THE ERBUD GROUP

Condensed, Consolidated Financial Statement

For the accounting period ended on 31 March 2024

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

ERBUD GROUP

ERBUD Condensed Consolidated Financial Statement as of 31 March 2024 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT/LOSS

		For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
	GOING CONCERN OPERATIONS		
Note 4.2.	Revenues from sales of products and services	644,267	720,580
Note 4.2-4.3.	Cost of products and services sold	601,595	676,943
	Gross sales profit/(loss)	**42,672**	**43,637**
Note 4.3.	Cost of sales	4,835	3,849
Note 4.3.	General administrative expenses	44,177	48,276
	Other operating income	24,533	2,495
	Other operating expenses	2,725	1,792
	Loss reversal/(impairment) of financial assets and customer contract valuation assets	(95)	20
Note 4.2.	**Operating profit**	**15,373**	**(7,765)**
	Share in net profits/ (losses) measured by equity-accounted method	(259)	(148)
	Financial income	5,480	3,550
	Financial expenses	8,900	10,639
Note 4.2.	**Gross profit/loss**	**11,694**	**(15,002)**
Note 4.4.	Corporate income tax	2,044	191
	Net profit for the accounting period	**9,650**	**(15,193)**
	Parent Company Shareholders	2,758	(13,392)
	Non-Controlling Stakeholders	6,892	(1,801)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
Consolidated profit / (loss), net	**9,650**	**(15,193)**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**(150)**	(777)
Comprehensive income (including tax effect) subject to reclassification into result	**(150)**	**(777)**
Comprehensive income for accounting period	**9,500**	**(15,970)**
Appropriated to:		
Parent Company Shareholders	2,608	(13,867)
Non-Controlling Stakeholders	6,892	(2,103)

ERBUD Condensed Consolidated Financial Statement as of 31 March 2024 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 Mar. 2024	31 Dec. 2023
	ASSETS	**1,895,541**	**1,973,833**
	Investment properties	377	-
	Goodwill	40,653	40,217
	Intangible assets	15,619	13,605
	Tangible fixed assets	239,306	233,900
	Investments accounted for using the equity method	49,578	53,998
	Financial assets	17,482	16,734
	Deferred tax assets	130,624	109,150
	Receivables under building contracts - bid bonds	9,829	9,296
	Fixed assets	**503,468**	**476,900**
	Inventory	115,296	139,664
	Receivables under building contracts - bid bonds	29,891	30,815
Note 2.2.	Pricing of building contracts - assets	418,945	455,336
Note 5.1.	Trade receivables	436,041	479,533
Note 5.1.	Income tax & VAT receivables	24,368	23,715
Note 5.1.	Other receivables	48,903	42,618
	Financial assets	6,357	9,951
	Cash and cash equivalents	289,849	263,119
	Cash assets in VAT account	9,645	44,186
	Short-term prepayments	12,778	7,996
	Current assets	**1,392,073**	**1,496,933**
	LIABILITIES	**1,895,541**	**1,973,833**
Note 3.1.	Share capital	1,193	1,193
	Supplementary capital	281,353	281,353
	Reserve capital	104,346	104,346
	Foreign exchange gains/losses resulting from conversion of foreign unit	3,635	3,784
	Retained earnings	149,624	146,867
	Equity of Parent Company shareholders	540,151	537,543
	Equity of non-controlling stakeholders	144,295	137,403
	Equity	**684,446**	**674,946**
Note 3.2.-3.4	Debt	171,644	178,157
	Provisions	22,157	21,921
	Deferred tax liabilities	30,547	15,804
	Liabilities vis-à-vis subcontractors - bid bonds	17,046	16,986
	Long-term liabilities	**241,394**	**232,868**
Note 3.2.-3.4	Debt	121,675	61,280
	Provisions	49,324	48,623
	Liabilities vis-à-vis subcontractors - bid bonds	136,620	148,004
Note 2.2.	Pricing of building contracts - liabilities	327,797	387,717
Note 5.2.	Trade payables	220,789	280,620
Note 5.2.	Income tax & VAT liabilities	12,558	51,358
Note 5.2.	Other liabilities	100,938	88,417
	Short-term liabilities	**969,701**	**1,066,019**

ERBUD Condensed Consolidated Financial Statement as of 31 March 2024 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Own shares	Supplementary capital	Reserve capital	FX gains/losses resulting from conversion of foreign units	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2023	**1,210**	**(20,000)**	**254,769**	**131,624**	**6,645**	**166,632**	**540,881**	**124,597**	**665,478**
Net profit/loss 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)**
As of 31 Mar. 2023	**1,210**	**(20,000)**	**262,074**	**124,319**	**6,170**	**153,240**	**527,014**	**122,494**	**649,508**
As of 1 Jan. 2024	**1,193**	**-**	**281,353**	**104,346**	**3,784**	**146,866**	**537,543**	**137,403**	**674,946**
Net profit/loss in the accounting period	-	-	-	-	-	2,758	**2,758**	6,892	**9,650**
Comprehensive income in the accounting period	-	-	-	-	(150)	-	**(150)**	-	**(150)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(150)**	**2,758**	**2,608**	**6,892**	**9,500**
As of 31 Mar. 2024	**1,193**	**-**	**281,353**	**104,346**	**3,634**	**149,624**	**540,151**	**144,295**	**684,446**

ERBUD Condensed Consolidated Financial Statement as of 31 March 2024 ('000 PLN, unless specified otherwise)

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		For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
	OPERATIONAL CASH FLOWS		
	Gross profit/loss	11,694	(15,002)
Note 4.3.	Amortization and depreciation	9,560	8,728
	Foreign exchange losses	(1,920)	(3,096)
	Interest and share in profits (dividend)	4,219	8,533
	Other non-cash adjustments	(23,413)	(630)
	Income tax paid	(17,575)	(5,002)
Note 5.3.	Change in balance of working capital	(41,649)	(41,410)
	Operational cash flows, net	**(59,084)**	**(47,879)**
	INVESTMENT ACTIVITY CASH FLOWS		
	Proceeds from sale of shares in subsidiaries and jointly controlled entity	44,578	-
	Inflows from credits/loans extended	26,248	-
	Other inflows	1,754	1,386
	Expenditures on the acquisition of tangible fixed assets	(4,246)	(6,171)
	Loans extended expense	(3,991)	(1,113)
	Expenditures on the acquisition of shares in companies	(15,140)	(490)
	Other expenses	(204)	-
	Investment activity cash flows, net	**48,999**	**(6,388)**
	FINANCIAL ACTIVITY CASH FLOWS		
	Income from credits and loans taken	50,666	162,855
	Other inflows	-	55
	Debt (principal) repayment expense - principal	(2,869)	(63,815)
	Lease debt repayment expense - principal	(4,686)	(4,095)
	Debt (interest) repayment expense	(6,164)	(8,613)
	Dividend payment	-	(448)
	Other expenses	(132)	-
	Financial activity cash flows, net	**36,815**	**85,939**
	NET CASH FLOWS	**26,730**	**31,672**
	Opening cash balance	**263,119**	**163,961**
	Closing cash balance	**289,849**	**195,633**

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 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). The 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 as well as development services for RES projects and maintenance services for industry. 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 2024 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 2024 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

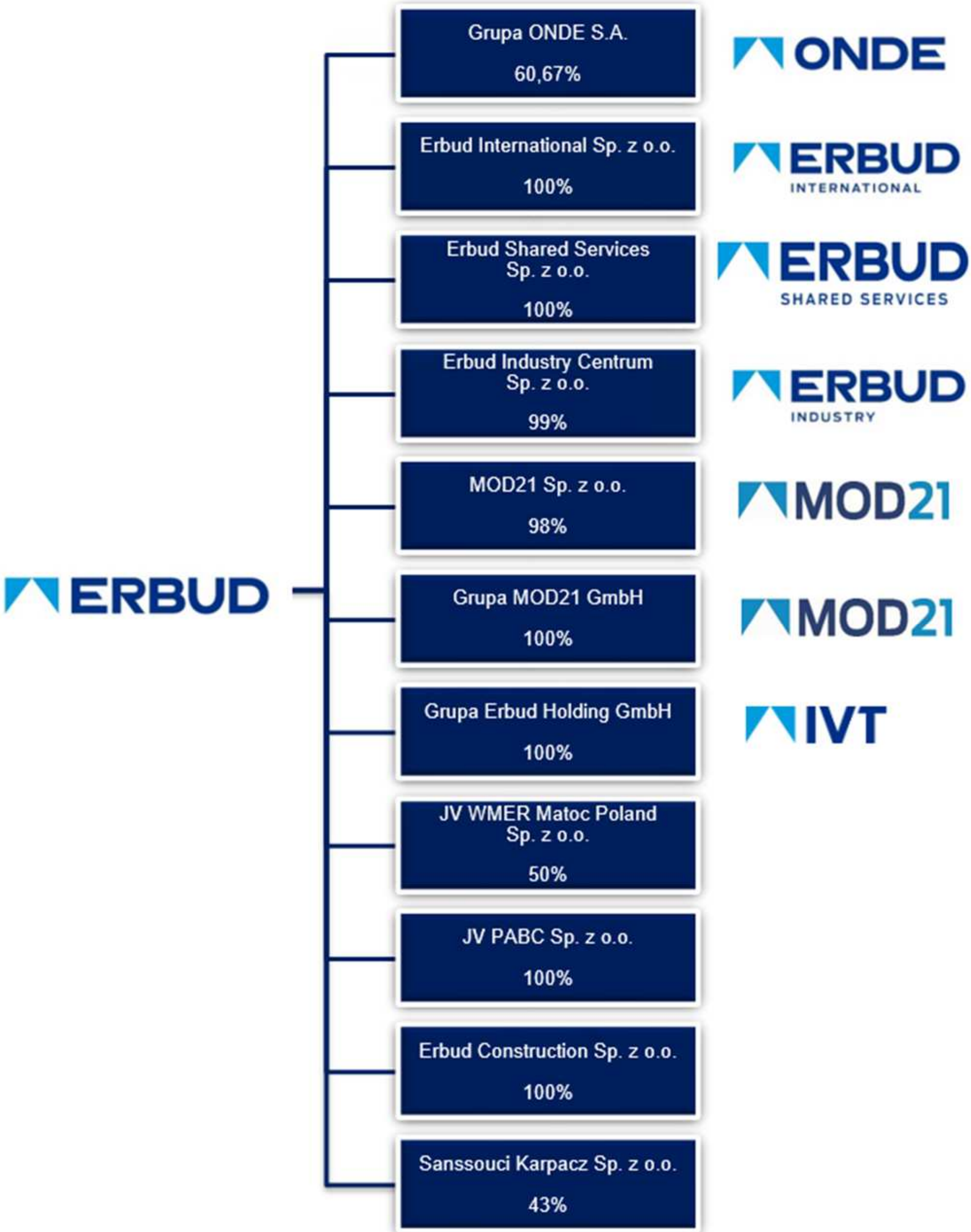
Janusz Reiter

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 5.3. The above figure shows the share of Erbud S.A. in individual member companies of Erbud S.A. Capital Group as of 31 March 2024.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IAS Compliance Statement

The Condensed Consolidated Financial Statements were drawn up as of 31 March 2024 in compliance with the International Financial Reporting Standard (IFRS) No. 34, 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 Statements have been drawn up on the historical cost basis and investments in jointly controlled and associated entities are measured using the equity method.

This Condensed Consolidated Financial Statement was approved for publication by the Management Board on 8 May 2024.

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. Since the war outbreak 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 ongoing basis. The Management 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 balance-sheet 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 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:

The application of new and amended standards, and their interpretations

In this Condensed Consolidated Financial Statement, the following new and amended standards that entered into force in 2023 were applied for the first time:

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

IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on 18 May 2017, while amendments to IFRS 17 were published on 25 June 2020.

The new IFRS 17 "Insurance Contracts" replaced the previous IFRS 4, which permitted a variety of practices in the settlement of insurance contracts. The new standard modifies fundamentally 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).

b) 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.

c) 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 IASB'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.

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

In February 2021 the IASB published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of estimates. The amendment to IAS 8 clarifies, how entities should distinguish between changes in accounting policies and changes in accounting estimates.

e) 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., initial recognition of a lease) that has no effect on current tax settlements triggers the recognition of deferred tax balances, or whether the "initial recognition exemption" applies, which states that deferred tax balances are not recognized, if the recognition of an asset or liability has no impact on the accounting or tax result at the time of such 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.

f) Amendments to IAS 12 Income Taxes: global minimum income tax (Pillar Two)

In May 2023, the Board published amendments to IAS 12 Income Taxes in response to the global minimum income tax (Pillar II) regulations issued by the Organisation for Economic Co-operation and Development (OECD) in connection with international tax reform. The amendment to IAS 12 provides a temporary exemption from the requirement to recognize deferred taxes resulting from enacted tax laws that implement the Pillar II model rules. The companies can apply the guidance of the amended IAS 12 standard immediately, while certain disclosures are required for annual periods beginning on or after 1 January 2023. At the date of preparation of these consolidated financial statements, the amendment in question had not yet been endorsed by the European Union.

In the opinion of the Management Board, the implemented standards do not have a significant impact on the Group.

Published standards and interpretations, which are not yet effective and have not been applied by the Company before:

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) Amendments to IFRS 16 "Lease"

In September 2022, the IASB 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 drawing up these Condensed Consolidated Financial Statements, the amendment in question had not yet been endorsed by the European Union.

b) Amendments to IAS 1 "Presentation of Financial Statements”

In 2020, the IASB published amendments to IAS 1 that clarify the presentation of liabilities as long- and short-term In October 2022 the IASB 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 a covenant) affect the classification.

The published amendments shall apply to financial statements for periods beginning on or after 1 January 2024.

At the date of drawing up these Condensed Consolidated Financial Statements, the amendments in question had not yet been endorsed by the European Union.

c) Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures". - Disclosure of financial arrangements with suppliers ("supplier finance arrangement")

In May 2023, the Board issued amendments to IAS 7, Statement of Cash Flows, and IFRS 7, Financial Instruments: Disclosures. The amendments to the standards introduce disclosure requirements for supplier finance arrangements. The amendments require specific disclosures regarding the entity's financial arrangements with suppliers to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities and cash flows and the entity's exposure to liquidity risk. These amendments are intended to enhance the transparency of disclosures concerning arrangements made with the suppliers. The amendments do not affect recognition and measurement principles, only disclosure requirements. The new disclosure requirements will be effective for annual reporting periods beginning on or after 1 January 2024.

At the date of drawing up these Condensed Consolidated Financial Statements, the amendments in question had not yet been endorsed by the European Union.

d) Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

In August 2023, the IASB published amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The amendments made are intended to make it easier for entities to determine whether a currency is convertible into another currency and to estimate the immediate exchange rate when a currency is not convertible. Additionally, the amendments to the standard introduce additional disclosures when currencies are not convertible on how the alternative exchange rate is determined.

The published amendments shall apply to financial statements for the periods beginning on or after 1 January 2025.

At the date of drawing up these Condensed Consolidated Financial Statements, the amendments in question had not yet been endorsed by the European Union.

e) 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.

f) 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 Condensed Consolidated Financial Statements, the endorsement of this amendment is deferred by the European Union. In the opinion of the Management Board, the amendments made do not have a significant impact on the Group.

2. BUILDING CONTRACTS

The Group signs fixed-price contracts for the execution of building contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls and distribution centres, wind and photovoltaic farms, power plants, production rooms, roads and motorways as well as buildings made using modular timber technology.

The variable pay component adjusts the transaction price and the amount of revenue recognized i.e. the Group recognizes a portion or total amount of variable pay in the transaction price only to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognized when the uncertainty related to volatility has been resolved. The Group only recognises revenues from claims when it has third party expert opinions confirming the appropriateness of recognising an additional amount of remuneration based on contractual provisions. To estimate variable pay, the Group uses the expected value method to estimate variable pay.

Due to the specific nature of building contracts and services provided by the Group, in all building contracts the Group identifies only one performance obligation to which the entire value of the compensation is allocated.

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 building contracts in the period from the Contract Date to the balance-sheet 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 or after the end of the guarantee period.

The Company engages subcontractors to carry out work related to the implementation of building contracts. The company acts in the capacity of a general contractor. The invoiced costs related to subcontractors' employment are recognized as "Trade payables" (Note 5.2). The Company withholds a portion of payments vis-à-vis subcontractors in relation to the 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.

2. BUILDING CONTRACTS

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.

For certain building contracts executed under joint contractual arrangements in which the Group is the consortium or assignment leader, the Group has made an assessment 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 fulfilment 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 only recognises as revenue the amounts of remuneration due for the performance of its scope of work to the customer in accordance with 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.

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 the 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 - building 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.

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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 a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	527,919	608,015
Costs under building contracts,	494,307	577,747
Net income before recognition and settlement of provisions for the contracts generating liabilities	**33,612**	**30,268**
Setting up provisions for the contracts generating liabilities	2,072	3,049
Gross profit/loss	**31,540**	**27,219**
Gross profit margin		
excluding provisions for the contracts generating liabilities	6%	5%
including provisions for the contracts generating liabilities	6%	4%

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

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

	31 Mar. 2024	31 Dec. 2023
Revenues under non-completed building contracts YTD	4,688,218	4,632,376
Invoiced receivables from customers, YTD (excl. advances)	4,447,211	4,453,830
Balance of payments under non-completed building contracts	**241,007**	**178,546**
of which:		
(1) Assets for completed, non-invoiced construction works, gross	353,805	337,264
Asset impairment write-off under building contracts	(3,693)	(3,692)
(1a) Assets for completed, non-invoiced construction works, net	350,112	333,572
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	109,105	155,026
Costs related to building contracts, YTD	2,465,463	2,563,568
Subcontractor expense and own expenses on a YTD basis.	2,434,679	2,595,679
Balance of payments under building contracts	**(30,784)**	**32,111**
of which:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	68,833	121,764
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	99,617	89,653
Balance of payments under building contracts	**210,223**	**210,657**
of which:		
Pricing of building contracts - assets - TOTAL	**418,945**	**455,336**
Pricing of building contracts - balance settlement (2)+(4)	208,722	244,679
Building contract liabilities - advanced paid	119,075	143,038
Pricing of building contracts - liabilities - TOTAL	**327,797**	**387,717**

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3. CAPITAL AND DEBT MANAGEMENT

3.1. CAPITAL MANAGEMENT

Share capital comprises common stock and is carried at the nominal value (in adherence to the Statutes of the Parent Company and an entry made into the National Courte Register).

Share premium is the amount equal to the surplus of price for acquisition of shares in Parent Company above their par 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.

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 2024, the share capital consisted of 11,929, 836 shares in the Parent Company with a total value of PLN 1,192 ,983,60, 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 & Muller Baubeteiligungen GmbH & Co.KG, including Wolff & Muller Holding GmbH & Co. KG	3,854,837	32.31%
Dariusz Grzeszczak directly and indirectly (DGI FIZAN, Dariusz Grzeszczak, DGI Family Foundation) including:	2,553,460	21.40%
DGI FIZAN	*721,553*	*6.05%*
Dariusz Grzeszczak	*1,231,907*	*10.33%*
DGI Family Foundation	*600,000*	*5.03%*
ING Open-End Pension Fund	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	764,935	6.41%
PKO OFE	715,279	6.00%
Other shareholders	2,841,325	23.82%
Total	**11,929,836**	**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.

Condensed Consolidated Financial Statement as of 31 March 2024 ('000 PLN, unless specified otherwise)

3. CAPITAL AND DEBT MANAGEMENT

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 2024, and as of the date of publication of this Financial Statement, therefore the share capital totalling PLN 1,192,983.60 divides into 11,929,836 A-series ordinary bearer shares with a par value of PLN 0.10 each.

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 the purposes of calculating diluted earnings per share, net profit /(loss) for the accounting 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 Group does not hold any 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 a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
Net profit/loss attributable to the shareholders of the Parent Company	2,758	(13,392)
Average weighted number of ordinary shares (in pcs.)	11,929,836	11,929,836
Basic and diluted earnings per share (in PLN)	**0.23**	**-1.12**

3.2. CREDIT AND LOAN LIABILITIES

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

	31 Mar. 2024	31 Dec. 2023
Long-term		
Bank loans	31,640	34,629
Loans	153	1,097
	31,793	**35,726**
Short-term		
Overdraft facilities	83,076	22,418
Bank loans	13,532	13,419
Loans	2,558	2,333
	99,166	**38,170**
Total credit and loan liabilities	**130,959**	**73,896**

Long-and short-term loans bear interest at WIBOR 3M + 1.35%-3.5%, 3M Euribor +1.35%- 2.2%, 6M WIBOR +3% and fixed rate of 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.

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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%.

During the year, as of 31 March 2024 and by the approval date of the financial statements, all covenants have been met, similarly to the previous year.

3.3. DEBT RELATED TO ISSUED BONDS

Liabilities related to issued bonds are initially recognized at fair value less transaction costs. At each balance sheet 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 short- and long-term liabilities:

Issue date	Type of issued bonds	Currency	Interest rate	Maturity date	Purpose of financing	Debt related to issued bonds	
						31 Mar. 2024	31 Dec. 2023
23 Sept. 2021	D-series bearer shares, dematerialized, non-secured	functional	WIBOR 6M + 2.6%	23 Sept. 2025	financing of an increased working capital requirement	76,678	**76,678**
			Total bond liability as of 31 Mar. 2024, of which:			**76,678**	**76,678**
			long-term			75,000	75,000
			short-term			1,678	1,678

ERBUD Condensed Consolidated Financial Statement as of 31 March 2024 ('000 PLN, unless specified otherwise)

Covenants

	As of	
"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity in value terms.	31 Mar. 2024	31 Dec. 2023
	(0.01)	**(0.11)**
Consolidated long-term and short-term debt	293,319	239,437
Cash assets	299,494	307,305
Adjusted equity by goodwill and intangible assets	628,174	621,124

The expected value of the ratio should not be higher than 1.1.

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. 2024	31 Dec. 2023
Period		Nominal value of minimum payments	Nominal value of minimum payments
Below 1 year	Short-term	24,620	25,222
Above 1 year	Long-term	74,551	77,130
Nominal value of minimum payments		**99,171**	**102,352**
Future lease costs		13,489	13,489
Present value of minimum payments		**85,682**	**88,863**
Below 1 year	Short-term	20,831	21,432
Above 1 year	Long-term	64,851	67,431

Condensed Consolidated Financial Statement as of 31 March 2024 ('000 PLN, unless specified otherwise)

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

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.

	3/31/2024	31 Mar. 2023
Net profit /(loss) for the accounting period	**9,650**	**(15,193)**
Income tax	2,044	191
Gross profit	**11,694**	**(15,002)**
Share in net profits/losses of equity-accounted subsidiaries	(259)	(148)
Financial expenses	8,900	10,639
Financial income	5,480	3,550
EBIT	**15,373**	**(7,765)**
Amortization and depreciation	9,560	8,728
EBITDA	**24,933**	**963**
Revenues from sales of products and services	644,267	720,580
EBIT margin	**2%**	**(1%)**
Revenues from sales of products and services	**3.87%**	**0.13%**

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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 in domestic market,
- residential/commercial buildings in foreign countries,
- road engineering construction services
- industrial construction segment at home
- industrial construction segment in foreign countries
- renewable energy segment (including: sale of energy generation subsidiaries)
- timber modular 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 used to draw up the Group's Separate Financial Statements.

Key segment information in the following accounting periods: January 2024 - March 2024 and January 2023- March 2023

	For a 3-month period, ended on 31 March 2024			For a 3-month period, ended on 31 March 2023		
	Domestic market (Poland)	Foreign markets	Total	Domestic market (Poland)	Foreign markets	Total
Sales to third party customers, of which:	524,489	119,778	**644,267**	617,857	102,723	**720,580**
Accrued and deferred income	488,014	39,905	**527,919**	580,165	27,850	**608,015**
Income recognized at a certain point in time	36,475	79,873	**116,348**	37,692	74,873	**112,565**
Fixed assets other than financial instruments and deferred tax assets	422,452	84,325	**506,777**	418,005	51,567	**469,572**

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4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

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

									For a 3-month period, ended on 31 March 2024
	Building construction in domestic market	Building construction in foreign countries	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Renewable energy sources segment	Timber modular construction	Other segments	Total going concern activities
Sales to third party customers	323,996	21,976	30,788	34,634	79,873	138,298	14,396	306	**644,267**
Total sales revenues	**323,996**	**21,976**	**30,788**	**34,634**	**79,873**	**138,298**	**14,396**	**306**	**644,267**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	302,648	19,412	28,941	34,004	78,198	122,762	15,416	214	**601,595**
Sales margin	**21,348**	**2,564**	**1,847**	**630**	**1,675**	**15,536**	**(1,020)**	**92**	**42,672**
Sales margin %	7%	12%	6%	2%	2%	11%	-7%	30%	**7%**
Other operating profit/loss	(20,655)	(4,091)	(2,715)	(3,352)	(728)	9,486	(5,128)	(116)	**(27,299)**
Segment performance – EBIT	**693**	**(1,527)**	**(868)**	**(2,722)**	**947**	**25,022**	**(6,148)**	**(24)**	**15,373**
EBIT margin	0%	(7%)	(3%)	(8%)	1%	18%	(43%)	(8%)	**2%**
Share in net profits/losses of equity-accounted subsidiaries	-	-	-	-	-	(259)	-	-	**(259)**
Profit (loss) on financial activities (financial income less financial expenses)									**(3,420)**
Gross profit/loss									**11,694**
Income tax									**2,044**
Net profit/loss									**9,650**
Amortization and depreciation	1,886	123	799	1,742	1,221	1,456	1,241	1,092	**9,560**
Segment performance – EBITDA	**2,579**	**(1,404)**	**(69)**	**(980)**	**2,168**	**26,478**	**(4,907)**	**1,068**	**24,933**

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4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

For a 3-month period, ended on 31 March 2023

	Building construction in domestic market	Building construction in foreign countries	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Renewable energy sources segment	Timber modular construction	Other segments	Total going concern activities
Total income									
Sales to third party customers	401,077	24,826	47,270	34,820	73,884	134,287	2,029	2,387	**720,580**
Total sales revenues	**401,077**	**24,826**	**47,270**	**34,820**	**73,884**	**134,287**	**2,029**	**2,387**	**720,580**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	382,182	22,121	43,838	32,345	63,497	129,210	1,875	1,875	**676,943**
Sales margin	**18,893**	**2,705**	**3,432**	**2,475**	**10,387**	**5,077**	**154**	**512**	**43,637**
Sales margin %	5%	11%	7%	7%	14%	4%	-	21%	**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	**1,451**	**(432)**	**1,070**	**(48)**	**3,069**	**(4,624)**	**(7,981)**	**(270)**	**(7,765)**
EBIT margin	5%	(2%)	2%	0%	4%	(3%)	(393%)	(11%)	**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	1,889	401	900	1,295	1,181	723	625	1,714	**8,728**
Segment performance – EBITDA	**3,340**	**(31)**	**1,970**	**1,247**	**4,250**	**(3,901)**	**(7,356)**	**1,444**	**963**

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4.3. COST OF GOODS SOLD (COGS)

	For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
Third party services	376,672	407,171
including third party services from subcontractors	310,376	341,824
Material and energy consumption	82,709	164,915
Employee benefit expenses	123,254	116,261
Amortization and depreciation	9,560	8,728
Taxes and charges	5,089	4,032
Other cost categories	18,613	5,024
Value of goods and materials sold	323	841
Total costs by type	**616,220**	**706,972**
Change in the balance of products, work in progress and accrued expenses under building contracts	34,387	22,096
Cost of sale (negative value)	(4,835)	(3,849)
General management and administration costs (negative value)	(44,177)	(48,276)
Manufacturing costs of products sold	**601,595**	**676,943**

4.4. TAXATION

The mandatory burdening of the financial result consists of two elements: current income tax and deferred tax.

Due to temporary differences between the value of assets and liabilities shown in the accounting books and their tax value and the tax loss deductible in the future, the Company companies, using the balance sheet method, set up: deferred income tax liabilities in respect of positive temporary differences and determine deferred tax assets with reference to the negative temporary differences and tax losses, which can be deducted following the prudential principle.

Deferred income tax assets and liabilities are not recognized in the case of temporary differences arising upon initial recognition of an asset or liability in a transaction that is not a business combination and in case of transactions that have no impact on either the accounting or tax result.

Deferred tax assets and liabilities are offset if there is a legal right to set-off tax liabilities and current tax liabilities, and if the deferred tax concerns a tax imposed by the same tax authority on the same taxpayer. It implies that deferred income tax assets and liabilities are compensated in Group financial statements.

The Group only recognises a tax asset when projections of future financial performance indicate that a taxable profit will be gained to allow the asset to be realised in a specified future.

The balance sheet value of an deferred tax asset is verified at each balance-sheet date and is reduced accordingly by as much as it probability dropped to reach taxable income sufficient for partial or total realisation of the deferred tax asset. An element of judgement in the recoverability of deferred tax assets is the Group's projected future financial performance and its impact on the recoverability of the assets.

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

	For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
Gross profit before taxation	**11,694**	**(15,002)**
Tax according to the statutory tax rate applicable in Poland - 19%	**2,222**	**(2,850)**
Additional tax burden being a result of a rate exceeding 19% in Germany	1,861	1,640
(Excess of non-tax revenues over non-deductible expenses) / Excess of non-deductible expenses over non-tax revenues	(2,039)	1,401
Tax recognized in the financial net profit/loss	**2,044**	**191**
Current tax	5,956	5,068
Deferred tax	(3,912)	(4,877)
Effective tax rate	**17.48%**	**(1.27%)**

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), and 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 building contracts (i.e. trade receivables, receivables under building contracts - bid bonds and valuation of building 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 building contracts - in relation to bid bonds and valuation of building 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 S.A. 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 RES projects, as well as in timber modular construction segment.

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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 Group recognised mainly trade receivables from non-related entities (mainly due to issued invoices in relation to the building contracts executed by the Company) 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 a contingent impairment loss calculated using the expected loss model.

Receivables from the State budget are recognised at the amount due to the Group pursuant to applicable laws and regulations.

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, an increase of receivable value over time is posted as financial income.

	31 Mar. 2024			31 Dec. 2023		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	494,818	58,777	436,041	538,677	59,144	479,533
Corporate income tax receivables	758	-	758	82	-	82
VAT tax receivables	23,610	-	23,610	23,633	-	23,633
Other budget receivables	9,664	-	9,664	-	-	-
Other receivables	40,449	1,210	39,239	43,828	1,210	42,618
Total	**569,299**	**59,987**	**509,312**	**606,220**	**60,354**	**545,866**

Other receivables mainly include receivables from the sale of fixed assets, paid deposits and bid bonds.

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

	For a 3-month period, ended on 31 March 2024	For a 12-month period, ended on 31 Dec. 2023
Opening balance of write-downs, of which:	**60,354**	**49,176**
Setting up/(reversal)of individual write-offs	(95)	5,733
Setting up /(reversal) of write-offs according to write-off matrix	-	7,316
Use of individual write-offs	-	(1,168)
Other	(175)	98
FX gains and losses from translation	(97)	(801)
Closing balance of write-offs, of which:	**59,987**	**60,354**
Matrix-based calculated write-off	18,421	18,421
Individual write-off	41,566	41,933

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 building 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, calculated 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 balance-sheet date broken down by employees and their daily gross salary plus social contribution surcharges paid by the Employer.

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	31 Mar. 2024	31 Dec. 2023
Trade payables	**220,789**	**280,620**
Liabilities vis-à-vis budget in relation to:	**39,357**	**70,219**
VAT tax	900	28,073
corporate income tax	11,658	23,285
personal income tax	4,511	5,135
Social insurance contribution	13,897	12,660
real estate tax	726	-
State Fund for the Rehabilitation of the Disabled	284	301
Employee Capital Plans (PPK)	177	175
holiday accrual (Belgium tax)	436	380
other	6,768	210
Other liabilities	**74,139**	**69,556**
wages and salaries	15,803	14,189
accruals	6,668	1,017
short-term employee benefit liabilities	37,723	35,826
other	13,945	18,524
Total	**334,285**	**420,395**

5.3. 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.

When evaluating a need to recognise an impairment of the Group's investment in an associated entity, the requirements of IAS 28 apply. 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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5. OTHER NOTES

Group Structure

As of 31 March 2024, 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., but consolidated using the equity method.

Item	Name of entity	Registered office	Scope of activities	Parent Company's share in equity (equal to the voting rights held) 31 Mar. 2024	31 Dec. 2023
	Shares held directly				
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.67%**	60.67%
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	MOD21 GmbH	Düsseldorf, Germany	Construction services	**100.00%**	100.00%
5	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	100.00%
6	Erbud Holding Deutschland GmbH	Düsseldorf, Germany	Management services	**100.00%**	100.00%
7	Hebud Sp. z o.o. in liquidation	Minsk, Byelorussia	Construction services	**100.00%**	100.00%
8	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	**39.00%**	39.00%
9	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	**50.00%**	50.00%
10	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	100.00%
11	MOD21 Sp.z o.o.	Ostaszewo	Timber modular construction	**98.00%**	98.00%
12	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	43.00%
13	Erbud Industry Centrum Sp. z o.o.	Łódź	Maintenance services in the industrial segment	**99.00%**	99.00%
14	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.00%**	4.00%
	TOTAL				

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5. OTHER NOTES

Item	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 31 Mar. 2024	31 Dec. 2023
	Shares held indirectly				
1	IVT Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
2	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
3	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
4	PflegeQuatier Düren GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	WTL20 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
6	WTL40 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
7	WTL80 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
8	WTL100 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
9	WTL120 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
10	WTL130 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
11	WTL140 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
12	WTL150 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
13	WTL160 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
14	WTL170 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
15	IDE Projekt Sp. z o.o.	Toruń	Design services	**100.00%**	100.00%
16	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	100.00%
17	Solar Serby Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
18	DEPVPL sp. z o.o. Power Plant	Toruń	Renewable energy sources	**100.00%**	100.00%
19	KWE Spółka z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
20	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	100.00%
21	WTL50 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
22	WTL210 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
23	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
24	Park Słoneczny Ciechanów Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
25	Park Lewałd Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
26	FW Gumienice Sp. z o.o. wind farm	Toruń	Renewable energy sources	**100.00%**	100.00%
27	Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	Warsaw	Renewable energy sources	**0.00%**	50.00%
28	DEVOZE Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
29	Solar Kazimierz Biskupi Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
30	PV KADŁUBIA 2 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
31	PV SZCZEPANÓW Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
32	ONDE GmbH	Germany, Dusseldorf	Development of contracting activities in the RES business segment	**100.00%**	100.00%
33	Invest PV Sp. z o.o.	Toruń	Renewable energy sources	**0.00%**	100.00%
34	SPV Czerwona Woda Sp. z o.o.	Toruń	Renewable energy sources	**0.00%**	100.00%

Disposal of stakes in subsidiaries

On 15 March 2024, 100% of the shares in PV Invest Sp. z o.o. and SPV Czerwona Woda Sp. z o.o., which are the owners of photovoltaic farms with a total capacity of 23.1 MW, were sold to an non-related entity. The deal price totalled approximately PLN 19 million. The net profit/loss on the deal is presented in the Statement of Profit/Loss and Other Comprehensive Income in a disjointed manner, in the lines "Revenue from the sale of goods and services" and "Cost of goods and services sold".

Sale of shares in a jointly-controlled entity

On 8 March 2024, 50% shareholding in Szybowice Sp. z o.o. Wind Farm was sold to a non-related entity. The deal price totalled approximately to PLN 30 million and was adjusted with the value of the net working capital and net debt of the Szybowice Wind Farm as at the date of the Share Sales Agreement. The result on the sale of shares is presented in the statement of profit or loss and other comprehensive income in the line ‘Profit/loss on the sale of shares in subsidiaries and jointly-controlled entities’.

5.4. POST-ACCOUNTING PERIOD EVENTS

There were no significant events, not recognised in the financial statements, affecting the Company's financial position after the end of the accounting period until the date of signing of these financial statements.

Signatures of all Management Board members:

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

Warsaw, dated 8 May 2024