates. These usually concerned theft of personal data. Given the above, the Management Board of ERBUD S.A. decided already in 2018 to carry out a "stress-test" and take out an insurance policy with protection against the consequences of cyberattacks. All the Group member companies pursue a uniform IT policy.

Assessment of the parent company's Management Board of the impact of the cyberattack risk on the Group's financial performance: Low

5.9. Coronavirus Risk

The occurrence of uncertain and unpredictable circumstances, including the outbreak of SARS-CoV-2 pandemic with associated consequences of declaring an epidemic emergency status, may in short- and long-term have a negative impact on the ERBUD Group's business, development prospects and financial standing. The important areas, which the Company monitors on an on-going basis and which may pose the greatest risk to the future performance of the ERBUD Group are as follows: (i) temporary absence of construction staff, which may contribute to the delay of construction processes, (ii) delays in the supply of construction materials and services, (iii) slowdown in the activities of public administration bodies, including in particular administrative decision-making process, (iv) contracting authorities' decisions to suspend work on individual construction contracts, (v) contracting authorities' decisions not to implement planned construction projects, e.g. due to difficulties in raising financing.

In the opinion of the Management Board of the ERBUD Group, as of the date of publication of the financial statements, the liquidity positions of the Group and the Company remain stable.

Assessment of the parent company's Management Board of the impact of the pandemic risk on the Group's financial performance: Medium risk.

Management assesses this risk as medium due to the lack of disruptions in construction and order execution, the current order book and the liquidity situation.

5.10. Insurance

The ERBUD Group uses civil insurance products covering company's business risk, Directors & Officers Civil Liability and construction and erection risks (covering contract work and property under construction).

5.10.1. Insurance contracts

As of the 2021 financial statement date, all insurance contracts were extended.

Given the above the most important contracts are as follows:

Insurer	Valid from	Valid to	Subject of insurance	Value of insurance
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2021	31 Jan. 2022	Civil liability business insurance	PLN 100 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2022	31 Jan. 2023	Civil liability business insurance	PLN 100 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2021	31 Jan. 2022	Third party liability insurance of the designer	PLN 10 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2022	31 Jan. 2023	Third party liability insurance of the designer	PLN 10 million for one and all events
Chubb European Group Limited Sp. z o.o. Polish Branch	8 Jun. 2020	7 Jun. 2021	D&O Insurance	PLN 40 million
Chubb European Group Limited Sp. z o.o. Polish Branch	8 Jun. 2021	7 Jun. 2022	D&O Insurance	PLN 40 million
Chubb European Group SE, European company, Polish Branch	23 Feb. 2020	31 May 2021	Corporate Cyberattack Insurance – CYBER ERM	PLN 5 million
Chubb European Group SE, European company, Polish Branch	1 June 2021	31 May 2022	Corporate Cyberattack Insurance – CYBER ERM	PLN 5 million

Additionally, all companies of the ERBUD Group are civil liability insurance holders. On-going construction contracts are insured for all construction and erection risks (CAR/EAR). The Group insures its property and IT equipment.

In terms of insurance selection and optimization, the ERBUD Group works with a specialized insurance broker.

6. Litigations

Both in cases where the Issuer is the plaintiff (cases related to receivables) and in cases where the Issuer is the defendant (cases related to payables) the position of the Issuer and its legal advisors prove that the proceedings will be solved in favour of the Issuer.

Proceedings to which ERBUD S.A. is a party as of the Report Date, concerning payables or receivables of the Issuer or its subsidiary (including the case subject, the amount in dispute, the date of the proceeding initiation and the Issuer's perspective)

6.1. Material proceedings to which the Issuer is the plaintiff

6.1.1.

Defendant: Bank Millennium S.A. in Warsaw

Date of filing a lawsuit: 22 December 2010

Value of the dispute: PLN 71,065,496

In 2008 Bank Millennium S.A. advised ERBUD S.A. to conclude FX option transactions to hedge against FX risk under the contracts denominated in EUR executed by the Issuer. The Bank's proposal was driven by a need of the Issuer to obtain security adequate to its situation. According to the Company, the product was not optimally adjusted to the ERBUD S.A. needs. In Q4 2008, as a result of a drastic revaluation of Polish zloty (PLN) in the PLN/EUR pair, Bank Millennium S.A. informed the Issuer about a negative valuation of the exposure held at that time.

At the same time, a dispute arose over the content of FX option transactions, mainly with respect to the exclusion of option structures. During numerous discussions, the Issuer presented its position to the Bank, in which it demanded that the transaction be carried out with the undertaking of actions aimed at enforcing of existing claims. In order to limit the amount of potential loss, the disputed transactions were restructured and the Bank was informed about legal actions taken in the future to remedy the loss resulting from FX option transactions. The restructuring details were presented by the Issuer in RP 43/2008 on 21 November 2008 and in the 2008 Financial Statements. The Issuer never agreed with the position of Bank Millennium S.A. and therefore called upon the Bank twice demanding the Bank to pay the amount of PLN 71,065,496, which consists of the amounts collected by the Bank from the Issuer's bank account, foregone profits and costs of legal and financial advisors. In connection with the above, the Issuer decided to bring an action for payment of compensation for the loss.

16 September 2016 the Management Board of ERBUD S.A. was informed by its legal counsels about the decision taken by the District Court in Warsaw. Pursuant to the decision, the Court dismissed the Issuer's claim in its entirety.

On 4 November 2016, the Issuer filed an appeal against the decision. The decision was appealed against in its entirety, and the appeal allegations focus in particular on incorrect findings and conclusions of the Court of First Instance regarding the incorrect determination by the Court of First Instance of the content of the disputed transactions, as well as incorrect interpretation of documents, including documents confirming transactions. In addition, a reference was made to numerous rulings of the District Court and the Court of Appeal in Warsaw, issued in similar cases when the Courts issued rulings favourable to the customers of Bank Millennium under circumstances similar to those of the Issuer.

The above ruling does not have any influence on the financial position of the Issuer because the entire loss related to options was settled in the year of its occurrence, i.e. in 2008.

On 29 May 2018 the Court of Appeal in Warsaw announced the ruling in the case filed by ERBUD S.A. against Bank Millennium S.A., in which it upheld the appeal of the Company.

The Court of Appeal in Warsaw, in its decision of 29 May 2018, overruled the appealed decision of the District Court in Warsaw of 16 September 2016 and referred the case back to that court for re-examination together with the decision about the costs of the appeal proceedings.

On 13 July 2018 the Company was informed about a complaint filed by Bank Millennium S.A. with the Supreme Court against the ruling of the Court of Appeal in Warsaw of 29 May 2018 concerning the action brought by ERBUD S.A. against Bank Millennium S.A.

In its complaint Bank Millennium questions the advisability of repealing the ruling and referring the case back to the District Court in Warsaw for re-examination, indicating that the Court of Appeal should decide the case itself. On behalf of the Company its Legal Advisors submitted a response to the complaint.

On 28 September 2018 the Supreme Court issued a decision about the case brought by the Issuer against Bank Millennium S.A., in which it accepted the complaint of Bank Millennium S.A. By virtue of its decision of 28 September 2018 the Supreme Court, overruled the appealed decision of the Court of Appeal in Warsaw of 29 May 2018 and referred the case to the Supreme Court for further consideration together with the decision on the costs of the appeal proceedings.

On 3 June 2020 Court of Appeal in Warsaw decided:

To admit ex officio evidence from a court expert's opinion in the field of finance, economics and banking to the circumstances:

- clarification of the substance and mechanism of the contracts concluded by the parties on 9 and 11 July 2008 and 14 August 2018 as regards the contract between the parties;
- whether the above-mentioned contracts were adjusted to the claimant's market position;
- what function they performed, and in particular whether they performed a function securing the claimant's interests;
- whether the type of the switch (bilateral or unilateral) was important for the performance of the function securing the claimant's interests;
- assessment of risk of both parties to the above mentioned contracts, determination whether there was an identical probability of profit and loss on both sides and determination of possible disproportion of positions of both parties to this end;
- whether by concluding the above-mentioned contracts the claimant was exposed to the exchange rate risk, whether the defendant was exposed to the exchange rate risk and whether the degree of such risk was determined, in particular whether the risk was unlimited for any of the parties;
- whether the conclusion of the aforementioned contracts was of speculative nature;
- determine whether the information provided to the claimant prior to the conclusion of the aforementioned contracts was complete, reliable and comprehensible, whether the content of the information provided represented a sufficient basis for risk analysis and making a fully judged decision regarding the conclusion of the aforementioned contracts.

Have the court expert draw up a written opinion in three copies within two months.

Further decisions shall be taken after the expert's opinion has been drawn up.

On 24 November 2021, the Court of Appeals in Warsaw accepted the Company's appeal in part, awarding the Bank the amount of PLN 51.383.600 with statutory interest for the period from 8 December 2010 to 31 December 2015 and statutory interest on late payments from 1 January 2016 to the date of payment. The Company bears 29% of the litigation costs, whereas the Bank bears 71%. The decision is final and binding.

On 2 December 2021 Bank Millennium S.A. filed a request to withhold the payment to ERBUD S.A. of 102 733 906.25 PLN. Withholding will occur until the deadline for filing a cassation appeal has passed and, if filed, until the cassation appeal has been completed.

The Court of Appeals in Warsaw, 7th Commercial and Intellectual Property Department, supported the Bank Millennium's motion and suspended payment of the adjudged amount, as requested by the Bank Millennium. The court's decision is not appealable.

However, this does not withhold the accrual of interest on the principal, i.e. on the amount PLN 51 383,600.

On 15 March 2022, the written rationale for the judgment was published on the Court of Appeal's news portal.

After receiving the written reasons, the parties have 60 days to file a cassation appeal.

6.1.2.

Defendant: DSH – Dopravni Stavby, a.s., Brno, the Czech Republic

Date of filing a lawsuit: 14 Feb. 2013

Value of the dispute: PLN 26,923,644.16

Current dispute status: On 27 May 2014 ERBUD S.A. extended the claim by the amount of PLN 22,925,604.52 claiming additionally the reimbursement of costs of substitute performance. In a letter dated 27 April 2014 and delivered on 1 July 2014, the defendant filed a counterclaim for the amount of PLN 5,651,633. On 6 November 2015, a hearing was held. The parties have agreed to request the cancellation of the hearing in order to continue the settlement proceedings. The settlement talks were fruitless. All witnesses requested by the Parties were cross-examined. Upon the unanimous request of the Parties, the Court set a 30-day time limit for the expert to specify the proof of evidence and to submit detailed questions to the opinion. On 17 August, CEMEX notified about its accession on ERBUD S.A. side as a secondary intervener. At the main hearing held on 12 December 2018, the Court dismissed both oppositions. The court made a decision to have an expert draw up an opinion.

The court delivered an expert opinion, which is favourable for ERBUD S.A. In the opinion the expert pointed out that the costs of substitute execution incurred by ERBUD S.A. are reasonable. According to the expert, DSH misperformed the contract and the repair method used by DSH was incorrect. On 07.10.2021 the court announced a verdict in which: adjudged from DSH - Dopravni stavby a.s. with its registered office in Brno (Czech Republic) to ERBUD S.A. the amount of PLN 26,923,644.16 (twenty-six million nine hundred twenty-three thousand six hundred forty-four zlotys and 16/100) along with interest and legal fees.

The defendant filed an appeal against the judgment, which has not yet been delivered to ERBUD S.A. No appeal hearing date.

6.1.3.

Defendant: Platinum Resort Sp. z o.o.

Date of filing a lawsuit: 3 December 2018

Value of the dispute: PLN 16.301.236,97

Counterclaim

Defendant: ERBUD S.A.

Value of the dispute: 13.516.629,86

Date of filing a lawsuit: 27 April 2019

ERBUD filed a request with the District Court in Szczecin to secure a cash claim in the amount of PLN 5,455,851.09 in relation to the contractual penalty for withdrawal from the Construction Works Contract of 26 January 2017 for the execution of the project titled "Construction of a four-star hotel complex consisting of: Three hotel buildings with land development in Żeromskiego Street in the City of Świnoujście" by encumbering the properties belonging to Platinum Resort Sp. z o.o. with a joint compulsory mortgage. By virtue of its Decision of 19 November 2018

the Court granted security by entering the compulsory mortgage into the land and mortgage registers of the aforementioned real estate, as well as by the attachment of bank accounts of Platinum Resort Sp. z o.o. .

On 3 December 2018 the Issuer filed a lawsuit for payment of PLN 16.301.236,97 together with interest in the writ of payment proceedings for remuneration and other claims related to the execution of the aforementioned investment together with an additional request for securing claims.

Platinum Resort Sp. z o.o. filed a complaint against the decision on security. The Issuer's attorneys replied to the complaint. To date, the Szczecin Court of Appeal has not heard the complaint.

The Szczecin District Court found that there were no grounds for issuing a payment order and referred the case to be examined in ordinary proceedings. The claim was forwarded for servicing to the defendant. By virtue of a decision of 22 February

2019, the District Court granted security to ERBUD S.A. claim for a further amount of PLN 3.5 million by establishing a compulsory mortgage on property.

The Court of Appeal validly dismissed the Defendant's complaint regarding the provision of security.

On 27 April the Defendant filed a response to the statement of claim together with the counterclaim in which he requests that ERBUD be awarded PLN 13,516,629.86, consisting of PLN 5,455,851.09 as an alleged contractual penalty calculated by the Defendant and PLN 8,060,778.77 as reimbursement of the allegedly overpaid remuneration collected by ERBUD for the performance of the construction contract.

ERBUD'S attorneys submitted a replica of the response to the statement of claim together with the response to the counterclaim, upholding the existing position and requesting that the counterclaim be dismissed in its entirety.

The court heard the oral evidence provided by the witnesses. Expert evidence concerning this case will be heard by the court.

On 11 June we received information about a writ of summons to make a settlement attempt; there is no date of the session, no information as to what exactly the writ is supposed to concern, the files are transferred between courts, there was no option to inspect them.

The court heard the oral evidence provided by the witnesses. The court decided to admit expert evidence. The deadline for filing expert evidence was 31 March 2022.

Estimated date for completion of proceedings before the Court of First Instance: 2022

The value of other litigations where ERBUD S.A. is the Defendant totals PLN 23.214.862,20.

6.2. Material proceedings to which the Issuer is the defendant

6.2.1.

Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (Warsaw Modlin Airport) („MPL”)

Defendant: ERBUD S.A. in Warsaw

Date of servicing an action to ERBUD S.A.: 23 May 2014

Value of the dispute: PLN 34,381,374.64

On 12 May 2014, a statement of claim was delivered to ERBUD S.A. in which the Warsaw Modlin Airport (MPL) requested payment of PLN 34.381.374,64 for damages along with statutory interest and litigation costs. The damages claimed by the Warsaw Modlin Airport (MPL) consists of losses and benefits incurred by the claimant and lost as a result of allegedly improper performance by ERBUD of the Contract of 14 September 2010 for the construction of the Warsaw-Modlin Airport No. PLM/K/96/2010 and suspension of air traffic on a part of the airport runway.

On 11 October 2014 ERBUD S.A. submitted a reply to the statement of claim in which it requested that the Warsaw Modlin Airport's (MPL) claim be dismissed in its entirety and that the costs of the proceedings be reimbursed. At the same time, irrespective of the claim lodged by the claimant, Erbud instituted a counterclaim against Warsaw Modlin Airport (MPL), requesting that the amount of PLN 19.892.366,30 with statutory interest be awarded to the Company. The counterclaim consists of costs incurred by Erbud to repair the airfield surface at the Warsaw-Modlin airport. On 2 March 2015, MPL's pleading was served on Erbud, in which MPL maintained its claims and requested that Erbud's counterclaim be dismissed.

After an exchange of pleadings, the court proceeded to examine the witnesses. The first hearing date took place on 28 October 2015. During subsequent court sessions, a number of witnesses called by both parties were cross-examined.

The Court heard from all witnesses submitted by the Parties.

On 21 December 2018, the last hearing was held, during which the Court concluded the process of hearing the Parties' representatives and decided to admit evidence from:

1. an opinion from an institute in the field of construction for the purpose of:
 - a) determining the causes and effects of the occurrence of defects in the works performed by Erbud;
 - b) determining whether the concrete mix recipes were drawn up correctly;
2. an opinion of an institute specializing in the of civil airports' operations and assessment of the technical condition of airport surfaces for the purposes of
 - a) determining whether the condition of the surface of the Modlin Airport on 22 December 2012 justified shutting down air traffic and weather, given the condition of the airport surface at that time, it was possible to continue air traffic of class C planes on all or part of this surface while carrying out maintenance and repair works;
 - b) determine whether the runway and taxiway surface maintenance work was properly performed in the period from 6 June 2012 to 22 December 2012;
3. expert's opinion on meteorology for the meteorological conditions affecting the performance of c-code aircraft flights actually occurring at the Warsaw-Modlin airport in the period from 22 December 2012 to 29 September 2013 in two variants:
 - a) taking into account the ILS system at the Modlin airport at that time and
 - b) taking into account the ILS Category 1 navigation system, which would have been certified at the time the concrete thresholds were taken out of service.

On 20 August 2019, the Court issued an order to commission to the Institute of Roads and Airports the performance of a construction opinion (reasons for defects in the surface and assessment of alternative repair options). Subsequently, the Court commissioned to the Institute the drawing up an opinion also on meteorological aspects. Ultimately, the Court extended the deadline for the opinion filing until 20 May 2021, and the opinion was filed on that date.

On 29 November 2021. Erbud filed comments and objections to the opinion along with a request to exclude the expert. On February 7, 2022, the Court sent Erbud's findings and comments to the expert and called upon him to respond.

6.2.2.

Defendant: ERBUD S.A. in Warsaw

Date of servicing an action to ERBUD S.A.: 28 Jan. 2022

Value of the dispute: PLN 21.553.732 .

By virtue of a lawsuit dated 20 December 2021 the Wielkopolskie Province, with the headquarters of the Marshal's Office of the Wielkopolskie Province in Poznań, requests that the Court authorise Erbud S.A. to replace the entire systems at Erbud S.A.'s expense, which are as follows: 1) cold water, 2) hot water, 3) hydrant water, 4) process heat and 5) chilled water in the building being the registered office of the Office in Poznań, located at Al. Niepodległości 34 in Poznań under quality warranty.

The court set a deadline for Erbud S.A. to submit a response to the claim until 25 April 2022. In the opinion of Erbud S.A. there are no grounds to accept the claims of Wielkopolskie Province in their entirety.

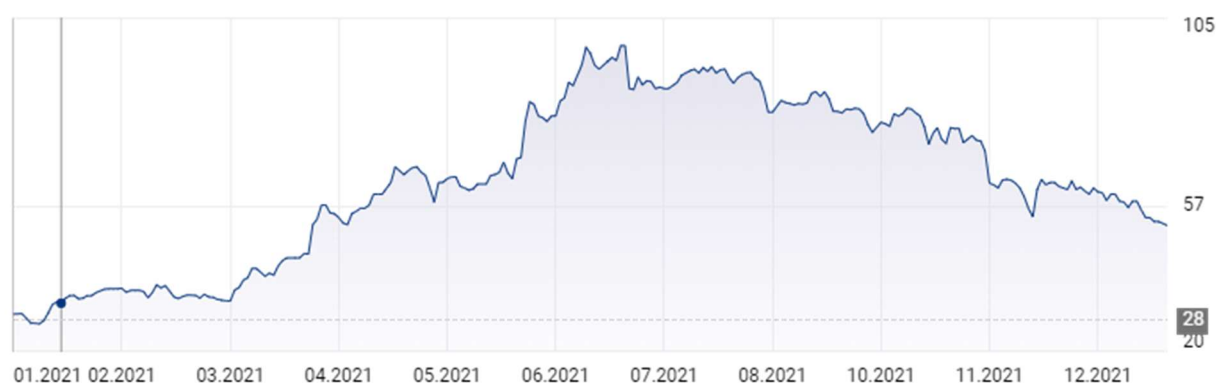
Estimated date for dispute settlement before the Court of First Instance: 2025

Total value of other proceedings where ERBUD S.A. is the defendant: PLN 13 179 423,87

7. ERBUD S.A. IN CAPITAL MARKET

Successful December for equity markets in Poland and worldwide allowed to close 2021 with solid rates of return. Most of the global indices gained several per cent each, including the strongest ones in France, Italy and the USA. Asian equity markets did not perform so well.

However, there is every indication are that the year 2022 is going not to be so optimistic. A new virus mutation, a need to tighten monetary policy (raising interest rates) may have negative impact on the equity markets.



Source: <https://www.money.pl/gielda/spolki-gpw/plerbud00012.html>

In 2021, the share price of ERBUD S.A. was rising steadily. On 4 January 2021, the share price reached PLN 29.30 and reached annual high of PLN 98.00 on 14 July 2021. On 30 December 2021 the share price was PLN 53.00.

7.1. Listing of ERBUD S.A. shares on WSE

The year 2021 was closed with WIG index up by 21.52% in value terms. Medium and small company indices - mWIG40 and sWIG80 - lost slightly their value in December, while the overall 2021 proved to be the most successful for them (mWIG40 +33%, sWIG80 +24.6%). Meanwhile the blue-chip WIG20 index, rallied 3.31% in December (FY2021: +14.26%). The outgoing year was the most successful especially for the banking (+81%), chemical (+27.6%), media (+45%) and fuel (+31%) sectors. Shareholders holding equities of gaming companies (-23%) and mining companies (-19%) as well as investors in the NewConnect market (NCIndex -21%) would certainly like to forget about the year 2021 as soon as possible.

Against this background, the construction sector companies listed on the WSE can be considered to be a form of capital investment with little attractiveness - the WIG-construction index rose merely by 2.76% in 2021. For comparison sake in 2020 - it went up by almost 60%.



Source: <https://www.money.pl/gielda/spolki-gpw/PLERBUD00012.html>

7.2. Dividend

In order to provide shareholders with the opportunity to carry out a long-term investment program based on clear and stable criteria for the distribution of earnings generated, on 26 January 2016, the Management Board passed a resolution on the adoption of the ERBUD S.A dividend policy. Pursuant to the adopted resolution, the Management Board will recommend to the General Meeting of Shareholders, after the evaluation of the motion by the Supervisory Board, concerning dividend payment accounting from 30 to 50 per cent of net consolidated financial income generated in the previous financial year, taking into account the current and future financial standing of the company and the Capital Group. In the recommendation, the Management Board shall, in particular, take into account investment needs arising from the implementation of the ERBUD Group's strategy, the Company's liquidity needs, current and deferred liabilities. In case the above factors have been exceptionally well rated and the Supervisory Board has given a positive opinion, the Management Board may recommend the distribution of a higher dividend.

On 11 March 2019, the Management Board adopted a new ERBUD S.A. dividend policy, repealing the dividend policy of 26 January 2016.

Pursuant to the adopted resolution, the Management Board will recommend to the General Meeting of Shareholders, after the evaluation of the motion by the Supervisory Board, concerning dividend payment accounting from 30 to 70 per cent of net consolidated financial income generated in the previous financial year, taking into account the current and future financial standing of the company and the Capital Group. In its recommendation on dividend payment, the Management Board will, in particular, take into account investment projects required by the execution of the Erbud Capital Group's strategy.

In its recommendation for the General Meeting of Shareholders, the Management Board will each time take into account the following key factors:

- the acquisition policy pursued by the Company and available financing in relation to that policy,
- liquidity needs of the ERBUD Capital Group depending on current and expected market and regulatory environment,
- the amount of liabilities due to current operations and debt servicing,
- liabilities under concluded agreements on financing the operations of the Company and the ERBUD Capital Group, including in particular loan agreements,
- proceeds from dividends received by the Company from its subsidiaries,

- optimization of the financing structure of the ERBUD Capital Group's operations.

If the above factors have been assessed exceptionally and the Management Board's proposal regarding profit distribution has been viewed positively by the Supervisory Board, the Management Board may recommend a higher dividend payment, exceeding 70% of the consolidated net financial income.

The Management Board may pay shareholders an advance on the expected dividend at the end of the accounting year, if the Company has sufficient funds to pay out and this option is provided for in the Articles of Association. The ERBUD S.A.'s Management Board is authorized, pursuant to § 18, par. 4 of the of the Company's Articles of Association and subject to Supervisory Board's consent, to pay a dividend advance. The company may pay an advance if its approved financial statements for the previous accounting year show profit. The advance may account maximum for half of the profit generated since the end of the previous accounting year, shown in the financial statements, audited by the statutory auditor, increased by reserve funds established out of profit, which the Management Board may use to pay advances, less uncovered losses and own shares.

On 16 April 2020, the Company's Management Board decided to suspend the dividend policy due to the COVID-19 pandemic.

In 2020 the Company did not pay dividend. Table below presents dividend payments in previous years.

	2.013	2.014	2.015	2.016	2.017
Net profit of ERBUD S.A. ('000 PLN)	8.416	12.245	11.397	11.103	12.539
Dividend paid from profit generated in a given year ('000 PLN)	8.900	6.381	15.374	14,980**	14,093**
Dividend per share in PLN	0,70	0,50	1,20	1,17	1,12
Dividend record date	21 Jul. 2014	15 Jul. 2015	17 May 2016	9 Jan. 2017	5 Jun. 2018
Dividend rate* (in %)	2.8	1.5	4.2	3.9	6.5

* Dividend rate calculated as the quotient of dividend per share and share price two days prior to the dividend record date.

** Extraordinary dividend from supplementary capital created from retained earnings

7.3. Investor relations

ERBUD S.A. strives at providing the highest standards of communication with capital market players. The particular importance is attached to the fairness of information, transparency and to equal treatment of all stakeholders and complies with all legislation on disclosure duties applicable to the companies whose securities are listed on a regulated market.

The Company attaches great importance to the quality of communication with stakeholders via its website: www.erbud.pl/relacje_inwestorskie. It contains up-to-date information concerning, *inter alia*, the quotations of the ERBUD shares on the Warsaw Stock Exchange, General Meetings of Shareholders and Corporate Governance.

Corporate website contains also the publications of current, periodic and annual reports, quarterly and annual financial highlights (including XLS sheets) and teleconference records, during which the Management Board presents quarterly results. It is also a rule that once a quarter, on the day of publication of the quarterly report, teleconferences are organised.

In addition, the media are provided with significant information about operating and corporate activities on an on-going basis.

7.4. Recommendations

In 2021 ERBUD S.A. did not receive any recommendations (sell side).

8. CORPORATE GOVERNANCE

8.1. Rules and Scope of Corporate Governance

Until 29 July 2021, the Issuer has applied the principles of corporate governance contained in the 2016 Good Practices of WSE-Listed Companies. On 30 July 2021, the Issuer published a report on the application of corporate governance principles based on the Best Practices of WSE Listed Companies 2021, which were adopted by a resolution of the Supervisory Board of the Warsaw Stock Exchange on 29 March 2021.

The content of the "Best Practice of WSE Listed Companies 2021", as well as the content of the currently applicable Best Practice of ERBUD S.A. can be found on the Company's website at the following address: http://www.erbud.pl/dobre_praktyki.php.

In 2021, according to the 2016 Good Practices of WSE-Listed Companies, the Company did not apply the following rules (last report of the Company dated 17 March 2021):

Principle	ERBUD S.A. comment
I. Information policy and communication with investors	
I.Z.1. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation:	
I.Z.1.8. selected financial data of the company for the last 5 years of business in a format enabling the recipient to process such data.	Data is available in other formats.
I.Z.1.16. information on the planned broadcast of the general meeting of shareholders - not later than 7 days before the date of the general meeting of shareholders.	The company does not plan to broadcast the general meeting
I.Z.1.20. audio or video recordings of the proceedings of the General Meeting of Shareholders.	The Company does not record the general meeting in audio or video company.
IV. General meeting and relations with the shareholders	
IV.R.2. If it is justified due to the shareholding structure or the expectations of shareholders proposed to the company, as long as the company is able to provide the technical infrastructure necessary for the smooth conduct of the General Meeting of Shareholders by means of electronic communication, it should enable shareholders to attend the General Meeting of Shareholders using such means of communication in particular through: 1) real-life broadcast of the General Meeting of Shareholders; 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the General Meeting of Shareholders; 3) exercise of the right to vote during a general meeting either in person or through a proxy.	Owing to the shareholding structure and the lack of such expectations on the part of the shareholders the Company does not plan to broadcast the proceedings of the General Meeting of Shareholders.

IV.Z.3. Presence of representatives of the media should be allowed at General Meetings.	There is not such demand.
VI. Wages and salaries	
<p>VI.Z.4. The Company in its activity report presents an account of the remuneration policy, containing at least:</p> <ol style="list-style-type: none"> 1) general information on the remuneration system adopted in the company, 2) information about terms and amount of remuneration of each management board, member, broken down into fixed and variable components of remuneration, indicating the key parameters for determining variables, remuneration components and payment rules for severance pay and other payments for terminating a relationship, work, mandate or other legal relationship with similar nature - separately for the company and each entity that is a member of the Capital Group, 3) information about non-financial components of remuneration due to individual members of the management board and key managers, 4) indication of material changes that have occurred in the remuneration policy during the last accounting year, or information about their absence, 5) operational assessment of the remuneration policy from the perspective of achieving its objectives, in particular long-term growth of shareholders' value and stability of the company's operation. 	<p>The Company reports the remuneration of the Management and the Supervisory Board members in the Operations Report. Some of the aforementioned elements are part of the remuneration report created pursuant to the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies dated 29 July 2005.</p>

In accordance with the guidelines of the 2021 Code of Best Practice for WSE Listed Companies, the Company does not apply the following principles:

Principle	ERBUD S.A. comment
4. General meeting and relations with the shareholders	
<p>4.1. The company should enable shareholders to participate in the general meeting by means of electronic communication (e-general meeting) if this is justified by the expectations of shareholders notified to the company, provided that it is able to provide the technical infrastructure necessary for holding such a general meeting.</p>	<p>The Company plans to comply with the indicated rule if the party convening the general meeting has decided on an option to participate in the general meeting by means of</p>

	<p>electronic communication. If shareholders participate in the general meeting using means of electronic communication, the Company plans to provide real-time two-way communication to the Company's shareholders who have registered for the general meeting;</p>
<p>4.3. The Company shall provide a publicly available real-time broadcast of the general meeting.</p>	<p>The Company does not plan to provide a publicly available real-time broadcast of the general meeting. In the Company's opinion, performing information obligations in relation to general meetings, i.e., in particular, publishing current reports and publishing other relevant information on the Company's website, will ensure that shareholders have full access to information concerning its general meetings.</p>
<p>4.4. Representatives of the media should be allowed to be present at General Meetings.</p>	<p>The Rule is not applied. In the Company's opinion, proper performance of information obligations related to general meetings, i.e. in particular publication of current reports and publishing other relevant information on the Company's website ensures that shareholders as well as other stakeholders have full access to information concerning general meetings.</p>
<p>4.8. Draft resolutions of the general meeting concerning issues included in the agenda of the general meeting should be submitted by shareholders no later than 3 days before the general meeting.</p>	<p>The Company does not apply the indicated rule. The Company is not in a position to assure that the Company's shareholders will always comply with the aforementioned rule and submit draft resolutions in compliance with the deadline provided for therein. In particular, the Company is</p>

	not able to ensure that its shareholders will not exercise their rights under Article 401 § 5 of the Commercial Companies' Code to propose draft resolutions on the issues added to the agenda already during the Company's general meeting.
4.9.1. Where the subject matter of the general meeting is to be the appointment to the Management Board or the appointment of the Supervisory Board for a new term in office: 4.9.1. candidates for members of the board should be proposed within a timeframe allowing the shareholders present at the general meeting to make a decision with due discernment, but no later than 3 days before the general meeting; the candidates, together with a set of materials concerning them, should be immediately published on the company's website;	The Company does not apply the indicated rule. The Company is not in a position to ensure that the Company's shareholders comply with the aforementioned rule and propose candidates for the Supervisory Board members within the time limit provided for therein. In particular, the Company is not in a position to ensure that its shareholders do not exercise their right to propose candidates for Supervisory Board Members already during the Company's general meeting.

8.2. Control and risk management systems in the process of preparing financial statements

Separate financial statements are prepared by qualified employees of finance and accounting departments of the member companies of ERBUD Group, with the participation of employees of ERBUD Shared Services Sp. z o.o., which provides accounting services to all the companies of the ERBUD Group, except for MOD21 GmbH Group and ERBUD Holding Deutschland and their subsidiaries. Financial statements are audited by independent authorised auditors.

Consolidated financial statements of the ERBUD Group are prepared by trained and experienced staff of ERBUD S.A.. Both separate and consolidated statements are subject to internal control carried out by the Company's Management Board, Audit and Internal Control Department (prior to and during audit), Audit Committee of the Supervisory Board (during the audit) and by statutory auditors appointed by the Supervisory Board.

The risk management with regard to valuation of assets and liabilities, including the valuation of projects in progress, and with respect to the provisions set up, is based on on-going monitoring of their value and adjustments in the interim and annual financial statements according to changes in the fair value of these assets.

The state of completion of projects is determined on the basis of the system "Evaluation of the effectiveness of projects performed as General Contractor" which is implemented directly on each project (construction site) and verified by the management of Branch Offices, Internal Audit and the Controlling Office personnel.

8.3. Shares and shareholders of ERBUD S.A.

As of 31 December 2021 and as of the date of publication of the Financial Statements, the registered share capital amounted to PLN 1,239,935.90 and was divided into 12 399 359 shares with a par value of PLN 0.10 per share.

There were no changes in the share capital of the Company in 2021.

As of the date of publication of the financial statements i.e. 6 April 2022 compared to the date of publication of the 2020 Financial Statements (8 April 2021), the changes described below have occurred:

- On 19 May 2021 the Company received a notice on the sale of shares by the shareholder ERBUD S.A. (Issuer) pursuant to Art. 69, par. 1, subpar. 2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, from Mr Józef Zubelewicz, on decreasing the threshold below 5% of the total number of votes at the General Assembly of the Issuer, as a result of selling of 100,000 shares on 17 May 2021.

On 7 June (July?) 2021 the buy-back of ERBUD S.A.'s own shares was completed. It was initiated by virtue of Resolution No. 18/2021 of the Company's Ordinary General Meeting of Shareholders, dated 11 May 2021 on authorising the Company's Management Board to acquire own shares for the purpose of their redemption and setting up a reserve capital earmarked for the acquisition of own shares for the purpose of their redemption and (ii) by virtue of the Resolution No. 34/2021 of the Company's Supervisory Board of 13 April 2021 on giving consent to the buy-back of own shares, and (iii) by virtue of the Resolution No. 35/2021 of the Company's Supervisory Board of 13 April 2021 on giving consent to transactions as part of the buy-back process of own shares.

On 17 May 2021, the Management Board of ERBUD S.A., pursuant to the aforementioned Resolutions, adopted Resolution No. 24/2021, which defines the terms and for the buyback of own shares:

- The total amount for which the Company will acquire Own Shares, along with the costs of their acquisition, shall not exceed the total amount of: PLN 20,000,000 (twenty million Polish zlotys);
- The total number of Own Shares to be acquired under the Tender offer shall not exceed: 160,000 shares (in words: one hundred sixty thousand five hundred shares);
- The price at which Own Shares will be acquired: PLN 125.00 (in words: one hundred twenty five Polish zloty per Own Share and was determined taking into account the terms and conditions set forth in the Resolution);
- The buy-back of Own Shares shall be carried out in compliance with the following schedule:
 - date of announcement of the Tender Offer: 17 May 2021
 - the start date for the acceptance of bids from shareholders: 19 May 2021,
 - the end date for the acceptance of bids from shareholders: 7 Jun. 2021,
 - expected date of acquisition of Own Shares by the Company: 10 Jun. 2021

On 11 June 2021, mBank S.A. Brokerage House sent the Company a summary of the share buy-back process.

As part of the buy-back process, sales offers were made for a total number of 11,901,744 Company shares. Due to the fact that the total number of the Company's shares submitted by the Company's shareholders for sale under the Company's Tender offer exceeded the total number of shares the Company intended to acquire under the Tender Offer, the Company made a proportional reduction of the Company's share sales offers, applying the reduction rules defined in detail in the Tender Offer. The average reduction rate of the share sales offers submitted was 98.66%.

The Own Shares acquired by the Company accounted then for 1.29% of the Company's share capital and of the total vote at the Company's General Meeting of Shareholders.

The purpose of the acquisition of the Own Shares is to redeem Own Shares and subsequently to reduce the Company's share capital, pursuant to Art. 359 of the Polish Companies' Code.

Notifications regarding transactions involving ERBUD SA shares pursuant to Article 19.1 of the MAR Regulation.

- On 11 June 2021 the Company received a notification, pursuant to Article 19(1) of the MAR Regulation, regarding the sale of 10,051 shares by Mr Dariusz Grzeszczak, a shareholder of ERBUD S.A. - President of the Company's Management Board - transaction within the announced buyout of own shares of ERBUD SA;

- On 11 June 2021. the Company received a notification from DGI Closed Investment Fund of Non-Public Assets, a person closely related to the person discharging managerial responsibilities: Mr Dariusz Grzeszczak - President of the Management Board of the Company, pursuant to Article 19(1) of the MAR Regulation, on the disposal of 27,746 shares - a transaction under the announced buyback of own shares of ERBUD SA;
- On 14.06.2021. the Company received a notification from Wolff & Müller Holding GmbH & Co. KG, a person closely related to a person discharging managerial responsibilities: Mr Albert Dürr - Member of the Company's Supervisory Board, in accordance with Article 19(1) of the MAR Regulation, on the sale of 3,665 shares - a transaction within the announced purchase of own shares of ERBUD SA;
- On 14 June 2021. the Company received a notification from Wolff & Müller Baubeteiligungen GmbH & Co. a person closely related to a person discharging managerial responsibilities: Mr Albert Dürr - Member of the Company's Supervisory Board, in accordance with Article 19(1) of the MAR Regulation, on the sale of 50.273 shares and - a transaction within the announced acquisition of own shares of ERBUD SA;

On 14 December 2021 the consecutive buy-back of ERBUD S.A.'s own shares was completed. It was initiated by virtue of Resolution No. 9/2021 of the Company's Extraordinary General Meeting of Shareholders, dated 26 November 2021 on authorising the Company's Management Board to acquire own shares for the purpose of their redemption and setting up a reserve capital earmarked for the acquisition of own shares for the purpose of their redemption and (ii) by virtue of the Resolution No. 77/2020 of the Company's Supervisory Board of 28 October 2021 on giving consent to the buy-back of own shares, and (iii) by virtue of the Resolution No. 78/2020 of the Company's Supervisory Board of 28 October 2021 on giving consent to transactions as part of the buy-back process of own shares.

On 29 November 2021, the Management Board of ERBUD S.A., pursuant to the aforementioned Resolutions, adopted Resolution No. 52/2021, which defines the terms and for the buyback of own shares:

- 1) The total amount for which the Company will acquire Own Shares, along with the costs of their acquisition, shall not exceed the total amount of: 50,000,000 (in words: fifty million zlotys 00/100)
- 2) The total number of Own Shares to be acquired under the Tender offer shall not exceed: 142,857 shares; (in words: one hundred and forty-two thousand eight hundred and fifty-seven shares)
- 3) The price at which Own Shares will be acquired: PLN 350.00 (in words: three hundred and fifty Polish zlotys) per Own Share and was determined taking into account the terms and conditions set forth in the Resolution;
- 4) The buy-back of Own Shares shall be carried out in compliance with the following schedule:
 - a) date of announcement of the Tender Offer: 29 November 2021
 - b) the start date for the acceptance of bids from shareholders: 1 Dec. 2021,
 - c) the end date for the acceptance of bids from shareholders: 14 Dec. 2021,
 - d) expected date of acquisition of Own Shares by the Company: 17 Dec. 2021

On 16 December 2021, mBank S.A. Brokerage House sent the Company a summary of the share buy-back process.

As part of the buy-back process, sales offers were made for a total number of 11,952,912 Company shares. Due to the fact that the total number of the Company's shares submitted by the Company's shareholders for sale under the Company's Tender offer exceeded the total number of shares the Company intended to acquire under the Tender Offer, the Company made a proportional reduction of the Company's share sales offers, applying the reduction rules defined in detail in the Tender Offer. The average reduction rate of the share sales offers submitted was 98.80%.

The Own Shares acquired by the Company accounted for 1.15% of the Company's share capital and of the total number of votes at the Company's General Meeting of Shareholders.

Notifications regarding transactions involving ERBUD SA shares pursuant to Article 19.1 of the MAR Regulation.

- On 21 December 2021 the Company received a notification, pursuant to Article 19(1) of the MAR Regulation, regarding the sale of 8.816 shares by Mr Dariusz Grzeszczak, a shareholder of ERBUD S.A. - President of the Company's Management Board - transaction within the announced buyout of own shares of ERBUD SA;

- On 21 December 2021 the Company received a notification from DGI Closed Investment Fund of Non-Public Assets, a person closely related to the person discharging managerial responsibilities: Mr Dariusz Grzeszczak - President of the Management Board of the Company, pursuant to Article 19(1) of the MAR Regulation, on the disposal of 24.335 shares - a transaction under the announced buyback of own shares of ERBUD SA;
- On 22 December 2021 the Company received a notification from Wolff & Müller Holding GmbH & Co. KG, a person closely related to a person discharging managerial responsibilities: Mr Albert Dürr - Member of the Company's Supervisory Board, in accordance with Article 19(1) of the MAR Regulation, on the sale of 3.214 shares - a transaction within the announced purchase of own shares of ERBUD SA;
- On 22 December 2021 the Company received a notification from Wolff & Müller Baubeteiligungen GmbH & Co. from a person closely related to a person discharging managerial responsibilities: Mr Albert Dürr - Member of the Company's Supervisory Board, in accordance with Article 19(1) of the MAR Regulation, on the sale of 44094 shares and - a transaction within the announced acquisition of own shares of ERBUD SA;
- On 21 December 2021 the Company received a notification, pursuant to Article 19(1) of the MAR Regulation, regarding the sale of 8.816 shares by Mr Dariusz Grzeszczak, a shareholder of ERBUD S.A. - President of the Company's Management Board - transaction within the announced buyout of own shares of ERBUD SA;
- On 21 December 2021 the Company received a notification from DGI Closed Investment Fund of Non-Public Assets, a person closely related to the person discharging managerial responsibilities: Mr Dariusz Grzeszczak - President of the Management Board of the Company, pursuant to Article 19(1) of the MAR Regulation, on the disposal of 24.335 shares - a transaction under the announced buyback of own shares of ERBUD SA;
- On 22 December 2021 the Company received a notification, pursuant to Article 19(1) of the MAR Regulation, regarding the sale of 168 shares by Mr Dariusz Grzeszczak, a shareholder of ERBUD S.A. - President of the Company's Management Board - transaction within the announced buyout of own shares of ERBUD SA;
- On 22 December 2021 the Company received a notification from Dürr Holding GmbH, from a person closely related to the person discharging managerial responsibilities: Mr Albert Dürr - Member of the Company's Supervisory Board, in accordance with Article 19(1) of the MAR Regulation, on the sale of 154 shares - a transaction within the announced purchase of own shares of ERBUD SA;

In addition, Mr Jacek Leczkowski, Vice-President of the Management Board of the company, sold 62 of the issuer's shares as part of the buy-back of own shares of ERBUD SA announced on 29 November 2021. Due to the low value of the transaction, below €5,000, there was no need to provide notice to the company.

As of 31 December 2021 and the date of publication of this Financial Statement, ERBUD SA holds **302,857** of own shares, that account for 2.44% of total shareholders' equity.

The **302,857** shares referred to above have not yet been redeemed by the Company, so the share capital remains unchanged at PLN 1,239,935.90.

The Company's share capital structure is as follows:

- 12,399,359 (twelve million, three hundred and ninety-nine thousand, three hundred and fifty-nine) ordinary series A bearer shares, with a par value of PLN 0.10 (ten groszys) per share, ISIN code PLERBUD00012.

The total number of votes attached to all outstanding shares of the Company is 12,399,359 (to each share one vote is attached), while the par value per Company share remains unchanged and amounts to PLN 0.10.

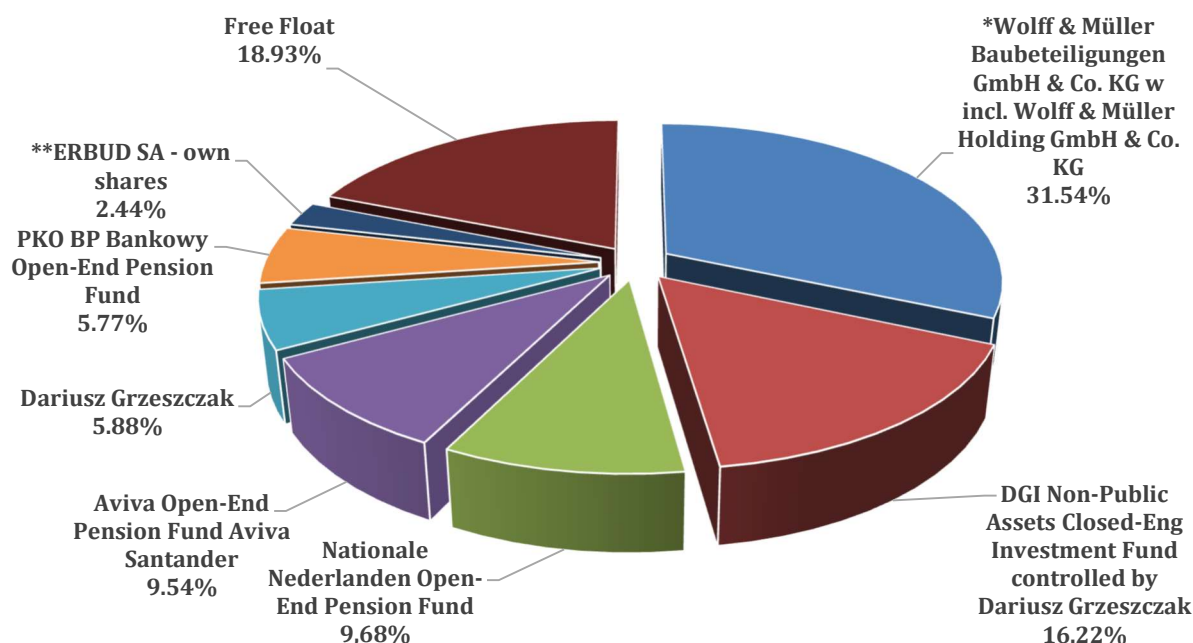
Series	No.	Price in nominal terms (in PLN)	Value (in PLN)
A	12,399,359	0.10	1,239,935.90
Total:	12,399,359	0.10	1,239,936.90

ERBUD S.A. shares are ordinary bearer shares and are not preference shares. There are no special control rights attached to the Company's shares. The Articles of Association of ERBUD S.A. also does not impose any restrictions on the transfer of ownership of shares issued by the Company, on exercising voting rights, and does not include provisions under which the equity rights attached to securities are separated from the owning of securities. The Company is not aware of any restrictions on the exercise of voting rights by holders of a specified proportion or number of votes, or any time limitations on the exercise of voting rights.

As at 31 December 2021 and the date of publication of the 2021 Financial Statements, the list of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total votes at the General Meeting of Shareholders of ERBUD S.A. was as follows:

Name of shareholder	As of 6 April 2022		As of 31 December 2021		As of 8 November 2021	
	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM
Wolff & Müller Baubeteiligungen GmbH & Co. KG including Wolff & Müller Holding GmbH & Co. KG	3,910,779	31.54%	3,910,779	31.54%	3,958,087	31.92%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	1,861,731	15.01%	2,011,731	16.22%	2,036,066	16.42%
ING OFE	1,200,000	9.68%	1,200,000	9.68%	1,200,000	9.68%
Aviva OFE Aviva BZ WBK	1,183,146	9.54%	1,183,146	9.54%	1,183,146	9.54%
Dariusz Grzeszczak	728,787	5.88%	728,787	5.88%	737,603	5.95%
PKO OFE	715,279	5.77%	715,279	5.77%	715,279	5.77%
ERBUD S.A. - own shares without voting rights at the General Meeting of Shareholders	302,857	2.44%	302,857	2.44%	160,000	1.29%
Other shareholders	2,496,780	20.14%	2,346,780	18.93%	2,409,178	19.43%
Total:	12,399,359	100.00%	12,399,359	100.00%	12,399,359	100.00%

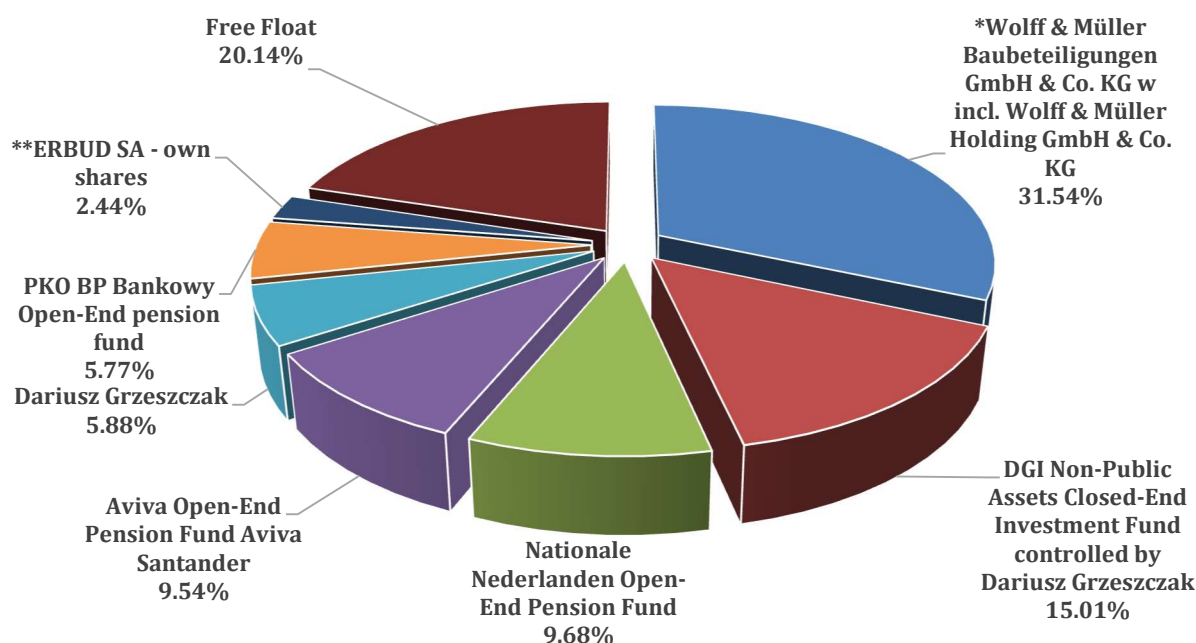
ERBUD S.A. shareholding structure as of 31 December 2021



** ERBUD SA - own shares without voting rights at the General Meeting of Shareholders, pursuant to Art. 364, §2 of the Commercial Companies' Code

- On 12 January 2022 the Company received a notice on the sale of shares by the shareholder ERBUD S.A. (Issuer) pursuant to Article 19(3) of the MAR Regulation from DGI Closed Investment Fund of Non-Public Assets, a person closely related to a person discharging managerial responsibilities: Mr Dariusz Grzeszczak – the President of the Company's Management Board.

ERBUD S.A. shareholding structure as of 6 April 2022



** ERBUD SA - own shares without voting rights at the General Meeting of Shareholders, pursuant to Art. 364, §2 of the Commercial Companies' Code

As of the Report Date, the Company did not have information about contracts, which could result in future changes in the percentage structure of shares held by the existing shareholders.

Share of managing and supervising persons in the Issuer's share capital	Affiliation since 1 Jan. 2021	As of 6 April 2022		As of 31 Dec. 2021	
		Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	President of the Management Board / Dariusz Grzeszczak	1,861,731	15.01%	2,011,731	16.22%
Dariusz Grzeszczak	President of the Management Board	728,787	5.88%	728,787	5.88%
Albert Dürr	A Supervisory Board member	13,840	0.11%	13,840	0.11%
Agnieszka Głowacka***	Vice-President of the Management Board	3,938	0.03%	3,938	0.03%
Jacek Leczkowski****	Vice-President of the Management Board	5,112	0.04%	5,112	0.04%

* Mr Dariusz Grzeszczak also controls DGI Closed Investment Fund of Non-Public Assets, which holds 15.01% of Erbud S.A. shares. (15.01% of the total number of votes). Moreover Dariusz Grzeszczak holds 0.5% shareholding in ONDE SA (a subsidiary of the Issuer).

* Mr Albert Dürr holds 85% shareholding in Wolff & Müller Holding GmbH & Co. KG, which holds: (i) 2.14% shares in Erbud S.A. directly (2.14% of the total number of votes) and (ii) indirectly, through a 100% subsidiary of Wolff & Müller Baubeteiligungen GmbH & Co. KG 29.40% of Erbud S.A. shares. (29.40% of the total number of votes). Additionally Mr Albert Dürr holds 85% shareholding of Dürr Holding GmbH, which holds 0.10% shareholding in Erbud S.A. (0.10% of the total number of votes). In total Mr Albert Dürr holds directly and indirectly 31.75% shareholding in Erbud S.A. (31.75% of the total number of votes).

*** Ms Agnieszka Głowacka holds additionally 0.25% shareholding in ONDE S.A. (the Issuer's subsidiary).

**** Mr Jacek Leczkowski holds additionally 6.48% shareholding in ONDE S.A. (the Issuer's subsidiary).

8.4. Articles of Association and General Meeting of Shareholders

8.4.1. Amending the Articles of Shareholders

In 2021 the content of the Company's Articles of Association was amended twice..

On 9 April 2021 The Extraordinary General Meeting of Shareholders of ERBUD S.A., by virtue of Resolution No. 3, amended the wording of §12, §13 and §18 of the Company's Articles of Association, whereas amendments were recorded in the National Court Register on 6 May 2021, i.e.:

the wording of §5, par. 12 of the Company's Articles of Association by 5 May 2021:

"Par. 1 - Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes cast in the presence of at least half the members of the Supervisory Board, unless the provisions of the Commercial Companies' Code or these Articles of Association provide otherwise. In the event of a tie, the SB Chairman's vote shall prevail.

Par. 2 - the Supervisory Board meetings shall be convened by the Chairman of the Supervisory Board upon his/her own initiative and upon a motion of a Management Board member or a Supervisory Board member within two weeks from tabling of the motion or, in situations requiring a prompt decision, within three days from tabling the motion. The motion shall provide the proposed agenda. The Supervisory Board is convened a minimum three times in the accounting year.

Par. 3 - The Supervisory Board members may participate in adopting resolutions of the Supervisory Board by casting their vote in writing through the agency of another Supervisory Board member. The casting of a vote in writing shall not apply to the items listed on the agenda of the Supervisory Board meeting.

Par. 4 - Resolutions of the Supervisory Board may be adopted in writing or using means of direct remote communication. A resolution is valid, if all Supervisory Board members have been notified of the contents of the draft resolution.

Par. 5 - The adoption of resolutions according to the procedure set forth in Par. 3 and Par. 4 shall not apply to the election of the Supervisory Board Chairman, appointment of a Management Board member, nor dismissal and suspension of Management Board members.

Par. 6 - the Supervisory Board members shall be entitled to remuneration determined by virtue of a resolution adopted by the General Meeting of Shareholders."

Effective from 6 May 2021 §12 of the Company's Articles of Association shall be replaced with the following new wording:

„"Par. 1 - Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes cast in the presence of at least half the members of the Supervisory Board, unless the provisions of the Commercial Companies' Code or these Articles of Association provide otherwise. In the event of a tie, the SB Chairman's vote shall prevail.

Par. 2 - the Supervisory Board meetings shall be convened by the Chairman of the Supervisory Board upon his/her own initiative and upon a motion of a Management Board member or a Supervisory Board member within two weeks from tabling of the motion or, in situations requiring a prompt decision, within three days from tabling the motion. The motion shall provide the proposed agenda.

Par. 3 - The Supervisory Board meetings may be held using means of direct remote communication.

Par. 4 - The Supervisory Board is convened a minimum three times in the accounting year.

Par. 5 - The Supervisory Board members may participate in adopting resolutions of the Supervisory Board by casting their vote in writing through the agency of another Supervisory Board member. The casting of a vote in writing shall not apply to the items listed on the agenda of the Supervisory Board meeting.

Par. 6 - the Supervisory Board may adopt resolutions in writing or using means of direct remote communication. A resolution is valid if all Supervisory Board members have been notified of the contents of the draft resolution and at least half of the members of the Board have participated in adopting the resolution.

Par. 7 - The Supervisory Board may adopt resolutions in writing or using means of direct remote communication also in matters for which the Articles of Association or Regulations of the Supervisory Board provide for voting by secret ballot.

Par. 8 - The Supervisory Board members shall be entitled to remuneration determined by virtue of a resolution adopted by the General Meeting of Shareholders."

Another change was made to §13, following paragraph 5 paragraph 6 is inserted with the following wording:

"Par. 6 - The participation in the General Meeting is also possible by means of electronic communication if the party convening the Meeting has decided so. Detailed rules of participation in the General Meeting by means of electronic communication are set forth in the Commercial Companies' Code and in the regulations adopted by the Supervisory Board, pursuant to Article 4065 of the Commercial Companies' Code."

Another amendment concerned §18.2 of the Company's Articles of Association with the following wording:

"Par. 2 - The dividend date and the dividend payment date shall be determined by the General Meeting.",

shall have a new wording, which reads as follows:

"Par. 2 - The dividend date and dividend payment date shall be determined by the General Meeting, unless the Commercial Companies' Code provides otherwise".

On 26 November 2021 the Extraordinary General Meeting of Shareholders of ERBUD S.A. by virtue of its Resolution No. 3 changed the wording of §3, par. 1, and §5, par. 3 of the Company's Articles of Association, the changes of wording were registered in the National Court Register on 4 January 2021, i.e.:

the wording of §3, par 1 of the Company's Articles of Association prior to 1 December 2021 were as follows:

"1. The scope of Company's activities is as follows:

- 1) Pulling down and demolition of structures,
- 2) construction site mobilization,
- 3) Excavation and geological and engineering drilling,
- 4) Construction work for the erection of residential and non-residential buildings,
- 5) Railroad and underground railroad construction work,
- 6) Bridge and tunnel construction work,
- 7) Construction of transport pipelines and distribution networks,
- 8) Works related to construction of telecommunication and electric power lines
- 9) Performance of other civil engineering works not elsewhere classified,
- 10) Construction work for the erection of residential and non-residential buildings,
- 11) Making structures and roofing,
- 12) Other specialty construction work not elsewhere classified,
- 13) Road and highway construction work,
- 14) Performance of civil engineering construction works,
- 15) Performance of wiring systems,
- 16) Performance of water supply and sewerage systems, heating, gas and air conditioning systems,
- 17) Security activities in the operation of safety systems,
- 18) Performance of other construction-related systems,
- 19) Plastering,
- 20) Joinery installation,
- 21) Flooring, wallpapering and wall facing,
- 22) Painting and glazing,
- 23) Performance of other construction finishing works,
- 24) Other specialty construction work not elsewhere classified,
- 25) Extraction of gravel and sand; extraction of clay and kaolin,
- 26) Service activities supporting other mining and quarrying,
- 27) Manufacturing of bricks, tiles and construction products of fired clay,
- 28) Repair and maintenance of other equipment and supplies,
- 29) Installation of industrial machinery, equipment and supplies,
- 30) Manufacture of concrete construction products,
- 31) Repair and maintenance of machinery,
- 32) Activities of agents involved in the sale of timber and 4 building materials,

- 33) Wholesale of timber, building materials and sanitary equipment,
- 34) Other passenger land transport not elsewhere classified,
- 35) Freight transport by road,
- 36) Implementation of construction projects related to the erection of buildings,
- 37) Buying and selling real estate for own account, 38) Renting and managing owned or leased real estate,
- 39) Property management performed on a contract basis,
- 40) Activities auxiliary to building maintenance, 41) Renting and leasing of cars and vans,
- 42) Rental and lease of other motor vehicles excluding motorbikes,
- 43) Rental and leasing of other machinery, equipment and tangible goods not elsewhere classified,
- 44) Renting and leasing of construction machinery and equipment,
- 45) Research and development in biotechnology, 46) Research and development in other natural sciences and engineering,
- 47) Architectural activities,
- 48) Engineering activities and related technical consultancy, -49) Other professional, scientific and technical activities not elsewhere classified, 50) Technology,
- 51) Basic vocational schools,
- 52) Out-of-school forms of sport education for sport and recreation,
- 53) Extramural forms of artistic education,
- 54) Other extramural forms of education, not elsewhere classified,
- 55) Activities of historic venues and buildings and similar tourist attractions,
- 56) Repair and maintenance of ships and boats,
- 57) Manufacturing of ships and floating structures,
- 58) Accounting and bookkeeping activities; tax consultancy,
- 59) Other business and management consulting.

shall be replaced by the following new wording, which comes into force on 4 January 2022:

"1. The scope of Company's activities is as follows:

- 1) Pulling down and demolition of structures,
- 2) construction site mobilization,
- 3) Excavation and geological and engineering drilling,
- 4) Construction work for the erection of residential and non-residential buildings,
- 5) Railroad and underground railroad construction work,
- 6) Bridge and tunnel construction work,
- 7) Construction of transport pipelines and distribution networks,
- 8) Works related to construction of telecommunication and electric power lines
- 9) Performance of other civil engineering works not elsewhere classified,
- 10) Making structures and roofing,
- 11) Other specialty construction work not elsewhere classified,
- 12) Road and highway construction work,
- 13) Performance of civil engineering construction works,
- 14) Performance of wiring systems,
- 15) Performance of water supply and sewerage systems, heating, gas and air conditioning systems,
- 16) Security activities in the operation of safety systems,
- 17) Performance of other construction-related systems,
- 18) Plastering,
- 19) Joinery installation,
- 20) Flooring, wallpapering and wall facing,
- 21) Painting and glazing,
- 22) Performance of other construction finishing works,
- 23) Other specialty construction work not elsewhere classified,
- 24) Extraction of gravel and sand; extraction of clay and kaolin,
- 25) Service activities supporting other mining and quarrying,
- 26) Manufacturing of bricks, tiles and construction products of fired clay,
- 27) Repair and maintenance of other equipment and supplies,
- 28) Installation of industrial machinery, equipment and supplies,
- 29) Manufacture of concrete construction products,
- 30) Repair and maintenance of machinery,
- 31) Activities of agents involved in the sale of timber and 4 building materials,

- 32) Wholesale of timber, building materials and sanitary equipment,
- 33) Other passenger land transport not elsewhere classified,
- 34) Freight transport by road,
- 35) Implementation of construction projects related to the erection of buildings,
- 36) Buying and selling of own real estate
- 37) Renting and managing own or leased real estate,
- 38) Property management performed on a contract basis,
- 39) Auxiliary activities related to keeping buildings tidy,
- 40) Renting and lease of cars and vans,
- 41) Rental and lease of other motor vehicles excluding motorbikes,
- 42) Rental and leasing of other machinery, equipment and tangible goods not elsewhere classified,
- 43) Renting and leasing of construction machinery and equipment,
- 44) Research and development in the field of biotechnology,
- 45) Research and development in other natural sciences and engineering,
- 46) Architectural activities,
- 47) Engineering activities and related technical consultancy,
- 48) Other professional, scientific and technical activities not elsewhere classified,
- 49) Engineering,
- 50) Basic vocational schools,
- 51) Out-of-school forms of sport education for sport and recreation,
- 52) Extramural forms of artistic education,
- 53) Other extramural forms of education, not elsewhere classified,
- 54) Activities of historic venues and buildings and similar tourist attractions,
- 55) Repair and maintenance of ships and boats,
- 56) Manufacturing of ships and floating structures,
- 57) Accounting and bookkeeping activities; tax consultancy,
- 58) Other business and management consulting.

Another amendment pursuant §11.3, until 3 Jan. 2022, with the following wording:

"3. The powers of the Supervisory Board include:

- 1) to approve the strategic long-term plans of the Company,
- 2) to approve annual schedules of works and expenditures of the Company and its Capital Group,
- 3) to approve the investment plans of the Company and its Capital Group,
- 4) to give consent to: acquisition, disposal and encumbering of real estate, perpetual usufruct, or share in real estate or perpetual usufruct,
- 5) to give to consent to setting up and dissolution of manufacturing plants and branch offices.
- 6) to give consent to the Company to extend guarantees, sureties and issuance of bills of exchange, acceptance of sureties, opening of a letter of credit each time when the value exceeds the equivalent of EUR 2,000,000.00 (in words: two million), except for: guarantees issued at the Company's request by financial institutions related to the regular course of business.
- 7) to give consent to equity investments exceeding the equivalent of EUR 100,000.00 (in words: one hundred thousand) except for capital investments, Treasury bills and Treasury bonds issued in Poland or in the countries where the Company runs its business activities,
- 8) to approve the acquisition, disposal, encumber shares or interest in other entities,
- 9) to determine the voting procedure for the Company representatives sitting on the bodies of subsidiaries and affiliated entities with reference to the following matters: appointment and dismissal of the members of the bodies of subsidiaries and affiliated entities, dissolution or liquidation of such subsidiaries and entities, changes of the company profile, split or merger of subsidiaries or affiliated entities,
- 10) to grant consent to take all measures not related to the Company profile and extraordinary measures with the value exceeding the equivalent of EUR 100,000.00 (in words: one hundred thousand),
- 11) to give consent to enter into agreements with the shareholders holding at least 5% of the total number of votes at the Company's General Meeting and with the related entities in the understanding of International Accounting Standards pursuant to the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of

international accounting standards; The above obligation does not cover typical transactions and concluded following arm's length principle during operations run by the Company with the member companies belonging to the company capital group,

- 12) to grant consent to the investments exceeding the equivalent of the value of EUR 100,000.00 (in words: one hundred thousand), unless such investments are included in the investment plan, approved by the Supervisory Board,
- 13) to give consent to enter into hire, rent and licensing agreements with the effective term exceeding 48 months concluded outside regular course of business and not foreseen in the budget,
- 14) to give consent to submit proposals and to enter into civil works contracts with the net value exceeding the equivalent of the amount of EUR 30.000.000,00 (in words: thirty million Euros), in case of joint proposals, the reliable measure is the net sum of the proposal rather than Company share in the proposal,
- 15) to give consent to dispose of the right or to take an obligation by the Company, within a single or higher number of legal transactions with the same entity, with the value exceeding the equivalent of EUR 5,000,000.00 (in words: five million Euros) during the financial year.
- 16) to grant permission to employ an employee with an annual remuneration exceeding the equivalent of 150,000.00 (in words: one hundred fifty thousand) Euro,
- 17) to grant consent to the appointment of the members of Company's Management Board to the management or supervisory boards of non-member companies from of the Company's capital group and in cases specified in Art. 380 § 1 of the Commercial Companies' Code,
- 18) Other matters reserved for the powers of the Supervisory Board by law, provisions of this Statute, forwarded upon the request of the Management Board or delegated by virtue of a resolution of the General Meeting.

„Equivalent” means the equivalent in Euro of an amount expressed in another currency calculated in accordance with the average exchange rates announced by the National Bank of Poland on the day immediately preceding the day on which the Management Board submits to the Supervisory Board a request for approval of the transaction, and in the absence of such a request, the day on which the transaction is effected”.

shall have the following new wording effective from 4 January 2022:

"3. The powers of the Supervisory Board include:

- 1) to approve the strategic long-term plans of the Company,
- 2) to approve annual schedules of works and expenditures of the Company and its Capital Group,
- 3) to approve the investment plans of the Company and its Capital Group,
- 4) to give consent to: acquisition, disposal and encumbering of real estate, perpetual usufruct, or share in real estate or perpetual usufruct,
- 5) to give to consent to setting up and dissolution of manufacturing plants and branch offices.
- 6) granting consent to the Company to issue guarantees, property sureties, issue bills of exchange and incur other off-balance sheet liabilities with a unit value exceeding EUR 2,000,000.00 (in words: two million euros) save for: (i) guarantees issued at the request of the Company by financial institutions in the ordinary course of business, (ii) guarantees, sureties of property, issuance of bills of exchange and assumption of other off-balance sheet commitments with a unit value exceeding EUR 2,000,000.00 (in words: two million euros) for the benefit of member entities of the capital group (save for item 11) below),
- 7) to give consent to equity investments exceeding the equivalent of EUR 100.000,00 (in words: one hundred thousand) except for capital investments, Treasury bills and Treasury bonds issued in Poland or in the countries where the Company runs its business activities,
- 8) to approve the acquisition, disposal, encumber shares or interest in other entities,

- 9) to determine the voting procedure for the Company representatives sitting on the bodies of subsidiaries and affiliated entities with reference to the following matters: appointment and dismissal of the members of the bodies of subsidiaries and affiliated entities, dissolution or liquidation of such subsidiaries and entities, change of the company profile, split or merger of subsidiaries or affiliated entities,
- 10) to grant consent to take all measures not related to the Company profile and extraordinary measures with the value exceeding the equivalent of EUR 200.000,00 (in words: one hundred thousand),
- 11) granting consent to enter into material transactions with related parties, pursuant to the provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trade, and Public Companies of 29 July 2005,
- 12) to grant consent to the investments exceeding the equivalent of the value of EUR 200.000,00 (in words: one hundred thousand), unless such investments are included in the investment plan, approved by the Supervisory Board,
- 13) to give consent to submit proposals and to enter into civil works contracts with the net value exceeding the equivalent of the amount of EUR 30.000.000,00 (in words: thirty million Euros), in case of joint proposals, the reliable measure is the net sum of the proposal rather than Company share in the proposal,
- 14) to give consent to dispose of the right or to take an obligation by the Company, within a single or higher number of legal transactions with the same entity, with the value exceeding the equivalent of EUR 5,000,000.00 (in words: five million Euros) during the financial year.
- 15) to grant permission to employ an employee with an annual remuneration exceeding the equivalent of 150,000.00 (in words: one hundred fifty thousand) Euro,
- 16) to grant consent to the appointment of the members of Company's Management Board to the management or supervisory boards of non-member companies from of the Company's capital group and in cases specified in Art. 380 § 1 of the Commercial Companies' Code,
- 17) Other matters reserved for the powers of the Supervisory Board by law, provisions of this Statute, forwarded upon the request of the Management Board or delegated by virtue of a resolution of the General Meeting.

„Equivalent” means the equivalent in Euro of an amount expressed in another currency calculated in accordance with the average exchange rates announced by the National Bank of Poland on the day immediately preceding the day on which the Management Board submits to the Supervisory Board a request for approval of the transaction, and in the absence of such a request, the day on which the transaction is effected”.

To all amendments to the Company's Articles of Association¹the legal provisions shall apply including in particular the provisions of the Commercial Companies' Code..

8.4.2. General Meeting of Shareholders

The General Meeting is acting under the Company's Articles of Association, the Organisational By-Laws of the General Meeting of Shareholders ²and the Commercial Companies' Code.

¹ The uniform wording of the Articles of Association of ERBUD S.A. was adopted by the Extraordinary General Meeting of Shareholders of ERBUD S.A. on 26 November 2021 – Resolution No. 4

² Amendments to the Bylaws of the General Meeting of Shareholders of ERBUD S.A. were introduced by virtue of Resolution No. 17 of the Extraordinary General Meeting of Shareholders of ERBUD S.A. of 11 May 2021.

General Meetings may be convened as ordinary (annual) or extraordinary ones. Ordinary General Meetings are convened by the Company's Management Board not later than 6 months after the end of each financial year. An Ordinary General Meeting is convened by the Management Board. The Supervisory Board may convene an Ordinary General Meeting if the Company's Management Board fails to convene it within the specified timeframe. An Extraordinary General Meeting is convened by the Management Board on its own initiative or upon a written request of the Supervisory Board or at the request of a shareholder or shareholders representing at least one twentieth of the share capital.

Only persons who are shareholders of the Company sixteen days before the date of the General Meeting (Record Date) are entitled to participate in the General Meeting. Shareholders may participate in the General Meeting and exercise their voting rights in person or by proxies. The power of attorney should be made in writing or in electronic form. Granting a power of attorney in electronic form does not require a secure electronic signature.

The General Meeting is convened by an announcement published on the Company's website and in a manner specified for the providing of current information in accordance with the Regulations on public offering and conditions governing the introduction of financial instruments to organized trading and on public companies.

The above mentioned announcement is made at least 26 days before the date of the General Meeting. Current Operational By-Laws of the General Meeting of Shareholders of ERBUD S.A. are posted on the Company's website www.erbud.pl. In addition, the Company's website contains information on the dividend policy and shareholding structure, as well as the archive of the general meetings of shareholders.

The Company draws up a list of persons entitled to participate in the General Meeting on the basis of information prepared and made available to the Company by the entity keeping the securities deposit (KDPW S.A.). The aforementioned list is based on certificates confirming the right to participate in the General Meeting issued by the operator keeping the securities account.

The Rules of the General Meeting regulates the course of the session, the election of the Chairman and the Returning Committee, the participation in the General Meeting of members of the Management Board and the Supervisory Board of the Company and the process of adopting resolutions.

Each shareholder is entitled to propose amendments and supplements to the draft resolutions included in the Agenda of the Meeting. Voting is done by means of a computerized system of casting and counting votes ensuring that number of votes cast corresponds to the number of shares held. A resolution on refraining from considering a matter placed on the agenda may only be taken if there are substantiated motives. Adopting such a resolution requires 75% of the votes of the General Meeting.

Minutes in the form of a notarial deed, are prepared from the course of the General Meeting, and then published on the Company's website.

According to the Articles of Association of the Company, the powers of the General Meeting include:

- 1) reviewing and approving the Management Board's Report on the Company Activities and the financial statements for the previous financial year,
- 2) the adoption of a resolution on profit distribution or loss coverage,
- 3) granting discharge to members of the Company's governing bodies in respect of the performance of their duties, adoption of the Supervisory Board Bylaws and determination of the rules of remunerating Supervisory Board members,
- 4) an increase or decrease of the Company's share capital
- 5) Rules for amending the Company's Articles of Association
- 6) the Company's merger with another commercial company,
- 7) dissolution and liquidation of the Company,
- 8) issuance of convertible bonds, bonds with pre-emptive right or subscription warrants,
- 9) the disposal or lease of the enterprise, or of an organized part thereof, and the establishment of a limited property rights.

- 10) examination of the issues raised by the Supervisory Board, the Management Board or by Company shareholders,
11) deciding on any other business that in accordance with provisions of the Commercial Companies' Code or the wording of the Articles of Association fall into the competence of the General Meeting.

Matters raised by the Management Board to the General Meeting are submitted to the Supervisory Board for an opinion. Resolutions of the General Meeting are adopted by a simple majority of votes unless the provisions of the Commercial Companies Code or the Articles of Association provide otherwise.

In 2021, one (1) Annual General Meeting of Shareholders of ERBUD S.A. was held (on 30 June 2020) and one (1) In 2020, Extraordinary General Meeting of Shareholders of ERBUD S.A. (9 April 2021 and 26 November 2021).

8.5. Activities of the Supervisory Board

8.5.1. Composition

In the period from 1 January 2021 to 31 March 2021 the Supervisory Board of ERBUD SA consisted of:

- Udo Berner – Chairman of the Supervisory Board,
- Gabriel Główka – Deputy Chairman of the Supervisory Board,
- Albert Dürr – A Supervisory Board Member,
- Michał Otto – A Supervisory Board Member,
- Janusz Reiter – A Supervisory Board Member,
- Piotr Kaczmarek – A Supervisory Board Member.

On 11 May 2021 the General Meeting of Shareholders of ERBUD S.A. appointed the Supervisory Board of ERBUD S.A. for a new three-year term of office with the following composition:

- Udo Berner – Chairman of the Supervisory Board,
- Gabriel Główka – Deputy Chairman of the Supervisory Board,
- Albert Dürr – A Supervisory Board Member,
- Michał Otto – A Supervisory Board Member,
- Janusz Reiter – A Supervisory Board Member,
- Michał Wosik – A Supervisory Board Member,

On 8 September 2021, Mr Udo Berner (Chairman of the Supervisory Board) resigned from the Supervisory Board of ERBUD S.A.

On 26 November 2021, the Extraordinary General Shareholders' Meeting appointed two further members of the Supervisory Board, Mr Roland Bosch and Ms. Beata Jarosz, so from 26 November 2021 to 31 December 2021 and as of the date of publication of this report, the Supervisory Board of ERBUD S.A. has the following composition

- Roland Bosch – Supervisory Board Chairman,
- Gabriel Główka – Deputy Chairman of the Supervisory Board,
- Albert Dürr – A Supervisory Board Member,
- Michał Otto – A Supervisory Board Member,
- Janusz Reiter – A Supervisory Board Member,
- Beata Jarosz – A Supervisory Board Member,
- Michał Wosik – A Supervisory Board Member,

As of 31 December 2021 and as of this Report Date, the dependent Members of the Supervisory Board of ERBUD SA are :

Mr Roland Bosch and Pan Albert Dürr (representing a shareholder of Wolff & Müller Baubeteiligungen GmbH & Co. KG and Wolff & Müller Holding GmbH & Co. KG) and Mr Gabriel Główka (has been sitting on the Supervisory Board of ERBUD SA since 15 November 2006).

The following Members of the Supervisory Board of ERBUD S.A. fulfil the independence criteria specified in the Act on Statutory Auditors: Ms Beata Jarosz, Mr Michał Otto, Mr Janusz Reiter and Mr Michał Wosik.

In addition, the following Members of the Supervisory Board of ERBUD S.A. have no actual and significant ties with a shareholder holding at least 5% of the total number of votes in ERBUD S.A.: Ms Beata Jarosz, Mr Michał Otto, Mr Janusz Reiter and Mr Michał Wosik.

Two committees report to the Supervisory Board of ERBUD S.A.:

Audit Committee, between 1 January 2021 and 11 May 2021, operated with the following composition:

- Michał Otto – The Chairman of the Audit Committee (an independent Audit Committee member, in the Audit Committee has been sitting since 28 April 2016),
- Gabriel Głównka – An Audit Committee member (a dependent Supervisory Board member, in the Audit Committee has been sitting since 15 November 2016)
- Janusz Reiter – An Audit Committee member (an independent Supervisory Board member, in the Audit Committee has been sitting since 18 May 2018)
- Piotr Kaczmarek – An Audit Committee member (an independent Supervisory Board member, in the Audit Committee has been sitting since 3 December 2018)

On 11 May 2021, the Supervisory Board of ERBUD S.A., appointed on the same day for a new term by the Ordinary General Meeting of Shareholders of ERBUD S.A., appointed the Audit Committee for another joint three-year term, with the following composition:

- Michał Otto – the Audit Committee Chairman,
- Gabriel Głównka – an Audit Committee Member,
- Janusz Reiter – an Audit Committee Member,

On 1 April 2022 by virtue of Resolutions Nos. 13/2022 and 14/2022 the Supervisory Board appointed Mr Roland Bosch and Mr Michał Wosik as Members of the Audit Committee of ERBUD S.A.

Given the above, effective from 1 April 2022 the composition of the Audit Committee is as follows:

- Michał Otto - The Committee Chairman
- Roland Bosch - A Committee Member
- Janusz Reiter - A Committee member
- Gabriel Głównka - A Committee member
- Michał Wosik - A Committee member.

As of 31 December 2021 and as of the date of this Report in the Audit Committee of the Supervisory Board of ERBUD S.A. Messrs. Michał Otto, Janusz Reiter, Michał Wosik fulfil the independence criteria in the understanding of Art. 129, par. 3 of the Act on Statutory Auditors.

In addition, Mr Gabriel Głównka fulfils the requirements of the Act on Statutory Auditors concerning knowledge and skills in the field of accounting or auditing of financial statements. Gabriel Głównka graduated from the Warsaw School of Economics, the Faculty of Production Economics, where he majored at the Construction and Investment Economics. His knowledge in this area is further evidenced by his postdoctoral degree in economics, in the field of finance.

including financial validation of companies, assessment of their financial standing, etc. Gabriel Głównka's acquired competencies are testified by his experience gained, *inter alia*, at: (i) the Loan Department, ING Bank Śląski, (ii) ING Bank Śląski, where he was the chairman of the Loan Committee of the Warsaw Region of ING Bank Śląski. The most important objective of the Loan Committee was to assess and verify the financial standing of enterprises to incur loan liabilities and make decisions on granting them revolving and investment loans, (iii) while serving as the President of the Management Board of Śląski Bank Hipoteczny - later ING Bank Hipoteczny (ING Mortgage Bank), where he managed the finances of this business entity - in the position of Chief Financial Officer (CFO), (iv) while in office in the National Qualification Commission for the Property Appraisal he acquired knowledge and skills regarding the valuation of business assets.

The conditions of the Act on Statutory Auditors concerning the knowledge and skills in the industry, in which the Issuer operates, are fulfilled by Mr Gabriel Główka, who graduated from the Warsaw School of Economics, Production Economics Faculty, majored at construction and investment economics. He has been a research worker and lecturer at the Warsaw School of Economics for over 30 years - currently he is the Director of the Institute of Corporate and Investment Financing and dean of the College of Business Administration. In the 2002-2004 period and again from 2009 he has been a member of the National Qualification Committee - Sub-Committee for Property Appraisal.

Consequently the Issuer meets the requirements set forth in Art. 129, paragraphs 1, 3 and 5 of the Act on Statutory Auditors.

In 2021, the Audit Committee held 5 meetings convened by the Chairman of the Audit Committee, (meetings were held at: 15 February 2021, 29 March 2021, 17 June 2021, 30 August 2021 and 16 November 2021), that could be attended by remaining Supervisory Board members as well as heads of: Legal Division as well as Audit and Internal Control Department of ERBUD SA.

The meetings were held in accordance with the 2021 Audit Committee's Work Plan, which defined the dates of the meetings and the major items on the agenda, including meetings with the auditor.

The Committee's responsibilities were also performed through submission recommendations, conclusions, opinions and reports to the Supervisory Board, as well as on-going exchange of opinions. If necessary, the Audit Committee updated the agenda with Any Other Business (AOB).

On 14 December 2020, by virtue of Resolution No. 14/2020, the Audit Committee of ERBUD S.A. issued a recommendation to the Supervisory Board on the appointment of an auditor (PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp.k.) to review the interim financial statements and audit the annual financial statements of the Company and the Company's Capital Group in 2021-2023.

By virtue of Resolution No. 2/2021 of 7 January 2021, the Supervisory Board of ERBUD S.A. agreed to extend the agreement with PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp.k. on reviewing interim financial statements and auditing annual financial statements of the Company and the Company's Capital Group in 2021-2023, following the recommendation of the Audit Committee of ERBUD S.A.

Remuneration Committee , between 1 January 2021 and 8 September 2021 operated with the following composition:

- Udo Berner - the Chairman of the Remuneration Committee,
- Michał Otto - a Remuneration Committee Member,
- Janusz Reiter - a Remuneration Committee Member

On 8 September 2021 Mr Udo Berner (The Chairman of the Supervisory Board) resigned from a membership in the Supervisory Board of ERBUD SA, and consequently in the period from 9 September 2021 to 25 November 2021 the Remuneration Committee consisted of:

- Michał Otto - a Remuneration Committee Member,
- Janusz Reiter - a Remuneration Committee Member

On 26 November 2021, by virtue of Resolution No. 84/2021, the Supervisory Board appointed Mr Roland Bosch to the position of a Remuneration Committee member , assigning him the function of Chairman.

Given the above, effective from 26 November 2021 the composition of the Remuneration Committee is as follows:

- Roland Bosch - Remuneration Committee Chairman
- Michał Otto - a Remuneration Committee Member,

- Janusz Reiter - a Remuneration Committee Member

8.5.2 Competencies

The powers of the Supervisory Board include::

- 1) to approve the strategic long-term plans of the Company,
- 2) to approve annual schedules of works and expenditures of the Company and its Capital Group,
- 3) to approve the investment plans of the Company and its Capital Group,
- 4) to give consent to: acquisition, disposal and encumbering of real estate, perpetual usufruct, or share in real estate or perpetual usufruct,
- 5) to give to consent to setting up and dissolution of manufacturing plants and branch offices.
- 6) granting consent to the Company to issue guarantees, property sureties, issue bills of exchange and incur other off-balance sheet liabilities with a unit value exceeding EUR 2,000,000.00 (in words: two million euros) save for: (i) guarantees issued at the request of the Company by financial institutions in the ordinary course of business, (ii) guarantees, sureties of property, issuance of bills of exchange and assumption of other off-balance sheet commitments with a unit value exceeding EUR 2,000,000.00 (in words: two million euros) for the benefit of member entities of the capital group (save for item 11) below),
- 7) to give consent to equity investments exceeding the equivalent of EUR 100.000,00 (in words: one hundred thousand) except for capital investments, Treasury bills and Treasury bonds issued in Poland or in the countries where the Company runs its business activities,
- 8) to approve the acquisition, disposal, encumber shares or interest in other entities,
- 9) to determine the voting procedure for the Company representatives sitting on the bodies of subsidiaries and affiliated entities with reference to the following matters: appointment and dismissal of the members of the bodies of subsidiaries and affiliated entities, dissolution or liquidation of such subsidiaries and entities, change of the company profile, split or merger of subsidiaries or affiliated entities,
- 10) to grant consent to take all measures not related to the Company profile and extraordinary measures with the value exceeding the equivalent of EUR 200.000,00 (in words: one hundred thousand),
- 11) granting consent to enter into material transactions with related parties, pursuant to the provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trade, and Public Companies of 29 July 2005,
- 12) to grant consent to the investments exceeding the equivalent of the value of EUR 200.000,00 (in words: one hundred thousand), unless such investments are included in the investment plan, approved by the Supervisory Board,
- 13) to give consent to submit proposals and to enter into civil works contracts with the net value exceeding the equivalent of the amount of EUR 30.000.000,00 (in words: thirty million Euros), in case of joint proposals, the reliable measure is the net sum of the proposal rather than Company share in the proposal,
- 14) to give consent to dispose of the right or to take an obligation by the Company, within a single or higher number of legal transactions with the same entity, with the value exceeding the equivalent of EUR 5,000,000.00 (in words: five million Euros) during the financial year.
- 15) to grant permission to employ an employee with an annual remuneration exceeding the equivalent of 150,000.00 (in words: one hundred fifty thousand) Euro,
- 16) to grant consent to the appointment of the members of Company's Management Board to the management or supervisory boards of non-member companies from of the Company's capital group and in cases specified in Art. 380 § 1 of the Commercial Companies' Code,
- 17) Other matters reserved for the powers of the Supervisory Board by law, provisions of this Statute, forwarded upon the request of the Management Board or delegated by virtue of a resolution of the General Meeting.

The Audit Committee powers include::

- 1) to monitor the financial reporting process,
- 2) to monitor the effectiveness of internal control systems and risk management systems as well as internal audit, including financial reporting.
- 3) to monitor the performance of auditing activities including in particular the conduct of an audit by the audit firm.
- 4) to control and monitor the independence of the statutory auditor and the audit firm, in particular when other auditing services are provided to the Company by the auditor;
- 5) to inform the Company's Supervisory Board about audit findings and to explain how the audit contributed to the reliability of financial reporting at the Company, and what was the role of the Audit Committee in the audit process;
- 6) to assess the independence of the auditor and to give consent to the provision of permitted non-audit services to the Company;
- 7) to develop a policy of audit firm appointment to carry out the audit;
- 8) to develop a policy by the audit firm to carry out the audit, by entities related to this audit firm and by a member of the auditing company's network of permitted non-audit services;
- 9) to determine the procedure for the audit firm appointment by the Company.
- 10) making a recommendation to the supervisory board on the appointment of statutory auditors or audit firms in accordance with the policies developed by the audit committee following the selection procedure carried out in accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision;
- 11) to make recommendations aimed at securing the reliability of the financial reporting process at the Company.

On 1 April 2022, the Supervisory Board submitted a statement on the appointment and operation of the Audit Committee of ERBUD S.A., declaring that the legislation concerning the appointment, composition and operation of the Audit Committee, are complied with, including the fulfilment by its members of the independence criteria and requirements regarding having adequate knowledge and skills in the industry in which the Company operates and in the field of accounting or auditing of financial statements,. The Supervisory Board also declares that the Audit Committee of ERBUD S.A. performed its responsibilities provided for in the applicable regulations.

The Audit Committee powers include::

- to plan remuneration policy for the Management Board members,
- to adjust the remuneration of Management Board members to long-term interests of the Company.

8.6. Entity authorized to audit the financial statements

The Company has a procedure in place for the appointment of the audit firm, a policy for the appointment of the audit firm to carry out the audit and a policy for delivery by the audit firm carrying out the audit, by entities related to the audit firm and by a member of the audit firm's network of permitted non-audit services. The main principles of the policy developed for the appointment of an audit firm to carry out statutory audit and the policy for the delivery of non-audit services by the audit firm carrying out the audit are in compliance with the rules related to: (i) maintaining the statutory auditor's independence, (ii) avoiding conflicts of interest, (iii) proper preparation of the documentation in the bidding process, (iv) a non-discriminatory audit firm appointment process during the bidding process, (v) a fair assessment of the experience of the audit firm and the audit team and the key statutory auditor, (vi) determining the appropriate remuneration of the audit firm for the services provided, (vii) ensuring appropriate rotation of audit firms. In 2021, ERBUD S.A. appointed an audit firm to carry out the audit on the basis of the adopted procedures related thereto. The appointment of the audit firm for the statutory audit for the accounting year 2021, which related to the renewal of the contract, was based on a resolution passed by the Audit Committee on 14 December 2020, which made a recommendation to the Supervisory Board regarding the appointment of the audit firm. The Audit Committee's Recommendation fulfilled the effective requirements i.e.: (i) indicated the audit firm that was a candidate for the appointment to act as auditor performing statutory audit, (ii) included a statement that the recommendation is free from

third-party influence, and (iii) stated that ERBUD S.A. did not conclude agreements containing clauses referred to in Article 66.5a of the Accounting Act of 29 September 1994 (Journal of Laws of 2021, item 217). Subsequently on 7 January 2021, the Supervisory Board adopted a resolution on the renewal of the agreement with the audit firm Pricewaterhousecoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. for statutory audit services for the 2021 - -2023 period, i.e. for auditing the annual separate financial statements of ERBUD S.A. and the annual consolidated financial statements of the ERBUD Group, as well as reviewing the interim separate financial statements of ERBUD S.A. and the interim consolidated financial statements of the ERBUD Group.

Pricewaterhousecoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. has been entered in the register of audit firms, kept by the Polish Agency for Audit Supervision under registration number 144.

In addition, the Audit Committee, acting pursuant to Article 130, par. 1, subpar. 4 of the Act on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2020, item 1415), adopted a resolution on the assessment of the auditor's independence and consent to the delivery by the auditor of permitted non-audit services in the Company, i.e., the services of the Company's financial statement review for H1 2019.

- Review services of the financial statements of ERBUD S.A. for H1 2021 and the consolidated financial statements of the ERBUD Group for H1 2021;
- support services for the drafting of the Issuing Prospectus of PBDI S.A. (at present ONDE S.A.) and the audit of the financial statements of ONDE S.A. for the purposes of the Issuing Prospectus;
- assurance services on selected non-financial indicators for the year 2021
- evaluation services for the 2021 Report on the Remuneration of Company Governing Bodies;
- Services to prepare an audit report on the compliance of the 2021 financial statements in XBRL format with ESMA standards.

On 29 March 2021, the Supervisory Board of ERBUD S.A. submitted a statement on the appointment of an audit firm to audit the annual financial statements in compliance with the regulations, including the selection and procedure for the appointment of the audit firm, along with an indication that:

- a) the audit firm and the members of the audit team have fulfilled the conditions to prepare an unbiased and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and rules of professional ethics,
- the applicable rules relating to the rotation of the audit firm and of the key statutory auditor and the mandatory grace periods are complied with,
- (c) the issuer has a policy in place on the appointment of an audit firm and a policy on the delivery of additional non-audit services to the issuer by the audit firm, an entity affiliated to the audit firm or a member of its network, including services conditionally exempted from the prohibition on the audit firm providing;

In addition, Pricewaterhousecoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. provided audit services on historical financial information for the purposes of the ONDE S.A. Prospectus (compensation – PLN 350 thous.) and other services relating to work on the Prospectus (compensation - PLN 250 PLN)

Remuneration of the entity authorised to audit financial statements (in '000 PLN)	2021	2020	2019
Audit of the annual financial statements and consolidated financial statements	300	259	259
Review of the interim financial statements/consolidated financial statements	190	200	200
Other services (annual audit of financial statements of subsidiaries)	480	426	226
Other services - attestation service concerning XBRL and report on remuneration of members of the Management Board and Supervisory Board (Erbud S.A. and ONDE S.A.)	100	25	0
Other services - attestation of other non-financial indicators (Erbud S.A. and ONDE S.A.)	130		
TOTAL PLN	PLN 1200	PLN 910	PLN 685

The assessment of the Supervisory Board along with its rationale is a separate part of the Financial Statements

On 5 April 2022 the Supervisory Board made an assessment of the compliance of the ERBUD S.A.'s Report on Operations and the Annual Financial Statement with the accounts, documents and factual circumstances.

ERBUD S.A. keeps its trading books dutifully and economic events are correctly reflected in the accounting records. The Operations Report and the financial statements prepared on their basis properly reflect the formal and factual status of ERBUD S.A. and ERBUD S.A. Capital Group.

8.7. Management Board Activities

8.7.1. Composition

The Management Board Members are appointed and dismissed by the Company's Supervisory Board. The Management Board Members have not been granted special rights, in particular the right to decide on the issue or redemption of shares.

In the period from 1 January to 31 December 2021 the Management Board of ERBUD S.A. was represented by:

- Dariusz Grzeszczak - the President of the Management Board
- Agnieszka Głowacka - Vice-President of the Management Board
- Jacek Leczkowski - Vice-President of the Management Board
- Radosław Górski - a Management Board Member

On 11 May 2021, the Supervisory Board of ERBUD S.A. appointed the Management Board in an unchanged composition, i.e.:

- Dariusz Grzeszczak - the President of the Management Board
- Agnieszka Głowacka - Vice-President of the Management Board
- Jacek Leczkowski - Vice-President of the Management Board
- Radosław Górski - a Management Board Member

for another joint 3-year term of office.

As at the date of publication of this report, the Management Board of ERBUD S.A. is represented by:

- Dariusz Grzeszczak - the President of the Management Board
- Agnieszka Głowacka - Vice-President of the Management Board
- Jacek Leczkowski - Vice-President of the Management Board
- Radosław Górski - a Management Board Member

8.7.2. Powers as of 4 April 2022

A Management Board member	Responsibility
Dariusz Grzeszczak – President of the Management Board	<p><u>With regard to ERBUD Group</u></p> <ul style="list-style-type: none"> a) Development of ERBUD Group strategy. b) Development and supervision over the activities of HR Department. c) Supervision over the activities of the Marketing Department. d) Oversight over the operations of the Communication and PR Department e) Supervision over the activities of the Division of Advisors to the Management Board on Strategy and Development. f) Supervision over the activities of the Management Board Office g) Supervision over the activities of the Corporate Governance Office. h) Supervision over foreign activities (GWI Bauunternehmung GmbH, ERBUD International sp. z o. o., , ERBUD S.A.).
Agnieszka Głowacka – Vice-President of the Management Board	<p><u>With regard to ERBUD S.A.:</u></p> <ul style="list-style-type: none"> a) Receiving of anonymous reports on the infringements of the law, procedures and ethical standards at ERBUD S.A. <p><u>With regard to ERBUD Group</u></p> <ul style="list-style-type: none"> a) Supervision over the activities of the Finance Division. b) Supervision over the activities of the Audit and Internal Control. c) Cooperation with financial institutions, banks, insurance companies, brokers.

	<ul style="list-style-type: none"> d) Coordination of information policy on the MAR MAD Directive. e) Supervision over financial and non-financial reporting. f) Acquisition of financing sources. g) Supervision over the implementation of the financial policy of the ERBUD Group. h) Supervision over the activities of ERBUD Shared Services Sp. z o. o.
Jacek Leczkowski – Vice-President of the Management Board	<p><u>With regard to ERBUD S.A.:</u></p> <ul style="list-style-type: none"> a) Supervision over the operations of the Production Division in Poland - building construction (relations with industry investors, support in the acquisition of building contracts). b) Supervision over the operations of the Representative for the Integrated Management Systems c) Supervision over the operations of the Legal Division. d) Supervision over the Purchasing and Central Procurement Division e) Supervision over the activities of Building Information Modelling (BIM) Department <p><u>With regard to ERBUD Group</u></p> <ul style="list-style-type: none"> a) Supervision over the operations of the OH&S Division. b) Supervision over ONDE S.A. c) Supervision over ERBUD International Sp. z o.o. d) Supervision over JV WMER Matoc Sp. z o. o. e) Supervision over JV PABC Sp. z o. o. f) Supervision over HEBUD Sp. z o. o. in liquidation
Radosław Górski – a Management Board member	<p><u>With regard to ERBUD S.A.:</u></p> <ul style="list-style-type: none"> a) Supervision over hydrotechnical operations <p>With regard to ERBUD Group</p> <ul style="list-style-type: none"> a) Supervision over the operations of Industry Group in Poland, including the following companies: ERBUD Industry Sp. z o. o. ERBUD Industry Centrum sp. z o. o. including Satchwell Sp. z o.o. ERBUD Industry Południe Sp. z o. o. b) Supervision over the operations of the foreign maintenance business i.e.: IVT Weiner + Reimann GmbH; IKR GmbH

8.7.3. Management Board

Total amount of remuneration paid by ERBUD S.A. and its subsidiaries to the Management Board Members of ERBUD S.A.

Name and surname	Remuneration paid by the Issuer in 2021	Remuneration paid by the Issuer's subsidiaries in 2021	Total
Dariusz Grzeszczak	3,989.00	130.00	4,119.00
Agnieszka Głowacka	1,136.00	224.00	1,360.00
Jacek Leczkowski	2,161.00	293.00	2,454.00
Radosław Górski	1,134.00	0.00	1,134.00
TOTAL	8,420.00	647.00	9,067.00

Name and surname	Remuneration paid by the Issuer in 2020	Remuneration paid by the Issuer's subsidiaries in 2020	Total
Dariusz Grzeszczak	3,518.00	217.00	3,735.00
Agnieszka Głowacka	1,102.00	162.00	1,264.00
Jacek Leczkowski	3,337.00	210.00	3,547.00
Radosław Górski	231.00	0.00	231.00
TOTAL	8,188.00	589.00	8,777.00

With reference to Mr Dariusz Grzeszczak, the President of Management Board

If the Company terminates the Agreement with a notice period, where the reason justifying the termination is the removal of the Member from the Management Board of the Company, and the termination occurs before the end of the term of the Management Board of the Company, the Company shall be obliged to pay the compensation of Management Board Member in the amount equal to the product of the sum of the total monthly remuneration paid by the Issuer and its affiliated companies and the number of months remaining until the end of the term. The maximum number of months is 24.

During the effective term of this Contract as well as within one year after its termination, the Member of the Management Board shall be subject to a competition ban clause. The Company undertakes to pay to the Management Board member each month after his Contract termination, for the period corresponding to the duration of the Competition Ban Period, the amount of compensation equal to the equivalent of one-month joint compensation.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay to the Company a contractual penalty equivalent to double monthly salary.

With reference to Mr Jacek Leczkowski, a Management Board member

Each Party may terminate this Contract subject to giving a 12-month notice, with the effect at the end of calendar month. A Management Board member shall not be entitled to additional compensation in connection with his or her removal from the position of the Management Board member before the end of the term of office.

The obligation to refrain from competitive activities shall remain in effect for 12 months from the Contract termination date. During the period when the Management Board member refrains from competitive activity after termination of the Agreement, the Company undertakes to pay to the Member of the Management Board, each month after termination of the Contract, for the period corresponding to the effective term of competition ban- the amount of monthly compensation being the equivalent of 50% of monthly salary.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay the Company a contractual penalty equivalent to monthly salary.

With reference to Ms Agnieszka Głowacka, Vice-President of the Management Board

Each Party may terminate this Contract subject to giving a 12-month notice, with the effect at the end of calendar month. A Management Board member shall not be entitled to additional compensation in connection with his or her removal from the position of the Management Board member before the end of the term of office.

The obligation to refrain from competitive activities shall remain in effect for 12 months from the Contract termination date. During the period when the Management Board member refrains from competitive activity after termination of the Agreement, the Company undertakes to pay to the Member of the Management Board, each month after termination of the Contract, for the period corresponding to the effective term of competition ban- the amount of monthly compensation being the equivalent of 50% of monthly salary.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay the Company a contractual penalty equivalent to monthly salary.

With reference to Mr Radosław Górski, a Management Board member

Each Party may terminate this Contract subject to giving a 12-month notice, with the effect at the end of calendar month. A Management Board member shall not be entitled to additional compensation in connection with his or her removal from the position of the Management Board member before the end of the term of office.

The obligation to refrain from competitive activities shall remain in effect for 12 months from the Contract termination date. During the period when the Management Board member refrains from competitive activity after termination of the Agreement, the Company undertakes to pay to the Member of the Management Board, each month after termination of the Contract, for the period corresponding to the effective term of competition ban- the amount of monthly compensation being the equivalent of 50% of monthly salary.

In the event that a Management Board member has violated his obligation to refrain from competitive activities during the effective term of the Competition Ban Clause or to keep the Company's secrets confidential, then such Management Board member shall pay the Company a contractual penalty equivalent to monthly salary.

8.7.4. Supervisory Board

In 2021, the remuneration of the Supervisory Board paid by the Issuer was as follows:

Remuneration of the Supervisory Board members ('000 PLN)	2021	2020
Udo Berner	63	37.5
Albert Dürr	68	61
Gabriel Główka	80.4	72
Michał Otto*	67	60
Janusz Reiter	67	60
Piotr Kaczmarek	25.4	61
Michał Wosik	45.4	0
Roland Bosch	10.5	0
Beata Jarosz	7	0
Total	433.7	351.5

In addition, in 2021 Mr Michał Otto - Member of the Issuer's Supervisory Board received remuneration from the Issuer's subsidiary (ONDE SA) for being a Member of the Supervisory Board in the amount of PLN 62.1 thousand.

8.8. Diversity Policy

The Company appreciates and respects diversity at the workplace based on age, gender, education, work experience, disability, health status, race, nationality, ethnicity, religion, creed, irreligion, political beliefs, union membership, psychosexual orientation, gender identity, family status, lifestyle and any other characteristic.

Diversity is considered to be an important aspect of personal capital management in the Company, providing opportunities for development based on various criteria and competencies and fostering the creation of a working environment in which each employee can fully exploit their potential, which translates into the success of the entire organisation.

In accordance with the principles of equal treatment and non-discrimination, the Company wishes to create a work environment where every employee feels respected, valued and fairly evaluated. The Company believes that diversity at the workplace is an added value, a company's potential and that when properly used, it will contribute to the development of its personal capital and the achievement of its business objectives. The Company has a diversity policy in place to promote and protect this aspect of personal capital management.

It is important to develop and improve the model of the diversity policy with regard to the Company's governing bodies, and in particular its executives. Although the Company has no direct influence on the choice of its office holders, its policy is conducive to building the widest possible pool of talents representing versatile and diverse qualities. In the Company's opinion, its governing bodies include people representing a rich and wide range of competences and qualifications, bringing together various attitudes and points of view. At this point in time, the Company has not achieved a gender balance in the composition of the organs, however, the composition of the organs is varied in terms of the other features mentioned above, i.e. educational background, age and professional experience.

The Company pursues a diversity policy, mainly through the ERBUD Group's absolute prohibition of unequal treatment in the workplace due to, among other things, gender, age, disability, scope and basis of employment and any other characteristics that may give rise to discriminatory behaviour. The Company has procedures in place to combat discriminatory behaviour, which ensure that those working for the ERBUD Group are treated equally as regards the establishment and termination of employment, conditions of employment, promotion and access to training to improve professional qualifications.

The Company, in accordance with the "2021 Best Practices of WSE Listed Companies", adopted a diversity policy on 16 September 2021 and 26 November 2021 for the Company's Management Board and the Company's Supervisory Board, respectively. The contents of both documents are available on the Company's website under "Corporate Governance".

9. MANAGEMENT BOARD STATEMENTS

True and fair view of the report

According to the best knowledge of the Management Board of ERBUD S.A., the financial figures for 2021 and the comparable reporting period included in the Management Board's Report on the activities of the ERBUD S.A. Capital Group, including the Report on the Activities of ERBUD S.A., have been prepared in line with the applicable accounting principles and give a true, fair and clear view of the assets and the financial position of ERBUD S.A. and ERBUD Capital Group.

Report on non-financial information called "Integrated Annual Report" represents a separate part of the Annual Report.

Impartiality and independence of the entity authorized to audit financial statements

The Management Board of the Parent Company ERBUD S.A., based on the statement of the Supervisory Board of ERBUD S.A. of 29 March 2021, hereby declares that:

the appointment of the audit firm to carry out the audit of the annual financial statements has been made in accordance with the applicable rules, including those concerning the appointment and procedure for the audit firm appointment:

- the audit firm and the members of the audit team have fulfilled the conditions to prepare an unbiased and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and rules of professional ethics,
- the applicable rules relating to the rotation of the audit firm and of the key statutory auditor and the mandatory grace periods are complied with,
- ERBUD S.A. has a policy in place on the appointment of an audit firm and a policy on the delivery of additional non-audit services to ERBUD S.A. by the audit firm, an entity affiliated to the audit firm or a member of its network, including services conditionally exempted from the delivery ban by the audit firm.

Signatures of all Management Board members:

Dariusz Grzeszczak

President of the Management Board

Agnieszka Głowacka

Vice-President of the Management Board

Jacek Leczkowski

Vice-President of the Management Board

Radosław Górski

A Management Board member

Warsaw, 4 April 2022