ERBUD GROUP

Directors' Report on ERBUD Capital Group Operations

in H1 2025

9 September 2025



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1. MACROECONOMIC ENVIRONMENT

1.1. Economic situation

1.1.1. Poland

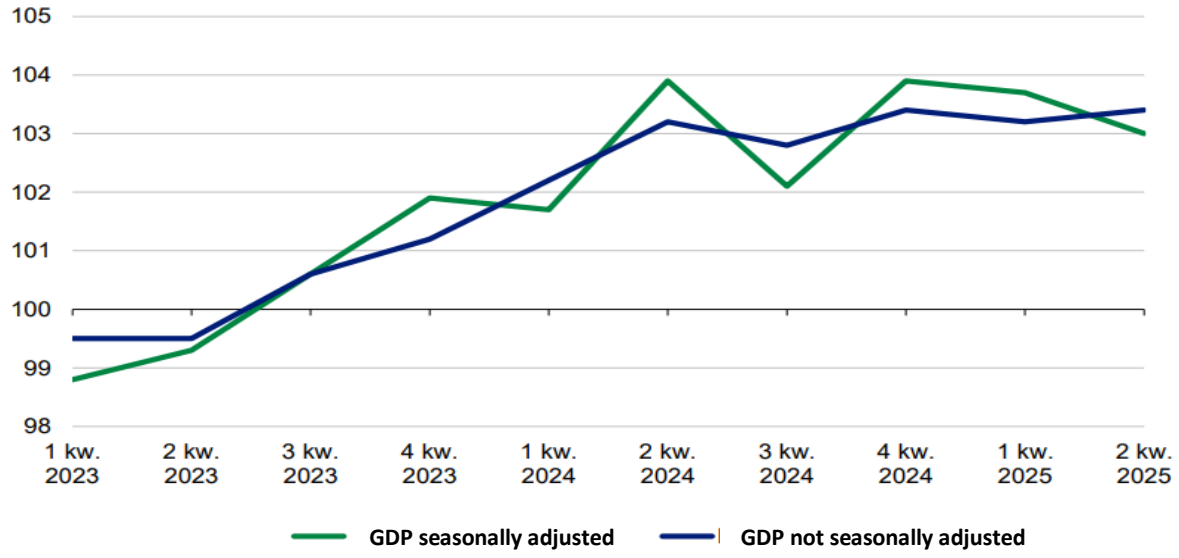
Macroeconomic situation and forecasts for Poland

In 2024, the Polish economy returned to clear growth, with GDP increasing by 2.9% year-on-year, following almost stagnant growth in 2023. During the year, the primary growth factors varied between quarters. However, consumption had the strongest positive impact on Gross Domestic Product (GDP) growth throughout 2024. Its positive impact on GDP temporarily declined in Q3 of the previous year. On the other hand, the significance of inventories grew in the second half of the year. However, the last quarter of 2024 brought a surprise in the form of a positive impact of investments on economic growth rate, despite the end of financing from the European Fund in the 2014-2020 financial perspective and the fact that the inflow of funds from the new 2021-2027 perspective had not yet begun. Economic growth was negatively impacted throughout the year by net exports. To sum up, 2024 was defined by robust financial expansion and evolving catalysts of that growth, varying from one quarter to quarter.

According to an estimate by the Statistics Poland (formerly Polish Central Statistical Office), the Gross Domestic Product (GDP) was up by 3.2% in real terms in Q1 2025, compared to the 2.2% growth recorded in Q1 2024. However, only a slight slowdown can be seen when compared to Q4 2024. According to estimates by Statistics Poland (formerly the Central Statistical Office), gross domestic product (GDP) drove growth in domestic demand by 4.6% in Q1 2025, mainly due to robust growth in gross capital formation (19.9%). Total consumption recorded slower growth (+2.4%), while household consumption was up by 2.5%. There was a clear rebound in gross capital expenditure on fixed assets, which went up by 6.3% after declining in the previous quarter. The capital expenditure rate went up to 13.2%. At the same time, the negative foreign trade balance offset the positive impact of GDP growth.

However, preliminary estimates published in August by Statistics Poland (formerly the Central Statistical Office) suggest that GDP growth was 3.4% in Q2 2025, compared to 3.2% in the same period of the previous year.

GDP growth rate in real terms



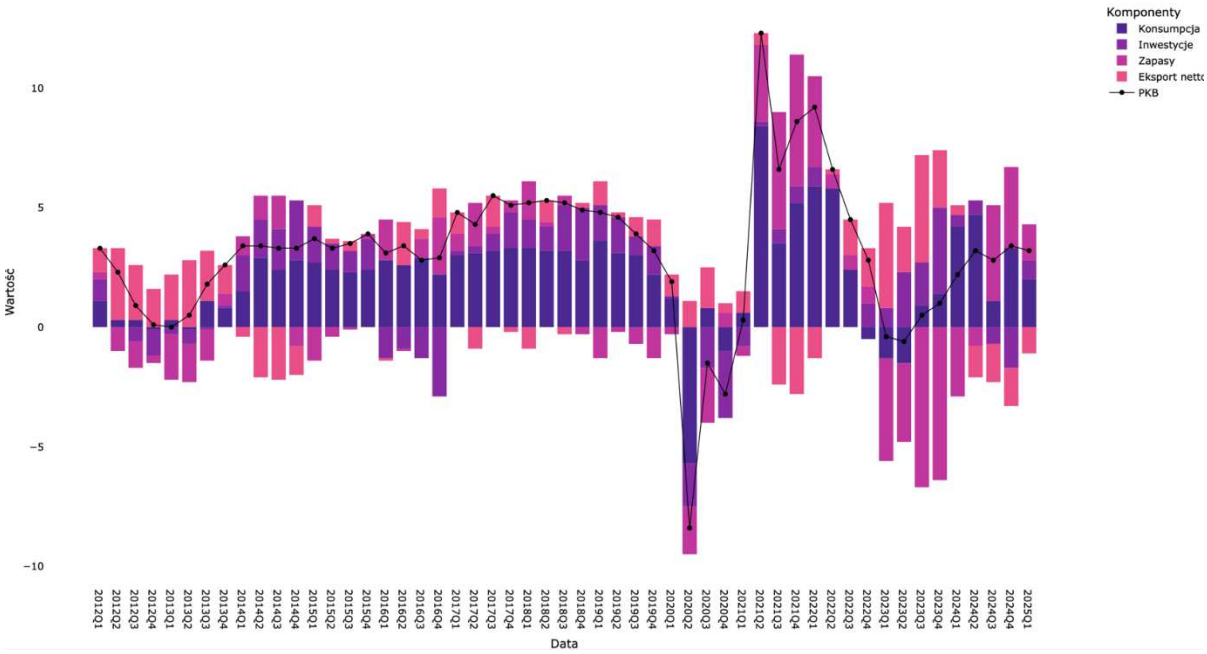
Key: I kw. = Q1; II kw. = Q2; III kw. = Q3; IV kw. = Q4

Source: Statistics Poland (formerly Central Statistical Office), quarterly national accounts, (corresponding period of the previous year = 100)

The GDP growth rates in real terms in individual quarters (Q1, Q2, Q3, Q4) of 2024 was: 2.2%, 3.2%, 2.8% and 3.4% respectively. This pointed to stable and relatively high growth in the Polish economy in 2024.

In 2024, the annual growth rate of the Gross Domestic Product (GDP) was 2.9%. The year 2025 began with a 3.2% rise in Gross Domestic Product in the first quarter. However, according to estimates, the second quarter was characterized by only slightly higher growth of 3.4%.

Size of impact of individual categories on GDP growth in real terms (in percentage points)



Key:
Komponenty = Components;
Konsumpcja = Consumption;
Inwestycje = Investments;
Zapasy = Inventory;
Eksport netto = Net exports;
PKB = GDP
I kw. = Q1; II kw. = Q2; III kw. = Q3; IV kw. = Q4

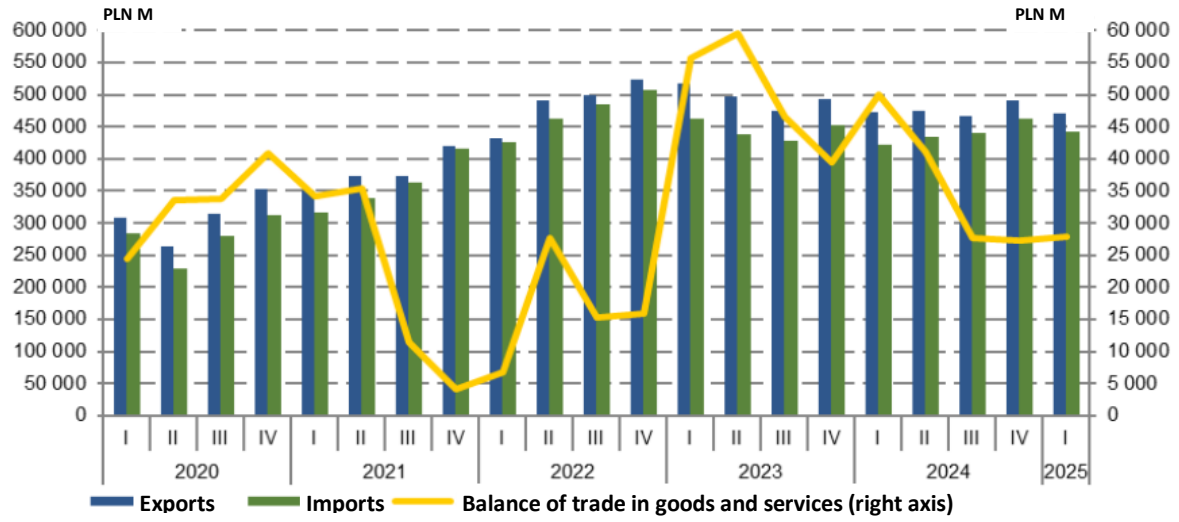
Source: National Accounts Department, Statistics Poland, quarterly national accounts, non-seasonally adjusted GDP; average fixed prices of the previous year.

In H1 2024, the trend of mitigating the negative impact of inventory change on Gross Domestic Product (GDP) continued. Q1 of the second half of 2024 was characterised by a relatively strong increase in inventory growth rate, which drove GDP up in Q3. A significant weakening of consumer demand led to positive accumulation dynamics. This was due to consumers limiting their purchases of commodities in the face of economic uncertainty and high interest rates, among other factors. However, it should be noted that the decline in consumption in Q3 of 2024 was only temporary, with Q4 again being characterised by the significant impact of consumption on GDP growth.

Consumption remained the main driver of the economy in the first quarter. Unlike the previous quarter, however, investments had a positive impact on GDP growth. There has also been a noticeable decline in the impact of inventories, though this remains positive. This may suggest that the economy is taking fewer cautionary measures as a result of enhanced economic uncertainty. However, as in the previous two quarters, net exports continue to have a negative impact.

In 2023, net exports had a strong positive impact on GDP growth rate. In Q1 2024, this impact remained positive, but its intensity declined. The impact of net exports on GDP growth has been negative since the second quarter of previous year.

Foreign trade in goods and services in value terms

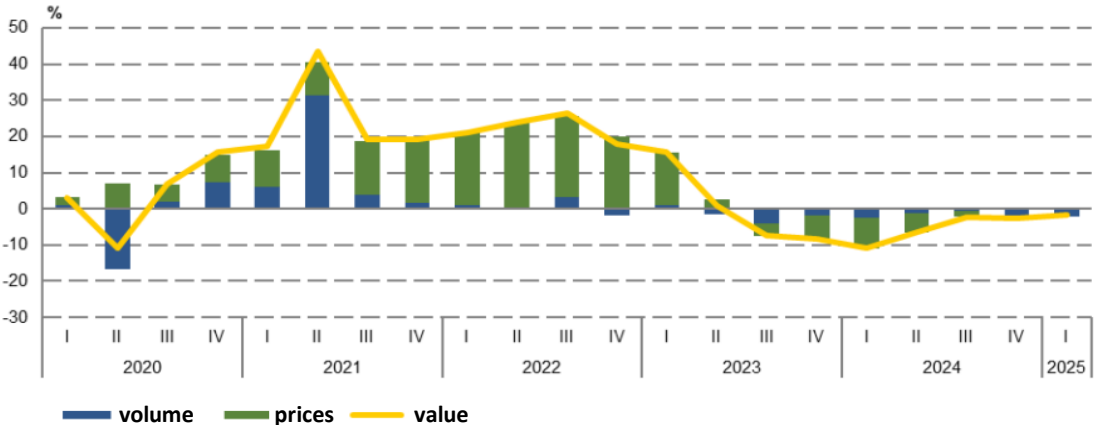


Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q1 2025.

In 2020 foreign trade was partially paralysed by the outbreak of a pandemic. Russia's aggression against Ukraine was another factor affecting the level of international trade in goods and services, as Ukraine is one of the top ten export markets for Poland. The economic position of Poland's trading partners also determines the level of its domestic exports. Germany has been Poland's main trading partner since 1990. However, it has been struggling with severe stagnation for a long time, which significantly impacts Poland's balance of trade in goods and services. In addition, the prevailing order in the global trade market could be disrupted by uncertainties surrounding the so-called 'Liberation Day' and reciprocal tariffs, as well as on-going tensions in the Middle East.

Slightly stronger growth in Polish foreign trade was recorded at the onset of 2025, though this was still below previous years' levels. In Q1 the value of exports and imports of goods and services went up by 2% — mainly due to higher imports of goods — while exports of goods continued to decline. Service turnover has been expanding at a slower rate than before. Consequently the trade balance deteriorated significantly — the surplus fell by as much as PLN 22.1 billion compared to the onset of 2024 — primarily due to the goods trade deficit, which was not offset by services. Although the share of services in foreign trade is growing to reach record-high levels for this time of year (almost 24% of exports), overall, trade in goods and services accounts for an increasingly smaller percentage of GDP.

Changes in export volumes, prices and value (% y/y)



Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q1 2025.

The downward trend in goods exports, which had been on-going since mid-2022, deepened in 2024, with their value down by 11.3% compared to the same period in 2023 due to lower transaction prices and volumes. The appreciation of the Polish currency in Q1 2024 had a positive impact on transaction prices. The decline in volume was caused by lower economic performance among Poland's major trading partners.

In the first three quarters of 2024, Polish exports of commodities hit a clear and longest low in 21st century. The main reason was lower sales of means of transport, resulting from a weaker automotive industry, slower electromobility development and an increase in battery supplies from China to German vehicle manufacturing plants. Consequently, Poland and Hungary's share of this export market segment has decreased significantly. In addition, weak foreign demand and the economic downturn of key partners, particularly Germany (where sales dropped by 6.4%), led to a decline in export value. Swelling imports of durables and parts of means of transport from China to EU countries have undermined the competitiveness of Polish exporters. An unfavourable energy mix resulting in rising labour costs and high energy prices had a negative impact on production efficiency and Poland's position in the global market. The total export figure saw a 3.7% year-on-year decrease, amounting to a loss of around PLN 345.7 billion. The rate of decline in exports started to gradually slow down towards the end of the period under review, despite the on-going unfavourable environment.

In Q1 2025, the value of Polish exports was down by 1.2% year-on-year, reaching PLN 359 billion. The exports volume in real terms shrank by 2.2%, marking the eighth consecutive quarter of decline in constant prices, although the increase in transaction prices (+0.5%) partially offset this decline in value terms. The main drivers of the decline in exports included low demand in the European Union market, which is a key partner for Poland, and growing competition on the part of non-European exporters. Poland's drop in competitiveness resulted in lower export growth rate compared to other EU countries, as well as lower demand in the EU market.

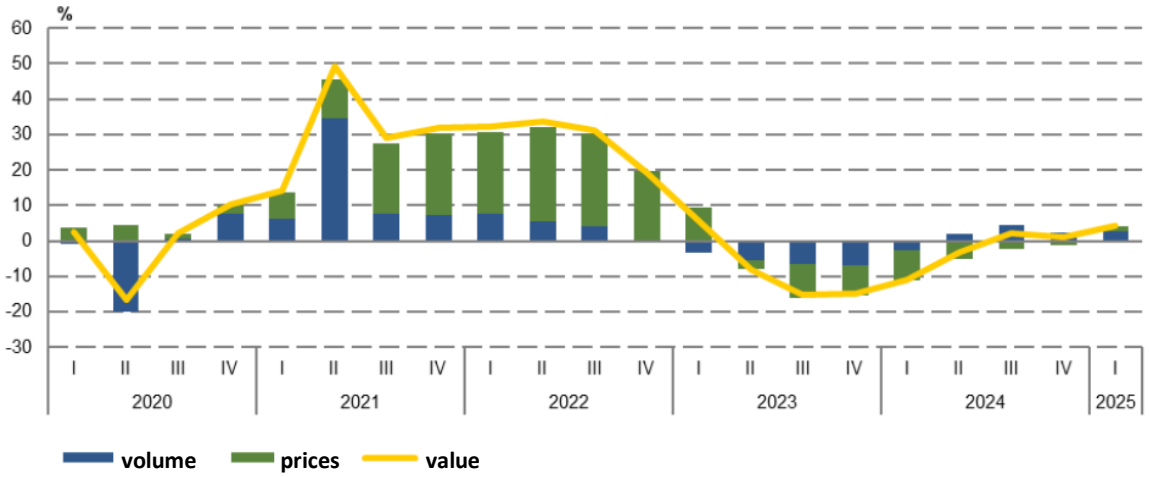
The steepest fall in export value was seen in means of transport and parts. In turn, exports of agricultural products grew dynamically, strengthening their share in total exports to a record-high level of 15.9%. This growth was fuelled by escalating prices on international markets and elevated sales values for poultry meat (the most significant agricultural commodity), beef, chocolate products, animal feed, and meat products. The highest increases in agricultural exports were recorded to France, Germany, Ukraine, and, to a large extent, to the United States. Apart from fuels, the other main categories showed slight changes, i.e. an increase in exports of consumer goods and capital expenditures, and a decrease in exports of supplies.

The surge in imports of durables from China had a detrimental impact on the exports of these products, leading to a substantial decline in the share of Polish suppliers.

In Q1 2025, the decline in exports to EU countries slowed down, amounting merely to 0.7%. Sales to the 15 EU Member States was up, with particular growth seen in sales to Slovakia, Hungary and Sweden. The highest declines are in the segment of exports to France and Italy, mainly due to problems in the automotive industry. Exports to non-EU countries fell more sharply, primarily due to reduced deliveries to Belarus and Turkey, as well as slower growth in exports to Ukraine. Sales to the USA have seen a substantial rise.

According to the balance of payments presented by the National Bank of Poland, the United States was Poland's eighth-largest trading partner, accounting for 3.3% of exports – the highest share of the 21st century. The growing share of the US in the global economy increases the risk of negative consequences of potential American tariffs. These could directly hinder the activities of Polish exporters and indirectly limit exports through broader trade policy. Germany is Poland's major trading partner. However, it has an unfavourable export structure, with the United States being the key destination for its exports (accounting for approximately 10.3%). According to an analysis by the National Bank of Poland, a significant proportion of the value added in Poland is sold on the American market via other EU countries.

Changes in import volumes, prices and value (% y/y)



Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q1 2025.

The upward trend in goods imports has strengthened since Q3 2024. In Q1 2025, the value went up by 4.5%, reaching PLN 373.1 billion. The rise in imports can be attributed to both higher volumes and rising transaction prices, as evidenced by data released by the National Bank of Poland. The surge in imports of consumer goods was the primary driver of this growth, while rising food prices were the key driver of import prices.

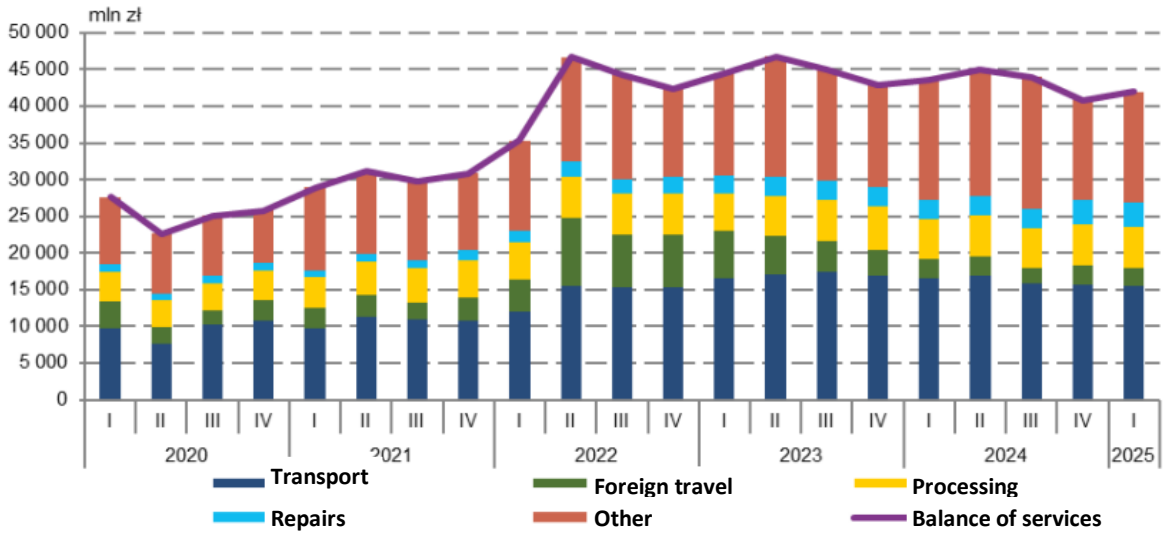
In early 2025, Poland saw the fastest growth in imports of consumer goods among all major categories, reaching a 17.3% share of total imports (compared to 15.7% in the previous year). This rise was much higher than in any of the previous three quarters. The greatest impact on this result was exerted by semi-durable and non-durable goods, with the value of imported clothing and medicines increasing particularly significantly. Although imports of durable goods were less dynamic, significant increases were still recorded for household appliances and furniture. At the same time, imports of television sets declined.

Meanwhile, the largest decline in imports was recorded in the means of transport category in Q1 2025, mainly due to lower imports of automotive parts and commercial vehicles. Growth in passenger car imports slowed significantly, with the number of new registrations rising by just 2.5% year-on-year. This is a notable slowdown compared to the average growth of 16.1% in 2024. By contrast, imports of passenger cars from China increased significantly – over 7,000 were registered in Poland in Q1 2025 alone, accounting for 5.1% of all new cars. The imported volume of these vehicles almost tripled compared to the same period the previous year.

In Q1 2025, changes in exports to the EU and non-European countries were similar. However, imports showed clear discrepancies: imports from the EU was down by 1.1%, whereas imports from non-European countries was up by 15.4%. This resulted in a record-high 38.6% share of Polish imports coming from non-European countries. China and the US strengthened their positions as key suppliers alongside Germany, and there was a significant increase in imports from South Korea, mainly driven by the purchase of armaments. China was the major beneficiary of the increase in imports from outside the Community, with the value of imports rising by 16.2% year-on-year. This was mainly due to increased imports of consumer goods, such as clothing, sports equipment, furniture and toys.

To sum up, the trade balance continued to show a negative trend for a fourth consecutive quarter, with a further deterioration being caused by a combination of an increase in imports and a simultaneous decline in exports. From a commodities perspective, the deterioration in the balance was primarily driven by a decrease in the surplus of consumer goods (reaching its lowest level since 2018) and means of transport (reaching its lowest level since 2020). The change in the proportion of trade with non-European countries also significantly contributed to the deterioration of the deficit. The negative balance of goods sales was affected by the deepening deficit with these countries. The highest deficit in value terms was recorded in trade with China. Additionally, the trade surplus with European Union countries was down in Q1 2025.

International trade balance in services



Source: The National Bank of Poland, Balance of Payments of the Republic of Poland in Q1 2025.

Q1 2025 saw a positive balance on the services account of PLN 42 billion. A positive result has been achieved, but the downward trend in the balance of trade in services has continued since the start of 2024.

In Q1 2025, the balance of transport services in Poland deteriorated significantly, with the surplus in this category falling to PLN 15.5 billion – down by PLN 1.1 billion compared to the previous year. This is the fourth consecutive quarter of declining growth, primarily due to reduced revenues from road freight transport and lower surpluses in air and rail services. However, the result in transport support services improved during this period.

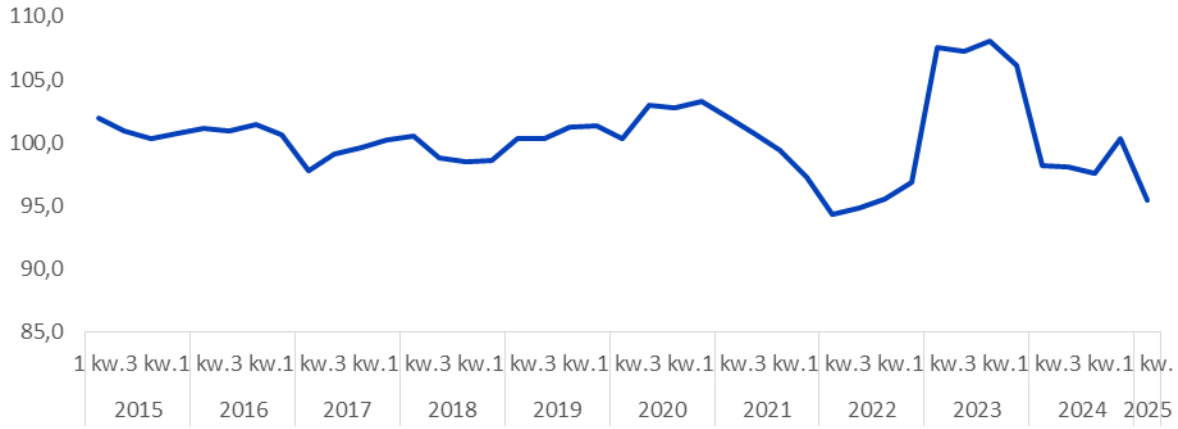
Generally speaking a rise in exports of services was recorded, reaching PLN 111.3 billion (a 2.2% year-on-year increase). However, a decline was also noted in transport services, with a -1.2% decrease. The highest increase in exports was recorded in professional, management and IT services, particularly software and IT services. The highest declines were seen in construction services and the culture and entertainment sector.

In terms of destinations for exported services, Germany remains the main recipient, with exports totalling PLN 24.5 billion (an increase of 0.8% year-on-year), despite exports of transport services to this country being down by 7.5% compared to the previous year. The United States came in a runner-up position (PLN 11.7 billion, up by 6.2%), leading the way in IT and professional services. Third place goes to Switzerland, which is the main recipient of Polish processing services, with PLN 8.6 billion (up by 4.7%).

The overall picture for service exports is one of positivity, but there are notable variations in the growth rates of different service categories.

According to data published by the Statistics Poland (formerly Central Statistical Office), the Terms of Trade index was below the value achieved in the same period of the previous year in Q1 2025. Despite unfavourable index values, an improvement can be seen in price relations with developing countries compared to Q1 2024 (from 96.3 to 98.6).

Terms of Trade



Key: I kw. = Q1; III kw. = Q3
Source: Statistics Poland, Quarterly National Accounts.

After twenty years of negotiations, the trade agreement between the European Union and Mercosur was finalised in early December 2024. It may have a significant impact on Polish trade. The agreement provides for the abolition of customs duties and trade barriers and the creation of one of the world's largest free trade areas, which has a population of over 700 million.

The agreement creates opportunities for Polish companies, particularly those in the machinery, tools, and dairy products sectors. The rapidly growing economies of the Mercosur countries are becoming more open to imports of high-quality industrial and technological products from Europe. Poland's industrial sector could be developed by increasing the exports of Polish industrial products.

The impact of the agreement on Polish agriculture, however, has been a cause for serious concern. Removing barriers will lead to an influx of cheaper agricultural products, such as beef, poultry and sugar, from Mercosur countries. Production in these countries is cheaper due to less stringent environmental and animal welfare standards, and the widespread use of chemicals. This could put strong pressure on the domestic agricultural market and significantly reduce the competitive edge of European products, including those from Poland. Under the worst-case scenario, this could lead to a decline in production profitability and cause hardship for thousands of farms.

Poland, like France, the Netherlands and Ireland, is resisting ratification of the agreement precisely because of these concerns in the agricultural sector and the social consequences. The European Commission is developing compensation or protection measures for farmers, with the aim of minimising the negative effects of the agreement. Subsequent to the conclusion of negotiations, the text is legally certified and rendered into the official languages, and the agreement's future hinges on formal endorsement and ratification by the Council of the EU, the European Parliament and the Member States. In Mercosur countries, governmental approval has been declared at this point, but it is unclear whether this will translate into full parliamentary endorsement.

The agreement is expected to be signed by the end of 2025 at the earliest, with ratification potentially occurring in 2026, provided there is no significant opposition from EU countries. Meanwhile, free trade talks are also underway with other countries, including Mexico, Thailand and India. These talks may influence the structure of Polish trade in the years to come.

The impact of investments on the growth rate of Gross Domestic Product (GDP) in 2024 was revised in Q1 2025. A small but positive effect of capital expenditures on GDP was indicated by preliminary estimates, but the results presented by the Statistics Poland at the onset of June show a negative impact on gross capital expenditures in Q3 and Q4 2024. The following impacts were seen from investments made in individual quarters, after adjustments were made to last year's estimates: 0.5%, 0.6%, -0.7% and -1.7% respectively. The negative impact of gross capital expenditures on fixed assets was a result of the transition period between the end of EU funding for the 2014–2020 period and the start of the new financing plan for the 2021–2027 period.

The onset of 2025, on the other hand, was characterised by a small but positive impact of investments on the growth rate of Gross Domestic Product, amounting to 0.8%. The 6.9% decline in gross capital expenditures on fixed assets in the previous quarter was outdone by a 6.3% increase in the current quarter. Eurostat data shows that public investment, especially military spending and the expected rise in EU funding, was the main driver of investment.

However, investments in the private sector remain at a very low level. There has been a slight improvement in companies using EU funds. However, the investment rate in Poland has been falling since 2015, and the gap between Poland and the EU average has been growing.

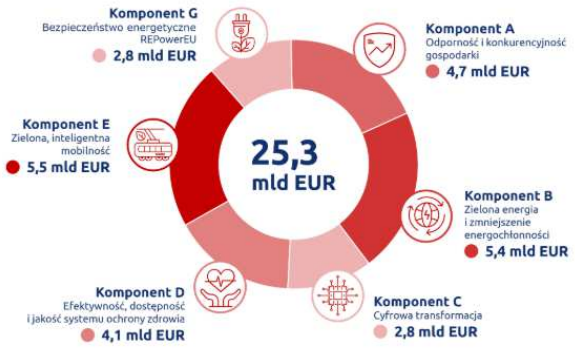
The key issue is still private sector investment. For over 20 years, this has not been at the same level as the EU average. Economic growth in Poland is mainly fuelled by public investment, which in the long term may not be sufficient to maintain dynamic economic development in the country. According to a study by the National Economic Institute, the major barriers reported by companies include, above all, high investment costs, economic uncertainty and unclear and unstable legal and tax environment. Another key issue is the lack of access to professional staff. This is particularly the case for managers. These managers are responsible for implementing strategies and modern solutions. Although companies recognise the need to implement automation and artificial intelligence, they are struggling with the high costs of implementation and a shortage of specialist human resources.

The total amount Poland will have at its disposal under the NRP will be PLN 256.3 billion. The grant part will amount to PLN 108.3 billion and the loan part will amount to PLN 148.0 billion.

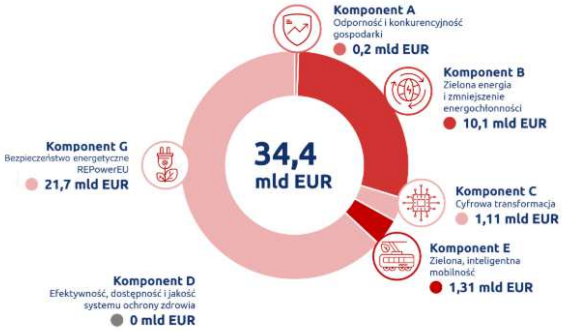
On 17 December 2024, Poland received a total of PLN 67 billion from the second and third tranche of payments under the National Reconstruction and Resilience Plan. An application was also submitted at the end of the year for the fourth and fifth payments under the National Recovery and Resilience Plan.

The breakdown of funds by purpose will be presented below.

Grants



Loans



Key:

Polish (original)	*English (translation)*
Komponent G *Bezpieczeństwo energetyczne* *REPowerEU*	*Component G* *Energy security* *REPowerEU*
Komponent A *Odporność i konkurencyjność gospodarki*	*Component A* *Resilience and competitiveness of economy*
Komponent B *Zielona energia I zmniejszenie energochłonności*	*Component B* *Green energy and reduction of energy intensity*
Komponent E *Zielona inteligentna mobilność*	*Component E* *Green smart mobility*
Komponent D *Efektywność, dostępność I jakość system ochrony zdrowia*	*Component D* *Efficiency, accessibility and quality of health care system*
Komponent C *Cyfrowa transformacja*	*Component C* *Digital transport*

Source: National Reconstruction and Resilience Plan - Ministry of Development Funds and Regional Policy

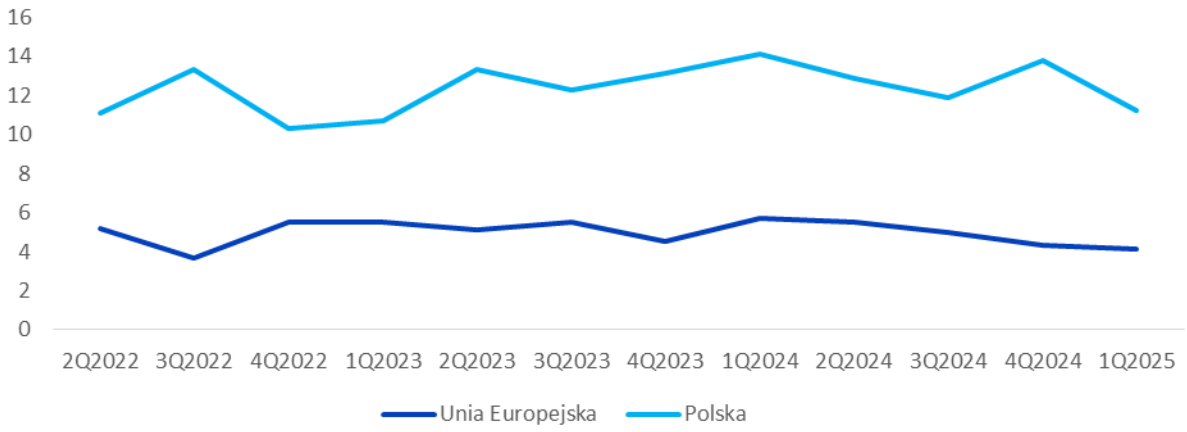
While loan funds are mainly focused on energy security and ecological transformation, grants from the National Recovery and Resilience Plan are evenly distributed across various areas of support. The highest inflow of subsidies to Poland is planned for 2025, and loans for 2026. Programmes financed by the National Reconstruction and Resilience Plan are set to have the most positive impact on the

construction sector, according to experts. These programmes are expected to account for 40% of the increase in production, which could potentially result in a backlog of investments, higher prices and delays.

There will also be clear benefits for industrial processing, particularly for the production of electrical equipment and construction materials, as well as for professional services such as engineering and research. The major risk is the short implementation period. Another issue is that expenditure incurred prior to February 2020 cannot be refinanced, which could prevent the investment from reaching its full potential.

Investment growth in the coming years should be driven by the need for labour productivity gains as well as the partial automation of processes in the face of sharply rising labour costs. Despite the gradually increasing economic recovery, a decline in labour demand is visible, which is the result of the earlier slowdown in the economy in nominal terms and attempts by the companies to cut costs in the face of rising labour costs. The graph below shows the growth rate of the labour costs in Poland and the value averaged over all Community countries.

Labour costs growth rate



Source: Eurostat.
Key:
Unia Europejska = European Union
Polska = Poland

Poland is one of the seven countries in the European Union where labour costs will have a growth rate of more than 10% from 2022. This is mainly the result of a high increase in the minimum wage at the same time as economic growth was not at the highest level. The rise in the cost of labour was reflected in a fall in the average number of persons employed in the business enterprise sector.

Growth rate of average employment in the enterprise sector



Number of job vacancies in the enterprise sector

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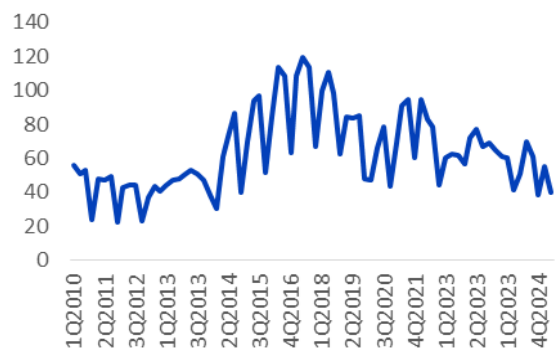


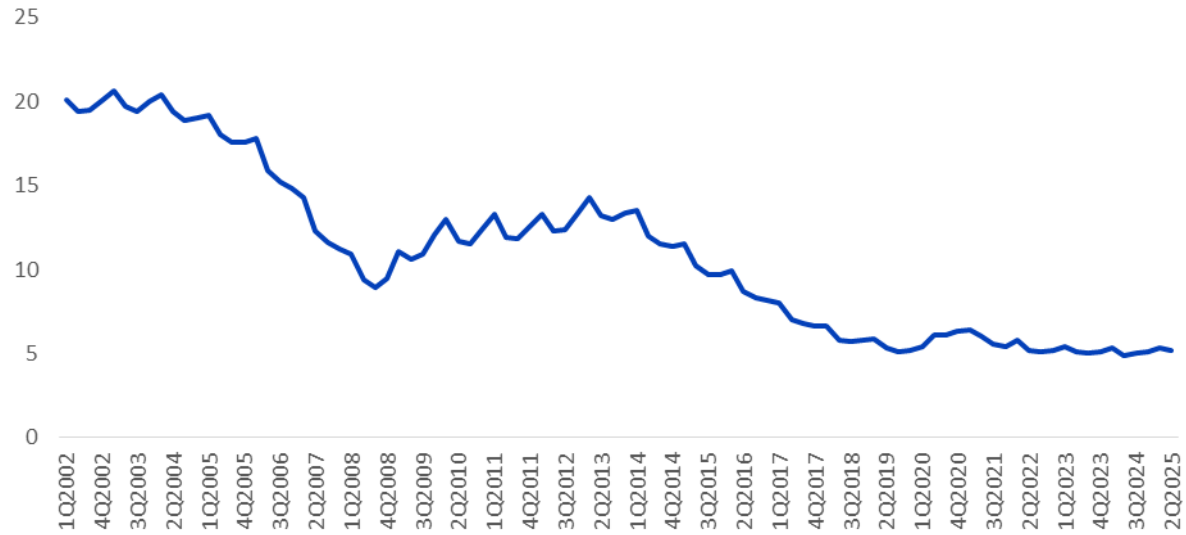
Source: Statistics Poland, Monthly National Accounts.

Since October 2023, the growth rate of average employment in the business sector has been negative. The rate of expected employment is also falling, according to both Statistics Poland and the National Bank of Poland. In addition, there has been a visible decline in labour demand, as evidenced by the number of job vacancies in the enterprise sector.

The decline in employment is linked to slower economic growth than was recorded in 2021–2023. This affects companies' plans for changes in employment. Poland is characterised by high labour costs, which negatively impact the level of employment, particularly in industries with low margins. The decline in employment is paralleled by a very low level of unemployment (the registered unemployment rate at the end of June 2025 was 5.2%).

The low unemployment rate is mainly due to demographic changes - a decrease in the number of people of working age and a worsening migration balance.

Unemployment rate

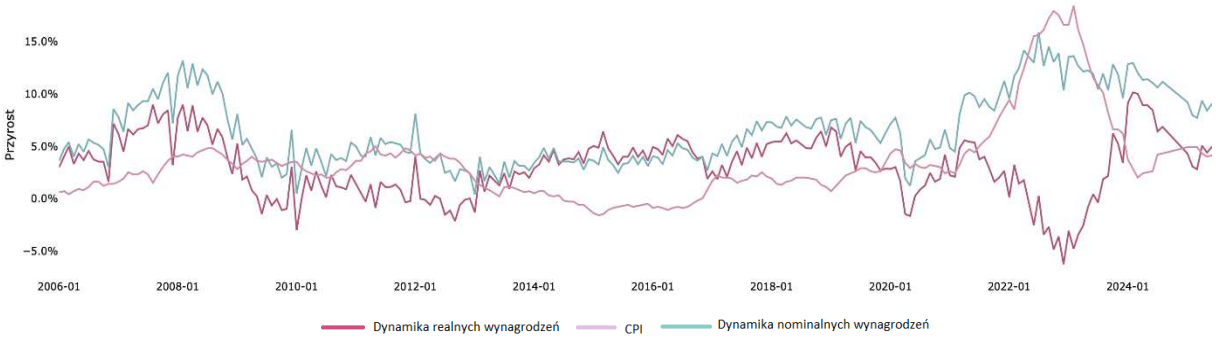


Source: Statistics Poland (former Polish Central Statistical Office):

The year 2024 was characterised by a record high level of wage growth in nominal terms, as well as by wage growth in real terms. This was determined by an augmentation in remuneration within the public sector, indexation of pensions and disability benefits, as well as an escalation in social benefits and the minimum wage. According to the data presented by the Statistics Poland (formerly Central Statistical Office), wage growth was expected to slow down in 2025 due to slower growth in the national minimum wage, lower wage indexation in the public sector, and limited corporate profitability.

Real wage growth remains positive in H1 2025, but increases are not higher than those achieved in 2024, the record-breaking year. Employers continue to face high wage pressure, partly due to the significant minimum wage increases that took effect last year. The amount applicable in 2026 is currently being worked on by the government. If the growth rate is not significant, as indicated by government announcements, this could lead to a reduction in wage pressures. In addition, the limited demand for labour described above will have a similar effect.

Wage growth in real and nominal terms



Source: Statistics Poland, Monthly National Accounts.
Key:
Przyrost = Growth
Dynamika realnych wynagrodzeń = wage growth in real terms
Dynamika nominalnych wynagrodzeń = wage growth in nominal terms

Since the start of 2024, minimum and average wages have been rising rapidly, which has allowed people to save more while still being able to consume at moderate to high levels. Experts forecast a slight decline in the unemployment rate for the coming quarters, reflecting the labour market's gradual response to the expected acceleration in GDP growth. Business surveys show that more companies are planning to create jobs rather than to downsize employment. The National Bank of Poland (NBP) has predicted that unemployment will rise again in 2027, along with an economic slowdown. However, this increase will be limited by demographic factors, particularly the declining number of people of working age.

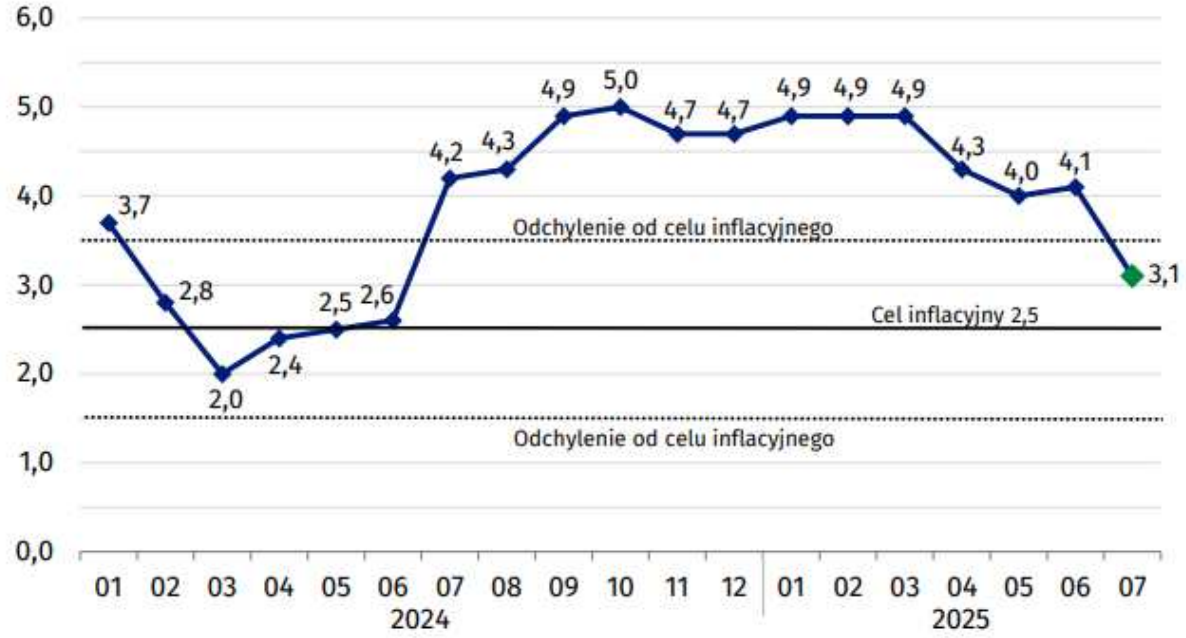
Compared to the record growth seen in 2024, real wage growth will slow down during the forecast period and will be close to the rate of labour productivity growth. This is due to a number of factors, including lower increases in the public finance sector and a smaller increase in the minimum wage compared to that in 2024.

Since Q3 2023, consumption has had a positive impact on Gross Domestic Product (GDP), fuelled by private and public spending. A surge in real wages in 2024, a surge in Poles' purchasing power, and a decline in inflation that is approaching the central bank (NBP) target are all having a positive impact on consumer demand. However, in H2 2024, there was a significant decline in the positive contribution of consumption to GDP growth, caused by a reduction in household disposable income as a result of rising inflation, as well as the central bank (NBP) maintaining positive real interest rates, which hampered the credit market and prompted consumers to save more and reduce spending. Consumer sentiment was at its lowest level in over two years at the end of the year.

According to data from Statistics Poland (formerly the Central Statistical Office), this phenomenon was temporary. In H1 2025, consumption rebounded and once again became the main of economic growth driver. By mid-2024, the growth rate of the consumer price index (CPI) had fallen, which had a positive impact on purchasing power and consumption. However, CPI inflation exceeded the central bank (NBP) target again in Q3 and Q4 2024, reaching 4.9% in September. Households were hit by high price volatility during this period, which led to a drop in consumption due to enhanced uncertainty.

In Q1 2025, inflation remained at approximately 4.9% per month, which is slightly higher than the 4.7% recorded in December 2024. Q2 2025 saw a gradual decline in price growth. This was due to the fading effect of the July 2024 energy price increase, as well as a drop in fuel prices caused by lower oil prices and a weakening dollar.

Changes in prices of consumer goods and services compared to the same period of the previous year (%)



Source: Statistics Poland (former Polish Central Statistical Office)

Key:

Polish (original)	*English (translation)*
Odchylenie od celu inflacyjnego	*Deviation from inflationary target*
Cel inflacyjny	*Inflationary target*

The June CPI reading showed that prices were up by 4.1% compared to the same period of the previous year. Service prices were up by 6.3%, while commodity prices were up by 3.2%. The CPI was up for the following major reasons: housing prices went up by 8.2%, the prices of alcoholic beverages and tobacco products by 6.7%, and restaurant and hotel services by 6.0%. Meanwhile, a 6.0% drop in transport prices and a 1.5% decrease in clothing and footwear prices caused the slowdown in inflation.

Overall prices rose by 0.1% between June and May 2025, which was solely due to an increase in service prices (mainly in the leisure and culture sector, up 1.4%, and food, up 0.2%), while commodity prices fell by 0.2%.

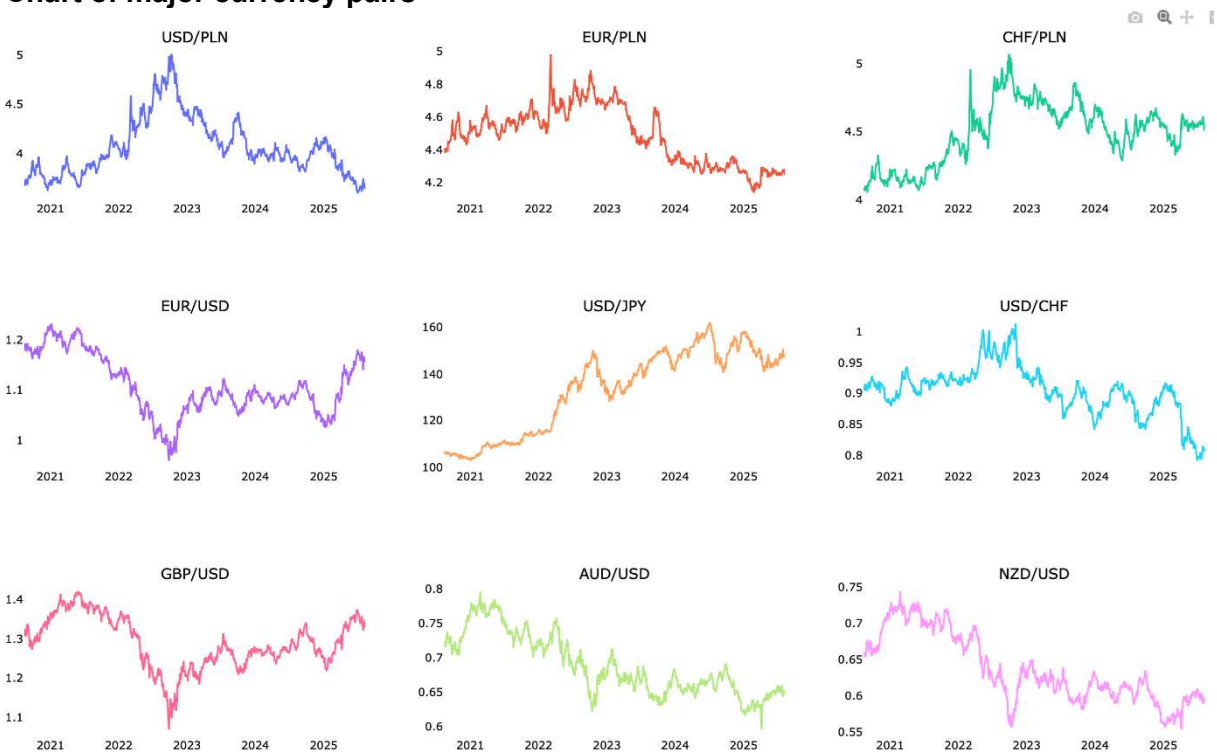
In July 2025, the Consumer Price Index (CPI) returned to the inflation target of 2.5% ± 1 percentage point. This decline is attributable to the high statistical base in July 2024, when energy prices experienced a sharp increase. Additionally, the gas price for households was reduced from PLN 239.65/MWh to PLN 204.26/MWh, with this tariff remaining in place until July 2026.

New electricity tariffs are still pending, having been postponed from 1 July to 1 October 2025. The aim is to introduce lower rates that will replace the current maximum price cap mechanism (currently PLN 0.50 net per kWh). These new tariffs are expected to come into force in October 2025; otherwise, the current price cap may be extended.

Labour cost growth is also expected to slow down in 2025, which will reduce wage pressure on businesses and influence pricing decisions.

The Polish currency exchange rate remained stable in Q1 2025, fluctuating around PLN 4.20 per euro. It remained stable in the second quarter too, fluctuating around EUR/PLN 4.26 and USD/PLN 3.76. The Polish currency came under pressure due to the deteriorating global environment for emerging markets, the risk of an economic slowdown, and Poland's trade deficit.

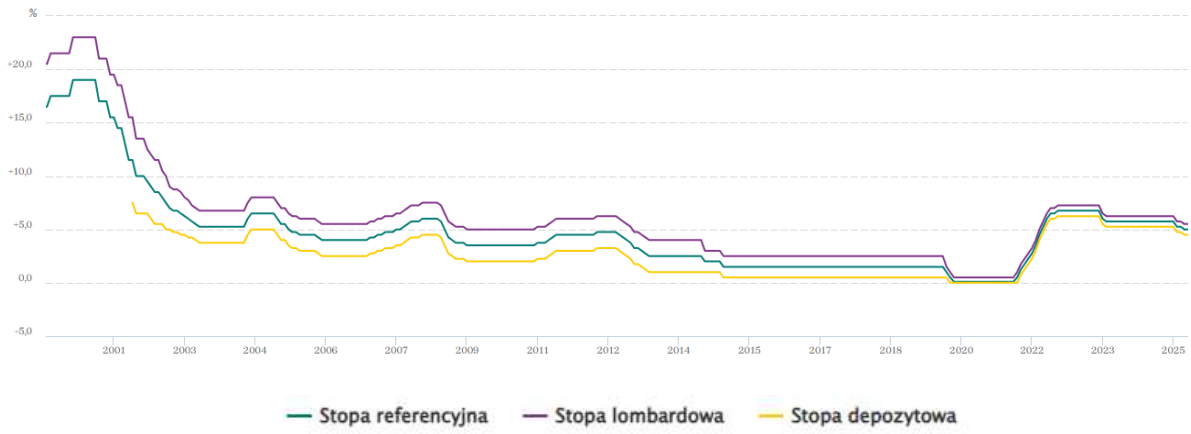
Chart of major currency pairs



The decision made by the Monetary Policy Council (MPC) in May this year was an additional factor affecting the Polish economy, including the Polish currency strength. The Monetary Policy Council has cut interest rates by 50 basis points, which means that the reference interest rate is now at 5.25%. It should be noted that this was the lowest level since May 2022.

The market had predicted the cut in interest rates, but the scale of the cut was not expected. To date, only seven cuts of more than 25 basis points have been made in history. Nevertheless, the President of the National Bank of Poland made it clear that the change in interest rates was simply a reflection of the present market environment and was not necessarily indicative of a new cycle of increases. Another interest rate cut took place at the July meeting, with the rate being lowered by a further 25 basis points to reach its current level of 5.0%.

Level of interest rates



Source: National Bank of Poland

Key:

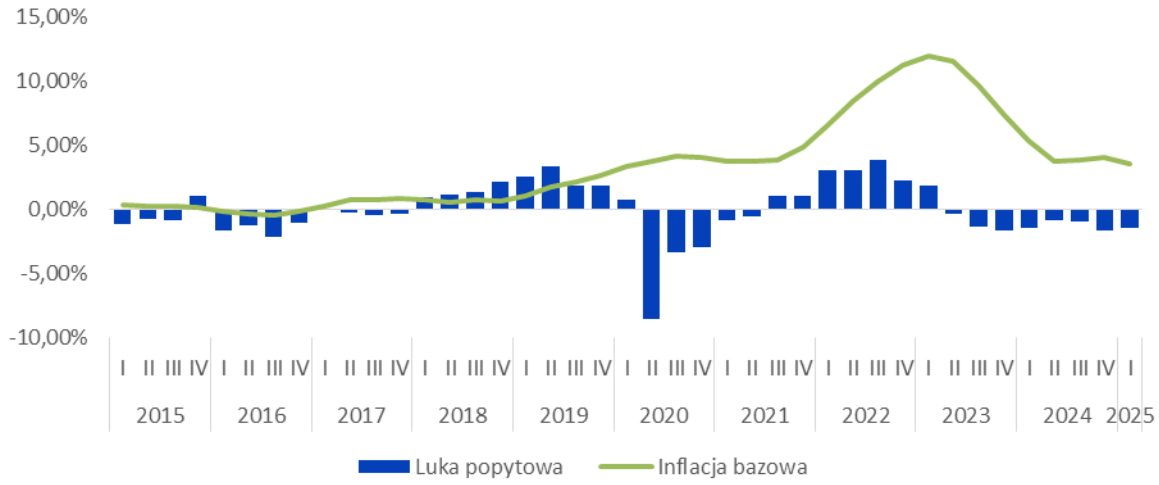
Polish (original)	*English (translation)*
Stopa referencyjna	*Reference rate*
Stopa lombardowa	*Lombard rate*
Stopa depozytowa	*Deposit rate*

Although the effects of the cuts are visible in the reduction of borrowing costs and improvement in the creditworthiness of households, the current level of interest rates is still higher than in the eurozone, which preserves the relative attractiveness of the zloty. Interest rates have been lowered by many central banks, including the Fed and the ECB, after the macroeconomic situation has been analysed, thereby easing their restrictive monetary policy. However, a reduction in the level of interest rates does not mean that a further reduction in inflationary pressures is abandoned.

There are a number of factors that could allow Poland's monetary policy to become less restrictive, according to the economists at the country's main banks. These include the existence of a negative demand gap from the second quarter of 2023 onwards, which is an indication of underutilised capacity in the country and low inflationary pressures. In addition, wage growth rate in real terms will be stabilised by decisions to reduce the growth rate of the minimum wage and public sector wage increases. Inflation is expected to fall further, and the economy is also slowing down.

In addition, Poland was subject to an excessive deficit procedure in mid-2010 with a general government deficit of 5.1% of GDP (the prudential threshold is 3%). The breach of the 3% of GDP threshold led to the presentation by the government of a medium-term plan for the reduction of the deficit level over a four-year time horizon. Poland's fiscal policy will be significantly affected by the excessive deficit procedure. Half-yearly reports on progress in reducing the deficit are something Poland is obliged to submit, in accordance with EU recommendations. Poland will be removed from the procedure in 2028 at the earliest if the agreed plan is implemented correctly and the deficit actually falls below 3% of GDP.

Demand gap and core inflation



Source: Own calculations based on data from Statistics Poland and the National Bank of Poland.

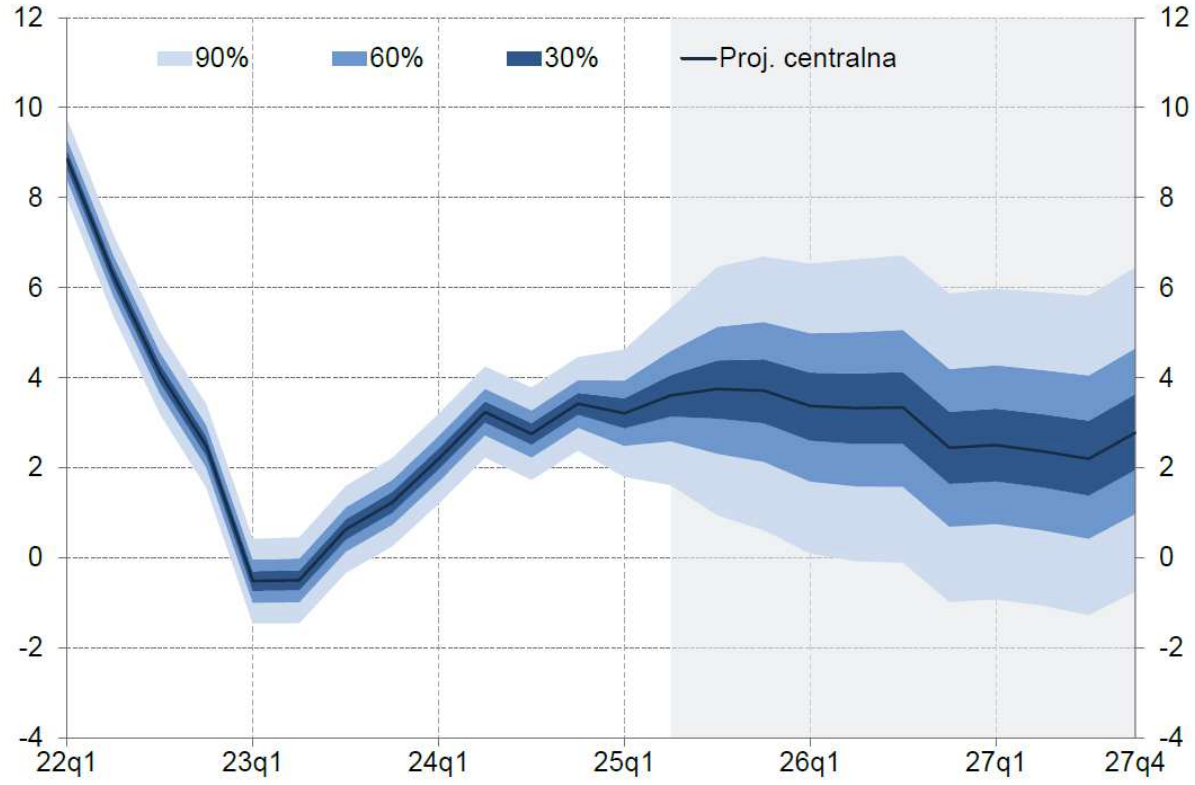
Key:

Polish (original)	*English (translation)*
I, III	*Jan. Mar.*
Luka popytowa	*Demand gap*
Inflacja bazowa	*Core inflation*

Poland's potential economic growth is expected to average around 2.9% per annum between 2025 and 2027, which is slightly below the long-term average. This growth is expected to be supported by strong investment growth in 2025–2026. This will increase the stock of productive capital. There will also be an expected influx of migrants. This will increase the labour supply. However, unfavourable demographic changes, such as a decline in the working-age population, will have a negative impact. This will reduce both the number of people in work and the number of people of working age.

In the coming quarters, as the economy recovers moderately, the current negative demand gap should turn into a small positive figure in Q2 and Q3 2026. This means that stronger demand could prevent inflation from declining more quickly. When the growth rate of Gross Domestic Product (GDP) slows down in 2027, demand pressure will decrease again, which will contribute to further reductions in inflation in the Polish economy.

GDP projection (y/y %)



Source: Inflation Report - July 2025, National Bank of Poland
Key:
Proj. centralna = Central projection

The Polish economy grew by nearly 3% in 2024, and the growth rate is expected to accelerate to 3.6% in 2025. This will primarily be the result of a large influx of EU funds under the 2021–2027 financial perspective and the National Recovery and Resilience Plan, which will stimulate investment in Poland the most. Between 2025 and 2027, the contribution of exports to economic growth will be limited due to a moderate recovery in the eurozone and on-going stagnation in the German economy. Following a period of accelerated economic growth in 2025, the pace will gradually slow down in 2026–2027. The expiry of spending under the National Recovery and Resilience Plan will be a significant dampening factor in 2027.

In the years to come, real interest rates are anticipated to rise, which will result in households being more inclined to save at the expense of current consumption, thereby increasing their savings rate. At the same time, the growth rate of disposable income will be slower than in 2024, due to slower wage growth in real terms. Moderate growth in private consumption is expected to continue between 2025 and 2027, with an anticipated annual average of approximately 3.2 per cent. The relatively stable growth in expenditure during this period reflects households' efforts to maintain a steady level of consumption over time.

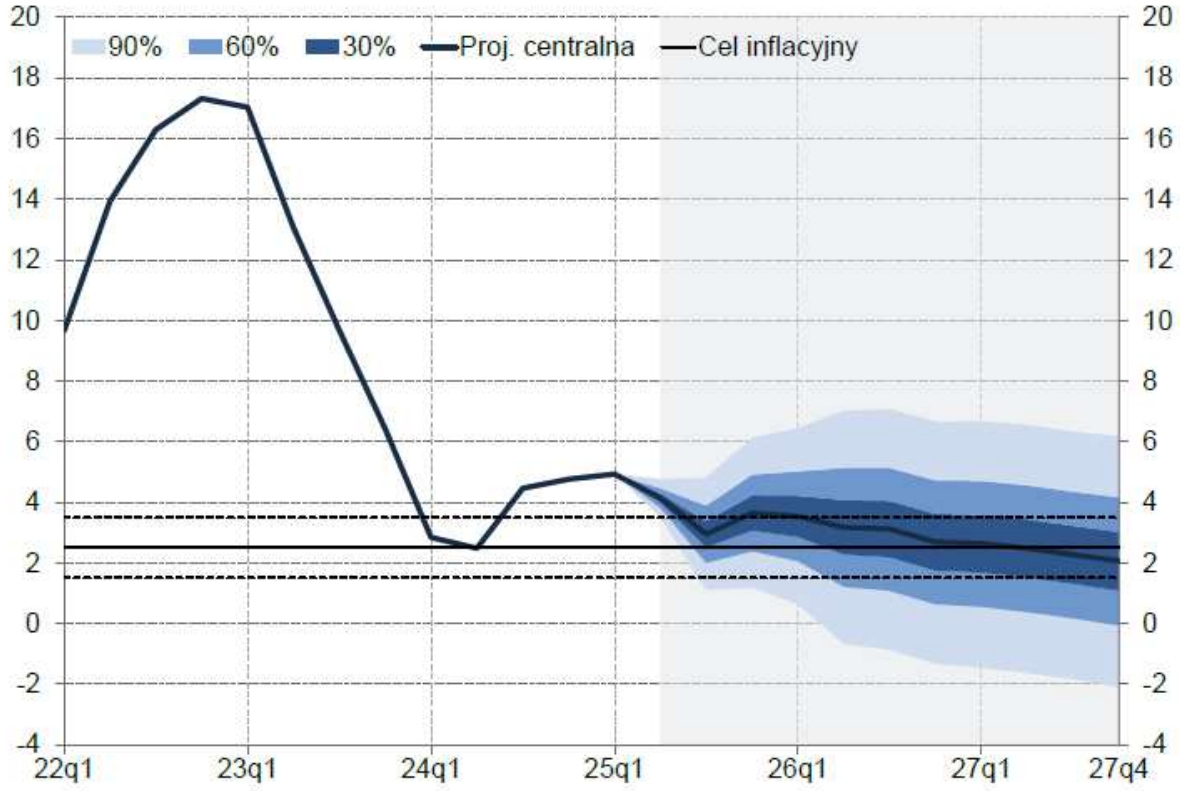
A significant surge in investment is expected in 2025–2026, following a decline in gross capital expenditure on fixed assets in 2024. During this period, the increase in investment demand will be driven by the enhanced utilisation of EU funds under the new 2021–2027 financial perspective, as well as funds from the National Recovery and Resilience Plan. The level of investment expenditure will start to decline in 2027, once the funds have been exhausted.

Surveys confirm that companies will increase investment in 2025, with a higher percentage planning to continue existing projects and increase expenditure over the course of the year. Throughout the forecast horizon, expenditure related to the energy transition is expected to rise, including the expansion of offshore wind farms in the Baltic Sea and the upgrading of transmission networks.

An additional factor that will increase the level of investment is the purchase of military equipment. However, in the case of residential construction, it is expected that the growth rate will remain moderate between 2025 and 2027, based on the assumption that central bank (NBP) interest rates will remain at current or similar levels.

Just like last year, the continued impact of net exports on GDP growth in 2025 is set to be a key issue. This is due to the on-going economic downturn among Poland's major trading partners, especially Germany, which could reduce demand for Polish goods and services. At the same time, as the domestic economy recovers, the import growth rate will increase. A slowdown in the growth rate of domestic demand is expected in 2026–2027, accompanied by a gradual recovery of the global economy. This will result in an increasingly positive impact of net exports on GDP growth.

CPI projection (y/y %)



Source: Inflation Report - July 2025, National Bank of Poland
Key:
Proj. centralna = Central projection
Cel inflacyjny = Inflation target

According to the CPI inflation projection published by the National Bank of Poland (NBP), after reaching a year-on-year peak of 4.9% in Q1 2025, CPI inflation is expected to fall to a level within the NBP's inflation target range (2.5% ±1 percentage point) in the third quarter. However, the National Bank of Poland forecasts a rise in inflation to 3.6% year-on-year in the fourth quarter. Assuming interest rates remain unchanged, inflation is expected to return to its target in the first quarter of 2026.

The inflation trend discussed for 2025 is largely due to regulatory factors, primarily relating to electricity and gas prices. However, the process of reducing inflation in 2025 will be slowed down by the continued high growth in administered prices for services such as waste disposal, water supply and waste collection. There will also be increases in the prices of commodities covered by excise tax, particularly tobacco products and their substitutes.

In the years to come, i.e. 2026–2027, inflation will be increasingly affected by lower wage growth, impacting prices with a delay. A further decline in inflation will be supported by moderate growth in the prices of imported commodities, linked to lower inflation abroad and lower global energy prices. In longer time perspective, the negative output gap reflecting limited demand pressure will further support the slowdown in price growth. Consequently, CPI inflation should remain within the range set by the central bank (NBP) target in 2026–2027.

However, it should be remembered that future inflation and Poland's overall economic situation will depend largely on the state of eurozone economies and potential changes in global trade policy. Regulations on future energy prices are an additional source of uncertainty.

1.1.2. Global economic environment

Several key economic and political events will take place on the international stage in July 2025, significantly impacting the world's geopolitical and economic situation.

On 30 April 2025, the United States and Ukraine signed an Co-operation Agreement concerning the extraction of critical minerals. Initialled by US Treasury Secretary Scott Bessent and Ukraine's First Deputy Prime Minister Yulia Svyrydenko, the Agreement establishes a Joint Investment Fund for the Reconstruction of Ukraine. Ukraine has committed to transferring 50% of the revenue from new extraction projects (including minerals, oil and gas), and the Ukrainian parliament ratified the agreement in early May 2025, thereby initiating its implementation.

The key aspect in Europe was the change in the balance of power in Germany following the February 2025 early elections. The conservative CDU/CSU coalition won, and on 6 May 2025, Friedrich Merz became Chancellor. The new government's goals are to reconstruct the economy after a period of stagnation and to strengthen Germany's position in Europe and globally. The following priorities have been identified: the removal of regulations, the provision of support for industry, the reduction of energy costs, the increase in spending on research and development, and measures to promote security and migration policy.

Another significant issue is US customs policy towards the EU. In July 2025, a trade agreement was concluded that had been announced by Donald Trump and Ursula von der Leyen. The new tariff rate for most commodities exported from the EU to the US is 15%, representing a compromise following earlier higher tariffs of up to 25%. However, high tariffs of 50% have been retained on steel, aluminium and copper. Certain strategic products, such as aircraft, selected chemicals and critical raw materials, will be exempt from tariffs, or the list of exempt products will be expanded.

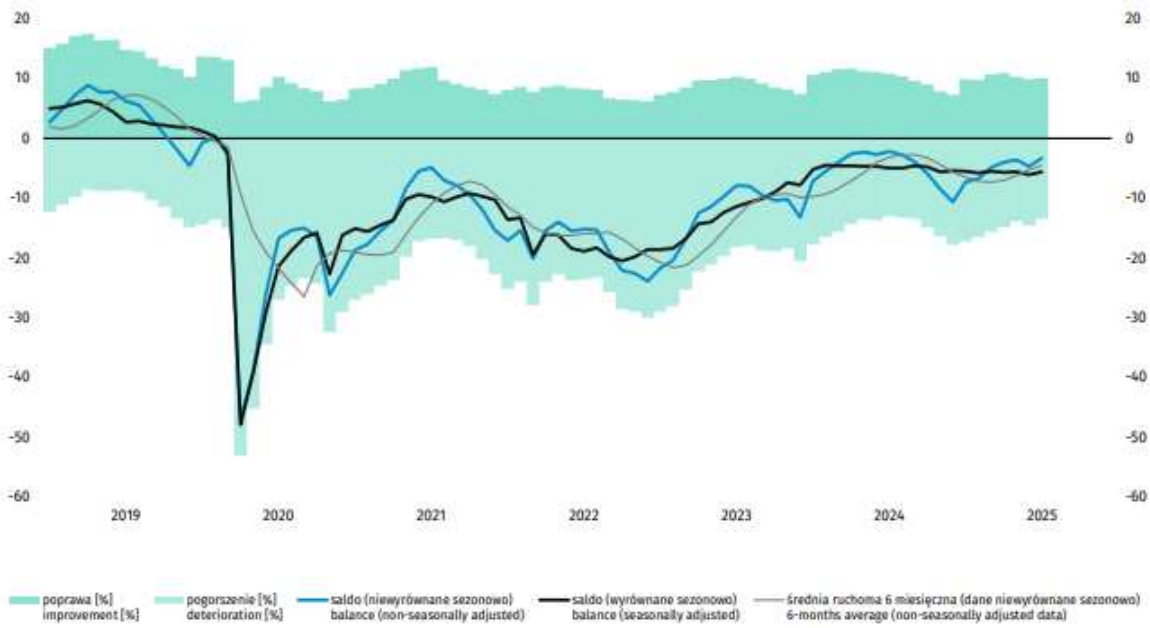
As part of the agreement, the EU has committed to purchasing around $750 billion worth of American energy and increasing investment in the US market by around $600 billion, as well as buying large quantities of American military equipment. The agreement has been described as the most significant in the history of trade relations between the US and the EU. Although it introduces a substantial cost increase for European exporters, it will bring stability and transparency to trade.

Additionally, the European Union and Singapore concluded negotiations on a landmark digital trade agreement (EUSDTA) in 2025, which was formally approved by the EU Council in April and signed in May. The agreement aims to facilitate and secure digital trade, strengthen consumer protection and provide businesses with greater legal certainty, while eliminating unjustified barriers to digital trade. It also sets out high standards for the protection of personal data in line with EU law, and promotes open and competitive digital economies. As more than half of the trade in services between the EU and Singapore is conducted digitally, this is the first EU agreement of its kind to emphasise the role of digital trade. The next step towards implementing the agreement is ratification by the European Parliament and the relevant authorities in Singapore.

1.2. Condition of the construction sector in Poland

The Statistics Poland's July 2025 report, 'Business Climate in Manufacturing, Construction, Trade and Services 2000-2025', shows that the vast majority of surveyed sectors signal stabilisation and a deterioration in the economic situation. In July 2025, the general business climate index was higher than the long-term average in sectors such as accommodation and catering, transport and warehousing, as well as retail trade and construction.

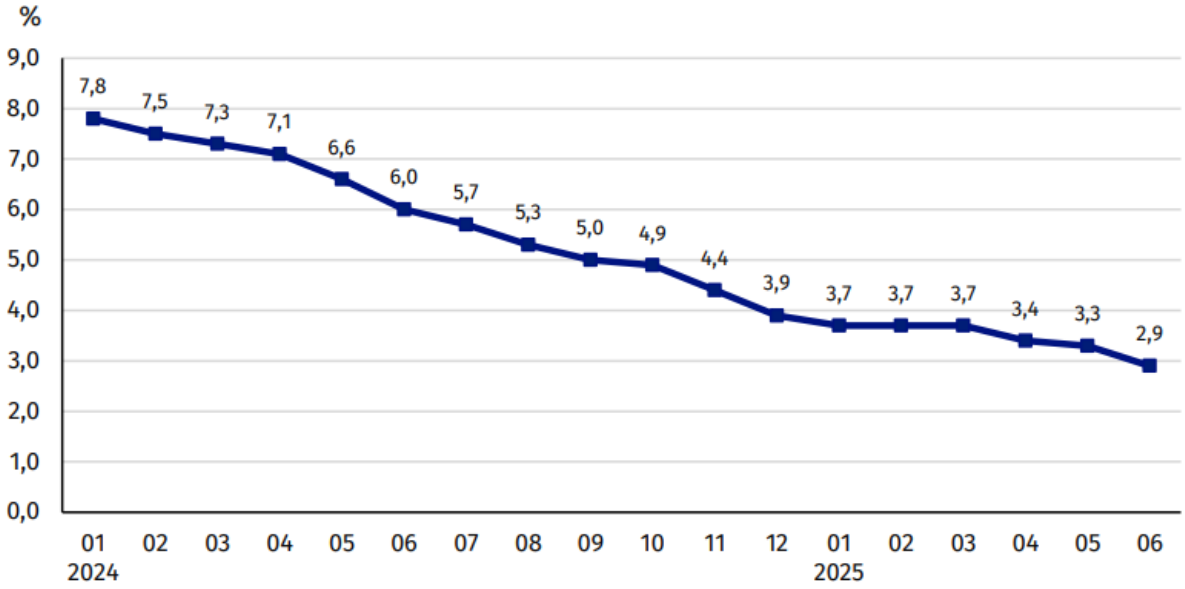
Business climate index in the construction sector



Source: Statistics Poland, Business cycle in manufacturing, construction sector, trade and services 2019-2025, July 2025.

In June 2025, the most negative assessment of the business climate concerned industrial processing and construction. In the industrial processing sector, the business climate index remained negative at -7.7, representing a slight improvement on the same period last year when the value was -10.7. In the construction sector, the index was negative at -4.7, and it was down compared to May 2025 (-3.6), and it was slightly down compared to July 2024. While processing companies referred to insufficient demand on the domestic and foreign markets and labour shortages as the main barriers, construction businesses are primarily concerned with insufficient demand, disadvantageous weather conditions and a shortage of skilled labour. By the end of 2024, high operating costs had become one of the most significant barriers to progress in both sectors.

Construction and assembly output price indices

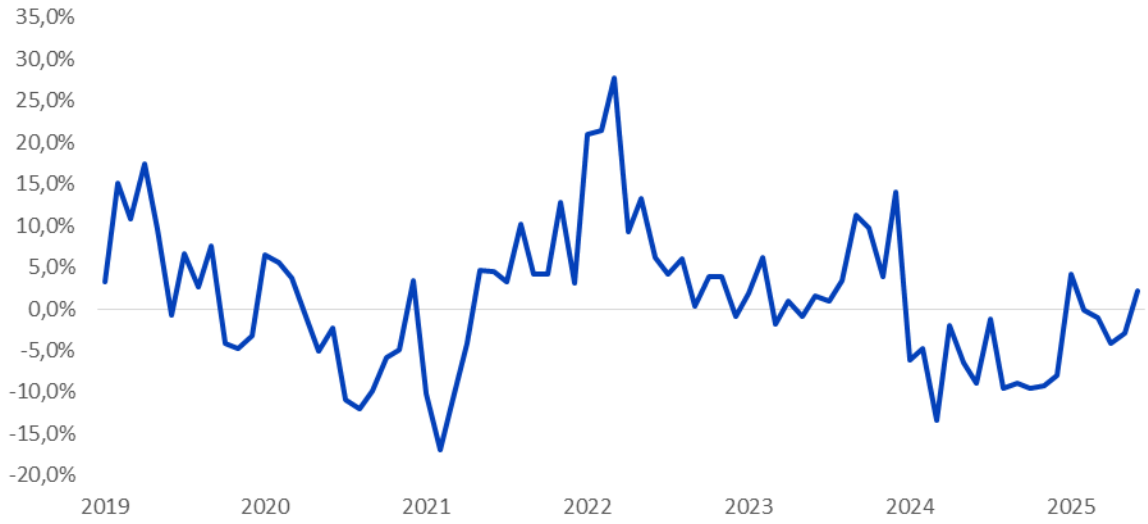


Source: Statistics Poland, Construction and assembly output price indices - changes in construction and assembly output prices in 2024-2025 compared to the same period in the previous year

According to preliminary data from the Statistics Poland (formerly Central Statistical Office), construction and assembly output prices were up by 2.9% in June 2025 compared to June 2024. Prices were raised for civil engineering works (by 3.1%), building construction (by 2.9%), and specialised works (also by

2.9%). A downward trend in the annual growth rate of construction and assembly production prices has been observed since October 2022, which is consistent with official data from the Statistics Poland.

Construction and assembly output growth rate



Source: Statistics Poland, Construction and assembly production growth rate - changes in construction and assembly output from 2019 to 2025 compared to the same period in the previous year

In 2025, the construction and assembly production sector in Poland continued to face the challenges of the previous year, although there were some symptoms of stabilisation and differentiation in individual industry segments. While the construction sector recorded significant year-on-year declines of up to 7-9% compared to 2024, H1 2025 saw much weaker growth in construction and assembly output. At the end of the second quarter, the output was down by approximately 2.9% year-on-year.

However, construction and assembly output recorded a clear rebound in June 2025 and was up compared to May 2025 and June 2024. According to data published by the Statistics Poland, the output in June was up by 2.2% compared to the same month of the previous year, and up by 10.3% compared to May this year. Compared to May, all major construction sectors showed positive growth rates, with the largest increase recorded in the specialist works segment. This segment saw a 17.7% increase in output compared to the previous month, and a 20.8% increase year-on-year. Building construction companies recorded growth of 8.9% month-on-month and 8% year-on-year. By contrast, the civil engineering sector saw a year-on-year decline in output of approximately 11%, although it grew by 6.6% month-on-month.

Construction and assembly output in July this year was up by 0.6% compared to July of the previous year. This represents a slowdown compared to June (2.2% year-on-year) and is slightly below the consensus forecast (1.4% year-on-year). While infrastructure construction continues to stagnate, positive signals are coming from residential housing, with building permits and new project starts rebounded in July. However, this contrasts with a 20% year-on-year increase in local government investment in Q2 2025.

Construction and assembly output in Poland is expected to improve gradually in H2 2025, entering a growth phase driven mainly by investments and activity in the specialist and residential property sectors. This should lead to better results for the entire construction industry in the months to come. The extent of this segment's recovery will depend largely on interest rates and funding from the National Reconstruction and Resilience Plan. An earlier start to lowering interest rates could accelerate the industry's recovery. In the longer term, supported by record funding from the European Union, infrastructure projects are expected to provide more favourable times for the sector. Pekao Bank analysts predict that, driven by the social needs, the regular increase in purchasing power and the migration of young people to the cities, the housing segment will see strong growth until 2030.

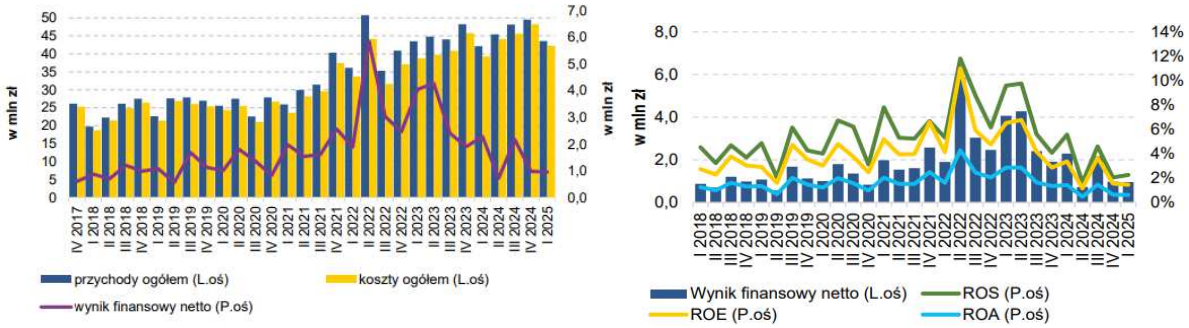
A high risk is the high probability of a significant increase in the price of construction materials in response to increased demand as a result of the sudden boost to the economy from the influx of EU funds and the short timeframe for their use.

In Q1 2025, large building construction companies (those whose workforce exceeds 49 people) recorded higher demand for their services than a year earlier, with revenues increasing by 3% year-on-year. However, costs were growing much faster, by 7%, which led to a 58% drop in net profits compared to Q1 2024. The highest increases were seen in wages and salaries (+16%), materials and energy (+10%), and third party services (+6%). The operating cost-to-revenue ratio reached 0.98, while sales profitability fell from 5.6% to 2.3%.

This was the first decline in current assets (work in progress and finished goods) since 2020, suggesting a lack of major new orders. Although the value of receivables decreased, their collection cycle lengthened to 111 days (previously approximately 87 days). The share of short-term receivables went up to 38%, which boosted the demand for working capital. This is largely covered by short-term loans. Short-term liabilities accounted for 45% of total liabilities and their repayment period lengthened to 136 days (previously approximately 122 days).

Return on assets fell from 1.4% a year earlier to 0.6%, whereas Return on Equity (ROE) fell from 3.4% to 1.4%. The capital structure remained stable, with equity accounting for 47%, and the total debt ratio stood at a favourable 0.58 compared to previous years. However, 35% of companies did not have sufficient cash to cover their current liabilities, although this percentage is lower than the average in the 2020–2024 period (37%).

Economic ratios for building construction companies with headcount exceeding 49 people



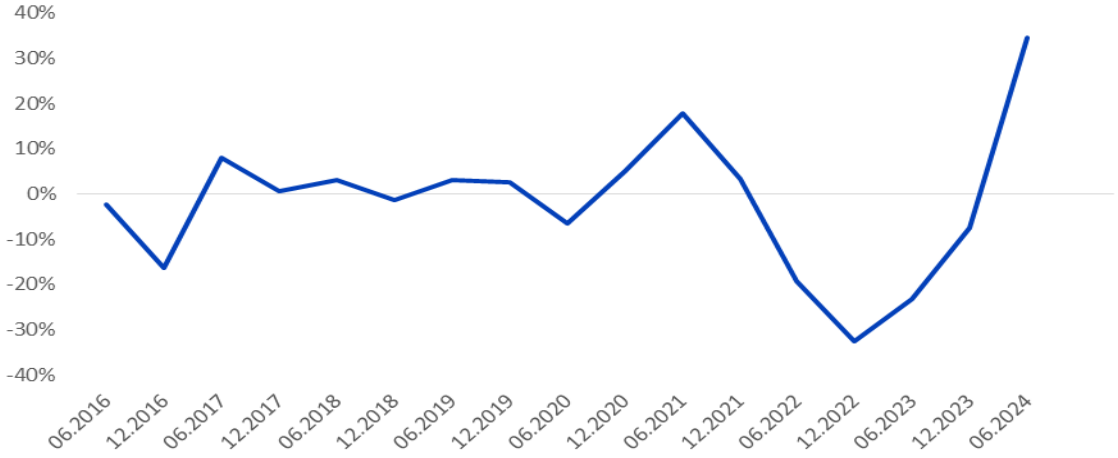
Source: National Bank of Poland

Key:

Polish (original)	*English (translation)*
Przychody ogółem (L. oś)	*Total revenues (left axis)*
Koszty ogółem (L. oś)	*Total costs (left axis)*
Wynik finansowy netto (Prawa oś)	*Net financial result (right axis)*
Wynik finansowy netto (Lewa oś)	*Net financial result (left axis)*
ROE (P oś)	*ROE (right axis)*
ROS (P oś)	*ROS (right axis)*
ROA (P oś)	*ROA (right axis)*

According to data provided by the Construction Site Inspection Office in its semi-annual reports, there was a marked decrease in the dynamics of the number of building permits issued in 2022. However, when analysing the data on a year-on-year basis, this trend has changed in H1 2024. Compared to the H2 2023, the number of building permits issued in the second half of the year went up by 32.4%. However, analysing the data for the whole year reveals an increase of approximately 34%.

Number of building structures for which building permits have been issued (q/q%)

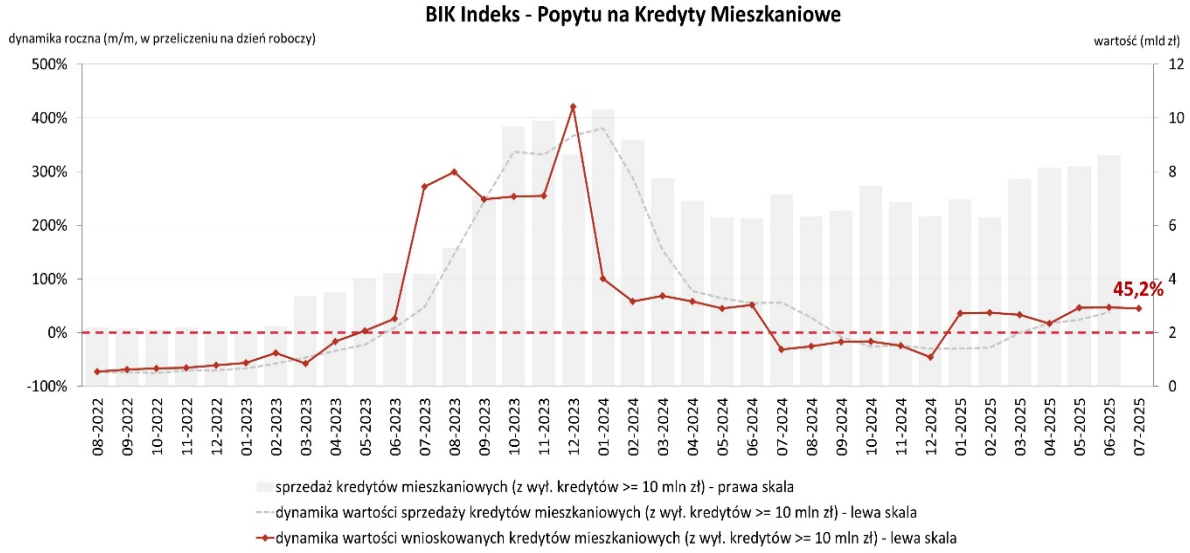


Source: General Office of Construction Supervision.

In H2 2024, the highest increase in the number of permits issued was recorded for multi-family and collective residential buildings, as well as hotels and tourist accommodation. Compared to last year's data, the growth rate was 232.7% and 122.2% respectively. Conversely, declines were only recorded in one segment: pipelines, telecommunications lines and power lines.

Since the onset of 2025, the Polish housing market has been characterised by falling apartment prices and growing demand for housing. Higher price declines are visible in the secondary market, where prices fell by an average of 2.4% year on year (y/y), while in the primary market, the growth rate has stabilised at 4.1% y/y. Interestingly, apartment prices on both the primary and secondary markets are significantly lower than the average in Central and Eastern Europe's major cities. In addition, the supply of new apartments for sale is growing. According to data from the Polish Economic Institute, the number of properties for sale in all provincial capitals combined is rising by approximately 10,000 each week.

Demand for housing loans



Source: Credit Information Bureau

Key:

Polish (original)	*English (translation)*
BIK Indeks – Popytu na Kredyty mieszkaniowe	*BIK Index – Demand for housing loans*
Dynamika roczna (m/m, w przeliczeniu na dzień roboczy)	*Annual growth rate (m/m, per working day)*
Wartość (mld zł)	*Value (PLN bn)*
Sprzedaż kredytów mieszkaniowych (z wył. kredytów >= 10 mln zł) prawa skala	*Sales of housing loans (excluding loans >= PLN 10 million) right scale*

Dynamika wartości sprzedaży kredytów mieszkaniowych (z wył. kredytów >= 10 mln zł) – lewa skala	*Growth rate of the value of sales of housing loans (excluding loans >= PLN 10 million) - left scale*
Dynamika wartości wnioskowanych kredytów mieszkaniowych (z wył. kredytów >= 10 mln zł) – lewa skala	*Growth rate of the value of housing loans applied for (excluding loans >= PLN 10 million) - left scale*

The housing market is experiencing heightened interest, which is evident in the surge in demand for mortgage loans. According to data that the Credit Information Bureau presented, people filed more than 100,000 applications in Q2 2025, which amounted to 111,700, up by 29% compared to Q2 2024.
The increase in demand for mortgage loans is primarily due to an improvement in the creditworthiness of Poles, resulting from a stabilisation or even a decline in housing prices, as well as a reduction in interest rates to 5.0% for the first time since 2023. Additionally, despite the slowdown in real wage growth, wages remain positive, thereby increasing Poles' investment opportunities.

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

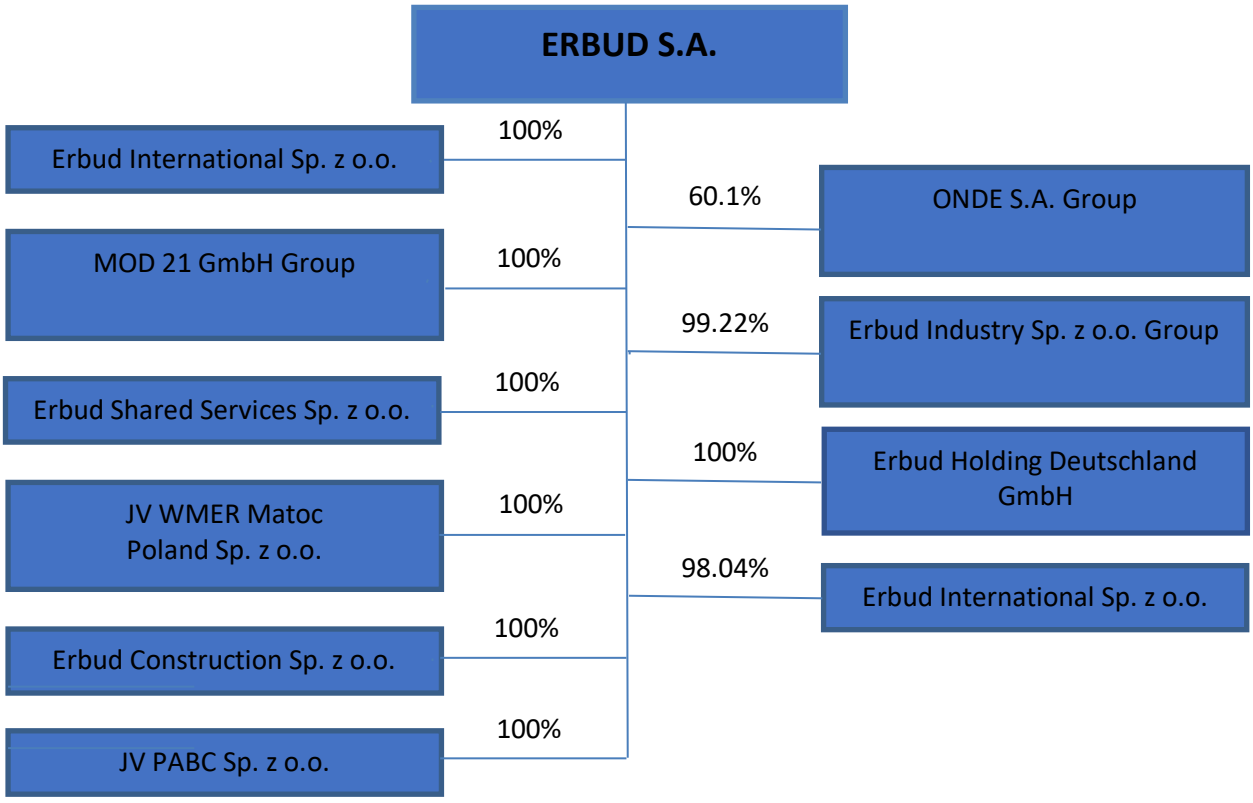
In addition to the factors described above, the ERBUD Group's operations will be affected by such factors such as:

- The geopolitical situation, particularly in relation to the conflict in Ukraine;
- release of funds under the Recovery and Resilience Facility – RRF;
- scale of public investment;
- Monetary policy in Europe and the USA;
- Developments in the Middle East (oil price)

2. ERBUD GROUP ACTIVITIES IN H1 2025

2.1. Capital Group Structure

As of the date of Financial Statements drawn up on 30 June 2025, the structure of the ERBUD GROUP was as follows:



Since 12 May 2025 (the date of publication of the Separate Financial Statements of ERBUD S.A. and the Consolidated Financial Statements of the ERBUD Group for Q1 2025), there have been no changes in the Group's structure.

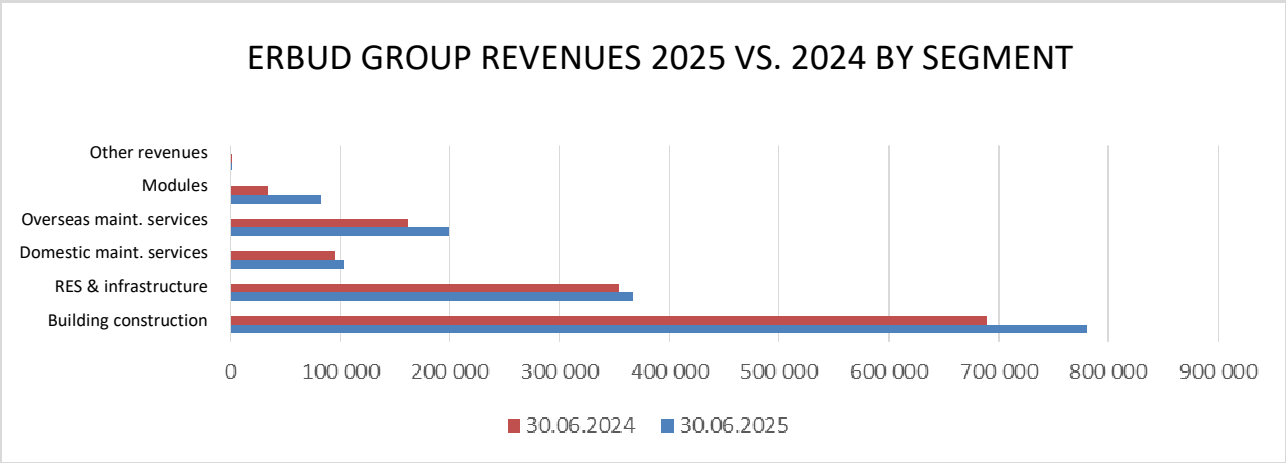
On 30 May 2025, ERBUD S.A. repurchased two shares in MOD 21 Sp. z o.o.'s initial capital from Mr Theodor Kaczmarczyk. ERBUD S.A. thereby became the sole owner of the company, holding 100% of the share capital and the same number of shares at the General Meeting of Shareholders.

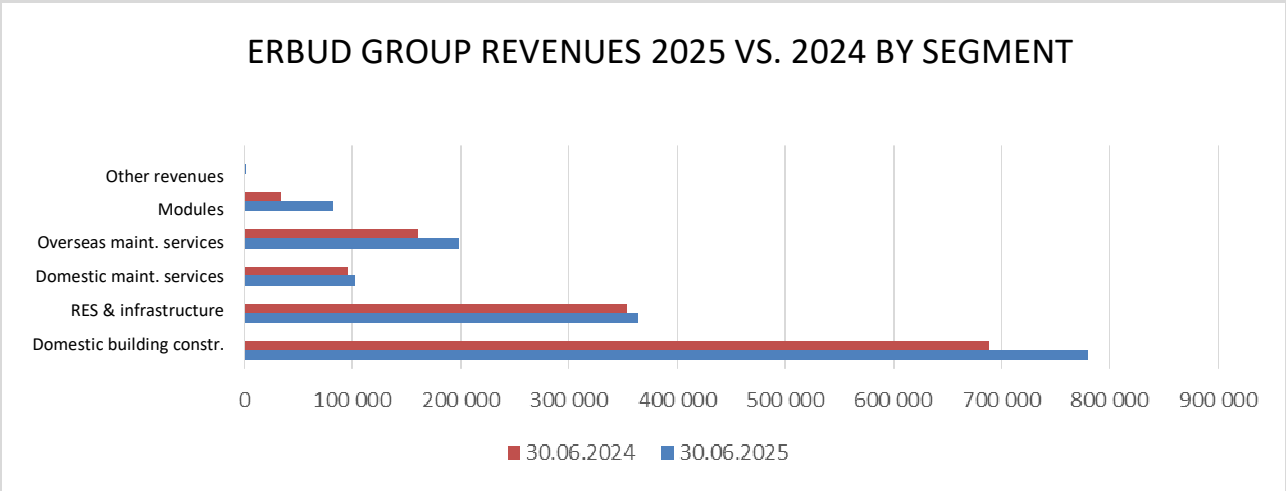
Due to marginal significance, ERBUD Construction Sp. z o.o. and the associated entity Toruńska Sportowa S.A. in liquidation were excluded from the Consolidated Financial Statements.

2.2. Breakdown of activities

The ERBUD Group is widely considered to be one of the major construction groups in Poland. However, the Group's business is highly diversified in terms of its activities. The scope of its activities covers a wide range of construction and erection services, performed both in the capacity of a general contractor and sub-contractor, construction of RES systems including both wind power stations and photovoltaic systems; road-engineering services, maintenance services for a wide range of industries, construction of denitrification and desulphurization plants, construction of modern, environmentally friendly boiler plants as well as small-scale hydro-engineering works. Since March 2023, another segment in the ERBUD Group has been in operation - the production and sale of wooden modular buildings carried out by the subsidiaries MOD 21 Sp. z o.o. (production) and MOD 21 GmbH (sales).

The Group carries out orders at home and abroad (mainly in Germany and Belgium). In the first half of this year, operations in Poland accounted for 81.61% of the total revenues. In the comparative period, this share accounted for 82.5% of the Group's sales revenues.





2.3. Building construction

Building construction projects in Poland are carried out by ERBUD S.A., Erbud International Sp. z o.o. and by JV WMER Matoc Poland Sp. z o.o.

ERBUD S.A. activities are carried out by its three branches and three technical offices: the Warsaw Branch with technical offices in Szczecin and Rzeszów; the Toruń Branch with a technical office in Gdańsk specialising in hydraulic engineering; and the Wrocław Branch with a technical office in Kraków.

Projects in Poland and abroad are carried out by Erbud International, with a focus on Belgium.

In H1 2025, the Group's net revenue from domestic building construction totalled PLN 779 991 thousand, down by 13.20% compared to the same period of the previous year.

At the end of June 2025, the order portfolio in the domestic building construction segment was worth PLN 1.7 billion compared to PLN 1.6 billion at the end of June 2024, of which PLN 0.86 billion was due in H2 2025.

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

- **13 January 2025:** signing of a major contract worth approximately PLN 32.4 million, net for the implementation of Phase 2 of the Development Project in Portowa Street in Kraków. This project comprises the construction of a B1 multi-family building with five or four above-ground floors and one underground floor, as well as a multi-space underground car park facility and a multi-space car park facility on the ground floor. It also includes land development and technical infrastructure. **30 January 2025** - signing of a major contract worth approximately PLN 75.0 million, net for the implementation of the "Nowe Promenady 2" investment project. This project comprises the construction of a complex of two multi-family residential buildings with services on the ground floor, as well as an underground car park facility. It also includes internal and external technical

infrastructure, land development, utilities, small architectural features, greenery and accompanying structures, as well as communication system in Czesława Miłosza and Jana Czochralskiego Streets in Wrocław. **13 February 2025:** a major contract worth approximately PLN 66.9 million is signed for the general construction of a maintenance facility in the City of Łeba, including the turnkey development of the waterfront.

- **25 February 2025:** signing of a major contract worth approximately PLN 90.0 million for the comprehensive construction of a maintenance hangar (HOT), including all installations, technical infrastructure and process equipment. 6 March 2025: signing of a major contract worth approximately PLN 162.7 million for the construction of the Children's Treatment Centre at Doctor A. Jurasz University Hospital No. 1 in Bydgoszcz on a 'design-build-equip' basis. The contract was signed by a consortium consisting of: ERBUD S.A. and PW EBUD-Przemysłówka Sp. z o.o., which is based in Bydgoszcz. ERBUD S.A.'s share of the consortium is 60%, equivalent to PLN 97.6 million.
- **9 May 2025:** signing of a major contract worth approximately PLN 76.4 million for four multi-family residential buildings (B4, B5, B6 and B7) with underground garages, technical infrastructure and roads as part of the 'CEGLANA PARK - ZACHÓD' investment project.
- **14 July 2025:** signing of a major contract worth approximately PLN 56.0 million for the reconstruction of the Military Hospital with Independent Public Complex of Health Care Facilities in Szczecin

2.4. RES and road engineering construction services

The subsidiary of ERBUD S.A., ONDE S.A., operates in the renewable energy and road engineering segments. In H1 2025, this segment's revenues totalled PLN 366,791 million. Compared to the same period in 2024, sales was up by 3.12%.

At the end of June 2025, the order portfolio for this segment was worth PLN 0.62 billion, of which PLN 0.51 billion was for 2025. In the comparable period of 2024, the portfolio for this segment was worth PLN 0.6 billion.

In Q2 2025, ONDE generated revenues of PLN 4 million from the generation and sale of energy from renewable sources for the first time.

Q2 was closed with the sale of two ONDE Group projects: 112 MW Solar Serby (photovoltaic farms).

2.5. Maintenance services for the domestic industry

Projects in the industrial services segment in Poland fall into the scope of business activities of three subsidiaries: Erbud Industry Centrum, Satchwell Polska Sp. z o.o. and CKTiS S.A., which was acquired on the onset of 2024.

In H1 2025, the revenues generated in the construction and maintenance services for the industry totalled PLN 103 million, compared to PLN 95 million in the same period of the previous year, which was up by 8.39%.

At the end of June 2025, the order portfolio for this segment was worth PLN 0.10 billion, of which PLN 0.12 billion was posted in 2025. In the comparable period of 2024, the portfolio for this segment was worth PLN 0.08 billion.

2.6. Maintenance services for the industry in foreign countries

IVT Weiner + Reimann GmbH, IVT Menzenbach GmbH and IKR GmbH focus on the maintenance services rendered for the power sector and the broadly-understood overseas industry.

In 2025, sales of IVT and IKR companies totalled PLN 199 million vs. PLN 161 million in the previous year (up by 23.46%).

At the end of June 2025, the order portfolio for this segment was worth PLN 0.23 billion, of which PLN 0.14 billion was for 2025. In the comparable period of 2024, the order portfolio for this segment was worth PLN 0.25 billion.

2.7. Fabrication and sale of timber modular buildings.

In H1 2025, the revenues of the modular segment totalled PLN 83 million, compared to PLN 34 million in the same period of the previous year (up by 141.98%).

At the end of June 2025, the order portfolio for this segment was worth PLN 0.2 billion, of which PLN 0.13 billion was for 2025. In the comparable period of 2024, the order portfolio for this segment was worth PLN 0.15 billion.

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

There were no significant achievements or setbacks in the Issuer Group during H1 2025 that could have a significant impact on the financial position. Both the Issuer and its subsidiaries run their statutory activities.

As in the previous year, the construction industry is still struggling with insufficient demand, which is being caused by a lack of private investment and low levels of public investment. According to a Statistics Poland's report, construction and assembly output declined in the first half of the year compared to the same period in 2024. Companies involved in the construction of buildings recorded a 4.2 per cent year-on-year decline. Civil engineering contractors also recorded a decrease in output, down by 3.5 per cent. The only growth was recorded by specialist contractors, at 7.6 per cent. Such situation can lead to a price war. Many bidders start submitting bids that are significantly lower than the investor's cost estimate. This can be very dangerous for long-term contracts, as there is always a risk of price increases for materials and construction services.

H1 2025 in the ERBUD Group is also a period of further restructuring efforts in the segment of timber modular buildings. H1 2025 will primarily see major personnel changes at MOD 21 Sp. z o.o.. The Group has parted ways with its previous managing director and several supervisory staff members. Strengthening competencies in Poland and Germany, improving communication continuously between MOD21 GmbH and MOD 21 Sp. z o.o., and ensuring constant supervision and active participation in operational activities by ERBUD S.A.'s management board representatives should result in reaching the break-even point (BEP) in 2026. However, 2025 should be seen as another ‘run-up’ period after the 2023-2024 period without a positive margin.

The ERBUD Group's Management Board is convinced that modular construction is a promising direction for the Group's development and diversification. "Prefabrication and modular construction are becoming one of the most important trends in construction, providing fast and sustainable solutions. Fabrication of components in a controlled factory environment shortens project completion times, reduces waste and improves cost management. Using ready-made modules that are transported to construction sites and assembled on site minimises delays caused by adverse weather conditions. As prefabrication grows in popularity, securing transported and stored components is becoming increasingly important"[1].

One of the most positive events in the first half of 2025 was undoubtedly the sale of the Solar Serby photovoltaic power plant project by the ONDE Group. The project has an installed capacity of 112 MW and is located in the municipality of Głogów.

[1] https://www.inwestycje.plus/branza-budowlana-z-perspektywa-na-rozwoj-wyzwania-i-tendencje-w-budownictwie-w-2025-r/

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

In H2 2025, the ERBUD Group will continue its efforts targeted primarily at hedging margins on contracts underway and building its order portfolio for 2025-2026. One of the priorities of the ERBUD Group in 2025 will be measures securing improvements in the segment of the production and sale of timber modular buildings.

The ONDE Group will develop and monetise further RES projects in future periods and, at the same time, will continue building its new order portfolio of projects in various phases of development using generated cash flows. The degree of development of this activity will depend on the satisfactory prices that can be obtained for the projects.

The ONDE Group is also tasked with further development of its services in the overseas markets.

Another equally important task facing the ERBUD GROUP is to take care of its cash position and secure access to third party capital. The financial position of the ERBUD Group is stable. As of 30 June 2025, the Group was in the possession of PLN 410.2 million of available cash. Interest liabilities totalled PLN 410.2 million, of which PLN 60.9 million from reclassification of leases (rent and hire contracts) pursuant to the IFRS 16 standard. Long-term debt totalled PLN 252.5 million, including bond liabilities of PLN 75 million maturing in February 2029. Short-term debt: PLN 157.7 million The net debt, excluding the debt under IFRS 16 standard, totalled PLN 138.2 million.

The Erbud Group entered H2 2025 with a very stable order portfolio worth approximately PLN 2.8 billion. Meanwhile the value of the portfolio falling into 2025 is worth approximately PLN 1.7 billion. For comparison sake in the corresponding period of the previous year a portfolio value of PLN 2.8 billion as of 30 June 2024, of which PLN 1.5 billion was due in 2023.

Between January and August 2025, the Group signed contracts worth approximately PLN 1,758 million.

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

The Management Board of Parent Company, at the date of the financial statements, drawn up as of 30 June 2025, has not identified any event occurring after the date of 30 June 2025 that might have an impact on the Group's operations in 2025:

3. ERBUD GROUP FINANCIAL PERFORMANCE IN H1 2025

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

3.1. Key drivers of financial performance

The ERBUD Group closed H1 2025 with a net loss from going concern operations of PLN (9,752) thousand, compared to a profit of PLN 581 thousand in H1 2024.

The performance in H1 2025 is burdened by the negative outcome of the fabrication and sale of timber modular buildings segment (PLN 27.7 million). All other segments recorded positive performance: building construction – PLN 9.5 million; renewable energy sources and infrastructure – PLN 12.4 million; services for industry in Poland and abroad – PLN 10.6 million.

The net loss in the first half of 2025 was generated mainly by:

- Restructuring of the fabrication and sales segment for timber modular buildings, involving significant personnel changes, including a change of management at MOD 21 GmbH and MOD21 Sp. z o.o., as well as a change in the business cooperation model to optimise processes and improve product quality. There has also been an increase in sales in Poland.

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

Item	2025	2024	Change	% change
Revenues from sales of products, merchandise and services	1,533,128	1,333,466	199,662	14.97%
Net profit/loss on sales	112,742	101,588	11,154	10.98%
Net profit/loss on sales	7.35%	7.62%		
Operating profit (EBIT)	3,381	11,723	(8,342)	(71.16%)
% EBIT	0.22%	0.88%		
EBITDA	28,816	32,347	(3,531)	(10.92%)
% EBITDA	1.88%	2.43%		
Gross profit/loss	(5,634)	6,486	(12,120)	(186.86%)
% Gross profit/loss	(0.37%)	0.49%		
Net profit/loss	(9,752)	581	(10,333)	(1778.49%)

3.2. Sales revenues

In H1 2025 the Group generated sales revenues of PLN 1,533,128 thousand i.e. up by 14.97% compared to the same period in the previous year. In H1 2025, sales went up in all segments. The fabrication and sale of timber modular buildings saw the highest increase in sales, at 142%.

3.3. Costs

The main cost item of the ERBUD Group (56.60% of total costs by type) were the costs of third party services, mainly the costs of work subcontracted to subcontractors. In H1 2025, they totalled PLN 917 million, i.e. they were up by 36.94 % compared to the same period of the previous year.

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

- Expenses on materials and energy - they totalled PLN 375 million (26.37% of operating expenses) and were up by 26.31% compared to H1 2024.
- Employee benefit costs totalled PLN 271 million (accounting for 19.05% of operating costs) in H1 2025, compared to the same period in 2024. Total costs by type went up by 5.59% in H1 2025 compared to the same period in 2024.

Operating costs (PLN '000)

SPECIFICATION	2025	2024	CHANGE	% CHANGE
Third party services	916,753	669,446	247,307	37%
including third party services from subcontractors	*661,618*	*550,281*	111,337	20%
Material and energy consumption	374,619	296,577	78,042	26%
Employee benefit expenses	270,518	256,201	14,317	6%
Amortization and depreciation	25,435	20,624	4,811	23%
Taxes and charges	10,088	9,530	558	6%
Other cost categories	21,572	23,177	(1,605)	(7%)
Value of commodities and materials sold	759	730	29	4%
Total costs by type	**1,619,744**	**1,276,285**	**343,459**	**27%**
Change in the balance of products, work in progress and accrued expenses under building contracts	(79,314)	59,833		
Cost of sale (negative value)	(13,167)	(10,511)		
General management and administrative costs (G&A) (negative value)	(106,877)	(93,729)		
Manufacturing costs of products sold	**1,420,386**	**1,231,878**		

3.4. Other income

Other operating income and expenses

In H1 2025, the Group's "Other net operating income" including impairment of financial assets and contract valuation assets totalled to PLN 1,315 thousand, compared to PLN 6,264 thousand in the same period in the previous year. The largest item among other operating income was the amount of PLN 1.5 million received by ERBUD S.A. as compensation for the completion of court proceedings concerning the construction of the Platinium Resort hotel. Other operating expenses remained almost unchanged compared to the same period in the previous year (a rise of merely 0.43%).

A significant P&L item in H1 2025 was the result from the sale of shares in jointly controlled entities related to the sale of RES projects - PLN 7,310 thousand.

Financial activity gains/losses

The Group's financial activity gains/losses were negative and totalled PLN (5,538) thousand, compared to a loss of PLN (4.190) thousand in H1 of the previous year. In the period under study, the financial expenses were up by 14.42% on a year-on-year basis. In terms of expenses, the highest expenses included interest on bonds, loans and leases, totalling PLN 13.8 million (compared to PLN 11.6 million in 2024). This increase in debt-related expenses is due to ERBUD S.A.'s higher debt, that it uses to finance the fabrication and sale of timber modular buildings through internal loans. ERBUD S.A.'s debt went up by 197%, rising from PLN 23,800,000 to PLN 70,601,000.

The major items among financial income in H1 2025 included interest on deposits (PLN 1 million) and settlements (PLN 5.4 million).

3.5. Statement of Financial Position

On 30 June 2025, the total assets of ERBUD S.A. Capital Group amounted to PLN 2,198 million and were up by 8.38% compared to the closing balance of 2024.

Major items of the Group assets were as follows:

- Short-term trade receivables and other receivables including deposits. They totalled PLN 640 million i.e. they accounted for 29.14% of the total assets. Their value was up by 39.69% compared to the closing balance of 2024.
- Another significant asset are receivables from the valuation of building contracts - PLN 450 million - accounting for 20.50% of total assets (up by 28.17% compared to that on 31 December 2024).
- Cash and cash equivalents in the amount of PLN 211 million, including cash accumulated in the VAT account (down by 35.96% compared to the closing balance of 2024).
- Fixed assets were priced at PLN 616 million that accounted for 28.02% of total assets. Their value was up by 1.90% compared to the closing balance of 2024. They consisted primarily of tangible fixed assets (PLN 366 million), deferred tax assets (PLN 132 million), goodwill (PLN 43 million).
- Current assets of PLN 1,582 million accounted for 71.98% of the assets in value terms and their value was up by 11.14% compared to the closing balance of 2024.

As of 30 June 2025, shareholders' equity totalled PLN 592 million, (including non-controlling shareholders' equity of PLN 138 million) compared to the closing balance of PLN 629 million of 2024 (down by 5.93%).

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

- Total current liabilities of PLN 1,288 million (accounting for 55.91% of liabilities) were up by 11.50% compared to that on 31 December 2024;
- Interest-bearing debt amounted to PLN 410 million (18.66% of total liabilities), including PLN 61 million from the IFRS 16 amendment and the PLN 53 million capex loan for the Lewałd PV farm, and was up by PLN 97 million (31.01%) compared to the closing balance of 2024.

3.6. Cash flows

In H1 2025 the ERBUD Group recorded negative cash flows of PLN 118.8 million (PLN 84.1 million in the same period of the previous year). In particular they consisted of:

- Negative cash flows from operating activities in the amount of PLN 138 million.
- Positive cash flows from investment activities in the amount of PLN 13.3 million.
- Positive cash flows from financial activities in the amount of PLN - 5.8 million.
- As of 30 June 2025 the Group held cash and cash equivalents in the amount of PLN 211.1 million, including cash accumulated in the VAT account (down by 35.96% compared to the closing balance of 2024).

3.7. Changes in equity

As of 30 June 2025, shareholders' equity totalled PLN 592 million, (including non-controlling shareholders' equity of PLN 138 million) compared to the closing balance of PLN 629 million in 2024 (down by 5.93%).

Changes in equity were due to the performance in the reporting period, the dividend paid in 2024 and the loss incurred in H1 2025.

3.8. Interest debt

At the end of June 2025, ERBUD Group's total interest-bearing debt (loans, borrowings, bonds, leases) totalled PLN 410 million, including PLN 158 million of short-term debt.

The increase in interest liabilities compared to the closing balance of 2024 (PLN 313 million; 31.01%) is mainly due to the higher IFRS 16 value and the launch of the investment loan for the construction of the Lewałd PV farm. Long-term loan utilisation up by 41.6%; short-term loan utilisation by 16.96%

Specification	30 Jun. 2025	31 Dec. 2024	30 Jun. 2024
cash assets	211,193	329,774	205,444
interest liabilities	**410,238**	**313,141**	266,112
IFRS 16	60,859	40,067	41,921
Lewałd loan	53,063	56,829	24,459
actual interest expenses (excluding RES and IFRS 16)	296,316	216,245	199,732
net debt (excluding RES and IFRS 16)	85,123	(113,529)	(5,712)

Key financial contracts signed prior to the date of the financial statements in H1 2025.

On 14 April 2025 ERBUD S.A. signed a major financial agreement with Bank Gospodarstwa Krajowego (BGK), based in Warsaw, for the provision of contractual guarantees (performance bond, retention bond, advance payment and bid bonds) under credit line No. 4625-01116. Under this agreement, the Issuer may use the bank guarantee line for the maximum amount of PLN 40,000,000.00. The date of guarantee line maturity is 13 April 2026. Other conditions do not deviate from arm's length principle conditions.

On 23 June 2025 ERBUD S.A. signed an appendix to the Multi-Purpose Credit Limit Agreement with PKO Bank Polska S.A. Pursuant to the Appendix, PKO BP S.A. extended the term of the credit limit in the amount of PLN 70 million for another 12 months. The Issuer may use an overdraft facility of up to PLN 20 million and a bank guarantee limit of up to PLN 50 million. The facility's maturity date is 26 June 2026. Other conditions do not deviate from arm's length principle conditions.

On 8 July 2025 ERBUD S.A. jointly with Onde S.A., subsidiary, signed with Santander Bank Polska S. A. an appendix to the MultiLine Agreement No. K01393/15 of 20 November 2015, as amended. Under the Appendix signed Erbud S.A. may take advantage of a multi-purpose line (overdraft and line for bank guarantees and letters of credit) for the maximum amount of PLN 185,000,000.00. Erbud S.A. may use a limit for bank guarantees of up to PLN 85,000,000 and/or an overdraft facility of up to PLN 5,000,000. The total utilisation rate of the line may not exceed PLN 85 million in value terms. The line's maturity date is 7 July 2026. Other conditions do not deviate from arm's length principle conditions.

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

- contractual and capped mortgages on the Group's assets,
- a pledge of shares in the event of an acquisition purchase,
- assignments of rights under building contracts,
- mutual sureties extended by the member companies in the Group,
- submission to enforcement pursuant to Article 777 of the Civil Code,
- clauses with entitlement to deduct receivables from bank accounts
- blank promissory notes,
- transfer of ownership title to cash deposits representing the contractual percentage of secured receivables.

A summary of these hedges can be found in the Interim, Consolidated Financial Statements of the ERBUD Capital Group for the period from 1 January to 30 June 2025.

Loan agreements and multi-purpose financial agreements (a loan with a guarantee facility) as of the date of publication of the condensed financial statements contain financial ratios that the borrower has undertaken to maintain during the term of the loan. As of 30 June 2025 the Group had not breached any financial ratios (covenants) set forth in the applicable agreements signed with financial institutions.

As of the balance sheet date of 30 June 2025, the ERBUD Group had access to bank and multi-purpose insurance lines with the total value of PLN 2,396,381 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees.

Loan agreements signed by ERBUD Group member companies - as of 9 September 2025.

Bank	Type of liability	Amount (PLN '000)	Currency	Interest terms	Repayment date	Payment of instalments	Borrower
BNP Paribas Bank Polska S.A.	Overdraft facility	11,000	PLN	WIBOR 3M +1.50%	07 Sept. 2025	one-off	ERBUD S.A. 3,000; ONDE S.A. 5,000; ERBUD INTERNATIONAL 3,000;
mBank S.A.	Overdraft facility	40,000	PLN	WIBOR 1M +1,60%	30 Jan. 2026	one-off	ERBUD S.A. – 15 000; ONDE S.A. – 30,000
mBank S.A.	working capital facility	72,000	PLN	WIBOR 1M + 1,60%	30 Jan. 2026	one-off	Onde S.A.
mBank S.A.	loan to finance and refinance RES projects	20,000	EUR	EURIBOR 1M + 2,6 p.p.	26 Mar. 2027	one-off	Onde S.A.
mBank S.A.	loan to finance and refinance RES projects	66,096	PLN	WIBOR 3M + 2.4%	31 Mar. 2036	On instalment basis	Onde Group
mBank S.A.	loan to finance and refinance RES projects	21,500	PLN	WIBOR 1M + 1,5%	31 Mar. 2026	one-off	Onde Group
PKO Bank Polski S.A.	Overdraft facility	20,000	PLN	WIBOR 3M 1.60%	26 Jun. 2026	one-off	ERBUD S.A.
Alior Bank S.A. Group	Overdraft facility	10,000	PLN	WIBOR 3M+1.6%	30 Sept. 2025	one-off	ERBUD S.A.
ING Bank Śląski S.A.	Overdraft facility	PLN	PLN	WIBOR 1M +1.65%	30 Jan. 2026	one-off	ERBUD S.A – 64000.; ONDE S.A – 20 000.; ERBUD Industry Centrum – 4 000; Erbud International 5 000;
Santander Bank Polska S.A.	Overdraft facility	5,000	PLN	WIBOR 1M +2.0%	7 Jul. 2026	one-off	ERBUD S.A.
BNP Paribas Bank Polska S.A.	Non-revolving loan for real property acquisition	2,891	EUR	3.69%	27 Apr. 2028	On instalment basis	ERBUD S.A.
Credit Agricole Bank Polska S.A.	working capital facility	10,000	PLN	WIBOR 1M +1.50%	30 Sept. 2025	one-off	ERBUD S.A.
Credit Agricole Bank Polska S.A.	working capital facility	5,000	PLN	WIBOR 1M +1.50%	30 Sept. 2025	one-off	ERBUD Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	working capital facility	14,000	PLN	WIBOR 1M +1.50%	30 Sept. 2025	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.	891	PLN	WIBOR 3M+1.55 %	29 May 2026	Quarterly instalments	ERBUD Industry Centrum Sp. z o.o.
Credit Agricole	Working capital facility	PLN	PLN	WIBOR 1M	30 Sept. 2025	one-off	Satchwell Sp. z o.o.

Bank Polska S.A.				+1.50%			
PEKAO SA	Working capital facility	3,000	PLN	WIBOR 1M + 1,65%	12 Jun. 2026	one-off	CKTiS S.A.
Credit Agricole Bank Polska S.A.	Working capital facility	2,000	PLN	WIBOR 1M + 1,50%	30 Sept. 2025	one-off	CKTiS S.A.
mBank S.A.	Overdraft facility	PLN	PLN	WIBOR 1M +1,5%	30 Jan. 2026	one-off	ERBUD International Sp. z o.o.
ING Bank Śląski S.A.	Investment loan	330	PLN	WIBOR 1M + 2,15%	30 Nov. 2025	On instalment basis	ONDE S.A.
Santander Bank Polska S.A.	Overdraft facility	20,000	PLN	WIBOR 1M + 2,0%	7 Jul. 2025	one-off	ONDE S.A.
Credit Agricole Bank Polska S.A.	Onde	10,000	PLN	WIBOR 1M + 1,5%	30 Sept. 2025	one-off	ONDE S.A.
BNP Paribas Bank Polska S.A.	Non-revolving loan for renovation and expansion of real estate	1,166	EUR	3.69%	20 May 2028	On instalment basis	MOD21 Sp. z o.o.
Commerz Bank AG	Overdraft facilities	3,400	EUR	3.6% - 6.2%	30 Apr. 2026	one-off	MOD21 GmbH
Commerzbank	Overdraft facilities	1,500	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner + Reimann GmbH
National Bank AG	Overdraft facilities	2,000	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Santana Bank AG	Overdraft facilities	PLN	EUR	EURIBOR + 1.5%-2.5%	Valid indefinitely	one-off	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
Santana Bank AG	Investment loan	404	EUR	EURIBOR + 1.5%-2.5%	31 Dec. 2025	instalments	IVT Weiner + Reimann GmbH
National Bank AG	Investment loan	99	EUR	1.50%	31 May 2027	instalments	IVT Weiner + Reimann GmbH
Santana Bank AG	Investment loan	1,100	EUR	3.99%	30 Jun. 2027	instalments	IVT Weiner + Reimann GmbH
Santana Bank AG	Car loan	32	EUR	0.00%-3.92%	31 Jul. 2026	instalments	IVT Weiner + Reimann GmbH
KIA Finance	Car loan	66	EUR	0.00%-3.92%	30 Jun. 2026	instalments	IVT Weiner + Reimann GmbH
Skoda Finance	Car loan	41	EUR	0.00%-3.92%	31 Mar. 2026	instalments	IVT Weiner + Reimann GmbH
MMV Bank	Car loan	202	EUR	0.00%-3.92%	30 Sept. 2031	instalments	IVT Weiner + Reimann GmbH
	Total:	378,817	PLN				
	Total:	35,901	EUR				

3.9. Contingent receivables and liabilities

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

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

Guarantor	Surety holder	Value (PLN '000)	Subject	For whom	Surety expiry date	Type of surety and financial terms
ERBUD S.A.	MOD 21 GmbH	4,632	Line for financial guarantees of EUR 910	PKO BP S.A. (the German Branch)	31 Dec. 2034	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	MOD 21 GmbH	4,242	insurance guarantee lines of EUR 1 million	Euler Hermes, Zürich, AXA, Bayerische Versicherungsverband, R+V ; Swiss RE	31 Dec. 2025	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	MOD 21 GmbH	8,484	Overdraft facility of EUR 2 million	Commerzbank	31 May 2026	Guarantee extended by mBank S.A. on behalf of ERBUD S.A. The Guarantor charges the Company with fees charged by the Guarantor
ERBUD S.A.	MOD 21 GmbH	4,242	Overdraft facility of EUR 1 million	Deutsche Bank AG	30 Apr. 2026	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.	ONDE S.A.	6,720	Investment loan	ING Bank Śląski S.A.	30 Nov. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	20,000	Building Contract performance bond	ABO Wind Polska Sp. z o.o.	19 May 2027	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	17,300	Surety extended to proper execution of investment contract	Eurowind Energy A/S	28 Jun. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	ONDE S.A.	37,889	Building Contract performance bond	EW Rywałd Sp. z o.o. (*Wind Farm*)	20 Jun. 2028	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	MOD 21 GmbH	38,601	Building Contract performance bond	Monheimer Einkaufszentrum GmbH	Until works acceptance	Civil surety, the Guarantor charges a surety fee of 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	15,000	Surety for an investment loan for the expansion of a production room	BNP Paribas Bank Polska S.A.	20 May 2028	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	23,364	Surety for a manufacturing line lease contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jul. 2028	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,653	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jun. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value

ERBUD S.A.	MOD 21 Sp. z o.o.	1,857	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	13 Jun. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	59	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	11 Mar. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	1,048	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	11 Mar. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	75	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	7 Apr. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	779	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	7 Apr. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	583	Surety for the Lease Contract	BNP Paribas Leasing Services Sp. z o.o.	11 Mar. 2029	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 Sp. z o.o.	928	Surety for the Lease Contract	De Lage Landen Leasing Polska S.A.	20 Mar. 2028	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 GmbH	106,048	Surety Agreement - line of guarantee	CHUBB European Group SE	unlimited	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
ERBUD S.A.	Erbud International	8,000	Surety for an insurance guarantee line	Hestia	unlimited period of time	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 GmbH	42,631	Building Contract performance bond	ALDI Süd Projektentwicklungs-GmbH & Co. KG	Until works acceptance	Surety on a promissory note, the Guarantor charges a fee for the surety accounting for 1% of the value
ERBUD S.A.	MOD 21 GmbH	10,605	Surety Agreement - line of guarantee	Credendo	unlimited	Civil surety, the Guarantor charges a surety fee of 1% of the value of the surety
Total:		**354,739**				

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

Guarantor	Surety holder	Value (PLN '000)	Subject	Beneficiary	Surety expiry date	Type of surety and financial terms
ONDE S.A. (a subsidiary of ERBUD S.A.)	ERBUD S.A.	70,000	multi-purpose credit–guarantee line (LKW)	PKO BP S.A.	26 Sept.2034	Civil surety, the Guarantor charges a surety fee of 1% of the value

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

Company	Liability payment guarantee	Performance bond	Retention bond	Total contingent liabilities
ERBUD S.A.				
30 Jun. 2025	46,238	265,106	236,339	547,682
30 Jun. 2024	99,476	197,988	261,597	559,061
31 Dec. 2024	100,926	212,121	252,671	565,718
ONDE S.A.				
30 Jun. 2025	86,357	140,112	172,364	398,833
30 Jun. 2024	47,267	154,588	147,029	348,884
31 Dec. 2024	51,618	122,241	161,136	334,995
MOD 21 GmbH				
30 Jun. 2025	66,442	27,197	33,447	127,086
30 Jun. 2024	33,136	33,646	33,905	100,688
31 Dec. 2024	32,829	33,334	33,591	99,754
MOD 21 Sp. z o.o.				
30 Jun. 2025	250	1,810	1,355	3,415
30 Jun. 2024	0	0	0	0
31 Dec. 2024	0	0	0	0
Erbud International Sp. z o.o.				
30 Jun. 2025	725	10,650	5,553	16,928
30 Jun. 2024	5,051	3,780	6,414	15,245
31 Dec. 2024	1,610	7,125	5,548	14,283
ERBUD Industry Centrum Sp. z o.o.				
30 Jun. 2025	250	13,861	999	15,110
30 Jun. 2024	412	15,014	1,488	16,915

31 Dec. 2024	368	14,377	1,084	15,829
Satchwell Polska Sp. z o.o.				
30 Jun. 2025	0	0	270	270
30 Jun. 2024	120	0	688	808
31 Dec. 2024	0	0	721	721
CKTiS S.A.				
30 Jun. 2025	0	868	2,199	3,067
30 Jun. 2024	0	1,206	863	2,069
31 Dec. 2024	0	1,438	842	2,280
IVT Weiner + Reimann GmbH				
30 Jun. 2025	2,515			2,515
30 Jun. 2024	2,723	0	2,325	5,048
31 Dec. 2024	2,304	0	2,537	4,994
IVT Menzenbach GmbH				
30 Jun. 2025	42			42
30 Jun. 2024	43	0	0	43
31 Dec. 2024	43	0	0	43
IKR GmbH				
30 Jun. 2025	18,515	18,855	50,671	88,041
30 Jun. 2024	5,176	21,964	3,661	30,800
31 Dec. 2024	23,357	35,076	18,249	76,682
30 Jun. 2025	Total			1,202,990
30 Jun. 2024	**Total**			1,079,562
31 Dec. 2024	**Total**			1,115,145

Contingent receivables under guarantees held

Item	As of 30 Jun. 2025 in PLN '000	As of 30 Jun. 2024 in PLN '000	As of 31 Dec. 2024 in PLN '000	Company
Performance bond, retention bond, payment guarantees	70,711	82,915	96,362	ERBUD S.A.
Performance bond, retention bond	64,451	52,686	61,184	ONDE S.A.
Performance bond, retention bond	44,488	26,232	25,988	MOD 21 GmbH
Performance bond, retention bond	0	0	0	Mod21 Sp. z o.o.
Performance bond, retention bond	3,362	2,852	2,696	ERBUD International Sp. z o.o.
Performance bond, retention bond	259	259	259	ERBUD Industry Centrum Sp. z o.o.
Performance bond, retention bond	0	0	0	Satchwell sp. z o.o.
Performance bond, retention bond	0	0	0	CKTiS S.A.
Performance bond, retention bond	43	43	43	IVT Weiner + Reimann GmbH
Performance bond, retention bond	0	0	0	IVT Menzenbach GmbH
Performance bond, retention bond	0	0	0	IKR GmbH
Total:	**183,314**	**164,987**	**186,273**	

Bank guarantee limits made available to the Group - as of the date of publication of the Financial Statements drawn up as of 30 June 2025 (in PLN '000)

Guarantor	Type of liability	Limit amount '000	Currency	Obligor
Alior Bank S.A. Group	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	80,000	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	140,000	PLN	ERBUD S.A. (140,000); ONDE S.A. (140,000); ERBUD INTERNATIONAL (13 000);
mBank S.A.	Bid bonds, performance bond, retention bond	85,000	PLN	ERBUD S.A.
mBank S.A.	Bid bonds, performance bond, retention bond	40,000	PLN	ERBUD S.A. - 10,000 ONDE S.A. (30.000)
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	50,000	PLN	ERBUD S.A.
Santander Bank Polska S.A.	Bid bonds, performance bond, retention bond	185,000	PLN	ERBUD S.A (85,000) ONDE S.A. (100,000)
HSBC Bank Polska S.A.	Bid bonds, performance bond, retention bond	74,000	PLN	ERBUD S.A.; ONDE S.A. (50 000 - for green bonds)
Credit Agricole	Bid bonds, performance bond, retention bond	60,000	PLN	ERBUD S.A. (60,000), ERBUD Industry Centrum Sp. z o.o. (32,000)
ING Bank Śląski S.A.	Bid bonds, performance bond, retention bond	175,000	PLN	ERBUD S.A. (175,000), ONDE S.A. (30,000), Erbud Industry Centrum (6,000), Erbud International (10,000)
Bank Gospodarstwa Krajowego (BGK)	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	40,000	PLN	ERBUD S.A.
Santander Bank Polska S.A.	Letter of credit	14,000	EUR	ONDE S.A.
BNP Paribas Bank Polska S.A.	Letter of credit	70,000	PLN	ERBUD S.A.; ONDE S.A.
Credit Agricole	Bid bonds, performance bond, retention bond	30,000	PLN	ONDE S.A.
Credit Agricole	Bid bonds, performance bond, retention bond	PLN	PLN	CKTiS
Credit Agricole	Bid bonds, performance bond, retention bond	1,000	PLN	Satchwell
mBank S.A.	Bid bonds, performance bond, retention bond	3,000	PLN	Erbud International Sp. z o.o.
PKO Bank Polski S.A.	Bid bonds, performance bond, retention bond	910	EUR	MOD 21 GmbH
Santander Bank DE AG	Bid bonds, performance bond, retention bond	8,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
CommerzBank S.A.	Bid bonds, performance bond, retention bond	1,500	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
National Bank AG	Bid bonds, performance bond, retention bond	2,000	EUR	IVT Weiner+Reimann GmbH, Erbud Holding DE; IKR
		1,037,000	**PLN**	
Total:		**28,410**	**EUR**	

Insurance guarantee limits made available to the Group - as of the date of publication of the Financial Statements drawn up as of 30 June 2025 (in PLN '000)

Guarantor	Type of liability	Limit amount in '000	Currency	Obligor
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond, advance payment	360,000	PLN	ERBUD S.A.; ONDE S.A.
PZU S.A.	Bid bonds, performance bond, retention bond, advance payment	30,000	PLN	ERBUD S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	70,000	PLN	ERBUD S.A.
Generali TU S.A.	Bid bonds, performance bond, retention bond, advance payment	PLN	PLN	ERBUD S.A.
CREDENDO	Bid bonds, performance bond, retention bond, advance payment	20,000	PLN	ERBUD S.A.; ONDE S.A.; Erbud International
UNIQA TU SA	Bid bonds, performance bond, retention bond, advance payment	50,000	PLN	ERBUD S.A.
TUiR Allianz Polska S.A.	Bid bonds, performance bond, retention bond, advance payment	15,000	PLN	ERBUD S.A.
ZURICH	Bid bonds, performance bond, retention bond	3,500	EUR	MOD 21 GmbH
R+V	Bid bonds, performance bond, retention bond	7,000	EUR	MOD 21 GmbH
AXA	Bid bonds, performance bond, retention bond	1,500	EUR	MOD 21 GmbH
Bayerischer Versicherungverband	Bid bonds, performance bond, retention bond	1,500	EUR	MOD 21 GmbH
Swiss RE	Bid bonds, performance bond, retention bond	2,000	EUR	MOD 21 GmbH
Credendo	Bid bonds, performance bond, retention bond	2,500	EUR	MOD 21 GmbH
VHV Versicherungen	Bid bonds, performance bond, retention bond	500	EUR	MOD 21 GmbH
Wuettembergische Versicherung	Bid bonds, performance bond, retention bond	750	EUR	MOD 21 GmbH
Chubb	Bid bonds, performance bond, retention bond	15,000	EUR	MOD 21 GmbH
Accelerant	Bid bonds, performance bond, retention bond	5,000	EUR	MOD 21 GmbH
Generali S.A.	Bid bonds, performance bond, retention bond	23,500	PLN	ONDE S.A.
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	70,000	PLN	ONDE S.A.
Warta	Bid bonds, performance bond, retention bond, advance payment	5,000	PLN	ONDE S.A.
Uniqa TU	Bid bonds, performance bond, retention bond, advance payment	40,000	PLN	ONDE S.A.
TU Europa S.A..	Bid bonds, performance bond, retention bond, advance payment	6,000	PLN	ONDE S.A.
TUiR Allianz Polska S.A.	Bid bonds, performance bond, retention bond, advance payment	45,000	PLN	ONDE S.A.
Interrisk	Bid bonds, performance bond, retention bond, advance payment	20,000	PLN	ONDE S.A.
PZU S.A.	Bid bonds, performance bond, retention bond, advance payment	10,000	PLN	ONDE S.A.
TU Euler Hermes S.A.	Bid bonds, performance bond, retention bond, advance payment	20,000	PLN	ONDE S.A.
TU Europa S.A..	Bid bonds, performance bond, retention bond	850	PLN	Satchwell Sp. z o.o
WARTA S.A.	Bid bonds, performance bond, retention bond	222	PLN	Erbud Industry Centrum 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	11,000	PLN	ERBUD International
TU Gothaer.	Bid bonds, performance bond, retention bond	188	PLN	ERBUD International
KUKE S.A.	Bid bonds, performance bond, retention bond, advance payment	2,615	PLN	ERBUD International
Generali TU S.A.	Bid bonds, performance bond, retention bond	2,854	PLN	ERBUD International
STU Ergo Hestia S.A.	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	2,000	PLN	CKTiS S.A.
PZU	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	3,000	PLN	CKTiS S.A.
Warta	Bid bonds, performance bond, retention bond, advance payment, re-guarantees	1,200	PLN	CKTiS S.A.
R+V	Bid bonds, performance bond, retention bond	3,000	EUR	IVT Weiner + Reimann GmbH
Total:		851,929	PLN	
Total:		42,250	EUR	

3.10. The Management Board's stance on the performance forecasts for a given year in light of the performance presented as of 30 June 2025

The Issuer's Management Board did not publish financial forecasts for 2025.

4. RISK MANAGEMENT

Effective risk management is a key constituent of the ERBUD Group's strategy for achieving operational stability and sustainable financial performance.

The ERBUD Group's risk management process can be divided into several stages.

1. **Identification of external risk factors** – Potential risk factors that may affect the ERBUD Group's operations are constantly monitored by the company in the business environment.. The major risk areas are as follows: regulatory changes, such as the introduction of National E-Invoice System (Polish acronym KSeF) from February 2026 onwards; fluctuations in raw material prices; economic crises; currency exchange rate and interest rate risks; political risks; and global risks related to the geopolitical situation in the world (wars, conflicts, etc.). To gain an in-depth insight into potential external risks, the Group collaborates with advisors and has set up a special advisory board. This board's members continually monitor the aforementioned trends. Cooperating with financial institutions whose chief economists provide detailed macroeconomic analyses is also very helpful.
2. **Identification of internal risk factors -** risks related to the calculation errors in bids, irregularities in project management, contractor-related risks, image risks and violations of internal policies and good practices. To minimise these risks, the Group has two Audit and Internal Control departments. (one is at ERBUD S.A. and the other one is at ONDE S.A.) Departments are responsible for analysing risk assessment sheets prepared for submitting bids, as well as on-going projects, from technical and financial perspectives. Particular emphasis is placed on cash flow, the risk of penalties imposed by clients, and deviations from planned margins. The Group has also established value thresholds for the approval of submissions. If the Issuer wishes to submit a bid worth more than EUR 30 million, the Supervisory Board of ERBUD S.A. is required to approve it. Similarly, the Issuer's subsidiaries must obtain the Shareholders' Meeting's consent to submit bids with the value exceeding the following thresholds:

   IVT GmbH and IKR GmbH - EUR 8 million; MOD 21 GmbH - EUR 75 million, MOD21 Sp. z o. o. - PLN 5 million, ERBUD International Sp. z o. o. - PLN 20 million, JV WMER Matoc Sp. z o. o. - PLN 5 million, JV PABC Sp. z o. o. - PLN 5 million, Satchwell

   Companies also require approval to submit bids. In addition, a business partner function has been introduced for each branch. Business partners are independent of the audit unit and are responsible for individual branches, reporting directly to the Group CFO. Another 'safety valve' is the procedure for assessing a customer's creditworthiness. Once a month, the Management Board analyses the results of the entire group, broken down into individual segments, companies and projects.

   The Group has established channels for reporting potential violations related to risks associated with non-compliance with procedures and good practices.
3. **Risk assessment –** potential threats are identified, after which the relevant units conduct a detailed risk assessment. This involves determining the likelihood of occurrence and the potential impact on operational and financial objectives. An analysis of possible strategies for managing the risk in question is also included in the risk assessment.
4. **Risk management –** The ERBUD Group takes measures aimed at effective risk management, including:
   a. Internal control systems are implemented to minimize operational risk;
   b. Digitization of business processes protects the organization against potential fraud.
   c. Insurance against key risks such as cyberattacks, damage resulting from business activities (third party liability), damage resulting from factors affecting construction projects (Constructors' All Risk - CAR insurance).

d. Diversification of activities and, within a single segment, diversification of the project portfolio in order to reduce the risk associated with the weaknesses of individual sectors of the economy;

e. Regular monitoring and reporting of risks at all levels of management.

5. **Black swans** - the ERBUD Group recognises a risk of a 'black swan' event: an unforeseen and extremely rare occurrence with a colossal impact. Consequently, the Company develops contingency plans and crisis scenarios to prepare for the effects of such events. These include:

   a. **"financial provisions" –** the ERBUD Group maintains financial reserves that can be used in crisis situations to ensure financial liquidity and enable continued operation in conditions of uncertainty;

   b. **Rolling forecasting of financial performance and cash flow;**

   c. Communication and image management – effective internal and external communication strategies in the event of a crisis are to be implemented to ensure internal team stability and maintain the trust of customers, investors, and the business community.

   d. Education - on-going training of employees in hard and soft skills. Workshops organised to discuss best and worst practices, and learning from one's own mistakes.

   e. **Sensitising employees to business realities** - fostering business awareness.

Effective risk management is an integral part of the ERBUD Group's strategy, enabling uncertainty to be minimised and business decisions to be optimised. The ERBUD Group strives to achieve operational stability and long-term financial success through systematic risk identification, assessment and management.

The Management Board approaches the problem of risk management systemically, taking into account all possible potential risks such as:

Internal risks	**External risks**
Strategy ● **lack of fast adaptation to ever changing market environment** ● **failure to keep abreast with changing technology** ● **erroneous choice of partner** ● **underestimation of costs in the case of investments, overestimation of potential revenues and investigation of BEP** **Organisation** ● **poor communication between operational units** ● **misappropriations** ● **breaches of guidelines and internal procedures** ● **management errors**	Economics ● fluctuation of raw material prices ● interest rate changes ● exchange rate fluctuations ● inflation rate growth ● increase of insurance contributions ● supply chain disruption Politics ● regulatory changes ● entry barriers ● trade embargoes ● regulatory changes

Personnel ● **occupational diseases** ● **labour strikes** ● **lack of competencies** ● **loss of workers** ● **personnel ageing** **Processes and assets** ● **accidents during transport** ● **fires / failures /inundation** ● **defective product quality and pollution / contamination**	Market ● customer pressure on price reduction - customer consolidation ● failure to comply with contractual terms by key suppliers/subcontractors ● labour force deficiency in the marketplace ● loss of intellectual property ● competition growth ● ever changing preferences of the consumers Nature ● flood ● hurricane wind ● epidemic/pandemic Social ● crimes ● increase of damages awareness ● demonstrations

The types of risks particularly monitored by the ERBUD Group are depicted below due to their high significance on the risk map.

4.1. Financial Risk

4.1.1 Currency risk

The currency risk management policy adopted by the Management Board consists in adjusting the contract currency to the currency of expenses connected with such contract. Contracts executed in Poland are generally concluded by the Group in Polish currency, and contracts executed abroad are concluded in Euro. As part of their core business, the Group member companies enter into construction contracts, which are denominated in foreign currencies (primarily in Euro).

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

In the event of contracts denominated in euro, for which it is not possible to match the currency adequately, the Group seeks to hedge the material currency risk using forward currency contracts with key parameters as close as possible to those of the hedged item.

In the case of construction contracts, however, this is difficult because it is often not possible to establish a precise financial schedule - for instance, in the case of contracts settled on the basis of remeasurements of quantities.

With a contract secured with forward contracts, there is a risk of payment postponement or non-payment.

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

Debt obligations are incurred in the currency in which the ERBUD Group entity generates revenues.

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

In order to mitigate effectively currency risk and the interest rate risk described below, ERBUD Group companies seek to maintain treasury limits that allow for treasury hedging transactions.

4.1.2 Interest rate risk

Interest rate risk poses a significant threat to the ERBUD Group's operations from both financial and operational perspectives. As a major construction contractor and an active investor and developer in the renewable energy sector through ONDE, the Group is vulnerable to changes in the cost of capital, which is directly dependent on interest rates in Poland and Europe.

1. **Impact on external financing expenses**

- ERBUD and other Group companies finance some of their activities (e.g. working capital and leases) with bank loans and bonds. The interest rates on these are often based on variable rates (e.g. WIBOR and WIRON).
- An increase in interest rates directly increases the cost of the financial instruments listed below:
    - Short-term loans for financing construction projects,
    - investment loans (e.g. for PV farms implemented by ONDE),
    - Operating and finance leases (for machinery, vehicles and equipment).

Effect: higher financial expenses, decreased profitability and higher demand for equity capital.

2. **Decreasing demand for investment (from private and public customers)**

- Higher interest rates imply:
    - more expensive mortgage loans lead to lower demand for housing and fewer development projects, which has an impact on the housing segment.
    - higher costs of issuing municipal bonds lead to a reduction in public investment (e.g. infrastructure tenders).
    - decline in private sector activity (lower creditworthiness and suspension of commercial investments).

Effect: a reduction in the number of tenders and placed orders, mounting price competition and a risk of downtime.

3. **Impact on the valuation and profitability of renewable energy projects (ONDE)**

- In the case of ONDE, a developer of photovoltaic and wind farms, project valuation (NPV/IRR) is particularly sensitive to the cost of debt:
    - An increase in interest rates leads to a decrease in project profitability (lower IRR),
    - It becomes more difficult to secure debt financing of the projects (project finance),
    - This could lead to the postponement of investment decisions or project sales.

The effect is slower growth of the RES portfolio and pressure on margins and project sales schedules for funding.

4. **Risk of a decline in the value of financial assets/investment exposures**

- If the Group holds bonds, deposits or other financial instruments, their value will also be affected by changes in interest rates.
- High interest rates may lead to:
    - a decrease in the value of the debt instrument portfolio (if present on the balance sheet);
    - an increase in the cost of capital when the company is valued.

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

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

4.1.3 Price (inflationary) risk

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

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

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

High inflation (approximately 5% in 2025) is pushing up the prices of building materials, subcontracting services, transport and labour. In the contracting business, orders are often settled on a lump-sum basis, creating additional risk. Currently, building material prices are relatively stable, however, the investment growth that has been expected for a year now, may lead to price volatility, which, combined with lump-sum settlements, will directly impact project profitability.

This is a risk to which the Group is particularly exposed during the period under discussion and in the near future. A risk that has a direct impact on profitability, and thus on the risk of covenants breaking as a result of lower-than-required profitability. In connection with the above, the Management Board together with the managerial staff undertakes numerous actions to renegotiate prices with Investors and to assume additional provisions for this type of risk in the calculation of new contracts.

4.1.4 Wage pressure and the labour market

Poland has one of the lowest unemployment rates in the EU, at approximately 3%, and rising wage expectations. The Group's companies are experiencing wage pressure. In addition, the shortage of qualified staff is causing schedules to extend and costs to increase. Economic migration, particularly to the Nordic countries, is also a significant factor.

4.1.5 Infrastructure limitations – power grids.

As a contractor and developer of PV and wind farms, ONDE is increasingly encountering connection barriers:

- overloaded power grids;
- delays in issuing connection conditions;
- problems with energy off-take in regions with a high concentration of renewable energy sources.

Despite signed agreements, the implementation of new farms may be blocked for reasons beyond the contractor's control. This poses a risk of foregone profits, project cancellations and hardship in developing new installations.

4.1.6 Credit risk

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

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

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

4.1.7 Liquidity risk

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

In order to reduce the risk of liquidity loss, the Group member companies maintain an appropriate amount of cash and transferable securities as well as enter into credit line agreements, which serve as additional liquidity security.

ERBUD S.A. also benefits from debt financing raised through the issue of bonds worth PLN 75 million with the maturity date in September 2029.

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

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

As of 30 June 2025 the ERBUD Group had the capacity to meet its short-term liabilities. All Group member companies paid their interest and trade payables on time.

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

4.2. Operational risk

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

- Risk of underestimation of contract execution costs. If the value of all works necessary to perform the contract, specified in the tender offer, is underestimated, the Group may incur a loss or generate a lower profit on a certain contract.
- Risk of failure to recognise extra costs of works by the Employer. The proper performance of the subject matter of the contract sometimes requires the performance of extra works not specified in the contract, and thus incurring costs higher than accepted. Additional work may also result in the contract execution deadline being exceeded. The Group's request for additional fee may be considered groundless by the Employer.
- Risk of suspension of contracts by the investor.
- Protests by residents or ecologists in the case of road investments, delaying construction work.
- Risk of poor quality of delivered materials.
- Risk related to liability under the warranty for physical defects and guarantee of the quality of performed works.
- Risk related to the responsibility for the improper performance of construction works by subcontractors.
- Risk of loss of managerial and engineering staff. Decisions to reassign some of these staff and the no possibility to replace them with suitable staff may have a negative impact on the performance of certain contracts.
- Risk of misjudging the period over which the newly created business segments reach their ability to achieve profitability.
- Risk of acquisition of new entities - mispricing, loss of employees after an ownership change, risk of losing customers, risk of key managers quitting.

4.3. Legal Risk

The legal risk in the ERBUD Group is primarily related to the way in which amendments in the law are implemented. This occurs on an ad hoc basis. There is a lack of legal consultation, preparatory efforts. There has been a genuine avalanche of legal amendments over the past few years. Even before the Polish Deal legislative package came into force, the OECD had made a negative assessment of our tax system. The major drawback was its complexity. We were ranked penultimate among the 37 countries covered by the survey. Often, legal changes entail significant compliance costs for companies and systematically make the criminal liability of managers more and more severe. We now have examples of total fiddling with the law concerning electronic invoices and with the whistleblower act.

4.4. Tax Risk

1. Unclear or changing tax regulations (mainly in Poland)

- The Polish tax system is subject to frequent amendments, and the interpretation of regulations is inconsistent and uncertain.
- Changes to tax regulations (e.g. the Corporate Income Tax Act, IP Box relief, investment allowances and the minimum tax) can significantly impact the taxation of the Group's profits.
- The risk also stems from the retrospective interpretation of regulations by the tax authorities, for instance a risk of questioning tax settlements done in the previous years.

The potential impact includes tax adjustments, interest on late payments, court disputes and a deterioration in net profit/loss.

2. Transboundary settlements – Germany, the Netherlands, Belgium

- ERBUD operates outside Poland (e.g. via Erbud International), which entails the following risks:
  - permanent establishment – a risk of taxation of a part of income abroad, even if the Group does not have a separate business there,
  - double taxation risk – the need to apply the provisions of double taxation agreements (e.g. DE–PL),
  - There is an obligation to register for VAT purposes abroad and comply with local regulations, which are often more stringent than those in Poland. For example, the reverse charge system in Germany applies to the construction industry.

Risks include double taxation, penalties for incorrect reporting and costly audits by foreign tax authorities.

3. Withholding tax (WHT)

- ERBUD may be subject to WHT collection obligations in the case of interest, dividend, royalty and intangible service payments between entities within the group (or subcontractors outside Poland).
- From 2022, new, stricter due diligence and beneficial owner documentation regulations will apply, which are complex and entail formal risk.

The potential consequences are retroactive WHT payment obligations, criminal and fiscal liability, and loss of treaty preferences.

4. Tax reliefs and subsidies – risk of incorrect settlement

- The Group may benefit from tax reliefs or investment subsidies (e.g. National Recovery Plan, renewable energy funds), either directly or through ONDE.
- Incorrectly documented investment expenditure or incorrect settlement of tax reliefs (e.g. R&D relief, IP Box relief, thermal modernisation tax relief, RES depreciation relief) may result in tax preferences being questioned.

Effects: the necessity to return benefits, correct declarations and pay tax penalties.

5. VAT-related risk

- The construction sector is highly exposed to VAT risks, including errors in the reverse charge process, issues with settling advance payments, re-invoicing subcontractor services and determining the point at which the tax obligation arises.
- ONDE must be particularly careful when settling accounts with individual and commercial customers due to the different VAT rates and moments of taxation.

Potential effects: tax adjustments, interest and tax investigations.

6. Transfer pricing (TP) risk

- The ERBUD Group makes internal transactions (management services, loans and deliveries) among its member companies of the Group, including ONDE.
- In accordance with transfer pricing (TP) regulations, the following are required:
  - comparative analyses (benchmarking);
  - local transfer pricing documentation (Local File);
  - TPR forms; and Management Board statements.
- Failure to comply with these formal obligations, or the use of inadequate prices, may result in tax adjustments and sanctions.

Risks: income overestimation, a 50% corporate income tax (CIT) penalty on the adjustment and liability of management board members.

To minimise tax risk, the ERBUD Group works with tax advisors in Poland and abroad on a permanent basis. The Group also employs a tax advisor whose role is to oversee the Group's tax policy directly.

4.5. Risks associated with sustainable development

In 2024, the ERBUD Group carried out a multi-stage double materiality assessment process to identify key impacts, risks, and opportunities. The comprehensiveness of the approach and the diversity of perspectives ensured the use of a variety of tools and stakeholder engagement. Double materiality analysis was employed to identify material topics in line with the European Sustainability Reporting Standards (ESRS 1 'General Requirements') and other EFRAG publications. The ERBUD Group's areas of activity, business model, value chain and business relationships were analysed.

In accordance with the European Commission Communication providing guidelines on non-financial reporting — Supplement on climate-related disclosures (2019/C 209/01) — climate risks for the Group were identified, as well as in accordance with the CSRD (Corporate Sustainability Reporting Directive) with regard to sustainability reporting and the sustainability-related accounting standards prepared on its basis (ESRS 1 'General Requirements' and E1 'Climate Change').

In order to determine the resilience of the business model to climate in the medium and long term, ERBUD Group uses the Intergovernmental Panel on Climate Change's 2021 Sixth Assessment Report model - the so-called AR6, prepared by the Intergovernmental Panel on Climate Change (IPCC). Climate Change (IPCC) and scenario analyses prepared on this basis by the International Energy Agency (IEA) for four scenarios of infrared radiation intensity based on its retention in the Earth's atmosphere - RCP2.6, RCP4.5, RCP6 and RCP8.5, particularly the RCP4.5 and RCP8.5 scenarios. Based on these, the ERBUD Group carried out a detailed analysis of its resilience to climate change. Under each scenario, the analysis was carried out in a system of four phases: setting up a model of the company-climate impact, calculating the related security costs, analysing the security of the Group's current portfolio of products and processes and proposing additional security for the Group's products and processes. Based on the above analysis, it was concluded that the ERBUD Group will increase its climate-oriented activities between 2020 and 2030 without no need to make significant changes to its business model, as set forth in the ERBUD Group's ESG Strategy.

Confirmation of the Group's environmental efforts is the fact that ERBUD S.A. and ONDE S.A. at the end of July 2024, for the fourth consecutive time, successfully passed another verification of their

environmental declaration, which allowed them to maintain their entry in the EMAS register. This elite and voluntary system of credible environmental reporting is the highest environmental accolade in the European Union.

1. Environmental Risks

Physical climate risks:

- There is a risk of weather-driven events caused by climate change. These events may result in the suspension of construction work and disruption to supply chains. This could trigger additional costs.
- The risk of reducing the working time of workers disrupting the value chain as the average temperature rises.
- Risk of disruption to process cycles caused by changing temperatures.
- Risk of damage to material components of the building or photovoltaic modules caused by precipitation.
- Risk of deterioration in ground conditions for building foundations due to changes in soil moisture levels, which may entail additional costs for the technologies used.
- The risk of a reduction in the amount of available process water due to a drop in surface and groundwater levels, which may result in a decrease in rainfall and, as a consequence, a disruption to the value chain.
- The risk of heat waves and fires, with the potential for disruption to the value chain due to excessive strain on the energy system caused by air conditioners, and the risk of reduced employee working hours.
- The risk of violent hurricanes, storms and tornadoes that may disrupt the value chain through short-term flooding or destruction of transport routes and construction sites, or disruption of power lines and process utilities, is significant.
- The risk of floods that may disrupt the value chain is evident, with short-term flooding or destruction of transport routes and construction sites, or disruption of electric traction lines and process utilities, all posing potential threats.

Transition risk:

- Excessive adverse impact on the climate carries with it the risk of potential litigation.
- Achieving the reduction targets will require increased capital expenditure (CAPEX) on decarbonisation.
- The likelihood of sudden weather events is increasing, which is leading to higher insurance costs.
- The Group's activities could be deemed harmful to the climate, which could result in the loss of customers, employees, or business partners.
- The risk of not taking advantage of available technologies that would have less of a negative impact on the climate is that we will lose competitive advantage.
- The risk of elevated emission reduction requirements and/or the establishment of emission charges.
- Tightening energy efficiency requirements due to climate change and lack of access to water or overloading of the power system.
- Changes in land management policy due to land being located in areas threatened by climate change.

Other environmental risks:

- High CO_2 emissions may result in higher financing costs.

- The risk of incurring high costs for the use of energy from fossil fuels is due to the lack of sufficient renewable energy sources to fully meet the Entity's needs.
- Further depletion and degradation of natural resources, such as water, could pose a risk to ERBUD's business activities as water is an important resource used in Company operations. Furthermore, governments may impose restrictions on water consumption in response to climate change, which could have a significant impact on the ERBUD Group's revenues and cash flows.
- The risk of the habitats of specific animal or plant species being destroyed as part of investments carried out in buffer zones of protected areas and other areas is present. The risk of costs being incurred has been highlighted in relation to habitat restoration and subsequent possible reclamation.
- The risk of difficulties in finding new plots of land for investments (e.g. photovoltaic farms and wind farms) is due to new environmental protection regulations that will result from the adopted 2030 EU Biodiversity Strategy. This could result in a substantial rise in land prices. Restricting the number of plots could slow down new investments.
- Disrupted supply chains caused by climatic factors, the availability of natural resources and socio-political factors may lead to increased costs.
- Higher costs for purchasing lower-emission and renewable materials. Limited selection of such materials and suppliers offering them.
  A trend of tightening regulations in this area. In addition, there is pressure to use low-emission materials such as low-emission concrete or to change the fleet.
- Increased waste costs by waste collection companies.
- The risk of hazardous waste management and increased collection and disposal costs.
- The inability to reuse waste due to legal regulations that hinder the implementation of circular solutions during the investment process and the specific nature of materials, which increases production costs.

2. Social risks

- Frequent employee turnover has been experienced due to the nature of the work (frequent travel, relocations, etc.), in addition to demographic factors and the expectations of younger generations. High costs of onboarding new employees. Difficulty in building a team.
- Risks associated with frequent turnover resulting from unmet employee expectations, lack of work-life balance, working hours and job security, which translates into employee acquisition costs.
- Frequent workforce turnover in the value chain (i.e. subcontractors) due to the specific nature of the work, and possible downtime in construction work due to a lack of workers.
- Staff shortages may result from a number of factors, including an outflow of workers to rebuild Ukraine, a shortage of skilled workers in technical fields due to weaknesses in the education system, competitive rates in the IT industry attracting qualified workers, and a decline in the appeal of basic jobs due to rising living standards, resulting in higher recruitment costs.
- In the construction sector, there is a risk of serious workplace accidents, which can result in compensation costs, reputational damage, work stoppages and the loss of skilled in-house staff.
- In the construction sector, severe accidents at work (involving subcontractors) are a risk, which can result in compensation costs, reputational losses and work stoppages in the case of subcontractors.

3. Corporate governance risks

- Corruption can lead to increased costs and have a negative impact on corporate image.
- Insufficient training and a lack of knowledge about preventing and detecting corruption can result in irregularities and fraud, which can lead to reputational damage.
- There is a risk of termination of business relationships due to non-compliance with environmental and human rights management requirements.
- ERBUD may face a number of negative consequences if it cooperates with business partners who do not comply ESG standards. Disruptions to operations can be caused by issues such as a lack of transparency, inefficient emissions management or waste management. Such disruptions can lead to delivery delays, production downtime and the need to seek alternative sources of supply. At the same time, the organisation may be perceived as being responsible for the actions of its partners. This could result in a loss of trust among customers, investors and the public, as well as negative media coverage and damage to its image. Furthermore, such collaborations may hinder the achievement of strategic sustainable development goals, thereby affecting competitiveness, market value and the ability to attract investors.

4.6. Cyberattack Risk

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

4.7. Risks related to Russia's attack on Ukraine

The main risk factors currently associated with the conflict in Ukraine are political uncertainty and pressure on investment. The conflict is increasing investment uncertainty, particularly among private investors. Many projects are being put on hold and decision-making processes are taking longer due to fears of escalating attacks on critical infrastructure and the potential resulting disruptions, such as to energy supplies. As a country supporting Ukraine, Poland is a potential target for cyberattacks. This necessitates increased expenditure on cybersecurity, IT and data backups.

4.8. Insurance

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

Additionally, the Group uses motor insurance.

Insurance contracts

Insurer	Valid from	Valid to	Subject of insurance	Value of insurance
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2025	31 Jan. 2026	Civil liability business insurance	PLN 100 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2025	31 Jan. 2026	Third party liability insurance of the designer	PLN 10 million for one and all events
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Feb. 2025	31 Jan. 2026	Construction and erection all risks insurance	Open
Chubb European Group Limited Sp. z o.o. Polish Branch	22 Jun. 2024	21 Jun. 2025	D&O Insurance	PLN 40 million
Chubb European Group Limited Sp. z o.o. Polish Branch	22 Jun. 2025	21 Jun. 2026	D&O Insurance	PLN 40 million
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Jul. 2024	30 Jun. 2025	Corporate Cyberattack Insurance – CYBER ERM	PLN 5 million, including foregone profits PLN 2 million
Sopockie Towarzystwo Ubezpieczeniowe ERGO Hestia S.A.	1 Jul. 2025	30 Jun. 2026	Corporate Cyberattack Insurance – CYBER ERM	PLN 7 million, including foregone profits PLN 2 million

5. DISPUTES

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 Issuer's position and that of its legal advisors prove that the proceedings will be resolved in the Issuer's favour.

Proceedings involving ERBUD S.A. as of the Report Date, concerning the Issuer's or its subsidiary's payables or receivables (including details of the case, the amount in dispute, the date of initiation of proceedings and the Issuer's stance)

5.1. Material proceedings to which the Issuer is the plaintiff

5.1.1.

Defendant: BEST Deweloper Sp. z o.o.

Court: District Court in Szczecin

Lawsuit filing date 6 February 2023 – for the total amount of PLN 6,050,337.37

Dispute status: The Plaintiff claims amounts due for work performed as part of the construction of multi-family apartment buildings in Chrzanowskiego Street in Szczecin. The amounts claimed in the lawsuit are covered by VAT invoices issued on the basis of inventory reports accepted and signed by the Defendant. They relate to works completed and accepted by the Defendant. The demand for a lawsuit includes the issuance of writ of payment and a request to secure claims. District Court ordered exchange of pleadings, without establishing the date for first hearing. Upon the amicable request of the Parties, the Court, by virtue of order of 15 July 2024, referred the Parties to mediation. During the mediation process, the parties reached a partial settlement under which Best Developer paid PLN 739,152 plus interest of PLN 219,943.30. No date for the first hearing.

5.1.2.

Defendant: Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin

Date of filing a lawsuit: 7 November 2022

Value of the dispute: 14.435.306,59

ERBUD S.A. demands that the Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin should amend the contract of June 2021 for the execution of the project called Construction of the "A2" building and its connector, as well as land development, as part of the conversion and extension of "A" building at the Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin, with an increase in the contractor's remuneration of PLN 14,435,306.59 (including VAT) and adjudication of this amount. The Defendant filed a response to the lawsuit.

The first hearing was scheduled for 24 October 2024. However, the case was adjourned without a new date being set, and the court suspended the proceedings following the joint request of the parties involved. A meeting with the parties has been scheduled for 14 March 2025 to discuss the terms of the settlement.

The parties had not reached a consensus, so ERBUD S.A. asked for the suspended proceedings to be resumed.

Estimated date for dispute settlement before the Court of First Instance: 2027

The value of other litigations where ERBUD S.A. is the Plaintiff totals PLN 24.055.539,99.

5.2. Material proceedings to which the Issuer is the defendant

5.2.1

Plaintiff – Puławy S.A. Nitrogen Fertilizer Plant

Value of the dispute: PLN 18,132,376.00

Status of the case: the court refused to issue an order for payment and referred the case for trial. The claim covers the Plaintiff's contractual penalty for failing to complete the milestone of signing the boiler handover certificate on time. The Plaintiffs, acting in the capacity of Contractors, were obliged to complete all supplies, civil works and services necessary for the design, construction, commissioning and handover of the K2 steam boiler on a turnkey basis. The Defendants filed a response to the lawsuit. The Management Board's position on the case: the Board sees opportunities for an amicable settlement.

Estimated date for dispute settlement before the Court of First Instance: 2027

The Legal Office believes that the Company's position is justified.

5.2.2

Plaintiff – Silesia Property sp. z o.o.

Date of filing a lawsuit: 23 December 2024

Value of the dispute: PLN 52.686.247,51

In a statement of claim dated 23 December 2024, Silesia Property Sp. z o.o. is claiming payment of PLN 52,686,247.51 from Erbud S.A., to reimburse the costs of replacing the roof (as part of a warranty repair), which was carried out by Erbud S.A. as part of the contract for the design and construction of the Silesia City Centre shopping mall at 107 Chorzowska Street in Katowice, dated 25 August 2010.

On 25 February 2025 Erbud S.A. filed a response to the lawsuit requesting that the lawsuit be dismissed in its entirety. In the opinion of Erbud S.A., the Arbitration Court should not admit Silesia Property Sp. z o.o.'s claims in full due to the absence of an effective arbitration clause, the nature of the claims (legal grounds) and the facts of the case, or finally, the limitation plea.

The Arbitration Court was constituted, and a schedule for the proceedings was agreed upon.

Estimated date for concluding the dispute before the Arbitration Court: 2027

The Legal Office believes that the Company's position is justified.

5.2.3

Plaintiff - the Wielkopolskie Province

Date of filing a lawsuit: 15 October 2024

Value of the dispute: PLN 7.700.000

In the lawsuit dated 15 October 2024, the Wielkopolskie Province, represented by the Marshal's Office in Poznań, is demanding that ERBUD S.A. pay the sum of PLN 7,700,000 plus statutory interest for late payment, calculated based on the sum of PLN 5,790,000 for the period from 5 December 2023 until the date of payment, as well as an additional sum of PLN 1,980,000 from the date after the Statement of Claim has been served until payment is made) as a contractual penalty for the late removal of defects in the ceilings discovered during the warranty period set forth in the contract for the construction of an office building for the Marshal's Office and the Wielkopolska Regional Parliament in Poznań.

On 4 December 2024 Erbud S.A. filed a response to the lawsuit requesting that the lawsuit be dismissed in its entirety. In the opinion of Erbud S.A., the nature of the claims asserted (legal grounds) and the factual circumstances of the case do not provide grounds for accepting the claims of the Wielkopolskie Province in their entirety. The hearing of witnesses is underway.

Estimated date for dispute settlement before the Court of First Instance: 2027

The Legal Office believes that the Company's position is justified.

5.2.4

Plaintiff - the Wielkopolskie Province

Date of filing a lawsuit: 11 December 2024

Value of the dispute: PLN 12.670.000

The Wielkopolskie Province, whose registered office is in Poznań, demands an authorisation from the Court to carry out a repair project at the expense of Erbud S.A., replacing the defective façade of the building which houses the Provincial Office in Poznań, on the ground floor, i.e. in the main hall, under the performance bond covering quality issues.

In the opinion of Erbud S.A., the nature of the claims asserted (legal grounds) and the factual circumstances of the case do not provide grounds for accepting the claims of the Wielkopolskie Province in their entirety.

Proceedings for the taking of evidence are underway - expert opinion is being prepared.

Estimated date for dispute settlement before the Court of First Instance: 2027

The Legal Office believes that the Company's position is justified.

5.2.5.

Plaintiff - the Wielkopolskie Province

Date of filing a lawsuit: 29 March 2025

Value of the dispute: PLN 8.653.811,55

The Wielkopolskie Province, whose Marshal's Office is based in Poznań, is demanding that Erbud S.A. be ordered to pay a portion of the contractual penalty charged for the alleged delay in rectifying the cracks and flooding in the underground car park facility under the driveway descend, which were caused by a lack of waterproofing at the driveway descent.

In the opinion of Erbud S.A., the nature of the claims asserted (legal grounds) and the factual circumstances of the case do not provide grounds for accepting the claims of the Wielkopolskie Province in their entirety.

A response to the appeal was filed.

Estimated date for dispute settlement before the Court of First Instance: 2027

The Legal Office believes that the Company's position is justified.

Total value of other proceedings where ERBUD S.A. is the defendant: PLN 13.054.859,16

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

In H1 2025 and until the date of publication, neither the Issuer nor its subsidiaries entered into any transactions other than those related to the regular activities of the aforementioned entities. All transactions are concluded following the arms' length principle.

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

The Company believes that there is no material information for the assessment of the aforementioned factors other than indicated in the Director's Report.

6. CORPORATE GOVERNANCE - SELECTED INFORMATION

6.1. Changes in the governing authorities of ERBUD S.A.

6.1.1. The Management Board of ERBUD S.A.

From 12 May 2025 to 9 September 2025, the Management Board of ERBUD S.A. was composed of:

- Dariusz Grzeszczak – President of the Management Board
- Agnieszka Głowacka – Vice-President of the Management Board
- Jacek Leczkowski – Vice-President of the Management Board
- Tomasz Wojak – a Management Board Member

6.1.2. The Supervisory Board of ERBUD S.A.

From 12 May 2025 to 9 September 2025, the Supervisory Board of ERBUD S.A. was composed of:

- Roland Bosch – the Supervisory Board Chairman,
- Michał Otto – a Deputy Chairman of Supervisory Board
- Albert Dürr – a Supervisory Board Member
- Janusz Reiter – a Supervisory Board Member
- Beata Jarosz – a Supervisory Board Member
- Michał Wosik – a Supervisory Board Member
- Sylwia Hałas-Dej – a Supervisory Board Member
- Seweryn Kubicki – a Supervisory Board Member

As of 30 June 2025 and at this Report Date, the dependent Members of the Supervisory Board of ERBUD SA are as follows:

Mr Roland Bosch and Pan Albert Dürr (representing a shareholder of Wolff & Müller Baubeteiligungen GmbH & Co. KG and Wolff & Müller Holding GmbH & Co. KG) and Mr Michał Otto (has been sitting on the Supervisory Board of ERBUD SA since 31 May 2012).

The following Members of the Supervisory Board of ERBUD S.A. fulfil the independence criteria specified in the Act on Statutory Auditors: Ms Beata Jarosz, Ms Sylwia Hałas-Dej, Mr Janusz Reiter, Mr Michał Wosik, Mr Seweryn Kubicki

In addition, the following Members of the Supervisory Board of ERBUD S.A. have no actual and significant ties with a shareholder holding at least 5% of the total number of votes in ERBUD S.A:

Ms Beata Jarosz, Ms Sylwia Hałas-Dej, Mr Michał Otto, Mr Janusz Reiter, Mr Michał Wosik, Mr Seweryn Kubicki

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

Audit Committee

From the date of publication of the Report for Q1 2025, i.e. from 12 May 2025 to 9 September 2025, the Audit Committee of ERBUD S.A. operated with the following composition:

- Beata Jarosz – holding the position of the Chairperson of the Audit Committee
- Roland Bosch – holding the position of an Audit Committee Member
- Michał Otto – holding the position of an Audit Committee Member
- Janusz Reiter – holding the position of an Audit Committee Member
- Michał Wosik – holding the position of an Audit Committee Member

Remuneration Committee

From the date of publication of the Report for Q1 2025, i.e. from 12 May 2025 to 9 September 2024, the Remuneration Committee of ERBUD S.A. operated with the following composition:

- Roland Bosch – the Remuneration Committee Chairman
- Michał Otto – a Remuneration Committee Member,
- Janusz Reiter – a Remuneration Committee Member.

6.2. Share capital

As of 30 June 2025 and at the date of Condensed Consolidated Financial Statements for H1 2025, the share capital of ERBUD S.A. amounts to PLN 1,192,983.60 and is divided into 11,929,836 ordinary shares with a par value of PLN 0.1 per share.

Since 12 May 2025, i.e. the date of publication of the Q1 2025 Financial Statements, no changes have taken place in the initial capital.

6.3. ERBUD S.A.'s shareholders

As of the date of the financial statements, the list of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's General Meeting was as follows:

Name of shareholder	As of 9 Sept. 2025		As of 12 May 2025	
	Number of shares and votes at AGM	Share in equity and in the total number of votes at AGM	No. 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	3,854,837	32.31%	3,854,837	32.31%
Dariusz Grzeszczak holding shares directly and indirectly (DGI Family Foundation - 2,546,006 shares, 21,34%; Dariusz Grzeszczak 7,454 shares, 0.06%)	2,553,460	21.40%	2,553,460	21.40%
ING OFE	1,200,000	10.06%	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	764,935	6.41%	764,935	6.41%
PKO OFE	715,279	6.00%	715,279	6.00%
Other shareholders	2,841,325	23.82%	2,841,325	23.82%
Total:	**11,929,836**	**100.00%**	11,929,836	100.00%

6.4. Transactions involving ERBUD SA shares between 12 May 2025 and 9 September 2025.

Between 12 May 2025 and the publication date of the Report for H1 2025 (9 September 2025), the following transactions involving ERBUD S.A. shares were made.

On 20 May 2025, the Issuer received notification from Albert Dürr, a member of the Supervisory Board of ERBUD S.A., informing them that he had acquired 6,000 ordinary shares in ERBUD S.A.

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

As of the date of the financial statements, the list of managers and supervisors holding shares in the Issuer directly or indirectly through subsidiaries is as follows:

Related person	Type of relation	As of 9 Sept. 2025		As of 12 May 2025	
		No. of shares and votes at AGM	Share in equity and in the total number of votes at AGM	No. of shares and votes at AGM	Share in equity and in the total number of votes at AGM
Dariusz Grzeszczak * holds directly and indirectly. (DGI Family Foundation - 2,546,006 shares, 21,34%; Dariusz Grzeszczak 7,454 shares, 0.06%)	President of the Management Board	2,553,460	21.40%	2,553,460	21.40%
Albert Dürr**	A Supervisory Board Member	32,172	0.27%	26,172	0.22%
Roland Bosch	The Chairman of the Supervisory Board	10,000	0.08%	10,000	0.08%
Jacek Leczkowski***	Vice-President of the Management Board	5,112	0.04%	5,112	0.04%
Agnieszka Głowacka****	Vice-President of the Management Board	3,938	0.03%	3,938	0.03%

** Moreover Dariusz Grzeszczak holds 0.5% shareholding in ONDE SA (a subsidiary company of the Issuer).*

*** Mr Albert Dürr holds 85% shareholding in Wolff & Müller Holding GmbH & Co. KG, which holds: (i) 2,20% shareholding in Erbud S.A. directly (2.20% of the total number of votes) and (ii) indirectly, through a 100% subsidiary of Wolff & Müller Baubeteiligungen GmbH & Co. KG 30.12% of Erbud S.A. shares. (30.12% of the total number of votes). Additionally Mr Albert Dürr holds 85% shareholding of Dürr Holding GmbH, which holds 0.11% shareholding in Erbud S.A. (0.11% of the total number of votes). In total Mr Albert Dürr holds directly and indirectly 32.59% shareholding in Erbud S.A. (32.59% of the total number of votes).*

***** Mr Jacek Leczkowski holds additionally 6,48% shareholding in ONDE S.A. (the Issuer's subsidiary company).*

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

Compared to the date of Q1 2025 Financial Statements, the shareholdings of the Issuer's management and supervisory personnel have changed as a result of the transactions described above and in view of the reduction of the share capital.

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.

6.5. Amendments to the Company's Statutes

Between 12 May 2025 and the publication date of the Report for H1 2025 (i.e. 9 September 2025), the amendments to the Statutes of ERBUD S.A. were made on one-off basis. These amendments were made in accordance with Resolution No. 20/2025 of the Ordinary General Meeting of the Company on 27 May 2025, concerning the amendment of §§ 11b(2) and 18(3) of the Statutes of ERBUD S.A.

The amendments to the Company's Statutes were registered by the 13th Commercial Division of the National Court Register at the District Court for the Capital City of Warsaw on 30 June 2025, in accordance with Current Report No. 22/2025 of 1 July 2025.

§ 11b, para 2, of the Company's Statutes shall have the following new wording:

"2. The tasks of the Audit Committee shall include in particular:
1) to monitor the financial and sustainability reporting processes;
2) to monitor the effectiveness of internal control, risk management systems and internal audit including in the areas of financial and sustainability reporting;
3) to monitor the performance of financial audit activities, particularly the audit of financial statements or the certification of sustainability reports by an audit firm.
4) to control and monitor the independence of the auditor and audit firm, particularly when the audit firm provides the Company with services other than auditing or certifying sustainability reports.
5) to report to the Company's Supervisory Board on the results of the financial statement audit or sustainability reporting certification, and to explain how this audit or certification contributes to the reliability of the Company's financial or sustainability reporting, as well as what was the Audit Committee's role in the audit or certification process;
6) to assess the independence of the auditor and to give consent to the provision of permitted non-audit services to the Company;
7) to develop a policy for selecting an audit firm to audit financial statements, as well as a policy for selecting an audit firm to certify sustainability reporting;
8)to develop a policy on the delivery of services by an audit firm, its affiliated entities and its network members, relating to the conduct of audits of financial statements or sustainability reporting certification, and the provision of permitted non-audit or non-certification services;
9) to determine the procedure for the audit firm appointment by the Company;
10) to make a recommendation to the Supervisory Board on the appointment of statutory auditors or audit firms in accordance with the policies developed by the audit committee following the selection procedure carried out in accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision;
11) to make recommendations aimed at ensuring the reliability of the financial reporting or sustainability reporting process at the Company.
12) The Supervisory Board may also appoint other committees, including in particular the Appointment and Remuneration Committee. Detailed tasks and principles for the appointment and operation of various committees, including the Audit Committee, will be established by the Supervisory Board".

§ 18, para 3, of the Company's Statutes shall have the new wording, which reads as follows:

"3. The Supervisory Board appoints or replaces the audit firm authorized to: (i) to carry out an audit or review of financial statements, or (ii) to certify the sustainability reporting."

STATEMENT OF THE MANAGEMENT BOARD OF THE PARENT COMPANY

The Management Board of ERBUD S.A. consisting of the following persons: Dariusz Grzeszczak - President of the Management Board; Agnieszka Głowacka - Vice-President of the Management Board; Jacek Leczkowski - Vice-President of the Management Board; Tomasz Wojak - a Management Board Member declare that to the best of their knowledge:

The Interim Condensed Separate Financial Statements and comparative data and the Interim Condensed Consolidated Financial Statements and comparative data have been drawn up in compliance with the applicable accounting principles and give a true, fair and clear picture of the Issuer's assets, financial position and its profit or loss;

and

the Semi-annual Report on the Issuer's Activities and the Semi-Annual Report on the Issuer's Group Activities give a true picture of the issuer's development, performance and position, including a description of the fundamental risks and threats.

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

Dariusz Grzeszczak	Jacek Leczkowski	Agnieszka Głowacka	Tomasz Wojak
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board	A Management Board Member

Warsaw, 9 September 2025