ERBUD CAPITAL GROUP

ERBUD S.A.'s Director's Report on Financial Statements for three quarters of 2020, for the accounting period closed on 30 September 2018



Hi Piotrkowska Complex, Łódź, Master Management Sp. z o.o. / PhotoAreckiPhoto, Arkadiusz Leśniewski

ERBUD

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

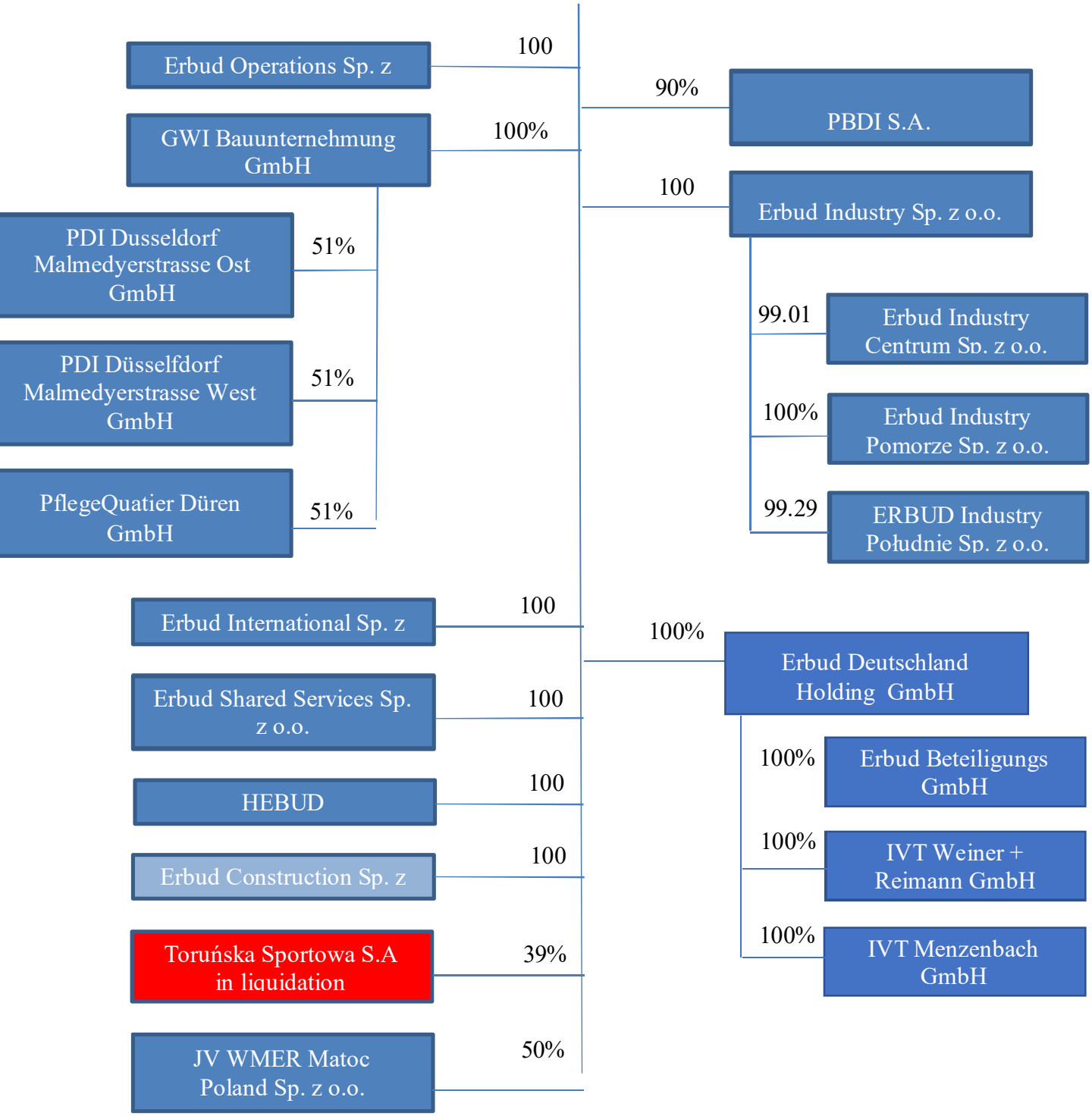
Since the date of publication of the financial statements drawn up as of 30 June 2020, the structure of the ERBUD Capital Group has not changed compared to the date of publication of the financial statements drawn up as of 30 September 2020.

In the first three quarters of 2020, the following events affecting the ERBUD GROUP structure took place:

- **on 21 July 2020**, a subsidiary of ERBUD S.A. – GWI Bauunternehmung GmbH (GWI GmbH) acquired its shares from Mr Axel Wahl to redeem them. Prior to the transaction, ERBUD S.A. held 97.86% of the share capital of GWI GmbH. After transaction closing, ERBUD S.A. held 100% of the share capital of GWI GmbH.

- **on 3 August 2020** the Management Board of ERBUD S.A adopted Resolution No. 37/2020 concerning the liquidation of its subsidiary - "HEBUD" limited liability company with its registered office in Byelorussia. The end date for liquidation process was scheduled for 21 May 2021. The company "Evolution of Business" Private Company based in Ukraine was appointed to the position of liquidator. The reason for the liquidation is the failure to achieve the objective of company foundation, which was to recruit construction workers in Byelorussia.

As of 6 November 2020 the Group organisational structure 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 2020

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 publication of the financial statement, i.e. 6 November 2020, the changes described below took place compared to the date of publication of the financial statement for H1 2020 - 3 September 2020:

On **20 July 2020** the buy-back of ERBUD S.A.'s own shares initiated by virtue of Resolution No. 15/2020 of the Company's Ordinary General Meeting of Shareholders, dated 30 June 2020 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. 32/2020 of the Company's Supervisory Board of 28 May 2020 on giving consent to the buy-back of own shares, and (iii) by virtue of the Resolution No. 33/2020 of the Company's Supervisory Board of 28 May 2020 on giving consent to transactions as part of the buy-back process of own shares.

On **1 July 2020**, the Management Board of ERBUD S.A., pursuant to the aforementioned Resolutions, adopted Resolution No. 30/2020, 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 16,500,000 (in words: sixteen million five hundred thousand);
2. The total number of Own Shares to be acquired under the Tender offer shall not exceed: 412 500 shares; (in words: four hundred twelve thousand five hundred shares)
3. The price at which Own Shares shall be acquired: PLN 40.00 (in words: forty 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: 1 July 2020,
   b) the start date for the acceptance of bids from shareholders: 6 July 2020,
   c) the end date for the acceptance of bids from shareholders: 17 July 2020,
   d) expected date of acquisition of Own Shares by the Company: 22 July 2020

On 20 July 2020, mBank S.A. Brokerage House sent the Company a summary of the share buy-back process.

As part of the purchase, sales offers were made for a total number of 12,163,339 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 96.61%.
The Own Shares acquired by the Company account for 3.22% 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.
On 4 September 2020 the Extraordinary General Meeting of Shareholders of ERBUD S.A. is to adopt Resolution No. 5/2020 on the reduction of the Issuer's share capital from PLN 1,281,185.90 to PLN 1,239,935.90 i.e. by PLN 41,250. The redemption of shares shall be performed through the reduction of Company's share capital.

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.

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.

Name of shareholder	As of 6 Nov. 2020		As of 3 Sept. 2020		As of 15 May 2020	
	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM
Wolff & Müller Baubeteiligungen GmbH & Co. KG including Wolff & Müller Holding GmbH & Co. KG	4,012,025	31.31%	4,012,025	31.31%	4,152,865	32.41%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	2,063,812	16.11%	2,063,812	16.11%	2,136,260	16.67%
ING OFE	1,200,000	9.37%	1,200,000	9.37%	1,200,000	9.37%
Aviva OFE Aviva BZ WBK	1,183,146	9.23%	1,183,146	9.23%	1,183,146	9.23%
Dariusz Grzeszczak	747,654	5.84%	747,654	5.84%	773,900	6.04%
PKO OFE	715,279	5.58%	715,279	5.58%	715,279	5.58%

Adler Properties Sp. z o. o. controlled by Józef Adam Zubelewicz	398,111	3.11%	398,111	3.11%	412,087	3.22%
Józef Adam Zubelewicz	250,699	1.96%	250,699	1.96%	259,500	2.03%
ERBUD SA - own shares without voting rights at	412,500	3.22%[x]	412,500	3.22%[x]	0	0.00
Other shareholders	1,828,633	14.27%	1,828,633	14.27%	1,978 822	15.45%
Total:	**12,811,859**	**100.00%**	**12,811,859**	**100.00%**	**12,811,859**	**100.00%**

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

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 3 September 2020.

Related person	Type of relation	As of 6 Nov. 2020		As of 3 September 2020	
		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	2,063,812	16.67%	2,063,812	16.67%
Dariusz Grzeszczak	President of the Management Board	747,654	6.04%	747,654	6.04%
Albert Dürr	A Supervisory Board member	27,508	0.22%	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%
Radosław Górski	A Management Board member	0	0	0	0

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 2020

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 SA 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 No. VII AGa 283/18, 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 No. XVI GC 964/10 of the District Court in Warsaw, issued on 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 No. I Cz 78/18, about the case brought by the Issuer against Bank Millennium S.A., in which it accepted the complaint of Bank Millennium S.A. The Supreme Court, in its Decision of 28 September 2018, overruled the appealed Decision of the Court of Appeal in Warsaw, issued on 29 May 2018 with regard to the case No. VII 283/18 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 2019 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 2012

Value of the dispute: PLN 26,923,644.16

Current state of the affairs: 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 have been 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. The court made a decision to have an expert draw up an opinion.

3.

Defendant: Kępska S.A. with its registered office in Warsaw

Date of filing a lawsuit: 22 April 2014

Value of the dispute: PLN 9,877,132

The Issuer is claiming from Kępska S.A. the payment of remuneration for the execution of construction works. Action brought on 22 April 2014. The Issuer requested that Kępska S.A. be adjudicated to pay the above amount.

In the course of the case examination, a court expert opinion and two complementary opinions were prepared. According to these opinions, Erbud performed the works under the contract in compliance with deadlines amended by the annexes and by virtue of additional agreement.

By virtue of its decision of 24 April 2018, the Court allowed the claim for payment and adjudicated Kępska S.A. to pay Erbud the amount of PLN 9,877,131.31 with statutory interest. In the rationale, the Court stated that the defects of the works referred to by the defendant did not entitle the defendant to withdraw from the agreement and that Erbud should be paid for works performance.

On 6 November 2018, as a result of appeals filed by Erbud and Kępska S.A. against the court decision, the Court of Appeal in Wrocław recognized, by virtue of its ruling, the termination of the general contractor agreement by Erbud SA to be effective, adjudicated the amount of PLN 4,316,464.11 plus interest from Kępska S.A. to Erbud SA, set aside the court decision for re-examination with regard to the receivables awarded therein in the amount of PLN 5,560,667.20, and dismissed the appeals of the Parties to the remaining extent.

After the case was reopened by the District Court in Opole (Ref. No.: VI GC 58/19) the evidence involving a supplementary expert's opinion on the property and construction appraisal and real estate management was examined.

On 4 March 2020, the District Court closed the trial. The publication of the judgment was scheduled for 19 August 2020.

By virtue of decision of 4 September 2020 the Regional Court in Opole adjudicated the amount of PLN 5,440,465.45 along with the statutory interest to the Plaintiff:

- accrued on the amount of PLN 2,647.83 as of 17 January 2014;
- accrued on the amount of PLN 1.195,42 as of 17 January 2014;
- accrued on the amount of PLN 1.360.400 as of 17 January 2014;
- accrued on the amount of PLN 1.041.880,82 as of 17 January 2014;
- accrued on the amount of PLN 369.000 as of 31 January 2014;
- accrued on the amount of PLN 603,875.93 as of 16 March 2014;
- accrued on the amount of PLN 371,965.45 as of 16 March 2014;
- accrued on the amount of PLN 1.689.500 as of 22 December 2015;

The court dismissed the remaining portion of the claim, i.e. the amount of PLN 120,201.75.

The Court adjudicated the amount of PLN 165,576.65 from the Defendant payable in favour of the Claimant in relation to the costs of the proceedings,

The Defendant did not appeal against the decision of the District Court issued after the case was re-examined. Thus, the proceedings have been ex lege closed in full and completely.

On 6 October 2020 The Regional Court has appended an enforcement clause to the decision issued after re-examination of the case, under which Erbud is entitled to collect the principal amount due and to receive reimbursement of the costs of the proceedings.

4.

Defendant: Platinum Resort Sp. z o.o.

Date of filing a lawsuit: 3 December 2018

Value of the dispute: PLN 16,301,236.97

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 to which the Issuer's attorneys replied. 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 April 27, 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 hearing dates scheduled for 27 and 29 April 2020 were cancelled due to the implementation of an epidemic emergency status. Therefore the first hearings will take place on 7 and 14 September 2020. Witnesses are being heard.

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 22,499,308.13.

Material proceedings to which the Issuer is the defendant

1.

Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (*Warsaw Modlin Aiport*) ("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.

11 October 2014 ERBUD S.A. submitted a reply to the statement of claim in which it requested that the Warsaw Modlin Aiport'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. for repairs of the airfield surface at the Warsaw-Modlin airport. The witnesses hearing has completed. An expert was appointed. He is currently drafting his opinion.

The case has a complicated factual state of affairs and extensive evidence has been submitted during the proceedings. It will be necessary take several proofs from the expert opinions.

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 10,978,354.03

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 2020.

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.

Sureties 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 (subsidiary)	9,054	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)	7,198	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)	8,963	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)	4,527	insurance guarantee lines of EUR 1 million	Euler Hermes, Zürich, AXA, Bayerische Versicherung sverband, 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)	4,527	Overdraft facility of EUR 1 million	Deutche 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	16,192	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:		**77,180**				

Contingent liabilities under lawsuits brought against ERBUD S.A.

Item	30 Sept. 2020 (value in PLN M)	30 Sept. 2019 (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. 2020 and as of Report 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
PBDI S.A. (subsidiary of ERBUD S.A.; ERBUD International Sp. z o.o. (subsidiary of ERBUD S.A.) – joint and several guarantee	ERBUD S.A.	50,000	multi-purpose credit– guarantee line (LKW)	PKO BP S.A.	30 Sept. 2027	Civil surety, the Guarantor charges a surety fee of 1% of the value

A list of sureties at Erbud Industry Group:

Guarantor	Surety holder	Value ('000 PLN)	Subject	For whom	Surety expiry date	Type of surety and financial terms
Erbud Industry Sp. z o.o.	Erbud Industry Pomorze (a subsidiary in 100% owned by Erbud Industry)	2,000	Overdraft facilities	BNP Paribas S.A.	16 Jan. 2028	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 Sept. 2020	52,079	203,256	239,200	494,535
31 Dec. 2019	39,079	225,341	173,705	438,125
30 Sept. 2019	54,683	287,865	177,201	519,749
PBDI S.A.				
30 Sept. 2020	5,998	77,628	23,137	106,763
31 Dec. 2019	5,648	53,911	18,964	78,523
30 Sept. 2019	4,667	43,750	20,463	68,880
GWI GmbH				
30 Sept. 2020	9,480	15,923	42,497	67,900
31 Dec. 2019	10,797	13,038	44,243	68,788
30 Sept. 2019	12,373	12,594	48,185	73,152
Erbud International Sp. z o.o.				
30 Sept. 2020	0	226	0	226
31 Dec. 2019	0	213	0	213
30 Sept. 2018	0	0	427	427
Erbud Industry Sp. z o.o.				
30 Sept. 2020	15,418	9,711	4,908	30,037
31 Dec. 2019	1,800	6,639	4,302	12,741
30 Sept. 2019	0	0	219	219
Erbud Industry Centrum Sp. z o.o.				
30 Sept. 2020	725	6,625	849	8,199
31 Dec. 2019	600	4,301	1,280	6,181
30 Sept. 2019	600	3,784	1,502	5,886
ERBUD Industry Południe Sp. z o.o.				
30 Sept. 2020	125	3,725	1,714	5,564
31 Dec. 2019	347	1,089	1,643	3,079
30 Sept. 2019	239	1,853	1,667	3,759
Erbud Industry Pomorze Sp. z o.o.				
30 Sept. 2020	0	1,676	2,222	3,898
31 Dec. 2019	50	1,133	1,852	3,035
30 Sept. 2019	95	1,133	2,100	3,328
Erbud Operations Sp. z o.o.				
30 Sept. 2020	2,274	9,340	3,682	15,296
31 Dec. 2019	270	8,317	3,951	12,538
30 Sept. 2019	1,424	6,244	2,866	10,534

IVT Weiner&Reimann GmbH				
30 Sept. 2020	2,564	68	0	2,632
31 Dec. 2019	2,078	64	0	2,142
30 Sept. 2019	695	65	1,400	2,160
IVT Menzenbach GmbH				
30 Sept. 2020	729	0	0	729
31 Dec. 2019	686	0	0	686
30 Sept. 2019	704	0	0	704
Total contingent liabilities as of 30 Sept. 2020	**Total**			**735,779**
31 Dec. 2019	**Total**			**623,992**
Total contingent liabilities as of 30 Sept. 2019	**Total**			**701,706**

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

Item	As of 30 Sept. 2020	As of 31 Dec. 2019	As of 30 Sept. 2019	Company
Performance bond, retention bond, payment guarantees	81,655	72,878	69,687	ERBUD S.A.
Performance bond, retention bond	21,714	10,494	9,416	PBDI S.A.
Performance bond, retention bond	0	0	0	Erbud International Sp. z o.o.
Performance bond, retention bond	21,958	20,825	0	GWI GmbH
Performance bond, retention bond	16,634	14,549	14,812	ERBUD Industry Sp. z o.o.
Performance bond, retention bond	0	0	0	Erbud Industry Centrum Sp. z o.o.
Performance bond, retention bond	112	138	138	ERBUD Industry Pomorze Sp. z o.o.
Performance bond, retention bond	923	535	525	ERBUD Industry Południe Sp. z o. o.

Performance bond, retention bond	2,000	1,089	2,780	ERBUD Operations Sp. z o.o.
Performance bond, retention bond	45	43	44	IVT Weiner + Reimann GmbH
Performance bond, retention bond	0	0	0	IVT Menzenbach GmbH
Total:	**145,041**	**120,551**	**97,402**	

The balance of loans extended by the Issuer and ERBUD GROUP member companies as of 30 September 2020 and as of the date of publication of the Report for the first three quarters of 2020.

8. Major events in Q1-Q3 2020 and significant events beyond 30 Sept. 2020

In the above period no extraordinary events took place with impact on the Issuer's financial position.

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 2020, the ERBUD Group's total debt related to loans, borrowings and financial leases totalled PLN 228,357 thousand, including PLN 186,707 thousand of short-term debt. The short-term debt was up mainly due to the presentation of corporate bond debt, which as of 30 September 2020 was shifted from long-term to short-term liabilities' category. The interest liabilities total PLN 18 298 thousand pursuant to IFRS 16 standard.

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 1 245 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 2020 and as of the date of publication of the financial statements for the first three quarters of 2020.

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. 2021	one-off	ERBUD S.A.; PBDI S.A. - 5 000
mBank S.A.	Overdraft facility	15,000	PLN	WIBOR 1M + 1.6%	29 Jan. 2021	one-off	ERBUD S.A.; PBDI S.A. – 5 000,
PKO Bank Polski S.A.	Overdraft facility	20,000	PLN	WIBOR 3M 2.28%	30 Jun. 2021	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. 2021	one-off	ERBUD S.A.; PBDI S.A – 5 000.; ERBUD Industry Centrum – 4 000
Santander Bank Polska SA	Overdraft facility	5,000	PLN	WIBOR 1M +2.0%	31 Oct. 2021	one-off	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Overdraft facility	5,000	PLN	WIBOR 1M + 1.5%	30 Apr. 2021	one-off	ERBUD Industry Sp. z o.o.
BNP Paribas Bank Polska S.A.	project finance facility	15,000	PLN	WIBOR 1M + 1.5%	30 Apr. 2021	one-off	ERBUD Industry Sp. z o.o.
Credit Agricole Bank Polska SA	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 SA	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 SA	working capital facility	2,000	PLN	WIBOR O/N+1,30%	30 Sept. 2021	one-off	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska SA	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 SA	working capital facility	4,500	PLN	WIBOR O/N+1,3%	30 Sept. 2021	one-off	ERBUD Industry Pomorze Sp. z o.o.
BNP Paribas Bank Polska S.A.	Overdraft facility	2,000	PLN	WIBOR 1M + 1.7%	30 Apr. 2021	one-off	ERBUD Industry Pomorze Sp. z o.o.
mBank S.A.	Overdraft facility	200	PLN	WIBOR O/N + 1.9%	29 Jan. 2021	one-off	ERBUD Operations Sp. z o. o.

mBank S.A.	Overdraft facility	3,000	PLN	WIBOR 1M + 1.45%	31 Jul. 2021	one-off	ERBUD Operations Sp. z o. o.
ING Bank Śląski S.A.	Investment loan	4,089	PLN	WIBOR 1M + 2.15%	30 Nov. 2025	On instalment basis	PBDI S.A.
CommerzBank AG	Overdraft facilities	2,000	EUR	EURIBOR 3M+ 0.25%	31 May 2021	one-off	GWI GmbH
PKO BP S.A. German Branch	Overdraft facilities	1,325	EUR	EURIBOR 1M + 2.1%	30 Jun. 2021	one-off	GWI GmbH
Deutsche Bank AG	Overdraft facilities	1,000	EUR	2.25%	30 Jun. 2021	one-off	GWI GmbH
Deutsche Apotheker- und Ärztebank AG	Overdraft facilities	20,000	EUR	3M EURIBOR+2.2%	30 Dec. 2020	one-off	PflegeQuatier Düren GmbH (51% subsidiary of GWI GmbH)
HSBC France (Joint Stock Company) Branch in Poland	Non-revolving loan	2,100	EUR	EURIBOR 3M+ 2.2%	24 Feb. 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%-2.0%	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
Commerzbank	Investment loan	13	EUR	2.50%	31 Dec. 2020.	instalments	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	298	EUR	1.50%	31 May 2027	instalments	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	69	EUR	EURIBOR + 1.25%	30 Apr. 2022	instalments	IVT Weiner + Reimann GmbH
Ford Bank AG	Car loan	104	EUR	0.00%-3.92%	31 Jul. 2022	instalments	IVT Weiner + Reimann GmbH
Santander Bank AG	Car loan	488	EUR	0.00%-3.92%	31 Jul. 2022	instalments	IVT Weiner + Reimann GmbH
	Total:	**167,789**	**PLN**				
	Total:	**30,897**	**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 2020 and as of the date of Report publication.

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	99,000	PLN	ERBUD S.A.; PBDI S.A. (18,000)
mBank S.A.	Bid bonds, performance bond, retention bond	90,000	PLN	ERBUD S.A. (PBDI S.A. – 10,000)
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	30,000	PLN	ERBUD S.A.
Santander Bank Polska SA	Bid bonds, performance bond, retention bond	45,000	PLN	ERBUD S.A.
HSBC Bank Polska SA	Bid bonds, performance bond, retention bond	50,000	PLN	ERBUD S.A.
Credit Agricole Bank Polska SA	Bid bonds, performance bond, retention bond	35,000	PLN	ERBUD S.A. (30 000), ERBUD Industry Centrum Sp. z o.o. (10 000), ERBUD Industry Sp. z o.o. (10 000), ERBUD Industry Południe (9 000) and ERBUD Industry Pomorze Sp. z o.o (2 500)
ING Bank Śląski S.A.	Bid bonds, performance bond, retention bond	110,000	PLN	ERBUD S.A. (110,000) PBDI S.A. (30 000) and ERBUD Industry Centrum Sp. z o.o. (6,000)
mBank S.A.	Bid bonds, performance bond, retention bond	927	PLN	PBDI S.A.
Santander Bank Polska SA	Bid bonds, performance bond, retention bond	20,000	PLN	PBDI S.A.
Santander Bank Polska S.A.	Guarantees of payment to URE	20,000	PLN	ERBUD S.A.
mBank 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	1,650	EUR	GWI GmbH
Total:		**592,927**	**PLN**	
Total:		**3,650**	**EUR**	

Insurance guarantee limits made available to the Group - as of 30 September 2020 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	230,000	PLN	ERBUD S.A. (including for PBDI S.A. 15 000; including Erbud Industry Sp. z o.o. – 20.000)
PZU S.A.	Bid bonds, performance bond, retention bond, advance payment	24,392	PLN	ERBUD S.A.
Allianz Polska S.A.	Bid bonds, performance bond, retention bond, advance payment	2,999	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.
Euler Hermes AG.	Bid bonds, performance bond, retention bond	1,087	EUR	GWI GmbH, ERBUD S.A. and ERBUD International Sp. z o.o
ZURICH	Bid bonds, performance bond, retention bond	486	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 Versicherungverband	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	PBDI S.A.
AXA	Bid bonds, performance bond, retention bond	41,000	PLN	PBDI S.A.
InterRisk	Bid bonds, performance bond, retention bond	7,000	PLN	PBDI S.A.

Uniqa TU S.A.	Bid bonds, performance bond, retention bond	5,000	PLN	PBDI S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	10,000	PLN	PBDI S.A.
Wiener DU S.A. VIG	Bid bonds, performance bond, retention bond, advance payment	5,000	PLN	PBDI S.A.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	3,000	PLN	ERBUD Industry Pomorze Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	4,000	PLN	Erbud Industry Centrum Sp. z o.o.
TU WARTA S.A.	Bid bonds, performance bond, retention bond	1,000	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.
Generali S.A.	Bid bonds, performance bond, retention bond	77	PLN	ERBUD Industry Południe Sp. z o.o.
KUKE S.A.	Bid bonds, performance bond, retention bond	241	PLN	ERBUD Industry Południe Sp. z o.o.
AXA	Bid bonds, performance bond, retention bond	2,500	PLN	ERBUD Industry Sp. z o.o.
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond	6,000	PLN	ERBUD Operations Sp. z o.o.
TU Gothaer.	Bid bonds, performance bond, retention bond	1,500	PLN	ERBUD Operations Sp. z o.o.
R+V	Bid bonds, performance bond, retention bond	3,000	EUR	IVT Weiner + Reimann GmbH
Total:		424,762	PLN	
Total:		18,437	EUR	

9.2. Material financial contracts

During the first three quarters of 2020 and until the date of publishing this report, the following loan agreements and annexes to the existing agreements were signed:

- **On 29 January 2020** Annex No. 22 was signed by ING Bank Śląski S.A. based in Katowice to the Multi-Purpose Agreement of 6 July 2010. Under these Annexes, ERBUD S.A. and its subsidiaries: PBDI S.A. and Erbud Industry Centrum Sp. z o.o. may use the multi-purpose line up to a total of PLN 142 million, and may incur debt under this line up to PLN 50 million. ERBUD S.A. and its subsidiaries may use the lines within the sublimits specified: ERBUD S.A. - PLN 142 million, including an option of incurring debt up to PLN 50 million. The sublimit for PBDI S.A. is PLN 28 million with an option of incurring debt up to PLN 5 million; the sublimit for Erbud Industry Centrum Sp. z o.o. is PLN 10 million with an option of incurring debt up to PLN 4 million. The above-mentioned banking product was made available until 31 January 2020.

- **On 31 January 2020** Annex No. 18 signed with mBank S.A. based in Warsaw to the Loan agreement of 2 June 2009 and Annex No. 14 to the Framework Agreement of 2 February 2010, and the Umbrella Facility Overdraft Agreement. Under these Annexes and the Agreement, ERBUD S.A. and its subsidiary PBDI S.A. may use guarantee and credit products up to the total amount of PLN 105 million under the sublimits specified below: ERBUD S.A. - PLN 105 million including an option of incurring debt up to PLN 115 million; the sublimit for PBDI S.A. is PLN 10 million with an option of incurring debt up to PLN 5 million. The above-mentioned banking product was made available until 29 January 2020.

- **On 10 March 2020** Annex No. 21 signed with BNP Paribas SA. based in Warsaw to the Multi-Purpose Agreement of 7 July 2005. Under this Annex, ERBUD S.A. and its subsidiary PBDI S.A. may use the multi-purpose line up to the total amount of PLN 102 million and may incur debt under this line up to PLN 8 million. ERBUD S.A. may use the line up to a maximum amount of PLN 102 million, including incurring debt up to PLN 3 million, while PBDI S.A. may use the line up to PLN 18 million, including incurring debt up to PLN 5 million. The above-mentioned banking product was made available until 30 April 2021.

- **On 26 June 2020** Annex No. 18 signed with PKO BP S.A. to the Loan Agreement on 30 June 2009. Under this Annex, the Issuer may utilize a multi-purpose line (overdraft and bank guarantee line) in the amount of PLN 50 million. The line's maturity date is 30 June 2021.

- **On 25 September 2020**Annex No. 12 signed with Alior Bank S.A. to the Loan Agreement No. U0002139462604 concerning the Liabilities Limit of 27 September 2012. Under this Annex, the Issuer may use an overdraft facility of up to PLN 10 million and guarantee products of up to PLN 80 million. The above-mentioned banking products were made available to the Issuer until 30 September 2021.

- **On 30 September 2020**Annex No. 10 singed with Credit Agricole Bank Polska S.A. to the Credit Line Agreement No. KKW/NS/15/2015, dated 18 Sept. 2015. Pursuant to the Annex No. 10 the Issuer along with its subsidiaries i.e.: (Erbud Industry Sp. z o.o.; Erbud Industry Centrum Sp. z o.o.; Erbud Industry Pomorze Sp. z o.o.; Erbud Industry Południe Sp. z o.o.) may take advantage of multi-purpose credit line up to the limit of PLN 35 million, whereas Issuer's subsidiaries may enjoy debt financing up to the amount i.e.: Erbud Industry Sp. z o.o. - PLN 5 million; Erbud Industry Centrum Sp. z o.o. – PLN 2 million, Erbud Industry Pomorze Sp. z o.o. - PLN 4.5 million; Erbud Industry Południe Sp. z o.o. - PLN 6 million). The maximum total value of the loan may not exceed PLN 17.5 million, meanwhile the maximum bank guarantee limit may not exceed PLN 35 million. The Issuer may utilize the limit up to the full amount, i.e. PLN 35 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 10 million, Erbud Industry Pomorze Sp. z o.o. - PLN 2.5 million; Erbud Industry Południe Sp. z o.o. - PLN 9 million). The above-mentioned banking products were made available to the Issuer and its subsidiaries until 30 September 2021.

- **On 19 October 2020** Annex No. 5 was signed with Santander Bank Polska S.A. to the Multi-purpose Line Agreement No. K01393/15 of 20 November 2015, as amended. Pursuant to this Annex, the Issuer and its subsidiary PBDI S.A. may use a multi-purpose line (overdraft and bank guarantee line) totalling PLN 90 million. With regard to the terms and conditions valid before signing the Annex No. 5, the sublimit for the guarantee product has been increased from PLN 50 million to PLN 90 million under the line in connection with PBDI S.A. joining the Multiline.

The Issuer and its subsidiaries may use the lines within the sublimits specified for each and every entity: The limit for Erbud S.A. is PLN 50 million, including an option of incurring debt financing up to the amount of PLN 5 million; - the sublimit for PBDI S.A. is PLN 40 million and is only intended for issuing bank guarantees (of which 20 million is intended for all guarantees under the multi-purpose line and the remaining 20 million is the limit for dedicated guarantees under the Energy Regulatory Office's auction - for the Beneficiary of the Energy Regulatory Office. The maturity of the multi-purpose line falls on 31 October

2021, and the maturity of the dedicated guarantee under the auction of Energy Regulatory Office falls on 30 November 2020.

9.3. Material information about subsidiaries.

9.3.1. Background information.

Before the date of publication of the Financial Statements for the Q3 2020, no events of a special nature related to subsidiaries occurred.

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

Prior to 30 September 2020 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 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 September 2020, the liquidity positions of the Group and the Company remain stable.

As the pandemic-related developments 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. 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

In the first three quarters of 2020 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

On 4 September 2020 the Supervisory Board of ERBUD S.A. by virtue of the Resolution No. 57/2020 appointed the fourth Member of the Management Board of ERBUD S.A., Mr Radosław Górski, who will join the Management Board of ERBUD S.A. with current composition, effective from 1 October 2020, the term of office of the new Member will expire on 28 May 2021.

Given the above, effective from 1 October 2020 the composition of the Management Board of Erbud S.A. will be as follows:

1. Dariusz Grzeszczak President of the Management Board: 29 May 2018 28 May 2021
2. Agnieszka Głowacka Vice-President of the Management Board: 29 May 2018 28 May 2021
3. Jacek Leczkowski Vice-President of the Management Board: 2 January 2020 28 May 2021
4. Radosław Górski A Management Board Member: 1 October 2020 28 May 2021

A new member of the Management Board i.e. Mr Radosław Górski will be responsible in ERBUD SA for the development of the segment: industrial construction in Poland and abroad and supervision over the activities of the Industry Group (engineering and maintenance services for industry) both in Poland and in foreign markets, including acquisitions, portfolio diversification, business process optimization.

9.5.2. Supervisory Board

On 17 May 2018 at the Ordinary General Meeting of Shareholders of Erbud S.A., the 6-person Supervisory Board of Erbud S.A. was appointed by virtue of resolutions, for the term of office from 17/2018 to 22/2018.

As of 30 September 2020 and as of the Report publication date the Supervisory Board of ERBUD S.A. consisted of:

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

- Janusz Reiter – a Supervisory Board Member,
- Piotr Kaczmarek – a Supervisory Board Member.

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

Payroll Committee consisting of:

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

Audit Committee consisting of:

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

Signatures of all Management Board members:

Dariusz Grzeszczak Agnieszka Głowacka Jacek Leczkowski Radosław Górski

Warsaw, 6 November 2020