



ERBUD Capital Group

**REPORT OF THE DIRECTORS OF ERBUD S.A.
after 3 quarters of 2021**



1. Description of organisational structure of ERBUD GROUP and changes in the Group structure

1.1 Parent Company

The Parent Company of Erbud Group is **ERBUD S.A.** "Parent Company"; "Issuer", with its registered office in the City of Warsaw, at ul. F. Klimczaka 1. Tax ID (NIP) No. 879-017-22-53, REGON Statistical No.: 00572837300000; entered by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register (KRS) under No. 0000268667.

1.2. Entities covered by consolidation

Since the date of publication of the financial statements drawn up as of 30 June 2021, the structure of the ERBUD Capital Group has not changed compared to the date of publication of the financial statements drawn up as of 30 September 2021 changed due to the events listed below:

In the first three quarters of 2021, the following events affecting the ERBUD GROUP structure took place:

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 was acquired by ERBUD S.A. its previous name was restored and it is 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 retained the position of the President, Andreas Schmitz, CEO of the service company IVT Weiner + Reimann GmbH, Oberhausen, which ERBUD S.A. acquired in 2018, joined 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 following 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 Sales were allocated to them.

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

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

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

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

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

Shares Put Up for Sale, understood as the product of: the number of the Shares Put Up for Sale under the offer and the sale price, totalled PLN 230,014,200.00 (two hundred and thirty million, fourteen thousand, two hundred and 00/100).

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

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

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

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: 55,030000.

On **1 October 2021**, ERBUD International Sp. z o.o. and ERBUD Operations Sp. z o.o. were merged. In both entities, before the merger ERBUD S.A. held 100% of shares in the shareholders' equity of the companies and the same number of votes at the General Meeting of Shareholders.

ERBUD Operations Sp. z o.o. was the Acquirer and ERBUD International Sp. z o.o. was the Acquiree.

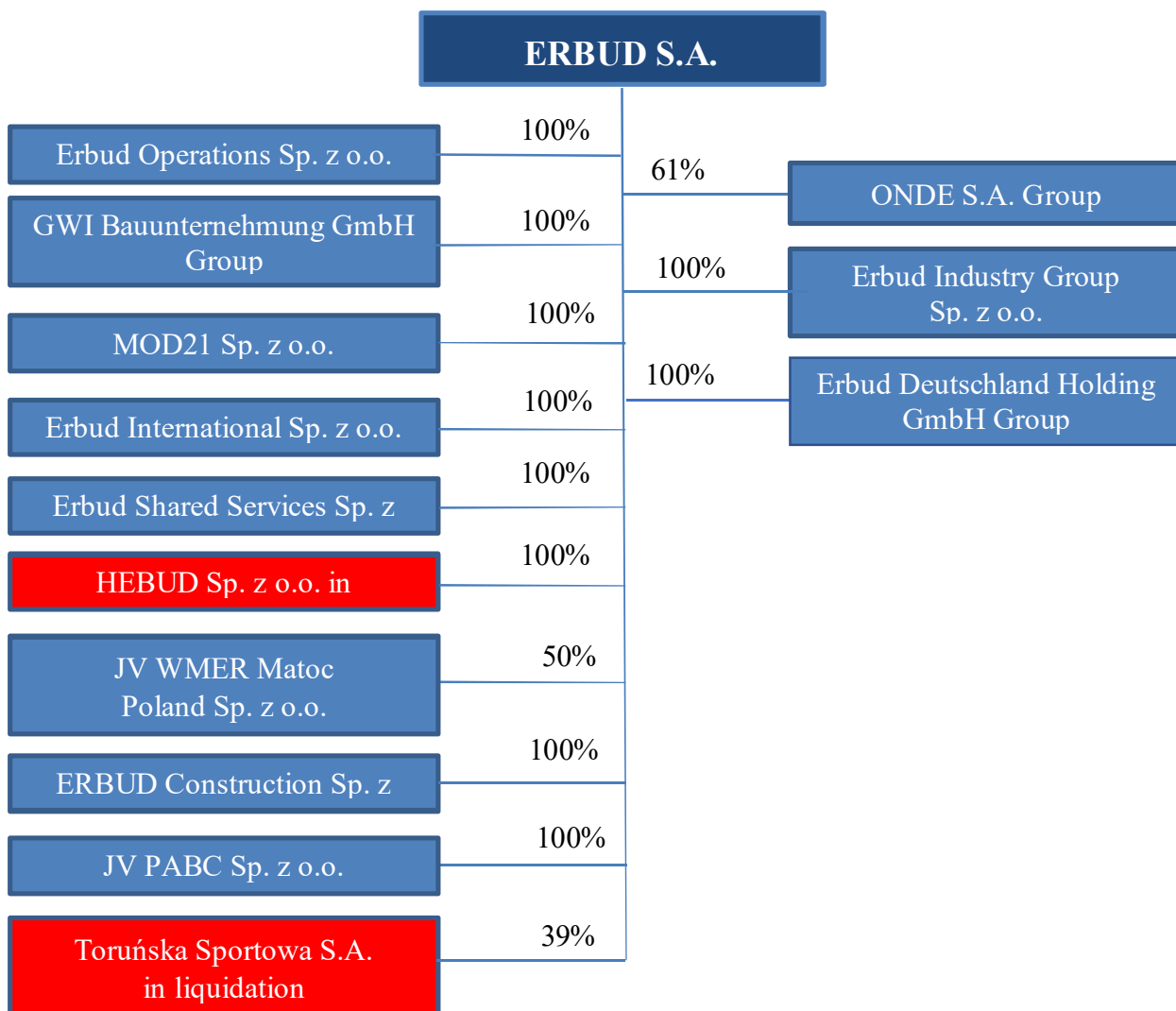
Company name after the merger - ERBUD International sp. z o. o. – company's registered office – Jasionka 942, 36-002 Jasionka

The company is 100% subsidiary of ERBUD SA - the current share capital of the company is PLN 152,000 / 304 shares.

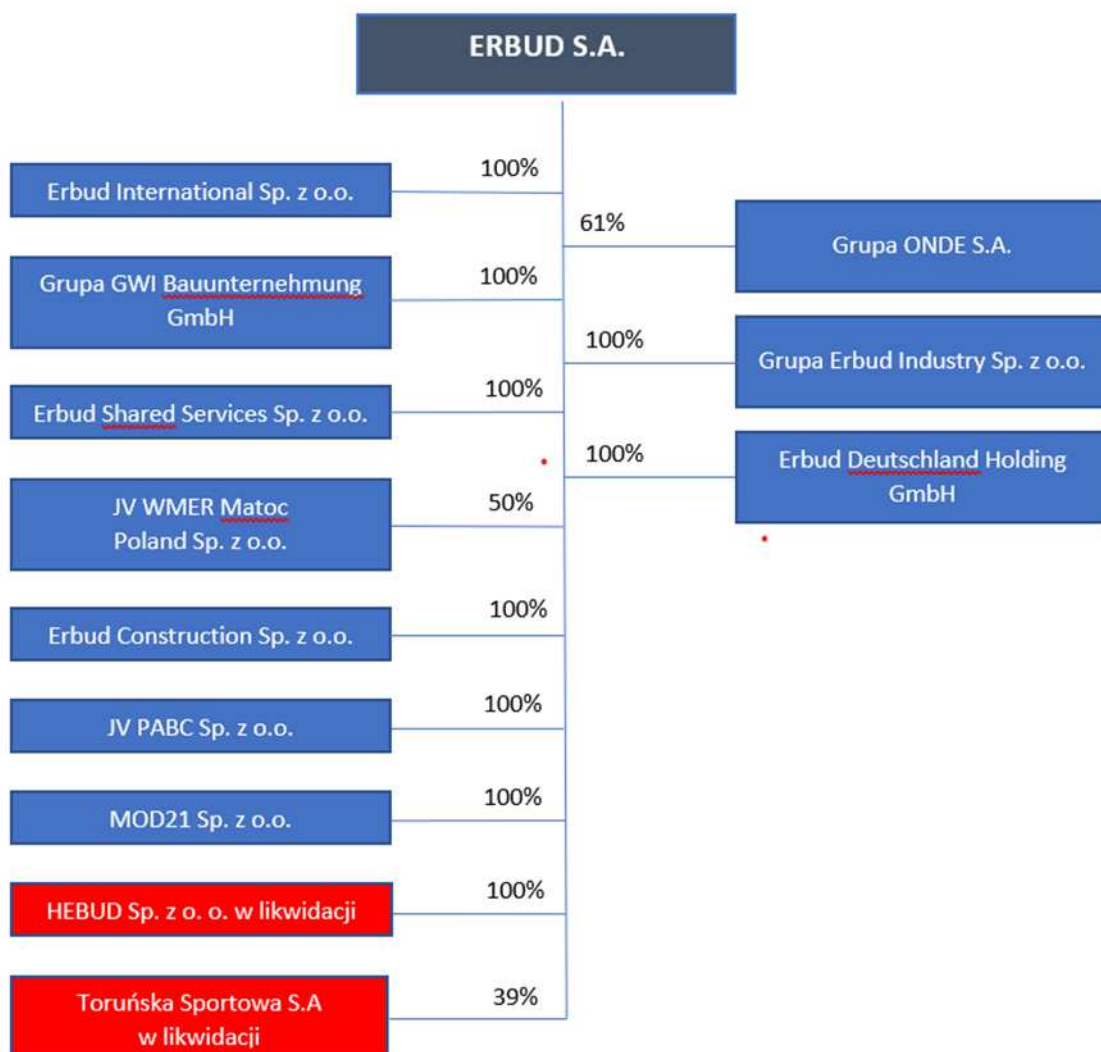
Company's Management Board – Bogdan Dürr and Krzysztof Gawel

Commercial proxies: Agnieszka Lubas, Jacek Martynuska and Patryk Fraszczak.

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 of the date of publication of the Financial Statements drawn up as of 30 September 2021, i.e. as of 8 November 2021, the organisational structure of ERBUD GROUP was as follows:



2. The position of the Management Board of Erbud S.A. on the implementation of forecasts published in the prospectus in the light of the performance presented in this Report.

The Management Board of Erbud S.A. did not provide any forecast, nor projects for 2021

3. Shareholders of Parent Company

List of shareholders holding more than 5% stake in ERBUD S.A.'s shareholders' equity

As of the Date of the Financial Statements, i.e. 8 November 2021, there were no changes in the structure of shareholders holding more than 5% of shares in the Issuer's share capital compared to the publication date of the financial statements for H1 2021 - 2 September 2021.

Name of shareholder	As of 8 November 2021		As of 2 September 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%	3,958,087	31.92%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	2,036,066	16.42%	2,036,066	16.42%
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%	737,603	5.95%
PKO OFE	715,279	5.77%	715,279	5.77%
ERBUD SA - own shares without voting rights at the General Meeting of Shareholders	160,000	1.29%**	160,000	1.29%**
Other shareholders	2,409,178	19.43%	2,409,178	19.43%
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.

Until the Report's publication date, the share capital reduction was not registered by the Court.

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.

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4. Statement on Erbud S.A. shares or rights thereto (options) held by the persons managing and supervising Erbud S.A. as of the date of submission of the Report with a specification of ownership changes since the submission of the previous Interim Report, i.e. since 2 September 2021.

Related person	Type of relation	As of 8 November 2021		As of 2 September 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%	2,036,087	16.42%
Dariusz Grzeszczak	President of the Management Board	737,603	5.95%	737,603	5.95%
Albert Dürr	A Supervisory Board member	27,508	0.21%	27,508	0.21%
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%

The Management Board and the Supervisory Board Member do not hold any options for Erbud S.A. shares.

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

5. Information about lawsuits pending before a court, an authority competent for arbitration proceedings or a public administration body as of 30 September 2021
Information about lawsuits pending before a court, an authority competent for arbitration proceedings or a public administration body, including information about:

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)

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)

5.1. Material proceedings to which the Issuer is the plaintiff

5.1.1

Defendant: Bank Millennium S.A. in Warsaw

Date of filing a lawsuit: 22 December 2010

Value of the dispute: PLN 71,065,496

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

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

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

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

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

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

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

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

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

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

On 3 June 2020 Court of Appeal in Warsaw decided:

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

- clarification of the substance and mechanism of the contracts concluded by the parties on 9 and 11 July 2008 and 14 August 2008 as regards the contract between the parties;
- whether the above-mentioned contracts were adjusted to the claimant's market position;
- what function they performed, and in particular whether they performed a function securing the claimant's interests;
- whether the type of the switch (bilateral or unilateral) was important for the performance of the function securing the claimant's interests;

- assessment of risk of both parties to the above mentioned contracts, determination whether there was an identical probability of profit and loss on both sides and determination of possible disproportion of positions of both parties to this end;
- whether by concluding the above-mentioned contracts the claimant was exposed to the exchange rate risk, whether the defendant was exposed to the exchange rate risk and whether the degree of such risk was determined, in particular whether the risk was unlimited for any of the parties;
- whether the conclusion of the aforementioned contracts was of speculative nature;
- determine whether the information provided to the claimant prior to the conclusion of the aforementioned contracts was complete, reliable and comprehensible, whether the content of the information provided represented a sufficient basis for risk analysis and making a fully judged decision regarding the conclusion of the aforementioned contracts.

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

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

On 29 October 2021 during the hearing, the Court of Appeals announced that the judgment would be announced and read on 24 November 2021.

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

5.1.2.

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 cross-examined. Upon the unanimous request of the Parties, the Court set a 30-day time limit for the expert to specify the proof of evidence and to submit detailed questions to the opinion. On 17 August, CEMEX notified about its accession on ERBUD S.A. side as a secondary intervener. At the main hearing held on 12 December 2018, the court dismissed both oppositions. The court made a decision to have an expert draw up an opinion.

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

5.1.3.

Defendant: Platinum Resort Sp. z o.o.

Date of filing a lawsuit: 3 December 2018

Value of the dispute: PLN 16,301,236.97

Counterclaim

Defendant: ERBUD S.A.

Value of the dispute: 13,516,629.86

Date of filing a lawsuit: 27 April 2019

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

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

On 3 December 2018 the Issuer filed a lawsuit for payment of PLN 16,301,236.97 together with interest in the writ of payment proceedings for remuneration and other claims related to the execution of the aforementioned investment together with an additional request for securing claims.

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

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

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

The court heard the oral evidence provided by the witnesses. 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 22,777,772.20.

5.2. Material proceedings to which the Issuer is the defendant

5.2.1.

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

Defendant: ERBUD S.A. in Warsaw

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

Value of the dispute: PLN 34,381,374.64

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

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

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

The Court heard from all witnesses submitted by the Parties.

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

1. an opinion from an institute in the field of construction for the purpose of:
 - a) determining the causes and effects of the occurrence of defects in the works performed by Erbud;
 - b) determining whether the concrete mix recipes were drawn up correctly;
2. an opinion of an institute specializing in the of civil airports' operations and assessment of the technical condition of airport surfaces for the purposes of
 - a) determining whether the condition of the surface of the Modlin Airport on 22 December 2012 justified shutting down air traffic and weather, given the condition of the airport surface at that time, it was possible to continue air traffic of class C planes on all or part of this surface while carrying out maintenance and repair works;

- b) determine whether the runway and taxiway surface maintenance work was properly performed in the period from 6 June 2012 to 22 December 2012;
- 3. expert's opinion on meteorology for the meteorological conditions affecting the performance of c-code aircraft flights actually occurring at the Warsaw-Modlin airport in the period from 22 December 2012 to 29 September 2013 in two variants:
 - a) taking into account the ILS system at the Modlin airport at that time and
 - b) taking into account the ILS Category 1 navigation system, which would have been certified at the time the concrete thresholds were taken out of service.

On 20 August 2019, the Court issued an order to commission to the Institute of Roads and Airports the performance of a construction opinion (reasons for defects in the surface and assessment of alternative repair options). Subsequently, the Court commissioned to the Institute the drawing up an opinion also on meteorological aspects. Ultimately, the Court extended the deadline for the opinion filing until 20 May 2021, and the opinion was filed on that date. By virtue of order of 16 June 2021, as amended on 14 July 2021, the Court gave Erbud a two-month period to file any objections to the opinion. The period in question will begin to run on 26 August 2021.

Total value of other proceedings where ERBUD S.A. is the defendant: PLN 12,839,964.51

6. Information on the entering by the Issuer and its subsidiaries into one or more transactions with related parties, if they are individually or jointly significant, and if they are not arm's-length transactions

In the period from Q1 to Q3 and until the date of publication, neither the Issuer nor its subsidiaries entered into any transactions other than those related to the normal activities of the aforementioned entities. All transactions are concluded following arms' length principle.

7. Information on granting by the issuer or its subsidiary a surety of a credit or a loan, extending guarantees and information on guarantees received, extended on behalf of subcontractors during three quarters of 2021.

Contingent liabilities on account of guarantees and sureties granted include both sureties issued by member companies of the ERBUD Group and the guarantees extended by the banks and insurance companies to the contractors of the ERBUD Group to secure their claims against the Group under building contracts. However, the banks and insurance companies are entitled to a claim against the ERBUD Group in the event of the guarantee being performed by the customer.

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	9,266	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	5,059	overdraft facility – EUR 1,092	PKO BP S.A.	31.12.2024.	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety per year
ERBUD S.A.	GWI GmbH	11,397	Line for financial guarantees of EUR 2 460	PKO BP S.A. (German Branch)	31.12.2031.	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	GWI GmbH	4,633	insurance guarantee lines of EUR 1 million	Euler Hermes, Zürich, AXA, Bayerische Versicherungsverband, R+V ; Swiss RE	31.12.2021	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	GWI GmbH	4,633	Overdraft facility of EUR 1 million	Deutsche Bank AG	31.05.2022.	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.	24.02.2033.	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	16,572	Non-renewable loan for the acquisition of shares in IVT Weiner + Reimann GmbH (EUR 3,577 thousand)	HSBC	24.03.2023	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.	30.11.2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	69,494	Building Contract performance bond	Sun Power Energy Sp. z o.o.	11.03.2026	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	15.03.2022	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.	19.05.2027	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	28.06.2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	GW1 GmbH	42,159	Building Contract performance bond	Monheimer Einkaufszentrum GmbH	Until works acceptance	Civil surety, the Guarantor charges a surety fee of 1% of the value
Total:		267,058				

Contingent liabilities under lawsuits brought against ERBUD S.A.

Item	31 Sept. 2021 (value in PLN M)	30 Sept. 2020 (value in PLN M)
Contingent liabilities under lawsuits brought against ERBUD S.A.	46.7	46.7

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.

Surety extended to ERBUD S.A.

As of 30 Sept. 2021 and as of publication date

Surety extended to 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
ONDE S.A. (subsidiary of ERBUD S.A.; ERBUD International Sp. z o.o. (subsidiary of ERBUD S.A.) – joint and several guarantee	ERBUD S.A.	50,000	multi-purpose credit-guarantee line (LKW)	PKO BP S.A.	30.09.2027	Civil surety, the Guarantor charges a surety fee of 1% of the value

List of off-balance sheet liabilities comprising granted financial guarantees (bank and insurance guarantees):

Liabilities under guarantees granted to third parties ('000 PLN)

Company	Liability payment guarantee	Performance bond	Retention bond	Total contingent liabilities
Erbud S.A.				
30.09.2021	95,840	229,800	263,339	588,979
31.12.2020	71,900	203,869	266,734	542,503
30.09.2020	52,079	203,256	239,200	494,535
ONDE S.A.				
30.09.2021	10,020	167,492	37,183	214,695
31.12.2020	5,848	107,820	24,994	138,662
30.09.2020	5,998	77,628	23,137	106,763

GWI GmbH				
30.09.2021	5,029	20,540	45,896	71,465
31.12.2020	7,588	15,813	45,930	69,331
30.09.2020	9,480	15,923	42,497	67,900
Erbud International Sp. z o.o.				
30.09.2021	0	0	0	0
31.12.2020	0	0	0	0
30.09.2020	0	226	0	226
Erbud Industry Sp. z o.o.				
30.09.2021	1,300	8,590	4,819	17,709
31.12.2020	15,485	8,590	5,491	29,566
30.09.2020	15,418	9,711	4,908	30,037
Erbud Industry Centrum Sp. z o.o.				
30.09.2021	740	9,352	2,529	12,621
31.12.2020	850	8,032	855	9,737
30.09.2020	725	6,625	849	8,199
ERBUD Industry Południe Sp. z o.o.				
30.09.2021	199	3,773	2,176	6,148
31.12.2020	274	3,377	1,831	5,482
30.09.2020	125	3,725	1,714	5,564
Erbud Industry Pomorze Sp. z o.o.				
30.09.2021	0	0	0	0
31.12.2020	0	1,182	778	2,060
30.09.2020	0	1,676	2,222	3,898
Erbud Operations Sp. z o.o.				
30.09.2021	2,683	12,646	4,496	19,825
31.12.2020	2,518	11,126	3,863	17,507
30.09.2020	2,274	9,340	3,682	15,296
IVT Weiner & Reimann GmbH				
30.09.2021	3,204	69	0	3,273
31.12.2020	2,614	69	0	2,683
30.09.2020	2,564	68	0	2,632
IVT Menzenbach GmbH				
30.09.2021	746	0	0	746
31.12.2020	725	0	0	725
30.09.2020	729	0	0	729
IKR GmbH				
30.09.2021	12,564	10,570	0	23,134
31.12.2020	N/A	N/A	N/A	N/A
30.09.2020	N/A	N/A	N/A	N/A

Satchwell Sp. z o.o				
30.09.2021	0	0	726	726
31.12.2020 30.09.2020	N/A	N/A	N/A	N/A
30.09.2021	N/A	N/A	N/A	N/A
	Total			959,321
31.12.2020				818,256
30.09.2020				735,779

Receivables under guarantees extended by third parties ('000 PLN)

Item	As of 31 Sept. 2021	As of 31 Dec. 2020	As of 30 Sept. 2020 in '000 PLN	Company
Performance retention bond, payment guarantees	113,518	86,477	81,655	ERBUD S.A.
Performance retention bond,	46,937	29,978	21,714	ONDEI S.A.
Performance retention bond	0	0	0	Erbud International Sp. z o.o.
Performance retention bond,	40,314	23,741	21,958	GWI GmbH
Performance retention bond	16,304	16,387	16,634	ERBUD Industry Sp. z o.o.
Performance retention bond	38	0	0	Erbud Industry Centrum Sp. z o.o.
Performance retention bond	0	38	112	ERBUD Industry Pomorze Sp. z o.o.
Performance retention bond	324	820	923	ERBUD Industry Południe Sp. z o.o.
Performance retention bond	25,143	2,396	2,000	ERBUD Operations Sp. z o.o.

Performance retention bond	bond,	46	46	45	IVT Weiner + Reimann GmbH
Performance retention bond	bond,	0	0	0	IVT Menzenbach GmbH
Performance retention bond	bond,	0	0	0	IKR GmbH
Performance retention bond	bond,	0	0	0	Sachwell Sp. z o.o.
Total:		242,624	159,883	145,041	

The balance of loans extended by the Issuer and ERBUD GROUP member companies as of 30 September 2021 and as of the date of publication of the Report for the first three quarters of 2021.

8. Major events in Q1-Q3 2021 and significant events beyond 30 Sept. 2021

In addition to the above mentioned events such as the IPO of the subsidiary ONDE S.A. and the repurchase of own shares in the above-mentioned period, events affecting the Issuer's financial position include the issue of repayment of C-series bonds issued in 2017 worth PLN 52 million and the issue of D-series bonds worth PLN 75 million.

On **26 August 2021** The Management Board of ERBUD S.A., by virtue of Resolution No. 64/2021 of the Supervisory Board approving the issue of bonds, adopted a resolution on the issue of up to 75,000 D-series bonds ("Bonds"). The par value and the issue price of one Bond shall be PLN 1,000.00.

Once the bond issue expenses have been deducted, the bond issue proceeds will be used for: (i) refinancing of debt under the Company's C-series bonds, and to the remaining extent (ii) financing of the Company's core business and/or acquisitions of businesses from the industrial service sector in Poland and Germany.

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

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

The Bonds may be redeemed prior to maturity on demand:

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

The Bonds are not going to be secured.

The Company 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, nor prospectus.

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

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

On 28 September 2021 the Management Board of Erbud S.A. decided to propose to the Extraordinary General Meeting of Shareholders, which will be held on 26 November 2021, to adopt a resolution on the buyback of own shares. The Management Board shall propose to the Extraordinary General Meeting to allocate up to PLN 50,000,000.00 (fifty million 00/00 zlotys) for the buyback of the Company's own shares and to create a reserve capital of PLN 50,000,000.00 (fifty million 00/00 zlotys) to be used for financing the purchase of own shares.

The purpose of the acquisition of the own shares is to redeem Company's share capital and subsequently to reduce the Company's share capital, pursuant to Art. 359 of the Polish Companies' Code. The Management Board proposes that the General Meeting authorizes the Management Board to determine the number of own shares to be acquired by the Company and the acquisition price per own share, where the set price shall not be lower than PLN 350.00 (in words: three hundred and fifty Polish zlotys and 00/100) and not higher than PLN 400.00 (in words: four hundred Polish zlotys and 00/100).

9. Other information 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.

9.1.1 Specification of signed loan agreements and agreements concerning multi-purpose guarantee lines.

As of the end of September 2021, the ERBUD Group's total debt related to loans, borrowings and financial leases totalled PLN 202,277 thousand, including PLN 54,548 thousand of short-term debt. As of 31 December 2020, interest-bearing debt totalled PLN 127,462 thousand including PLN 91,589 of short-term debt. The decrease in short-term debt results primarily from the redemption of

C-series bonds in the amount of PLN 50,000 thousand and the issuance of new four-year D-series bonds worth PLN 75,000 thousand. In total, interest-bearing liabilities of PLN 13,199 thousand result from IFRS 16.

The potential debt capabilities of the ERBUD Group under the signed agreements were as follows.

The potential debt capabilities of the ERBUD Group under the signed loan agreements and guarantee line agreements totalled **PLN 1 465 million**.

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

- contractual and capped mortgages on the Group's assets,
- assignments of rights under building contracts,
- clauses with entitlement to deduct receivables from bank accounts
- blank promissory notes,
- transfer of ownership title to cash deposits representing the contractual percentage of secured receivables,
- civil sureties granted within the Group.

Loan agreements signed by the ERBUD Group member companies - as of 30 September 2021 and as of the date of publication of the financial statements for the first three quarters of 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	0	PLN	WIBOR 3M + 1.5%	30.04.2022	one-off	ERBUD S.A.; ONDE S.A.
mBank S.A.	Overdraft facility	40,000	PLN	WIBOR 1M + 1.6%	04.02.2022	one-off	ERBUD S.A. – 15 000; ONDE S.A. – 30,000,
PKO Bank Polski S.A.	Overdraft facility	20,000	PLN	WIBOR 3M 2.28%	6/30/2022.	one-off	ERBUD S.A.
Alior Bank S.A. Group	Overdraft facility	10,000	PLN	WIBOR 3M+1.6%	30.09.2020	one-off	ERBUD S.A.
ING Bank Śląski S.A.	Overdraft facility	59,000	PLN	WIBOR 1M +1.65%	31.01.2022	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%	07/07/2022.	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%	27.04.2028	On instalment basis	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Overdraft facility	7,000	PLN	WIBOR 1M + 1.5%	30.04.2022.	one-off	ERBUD Industry Sp. z o.o.
BNP Paribas Bank Polska S.A.	project finance facility	10,000	PLN	WIBOR 1M + 1.5%	30.04.2022.	one-off	ERBUD Industry Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	7,000	PLN	WIBOR O/N+1.40%	30.09.2022	one-off	ERBUD Industry Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	4,000	PLN	WIBOR O/N+1.40%	30.09.2022	one-off	Erbud Industry Centrum Sp. z o.o.

Credit Agricole Bank Polska S.A.	working capital facility	7,000	PLN	WIBOR O/N+1.40%	30.09.2022	one-off	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	an investment loan for the acquisition of shares in Satchwell Sp. z o.o.	4,455	PLN	WIBOR O/N+1.55%	29.05.2026.	Quarterly instalments	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	7,000	PLN	WIBOR O/N+1.40%	30.09.2022	one-off	ERBUD Industry Południe Sp. z o.o.
Credit Agricole Bank Polska S.A.	Working capital facility	1,000	PLN	WIBOR O/N+1.40%	30.09.2022	Quarterly instalments	Satchwell Sp. z o.o.
BNP Paribas Bank Polska S.A.	Overdraft facility	3,000	PLN	WIBOR 1M + 1.5%	30.04.2022	one-off	ERBUD Operations Sp. z o.o.
ING Bank Śląski S.A.	Investment loan	3,298	PLN	WIBOR 1M + 2.15%	30.11.2025	On instalment basis	ONDE S.A.
Santander Bank Polska S.A.	Overdraft facility	20,000	PLN	WIBOR 1M + 2.00%	07.07.2022	one-off	ONDE S.A.
BNP Paribas Bank Polska S.A.	Non-revolving loan for renovation and expansion of real estate	12,000	PLN	WIBOR 3M + 1.35%	20.05.2028	On instalment basis	MOD21 Sp. z o.o.
CommerzBank AG	Overdraft facilities	2,000	EUR	EURIBOR 3M+ 0.25%	31.05.2022.	one-off	GWl GmbH
PKO BP S.A. German Branch	Overdraft facilities	910	EUR	EURIBOR 1M + 2.1%	30.06.2022	one-off	GWl GmbH
Deutsche Bank AG	Overdraft facilities	1,000	EUR	2.25%	30.05.2022	one-off	GWl GmbH
HSBC France (Joint Stock Company) Branch in Poland	Non-revolving loan	1,400	EUR	EURIBOR 3M+ 2.2%	24.02.2023	instalments	ERBUD Beteiligungs GmbH
Commerzbank	Overdraft facilities	1,500	EUR	EURIBOR + 1.5%-2.0%	Valid indefinitely	one-off	IVT Weiner + Reimann GmbH
National Bank AG	Overdraft facilities	1,000	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; Erbud Beteiligungs, IKR
Santander Bank AG	Overdraft facilities	2,000	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; Erbud Beteiligungs, IKR
National Bank AG	Investment loan	250	EUR	1.50%	31.05.2027	instalments	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	28	EUR	EURIBOR + 1.25%	30.04.2022	instalments	IVT Weiner + Reimann GmbH
Ford Bank AG	Car loan	39	EUR	0.00%-3.92%	31.07.2022	instalments	IVT Weiner + Reimann GmbH
Santander Bank AG	Car loan	471	EUR	0.00%-3.92%	31.07.2022	instalments	IVT Weiner + Reimann GmbH
	Total:	250,953	PLN				
	Total:	10,598	EUR				

Moreover, the GROUP is capable of obtaining contract guarantees from the above-mentioned banks and insurance companies.

The total value of available guarantee lines is:

Bank guarantee limits made available to the Group - as of 30 September 2021 and as of Report Date.

Guarantor	Type of liability	Limit amount '000	Currency	Obligor
Alior Bank S.A. Group	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	90,000	PLN	ERBUD S.A.
Alior Bank S.A. Group	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	2,000	EUR	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	120,000	PLN	ERBUD S.A.; ONDE S.A. (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	60,000	PLN	ERBUD S.A. (30 000), ERBUD Industry Centrum Sp. z o.o. (5 000), 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	8,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; Erbud

				Beteiligungs, IKR
National Bank AG	Bid bonds, performance bond, retention bond	1,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; Erbud Beteiligungs, IKR
Total:		631,000	PLN	
Total:		13,050	EUR	

Insurance guarantee limits made available to the Group - as of 30 September 2021 and as of the date of Report publication.

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	32,500	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	GWI GmbH, ERBUD S.A. and ERBUD International Sp. z o.o
ZURICH	Bid bonds, performance bond, retention bond	474	EUR	GWI GmbH
R+V	Bid bonds, performance bond, retention bond	7,000	EUR	GWI GmbH
AXA	Bid bonds, performance bond, retention bond	1,000	EUR	GWI GmbH
Bayerischer Versicherungsverband	Bid bonds, performance bond, retention bond	1,500	EUR	GWI GmbH
Swiss RE	Bid bonds, performance bond, retention bond	1,364	EUR	GWI GmbH
Credendo	Bid bonds, performance bond, retention bond	2,500	EUR	GWI GmbH
VHV Versicherungen	Bid bonds, performance bond, retention bond	500	EUR	GWI GmbH
Generali S.A.	Bid bonds, performance bond, retention bond	15,000	PLN	ONDE S.A.

InterRisk	Bid bonds, performance bond, retention bond	7,000	PLN	ONDE S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	5,000	EUR	ONDE S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	10,000	PLN	ONDE S.A.
Wiener DU S.A. VIG	Bid bonds, performance bond, retention bond, advance payment	3,000	PLN	ONDE S.A.
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.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	1,000	EUR	ERBUD Operations Sp. z o.o.
InterRisk	Bid bonds, performance bond, retention bond	2,600	PLN	ERBUD Operations Sp. z o.o.
TUZ S.A.	Bid bonds, performance bond, retention bond	1,200	PLN	ERBUD Operations Sp. z o.o.
R+V	Bid bonds, performance bond, retention bond	3,000	EUR	IVT Weiner + Reimann GmbH
Total:		451,400	PLN	
Total:		24,684	EUR	

9.2. Material financial contracts

During the first three quarters of 2021 and until the date of publishing this report, the following loan agreements and annexes to the existing agreements were signed:

- **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 thousand. 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, with Santander Bank Polska S.A. 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:
 - I) 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)).
 - II) 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.
- **On 28 September 2021** Annex No. 13 to the Loan Agreement No. U0002139462604 for Receivables Limit of 27 September 2012 and Annex No. 6 to the Agreement No. U0002931236940 of Guarantee Products Limit of 20 August 2015 with Alior Bank S.A. Under the Annexes, the Issuer may use an overdraft facility of up to PLN 10 million and guarantee products of up to PLN 80 million and EUR 2 million. The above-mentioned banking products were made available to the Issuer until 30 September 2022.
- **On 29 September 2021** Annex No. 12 to the Line Agreement No. KKW/NS/15/2015 of 18 September 2015 with Credit Agricole Bank Polska S.A. Pursuant to Annex No. 12, the Issuer together with its Subsidiaries, i.e.: (Erbud Industry Sp. z o.o.; Erbud Industry Centrum Sp. z o.o.; Erbud Industry Pomorze Sp. z o.o.; Erbud Industry Południe Sp. z o.o.) may take advantage of multi-purpose credit line up to the limit of PLN 60 million, whereas Issuer's subsidiaries may enjoy debt financing up to the amount i.e.: Erbud Industry Sp. z o.o. - PLN 7 million; Erbud Industry Centrum Sp. z o.o. - PLN 7 million; Erbud Industry Południe Sp. z o.o. - PLN 7 million). The maximum total value of the loan may not exceed PLN 21 million, meanwhile the maximum bank guarantee limit may not exceed PLN 60 million. The Issuer may utilize the limit up to the full amount, i.e. PLN 60 million, whereas the subsidiaries may place orders for guarantees up to the maximum amounts: Erbud Industry Sp. z o.o. - PLN 10 million; Erbud Industry Centrum Sp. z o.o. - PLN 15 million; Erbud Industry Południe Sp. z o.o. - PLN 12 million). The above-mentioned banking products were made available to the Issuer and its subsidiaries until 30 September 2022.

9.3. Material information about subsidiaries.

9.3.1. Background information.

Before the date of publication of the Financial Statements for the Q3 2021, no events of a special nature related to subsidiaries occurred, except for those referred to in Section 1.2. of this Report.

9.3.2 Information about entering into transactions with related entities in the Issuer's Group.

Prior to 30 September 2021 and prior to the Report publication date, the Issuer and its subsidiaries had not entered into any transactions with related parties under terms and conditions other than following the arm's length principle.

9.4. Other important information, which in the Issuer's opinion have an impact on the future performance of the Group.

The occurrence of uncertain and unpredictable circumstances, including the outbreak of SARS-CoV-2 pandemic with associated consequences of declaring an epidemic emergency status, may in short- and long-term have a negative impact on the ERBUD Group's business, development prospects and financial standing. The important areas, which the Company monitors on an on-going basis and which may pose the greatest risk to the future performance of the ERBUD Group are as follows: (i) temporary absence of construction staff, which may contribute to the delay of construction processes, (ii) delays in the supply of construction materials and services, (iii) slowdown in the activities of public administration bodies, including in particular administrative decision-making process, (iv) contracting authorities' decisions to suspend work on individual building 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 September 2021, the liquidity positions of the Group and the Company remain stable.

As the pandemic-related developments continues to evolve, the Company management 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. Today it is not known whether it is feasible to bridge the gap with public investments.

9.5. Statutory governing bodies

9.5.1. Management Board

on 11 May 2021, the Company's Supervisory Board appointed the following persons to the Company's Management Board for a new term:

- 1) Mr Dariusz Grzeszczak, who was appointed to the position of President of the Management Board,
- 2) Ms Agnieszka Głowacka, who was appointed to the position of Vice-President of the Management Board
- 3) Mr Jacek Leczkowski, who was appointed to the position of Vice-President of the Management Board,
- 4) Mr Radosław Górski who was appointed to the position of a Management Board Member.

In the first three quarters of 2021 the Management Board of ERBUD S.A. worked with the following composition:

Dariusz Grzeszczak – President of the Management Board
Jacek Leczkowski – Vice-President of the Management Board,
Agnieszka Głowacka – Vice-President of the Management Board

Radosław Górski – a Management Board Member.

A new term of office of ERBUD S.A. Management Board members is as follows:

1. Dariusz Grzeszczak, President of the Management Board 11 May 2021 - 11 May 2024
2. Agnieszka Głowacka, Vice-President of the Management Board 11 May 2021- 11 May 2024
3. Jacek Leczkowski, Vice-President of the Management Board, 11 May 2021- 11 May 2024
4. Radosław Górski, a Management Board Member, 11 May 2021 - 11 May 2024

9.5.2. Supervisory Board

On 11 May 2021, in connection with the expiration of the current term of office of the members of the Company's Supervisory Board, the Company's Annual General Meeting appointed the following persons to the Company's Supervisory Board:

- 1) Mr Udo Berner, who was also appointed to the position of Chairman of the Supervisory Board,
- 2) Mr Gabriel Głowka, who was also appointed to the position of Deputy Chairman of the Supervisory Board,
- 3) Mr Albert Dürr, who was appointed to the position of a Supervisory Board Member.
- 4) Mr Janusz Reiter, who was also appointed to the position of a Supervisory Board Member,
- 5) Mr Michał Otto, who was also appointed to the position of a Supervisory Board Member,
- 6) Mr Michał Wosik, who was also appointed to the position of a Supervisory Board Member,

Until 11 May 2021 the Supervisory Board of ERBUD S.A. operated with the following composition:

- Udo Berner – Chairman of the Supervisory Board,
- Gabriel Głowka - Deputy Chairman of the Supervisory Board,
- Albert Dürr – a Supervisory Board Member,
- Michał Otto – a Supervisory Board Member,
- Janusz Reiter – a Supervisory Board Member,
- Piotr Kaczmarek – a Supervisory Board Member.

On 8 September 2021, the Company received the resignation of Mr Udo Berner from his position. The Chairman of the Company's Supervisory Board submitted his resignation from the position of the Company's Supervisory Board member for personal reasons with immediate effect.

As a consequence of Mr Udo Berner's resignation, the Supervisory Board consists of five persons, which is the minimum number defined by the Commercial Companies Code and the Company's Articles of Association.

As of 30 September 2021 and as of the Report publication date the Supervisory Board of ERBUD S.A. consisted of:

- Gabriel Głowka - Deputy Chairman of the Supervisory Board,
- Albert Dürr – a Supervisory Board Member,
- Michał Otto – a Supervisory Board Member,

- Janusz Reiter – a Supervisory Board Member,
- Michał Wosik – a Supervisory Board member.

Two committees report to the Supervisory Board of ERBUD S.A.:

Until 8 September 2021, i.e. the date of Udo Berner's resignation from his position, the Remuneration Committee operated with the following composition:

- Udo Berner – the Payroll Committee Chairman,
- Michał Otto – a Payroll Committee Member;
- Janusz Reiter – a Payroll Committee Member;

Effective from 8 September 2021 the Remuneration Committee operates with 2-person composition:

- Michał Otto – a Payroll Committee Member;
- Janusz Reiter – a Payroll Committee Member;

From 11 May 2021, i.e. until the publication of the Report for the third quarter of 2021, i.e. until 8 November 2021, and the Audit Committee acted with the following composition:

- Michał Otto – the Audit Committee Chairman;
- Gabriel Głowka – an Audit Committee Member,
- Janusz Reiter – an Audit Committee Member.

Signatures of all Management Board members:

Dariusz Grzeszczak

Agnieszka Głowacka

Jacek Leczkowski

Radosław Górski

Warsaw, 6 November 2021