ERBUD S.A.

Condensed Consolidated Financial Statement

for accounting period closed on 30 September 2023

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

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHERCOMPREHENSIVE INCOME

		For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022	For a 3-month period, ended on 30 Sept. 2023	For a 3-month period, ended on 30 Sept. 2022
		Unaudited data	Unaudited data	Unaudited data	Unaudited data
	CONTINUING OPERATIONS				
Note 4.2.	Revenues from sales of products and services	2,447,229	2,795,521	865,039	1,005,405
Note 4.2., 4.3.	Cost of products and services sold	2,270,189	2,627,601	808,479	948,161
	Gross sales profit/(loss)	**177,040**	**167,920**	**56,560**	**57,244**
Note 4.3.	Cost of sales	11,041	9,271	3,860	3,143
Note 4.3.	General and administrative (G&A) costs	156,405	139,184	62,180	47,143
	incl.: compensation-related expenses	*13,067*	-	*13,067*	-
	Other operating income - compensation income	*51,384*	-	51,384	-
	Other operating income	4,093	6,193	1,971	1,572
	Other operating expenses	9,163	3,316	2,047	438
	Loss reversal/(impairment) of financial assets and customer contract valuation assets	(3,861)	(1,837)	(1)	15
Note 4.2.	**Operating profit**	**52,047**	**20,505**	**41,827**	**8,107**
	Share in net profits/ (losses) measured by equity-accounted method	(1,004)	(405)	(245)	(93)
	Financial income - compensation-related interest income	60,929	-	60,929	-
	Financial revenues	10,052	15,768	1,046	7,103
	Financial costs	32,917	24,104	5,759	8,942
Note 4.2.	**Gross profit/loss**	**89,107**	**11,764**	**97,798**	**6,175**
Note 4.4.	Corporate income tax	22,027	9,883	26,058	2,843
	Net profit for the accounting period	**67,080**	**1,881**	**71,740**	**3,332**
	Shareholders of Parent Company	57,695	1,063	67,621	2,926
	Non-Controlling Stakeholders	9,385	818	4,119	406

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022	For a 3-month period, ended on 30 Sept. 2023	For a 3-month period, ended on 30 Sept. 2022
	Unaudited data	Unaudited data	Unaudited data	Unaudited data
Consolidated profit / (loss), net	**67,080**	**1,881**	**71,740**	**3,332**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**(3,989)**	3,789	2,465	2,627
Comprehensive income (including tax effect) subject to reclassification into result	**(3,989)**	**3,789**	**2,465**	**2,627**
Comprehensive income in the accounting period	**63,091**	**5,670**	**74,205**	**5,959**
Appropriated to:				
Parent Company Shareholders	54,191	4,828	70,078	5,538
Non-Controlling Stakeholders	8,900	842	4,127	421

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 Sept. 2023	31 Dec. 2022
		Unaudited data	Audited data
	ASSETS	**2,155,358**	**2,016,268**
	Goodwill	41,339	41,588
	Intangible assets	12,659	13,546
	Tangible fixed assets	219,583	229,776
	Investments accounted for using the equity method	51,885	52,888
	Financial assets	13,636	13,823
	Deferred tax assets	96,183	82,358
	Receivables under building contracts - bid bonds	9,482	8,576
	Fixed assets	**444,767**	**442,555**
	Inventory	148,266	160,239
	Receivables under building contracts - bid bonds	31,771	23,455
Note 2.2.	Pricing of building contracts - assets	590,720	431,013
Note 5.1.	Trade receivables	644,951	651,583
Note 5.1.	Other receivables	79,232	91,536
	Financial assets	14,284	9,428
	Cash and cash equivalents	182,081	163,961
	Cash assets in VAT account	10,208	35,338
	Short-term prepayments	9,078	7,160
	Current assets	**1,710,591**	**1,573,713**
	LIABILITIES	**2,155,358**	**2,016,268**
Note 3.1.	Share capital	1,193	1,210
	Supplementary capital	304,048	254,769
Note 3.1.	Own shares	-	(20,000)
	Reserve capital	81,651	131,624
	Foreign exchange gains/losses resulting from conversion of foreign unit	3,141	6,645
	Retained earnings	191,806	166,633
	Equity of Parent Company shareholders	581,839	540,881
	Equity of non-controlling stakeholders	133,497	124,597
	Equity	**715,336**	**665,478**
Note 3.2.-3.4	Debt	174,902	189,407
	Provisions	21,095	22,062
	Deferred tax liabilities	26,697	15,274
	Liabilities vis-à-vis subcontractors - bid bonds	16,512	16,866
	Long-term liabilities	**239,206**	**243,609**
Note 3.2.-3.4	Debt	172,289	123,168
	Provisions	46,718	34,340
	Liabilities vis-à-vis subcontractors - bid bonds	160,883	154,169
Note 2.2.	Pricing of building contracts - liabilities	359,595	245,957
Note 5.2.	Trade payables	355,479	443,402
Note 5.2.	Other liabilities	105,852	106,145
	Short-term liabilities	**1,200,816**	**1,107,181**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For a 9-month-period ended on 30 Sept. 2022 and for a 9-month-period ended on 30 Sept. 2023

	Share capital	Own shares	Supplementary capital	Reserve capital	Foreign exchange gains/losses resulting from conversion of foreign units	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2022	**1,240**	**(70,000)**	**207,074**	**71,552**	**5,480**	**337,521**	**552,867**	**131,866**	**684,733**
Net profit/loss in the accounting period	-	-	-	-	-	1,063	**1,063**	818	**1,881**
Comprehensive income in the accounting period	-	-	-	1	3,764	-	**3,765**	24	**3,789**
Other comprehensive income	**-**	**-**	**-**	**1**	**3,764**	**1,063**	**4,828**	**842**	**5,670**
Dividend	-	-	-	-	-	(447)	**(447)**	-	**(447)**
Transfer of the net income from previous year to retained earnings	-	-	100,000	77,736	-	(177,736)	**-**	-	**-**
Settlement of a buyout of own equity by a subsidiary in the Group	-	-	-	-	-	28,608	**28,608**	(9,981)	**18,627**
Decrease of share capital	(30)	70,000	(45,000)	(24,970)	-	-	**-**	-	**-**
Acquisition and redemption of a stake in a subsidiary	-	-	-	-	-	395	**395**	-	**395**
Acquisition of own shares	-	(20,000)	-	-	-	-	**(20,000)**	-	**(20,000)**
Acquisition of own equity by a subsidiary in the Group	-	-	-	-	-	(30,000)	**(30,000)**	-	**(30,000)**
As of 30 Sept. 2022	**1,210**	**(20,000)**	**262,074**	**124,319**	**9,244**	**159,404**	**536,251**	**122,727**	**658,978**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

	Share capital	Own shares	Supplementary capital	Reserve capital	Foreign exchange 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**	**166,633**	**540,881**	**124,597**	**665,478**
Net result in the accounting period	-	-	-	-	-	57,695	**57,695**	9,385	**67,080**
Comprehensive income in the accounting period	-	-	-	-	(3,504)	-	**(3,504)**	(485)	**(3,989)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(3,504)**	**57,695**	**54,191**	**8,900**	**63,091**
Dividend	-	-	-	-	-	(10,490)	**(10,490)**	-	**(10,490)**
Net retained earnings carried forward	-	-	19,279	-	-	(19,279)	**-**	-	**-**
Registration of redemption of own shares	(17)	20,000	30,000	(49,973)	-	-	**10**	-	**10**
Others	-	-	-	-	-	(2,753)	**(2,753)**	-	**(2,753)**
As of 30 Sept. 2023	**1,193**	**-**	**304,048**	**81,651**	**3,141**	**191,806**	**581,839**	**133,497**	**715,336**

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022	For a period of 3 months ended on 30 Sept. 2023	For a 3-month period, ended on 30 Sept. 2022
	Unaudited data	Unaudited data	Unaudited data	Unaudited data
OPERATIONAL CASH FLOWS				
Gross profit/loss	89,107	11,764	97,798	6,175
Amortization and depreciation	27,295	23,890	9,346	7,474
Foreign exchange losses	(3,598)	1,341	3,026	1,874
Interest and share in profits (dividend)	(38,549)	7,688	(53,255)	5,084
Other non-cash adjustments	3,549	(7,052)	4,601	(465)
Net proceeds from the disposal of a subsidiary	-	(18,294)	-	-
Income tax paid	(39,395)	(23,515)	(14,937)	(3,605)
Change of working capital balance	(56,526)	(237,088)	(67,027)	19,714
Operational cash flows, net	**(18,117)**	**(241,266)**	**(20,448)**	**36,251**
INVESTMENT ACTIVITY CASH FLOWS				
Inflows from credits/loans extended	18,631	7	18,631	-
Other inflows	4,302	3,840	1,680	3,265
Expenditures on the acquisition of tangible fixed assets	(10,719)	(50,142)	(729)	(15,398)
Loans extended expense	(20,219)	(6,735)	(19,106)	(297)
Expenditures on the acquisition of shares in companies	(21,031)	(9,657)	(20,554)	(119)
Other expenses	(9)	(17)	-	(8)
Investment activity cash flows, net	**(29,045)**	**(62,704)**	**(20,078)**	**(12,557)**
FINANCIAL ACTIVITY CASH FLOWS				
Income from credits and loans taken	143,014	175,310	35,956	36,916
Other inflows	61,245	18,746	60,929	28
Debt (principal) repayment expense - principal	(92,392)	(21,586)	(40,946)	(17,812)
Lease debt repayment expense - principal	(9,673)	(9,801)	(1,491)	(3,267)
Debt (interest) repayment expense	(24,843)	(9,795)	(9,937)	(5,353)
Dividend payment	(12,042)	(500)	(1,552)	-
Acquisitions of own shares	-	(30,977)	-	-
Other expenses	(27)	-	(27)	-
Financial activity cash flows, net	**65,282**	**121,397**	**42,932**	**10,512**
NET CASH FLOWS	**18,120**	**(182,573)**	**2,406**	**34,206**
Opening cash balance	**163,961**	**363,210**	**179,675**	**146,431**
Closing cash balance	**182,081**	**180,637**	**182,081**	**180,637**

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). 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 30 September 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 30 September 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

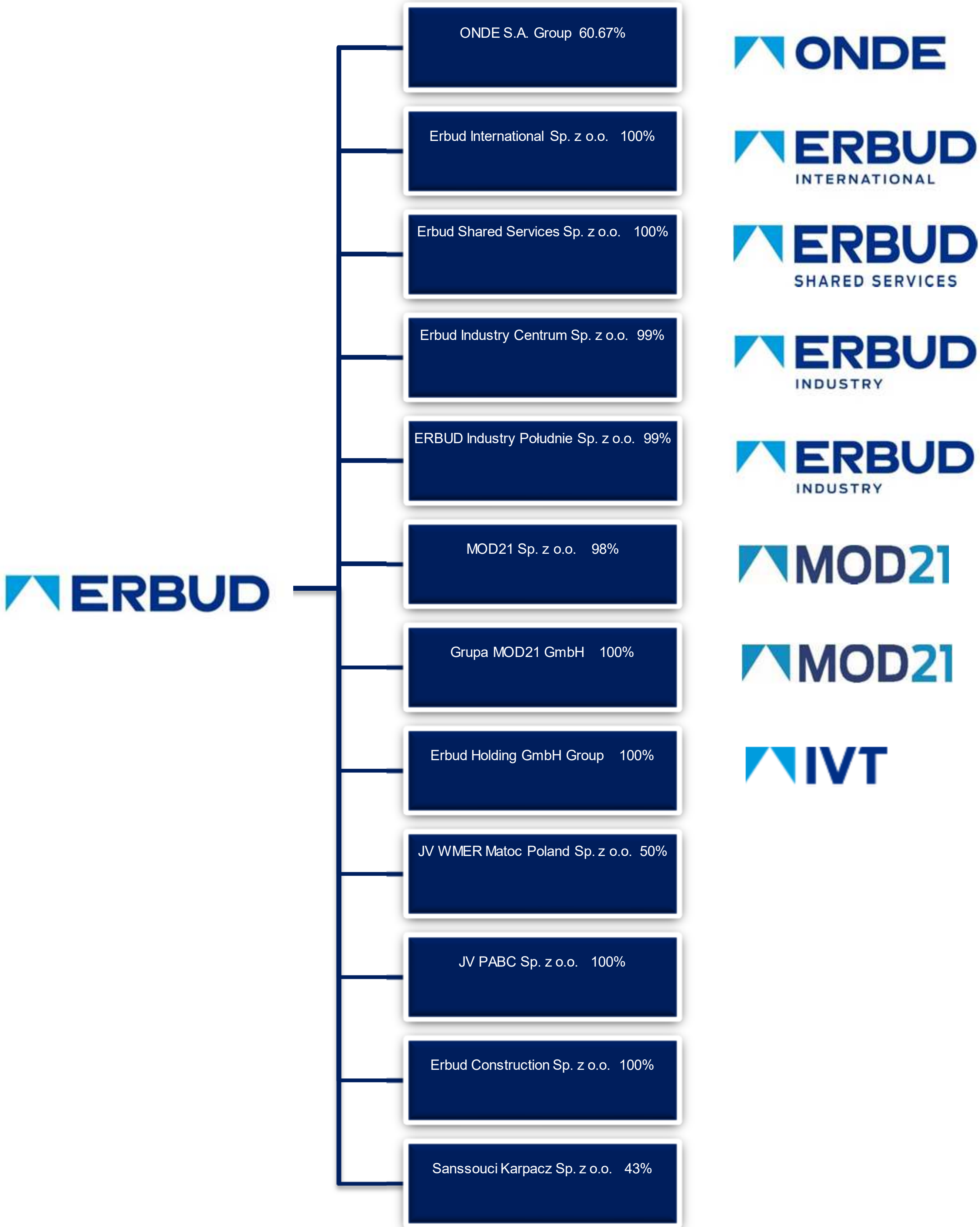
Michał Wosik

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.

1. BACKGROUND INFORMATION



Detailed shareholding structure of the Group is presented in the Note 5.3. The above figure shows the share of Erbud S.A. in the individual member companies of the Erbud S.A. Capital Group as of 30 September 2023.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IAS Compliance Statement

The Condensed Consolidated Financial Statements were drawn up as of 30 September 2023 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 Statement has been drawn up on historical cost basis, except for financial derivatives that were priced at fair value.

The Condensed, Separate Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's Consolidated Financial Statements for the year ended 31 December 2022, which were approved for publication on 28 March 2023. The financial profit/loss as of 30 September 2023 is not a measure to determine the Group's financial profit/loss for the overall accounting year. The accounting policies in the condensed statements as of 30 September 2023 and in the annual report are consistent.

This Condensed Consolidated Financial Statement was approved for publication by the Management Board on 14 November 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. 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 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:

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 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.

d) 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 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 drawing up these Condensed 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 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 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 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 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) 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.

e) 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.

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 and distribution centres, wind and photovoltaic farms, power plants, production rooms, roads and motorways as well as buildings made using modular timber technology.

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 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 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-a-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.

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 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.

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 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 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	2,010,294	2,457,613
Costs under building contracts,	1,905,006	2,339,038
Net income before recognition and settlement of provisions for the contracts generating liabilities	**105,288**	**118,575**
Setting up provisions for the contracts generating liabilities	2,775	2,330
Gross profit/loss	**102,513**	**116,245**
Gross profit margin		
excluding provisions for the contracts generating liabilities	5%	5%
including provisions for the contracts generating liabilities	5%	5%

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

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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

	30 Sept. 2023	31 Dec. 2022
Revenues under non-completed building contracts YTD	5,028,592	5,463,874
Invoiced receivables from customers, YTD (excl. advances)	4,717,101	5,261,616
Balance of payments under non-completed building contracts,	**311,491**	**202,258**
of which:		
(1) Assets for completed, non-invoiced construction works, gross	451,480	307,488
Asset impairment write-off under building contracts	(4,265)	(2,843)
(1a) Assets for completed, non-invoiced construction works, net	447,215	304,645
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	135,724	102,387
Costs related to building contracts, YTD	2,869,795	3,450,360
Losses posted on YTD basis	-	-
Subcontractor expense and own expenses on a YTD basis.	2,932,504	3,500,604
Balance of payments under building contracts	**62,709**	**50,244**
of which:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	143,505	126,368
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	80,796	76,124
Balance of payments under building contracts	**374,200**	**252,502**
of which:		
Pricing of building contracts - assets - TOTAL	**590,720**	**431,013**
Pricing of building contracts - balance settlement (2)+(4)	216,520	178,511
Building contract liabilities - advanced paid	143,075	67,446
Pricing of building contracts - liabilities - TOTAL	**359,595**	**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.

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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 30 September 2023, the share capital consisted of 11,929, 836 shares 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 & Müller Baubeteiligungen GmbH & Co. KG	3,592,950	30.12%
Wolff & Müller Holding GmbH & Co. KG	261,887	2.20%
Durr Holding GmbH	12,712	0.11%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	721,553	6.05%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	764,935	6.41%
Dariusz Grzeszczak	1,831,907	15.36%
PKO BP Bank Open-Ended Pension Fund	715,279	6.00%
Jacek Leczkowski	5,112	0.04%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	13,642	0.11%
Roland Bosch	10,000	0.08%
Other shareholders	2,795,921	23.43%
Total	**11,929,836**	**100%**

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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 December 2022, Erbud S.A. held 166,666 own shares, accounting for 1.38% of all shares in the above-mentioned Company, acquired for cancellation. Pursuant to Resolution No. 20/2023 of the Annual General Meeting of Erbud S.A. dated 22 May 2023, 166,666 of the Company's own shares with a par value of PLN 0.10 (ten Polish groszys) each, i.e. with a total nominal par value of PLN 16,666.60 (sixteen thousand six hundred and sixty-six Polish zlotys and 60/100) were redeemed.

As a result of the redemption of own shares, by virtue of Resolution No. 21/2023 of 22 May 2023, adopted by the Annual General Meeting of Shareholders of Erbud S.A., the share capital was reduced by an amount corresponding to the total par value of the redeemed shares, i.e. by PLN 16,666.60, i.e. from the level of PLN 1,209,650.20 to PLN 1,192,983.60.

As of 30 September 2023, 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 (EPS) 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 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022
Net profit/loss attributable to the shareholders of the Parent Company	57,695	1,063
Average weighted number of ordinary shares (in pcs.)	11,929,836	12,034,231
Basic and diluted earnings per share (in PLN)	**4.84**	**0.09**

ERBUD Condensed Consolidated Financial Statement as of 30 September 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.

	30 Sept. 2023	31 Dec. 2022
Long-term		
Bank loans	41,667	44,035
Loans	1,292	2,308
	42,959	**46,343**
Short-term		
Overdraft facilities	106,107	26,582
Bank loans	44,588	72,460
Loans	2,270	1,792
	152,965	**100,834**
Total credit and loan liabilities	**195,924**	**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.

On 16 February 2023, the BNP Paribas loan denominated in PLN was converted into EUR, at the exchange rate of 4,748, agreed between Erbud S.A. and the Bank. The amount of PLN 26 208 thousand was converted into EUR 5,520 thousand. .

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 a quotient of EBITDA (formerly EBIT) to Sales Revenues. The ratio limit remained unchanged - a minimum of 1%.

During the year, as of 30 September 2023 and by the approval date of the financial statements, all covenants have been met, similarly to the previous year.

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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	
						30 Sept. 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 30 Sept. 2023, of which:			**75,586**	**75,586**
			long-term			75,000	75,000
			short-term			586	586

Covenants

	As of	
	30 Sept. 2023	30 Sept. 2022
"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity in value terms.	**0.23**	**0.26**
Consolidated long-term and short-term debt	347,191	355,776
Cash assets	192,289	196,181
Adjusted equity by goodwill and intangible assets	661,338	602,509

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.

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

3.4. LEASE LIABILITIES

Period		30 Sept. 2023 Nominal value of minimum payments	31 Dec. 2022 Nominal value of minimum payments
Below 1 year	Short-term	21,567	24,574
Above 1 year	Long-term	66,152	74,914
Nominal value of minimum payments		**87,719**	**99,488**
Future lease costs		12,038	9,676
Present value of minimum payments		**75,681**	**89,812**
Below 1 year	Short-term	18,738	21,748
Above 1 year	Long-term	56,943	68,064

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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.

	30 Sept. 2023	30 Sept. 2022
Net profit /(loss) for the accounting period	**67,080**	**1,881**
Income tax	22,027	9,883
Gross profit	**89,107**	**11,764**
Share in net profits/losses of equity-accounted subsidiaries	(1,004)	(405)
Financial costs	32,917	24,104
Financial revenues	10,052	15,768
Financial income - compensation-related interest income	60,929	-
EBIT	**52,047**	**20,505**
One-off compensation-related gain	38,317	-
Adjusted EBIT	**13,730**	**20,505**
Amortization and depreciation	27,295	23,890
EBITDA	**79,342**	**44,395**
Adjusted EBITDA	**41,025**	**44,395**
Revenues from sales of products and services	2,447,229	2,795,521
EBIT margin	**2%**	**1%**
Adjusted EBIT margin	**1%**	**1%**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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)
- 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.

Key segment information in the following accounting periods: January 2023 - September 2023 and January 2022 - September 2022.

The Group operates in Poland and abroad (in Germany, Belgium, France and 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 a 9-month period, ended on 30 Sept. 2023			For a 9-month period, ended on 30 Sept. 2022		
	Domestic market (Poland)	Foreign markets	Total	Domestic market (Poland)	Foreign markets	Total
Sales to third party customers, of which:	2,009,364	437,865	**2,447,229**	2,460,460	335,061	**2,795,521**
Accrued and deferred income	1,844,307	165,987	**2,010,294**	2,339,219	118,394	**2,457,613**
Income recognized at a certain point in time	165,057	271,878	**436,935**	121,241	216,667	**337,908**
Fixed assets other than financial instruments and deferred tax assets	358,397	52,081	**410,478**	258,631	54,540	**313,171**

In connection with the Group's re-engineering and the merger of Erbud SA and Erbud Industry Sp. z o.o., the business segments are now presented differently. As a result, a part of the industrial segment in Poland was transferred to the building construction segment in Poland. For the sake of comparability, comparative data has been restated.

From the current quarter onwards, the presentation has changed between the building construction segment and the other segment at Erbud S.A. Comparative data reflect the above change.

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

						For a 9-month period, ended on 30 Sept. 2023			
	Building construction in domestic market	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	1,057,098	85,879	202,959	155,824	269,617	632,323	37,682	5,847	**2,447,229**
Total sales revenues	**1,057,098**	**85,879**	**202,959**	**155,824**	**269,617**	**632,323**	**37,682**	**5,847**	**2,447,229**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	1,011,179	87,641	194,445	141,344	229,338	563,922	39,573	2,747	**2,270,189**
Sales margin	**45,919**	**(1,762)**	**8,514**	**14,480**	**40,279**	**68,401**	**(1,891)**	**3,100**	**177,040**
Sales margin %	4%	-2%	4%	9%	15%	11%	-5%	53%	**7%**
Other operating profit/loss	(60,617)	(10,756)	(8,216)	(8,066)	(21,002)	(32,090)	(19,591)	(2,972)	**(163,310)**
One-off compensation-related gain	-	-	-	-		-	-	38,317	**38,317**
Segment performance – EBIT	**(14,696)**	**(12,518)**	**298**	**6,414**	**19,277**	**36,310**	**(21,482)**	**38,444**	**52,047**
Segment performance – EBIT adjusted	**(14,696)**	**(12,518)**	**298**	**6,414**	**19,277**	**36,310**	**(21,482)**	**127**	**13,730**
EBIT margin	(1%)	-15%	0%	4%	7%	6%	-57%	657%	**2%**
Share in net profits/ (losses) of equity-accounted subsidiaries	(316)					(688)			**(1,004)**
Profit (loss) on financial activities (financial income less financial expenses)									**38,064**
Gross profit/loss									**89,107**
Income tax									**22,027**
Net profit/loss									**67,080**
Amortization and depreciation	5,836	736	2,138	3,925	3,881	2,157	2,815	5,807	**27,295**
Segment performance – EBITDA	**(8,860)**	**(11,782)**	**2,436**	**10,339**	**23,158**	**38,467**	**(18,667)**	**44,251**	**79,342**
Segment performance - EBITDA adjusted	**(8,860)**	**(11,782)**	**2,436**	**10,339**	**23,158**	**38,467**	**(18,667)**	**5,934**	**41,025**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

For a 9-month period, ended on 30 Sept. 2022

	Building construction in domestic market	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	1,505,847	102,309	147,762	134,457	232,752	666,443	655	5,296	**2,795,521**
Total sales revenues	**1,505,847**	**102,309**	**147,762**	**134,457**	**232,752**	**666,443**	**655**	**5,296**	**2,795,521**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	1,436,735	99,618	142,206	122,559	198,337	623,153	429	4,564	**2,627,601**
Sales margin	**69,112**	**2,691**	**5,556**	**11,898**	**34,415**	**43,290**	**226**	**732**	**167,920**
Sales margin %	5%	3%	4%	9%	15%	6%	-	13%	**6%**
Other operating profit/loss	(55,303)	(11,657)	(5,796)	(7,884)	(23,742)	(32,865)	(6,520)	(3,648)	**(147,415)**
Segment performance – EBIT	**13,809**	**(8,966)**	**(240)**	**4,014**	**10,673**	**10,425**	**(6,294)**	**(2,916)**	**20,505**
EBIT margin	5%	-9%	0%	3%	5%	2%	-961%	-55%	**1%**
Share in net profits/losses of equity-accounted subsidiaries						(405)			**(405)**
Profit (loss) on financial activities (financial income less financial expenses)									**(8,336)**
Gross profit/loss									**11,764**
Income tax									**9,883**
Net profit/loss									**1,881**
Amortization and depreciation	5,589	1,197	3,088	2,872	4,056	2,690	1,169	3,229	**23,890**
Segment performance – EBITDA	**19,398**	**(7,769)**	**2,848**	**6,886**	**14,729**	**13,115**	**(5,125)**	**313**	**44,395**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

For a period of 3 months ended on 30 Sept. 2023

	Building construction in domestic market	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	301,753	29,034	73,859	68,903	103,778	261,044	26,492	176	**865,039**
Total sales revenues	**301,753**	**29,034**	**73,859**	**68,903**	**103,778**	**261,044**	**26,492**	**176**	**865,039**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	294,205	31,476	71,654	61,725	88,179	233,092	29,430	(1,282)	**808,479**
Sales margin	**7,548**	**(2,442)**	**2,205**	**7,178**	**15,599**	**27,952**	**(2,938)**	**1,458**	**56,560**
Sales margin %	3%	-8%	3%	10%	15%	11%	-11%	828%	**7%**
Other operating profit/loss	(16,968)	(4,376)	(2,158)	(3,429)	(7,952)	(11,952)	(5,671)	(544)	**(53,050)**
One-off compensation-related gain								38,317	**38,317**
Segment performance – EBIT	**(9,420)**	**(6,818)**	**47**	**3,749**	**7,647**	**16,000**	**(8,609)**	**39,231**	**41,827**
Segment performance – EBIT adjusted	**(9,420)**	**(6,818)**	**47**	**3,749**	**7,647**	**16,000**	**(8,609)**	**914**	**3,510**
EBIT margin	-3%	-23%	0%	5%	7%	6%	-32%	22290%	**5%**
EBIT margin, adjusted	-3%	-23%	0%	5%	7%	6%	-32%	519%	**0%**
Share in net profits/losses of equity-accounted subsidiaries						(245)			**(245)**
Profit (loss) on financial activities (financial income less financial expenses)									56,216
Gross profit/loss									**97,798**
Income tax									26,058
Net profit/loss									**71,740**
Amortization and depreciation	2,041	167	872	1,318	1,228	645	1,240	1,835	**9,346**
Segment performance – EBITDA	**(7,379)**	**(6,651)**	**919**	**5,067**	**8,875**	**16,645**	**(7,369)**	**41,066**	**51,173**
Segment performance - EBITDA adjusted	**(7,379)**	**(6,651)**	**919**	**5,067**	**8,875**	**16,645**	**(7,369)**	**2,749**	**12,856**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

For a 3-month period, ended on 30 Sept. 2022

	Building construction in domestic market	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									
Cross segment sales		-	-	-	-	-	-	-	**-**
Sales to third party customers	548,188	28,976	57,663	54,426	79,104	234,525	307	2,216	**1,005,405**
Total sales revenues	**548,188**	**28,976**	**57,663**	**54,426**	**79,104**	**234,525**	**307**	**2,216**	**1,005,405**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	524,103	29,714	55,515	49,322	67,576	219,907	419	1,605	**948,161**
Sales margin	**24,085**	**(738)**	**2,148**	**5,104**	**11,528**	**14,618**	**(112)**	**611**	**57,244**
Sales margin %	4%	-3%	4%	9%	15%	6%	-36%	28%	**6%**
Other operating profit/loss	(14,257)	(4,540)	(1,498)	(3,035)	(10,651)	(11,243)	(2,393)	(1,520)	**(49,137)**
Segment performance – EBIT	**9,828**	**(5,278)**	**650**	**2,069**	**877**	**3,375**	**(2,505)**	**(909)**	**8,107**
EBIT margin	2%	-18%	1%	4%	1%	1%	-816%	-41%	**1%**
Share in net profits/ (losses) of equity-accounted subsidiaries						(93)			**(93)**
Profit (loss) on financial activities (financial income less financial expenses)									(1,839)
Gross profit/loss									**6,175**
Income tax									2,843
Net profit/loss									**3,332**
Amortization and depreciation	1,294	203	1,114	649	1,335	927	867	1,085	**7,474**
Segment performance – EBITDA	**11,122**	**(5,075)**	**1,764**	**2,718**	**2,212**	**4,302**	**(1,638)**	**176**	**15,581**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

4.3. COST OF GOODS SOLD (COGS)

	For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022	For a 3-month period, ended on 30 Sept. 2023	For a 3-month period, ended on 30 Sept. 2022
Third party services including	1,395,032	1,561,040	470,108	548,362
third party services from subcontractors	1,158,584	1,328,405	386,772	500,028
Material and energy consumption	619,099	872,462	230,006	298,735
Employee benefit expenses	366,857	357,851	125,632	120,103
Amortization and depreciation	27,295	23,890	9,346	7,474
Taxes and charges	11,152	14,181	3,838	4,012
Other cost categories	19,592	16,869	5,864	4,886
Value of goods and materials sold	2,967	3,478	1,255	1,516
Total Costs by type	**2,441,994**	**2,849,771**	**846,049**	**985,088**
Change in the balance of products, work in progress and accrued expenses under building contracts	(4,359)	(73,715)	28,470	13,359
Cost of sales (negative value)	(11,041)	(9,271)	(3,860)	(3,143)
General management and administration costs (negative value)	(156,405)	(139,184)	(62,180)	(47,143)
Manufacturing costs of products sold	**2,270,189**	**2,627,601**	**808,479**	**948,161**

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.

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 a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022
Gross profit before taxation	**91,397**	**11,764**
Tax according to the statutory tax rate applicable in Poland - 19%	**17,366**	**2,235**
Additional tax burden being a result of a rate exceeding 19% in Germany	9,056	3,058
(Excess of non-tax revenues over non-deductible expenses) / Excess of non-deductible expenses over non-tax revenues	(4,395)	4,590
Tax recognized in the financial net profit/loss	**22,027**	**9,883**
Current tax	29,951	24,945
Deferred tax	(7,924)	(15,062)
Effective tax rate	**24.10%**	**84.01%**

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 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 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 S.A. 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.

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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 construction 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 budgetare recognised at the amount due to the Group in accordance with 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, the increase of receivables caused by time elapse is posted as financial gains.

	30 Sept. 2023			31 Dec. 2022		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	694,849	49,898	644,951	699,549	47,966	651,583
Corporate income tax receivables	3,794	-	3,794	18,568	-	18,568
Other budget receivables	37,929	-	37,929	49,810	-	49,810
Other receivables	38,719	1,210	37,509	24,368	1,210	23,158
Total	**775,291**	**51,108**	**724,183**	**792,295**	**49,176**	**743,119**

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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

	For a 9-month period, ended on 30 Sept. 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	268	901
Setting up /(reversal) of write-offs according to write-off matrix	2,889	2,059
Use of individual write-offs	(1,101)	(1,155)
Others	(13)	48
Foreign exchange gains and losses from translation	(111)	180
Closing write-offs, of which:	**51,108**	**49,176**
Matrix-based calculated write-off	13,994	11,105
Individual write-off	37,114	38,071

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

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 payablesare 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.

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

	30 Sept. 2023	31 Dec. 2022
Trade payables	**355,479**	**443,402**
including to related entities	65	-
Liabilities vis-à-vis budget in relation to:	**41,196**	**47,007**
VAT tax	13,916	10,404
corporate income tax	7,273	19,394
personal income tax	4,615	4,836
Social insurance contribution	13,254	10,752
real estate tax	255	2
State Fund for the Rehabilitation of the Disabled	284	224
Employee Capital Plans (PPK)	333	115
holiday accrual (Belgium tax)	341	413
other	925	867
Other liabilities	**64,656**	**59,138**
wages and salaries	16,149	14,987
accruals	5,263	2,695
short-term employee benefit liabilities	35,907	31,604
other	7,337	9,852
Total	**461,331**	**549,547**

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.

Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

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

Group Structure

As of 30 September 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)			
Item	**Name of entity**	**Registered office**	**Scope of activities**	**30 Sept. 2023**	**31 Dec. 2022**
	Shares held directly				
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.67%**	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	**0.00%**	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, Byelorussia	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	**98.00%**	100.00%
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	100.00%
14	Erbud Industry Centrum Sp. z o.o.	The City of Łódź	Maintenance services in the industrial segment	**99.00%**	0.00%
15	ERBUD Industry Południe Sp. z o.o.	The City of Rybnik	Maintenance services in the industrial segment	**99.00%**	0.00%
16	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.00%**	0.00%

ERBUD Condensed Consolidated Financial Statement as of 30 September 2023 ('000 PLN, unless specified otherwise)

Item	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 30 Sept. 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	0.00%	99.01%
2	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	0.00%	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	43.35%	43.35%
9	WTL20 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
10	WTL40 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
11	WTL80 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
12	WTL100 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
13	WTL120 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
14	WTL130 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
15	WTL140 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
16	WTL150 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
17	WTL160 Sp. z o.o.	Toruń	Renewable energy sources	100.00%	100.00%
18	WTL170 Sp. z o.o.	Toruń	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.	Warsaw	Renewable energy sources	50.00%	50.00%
22	Cyranka Sp. z o.o.	Toruń	Renewable energy sources	0.00%	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	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%
38	Invest PV Sp. z o.o.	Toruń	Renewable energy sources	100.00%	0.00%
39	SPV Czerwona Woda Sp. z o.o.	Toruń	Renewable energy sources	100.00%	0.00%

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

On 3 January 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.

On 7 July 2023, ONDE S.A. entered into promised agreements to acquire 100% of shareholding from non-related entities in two Special Purpose Vehicles (SPVs) owning projects involving two photovoltaic power plants located in the Lower Silesia Province. One project is at a very advanced stage of development and has a building permit issued. The second project has also been granted the building permit, but is in the phase of obtaining power grid connection conditions. The purchase price of the projects was set following an arm's length principle, totalled PLN 20.5 million and was settled in cash. Transaction costs related to this transaction were immaterial.

Disposal of stakes in subsidiaries

On 30 June 2023, 100% shareholding in Cyranka Sp. z o.o. was sold to a non-related entity. The deal price totalled to PLN 74,900 thousand, adjusted for the value of third party financing, and the PV project sales proceeds were included in the disjointed array in the gross profit on sale line.

5.4. SIGNIFICANT EVENT DURING THE ACCOUNTING PERIOD

At a closed session held on 28 July 2023, in Warsaw, the Supreme Court issued a decision refusing to accept the cassation appeal of Bank Millenium S.A., based in Warsaw, against the judgment of the Court of Appeals in Warsaw, favourable to the Issuer, dated 24 November 2021. Thus, on 1 August 2023, the Issuer's bank account was credited with the amount of PLN 112,313,076.28, which was posted into compensation of PLN 51,383,600 and delayed interest of PLN 60,929,476.28, respectively. The dispute concerned the entering into currency option transactions in 2008 to hedge the exchange rate risk on Euro-denominated contracts executed by the Company.

5.5. POST-ACCOUNTING PERIOD EVENTS

On 30 October 2023, a mediation settlement was concluded between the Issuer and Warsaw Modlin Airport (MPL) operated by Warszawa-Modlin Sp. z o.o..

The settlement concerns mutual claims of the Issuer and MPL covered by MPL's lawsuit against the Issuer for the payment of PLN 34,381,374.64 and the Issuer's counterclaim against MPL for the payment of PLN 19,892,366.30 related to the performance of the construction contract concerning the aviation part of the Warsaw-Modlin airport.

Under the Settlement Agreement, the Issuer agreed to pay MPL the amount of PLN 21,697,809.43, as follows:

a) the amount of PLN 2,197,809.43 was deducted from the gross receivables at the Settlement Agreement date,
b) the amount of PLN 12,000,000.00 was paid on 2 November 2023, and
c) the amount of PLN 7,500,000.00 will be paid by 20 January 2024, under the proviso that if payment has been made after that date, the Issuer is obliged to pay interest at the rate of 12.25% (per annum) calculated from 21 January 2024 to payment date.

The execution of the Settlement will have a material impact on the Issuer's financial performance and will result in a reduction of the Issuer's separate and consolidated operating profit (EBIT) in Q4 2023, by the amount provided for in the Settlement Agreement less the amount of PLN 5,000,000.00 to be paid to the Issuer by the insurance company.

Pursuant to the Settlement Agreement, the Issuer and MPL also waive mutually any claims arising or which may arise under or in connection with the Contract.

The entering into the Settlement Agreement by the Issuer and MPL ends definitively all settlements and claims related to the construction of the Warsaw-Modlin Airport.

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, 14 November 2023