THE ERBUD GROUP

# Condensed, Consolidated Financial Statement

**For the accounting period ended on 31 March 2023**

**Drawn up in compliance with the International Accounting Standard No. 34**

GROUP

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023 ('000 PLN, unless specified otherwise)

## CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

| | | For the period of 3 months, ended on 31 Mar. 2023 | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|---|
| | | Unaudited data | Unaudited data |
| | **CONTINUING OPERATIONS** | | |
| Note 4.2. | Revenues from sales of products and services | 720,580 | 763,949 |
| Note 4.2.-4.3. | Cost of products and services sold | 676,943 | 714,296 |
| | **Gross sales profit/(loss)** | **43,637** | **49,653** |
| Note 4.3. | Cost of sales | 3,849 | 2,764 |
| Note 4.3. | General and administrative (G&A) costs | 48,276 | 43,421 |
| | Other operating income | 2,495 | 2,642 |
| | Other operating expenses | 1,792 | 1,385 |
| | Loss reversal/(impairment) of financial assets and customer contract valuation assets | 20 | - |
| Note 4.2. | **Operating profit** | **(7,765)** | **4,725** |
| | Share in net profits/ (losses) of equity-accounted subsidiaries | (148) | (115) |
| | Financial income | 3,550 | 2,509 |
| | Financial expenses | 10,639 | 4,657 |
| Note 4.2. | **Gross profit/loss** | **(15,002)** | **2,462** |
| Note 4.4. | Income tax | 191 | 2,354 |
| | **Net profit for the accounting period** | **(15,193)** | **108** |
| | Shareholders of Parent Company | (13,392) | 179 |
| | Non-Controlling Stakeholders | (1,801) | (71) |

| | | For the period of 3 months, ended on 31 Mar. 2023 | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|---|

| | Unaudited data | Unaudited data |
|---|---|---|
| **Consolidated profit / (loss), net** | **(15,193)** | **108** |
| Foreign exchange gains/losses resulting from translation of statements of foreign entities | **(777)** | 738 |
| **Comprehensive income (including tax effect) subject to reclassification into result** | **(777)** | **738** |
| **Comprehensive income in the accounting period** | **(15,970)** | **846** |
| Appropriated to: | | |
| Shareholders of Parent Company | (13,867) | 911 |
| Non-Controlling Stakeholders | (2,103) | (65) |

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023 ('000 PLN, unless specified otherwise)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | 31 Mar. 2023 | 31 Dec. 2022 |
|---|---|---|---|
| | | Unaudited data | |
| | **ASSETS** | **2,017,997** | **2,016,268** |
| | Investment properties | 33,111 | 33,909 |
| | Goodwill | 41,533 | 41,588 |
| | Intangible assets | 13,317 | 13,546 |
| | Tangible fixed assets | 243,118 | 195,867 |
| | Investments accounted for using the equity method | 52,740 | 52,888 |
| | Financial assets | 14,617 | 13,823 |
| Note 4.4. | Deferred tax assets | 87,998 | 82,358 |
| | Receivables under building contracts - bid bonds | 10,676 | 8,576 |
| | **Fixed assets** | **497,110** | **442,555** |
| | Inventory | 155,848 | 160,239 |
| | Receivables under building contracts - bid bonds | 21,402 | 23,455 |
| Note 2.2. | Pricing of building contracts - assets | 449,796 | 431,013 |
| Note 5.1. | Trade receivables | 562,614 | 651,583 |
| Note 5.1. | Other receivables | 88,348 | 91,536 |
| | Financial assets | 9,537 | 9,428 |
| | Cash and cash equivalents | 195,633 | 163,961 |
| | Cash assets in VAT account | 26,325 | 35,338 |
| | Short-term prepayments | 11,384 | 7,160 |
| | **Current assets** | **1,520,887** | **1,573,713** |
| | **LIABILITIES** | **2,017,997** | **2,016,268** |
| Note 3.1. | Share capital | 1,210 | 1,210 |
| | Supplementary capital | 242,573 | 254,769 |
| Note 3.1. | Own shares | (20,000) | (20,000) |
| | Reserve capital | 143,820 | 131,624 |
| | Foreign exchange gains/losses resulting from conversion of foreign unit | 6,170 | 6,645 |
| | Retained earnings | 153,241 | 166,633 |
| | Equity of shareholders of the Parent Company | 527,014 | 540,881 |

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023 ('000 PLN, unless specified otherwise)

| | | | |
|---|---|---|---|
| | Equity of non-controlling stakeholders | 122,494 | 124,597 |
| | **Equity** | **649,508** | **665,478** |
| | | | |
| Note 3.2.-3.4. | Debt | 232,643 | 189,407 |
| | Provisions | 46,373 | 22,062 |
| Note 4.4. | Deferred tax liabilities | 16,125 | 15,274 |
| | Liabilities vis-à-vis subcontractors - bid bonds | 17,323 | 16,866 |
| | **Long-term liabilities** | **312,464** | **243,609** |
| | | | |
| Note 3.2.-3.4. | Debt | 174,773 | 123,168 |
| | Provisions | 22,726 | 34,340 |
| | Liabilities vis-à-vis subcontractors - bid bonds | 151,173 | 154,169 |
| Note 2.2. | Pricing of building contracts - liabilities | 306,167 | 245,957 |
| Note 5.2. | Trade payables | 289,437 | 443,402 |
| Note 5.2. | Other liabilities | 111,749 | 106,145 |
| | **Short-term liabilities** | **1,056,025** | **1,107,181** |

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023 ('000 PLN, unless specified otherwise)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For a 3-month-period ended on 31 March 2022 and for a 3-month-period ended on 31 March 2023 - Unaudited data**

| | Share capital | Own shares | Supplementary capital | Reserve capital | Foreign exchange gains/losses resulting from conversion of foreign unit | Retained earnings | Total | Equity of non-controlling stakeholders | Equity |
|---|---|---|---|---|---|---|---|---|---|
| **As of 1 Jan. 2022** | **1,240** | **(70,000)** | **276,314** | **71,552** | **5,480** | **268,281** | **552,867** | **131,866** | **684,733** |
| Net result in the accounting period | - | - | - | - | - | 179 | **179** | (71) | **108** |
| Comprehensive income in the accounting period | - | - | - | - | 732 | - | **732** | 6 | **738** |
| **Other comprehensive income** | **-** | **-** | **-** | **-** | **732** | **179** | **911** | **(65)** | **846** |
| Capital increase pursuant to the resolution | - | - | (45,000) | 45,000 | - | - | **-** | - | **-** |
| **As of 31 Mar. 2022** | **1,240** | **(70,000)** | **231,314** | **116,552** | **6,212** | **268,460** | **553,778** | **131,801** | **685,579** |
| | | | | | | | | | |
| **As of 1 Jan. 2023** | **1,210** | **(20,000)** | **254,769** | **131,624** | **6,645** | **166,633** | **540,881** | **124,597** | **665,478** |
| Net result in the accounting period | - | - | - | - | - | (13,392) | **(13,392)** | (1,801) | **(15,193)** |
| Comprehensive income in the accounting period | - | - | - | - | (475) | - | **(475)** | (302) | **(777)** |
| **Other comprehensive income** | **-** | **-** | **-** | **-** | **(475)** | **(13,392)** | **(13,867)** | **(2,103)** | **(15,970)** |
| Capital increase pursuant to the resolution | - | | (12,196) | 12,196 | - | - | **-** | - | **-** |
| **As of 31 Mar. 2023** | **1,210** | **(20,000)** | **242,573** | **143,820** | **6,170** | **153,241** | **527,014** | **122,494** | **649,508** |

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023 ('000 PLN, unless specified otherwise)

## CONSOLIDATED CASH FLOW STATEMENT

| | | For the period of 3 months, ended on 31 Mar. 2023 | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|---|
| | | Unaudited data | Unaudited data |
| | **OPERATIONAL CASH FLOWS** | | |
| | Gross profit/loss | (15,002) | 2,462 |
| Note 4.3. | Amortization and depreciation | 8,728 | 7,506 |
| | Foreign exchange losses | (3,096) | (3,518) |
| | Interest and share in profits (dividend) | 8,533 | 321 |
| | Other non-cash adjustments | (630) | (202) |
| | Income tax paid | (5,002) | (4,734) |
| Note 5.3. | Change of working capital balance | (41,410) | (92,580) |
| | **Operational cash flows, net** | **(47,879)** | **(90,745)** |
| | **INVESTMENT ACTIVITY CASH FLOWS** | | |
| | Inflows from credits/loans extended | - | 46 |
| | Other inflows | 1,386 | 264 |
| | Expenditures on the acquisition of tangible fixed assets | (6,171) | (17,660) |
| | Loans extended expense | (1,113) | (7) |
| | Expenditures on the acquisition of shares in companies | (490) | (7,931) |
| | **Investment activity cash flows, net** | **(6,388)** | **(25,288)** |
| | **FINANCIAL ACTIVITY CASH FLOWS** | | |
| | Income from credits and loans taken | 162,855 | 43,513 |
| | Other inflows | 55 | 22 |
| | Debt (principal) repayment expense - principal | (63,815) | (6,552) |
| | Lease debt repayment expense - principal | (4,095) | (2,981) |
| | Debt (interest) repayment expense | (8,613) | (1,150) |
| | Dividend payment | (448) | (500) |
| | **Financial activity cash flows, net** | **85,939** | **32,352** |
| | **NET CASH FLOWS** | **31,672** | **(83,681)** |
| | **Opening cash balance** | **163,961** | **363,210** |
| | **Closing cash balance** | **195,633** | **279,529** |

The Financial Statement comprises icons that represent:


Accounting Policy


Estimates

# 1. BACKGROUND INFORMATION

## 1.1. INTRODUCTION

The Parent Company of Erbud S.A Capital Group ("Group") is Erbud S.A. ("Parent Company"), with its registered office in the City of Warsaw, at ul. Franciszka Klimczaka No. 1.

The Parent Company was entered into the National Court Register on 29 November 2006 under entry No. KRS 0000268667 (District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register) JThe Parent Company has been listed on the Warsaw Stock Exchange since 2007 and has been incorporated into the construction companies index "WIG Construction".

The scope of the Group's activities comprises broadly understood construction and erection services performed on general contractor basis in Poland and in foreign countries. In addition, Erbud S.A. plays the role of a management, advisory and financial centre within the Group. The Group operates in the Polish market and in the markets of other European Union countries.

The duration of the Parent Company and the Group member companies is indefinite.

As of 31 March 2023 and as of the date of the Condensed Consolidated Financial Statements the Parent Company's Management Board consisted of:

Dariusz Grzeszczak – President of the Management Board

Agnieszka Głowacka – Vice-President of the Management Board

Jacek Leczkowski – Vice-President of the Management Board

As of 31 March 2023 and as of the date of the Condensed Consolidated Financial Statements the Parent Company's Supervisory Board consisted of:

Gabriel Główka

Albert Dürr

Michał Otto

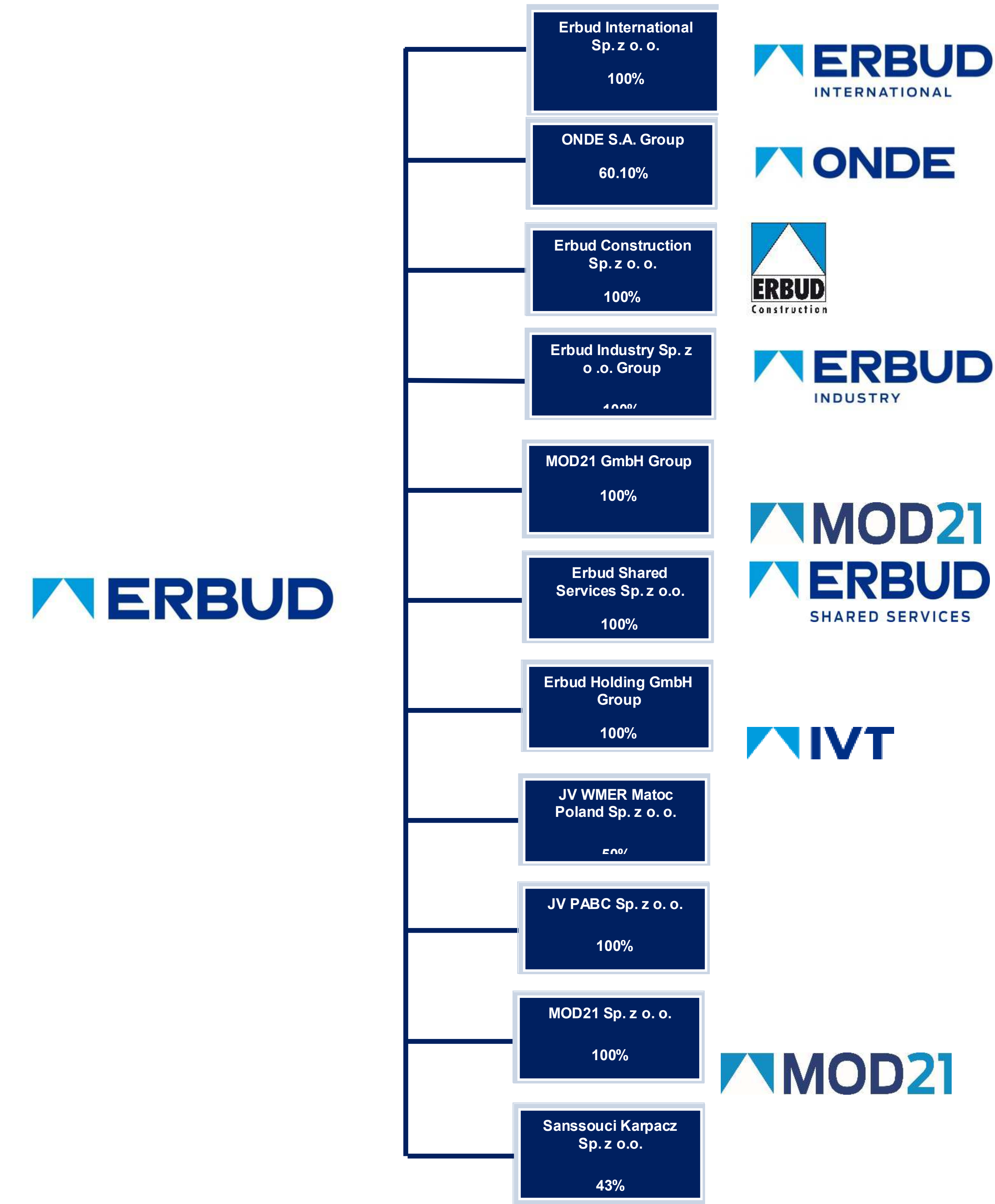
Janusz Reiter

Michał Wosik

Roland Bosch

Beata Jarosz

The Condensed Consolidated Financial Statements of the Erbud S.A. Group are published on the Warsaw Stock Exchange (WSE) website under ESPI/EBI Company Reports.




Detailed organisational structure of the Group is presented in the Note 5.4. The above figure shows the share of Erbud S.A. in the individual member companies of the Erbud S.A. Capital Group as of 31 March 2023.

## 1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

### IFRS Compliance Statement

The Condensed Consolidated Financial Statements were drawn up as of 31 March 2023 in compliance with the International Financial Reporting Standards (IFRS), endorsed by the European Union.

The Condensed Consolidated Financial Statements are presented in Polish currency (Polish zloty, "PLN"), and all values are specified in thousands of Polish zlotys.

The Condensed Consolidated Financial Statement has been drawn up on historical cost basis, except for financial derivatives that were priced at fair value.

This Condensed Consolidated Financial Statement was approved for publication by the Management Board on 9 May 2023.

### Going concern

This Condensed Consolidated Financial Statements have been drawn up following going concern principle applicable to all Group member companies in the foreseeable future. As of the date of approval of this Condensed Consolidated Financial Statement, no signs prevailed indicating a risk to the continuation of Group operations following a going concern principle.

### Impact of armed conflict in Ukraine

Following the Russia's invasion of Ukraine, both the world and Poland faced a fuel crisis and the weakening stock markets and currencies of neighbouring countries. Raw material prices and their availability have become a much bigger issue in the construction business than COVID 19 hazards.

The Management Board monitors on an on-going basis the impact of the political and economic developments in Ukraine, Russia and Belarus on the Group's operations. For more than a year we have been dealing with price hikes of building materials and labour in the Polish market. The Group takes the risk of rising material and labour prices into account in the calculations it makes on an on-going basis. The Management Board is taking measures to reduce the impact of the price shock caused by the conflict in Ukraine, such as diversifying the business geographically as well as by segment, while negotiating contract terms with principals.

### Pricing at fair value

The measure of fair value of an asset or liability the Group takes into consideration the properties of a certain asset or liability, if the market participants take into consideration these characteristics when measuring the assets or liabilities at the measurement date. The Group classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS No. 13. As of the individual balance sheet dates, the Group has no items measured at fair value but discloses fair value for items measured at amortized cost.

### Conversion of items into foreign currencies

The items specified in the Financial Statements are measured in the currency of the core business environment where the entity carries out its operations ("functional currency”). The functional currency of Polish companies within the Group is PLN, whereas the functional currency of German companies is EUR, and the presentation currency of the financial statements is Polish zloty (PLN)

Transactions in foreign currencies are recorded in the books at the time of initial recognition in the value converted into PLN at the average NBP rate prevailing at the transaction date.

At the balancing date cash assets and liabilities denominated in currencies other than Polish zloty are converted into Polish zlotys using the appropriate average exchange rate, effective at the end of the accounting period, determined for a certain currency by the National Bank of Poland. The foreign exchange gains/losses are posted respectively into the line "financial gains (losses)" or in cases defined by accounting principles (policy), are capitalised in the assets value.

The non-cash assets and liabilities recognised at historic cost expressed in foreign currency are posted at historical exchange rate prevailing at the transaction date. Non-cash assets and liabilities are carried at fair value expressed in foreign currency are converted using the exchange rate prevailing at the date of fair value measurement.

## 1.3. THE APPLICATION OF NEW AND AMENDED STANDARDS, AND THEIR INTERPRETATIONS:

Standards and amendments to existing standards have been applied in these Condensed Consolidated Financial statement:

**a) Amendments to IFRS 3 "Business Combinations"**

The amendments to the standard published in May 2020 are intended to update the relevant references to the Conceptual Assumptions in IFRS, without making material changes to business combinations accounting.

**b) Amendments to IAS 16 "Property, Plant and Equipment"**

The amendments to IAS 16 'Property, plant and equipment' regulate the cost of property, plant and equipment and amounts received from the sale of items manufactured during their testing. The amended standard requires that revenue from the sale of test production and the related costs be recognised in the statement of gain or losses eliminating an option of adjusting the value of constructed fixed assets by these amounts.

**c) Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets"**

The amendments to IAS 37 provide clarification on which costs should be taken into account when assessing whether a contract will be loss-making and represents an onerous contract.

**d) Annual Amendments to IFRS 2018 - 2020**

"The annual revision of IFRS 2018-2020" introduces changes to the standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples for IFRS 16 "Lease".

The amendments contain clarifications and describe more precisely the guidelines for standards on recognition and measurement.

In these Condensed Consolidated Financial Statements the Group has not decided to apply earlier the following published standards, interpretations or amendments to the existing standards before their effective date.

**a) IFRS 17 "Insurance Contracts" and amendments to IFRS 17**

The IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on 18 May 2017 and amendments to IFRS 17 were published on 25 June 2020. The new amended standard is effective for annual periods beginning on or after 1 January 2023.

The new IFRS 17 "Insurance Contracts" will replace the current IFRS 4, which permits a variety of practices in the settlement of insurance contracts. The new standard will fundamentally change the accounting for all entities that deal with insurance contracts and investment contracts; however, the scope of the standard is not limited to insurance companies only, and contracts entered into by entities other than insurance companies may also contain an element that complies with the definition of an insurance contract (as defined in IFRS 17).

The above amendment does not have a material impact on the Group.

**b) Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Board Guidance on accounting policy disclosures in practice**

The amendment to IAS 1 requires disclosure of material information about accounting policies, which are defined in the Standard. The amendment clarifies that information about accounting policies is material if, in its absence, users of the financial statements would not be able to understand other relevant information in the financial statements. In addition, the Board's guidance on the application of the concept of materiality in practice has also been revised to provide guidance on the application of the concept of materiality to accounting policy disclosures. The amendment comes into force on 1 January 2023.

The above amendments do not have a material impact on the Group.

### c) Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In February 2021 the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting. The amendment to IAS 8 clarifies, how entities should distinguish between changes in accounting policies and changes in accounting estimates. The amendment comes into force on 1 January 2023.

The above amendments do not have a material impact on the Group.

### d) Amendments to IAS 12 "Income Taxes"

The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning liabilities. Prior to the amendment to the standard, there was ambiguity as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g. the initial recognition of a lease) that has no impact on current tax settlements triggers the recognition of deferred tax balances, or whether the so-called initial recognition exemption applies, which states that deferred tax balances are not recognised, if the recognition of an asset or liability has no impact on the accounting or tax outcome at the time of that recognition. The amended IAS 12 addresses this issue by requiring deferred tax to be recognised in the above situation by additionally stating that the exemption from initial recognition does not apply if an entity simultaneously recognises an asset and an equivalent liability and each creates temporary differences.

The amendment shall apply to financial statements for periods beginning on or after 1 January 2023.

The above amendments do not have a material impact on the Group.

### e) Amendment to IFRS 17 "Insurance Contracts"

This amendment relates to the transitional requirements in connection with the first-time application of IFRS 17 'Insurance Contracts' and IFRS 9 'Financial Instruments'. The purpose of the amendment is to ensure the usefulness of financial information for investors in the period of initial application of the new standard by introducing certain simplifications with regard to the presentation of comparative information.

The amendment applies only to the application of new standard IFRS 17 and does not affect any other requirements set forth in IFRS 17.

The above amendments do not have a material impact on the Group.

### f) Amendments to IFRS 16 "Lease"

In September 2022, the Board amended IFRS 16 'Leases' by supplementing the requirements for subsequent measurement of the lease liability for sale and leaseback transactions, where the criteria of IFRS 15 are met and the transaction should be accounted for as a sale.

The amendment requires the seller-lessee to subsequently measure the lease liabilities arising from a sale-leaseback in such a manner that no gain or loss on retained right-of-use is recognised. The new requirement is particularly relevant where sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from 'lease payments' under IFRS 16. The amended standard includes a new example that illustrates the application of the new requirement to this extent.

The amendment comes into force on 1 January 2024.

At the date of preparation of these consolidated financial statements, the amendment in question had not yet been endorsed by the European Union.

### g) Amendments to IAS 1 "Presentation of Financial Statements"

In 2020, the Board published amendments to IAS 1 that clarify the presentation of liabilities as long- and short-term. In October 2022 the Board issued further amendments to IAS 1, which address the classification of liabilities as long-term and short-term , for which an entity is required to comply with certain contractual requirements known as covenants. The amended IAS 1 standard states that liabilities are classified as either short-term or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor events after the reporting date (for instance, a waiver or breach of covenant) affect the classification.

The published amendments shall apply to financial statements for periods beginning on or after 1 January 2023.

At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

### h) IFRS 14 "Regulatory Deferral Accounts"

This standard allows entities that drawn up financial statements for the first time (on or after 1 January 2016) pursuant to IFRS to recognize amounts resulting from operations with regulated prices, in compliance with the previously applied accounting principles. To enhance comparability with entities that already apply IFRS and do not post such amounts, under published IFRS 14, amounts resulting from operations with regulated prices should be presented separately in both the statement of financial position, in the profit and loss account and the statement of other comprehensive income.

IFRS 14 will not be endorsed by virtue of the European Union's decision.

### i) Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between the investor and its associates or joint ventures

The amendments solve the problem of the current inconsistency between IFRS 10 and IAS 28. Accounting recognition depends on whether non-monetary assets sold or contributed to an associate or joint venture are businesses or not.

Where a non-monetary asset is a 'business', the investor will show a full gain or loss from the transaction. If the assets do not meet the business definition criteria, the investor recognises a gain or loss excluding the portion that represents the interest of other investors.

The amendments were published on 11 September 2014.

As of the date of drawing up these separate financial statements, the endorsement of this amendment is deferred by the European Union.

## 2. BUILDING CONTRACTS

The Group signs fixed-price contracts for the execution of construction contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls, wind farms, power plants, production rooms, and highways.

Income and expenses generated by the building contracts underway are recognized by the Company in pace with the progress of works being made. Some Group member companies measure contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of construction contracts in the period from the Contract Date to the balancing date proportionally to the progress rate of a certain contract performance by way of evaluation of the achieved results and milestones. Some of the companies apply the expenditure-based method i.e. they determine the value of revenue on execution of building contracts in the period from the contract date to the balance sheet date proportionally to the progress rate of execution of a certain contract by calculating the progress rate of works based on the ratio of costs recognized for the contract to the total cost budget prepared for the contract. From thus determined figures the Group deducts revenues and expenses, which affected the financial result in previous years, generating revenues and costs under building contracts executed in the current period. A change of the estimated progress rate of contract execution is treated as a change in estimate and affects the amount of revenues recognized in the period in which the change in estimate was made. If it is not possible to determine progress rate of non-finished service (including construction service) or expected total cost of service delivery in a reliable manner, then the revenues are determined at the level of costs born in a certain accounting period, however, not higher than costs, which are expected to be covered by the employer in the future.

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on construction contract assets are recognized, they are not subject to aging and are treated entirely as current, not past due. The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Group recognizes invoiced revenues in the line "Trade and other receivables" (Note 5.1) The Contractors under building contracts signed with the Group withhold a part of the payments as a performance bond for the contracts. These figures are recognized as "Building contract receivables - bid bonds" and are refundable most often after project completion after the end of the guarantee period.

The Group engages subcontractors to carry out work related to the execution of building contracts. The invoiced costs related to subcontractors' employment are recognized as "Trade payables and other liabilities" (Note 5.2) The Group retains a portion of payments to subcontractors in relation to performance bond, and recognizes it the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

In connection with the execution of building contracts and the difference in time of revenues and expenses recognition for accounting and tax purposes, the deferred income tax assets and liabilities are recognized in the statement of financial position - see Note 4.4.

## 1. BACKGROUND INFORMATION

The Group sets up provisions for contracts with negative margins when it has found out grounds to claim that a given building contract in progress will end with a loss. Provisions are charged into the costs of a given period at the full value of the expected loss on a given contract and are disclosed in the balance sheet under "Provisions".

The Group provides only basic guarantees to its customers, which do not represent a separate duty to perform obligation. The warranty period varies depending on the contract under implementation and the components covered.

The Group engages subcontractors to carry out work related to the execution of building contracts. The Group acts as principal with respect to work performed by subcontractors. The invoiced costs related to subcontractors' employment are recognized in the line "Trade payables (Note 5.2) The Group retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Liabilities vis-a-vis subcontractors - bid bonds"

For certain building contracts executed under joint contractual arrangements in which the Group is the consortium or assignment leader, the Group has assessed that it acts as an intermediary with respect to the work performed by the other partner and which the Group as leader invoices the Employer. The Group defines its role as that of an intermediary under a certain order where it identifies specific goods and services to be delivered and the Group has no control over them before they have been transferred to the customer. When the Group acts as an intermediary, it recognizes revenue upon the fulfillment of its obligation in the contractual amount of the fee or commission to which it will be entitled, in exchange for being commissioned by another party to provide specific services or goods. Due to the nature of the concluded consortia and orders, in which the Group acts as a leader, there are no fees and commissions as described above, hence no revenues are generated in the Group from commissions for invoicing to a customer work performed by another consortium member. The Group recognizes as revenues only the amount of remuneration due for the execution of its scope of work for the customer in adherence to the policy described above.

Payment terms for building contracts provided by the Group, range from 30 to 180 days from the invoice date and for other sales transactions are typically 30 days from the invoice date. Accordingly, the signed contracts do not contain a significant financing component except for the amounts invoiced for building contracts, which are repaid at a later date as they represent deposits retained by the customer. The amounts retained under individual invoices represent a maximum of 10% of the remuneration for the contract execution and are subject to release for a period of up to 5 years once the contract has been completed. Revenues under the building contracts for the portion that is retained as a bid bond is recognized at a discounted amount.

## 1. BACKGROUND INFORMATION

The application of the performance-based or expenditure-based method to recognize revenues and expenses under the building contracts requires an estimated work progress rate under a certain contract, i.e., the measurement of completed work at the balance sheet date (performance-based method) or an estimate of the total cost budget under a certain contract (expenditure-based method).

Performance-based method:

The physical quantity survey, used to determine the progress in contract performance, is taken by the construction site personnel. The quantity survey is carried out separately for each scope of works, i.e. elements or stages of the contract underway, according to the measures assigned to them (mainly $m^2$, kg and pcs.).

The Company has adequate control processes in place to ensure that the calculation of actual project outcome is based on current and reliable estimates of the quantity survey, subject to verification and approval by designated persons. The quantity survey made by construction site personnel is subject to verification by the branch manager responsible for the construction site, and then additionally by the Group's internal audit department.

Expenditure-based method:

Cost budgets for certain contracts are prepared by the Group Management in the bidding phase and updated during the financial year or when the grounds for revision of the cost or revenue budget have been identified. If between official budget revisions there are events that have material impact on contract performance, the value of total revenues or contract costs is updated on an ongoing basis, i.e. changes in the scope of the contract are reflected in the Group's internal system immediately after they are negotiated by the Group with the customer.

The Group keeps track of projects being implemented - construction contracts in the internal system used for project management. Information concerning certain contract, its progress rate, is entered into the system by the Contract/Site Manager and then approved by the Branch Manager responsible for the construction site. The budgets of individual contracts are formally updated (revised) during the year based on current information and then they are approved by the Management Board. If between official budget revisions there are events that have material impact on contract performance, the value of total revenues or contract costs is updated on an ongoing basis, i.e. changes in the scope of the contract are reflected in the Group's internal system immediately after they are negotiated by the Group with the customer.

### 2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

The income and expenses figures under building contracts for the accounting period and on YTD basis are presented in the table below.

| | For the period of 3 months, ended on 31 Mar. 2023 | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|
| | Contracts in the period | Contracts in the period |
| **Figures recognised in the period** | | |
| Income under building contracts, YTD | 608,015 | 666,975 |
| Costs under building contracts, | 577,747 | 629,393 |
| **Net income before recognition and settlement of provisions for the contracts generating liabilities** | **30,268** | **37,582** |
| Setting up provisions for the contracts generating liabilities | 3,049 | 1,726 |
| **Gross profit/loss** | **27,219** | **35,856** |
| **Gross profit margin** | | |
| excluding provisions for the contracts generating liabilities | 5% | 6% |
| including provisions for the contracts generating liabilities | 4% | 5% |

Gross profit margin is defined as gross profit on sales divided by sales revenues.

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# 1. BACKGROUND INFORMATION

## 2.2. DETERMINATION OF OUTSTANDING AMOUNT RELATED TO NON-COMPLETED BUILDING CONTRACTS

| | 31 Mar. 2023 | 31 Dec. 2022 |
|---|---|---|
| Revenues under non-completed building contracts YTD | 5,879,698 | 5,463,874 |
| Invoiced receivables from customers, YTD (excl. advances) | 5,651,394 | 5,261,616 |
| **Balance of payments under non-completed building contracts** | **228,304** | **202,258** |
| of which: | | |
| (1) Assets for completed, non-invoiced construction works, gross | 331,482 | 307,488 |
| Asset impairment write-off under building contracts | (2,843) | (2,843) |
| (1a) Assets for completed, non-invoiced construction works, net | 328,639 | 304,645 |
| (2) Payables for non-completed invoiced construction works - liabilities under building contracts | 100,335 | 102,387 |
| Costs related to building contracts, YTD | 3,742,368 | 3,450,360 |
| Losses posted on YTD basis | - | - |
| Subcontractor expense and own expenses on a YTD basis. | 3,762,546 | 3,500,604 |
| **Balance of payments under building contracts** | **20,178** | **50,244** |
| of which: | | |
| (3) Assets for non-completed, invoiced construction works of the subcontractors | 121,157 | 126,368 |
| (4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors | 100,979 | 76,124 |
| **Balance of payments under building contracts** | **248,482** | **252,502** |
| of which: | | |
| **Pricing of building contracts - assets - TOTAL** | **449,796** | **431,013** |
| Pricing of building contracts - balance settlement (2)+(4) | 201,314 | 178,511 |
| Building contract liabilities - advanced paid | 104,853 | 67,446 |
| **Pricing of building contracts - liabilities - TOTAL** | **306,167** | **245,957** |

At all dates that are initial dates of the periods indicated in the table above, the total opening balances were recognized as revenues in the period.

Changes in the value of assets and liabilities from the pricing of contracts result from the specific nature of settlement of building contracts and invoicing schedules for individual contracts.

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## 2. BUILDING CONTRACTS

## 3. CAPITAL AND DEBT MANAGEMENT

### 3.1. CAPITAL MANAGEMENT

Share capital comprises common stock and is carried at par value (in adherence to the Articles of Association of the Parent Company and an entry made into the National Court Register).

Share premium is the amount equal to the surplus of price for acquisition of shares in Parent Company above their nominal value. It is recognised in the line "Share premium reserve capital".

Other supplementary capitals are set up mainly from retained earnings including amounts obligatorily appropriated to the reserve capital in accordance with the requirements of the Commercial Companies Code.

Reserve capitals are created from retained earnings for the purposes indicated in the Articles of Association.

Equity allocated to the non-controlling interests represents a part of equities of subsidiaries covered with full consolidation that belongs to other stakeholders than the entities that are Group members.

Net profit (loss) of subsidiaries partially owned by the stakeholders other than members of the Group represents profit (loss) of the non-controlling interests.

The Company's supplementary capital is set up in accordance with the provisions of the Polish Commercial Companies Code and the decisions of the shareholders. Pursuant to the Commercial Companies Code, a supplementary capital should be set up to cover losses, that should account for at least 8% of the profit for a certain accounting year, until the supplementary capital reaches at least one third of the share capital. the supplementary capital set up in this manner is not subject to distribution. The General Meeting of Shareholders decides on the use of the supplementary and reserve capital, however, a part of the supplementary capital may be used only to cover the loss reported in the financial statements and is not subject to distribution into other purposes.

The Group manages its capital structure and as a result of changes in economic conditions, it modifies its capital structure. In order to maintain or adjust the capital structure, the Group may manage appropriately the dividend payment to shareholders or issue to new shares.

The main objective of the Group's capital management is to maintain a good credit rating and safe equity ratios in order to support the Group's operations and enhance shareholders' value.

### Share capital

As of 31 March 2023, the share capital consisted of 12,096,502 shares with a total value of PLN 1,209,650.20, and the structure of shareholders holding over 5% of the share capital and members of the Management Board and entities controlled by them was as follows:

| Shareholder | No. of shares | % shareholding in share capital |
|---|---|---|
| Wolff & Müller Baubeteiligungen GmbH & Co. KG | 3,592,950 | 29.70% |
| Wolff & Müller Holding GmbH & Co. KG | 261,887 | 2.16% |
| Durr Holding GmbH | 12,712 | 0.11% |
| DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak | 1,321,553 | 10.93% |
| NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE) | 1,200,000 | 9.92% |
| Allianz OFE, Allianz DFE, Second Allianz OFE | 764,935 | 6.32% |
| Dariusz Grzeszczak | 1,231,907 | 10.18% |
| PKO BP Bank Open-Ended Pension Fund | 715,279 | 5.91% |
| Jacek Leczkowski | 5,112 | 0.04% |
| Agnieszka Głowacka | 3,938 | 0.03% |
| Albert Dürr | 13,642 | 0.11% |
| Roland Bosch | 10,000 | 0.08% |
| ERBUD SA - own shares without voting rights at General Meeting of Shareholders | 166,666 | 1.38% |
| Other shareholders | 2,795,921 | 23.11% |

Condensed Consolidated Financial Statement as of 31 March 2023*('000 PLN, unless specified otherwise)

## 2. BUILDING CONTRACTS

| | | |
|---|---|---|
| **Total** | **12,096,502** | **100%** |

The Company's Articles of Association do not grant the shareholders, referred to hereinabove, any personal rights vis-à-vis Erbud S.A., and in particular do not grant the right to appoint members neither Company's Management nor Supervisory Boards.

The number of shares making up the approved capital equals to the number of shares issued. The par value per share for all share series is PLN 0.10. No shares were reserved for the purposes of the issue related to the exercise of put options. All issued shares are ordinary non-preference shares. There are no limitations on rights to shares or limitations on share transferability.

As of 31 March 2023 and the date of publication of this report, ERBUD SA holds 166,666 of own shares, that account for 1.38% of total shareholders' equity.

The 166,666 shares referred to hereinabove have not yet been redeemed by the Company, so the share capital remains unchanged at PLN 1.209.650,20.

Basic earnings per share are calculated by dividing net profit /(loss) for the period, allocated to ordinary shareholders of the Company, by the weighted average number of the issued ordinary shares over the accounting period. Own shares bought back by the Company for redemption are excluded from the calculation of the weighted average number of shares for the periods presented.

For purposes of calculating diluted earnings per share, net income/(loss) for the reporting period attributable to ordinary shareholders and the weighted average number of ordinary shares for the accounting period are adjusted for the effect of all diluting potential ordinary shares. Diluted earnings per share is equal to basic earnings per share as the Company has no dilutive instruments.

Stock split effected both during and after the accounting period adjust the weighted average number of ordinary shares for purposes of computing basic and diluted earnings per share for all periods presented.

| | For the period of 3 months, ended on 31 March 2023 | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|
| Net profit/loss attributable to the shareholders of the Parent Company | (13,392) | 179 |
| Average weighted number of ordinary shares (in pcs.) | 11,929,836 | 12,096,502 |
| **Basic and diluted earnings per share (in PLN)** | **(1.12)** | **0.01** |

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023*('000 PLN, unless specified otherwise)

## 3.2. CREDIT AND LOAN LIABILITIES

Credit and loan liabilities are initially recognized at fair value less transaction costs. At each balancing date, credits and loans are priced at amortized cost using effective interest rate.

| | 31 Mar. 2023 | 31 Dec. 2022 |
|---|---|---|
| **Long-term** | | |
| Bank loans | 89,560 | 44,035 |
| Loans | 2,767 | 2,308 |
| | **92,327** | **46,343** |
| **Short-term** | | |
| Overdraft facilities | 42,903 | 26,582 |
| Bank loans | 108,664 | 72,460 |
| Loans | 1,775 | 1,792 |
| | **153,342** | **100,834** |
| **Total credit and loan liabilities** | **245,669** | **147,177** |

Loans and borrowings shown as long-term and short-term bear interest at WIBOR 3M + 1.35% - 3.5%, 3M EURIBOR + 1.9 - 2.2%. ON WIBOR +2.2% and 10% per annum.

As of the specified balance sheet dates, the fair value of loans and advances was not materially different from the amortized cost measurement. The fair value of credits and loans is estimated using DCF models based on cash flows reflecting the repayment schedule of loans granted. The discount rate was assumed to be WIBOR 1M per day plus a fixed percentage expressing the risk premium. Long-term credits and loans measured at amortized cost are classified at Level 2 of the fair value hierarchy.

### Covenants

After the balance sheet date, annexes to the loan agreements were signed with the financing banks, which modified the calculation of the financial ratios (covenants). The profitability ratio is calculated as EBITDA (formerly EBIT) divided by Sales Revenue. The ratio limit remained unchanged - a minimum of 1%.

| | As of | |
|---|---|---|
| | 31 Mar. 2023 | 31 Mar. 2022 |
| **"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity.** | **0.31** | **(0.10)** |
| Consolidated long-term and short-term debt | 407,416 | 247,585 |
| Cash assets | 221,958 | 309,547 |
| Adjusted equity by goodwill and intangible assets | 594,658 | 633,769 |

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023*('000 PLN, unless specified otherwise)

## 2. BUILDING CONTRACTS

### 3.3. DEBT RELATED TO ISSUED BONDS

Liabilities related to issued bonds are initially recognized at fair value less transaction costs. At each balancing date, the issued bond liabilities are priced at amortized cost using effective interest rate.

As of balance sheet date, the Group had the following outstanding debt in relation to issued bonds posted into long-term liabilities:

| Issue date | Type of issued bonds | Currency | Interest rate | Maturity date | Purpose of financing | Par value of shares | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---|---|---|---|---|---|---|---|
| 23 Sept. 2021 | D-series bearer shares, dematerialized, unsecured | functional | WIBOR 6M + 2.6% | 23 Sept. 2025 | financing of an increased working capital requirement | | 75,586 | **75,586** |
| | | | **Total bond liability as of 31 March 2023 of which:** | | | | **75,586** | **75,586** |

The item Consolidated long-term and short-term debt represents the sum of debt due to loans, borrowings, leases and bonds issued.

The item "Cash" represents the sum of cash and cash equivalents, cash held in a VAT account and restricted cash.

The item "Equity adjusted with goodwill and intangible assets" represents the value of equity less goodwill and intangible assets.

### 3.4. LEASE LIABILITIES

| | | 31 Mar. 2023 | 31 Dec. 2022 |
|---|---|---|---|
| **Period** | | **Nominal value of minimum payments** | **Nominal value of minimum payments** |
| Below 1 year | Short-term | 24,196 | 24,574 |
| Above 1 year | Long-term | 73,558 | 74,914 |
| **Nominal value of minimum payments** | | **97,754** | **99,488** |
| Future lease costs | | 11,593 | 9,676 |
| **Present value of minimum payments** | | **86,161** | **89,812** |
| Below 1 year | Short-term | 21,431 | 21,748 |
| Above 1 year | Long-term | 64,730 | 68,064 |

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# 4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

## 4.1. ALTERNATIVE PERFORMANCE MEASURES

The Management Board analyses segment performance using Key Performance Indicators such as EBIT, adjusted EBIT, EBIT margin, adjusted EBIT margin and EBITDA and adjusted EBITDA. The Management Board of the Group considers the aforementioned measures as important additional performance measures and therefore presents them in the report next to the measures defined by IFRS. It should be borne in mind that EBIT, as well as EBIT and EBITDA margins these are not KPIs defined in IFRS and they do not represent standardized measures, therefore their calculation methods may differ from one entity to another in the market. Accordingly, these KPIs should not be analysed in isolation or as substitutes for measures defined by IFRS.

EBITDA and EBIT are measures showing the results achieved by the Group after eliminating the impact of income tax, financing costs and income and in the case of EBITDA, depreciation and amortization.

EBITDA is defined as profit after tax (net income), plus income tax expense, finance costs and depreciation and amortization, less financial income. The adjusted EBITDA is defined as EBITDA after taking out one-off events.

The Group defines EBIT as profit after tax (net income), plus income tax burdens, finance costs less finance income. The adjusted EBIT is defined as EBIT after taking out one-off events.

The EBIT margin is a measure that shows the Company's profitability ignoring the impact of income taxes and finance costs and revenues. The Group defines EBIT margin as EBIT divided by sales revenues of goods and services.

The Group defines adjusted EBIT and adjusted EBITDA as EBIT and EBITDA, respectively, adjusted for the impact of one-off transactions (e.g., the net income from the sales of subsidiary shares)

| | 31 Mar. 2023 | 31 Mar. 2022 |
|---|---|---|
| **Net profit /(loss) for the accounting period** | **(15,193)** | **108** |
| Income tax | 191 | 2,354 |
| **Gross profit** | **(15,002)** | **2,462** |
| Share in net profits/losses of equity-accounted subsidiaries | (148) | (115) |
| Financial expenses | 10,639 | 4,657 |
| Financial income | 3,550 | 2,509 |
| **EBIT** | **(7,765)** | **4,725** |
| Amortization and depreciation | 8,728 | 7,506 |
| **EBITDA** | **963** | **12,231** |
| Revenues from sales of products and services | 720,580 | 763,949 |
| **EBIT margin** | **(1%)** | **1%** |

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## 4.2. ACCOUNTING SEGMENTS

Based on the management accounting presented to the main operational decision-maker (i.e. the Management Board of the Parent Company), the Company identified eight basic accounting segments:

- residential/commercial buildings at home,
- residential/commercial buildings in foreign countries,
- road engineering construction services
- industrial construction segment at home
- industrial construction segment in foreign countries
- renewable energy sources segment
- modular timber construction,
- other segments.

The operations were broken down into individual segments by classifying the significance of operations into the segment. Such a breakdown corresponds to the distribution of the main risks and returns on expenses incurred.

The financial data prepared for the purposes of management reporting, which is the basis for data on reportable segments, follows the same accounting principles as those applied to the preparation of the Group's Separate Financial Statements.

Management analyses segment performance using key performance indicators such as EBIT, EBIT and EBITDA margins and the aforementioned measures adjusted appropriately for the effect of one-off events.

The estimates presented in prior periods have not materially changed from the historical information drawn up as of 31 March 2022.

**Key information on segments in the accounting periods January 2023 - December 2023 and January 2022 - December 2022.**

The Group operates in Poland and abroad (in Germany, Belgium, France, Austria and in Lithuania). Revenues from external customers and assets in any country other than Poland are not significant, therefore they were aggregated in the total line and disclosed as "Foreign operations".

| | For the period of 3 months, ended on 31 March 2023 | | | For the period of 3 months, ended on 31 Mar. 2022 | | |
|---|---|---|---|---|---|---|
| | At home (Poland) | Foreign countries | Total | At home (Poland) | Foreign countries | Total |
| Sales to third party customers, of which: | 617,857 | 102,723 | **720,580** | 647,896 | 116,053 | **763,949** |
| Accrued and deferred income | 580,165 | 27,850 | **608,015** | 623,981 | 42,994 | **666,975** |
| Income recognized at a certain point in time | 37,692 | 74,873 | **112,565** | 23,915 | 73,059 | **96,974** |
| Fixed assets other than financial instruments and deferred tax assets | 418,005 | 51,567 | **469,572** | 246,448 | 52,377 | **298,825** |

ERBUD Condensed Consolidated Financial Statement as of 31 March 2023 ('000 PLN, unless specified otherwise)

Data concerning revenues and results as well as assets and liabilities in individual accounting segments are presented in the table below.

| | | | | | | | | | For the period of 3 months, ended on 31 Mar. 2023 |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic building construction | Residential/commercial buildings in foreign countries | Road engineering construction | Industrial construction segment at home | Industrial construction segment in foreign countries | Renewable energy sources segment | Modular timber construction | Other segments | Total continued activities |
| Sales to third party customers | 401,857 | 24,826 | 47,270 | 34,820 | 73,884 | 134,287 | 2,029 | 1,607 | **720,580** |
| **Total sales revenues** | **401,857** | **24,826** | **47,270** | **34,820** | **73,884** | **134,287** | **2,029** | **1,607** | **720,580** |
| **Segments' performance and reconciliation with gross profit of the Group** | | | | | | | | | |
| Cost of goods sold (COGS) | 383,250 | 22,121 | 43,838 | 32,345 | 63,497 | 129,210 | 1,875 | 807 | **676,943** |
| **Sales margin** | **18,607** | **2,705** | **3,432** | **2,475** | **10,387** | **5,077** | **154** | **800** | **43,637** |
| Sales margin % | 5% | 11% | 7% | 7% | 14% | 4% | 8% | 50% | 6% |
| Other operating profit/loss | (17,444) | (3,137) | (2,362) | (2,523) | (7,318) | (9,701) | (8,135) | (782) | **(51,402)** |
| **Segment performance – EBIT** | **1,163** | **(432)** | **1,070** | **(48)** | **3,069** | **(4,624)** | **(7,981)** | **18** | **(7,765)** |
| EBIT margin | 0% | (2%) | 2% | 0% | 4% | (3%) | (393%) | 1% | (1%) |
| Share in net profits/ (losses) of equity-accounted subsidiaries | | | | | | | | | **(148)** |
| Profit (loss) on financial activities (financial income less financial expenses) | | | | | | | | | **(7,089)** |
| **Gross profit/loss** | | | | | | | | | **(15,002)** |
| Income tax | | | | | | | | | **191** |
| **Net profit/loss** | | | | | | | | | **(15,193)** |
| Amortization and depreciation | 2,795 | 401 | 900 | 1,295 | 1,181 | 723 | 625 | 808 | **8,728** |
| **Segment performance – EBITDA** | **3,958** | **(31)** | **1,970** | **1,247** | **4,250** | **(3,901)** | **(7,356)** | **826** | **963** |

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| | | | | | | | | | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic building construction | Residential/commercial buildings in foreign countries | Road engineering construction | Industrial construction segment at home | Industrial construction segment in foreign countries | Renewable energy sources segment | Modular timber construction | Other segments | Total continued activities |
| **Total income** | | | | | | | | | |
| Sales to third party customers | 413,934 | 39,464 | 40,961 | 55,333 | 76,589 | 137,424 | 122 | 122 | **763,949** |
| **Total sales revenues** | **413,934** | **39,464** | **40,961** | **55,333** | **76,589** | **137,424** | **122** | **122** | **763,949** |
| **Segments' performance and reconciliation with gross profit of the Group** | | | | | | | | | |
| Cost of goods sold (COGS) | 396,404 | 38,615 | 38,801 | 51,698 | 61,717 | 127,201 | - | (140) | **714,296** |
| **Sales margin** | **17,530** | **849** | **2,160** | **3,635** | **14,872** | **10,223** | **122** | **262** | 49,653 |
| Sales margin % | 4% | 2% | 5% | 7% | 19% | 7% | - | 214% | 6% |
| Other operating profit/loss | (15,987) | (3,574) | (2,619) | (3,658) | (6,900) | (8,681) | (2,870) | (640) | **(44,928)** |
| **Segment performance – EBIT** | **1,543** | **(2,725)** | **(459)** | **(22)** | **7,972** | **1,542** | **(2,748)** | **(378)** | **4,725** |
| EBIT margin | 4% | (7%) | (1%) | 0% | 10% | 1% | (2252%) | (310%) | **1%** |
| Share in net profits/losses of equity-accounted subsidiaries | | | | | | | | | **(115)** |
| Profit (loss) on financial activities (financial income less financial expenses) | | | | | | | | | **(2,148)** |
| **Gross profit/loss** | | | | | | | | | **2,462** |
| Income tax | | | | | | | | | **2,354** |
| **Net profit/loss** | | | | | | | | | **108** |
| Amortization and depreciation | 2,964 | 360 | 971 | 812 | 1,149 | 859 | 226 | 165 | **7,506** |
| **Segment performance – EBITDA** | **4,507** | **(2,365)** | **512** | **790** | **9,121** | **2,401** | **(2,522)** | **(213)** | **12,231** |

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## 4.3. COST OF GOODS SOLD (COGS)

| | For the period of 3 months, ended on 31 Mar. 2023 | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|
| Third party services | 407,171 | 398,820 |
| including third party services from subcontractors | 341,824 | 298,566 |
| Material and energy consumption | 164,915 | 211,866 |
| Employee benefit expenses | 116,261 | 112,388 |
| Amortization and depreciation | 8,728 | 7,506 |
| Taxes and charges | 4,032 | 4,976 |
| Other cost categories | 5,024 | 6,961 |
| Value of goods and materials sold | 841 | 571 |
| **Total costs by category** | **706,972** | **743,088** |
| Change in the balance of products, work in progress and accrued expenses under building contracts | 22,096 | 17,393 |
| Cost of sales (negative value) | (3,849) | (2,764) |
| General management and administration costs (negative value) | (48,276) | (43,421) |
| **Manufacturing costs of products sold** | **676,943** | **714,296** |

## 4.4. TAXATION

The burdening of net financial income with income tax is recognized based on Company Management's estimate of the weighted average effective annual income tax rate expected for the full accounting year. The estimated average annual tax rate for the accounting period is -1.27% compared to 95.62% to the overall period of last year.

The Group generates all of its taxable income in Poland and is therefore subject to taxation under the Corporate Income Tax ("CIT") Act. The standard corporate income tax rate is 19%. In the areas where tax regulations are subject to interpretation, the Management Board reviews occasionally its approach to drawing up tax returns. In justified cases, provisions are set up for expected tax liabilities.

The determination of the effective income tax rate is presented in the table below:

| | For the period of 3 months, ended on 31 Mar. 2023 | For the period of 3 months, ended on 31 Mar. 2022 |
|---|---|---|
| **Gross profit before taxation** | **(15,002)** | **2,462** |
| **Tax according to the statutory tax rate applicable in Poland - 19%** | **(2,850)** | **468** |
| Additional tax burden being a result of a rate exceeding 19% in Germany | 1,640 | 2,279 |
| Excess of non-taxable income over non-deductible expenses | - | (393) |
| Permanent differences - non-tax deductible costs | 1,401 | - |
| **Tax recognized in the financial net profit/loss** | **191** | **2,354** |
| Current tax | 5,068 | 11,091 |
| Deferred tax | (4,877) | (8,737) |
| **Effective tax rate** | **(1.27%)** | **95.62%** |

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The table below presents changes in deferred tax assets and liabilities in the accounting year:

| | 1 Jan. 2022 | Impact as of Net profit/loss | Impact as of Other comprehensive income | 31 Dec. 2022 | Impact as of Net profit/loss | Impact as of Other comprehensive income | 31 Mar. 2023 |
|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | |
| Pricing of building contracts - liabilities and taxable work in progress | 70,730 | 42,591 | - | 113,321 | 79 | - | 113,400 |
| Provisions | 11,684 | 1,192 | - | 12,876 | (378) | - | 12,498 |
| Tax loss | 3,139 | 5,876 | - | 9,015 | (235) | - | 8,780 |
| Special Economic Zone's support | - | 16,800 | - | 16,800 | - | - | 16,800 |
| Accrued wages and salaries, and charges | 2,599 | (1,627) | - | 972 | (896) | - | 76 |
| Receivables revaluation write-downs | 5,979 | 5,804 | - | 11,783 | 3,348 | - | 15,131 |
| Other financial liabilities | 3,563 | (1,553) | - | 2,010 | 336 | - | 2,346 |
| Deferred expenses | 693 | 345 | - | 1,038 | (721) | - | 317 |
| Other | 2,234 | 3,836 | 87 | 6,157 | 944 | (43) | 7,058 |
| **Total** | **100,621** | **73,264** | **87** | **173,972** | **2,477** | **(43)** | **176,406** |
| **Deferred tax liabilities** | | | | | | | |
| Pricing of building contracts - assets | 46,151 | 32,296 | - | 78,447 | (7,178) | - | 71,269 |
| Conversion of assets into fair value | 11,127 | (214) | 7,146 | 18,059 | (176) | 55 | 17,938 |
| Balance sheet pricing and liabilities discount | 988 | 930 | - | 1,918 | (475) | - | 1,443 |
| Accrued interest on debt | 754 | 807 | - | 1,561 | 410 | - | 1,971 |
| Accrued revenues | 487 | (370) | - | 117 | 9 | - | 126 |
| Other | 2,215 | 4,482 | 89 | 6,786 | 5,010 | (10) | 11,786 |
| **Total** | **61,722** | **37,931** | **7,235** | **106,888** | **(2,400)** | **45** | **104,533** |
| Assets and liabilities set off | 61,722 | | | 91,614 | | | 88,408 |
| **Post-set-off balance** | **35,097** | | | **97,632** | | | **104,123** |
| Assets | 33,524 | | | 82,358 | | | 87,998 |
| Liabilities | 1,573 | | | 15,274 | | | 16,125 |
| **Net impact of changes in the period** | | **35,333** | **(7,148)** | | **4,877** | **(88)** | |

In the year ended on 31 March 2023 and 31 December 2022 there were no negative temporary differences on which no deferred tax assets were recognised.

## 4.5. FINANCIAL RISK MANAGEMENT PRINCIPLES

While running its operations, the Group is exposed to the following significant types of financial risk: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The ERBUD S.A.'s Management Board is responsible for determining the rules for the management of such risks and for verifying them.

### 4.5.1. MARKET RISK – CURRENCY RISK

While performing its core operations, the Group does not enter into building contracts that are denominated in EUR.

With regard to receivables and liabilities arising from material purchase contracts concluded under which payments will be made in EUR and with respect to EUR-denominated loans granted, the Group has determined that risk is immaterial.

### 4.5.2. MARKET RISK – INTEREST RATE RISK

The interest rate risk occurs mainly in connection with debt financing, i.e. bank credits and loans (Note 3.2), issued bonds (Note 3.4) and financial lease products (Note 3.4), used by the Group.

In addition, the Group invests idle cash partly into variable interest rate deposits and extends mainly variable interest rate loans.

Assets and liabilities bearing interest at variable interest rates expose the Group to the risk of cash flow volatility. Meanwhile assets and liabilities bearing fixed rate exposes ERBUD to the risk of fair value volatility, however, owing to the fact that the Group does not measure these items at fair value, this impact is not reflected in the financial statements.

The Group monitors the exposure to interest rate risk and prepares interest rate forecasts.

**Trade receivables and building contract assets**

To protect against credit risk resulting from receivables under construction contracts (i.e. trade receivables, receivables under construction contracts - bid bonds and valuation of construction contracts), the Group has in place a policy of assessing and verifying credit risk related to all contracts, both in the pre-tendering phase and during contract execution. Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

The Group has no credit risk concentration in relation to trade receivables and receivables under construction contracts - in relation to bid bonds and valuation of construction contracts.

Changes in the write-down of receivables are presented in the Note 5.1.

### 4.5.3. LIQUIDITY RISK

In order to reduce the risk of liquidity loss, the Group maintains an appropriate amount of cash and transferable securities as well as enters into credit line agreements, which serve as additional liquidity security. To finance investment purchases, the Group uses own funds or long-term financial lease contracts, ensuring adequate sustainability of the financing structure for this type of assets.

The Group pursues 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.

### 4.5.4. CLIMATE RISK

The Erbud Group monitors the impact of climate risks on the Group's operations and, at present, does not identify any significant impact of climate factors on its operations. The Erbud Group has consistently pursued its ESG strategy, adhering to the required environmental aspects, investing in the development of projects in the RES industry, as well as in timber construction.

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# 5. OTHER NOTES

## 5.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

In the trade receivables as well as other receivables category the ERBUD Group recognised mainly trade receivables from non-related entities (mainly due to issued invoices in relation to the construction contracts executed by the Group) and budget receivables, including corporate income tax receivables and tax on goods and services receivables.

**Trade receivables**, with maturity typically from 30 to 180 days, are recognized at their nominal value, i.e. according to the amounts originally invoiced. Trade receivables are held for collection and meet the SPPI test, therefore, as of the balance sheet date, these items are measured at amortized cost, including any write-off.

IFRS 9 requires the estimation of expected loss for trade receivables, regardless of whether there was any indication of impairment or not. For trade receivables, the Group uses the simplified approach and measures impairment losses at the amount of credit losses expected over the life of the receivable from moment of initial recognition. For trade receivables that have been assessed as not impaired based on the portfolio analysis performed, the estimation of impairment losses, if any, is based on the use of an write-off matrix where write-offs are calculated for trade receivables classified into different aging categories (past due periods) using a default rate. The default rate is determined based on historical data (calculated on the basis of the last 5 years) adjusted for the impact of future factors.

In the same manner the Group calculates the allowance for expected credit losses for deposit receivables and construction contract assets in an analogous manner; balances that are not past due are included in the "not past due" category in the write-off matrix, and the write-off is calculated taking into account the default rate for not past due receivables.

For trade receivables with indications of impairment (e.g. disputed receivables), specific additional write-offs were set up depending on the assessment of their recoverability.

If the value of money in time is material (applies to the bid bonds receivables) the value of receivables is determined through discounting projected future cash flows to the present value, using a gross discount rate reflecting current market-based appraisals of time value of money. If the discounting method has been applied, the increase of receivables caused by time elapse is  posted as financial gains.

| | 31 Mar. 2023 | | | 31 Dec. 2022 | | |
|---|---|---|---|---|---|---|
| | Gross value | Write-down | Net value | Gross value | Write-down | Net value |
| Trade receivables | 610,449 | 47,835 | 562,614 | 699,549 | 47,966 | 651,583 |
| Receivables from corporate income tax | 22,103 | - | 22,103 | 18,568 | - | 18,568 |
| Other budget receivables | 43,791 | - | 43,791 | 49,810 | - | 49,810 |
| Other receivables | 23,664 | 1,210 | 22,454 | 24,368 | 1,210 | 23,158 |
| **Total** | **700,007** | **49,045** | **650,962** | **792,295** | **49,176** | **743,119** |

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Modifications of the write-off for trade receivables are presented in the table below.

| | For the period of 3 months, ended on 31 Mar. 2023 | For the period of 12 months, ended on 31 Dec. 2022 |
|---|---|---|
| **Opening balance of write-downs** | **49,176** | **47,143** |
| Setting up/(reversal)of individual write-offs | (99) | 901 |
| Setting up /(reversal) of write-offs according to write-off matrix | - | 2,059 |
| Use of individual write-offs | - | (1,155) |
| Other | (3) | 48 |
| FX gains and losses from translation | (29) | 180 |
| **Closing write-offs, of which:** | **49,045** | **49,176** |
| Matrix-based calculated write-off | 10,974 | 11,105 |
| Individual write-off | 38,071 | 38,071 |

For the remaining disputable receivables write-offs were set up based on estimated Discounted Cash Flows.

The Group is exposed to credit risk and foreign currency risk arising from trade receivables. However, there is no concentration of credit risk related to trade receivables since the Group has a large number of domestic customers. All receivables, except for those individually written off, are rated by the Group as having the highest internal credit rating. For all receivables except those written-off individually, the Group estimates a write off for expected credit losses in an amount equal to 12 months expected credit losses.

## 5.2. TRADE PAYABLES, OTHER LIABILITIES

Trade payables and other liabilities include primarily trade payables to non-related parties, advances received, payroll liabilities and tax liabilities.

**Trade payables** are initially carried at fair value (corresponding to the nominal value) and as of the balance sheet date they are priced at amortized cost.

**The received advance payments** refer mainly to payments from contractors for the performance of construction contracts and are recognized at the nominal value of the payment received.

**Wage and salary payables**are recognized at the value due for the work performed, accrued in accordance with the concluded contracts.

**Tax liabilities** (including tax on goods and services, corporate income tax, personal income tax) are recognized at the amount requiring payment by the Group in compliance with the effective and applicable legislation.

**Short-term employee benefit liabilities**

This category comprises provisions for non-utilized holidays. The basis for calculation of provision for non-utilized leave is the specification of non-utilized leave days at a certain balancing date broken down by employees and their daily gross salary plus social contribution surcharges paid by the Employer.

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| | 31 Mar. 2023 | 31 Dec. 2022 |
|---|---|---|
| Trade payables | **289,437** | **443,402** |
| including to related entities | 1,952 | - |
| Liabilities vis-à-vis budget in relation to: | **57,202** | **47,007** |
| VAT tax | 17,434 | 10,404 |
| corporate income tax | 22,546 | 19,394 |
| personal income tax | 4,219 | 4,836 |
| Social insurance contribution | 11,224 | 10,752 |
| real estate tax | 640 | 2 |
| State Fund for the Rehabilitation of the Disabled | 216 | 224 |
| Employee Capital Plans (PPK) | 328 | 115 |
| holiday accrual (Belgium tax) | 420 | 413 |
| other | 175 | 867 |
| Other liabilities | **54,547** | **59,138** |
| wages and salaries | 15,214 | 14,987 |
| accruals | 3,404 | 2,695 |
| short-term employee benefit liabilities | 26,239 | 31,604 |
| other | 9,690 | 9,852 |
| **Total** | **401,186** | **549,547** |

## 5.3. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January to 31 March 2023 and for the period from 1 January to 31 March 2022.

| | Change in balance of Cash Flow Statement in the period from January 2023 to March 2023 | Change in balance of Cash Flow Statement in the period from January 2022 to March 2022 |
|---|---|---|
| Change in provision balance | 12,697 | 7,824 |
| Change in inventory balance | 4,391 | (125,132) |
| Change of receivables balance | 92,157 | (6,210) |
| Change in balances of short-term liabilities, excluding credits and loans | (196,320) | 47,629 |
| Change of the balance of assets and liabilities under building contracts | 41,427 | (20,461) |
| Change of balance of the remaining assets | 4,238 | 3,770 |
| **Change of working capital balance** | **(41,410)** | **(92,580)** |

## 5.4. GROUP STRUCTURE

**Related entities and consolidation rules:** The consolidated financial statements comprise data of the Parent Entity and its subsidiaries.

Subsidiaries are consolidated using the full method from the date of control acquisition to the date of control loss. The control is exercised when the Parent Company is exposed to variable financial results due to its involvement in the entity in which it made investment, or when it has the right to changing financial results and is capable of influencing the level of these financial results by exercising its control over the entity. The financial statements of subsidiaries are drawn up for the same accounting period as the financial statement of the Parent Company using consistent accounting principles. If control is lost over a subsidiary, the profit or loss on the transaction resulting in the control loss is recognized in the income statement.

Settlements, income, expenses and unrealized gains recognised in the assets, arising out of transactions between Group member companies are taken out.

As of the date of control acquisition, the Group determines whether the controlled entity is a business as defined in IFRS 3 or a group of assets not representing a business.

Settlement of acquisition of ventures is made using the acquisition method. Under this method the identifiable assets and liabilities acquired are carried at fair value as of the acquisition date. The payment made under business acquisition transaction is priced using fair value, calculated as collective sum of fair values as the date of acquisition of assets submitted by the Group, liabilities taken by the Group against previous owners of the acquired entity and equity instruments issued by the Group in exchange for taking over control over acquired entity. Acquisition-related costs are recognized in income statement as incurred. The excess of the acquisition price, fair value of previously held interests and non-controlling interests over the fair value of the net assets acquired, subject to the exceptions referred to in IFRS 3, is goodwill.

For asset acquisitions that are not business acquisitions, the purchase price is allocated to the individual assets acquired based on their relative fair values. Transaction costs are included in the initial value of the acquired fixed assets. No goodwill is generated through an asset acquisition transaction.

**The investments in associates** are accounted for in the consolidated financial statements using the equity method. In compliance with the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost, and then adjusted to reflect the Group's contribution to the financial result and to other comprehensive income of the associate. An investment in an associate is accounted for using the equity method from the date on which the entity becomes an associate.

While evaluating a need to recognise impairment of the Group's investment in an associate, the requirements of IAS 28 are applied.If necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, Impairment of Assets, as a single asset by comparing its recoverable amount with its carrying amount. The impairment recognized represents a portion of the carried value of the investment. The reversal of this impairment is recognised in accordance with IAS 36 to the extent of any subsequent increase in the recoverable amount of the investment.

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## Group Structure

As of 31 March 2023, the Group comprises the Parent Company Erbud S.A. along with its subsidiaries, consolidated using the full method, and entities not controlled by Erbud S.A., consolidated using the equity method.

| | | | | Parent Company's share in equity (equal to the voting rights held) | |
|---|---|---|---|---|---|
| # | Name of entity | Registered office | Scope of activities | 31 Mar. 2023 | 31 Dec. 2022 |
| | **Shares held directly** | | | | |
| 1 | ONDE S.A. | Toruń | Road engineering and renewable energy sources | **60.10%** | 60.10% |
| 2 | Erbud International Sp. z o.o. | Rzeszów | Construction services | **100.00%** | 100.00% |
| 3 | Erbud Construction Sp. z o.o. | Toruń | Construction services | **100.00%** | 100.00% |
| 4 | Erbud Industry Sp. z o.o. | Toruń | Engineering services | **100.00%** | 100.00% |
| 5 | MOD21 GmbH | Düsseldorf, Germany | Construction services | **100.00%** | 100.00% |
| 6 | Erbud Shared Services Sp. z o.o. | Warsaw | Support services | **100.00%** | 100.00% |
| 7 | Erbud Holding Deutschland GmbH | Düsseldorf, Germany | Management services | **100.00%** | 100.00% |
| 8 | Hebud Sp. z o.o. in liquidation | Minsk, Belorussia | Construction services | **100.00%** | 100.00% |
| 9 | Toruńska Sportowa in liquidation Sp. z o.o. | Toruń | Sports, entertainment and leisure services | **39.00%** | 39.00% |
| 10 | JV WMER Matoc Poland Sp.z o.o | Warsaw | Construction services | **50.00%** | 50.00% |
| 11 | JV PABC Sp. z o.o. | Warsaw | Construction services | **100.00%** | 100.00% |
| 12 | MOD21 Sp.z o.o. | Ostaszewo | Modular timber construction | **100.00%** | 100.00% |
| 13 | Sanssouci Karpacz Sp. z o.o. | Warsaw | Construction services | **43.00%** | 43.00% |

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| # | Name of entity | Registered office | Scope of activities | Shares of Parent Company held indirectly (corresponding to the voting rights held) 31 Mar. 2023 | 31 Dec. 2022 |
|---|---|---|---|---|---|
| | **Shares held indirectly** | | | | |
| 1 | Erbud Industry Centrum Sp. z o.o. | The City of Łódź | Maintenance services in the industrial segment | **99.01%** | 99.01% |
| 2 | ERBUD Industry Południe Sp. z o.o. | The City of Będzin | Maintenance services in the industrial segment | **99.29%** | 99.29% |
| 3 | PDI Dusseldorf Malmedyerstrasse Ost GmbH | Düsseldorf, Germany | Construction services | **0.00%** | 43.35% |
| 4 | PDI Dusseldorf Malmedyerstrasse West GmbH | Düsseldorf, Germany | Construction services | **0.00%** | 43.35% |
| 5 | IVT Beteiligungs GmbH | Düsseldorf, Germany | SPV | **100.00%** | 100.00% |
| 6 | IVT Weiner + Reimann GmbH | Oberhausen, Germany | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 7 | IVT Menzenbach GmbH | Oberhausen, Germany | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 8 | PflegeQuatier Düren GmbH | Düsseldorf, Germany | Construction services | **100.00%** | 43.35% |
| 9 | WTL20 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 10 | WTL40 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 11 | WTL80 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 12 | WTL100 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 13 | WTL120 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 14 | WTL130 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 15 | WTL140 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 16 | WTL150 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 17 | WTL160 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 18 | WTL170 Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 19 | IDE Projekt Sp. z o.o. | Toruń | Design services | **100.00%** | 100.00% |
| 20 | Satchwell Polska Toruń Sp. z o.o. | Toruń | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 21 | Solar Serby Sp. z o.o. | Toruń | Renewable energy sources | **50.00%** | 50.00% |
| 22 | Cyranka Sp. z o.o. | Warsaw | Renewable energy sources | **100.00%** | 100.00% |
| 23 | DEPVPL sp. z o.o. Power Plant | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 24 | KWE Spółka z o.o. | Warsaw | Renewable energy sources | **50.00%** | 50.00% |
| 25 | IKR GmbH | Bitterfeld - Wolfen | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 26 | WTL50 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 27 | WTL210 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 28 | WTL270 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 29 | Park Słoneczny Ciechanów Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 30 | Park Lewałd Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 31 | FW Gumienice Sp. z o.o. (*Wind Farm*) | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 32 | Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*) | Warsaw | Renewable energy sources | **50.00%** | 50.00% |
| 33 | DEVOZE Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 34 | Neo Solar Kazimierz Biskupi Sp. z o.o. | Warsaw | Renewable energy sources | **50.00%** | 50.00% |
| 35 | PV KADŁUBIA 2 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 36 | PV SZCZEPANÓW Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 37 | ONDE Beteiligungs GmbH | Germany, Dusseldorf | Development of contracting activities in the RES business segment | **100.00%** | 100.00% |

### Acquisition of entities comprising a group of assets not representing a business

On 3 November 2023, the purchase price of shares in Park Słoneczny Ciechanów Sp. z o.o. went up by PLN 232 thousand.

Pursuant to the contractual provisions of the share purchase agreement concerning Park Słoneczny Ciechanów Sp. z o.o., once the merger conditions have been issued, the merger took place on 24 October 2022, the ONDE S.A. was obliged to pay the amount of PLN 232 thousand due to the price increase for the shares in Park Słoneczny Ciechanów Sp. z o.o.

## 5.5. POST-ACCOUNTING PERIOD EVENTS

On 3 April 2023, there was a merger was held through the acquisition of Erbud Industry Sp. z o.o. by ERBUD S.A. by means of transferring all assets of the Acquiree to the Acquirer by universal succession, without an increase of the Acquirer's share capital.

**Signatures of all Management Board members:**

| | |
|---|---|
| Dariusz Grzeszczak<br>/President of the Management Board/ | Jacek Leczkowski<br>/Vice-President of the Management Board/ |
| Agnieszka Głowacka<br>/Vice-President of the Management Board/ | |

Warsaw, 9 May 2023