



Directors' Report on ERBUD Capital Group Operations in H1 2021

Dated: 1 September 2021

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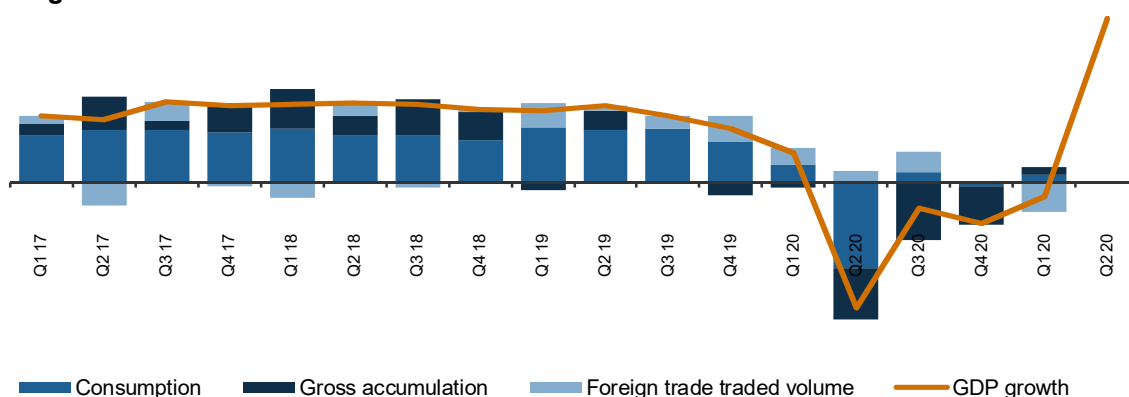
1. MACROECONOMIC ENVIRONMENT

1.1. Economic situation

1.1.1. Poland

After four quarters of declining GDP caused by the COVID-19 pandemic and its economic consequences, Q2 2021 saw a distinct improvement in the economic performance. On the one hand, this is the effect of a low base (a large drop in GDP in Q2 2020), while on the other hand there is a clear increase in private consumption due to the lifting of most pandemic restrictions in Q2 2021 and deferred demand. This is compounded by the effect of resurgent investment, that came to a halt in the early days of the pandemic period, and steadily growing exports. Meanwhile the foreign trade balance is adversely affected by the large increase in imports of intermediate goods used in manufacturing for export and the increase in the price of imported oil. All these factors fuelled very high year-on-year GDP growth of 10.9% in Q2 2021 alone (according to preliminary estimates of the Polish Central Statistical Office).

GDP growth structure in Poland

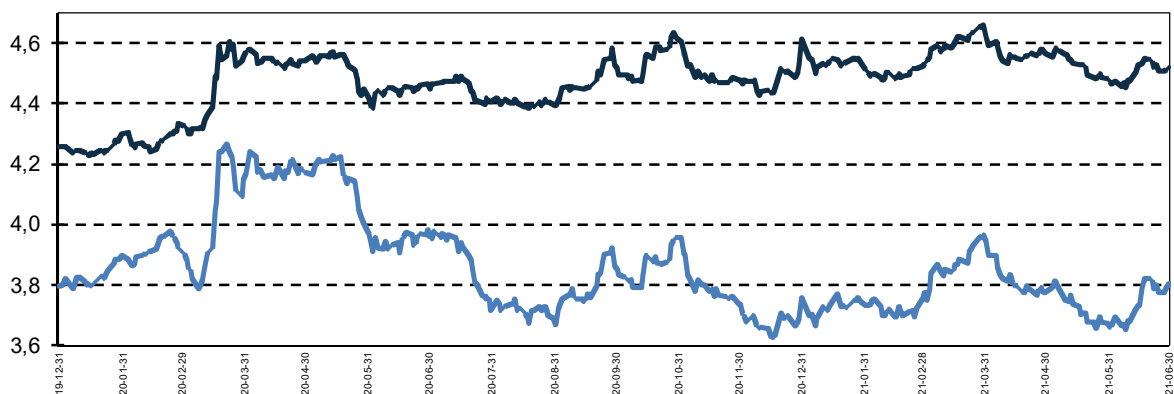


Source: Polish Central Statistical Office (GUS, Polish Statistics), Statistical Newsletter 06/2021, Preliminary GDP estimation in Q2 2021.

The COVID-19 pandemic undermined strongly the Polish currency (Polish zloty) against the Euro and the US dollar in mid-March 2020. Since then, the Polish currency has remained weak against the Euro, while it has maintained its price against the dollar, with large short-term fluctuations in the exchange rate. On the one hand, the Polish currency was subject to pressure to weaken due to low interest rates and uncertainty about the future of foreign currency loans; on the other hand, it was strengthened by good economic data and a sustained current account surplus.

In the entire H1 2021, the Polish currency strengthened against the Euro by 2% and weakened against the dollar by 1%.

Polish zloty exchange rates — EUR — USD



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

Consumer price dynamics, which had remained relatively high for several years, began to accelerate further from the beginning of 2021, reaching the level close to 5% in Q2 2021, the highest in 10 years. In June, price growth was 4.4% on a year-on-year basis, with the highest increases observed in transportation, services, and housing utility costs and prices of energy carriers (garbage collection, electricity).

According to a July 2021 National Bank of Poland's (NBP's) report, inflation will hover around 4.2% throughout 2021 and will not return to the range of deviations from the NBP inflation target (2.5% ± 1 pp.) until 2022. Price growth is expected to be fuelled by growing commodity prices, low unemployment and strong demand growth.

Despite the continued high growth rate of consumer prices, the Monetary Policy Council not only kept interest rates at their current historically low level, but also maintained a very soft tone in its announcement regarding future changes in monetary policy. It should be noted that central banks in other countries of the region, where inflation was also recorded at high levels (Czech Republic and Hungary) have already started a cycle of interest rate increases.

1.1.2. European Union

Similar to Poland, GDP growth in the EU as a whole in Q2 2021 was distorted by the pandemic impact (the low base of 2020) and was 13.2% year-on-year according to preliminary estimates. For the Eurozone, it was even higher at 13.7%.

In the countries where the ERBUD Capital Group operates, the GDP growth rate in Q2 2021 (y/y) was as follows:

- Germany 9.2%
- Belgium 14.5%,
- France 18.7%,

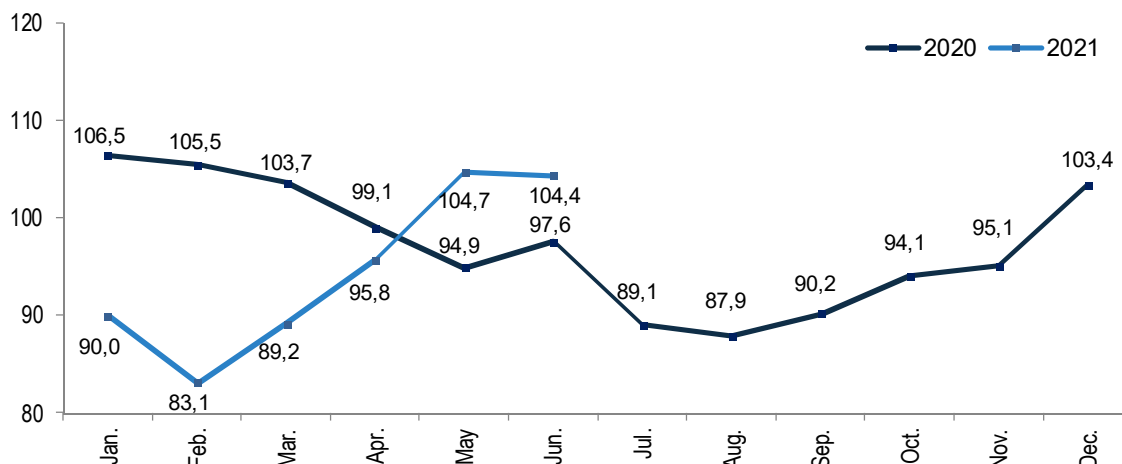
Forecasts for the whole year 2021 and 2022 also seem to be favourable: according to the latest European Commission forecast, German economy will grow by 3.6% and 4.6% respectively, Belgium by 5.4%, 3.7% and France by 6.0% and 4.2%.

1.2. Condition of the construction sector in Poland

The construction industry was not as hard hit by the pandemic effects as other sectors of the economy, but very often the execution of contracts was prolonged due to restrictions, and the growing costs of compliance with the new sanitary regime. It should be also remembered that construction responds to macroeconomic shocks with some delay, and investments do not recover quickly so easily as consumption and they are a process more spread over time.

The beginning of 2021 brought further declines in construction output started after the pandemic broke out in April 2020. It should be added that these were also the aftermath of a very strong Q1 2020, when the construction market was in full swing. However, already in May and June 2021, production returned to the growth path, which was particularly visible in specialized construction works (growth of 18.3% y/y), while construction of buildings and civil engineering structures returned to the levels prevailing in the previous year.

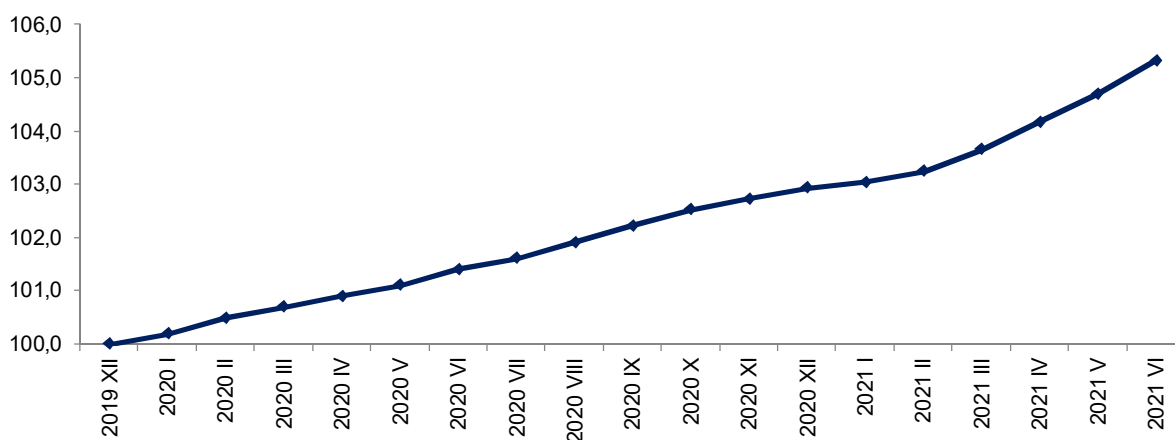
Growth rates of construction and erection activities (y/y, in %)



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

In the housing construction segment huge demand persists. Though the developers completed 60,500 apartments in H1 2021, down by 3.3% compared to the same period last year, but the number of new building permits broke previous records. In the period under study, the developers were granted building permits for 109,100 new housing units, up by 46.9% y/y). The growth in the housing construction segment is additionally fuelled by private investment demand in the environment of low interest rates.

Price index for construction and erection activities (December 2019 = 100%)

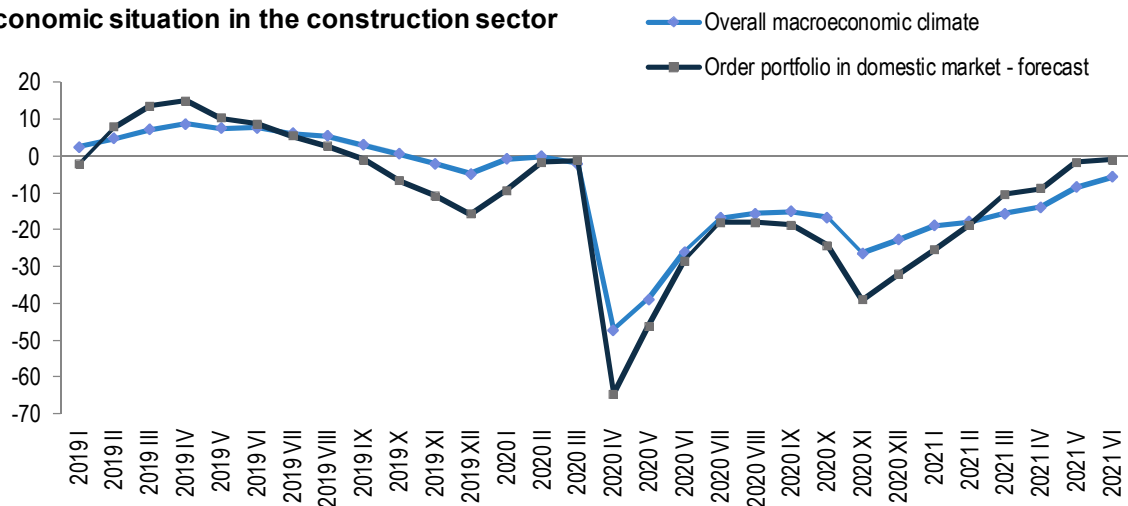


Source: Polish Central Statistical Office (Polish Statistics), price index of construction and erection activities

Construction and erection service output prices have been rising steadily for several years. The pandemic limited this growth to an average of 2.5% y/y during 2020, while H1 2021 saw a strong acceleration of price growth. Average prices of construction and erection output in the January through June 2021 were up by 2.9% compared to the corresponding period of the previous year.

It should also be mentioned that the price growth rates published by Polish Central Statistical Office do not fully reflect the changes in contracts between the Employer and the Contractor; for instance, some sources quote price increases of building materials in H1 2021 at 100% for steel, 80% for wood, or 30% for paints and varnishes. The drastic price increases are fuelled by high demand, pandemic-induced supply chain disruptions, and rising energy and labour prices.

Economic situation in the construction sector



Source: Polish Central Statistical Office (GUS, Polish Statistics), The Statistical Newsletter No. 6/2021

The mood of the construction sector plunged in April 2020 to record low levels with the arrival of the COVID-19 pandemic, and though since then the indicators have been slightly making up for the losses, they are still negative. It should be noted that despite high seasonality during the year (the peaks are reached in summer time), moods remain at historical minima, which is mainly driven by high uncertainty about the future economic situation. Companies point to the high cost of labour and materials as major problems in doing business, compounded by the general uncertainty caused by the pandemic.

Despite tough market environment, the return on sales ratio rose significantly for the entire industry from 2.1% to 5.4% in Q1 2020 and 2021, respectively. However, the Polish Central Statistical Office publications show that the pandemic impacts large construction companies less than smaller businesses. While in income terms, the ratio of companies reporting a net profit in Q1 2021 rose on year-over-year basis from 75.5% to 79.2%, in volume terms a decline was recorded from 60.1% to 54.0%.

According to the Coface report, the number of insolvencies in the construction business (similarly to the whole economy) grew significantly in H1 2021: the period under review shows 109 insolvencies, compared to 51 a year ago (up by 114%).

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 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 2021, the minimum wage is PLN 2.8 thousand, which is up by PLN 200 compared to the lowest wage that was in force in 2020.

Since 1 January 2021 a new ordinance has been in force. It concerns technical conditions to be met by the buildings and their location. It is a periodically updated regulation of the minister responsible for construction, which precisely regulates the rules of construction, reconstruction, repair or design of buildings. The new technical regulations are the result of a directive of the European Parliament on the energy performance of buildings. Its underlying assumption and objective is to have all newly designed homes, both single- and multi-family, passive in 2021. New regulations, referred to as WT2021 standard, put an obligation, *inter alia*, to reduce heat transfer coefficients to 0.2 W/m²K and to replace heating boilers older than 10 years counting from the date of manufacturing. Thus, any developer who receives a building permit based on an application submitted in 2021 will have to meet

new, much stricter standards. Their main determinant are the values of Ep coefficient, determining the maximum annual demand of the building for non-renewable primary energy, which from the onset of 2021 will be 65 kWh/sq. m during the year for multifamily residential buildings (so far 85 kWh/sq. m), while for single-family houses 70 kWh/sq. m. (previously 95 kWh/sq. m).

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.

The Ministry of Finance (MoF) has postponed the so-called WHT refund procedure in withholding tax until 30 June 2021. The ministry additionally announced that it will also soon complete work on a comprehensive reform of the taxation of foreign settlements.

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

1.4.1.Economic growth rate

Faster than initially expected lifting of pandemic restrictions, development of vaccination campaigns and improvement in the economy observed since the beginning of the year caused the National Bank of Poland to raise its GDP projection for Poland when it published its forecast in July 2021. According to this report, in 2021 GDP growth is expected to be 5.0% (last forecast 4.1%), to increase to 5.4% in 2022 and to stabilize at 5.3% in 2023.

Growth is expected to be supported by a recovery in private consumption (consumer adaptation to pandemic conditions and high levels of household savings), a return to private sector investment, and support for the overall economy through the National Recovery Plan.

Similar optimism is evident in the forecasts of the European Commission, according to which Poland's GDP will grow in 2021 and 2022 by 4.2% and 3.1%, respectively, and the International Monetary Fund, which gives similar values for those years: 4.6% and 5.2% respectively.

1.4.2. European Union funds

The funds of the current EU perspective are already practically fully allocated, as evidenced by the Ministry of Development's report "Implementation status of the European Funds in Poland in 2014-2020" as of 31 July 2021. According to this statement, 92,967 contracts were signed, worth PLN 532.1 billion, with the EU contribution totalling PLN 324.8 billion.

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. The impact on investment in Poland associated with new development programs will probably not be visible until 2022.

1.4.3.Construction sector growth prospects

The construction business survived the pandemic year relatively well compared to the overall economy. Q2 2021 is already showing upward trends, but they are distributed differently across market areas. A material factor stimulating the development of construction business will certainly be

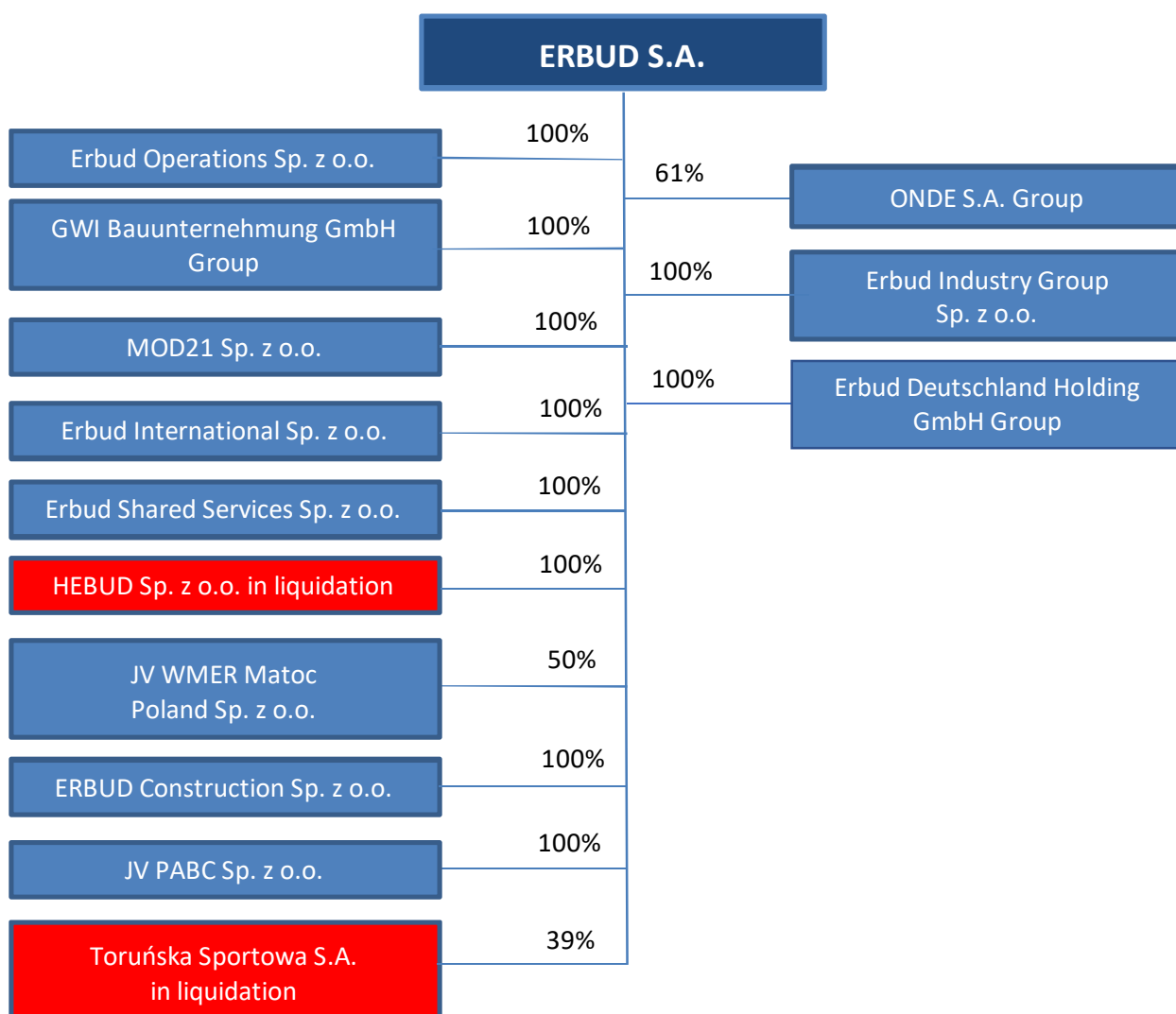
the capital expenditures of the General Directorate for National Roads and Motorways (GDDKiA) and the Polish State Railways infrastructure manager (PKP PLK), i.e. the road and railway construction segments. This will be compounded by the boom seen in warehouse and housing construction. On the other hand, there is a slowdown in office and hotel investment projects executed by private investors and a big slowdown in local government investments.

The experts point to the key short-term challenges for the construction business, including the accumulation of construction works, which is conducive to material and labour price hikes, shortage of workers and cut throat competition in public tenders leading to price wars.

2. ERBUD GROUP ACTIVITIES IN H1 2021

2.1 Capital Group structure

As of the date of publication of the Financial Statements draw up as of 30 June 2021, i.e. as of 2 September 2021, the organisational structure of ERBUD GROUP was as follows:



As opposed to 13 May 2021, i.e. the date of publication of the financial statements for Q1 2021, the organisational structure of the GROUP has changed as follows:

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

The IPO of ONDE S.A. took place on 19 July 2021. 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 part of 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 Sale 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.

Apart from the above-mentioned changes in the structure of the ERBUD Group, there were no other events affecting the Group.

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.

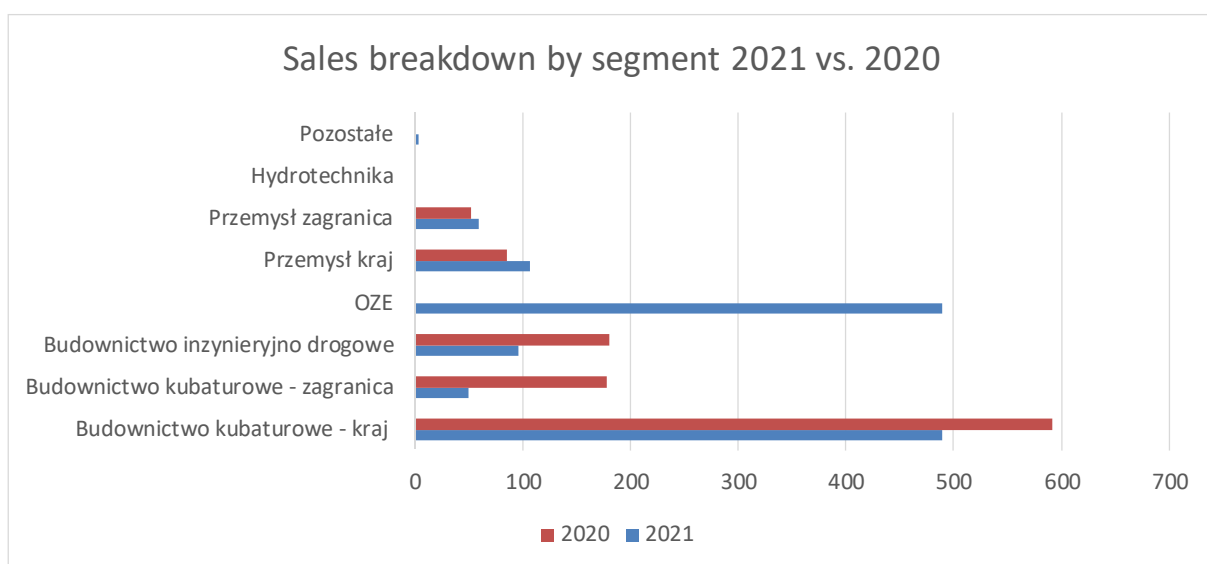
The total number of votes resulting from all issued shares of the Company is: 55,030,000.

2.2 Breakdown of activities

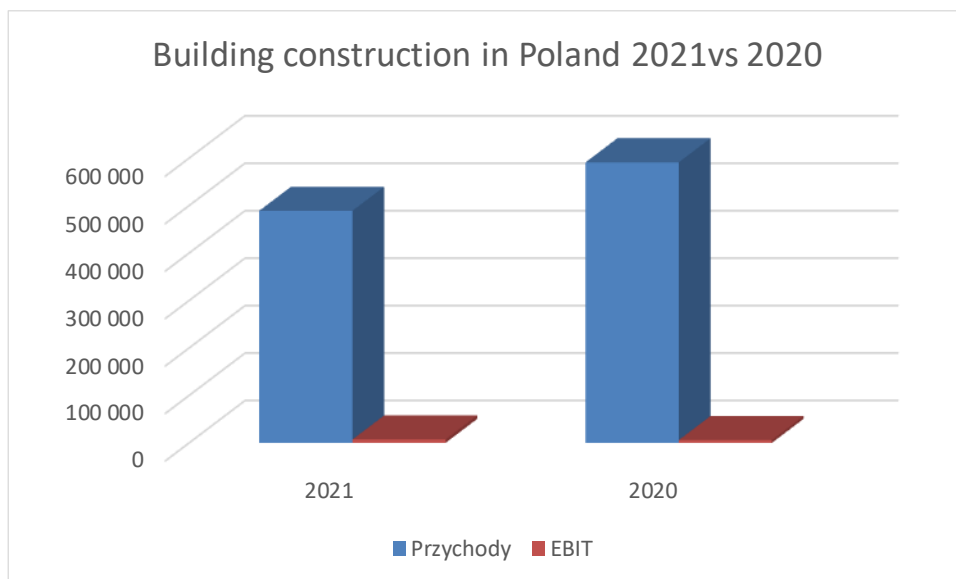
The ERBUD Group belongs to Top5 construction groups in Poland. The scope of its activities covers a wide range of construction and erection services, performed both in the capacity of a general contractor and sub-contractor, construction of RES systems including both wind power stations and photovoltaic systems; road-engineering services, maintenance services for a wide range of industries, construction of denitrification and desulphurization plants, construction of modern, environmentally friendly boiler plants.

The Group operates in the following segments: domestic building construction, foreign building construction, construction of Renewable Energy Sources (RES); road and engineering construction, maintenance services to domestic industry, maintenance services to foreign industry. The major part of the Group's revenues is generated by domestic building construction activities and RES-related construction activities. In H1 2021, revenues from these segments were as follows: 75.72% in total sales revenue compared to 54.48% in the same period last year.

The Group carries out orders at home and abroad (mainly in Germany and Belgium). In the first half of this year, operations in Poland accounted for 91.67% of the total revenues. In the comparative period, this share accounted for 78.86% of the Group's sales revenues.



2.3 Residential/commercial buildings in Poland



Key: Przychody = Revenues

Building construction projects in Poland are mainly carried out by ERBUD S.A. and Erbud Operations Sp. z o.o. as well as the JV WMER Matoc Poland Sp. z o.o. ERBUD S.A. operates through six branches located in the following cities: Kraków, Rzeszów, Toruń, Warsaw, Szczecin and Wrocław.

In H1 2021, the Group's net revenues from building construction in Poland totalled PLN 488,751 thousand, and were down by 17.28% compared to the corresponding period of the previous year.

At the end of June 2021, the order portfolio in the domestic building construction segment was worth PLN 1.6 billion compared to PLN 1.1 billion at the end of H1 2020, of which PLN 0.8 billion was in H2 2021.

Major contracts signed by ERBUD S.A. until the Report's publication date:

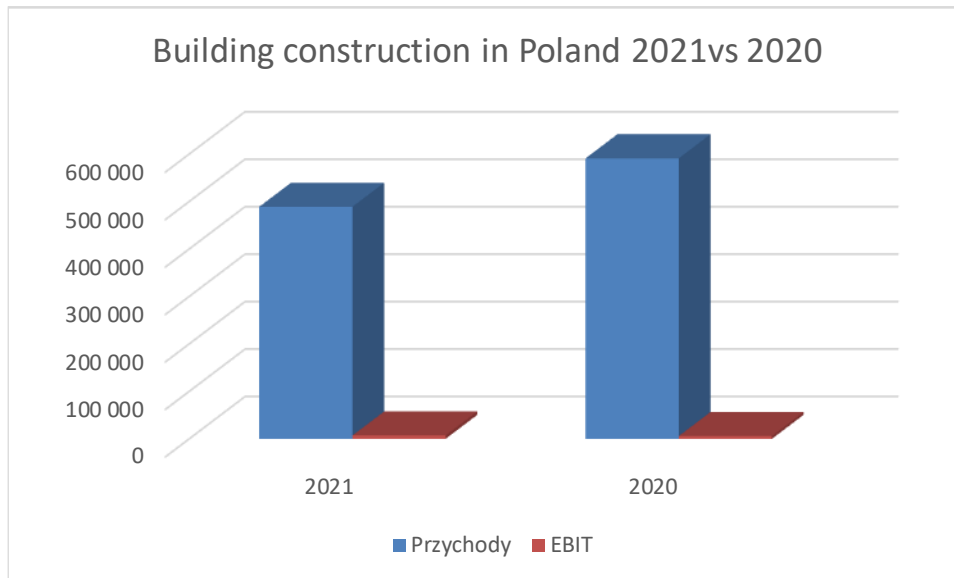
- **14 January 2021.** – construction of the County Police Headquarters in Mińsk Mazowiecki. The total net value of the contract is PLN 22.5 million. On 15 July 2021 ERBUD S.A. withdrew from the contract for the construction of Police Headquarters due to the fault of the investor.
- **28 January 2021-** General construction of two residential buildings with a underground car park facility in Kraków, in Rydlówka "EMPLOYER - PROJEKT ECHO - 127 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, SPÓŁKA KOMANDYTOWA with its registered office in Warsaw, at Al. Jana Pawła II 22, 00-133 Krakow The total net contract value is PLN 23.89 million,
- **2 February 2021** - Construction of a multi-family residential building with an underground and ground-level car park, together with the necessary technical infrastructure and site development - buildings BA2 - Coffee Making Plant and BA3 - Malt House" for Archicom limited liability company - Project execution - limited partnership with its registered office in Wrocław The contract value is PLN 67.69 million.
- **25 February 2021** - The construction in the system "design and build" of the residential investment project (with services rendered on the ground floor) "Sienkiewicza", located in Wrocław at Sienkiewicza/Świętokrzyska Streets for VANTAGE DEVELOPMENT S.A., with its registered office in Wrocław. The contract value equals to PLN 41.1 million.
- **12 March 2021** - Construction of the "LOBOS Student Dorm" investment project in Kraków for "PALENA limited liability company - partnership limited by shares with its registered office at: 00-581 Warsaw, at ul. Litewska 1". The total net contract value is PLN 74.5 million,
- **30 April 2021** – construction of LIDL OLEŚNICA Distribution Centre for LIDL Sp. z o.o Limited Partnership at ul. Poznańska 48, Jankowice 62-080 Tarnowo Podgórne. The total net contract value is PLN 229 million,

- **4 June 2020-** construction works concerning Dębica Kaszubska wind farm with total maximum capacity of 121 MW for DK Farma Wiatrowa Spółka z ograniczoną odpowiedzialnością (*DK Wind Farm Ltd.*), at ul. Chmielna 101/102, 80-748 Gdańsk. Contracts signed by the Consortium composed of ERBUD S.A. and its 88% subsidiary ONDE S.A. The total net contract value is PLN 27.4 million. The value of works performed by the Issuer will not exceed 25% of the value of contracts. (Publication of delayed confidential information)
- **5 May 2021** - Signing a significant agreement with the Issuer's subcontractor - BETARD Sp. z o.o., at ul. Polna 30, 55-095 Długoleka" for comprehensive design, execution, delivery and assembly of reinforced concrete structures of facilities under the project executed by the Issuer: Construction of LIDL OLEŚNICA Distribution Centre. Contract value – PLN 23.5 million.
- **12 May 2021** - for construction of a multi-family apartment building at ul. Naruszewicza in Bydgoszcz for "Budlex Naruszewicza Sp. z o.o., at ul. Lubicka 54 87-100 Toruń". Contract value – PLN 35.15 million.
- **14 May 2021** - REDEVELOPMENT AND EXTENSION OF THE SERVICE AND RESIDENTIAL BUILDING HOTEL RESORT VITAL & SPA "SANSSOUCI" for SANSSOUCI KARPACZ SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ with its registered office in Warsaw. Contract value - PLN 38.5 million.
- **25 May 2021** - general contracting of a service building with a residential function and its surroundings, external infrastructure, road infrastructure for R4R RE WAVE 3 Spółka z ograniczoną odpowiedzialnością at ul. Litewska 1, 00-581 Warsaw. Contract value PLN 60 million
- **2 June 2021** - construction of three multi-family residential buildings and 1 (one) office building in a housing estate at ul. Gilarska in Warsaw for AMW Towarzystwo Budownictwa Społecznego "KWATERA" Spółka z ograniczoną odpowiedzialnością ("*KWATERA*" *Social Housing Society Ltd.*), ul. Starościńska 1, 02-516 Warszawa. Contract value: PLN 92.1 million
- **22 June 2021** - Construction of A2 building with a connector and land development as part of redevelopment and extension of A building of the "PUM" Independent Public Clinical Hospital No. 2 in the City Szczecin for the "PUM" Independent Public Clinical Hospital No. 2 in the City of Szczecin, 70-111 Szczecin, Al. Powstańców Wielkopolskich No. 72. Contract value: PLN 31.5 million
- **24 June 2021** - Construction of a production building with a warehouse section together with social and office facilities and necessary infrastructure in Rosówek for DGS Diagnostics Sp. z o.o. Contract value: PLN 53.8 million
- **30 June 2021** - 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 for the company VANTAGE DEVELOPMENT S. A. with its registered office in Wrocław. Contract value: PLN 56.76 million
- **8 July 2021** - 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 for Auron Ciepło Sp. z o.o. at ul. Grażyńskiego 49, 40-126 Katowice Contract executed by the Consortium comprising Erbud Industry Sp. z o.o. (Consortium Leader) and Erbud S.A. (partner). Contract value: PLN 51.79 million
- **28 July 2021** - 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 shelter, a utility building, necessary technical infrastructure in Będzieszyn for "MIROSŁAW WRÓBEL sp. z o.o, at ul. Graniczna 4A, 54-610 Wrocław". Contract value: PLN 29.39 million
- **2 August 2021** - Construction of a turnkey basis of a peak load/reserve, gas-fired boiler house with two water boilers of approx. 20 MWt each and one boiler of approx. 10 MWt power as well as necessary building and technological infrastructure in the City of Kalisz for Energa Kogeneracja Sp. z o.o. with its registered office in Elbląg (82-300) at ul. Elektryczna 20A. Contract executed by the Consortium comprising Erbud Industry Sp. z o.o. (Consortium Leader) and Erbud S.A. (partner). Contract value: PLN 39.1 million
- **10 August 2021** - constructions works titled "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 for

Independent Public Health Care Facility in Kraśnik, at ul. Chopina 13, 23-200 Kraśnik.
Contract value: PLN 23.4 million

- **12 August 2021** – execution of Phase 3 of the "Popowice Harbour" investment project in the City of Wrocław for the company VANTAGE DEVELOPMENT S.A. with its registered office in the City of Wrocław. Contract value: PLN 83.10 million.

2.4 Residential/commercial buildings in foreign countries



Key: Przychody = Revenues

Building construction projects in foreign countries are mainly carried out by GWI BAUUNTERNEHMUNG GmbH (in Germany) and Erbud International Sp. z o.o. and ERBUD S.A. (in the markets of the following countries: Belgium, the Netherlands, Luxembourg and France).

In the first six months of 2021 the ERBUD Group generated PLN 48,663 million revenues in foreign markets, down by 72.54% compared to the same period last year. The decrease in revenue is due to a high base in 2020 resulting from the sale of a development project, the Duerren retirement housing estate.

In June 2021, the foreign order portfolio totalled PLN 0.1 billion in value terms. This compares to PLN 0.2 billion in the corresponding period of 2020, with PLN 0.08 billion in H2 2021.

Erbud S.A. is currently implementing the following projects in Belgium:

- Raf4 executes projects for Mourik in refineries and at chemical plants
- High-rise apartment building No. 17 in Antwerp for Interbuild acting as an investor
- High-rise apartment building No. 22 in Antwerp for TM BAM Interbuild - Jan De Nul Scheldehof VVZRL
- Apartments in Leuven for THV Tweewaters acting as an investor
- Apartments in Erps Kwerps for Van Roey acting as an investor

Erbud International is executing the following projects in Belgium:

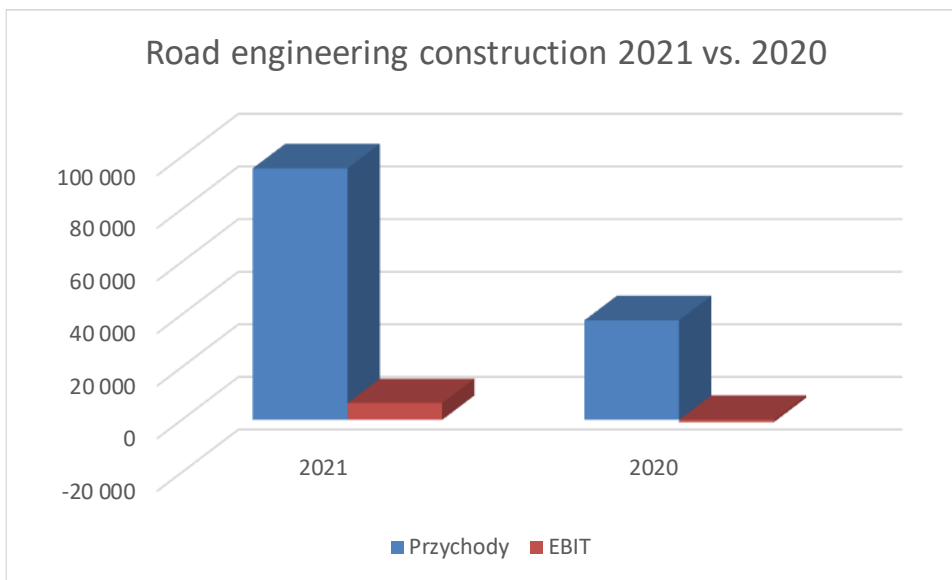
- Apartments in Berchem for Van Roey acting as an investor
- Apartments in the locality of Halle for Baunv acting as an investor
- An elementary school in Deurne for Strabag acting as an investor
- Apartments in the locality of Deurne for Baunv acting as an investor

Due to the economic crisis caused by the COVID-19 pandemic, DG ECFIN forecast GDP growth by 3.9% in 2021 and by 3.1% in 2022. The unemployment rate is expected to grow from 5.9% in 2020 to 7.0% in 2021.

Companies from the ERBUD Group have carried out a solid Belgian market reconnaissance. The expected GDP growth in 2021 is an opportunity to enhance the level of activities in the country. The major barriers that foreign businessmen face in the Belgian market are as follows:

- Difficulties in communicating in English with authorities (especially in the Walloon region) and local businesses (also from the Walloon region) due to the unpopularity of English in the region.
- Difficulties in determining the minimum wage of workers seconded to work in the Kingdom of Belgium. In Belgium, the minimum wage in individual industries is set centrally for the entire economy through collective labour agreements. This issue is particularly often raised by companies in the construction/erection industry interested in the secondment of workers.
- Tariffs and duty rates are constantly updated and are subject to change without notice.

2.5 Road engineering services



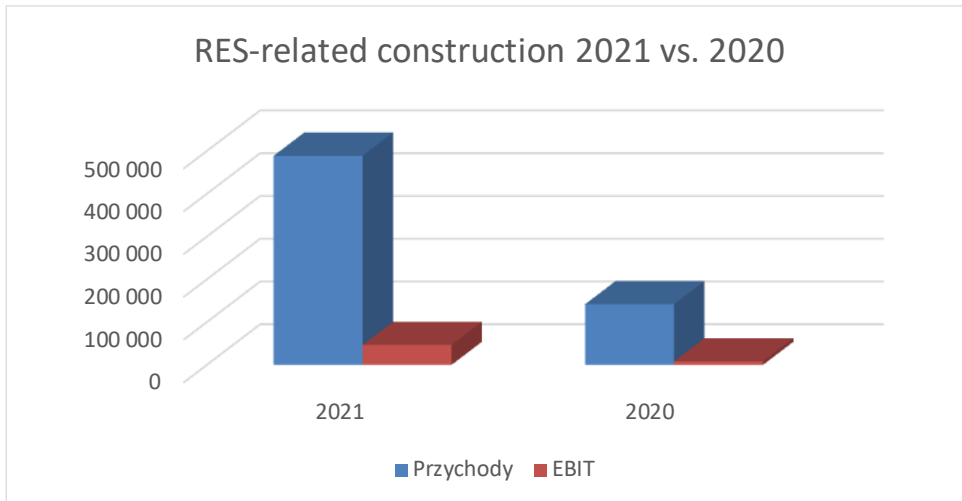
Key: Przychody = Revenues

ONDE S.A., a daughter company of ERBUD S.A., operates in the road engineering service segment. In H1 2021, revenues generated by this segment totalled PLN 95,603 thousand. The largest project in this segment is the S3 road construction by a consortium comprising also Mosty Łódź S.A.

In the first six months of 2020, the engineering and road construction activities brought the ERBUD Group PLN 95.6 million in revenues, up by 152.77% compared to the same period last year (PLN 38 million).

At the end of June 2021, the order portfolio for this segment was worth PLN 0.4 billion, of which PLN 0.15 billion was for 2021. In the comparable period of 2020, the portfolio for this segment was worth PLN 0.04 billion.

2.6 RES

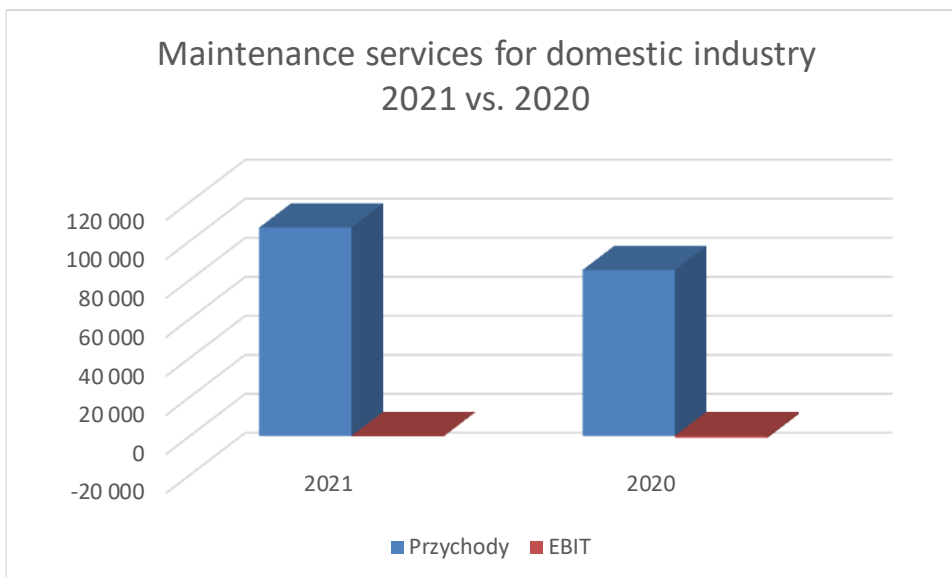


Key: Przychody = Revenues

In H1 2020, the engineering and road construction activities brought the ERBUD Group PLN 488 million in revenues, up by 245% compared to the same period last year (PLN 142 million).

At the end of June 2021, the order portfolio for RES segment was worth PLN 0.55 billion, of which PLN 0.44 billion was for 2021. In the comparable period of 2020, the portfolio for this segment was worth PLN 0.45 billion.

2.7 Construction and maintenance services for the domestic industry



Key: Przychody = Revenues

Projects in the power sector and the broadly understood industry fall into the scope of activities of Erbud Industry and its three subsidiaries: Erbud Industry Centrum, Erbud Industry Południe and Satchwell Sp. z o.o.

In H1 2021, the revenues generated in the construction and maintenance services for power sector segment totalled PLN 106.8 million, compared to PLN 85 million in the same period of the previous year, which represents a decline by a 25.61%.

At the end of June 2021, the order portfolio for this segment was worth PLN 0.2 billion, of which PLN 0.1 billion was for 2021. In the comparable period of 2020, the portfolio for this segment was worth PLN 0.2 billion.

Projects in the segment underway:

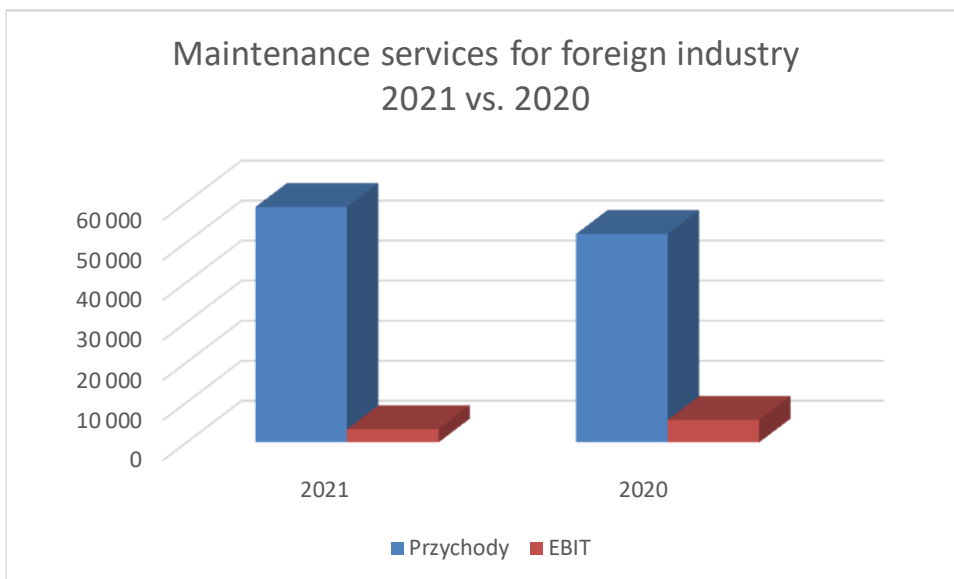
Engineering:

- Construction of a second 42 MWt natural gas-fired steam boiler at Michelin Poland S.A. CHP Plant in Olsztyn.
- Construction on a turnkey basis of flue gas cleaning system including catalytic denitrification (SCR) process and flue gas dedusting process along with the upgrading of boiler No. 2 OP-215 at Puławy Nitrogen Fertilizers Plant for ZA Puławy SA.
- Construction of new peak load generating sources for PGE Energia Ciepła S.A. The Wybrzeże Branch of the Gdansk CHP Plant.

Maintenance services:

- performance of mechanical works connected with the construction of installations for network water, DEMI water, oil management, assembly of oil boilers and electrode boilers in the "turnkey" formula, electrical works connected with low voltage installations for Erbud Industry Sp. z o.o
- non-scheduled works, current overhauls, inspections and maintenance as well as removal of defects at Karolin Combined Heat and Power Plant No. 2 for Veolia Energia Poznań S.A;
- Routine repair of the Konin-based Municipal Waste Thermal Treatment Plant.
- unplanned current repairs, inspections and maintenance as well as removal of defects, failures of equipment and biomass handling equipment at Combined Heat and Power Plant No. 3 and maintenance of lifting equipment at the Heat Distribution Plant for Veolia Energia Łódź;
- delivery of maintenance services (inspection and overhaul) of the MWK-9 and MWK-12 coal mills at the Combined Heat and Power Plant at the Manufacturing Plant in Janikowo at CIECH Soda Polska S.A.;
- maintenance of the equipment of the Municipal Waste Thermal Treatment Plant along with the delivery of spare and wear parts;
- upgrading of two gantry cranes located at the Container Terminal in the City of Łódź within the project "Redevelopment of the Łódź-Olechów Container Terminal";
- redevelopment of the district heating network in the City of Łódź in order to abate CO2 emissions and enhance energy efficiency;
- Retrofitting of CFB boiler No. K11 for SAPPI in Gratkorn (Austria) for Sumitomo;
- replacement of water heater coil bundles of boilers of Compact CFB type with capacity of 420 t/h at CEZ Chorzów S.A. for Sumitomo;
- performance of C&I works at Bella Toruń for Instal Toruń. On 30 June 2020 the Group had an order portfolio in the power segment worth PLN 0.17 billion vs. PLN 0.24 billion as of the end of June 2020, of which PLN 0.10 billion was in H2 2021.

2.8 Construction and maintenance services for the industry in foreign countries



Key: Przychody = Revenues

Projects in the power sector and the widely understood industry in foreign countries are covered by the scope of activities of IVT Weiner + Reimann GmbH and IVT Menzenbach GmbH. As of 1 June 2021, the segment was expanded to include the operations of IKR GmbH, a company acquired by Erbud Holding GmbH. IKR operates in the chemical, petrochemical, industrial, power generation industries and sectors IKR is also in the possession of a manufacturing department. The Company is also in the possession of three sites: Bayern, Hamburg, Lausitz.

In H1 2021, the revenues of the Construction and Maintenance Services for the Industry in Foreign Countries segment totalled PLN 58.8 million, down by 12.95% compared to the H1 of the previous year (PLN 54 million).

At the end of June 2021, the order portfolio for this segment was worth PLN 0.06 billion, of which PLN 0.01 billion was for 2021. In the comparable period of 2020, the portfolio for this segment was worth PLN 0.07 billion.

IVT offers a full range of modern industrial and delivery technologies. In addition to the assembly and disassembly of industrial and delivery facilities, IVT also offers industrial plant planning and construction.

IVT operates in the following business areas:

- Steel and pipeline structures
- Industrial and plant engineering
- Electrical, meteorological, measurement and control technology
- House and building technology
- Technical Building Management
- Downtime management
- Industrial curing;
- Temporary employment (through the subsidiary called IVT Menzenbach)

IVT's activities focus on the Rhine-Ruhr region - in addition to the Head Office IVT has branch office located on the customer sites: Bottrop, Dinslaken, Duisburg, Krefeld and Moers.

IVT activities are based on long-term customer relations. IVT's customer portfolio comprises companies operating in:

- ArcelorMittal Duisburg - steel industry
- ArcelorMittal Bottrop – coking plant
- Axel Springer - printing house (photo / Welt am Sonntag)
- Benteler Steel / Tube - Tube manufacturing
- Cargill – Food industry
- Ineos - chemistry
- Minegas / MingasPower - mining gas extraction and power generation
- RAG - shaft filling/monitoring of water and methane levels
- Rondo Food - pet food
- SBO (formerly OGM) - management of public buildings
- STEAG - energy supplier
- VIVAWEST - Housing Co-operative

2.9 Hydro-engineering segment.

Since January 2021, Erbud S.A. has operated a new Hydro-Engineering Division based in Gdańsk. Its task is to create and develop a new business within the Group - the acquisition and execution of hydro-engineering projects, both offshore and onshore. Currently, the bidding process is underway (the value of submitted bids is PLN 45 million) and the first projects are expected in H2 2021.

On 28 June 2021 the Branch received information about the award of the first public procurement contract "The Żuławska Loop - expansion of the Błotnik Marina". - construction of mooring piers worth PLN 3.3 million.

At the end of June 2021, the order portfolio for this segment was worth PLN 0.003 billion, of which PLN 0.003 billion was for 2021.

2.10 Fabrication and sale of wooden 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 part of the implementation of the aforementioned Strategy on 31 March 2021 ERBUD S.A. concluded with GRAFITH-NIERUCHOMOŚCI sp. z o.o. ("Seller") a conditional property sales agreement (the "Agreement"). Entering into 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. The purchase of the property was financed in 80% with the proceeds of the investment loan.

On 27 April 2021 ERBUD S.A. signed a non-revolving credit agreement with BNP Paribas Bank Polska S.A. with its registered office in Warsaw, designed for financing of purchase of the aforementioned Property. 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 agreed under the Agreement to comply with certain financial covenants (ratios), and failure to do so would represent an event of default. ERBUD S.A. will lease the facility to its subsidiary called MOD 21 Sp. z o.o.

MOD 21 Sp. z o.o. concluded a lease agreement for purchase of a manufacturing line and an investment loan agreement for renovation and expansion of the facility.

The fabrication of the first modular facilities is expected to be launched in Q3 2022.

2.11 Brief description of significant achievements or failures of the issuer in the period covered by the report together with a list of the major events concerning the issuer.

In the H1 2021, there were no significant achievements or failures in the Issuer's Group that could have any impact on its financial position. Both the Issuer and its subsidiaries run their statutory activities apart from taking a decision on expanding the Group's strategy by adding a new segment - fabrication and sales of modular buildings and raising capital from the public offering of the subsidiary ONDE S.A. while retaining majority shareholding.

In the first half of the year, the Group was actively involved in the vaccination process against SARS-CoV-2. As in the previous year, ERBUD Group companies did not suffer any major impact of the epidemic. The application of preventive measures was continued in all entities including but not limited to the strict use of Personal Protective Equipment (PPE) and changes in work organization to maintain social distance between workers.

In the opinion of the Management Board of the ERBUD Group, as of the date of publication of the financial statements, drawn up as of 30 June 2021, the liquidity positions of the Group and the Company remain stable.

2.12 Directions for development of the ERBUD Group's operations in the following quarters

In H2 2021 the ERBUD Group will continue activities aimed primarily at building the portfolio for 2021-2023, implementation of new aspects of the strategy (development of modular construction and implementation of PV and wind projects using the development formula.

Building a profitable order portfolio in all business segments is a priority in subsequent periods.

Another equally important task facing the ERBUD GROUP is to take care of its cash position and secure access to third party capital. The financial position of the ERBUD Group is stable. As of 30 June 2021 the Group had PLN 117 million of available cash, as well as PLN 8 million accumulated in the VAT account and PLN 18 million of restricted cash, which served as collateral for financial guarantees issued on behalf of Erbud Group companies, totalling PLN 143 million. Interest liabilities totalled PLN 225 million, including PLN 14 million from reclassification of lease contracts pursuant to the amended IFRS 16 standard. Long-term debt totalled PLN 72 million, with the largest item being

bond liabilities maturing in September 2021 ; short-term debt: PLN 152 million The net debt, excluding the debt driven by the IFRS amendment, totalled to PLN 67 million.

As of 31 December 2020 the Group had PLN 293 million of available cash and PLN 31 million held in the VAT account and PLN 23 million of restricted cash. Interest liabilities totalled PLN 127 million of which PLN 17 million was under long-term and short-term lease (IFRS 16 standard). Net debt excluding liabilities under IFRS 16 standard including funds accumulated in separate VAT accounts amounted to PLN 236 million.

In the comparison period as of 30 June 2020 the Group had PLN 165 million of available cash and PLN 8 million in the VAT account, which totalled jointly PLN 173 million. Interest liabilities totalled PLN 229 million, including PLN 18 million from reclassification of lease contracts pursuant to the amended IFRS 16 standard. Long-term debt totalled PLN 96 million, with the largest item being bond liabilities maturing in September 2021 ; short-term debt: PLN 133 million The net debt, excluding the debt driven by the IFRS amendment, totalled to PLN 38 million.

The Erbud Group entered H2 2021 with a very stable order portfolio of worth approximately PLN 2.85 billion. Meanwhile the value of the portfolio falling into 2021 is worth approximately PLN 1.6 billion. For comparison sake, in the same period of the previous year, the value of the portfolio as of 30 June 2020 was PLN 2.35 billion, of which PLN 1.05 billion fell into 2020.

In the period from January to August 2021, the Group signed contracts worth approximately PLN 1,861 million. In value terms, the highest number of contracts was signed the domestic building construction segment (PLN 1,107 million), followed by the RES segment (PLN 402 million), domestic and foreign industry (PLN 222 million) and foreign building construction segment (PLN 98 million).

2.12.1. Post balance sheet date's events that will have impact on the Group's operations in future periods.

- a) On 19 July 2021, a subsidiary of ERBUD S.A. – ONDE S.A. had its IPO on the Warsaw Stock Exchange (WSE). As part of the IPO, Erbud S.A. sold 7,704,200 of its shares at PLN 26.00 per share, raising PLN 200 million in cash and reducing its share in the ONDE capital to 60.7%. ERBUD intends to use the acquired funds as equity for an investment in the manufacturing of modular houses and for the acquisition of companies in the industrial services segment, both in Poland and abroad. From the perspective of ERBUD S.A., as a separate unit, the expected profit on the transaction will amount to PLN 191 021 thousand. From the perspective of the ERBUD Group, the value of acquired cash will amount to PLN 414,809 thousand and will be presented in the consolidated financial statements as the result on transactions with non-controlling shareholders and as an increase in equity of non-controlling shareholders.
- b) On 20 August 2021. the District Court in Toruń registered the equity increase in ONDE. The equity increase was made through the issuance of 8,250,000 shares. Thus ONDE S.A. raised its equity worth PLN 214,500 thousand. The Company intends to use the funds raised to develop RES projects (wind and PV) where it will act as a developer.
- c) On 26 August 2021 the Company's Management Board pursuant to Article 2(1) of the Bond Act of 15 January 2015 (the "Bond Act") and pursuant to a resolution of the Supervisory Board approving the issuance of bonds, adopted a resolution to issue not more than 75,000 D-series bonds (the "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 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 will apply for the floatation of the Bonds in the trading platform for debt financial instruments operated by the Warsaw Stock Exchange as an alternative trading system called Catalyst.

The Bonds will be 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 or a prospectus.

3 ERBUD GROUP FINANCIAL PERFORMANCE IN H1 2021

A description of the principles for drawing up semi-annual condensed financial statements (separate and consolidated) can be found in the consolidated and separate financial statements in the section Background information.

3.1. Key drivers of financial performance

During H1 2021 ERBUD Capital Group generated a net profit from continued business of PLN 15,230 thousand compared to a profit of PLN 11,696 thousand in H1 2020. Net profit standardized by the impact of valuation of employee D-series shares of ONDE S.A. totalled PLN 43,573 million in H1 2021. The major drivers of net profit compared to the comparable period are as follows:

- very handsome EBIT profit in the RES segment - PLN 46,392 million; whereas the adjusted EBIT for this segment amounts to PLN 74,768 thousand

- a high base in the comparable period in the Building Construction segment abroad as a result of the sale of a development project - the retirement community housing complex in Duerren.

- an acquisition of 100% shares in IKR GmbH and one-off recognition of transaction costs totalling EUR 685 thousand which, translated at the average exchange rate of the National Bank of Poland, gives PLN 3,115 thousand. thousand.

Consolidated Profit and Loss Account in analytical terms (in '000 PLN)

ERBUD S.A. did not publish ANY financial forecasts for 2021.

Item	2021	2020	Difference	%
Revenues from sales of products, merchandise and services	1,290,701	1,084,522	206,179	19.01%
Net profit/loss on sales	127,941	75,457	52,484	69.55%
Net profit/loss on sales	9.91%	6.96%		
Operating profit (EBIT)	29,883	21,061	8,822	41.89%
% EBIT	2.32%	1.94%		
Operating profit (EBIT) standardized with the D-series share valuation	61,341	21,061	40,280	191.25%
% EBIT standardized	4.75%	1.94%		
% EBITDA	42,344	32,335	10,009	30.95%
% EBITDA	2.98%	2.98%		
EBITDA standardized with D-series share valuation	73,802	32,335	41,467	128.24%
% EBITDA standardized	5.72%	2.98%		
Gross profit/loss	26,652	18,026	8,626	47.85%
% Gross profit/loss	2.06%	1.66%		
Gross profit standardized with the D-series share valuation	54,995	18,026	36,969	205.09%
% Gross profit/loss standardized	4.26%	1.66%		
Net profit/loss	15,230	11,696	3,534	30.22%
% net profit/loss	1.18%	1.08%		
Net profit standardized with the D-series share valuation	43,573	11,696	31,877	272.55%
% gross profit/loss standardized	3.38%	1.08%		

3.2. SALES REVENUES

In H1 2021, the Group's net sales revenues totalled PLN 1,290,701 thousand, and were down by 19.01% compared to the same period in the previous year. In H1 2021, sales increased in the segments of renewable energy, domestic industrial construction, sales for industry in foreign countries. The remaining segments recorded a sales decline. The share of the RES segment in total sales was 37.86% and was almost equal to the sales of building construction at home (37.87%).

3.3. Costs

The main cost item of the ERBUD Group (55.24% of total costs by type) were the costs of third party services, mainly the costs of work subcontracted to subcontractors. In H1 2021, they totalled PLN 698 million, i.e. they were up by 0.42% compared to the same period of the previous year. The share of third-party service costs in the breakdown of costs by type was distorted by the valuation of D-series shares, which caused a significant increase in the share of wage-related costs in the overall cost structure of the Group. If this factor is eliminated, then the share of third-party service costs would be up max. 57%.

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

- Expenses on materials and energy - they totalled PLN 333 million (26.36% of operating expenses) and were up by 105.49% compared to H1 2020.
- Employee benefit costs - amounted to PLN 200 million (15.86% of operating expenses), including PLN 28 million of costs generated by the valuation of D-series shares allocated to ONDE employees in Q1 2021. Total costs by type in H1 2021 rose by 21.91% compared to the same period in 2020. Excluding the impact of the D-series shares, the increase would be 19.17%.

Operating costs ('000 PLN)

	For a 6-month-period ended on 30 June 2021	For a 6-month-period ended on 30 June 2020	%
Third party services	698,085	695,186	0.42%
Material and energy consumption	333,088	162,098	105.49%
Employee benefit expenses	200,380	155,733	28.67%
Amortization and depreciation	12,461	11,274	10.53%
Taxes and charges	5,726	3,535	61.98%
Other cost categories	12,517	8,685	44.12%
Value of materials sold	1,497	130	1051.54%
Total costs by type	1,263,754	1,036,641	21.91%

3.4. Other income

Other operating income and expenses

In H1 2021, the Group's profit/loss on other operating activities, including impairment of financial assets and contract valuation assets, was PLN 5,407 thousand, compared to PLN 582 thousand in the same period of the previous year. The largest items of other operating income were reversed provisions (PLN 1.7m), compensation and insurance income (PLN 1.1m) and other income (PLN 22.5m). Other operating expenses were down by 37.61%.

Financial activity gains/losses

The Group's financial activity gain/loss was negative and totalled PLN (3,231), compared to a loss of PLN (3,035) thousand in H1 of the previous year. On the cost side, the highest items included interest on bonds, loans and other PLN (2,115) thousand and bank arrangement fees PLN (1,300) thousand. The financial costs in H1 2021 were down by 20.64% in total compared to 2020.

In the category of financial income in H1 2021, foreign exchange gains - PLN 1,603 thousand (61% of the value of financial income) took the largest share. As of 30 June 2021 the financial income was down by 51.01% compared to that on 30 June 2020.

3.5. Statement of Financial Position

On 30 June 2021, the total assets of ERBUD S.A. Capital Group amounted to PLN 1 525.7 million and were up by 27.15% compared to the end of 2020.

Major items of the Group assets were as follows:

- Short-term trade receivables and other receivables including deposits. They totalled PLN 598 million i.e. they accounted for 39.18% of the total assets. Their value was up by 41.19% compared to the end of 2020.
- Another significant item in the assets category were receivables from the valuation of building contracts - PLN 411 million - 26.92% of total assets (up by 129% compared to 31 December 2020). The increase in the value of long-term contract valuation receivables is attributable to a large increase in sales in the RES segment and the road engineering segment (up by PLN 194 million);
- Cash and cash equivalents in the amount of PLN 144 million, including cash accumulated in the VAT account (down by 58.39% compared to the 2020 closing balance). The cash decline is primarily attributable to the growth of the RES project development segment and the modular home fabrication and sales segment;
- Fixed assets were priced at PLN 289 million, i.e. 18.95% of total assets. Their value was up by 37.84% compared to the end of 2020. They consisted mainly of tangible fixed assets (PLN 139 million), goodwill (PLN 41 million) and deferred tax assets (PLN 43 million)

As of 30 June 2021, equity totalled PLN 330 million (including non-controlling shareholders' equity of PLN 10 million) compared to PLN 310 million as of the end of 2020 (up by 6.18%).

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

- Total short-term liabilities of PLN 1,013 million (66.42% of liabilities) were up by 24.54% compared to those on 31 December 2020.
- The interest debt totalled PLN 225 million (14.73% of liabilities), including PLN 16 million due to the amendment to IFRS 16. The interest debt was up by PLN 97 million (76.32%) compared to that at the end of 2020. Similarly to the increase in accounts receivable, the increase in interest-bearing liabilities was driven by the capital expenditure projects and ONDE business development.

3.6. Cash flows

In H1 2021 the ERBUD Group recorded positive cash flows of PLN 175 million (PLN 17.4 million in the same period of the previous year). In particular they consisted of:

- negative operational cash flows of PLN 151 million (positive change in working capital);
- Negative cash flows from investment activities in the amount of PLN 84 million.
- Positive cash flows from financial activities in the amount of PLN - 60 million.
- As of 30 June 2021 the Group held cash and cash equivalents of PLN 144 million, including cash accumulated in the VAT account (down by 58.39% compared to the 2020 closing balance).

3.7. Changes in equity

As of 30 June 2021, equity totalled PLN 330 million (including non-controlling shareholders' equity of PLN 10 million) compared to PLN 310 million as of the end of 2020 (up by 6.18%).

Changes in shareholders' equity were driven by the profit/loss in the accounting period and by the repurchase of own shares.

3.8. Interest debt

At the end of June 2021, the ERBUD Group's total interest debt (loans, borrowings, bonds, leases) totalled PLN 225 million including PLN 73 million of short-term debt.

An increase in interest-bearing liabilities compared to the closing balance of 2020 (PLN 97 million; up by 76.32%) is primarily driven by capital expenditures on modular homes and by the expansion of ONDE S.A.'s business.

	30 Jun. 2021	31 Dec. 2020	30 Jun. 2020
cash assets	144,106	346,290	173,571
interest liabilities	224,741	127,462	228,911
IFRS 16	13,950	17,569	17,569
interest debt in real terms	210,791	109,893	211,342
net debt	66,685	(236,397)	37,771

As of the balance sheet date of 30 June 2021 the ERBUD Group has access to bank and insurance multi-purpose lines with a total value of PLN 1,374,169 thousand, which can be used mainly for loans or bank and insurance guarantees. As of the balance sheet date of 30 June 2021 ERBUD Group had debt related to bank loans and borrowings of PLN 132,911 thousand (of which long-term debt amounted to PLN 48,311 thousand and short-term debt to PLN 84,600). The total amount of PLN 663,859 thousand of the limits enjoyed by the Group was used for bank and insurance guarantees.

- **On 29 January 2021** Annex No. 2 was signed in the form of consolidated text of the Multi-Product Umbrella Framework Agreement 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: ONDE 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: A limit for ERBUD S.A. totals PLN 110 million including an option of incurring a debt up to PLN 15 million; the sublimit for ONDE 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 (as defined in the Current Report No. 24/2021). 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 agreed under the Agreement to comply with certain financial covenants (ratios), and failure to do so would represent an event of default.

- **On 14 June 2021** Annex no. 19 signed with PKO Bank Polski S.A. with its registered office in Warsaw to the Loan Agreement No. 42020 1042 0000 8102 0212 8346/2009, dated 30 June 2009. Pursuant to this Annex, the Parties extended an entitlement to utilize the loan and guarantee limit in the amount of PLN 50 million (PLN 20 million sub-limit for debt in the current account; PLN 30 million limit for financial guarantees) until 30 June 2022.
- **On 29 June 2021**. Annex No. 7 to Multiline Agreement No. K01393/15, dated 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:
A limit for Erbud S.A. amounts to PLN 60,8 million, including an option of drawing a debt financing, up to the amount of PLN 5 million; (of which, within the allocated limit for guarantees, the amount of PLN 10.8 million are dedicated guarantees and issued for the Beneficiary - Energy Regulatory Office (ERO)). The sublimit for ONDE S.A. amounts to PLN 40 million and is intended for the issue of bank guarantees up to PLN 20 million and for an option of drawing a debt financing, also up to PLN 20 million.
The multi-purpose line matures on 7 July 2022 and the guarantee issued under the ERO auction matures not later than 3.5 years from the Bank's liability origination date.

The Group's loans and borrowings from banks are secured with:

- contractual and capped mortgages on the Group's assets,
- a pledge of shares in the event of an acquisition purchase,
- assignments of rights under building contracts,
- mutual sureties extended by the member companies in the Group,
- submission to enforcement pursuant to Article 777 of the Civil Code,
- 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 summary of the above securities and collaterals is included in the semi-annual consolidated financial statements of the ERBUD Capital Group for the period from 1 January to 30 June 2021.

Loan agreements and multi-purpose financial agreements (a loan with a guarantee facility) as of the date of publication of the condensed financial statements contain financial ratios that the borrower has undertaken to maintain during the term of the loan. As of 30 June 2021 the Group did not breach any of the financial ratios (covenants) set forth in the applicable agreements with financial institutions.

Loan agreements signed by the ERBUD Group's member companies - as of 2 September 2021

Bank	Type of liability	Amount ('000 PLN)	Currency	Interest terms	Repayment date	Payment of instalments	Borrower
BNP Paribas Bank Polska S.A.	Overdraft facility	8,000	PLN	WIBOR 3M + 1.5%	30 Apr. 2022	one-off	ERBUD S.A.; ONDE S.A. - 5,000
mBank S.A.	Overdraft facility	15,000	PLN	WIBOR 1M + 1.6%	4 Feb. 2022.	one-off	ERBUD S.A.; ONDE S.A. – 10,000
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. 2021	one-off	ERBUD S.A.
ING Bank Śląski S.A.	Overdraft facility	59,000	PLN	WIBOR 1M +1.65%	31 Jan. 2022	one-off	ERBUD S.A – 50,000.; ONDE S.A – 5,000.; 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	10,000	PLN	WIBOR 1M + 1.5%	30 Apr. 2022	one-off	ERBUD Industry Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	5,000	PLN	WIBOR O/N+1.30%	30 Sept. 2021	one-off	ERBUD Industry Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	4,000	PLN	WIBOR O/N+1.30%	30 Sept. 2021	one-off	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	4,500	PLN	WIBOR O/N+1.3%	30 Sept. 2021	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%	29 May 2026	Quarterly instalments	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	6,000	PLN	WIBOR O/N+1.30%	30 Sept. 2021	one-off	ERBUD Industry Południe Sp. z o.o.
Credit Agricole Bank Polska S.A.	Working capital facility	1,000	PLN	WIBOR O/N+1.30%	30 Sept. 2022	Quarterly instalments	Satchwell Sp. z o.o.
mBank S.A.	Overdraft facility	3,000	PLN	WIBOR 1M + 1.45%	29 Jul. 2022	one-off	ERBUD Operations Sp. z o. o.
ING Bank Śląski S.A.	Investment loan	3,495	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.
CommerzBank AG	Overdraft facilities	2,000	EUR	EURIBOR 3M+ 0.25%	31 May 2022	one-off	GWI GmbH
PKO BP S.A. German Branch	Overdraft facilities	910	EUR	EURIBOR 1M + 2.1%	30 Jun. 2022	one-off	GWI GmbH
Deutsche Bank AG	Overdraft facilities	1,000	EUR	2.25%	30 May 2022	one-off	GWI GmbH
HSBC France (Joint Stock Company) Branch in	Non-revolving loan	1,575	EUR	EURIBOR 3M+ 2.2%	24 Feb. 2023	instalments	ERBUD Beteiligungs GmbH

Poland							
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%-2.0%	Valid indefinitely	one-off	IVT Weiner + Reimann GmbH
Santander Bank AG	Overdraft facilities	1,000	EUR	EURIBOR + 1.5%-2.0%	Valid indefinitely	one-off	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	260	EUR	1.50%	31 May 2027	instalments	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	38	EUR	EURIBOR + 1.25%	30 Apr. 2022	instalments	IVT Weiner + Reimann GmbH
Ford Bank AG	Car loan	52	EUR	0.00%-3.92%	31 Jul. 2022	instalments	IVT Weiner + Reimann GmbH
Santander Bank AG	Car loan	493	EUR	0.00%-3.92%	31 Jul. 2022	instalments	IVT Weiner + Reimann GmbH
Santander AG	Overdraft facilities	3,000	EUR	EURIBOR +1.0%-1.5%	Valid indefinitely		Erbud Deuchland Holding
	Total:	219,650	PLN				
	Total:	12,828	EUR				

3.9. Contingent receivables and liabilities

Contingent liabilities under the guarantees and sureties granted are both sureties issued by the member companies of the ERBUD Group and guarantees issued by the banks and insurance companies to the ERBUD Group's contractors to secure their claims against the Group under the construction contracts performed, with the banks and insurance companies being entitled to a back claim against the ERBUD Group to this extent.

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

Guarantor	Surety holder	Value ('000 PLN)	Subject	For whom	Surety expiry date	Type of surety and financial terms
ERBUD S.A.	GWI GmbH	9,042	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.	GWI GmbH	937	overdraft facility – EUR 1,092	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.	GWI GmbH	11,121	Line for financial guarantees of EUR 2 460	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.	GWI GmbH	4,521	insurance guarantee lines of EUR 1 million	Euler Hermes, Zürich, AXA, Bayerische Versicherungsverband, R+V; Swiss	31 Dec. 2022	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety

				RE		
ERBUD S.A.	GWI GmbH	4,521	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 Menzenbach GmbH; IVT Weiner+Reiman GmbH – Joint and several surety	ERBUD Beteiligungs GmbH	16,171	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.	67,812	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 Jun. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	GWI GmbH	41,139	Building Contract performance bond	Monheimer Einkaufszentrum GmbH	Until works acceptance	Civil surety, the Guarantor charges a surety fee of 1% of the value
Total:		263,108				

Surety extended by ERBUD S.A. – as of 31 Dec. 2020

Guarantor	Surety holder	Value ('000 PLN)	Subject	For whom	Surety expiry date	Type of surety and financial terms
ERBUD S.A.	GWI GmbH (subsidiary)	9,230	Overdraft facility	Commerz-Bank	31 May 2021	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.	GWI GmbH (subsidiary)	7,338	overdraft facility – EUR 1 590	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.	GWI GmbH (subsidiary)	9,137	A line for financial guarantees in the amount of EUR 1 980	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.	GWI GmbH (subsidiary)	4,615	insurance guarantee lines of EUR 1 million	Euler Hermes, Zürich, AXA, Bayerische Versicherungsverband, R+V ; Swiss RE	31 Dec. 2020	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	GWI GmbH (subsidiary)	4,615	Overdraft facility of EUR 1 million	Deutsche Bank AG	30 May 2021	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. (subsidiary)	20,000	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 Menzenbach GmbH; IVT Weiner+Reiman GmbH – Joint and several surety	ERBUD Beteiligungs GmbH	16,507	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.	PBDI 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
Total:		78,161				

Contingent liabilities under guarantees granted to third parties ('000 PLN)

Company	Liability payment guarantee	Performance bond	Retention bond	Total contingent liabilities
ERBUD S.A.				
30 Jun. 2021	86,033	208,539	265,578	560,149
31 Dec. 2020	71,900	203,869	266,734	542,503
30 Jun. 2020	58,183	218,239	233,746	510,168
ONDE S.A.				
30 Jun. 2021	9,740	153,583	31,927	195,250
31 Dec. 2020	5,848	107,820	24,994	138,662
30 Jun. 2020	4,898	64,025	22,184	91,107
GWI GmbH				
30 Jun. 2021	7,433	23,235	39,697	70,365
31 Dec. 2020	7,588	15,813	45,930	69,331
30 Jun. 2020	11,809	14,342	51,870	78,021
Erbud International Sp. z o.o.				
30 Jun. 2021	0	0	0	0
31 Dec. 2020	0	0	0	0
30 Jun. 2020	0	223	0	223
ERBUD Industry Sp. z o.o.				
30 Jun. 2021	2,700	8,590	4,819	16,109
31 Dec. 2020	15,485	8,590	5,491	29,566
30 Jun. 2020	14,888	9,711	5,249	29,848
Erbud Industry Centrum Sp. z o.o.				
30 Jun. 2021	1,298	8,763	1,376	11,437
31 Dec. 2020	850	8,032	855	9,737
30 Jun. 2020	200	6,481	1,373	8,054
ERBUD Industry Południe Sp. z o.o.				
30 Jun. 2021	0	1,697	2,659	4,356
31 Dec. 2020	274	3,377	1,831	5,482
30 Jun. 2020	174	3,627	1,725	5,526
ERBUD Industry Pomorze Sp. z o.o.				
30 Jun. 2021	0	0	0	0
31 Dec. 2020	0	1,182	778	2,060
30 Jun. 2020	0	1,542	2,256	3,798
ERBUD Operations Sp. z o.o.				
30 Jun. 2021	2,688	11,262	4,378	18,328
31 Dec. 2020	2,518	11,126	3,863	17,507
30 Jun. 2020	2,098	8,744	4,111	14,953
Satchwell Sp. z o.o.				
30 Jun. 2021	0	0	726	726
31 Dec. 2020	N/A	N/A	N/A	N/A

30 Jun. 2020	N/A	N/A	N/A	N/A
IVT Weiner + Reimann GmbH				
30 Jun. 2021	3,005	68	0	3,073
31 Dec. 2020	2,614	69	0	2,683
30 Jun. 2020	2,426	67	0	2,493
IVT Menzenbach GmbH				
30 Jun. 2021	728	0	0	728
31 Dec. 2020	725	0	0	725
30 Jun. 2020	0	0	0	0
IKR GmbH				
30 Jun. 2021	12,260	11,654	0	23,914
31 Dec. 2020	N/A	N/A	N/A	N/A
30 Jun. 2020	N/A	N/A	N/A	N/A
30 Jun. 2021	Total			904,435
31 Dec. 2020	Total			818,256
30 Jun. 2020	Total			666,889

Contingent liabilities under lawsuits brought against ERBUD S.A.

Item	30 Jun. 2021 (value in PLN M)	31 Dec. 2020 (value in PLN M)
Contingent liabilities under lawsuits brought against ERBUD S.A.	46.88	46.88

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 to be significant. In the category of contingent liabilities, the highest amount equals to PLN 34.4 million and concerns the dispute with MPL Modlin Sp. z o.o.

As of 30 June 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 30 Jun. 2021 in '000 PLN	As of 31 Dec. 2020 in '000 PLN	As of 30 Jun. 2020 in '000 PLN	Company
Performance bond, retention bond, payment guarantees	77,643	86,477	82,475	ERBUD S.A.
Performance bond, retention bond	39,359	29,978	16,507	ONDE S.A.
Performance bond, retention bond	0	0	0	Erbud International Sp. z o.o.
Performance bond, retention bond	39,163	23,741	22,082	GW1 GmbH
Performance bond, retention bond	38	0	0	Erbud Industry Centrum Sp. z o.o.
Performance bond, retention bond	15,155	16,387	15,877	ERBUD Industry Sp. z o.o.
Performance bond, retention bond	0	38	41	ERBUD Industry Pomorze Sp. z o.o.
Performance bond, retention bond	324	820	776	ERBUD Industry Południe Sp. z o. o.
Performance bond, retention bond	24,984	2,396	1,775	ERBUD Operations Sp. z o.o.
Performance bond, retention bond	0	N/A	N/A	Satchwell Sp. z o.o
Performance bond, retention bond	45	46	45	IVT Weiner + Reimann GmbH
Performance bond, retention bond	0	0	0	IVT Menzenbach GmbH
Performance bond, retention bond	0	0	0	IKR GmbH
Total:	196,666	159,883	139,578	

Bank guarantee limits made available to the Group - as of the date of publication of the Financial Statements drawn up as of 30 June 2021 (in '000 PLN)

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	112,000	PLN	ERBUD S.A.; ONDE S.A. (35,000)
mBank S.A.	Bid bonds, performance bond, retention bond	95,000	PLN	ERBUD S.A. (ONDE S.A. – 15,000)
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	50,000	PLN	ERBUD S.A.
HSBC Bank Polska S.A.	Bid bonds, performance bond, retention bond	50,000	PLN	ERBUD S.A.
Credit Agricole Bank Polska S.A.	Bid bonds, performance bond, retention bond	35,000	PLN	ERBUD S.A. (30 000), ERBUD Industry Centrum Sp. z o.o. (12 500), ERBUD Industry Sp. z o.o. (10 000), ERBUD Industry Południe (9 000)
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.	Bid bonds, performance bond, retention bond	20,000	PLN	ONDE S.A.
mBank S.A.	Bid bonds, performance bond, retention bond	3,000	PLN	ERBUD Operations Sp. z o.o.
BNP Paribas Bank Polska S.A.	Bid bonds, performance bond, retention bond	3,000	PLN	ERBUD Operations Sp. z o.o.
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	2,050	EUR	GWI GmbH
Santander Bank DE AG	Bid bonds, performance bond, retention bond	5,000	EUR	Erbud Deuchland Holding
Total:		598,000	PLN	
Total:		9,050	EUR	

Insurance guarantee limits made available to the Group - as of the date of publication of the Financial Statements drawn up as of 30 June 2021 (in '000 PLN)

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	15,294	PLN	ERBUD S.A.
Allianz Polska S.A.	Bid bonds, performance bond, retention bond, advance payment	2,348	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	15,553	PLN	ERBUD S.A.
Swiss RE	Bid bonds, performance bond, retention bond	3,500	EUR	ERBUD S.A.
Euler Hermes AG.	Bid bonds, performance bond, retention bond	846	EUR	GWl GmbH, ERBUD S.A. and ERBUD International Sp. z o.o
ZURICH	Bid bonds, performance bond, retention bond	474	EUR	GWl GmbH
R+V	Bid bonds, performance bond, retention bond	7,000	EUR	GWl GmbH
AXA	Bid bonds, performance bond, retention bond	1,000	EUR	GWl GmbH
Bayerischer Versicherungverband	Bid bonds, performance bond, retention bond	1,500	EUR	GWl GmbH
Swiss RE	Bid bonds, performance bond, retention bond	1,364	EUR	GWl GmbH
Credendo	Bid bonds, performance bond, retention bond	2,500	EUR	GWl GmbH
VHV Versicherungen	Bid bonds, performance bond, retention bond	500	EUR	GWl 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.
Uniqa 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 Operations Sp. z o.o.
TU Gothaer.	Bid bonds, performance bond, retention bond	1,083	PLN	ERBUD Operations Sp. z o.o.
R+V	Bid bonds, performance bond, retention bond	3,000	EUR	IVT Weiner + Reimann GmbH
Total:		430,653	PLN	
Total:		26,684	EUR	

3.10. The Management Board's position on the forecasts for a certain year in the light of the performance presented as of 30 June 2021.

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

4 RISK MANAGEMENT

Risk management is a very important aspect of the ERBUD Group. The Management Board approaches the problem of risk management systemically, taking into account all possible potential risks such as:

Internal risks	External risks
<p>Strategy</p> <ul style="list-style-type: none"> • lack of fast adaptation to ever changing market environment • failure to keep abreast with changing technology • erroneous choice of partner <p>Organisation</p> <ul style="list-style-type: none"> • poor communication between operational units • misappropriations • breaches of guidelines and internal procedures 	<p>Economics</p> <ul style="list-style-type: none"> • fluctuation of raw material prices • interest rate changes • exchange rate fluctuations • inflation rate growth • increase of insurance contributions <p>Politics</p> <ul style="list-style-type: none"> • regulatory changes • entry barriers • trade embargoes • regulatory changes
<p>Personnel</p> <ul style="list-style-type: none"> • occupational diseases • labour strikes • lack of competencies • loss of workers <p>Processes and assets</p> <ul style="list-style-type: none"> • accidents during transport • fires / failures • defective product quality and pollution / contamination 	<p>Market</p> <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 <p>Nature</p> <ul style="list-style-type: none"> • flood • hurricane wind • epidemic/pandemic <p>Social</p> <ul style="list-style-type: none"> • crimes • increase of damages awareness • demonstrations

Types of risks specifically monitored within the ERBUD Group are presented below.

4.1. Financial Risk

4.1.1st Currency risk

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. Contracts executed in Poland are generally concluded by the Group in Polish currency, and contracts executed abroad are concluded in Euro. As part of their core business, the Group member companies enter into construction contracts, which are denominated in foreign currencies (primarily in Euro).

In the case of contracts denominated in foreign currencies, the Group is particularly exposed to the currency risk related to the appreciation of the Polish zloty - the expected proceeds from the contract decrease, if the domestic currency appreciates.

In the case of contracts denominated in Euro for which it is impossible to match the currency, the Group hedges the material foreign exchange risk using forward contracts with key parameters as close as possible to those of the hedged item.

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

In the period under discussion, neither the Issuer nor the Group member companies executed contracts exposed to currency risk.

4.1.2nd Interest rate risk

The interest rate risk occurs mainly in connection with the utilization of debt financing i.e. bank credits and loans, 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. This risk is partially offset by the Group's idle cash deposits invested on the basis of a variable interest rate. However, the current monetary policy does not guarantee compensation for the costs incurred in connection with bank debt by means of deposit income.

Save for the bonds and investment loans, the Group enters into short-term debt financing agreements (up to 12 months), which reduces the risk related to a sudden increase in interest rates.

In relation to the above the Group monitors its exposure to interest rate risk and interest rate projections as well as allows for hedging of material interest rate risk through *interest rate swaps*. When entering into hedging transactions, the Group applies hedging accounting principles.

At the moment, the company's governing bodies focus in particular on the monitoring of risk associated with changes in interest rates. The Management Board is aware of the fact that long-term debt financing (bonds, investment loans) is on the rise.

4.1.3rd 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. 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.

This is a risk to which the Group is particularly exposed during the period under discussion and in the near future. A risk that has a direct impact on profitability, and thus on the risk of covenants breaking

as a result of lower-than-required profitability. In connection with the above, the Management Board together with the managerial staff undertakes numerous actions to renegotiate prices with Investors and to assume additional provisions for this type of risk in the calculation of new contracts.

4.1.4th Credit risk

The ERBUD Group's financial assets, which are exposed to credit risk, are mainly trade receivables and construction performance bonds. The 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 capability 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.

The Group sets up a write-down for impairment loss updating receivables when there is objective evidence that the Group will not be able to obtain due amounts under original terms of receivable payment.

4.1.5th Liquidity risk

The Group's operations require financial commitment and pre-financing of the works in progress as most of the projects are invoiced once a month and invoices are usually paid after 30 days from the date of receipt. There are also projects for which invoicing takes place once a quarter or after completion of a certain milestone, which extends the period of pre-financing of construction works.

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.

ERBUD S.A. also benefits from debt financing raised through the issue of bonds worth PLN 52 million.

In addition, ERBUD S.A. and some of the Group's entities performing construction work, while being in the construction process, are obliged to provide a performance bond, guarantee of repairing defects and faults, and in some cases refund the advance payment or guarantee of payment. Therefore, in addition to debt financing, ERBUD S.A. and some subsidiaries utilize lines for financial guarantees both from banks and from insurance companies.

As part of both cash and equity transactions, the Group member companies cooperate 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 30 June 2020 the ERBUD Group had the capacity to meet its short-term liabilities. All Group member companies paid their interest and trade payables on time.

As at the report date and in the long term, the Management Board sees no threats to financial liquidity.

4.2. 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.

4.3. Macroeconomic Risk

The development prospects of the ERBUD Group and its financial standing depend primarily on the condition of the Polish economy and the European economy. The development opportunities for the construction sector are particularly influenced by the share of investments into economic growth. Most analysts predict that, *inter alia*, thanks to the inflow of funds from under the new EU perspective, which will be allocated to investment projects, the GDP growth rate will remain at approximately 3% in the coming quarters.

However, good development prospects for the construction sector may at the same time contribute to enhanced competition originating from both Polish and foreign companies. The mounting competition poses a risk to construction output.

4.4. Legal Risk

Possible changes to certain regulations 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.
- Aggressive fiscal policy - such as the split payment mechanism - which will affect the GROUP's liquidity.
- Risks related to the implementation of GDPR Regulation.
- Risks associated with would-be introduction of the so-called "Polish Deal" as proposed by the Polish government as of the date of publication of the this Report.

4.5. 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. Recently in Poland there have been a number 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.

4.6. Environmental Risk

Environmental risk management at ERBUD 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,
- chemical 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.

4.7. Climate Risk

Based on the guidance provided in the Climate Information Reporting Supplement (2019/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. 	<ul style="list-style-type: none"> Transition risk concerning political aspects Transition risk concerning technological aspects Transition risk concerning market aspects Transition risk concerning loss of reputation 	<ul style="list-style-type: none"> - 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. - the risk of failure to apply technologies less harmful for the climate. - the risk of redirecting business customers' choices to solutions and structures that have an even more passive impact on the climate. - 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.
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4.8. 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.

4.9. 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 Group's management has taken all possible measures to prevent the spread of the virus within the Group's member companies, including arrangement of vaccinations for the personnel members, their families as well as subcontractors and investors. The Management Board, along with the OH&S units follows the developments in Poland and in Europe. 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 publication date of the financial statements, drawn up as of 30 June 2021, the liquidity positions of the Group and the Company remain stable.

As the situation continues to evolve, management of the company believes that it is not possible to provide quantitative estimates of the potential impact of the current situation on the company. The management will continue to monitor the potential impact and will take all possible steps to mitigate any negative impact on the ERBUD Group.

In the opinion of the Management Board of the ERBUD Group, the greatest threat of the pandemic to the construction sector will be the slowdown of private investments. Investors are already encountering major problems in raising funding for new investment projects. Whether it is going to be feasible to bridge the gap with public investments still remains unknown. The second major risk is would-be supply chain disruption.

4.10. Insurance

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

Additionally, the Group uses motor insurance.

Insurance contracts

Insurer	Valid from	Valid to	Subject of insurance	Value of insurance
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Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2020	31 Jan. 2021	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	Civil liability business insurance	PLN 100 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2020	31 Jan. 2021	Third party liability insurance of the designer	PLN 10 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. 2020	31 Jan. 2021	Construction and erection all risks insurance	Open
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2021.	31 Jan. 2022	Construction and erection all risks insurance	Open
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. 2021	21 Feb. 2022	Corporate Cyberattack Insurance – CYBER ERM	PLN 5 million

4.11. Litigations

Information about lawsuits pending before a court, an authority competent for arbitration proceedings or a public administration body, including information about:

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)

Material proceedings to which the Issuer is the plaintiff:

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.

On 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. 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 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.

Until the date of publication of the financial statements, the status of the case has not changed.

2.

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

Date of filing a lawsuit: 14 February 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 interviewed. 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 date of hearing is missing.

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. in Warsaw

Value of the dispute: 13,516,629.86

Date of filing a lawsuit: 27 April 2019

ERBUD S.A. 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 Źeromskiego Street in the City of Świnoujście" by encumbering the properties belonging to Platinum Resort Sp. z o.o. with a joint compulsory mortgage.

Pursuant to 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 decision of 22 February 2019. the District Court secured the claim of ERBUD S.A. for another amount of PLN 3.5 million by establishing a compulsory mortgage on the 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 .

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 29 218 515.74

Material proceedings to which the Issuer is the defendant

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, the Company 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 S.A. to repair the airfield surface at the Warsaw-Modlin airport. The witnesses hearing was completed.

On 20 August 2019, the Court issued an order to entrust the Institute of Roads and Airports the performance of an construction opinion (reasons for defects in the surface and assessment of alternative repair options). The Institute confirmed it could prepare such opinion. Subsequently, the Court commissioned to the Institute the drawing up an opinion also on meteorological aspects. Upon the Institute's request, the Court extended the deadline for the opinion preparation until 10 May 2021.

At the same time, ERBUD S.A. supports the assessments presented in the earlier memoranda, according to which the risk of awarding a claim in favour of MPL is lower than the chance of claim dismissal. However, even if the Court found MPL's claim justified, the amount of awarded damages would be significantly lower than the amount claimed in the action brought by MPL, since ERBUD S.A. is able to question almost every element of the claim lodged by MPL.

Total value of other proceedings where ERBUD S.A. is the defendant: PLN 15,651,778.07

4.12. Information about transactions with related parties in the ERBUD GROUP

In H1 2021 and until the date of publication, neither the Issuer nor its subsidiaries entered into any transactions other than those related to the regular activities of the aforementioned entities. All transactions are concluded following the arms' length principle.

4.13. Other information, which according to the Issuer, are key to the assessment of the personnel, economic and financial standing, financial result and any changes, necessary to assess the Issuer's capacity to meet its obligations.

In the Company's opinion, there is no other relevant information for the assessment of the aforementioned factors than that indicated in this Report.

5 CORPORATE GOVERNANCE - SELECTED INFORMATION

5.1st Share capital

As of 30 June 2021 ERBUD S.A.'s share capital totalled PLN 1,239,935.90 and divided into 12,399,359 ordinary bearer shares with a par value of PLN 0.1 each. As of the date of publication of the Condensed Consolidated Financial Statements for H1 2021, the share capital of ERBUD S.A., as a result of the repurchase of its own shares carried out in May 2021 amounted to PLN 1,239,935.90 and was divided into 12,399,359 ordinary shares with a par value of PLN 0.1 per share, of which 160,000 were ERBUD S.A.'s own shares without a right to vote at the General Meeting of Shareholders.

There are no restrictions on the transfer of the ownership title, nor on the exercise of voting rights attached to the shares held. Nor do the Company's shares confer any special control rights vis-a-vis the Issuer.

Until the date of publication of the financial statements, the level of the Company's share capital had not changed.

5.2nd ERBUD S.A.'s shareholders

As of 2 September 2021 i.e. the date of publication of the Financial Statements, the list of shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of Shareholders of ERBUD S.A. was as follows:

Name of shareholder	As of 2 Sep. 2021		As of 13 May 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
Wolff & Müller Baubeteiligungen GmbH & Co. KG including Wolff & Müller Holding GmbH & Co. KG*	3,958,087	31.92%	4,012,025	32.36%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	2,036,066	16.42%	2,036,812	16.64%
ING OFE	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%
Dariusz Grzeszczak	737,603	5.95%	747,654	6.03%
PKO OFE	715,279	5.77%	715,279	5.77%
Adler Properties Sp. z o. o. controlled by Józef Adam Zubelewicz			398,111	3.21%
Józef Adam Zubelewicz			250,699	2.02%

ERBUD SA - own shares without voting rights at the General Meeting of Shareholders	160,000	1.29%**	0	0.00
Other shareholders	2,409,178	19.43%	1,828,633	14.75%
Total:	12,399,359	100.00%	12,399,359	100.00%

* Mr Albert Dürr holds 85% shareholding in Wolff & Müller Holding GmbH & Co. KG, which holds 100% of the shares in Wolff & Müller Baubeteiligungen GmbH & Co. KG and directly 2.17% shareholding in Erbud S.A. (2.17% of the total number of votes). Wolff & Müller Baubeteiligungen GmbH & Co. KG holds directly 29.75% shareholding in Erbud S.A. (29.75% 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). Additionally Mr. Albert Dürr holds directly 0.11% shareholding in Erbud S.A. (0.11% of the total number of votes). In total Mr. Albert Dürr holds directly and indirectly 32.14% shareholding in Erbud S.A. (32.14% of the total number of votes).

** - own shares of ERBUD S.A. without the right to vote at the General Meeting of Shareholders

On 19 May 2021 the Company received a notice on the sale of shares by the shareholder ERBUD S.A. (Issuer) in 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 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:

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: PLN 20,500,000 (in words: sixteen million five hundred thousand);
2. 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);
3. 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);
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: 17 May 2021,
 - b) the start date for the acceptance of bids from shareholders: 19 May 2021,
 - c) the end date for the acceptance of bids from shareholders: 7 June 2021,
 - d) expected date of acquisition of Own Shares by the Company: 10 June 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 account 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.

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.

Number of ERBUD S.A.'s shares held by the managing and supervising persons

As of the date of publication of the financial statements, i.e. on 2 September 2021, the list of managing and supervising persons holding directly or indirectly through subsidiaries the Issuer's shares was as follows:

Related person	Type of relation	As of 2 Sept. 2021		As of 13 May 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	2,036,087	16.42%	2,063,812	16.64%
Dariusz Grzeszczak	President of the Management Board	737,603	5.95%	747,654	6.03%
Albert Dürr	A Supervisory Board member	27,508	0.21%	27,508	0.22%
Agnieszka Głowacka	Vice-President of the Management Board	3,938	0.03%	3,938	0.03%
Jacek Leczkowski	Vice-President of the Management Board	5,174	0.04%	5,174	0.04%

As of the date of publication of the financial statements for Q1 2021, the number of shares held by the Issuer's management and supervisory members has changed as a result of the share buyback process described above.

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.

STATEMENT OF THE MANAGEMENT BOARD OF THE PARENT COMPANY

The Management Board of ERBUD S.A. consisting of the following persons: 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 Member of the Management Board, represent that to the best of their knowledge:

the Condensed Semi-Annual Financial Statements and comparative data and the Condensed Semi-Annual Consolidated Financial Statements and comparative data have been drawn up in compliance with the applicable accounting principles and that they give a true, fair and clear view of the property and financial position of the Issuer and its financial result;

and

The Semi-Annual Report on the Issuer Activities and the Semi-Annual Report on the Issuer's Capital Group's Activities present a true picture of the development, achievements and position of the Issuer, including a description of the main threats and risks.

Signatures of the ERBUD S.A.'s Management Board members:

Dariusz Grzeszczak	Jacek Leczkowski	Agnieszka Głowacka	Radosław Górski
The President of the Management Board	A Vice-President of the Management Board	A Vice-President of the Management Board	A Member of the Management Board

Warsaw, 1 September 2021