ERBUD S.A.

Condensed Consolidated Financial Statements

For the accounting period ended on 30 September 2021

Drawn up in compliance with the International Accounting Standard No. 34, endorsed for the use in the European Union.

(in '000 PLN, unless stated otherwise))

CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020	For the period of 3 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2020
		not subject to a review	not subject to a review	not subject to a review	not subject to a review
	CONTINUING OPERATIONS				
Note 4.2.	Revenues from sales of products and services	2,171,670	1,606,883	880,968	522,361
Note 4.2.-4.3.	Cost of products and services sold	1,987,321	1,480,335	824,560	471,271
	Gross sales profit/(loss)	**184,349**	**126,548**	**56,408**	**51,090**
Note 4.3.	Cost of sales	8,354	6,514	2,903	2,656
Note 4.3.	General and administrative (G&A) costs	124,680	78,218	28,339	27,406
	including remuneration consisting of shares	28,343	-	-	-
	Other operating income	9,944	9,599	2,004	4,956
	Other operating expenses	4,263	5,717	1,730	1,657
	Loss reversal/(impairment) of financial assets and customer contract valuation assets	(1,606)	853	85	1,161
	Share in net profits/losses of equity-accounted subsidiaries	(45)	-	(63)	-
Note 4.2.	**Operating profit**	**55,345**	**46,551**	**25,462**	**25,488**
	Financial income	1,882	4,631	555	1,921
	Financial expenses	7,346	7,849	2,787	2,104
Note 4.2.	**Gross profit**	**49,881**	**43,333**	**23,230**	**25,305**
Note 4.4.	Income tax	54,383	8,513	42,961	2,183
	Net profit /(loss) for the accounting period	**(4,502)**	**34,820**	**(19,731)**	**23,122**
	Profit generated in accounting period appropriated to:				
	Shareholders of Parent Company	(9,949)	33,533	(23,872)	22,639
	Non-Controlling Stakeholders	5,447	1,285	4,140	755

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020	For the period of 3 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2020
	not subject to a review	not subject to a review	not subject to a review	not subject to a review
Consolidated profit / (loss), net	**(4,502)**	**34,820**	**(19,731)**	**23,122**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**111**	3,294	1,276	855
Pricing of hedging instruments	-	-	-	-
Comprehensive income (including tax effect) subject to reclassification into result	**111**	**3,294**	**1,276**	**855**
Comprehensive income in the accounting period	**(4,391)**	**38,114**	**(18,455)**	**23,977**
Appropriated to:				
Shareholders of Parent Company	(9,835)	36,816	(22,607)	23,224
Non-Controlling Stakeholders	5,444	1,298	4,152	753

(in '000 PLN, unless stated otherwise))

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.09.2021	31.12.2020
		not subject to a review	
	ASSETS	**1,872,848**	**1,199,863**
	Goodwill	41,492	40,667
	Intangible assets	10,274	12,525
	Tangible fixed assets	140,116	91,629
	Other financial assets	23,722	6,630
	Deferred tax assets	49,684	45,778
	Receivables under building contracts - bid bonds	16,889	12,004
	Shares in subsidiaries accounted for using the equity method	23,240	490
	Fixed assets	**305,417**	**209,723**
	Inventory	40,123	25,728
	Receivables under building contracts - bid bonds	15,061	25,027
Note 2.2.	Pricing of building contracts - assets	403,812	179,106
Note 5.1.	Trade receivables	647,505	367,389
Note 5.1.	Other receivables	50,041	30,939
	Other financial assets	18,009	10,633
	Cash and cash equivalents	353,853	292,588
	Cash assets in VAT account	12,285	30,753
	Cash with restricted availability.	19,220	22,949
	Short-term prepayments	7,522	5,028
	Current assets	**1,567,431**	**990,140**
	LIABILITIES	**1,872,848**	**1,199,863**
Note 3.1.	Share capital	1,240	1,240
	Supplementary capital	197,805	195,497
	Own shares	(20,000)	-
	Reserve capital	347,290	17,822
	Accumulated comprehensive income	5,803	5,689
	Retained earnings	43,104	80,804
	Equity of shareholders of the Parent Company	575,242	301,052
	Equity of non-controlling stakeholders	124,670	9,441
	Shareholders' equity	**699,912**	**310,493**
Note 3.2.-3.4.	Debt	147,679	35,873
	Provisions	29,091	22,788
	Deferred tax liabilities	6,211	1,133
	Liabilities vis-à-vis subcontractors - bid bonds	16,223	15,901
Note 5.2.	Other liabilities	2,941	-
	Long-term liabilities	**202,145**	**75,695**
Note 3.2.-3.4.	Debt	54,598	91,589
	Provisions	36,047	29,050
	Liabilities vis-à-vis subcontractors - bid bonds	130,275	124,460
Note 2.2.	Pricing of building contracts - liabilities	281,828	234,463
Note 5.2.	Trade payables	350,370	258,673
Note 5.2.	Other liabilities	117,673	75,440
	Short-term liabilities	**970,791**	**813,675**

(in '000 PLN, unless stated otherwise))

Consolidated statement of changes in equity

	Share capital	Own shares	Supplementary capital	Reserve capital	Foreign exchange gains/losses resulting from conversion of foreign unit	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2020	**1,281**	**-**	**211,931**	**11,385**	**1,554**	**40,534**	**266,685**	**8,131**	**274,816**
Net result in the accounting period	-	-	-	-	-	33,536	**33,536**	1,284	**34,820**
Comprehensive income in the accounting period	-	-	-	-	3,280	-	**3,280**	14	**3,294**
Other comprehensive income	**-**	**-**	**-**	**-**	**3,280**	**33,536**	**36,816**	**1,298**	**38,114**
Dividend	-	-	-	-	-	-	**-**	(2,031)	**(2,031)**
Transfer of the net income from previous year to retained earnings	-	-	-	6,437	-	(6,437)	**-**	-	**-**
Acquisition and redemption of a stake in a subsidiary	-	-	-	-	-	(145)	**(145)**	(407)	**(552)**
Revaluation of fixed assets	-	-	-	-	-	-	**-**	-	**-**
Acquisitions of own shares	-	(16,500)	-	-	-	-	**(16,500)**	-	**(16,500)**
Other	-	-	25	-	-	-	**25**	-	**25**
As of 30 September 2020	**1,281**	**(16,500)**	**211,956**	**17,822**	**4,834**	**67,488**	**286,881**	**6,991**	**293,872**
As of 1 Jan. 2021	**1,240**	**-**	**195,497**	**17,822**	**5,689**	**80,804**	**301,052**	**9,441**	**310,493**
Net result in the accounting period	-	-	-	-	-	(9,949)	**(9,949)**	5,447	**(4,502)**
Comprehensive income in the accounting period	-	-	-	-	114	-	**114**	(3)	**111**
Other comprehensive income	**-**	**-**	**-**	**-**	**114**	**(9,949)**	**(9,835)**	**5,444**	**(4,391)**
Dividend	-	-	-	-	-	(500)	**(500)**	(3,253)	**(3,753)**
Net retained earnings carried forward	-	-	2,308	25,000	-	(27,308)	**-**	-	**-**
Sales and issue of shares in a subsidiary	-	-	-	275,738	-	-	**275,738**	112,998	**388,736**
Acquisitions of own shares	-	(20,000)	-	-	-	-	**(20,000)**	-	**(20,000)**
Capital refund upon merger of subsidiaries	-	-	-	-	-	57	**57**	-	**57**
Employee share schemes	-		-	28,343	-	-	**28,343**	-	**28,343**
Issue of shares	-		-	387	-	-	**387**	40	**427**
As of 30 September 2021	**1,240**	**(20,000)**	**197,805**	**347,290**	**5,803**	**43,104**	**575,242**	**124,670**	**699,912**

(in '000 PLN, unless stated otherwise))

CONSOLIDATED CASH FLOW STATEMENT

		For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020	For the period of 3 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2020
		not subject to a review	not subject to a review	not subject to a review	not subject to a review
	OPERATIONAL CASH FLOWS				
	Gross profit/loss	49,881	43,333	23,230	25,305
	Amortization and depreciation	18,906	16,729	6,445	5,456
	Foreign exchange gains/losses	(1,319)	(75)	32	(1,435)
	Interest and share in profits (dividend)	11,055	1,243	12,084	(515)
	Other non-cash adjustments	27,426	(509)	2,428	17
	Income tax paid	(16,605)	(7,725)	(2,518)	(2,649)
Note 5.3.	Change in balance of working capital	(351,223)	14,527	(152,488)	7,129
	Operational cash flows, net	**(261,879)**	**67,523**	**(110,787)**	**33,308**
	INVESTMENT ACTIVITY CASH FLOWS				
	Inflows from credits/loans extended	10,000	5	(48)	1
	Other inflows	6,264	726	319	349
	Expenditures on the acquisition of tangible fixed assets	(49,039)	(8,881)	(5,530)	(2,462)
	Loans extended expense	(37,020)	(10,000)	(15,979)	(10,000)
	Expenditures on the acquisition of shares in companies	(28,801)	-	(536)	-
	Other	(7,739)	(735)	(582)	-
	Investment activity cash flows, net	**(106,335)**	**(18,885)**	**(22,356)**	**(12,112)**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	57,016	45,169	-	1,228
	Inflows from bond issue	75,000	-	75,000	-
	Proceeds from sales and issue of shares in a subsidiary	396,804	-	396,804	-
	Other inflows	387	555	-	555
	Debt (principal) repayment expense	(6,408)	(44,338)	(46,038)	-
	Debt (principal) repayment expense	(7,894)	(6,524)	(2,715)	(1,429)
	Debt (interest) repayment expense	(3,064)	(3,016)	(1,590)	(468)
	Dividend payment	(3,245)	(2,011)	-	-
	Acquisitions of own shares	(20,000)	(16,500)	-	(16,500)
	Redemption of debt securities	(52,000)	-	(52,000)	-
	Other expenses	(7,117)	-	244	-
	Financial activity cash flows, net	**429,479**	**(26,665)**	**369,705**	**(16,614)**
	NET CASH FLOWS	**61,265**	**21,973**	**236,562**	**4,582**
	Opening cash balance	**292,588**	**148,240**	**117,291**	**165,631**
	Closing cash balance	**353,853**	**170,213**	**353,853**	**170,213**

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The Financial Statement comprises icons that represent:


Accounting Policy


Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

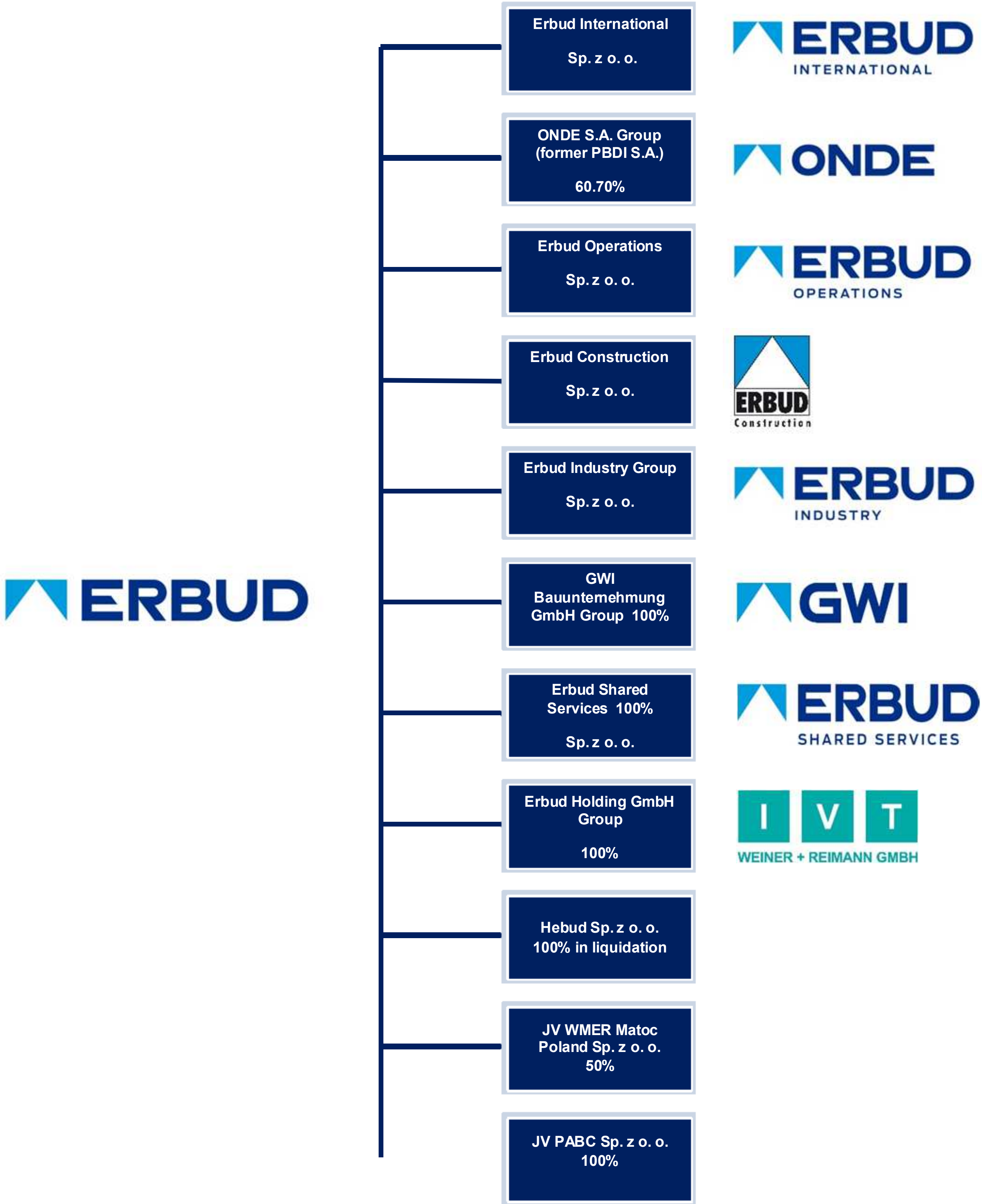
The Parent Company of Erbud S.A Capital Group ("Group") is Erbud S.A. ("Parent Company"), with its registered office in the City of Warsaw, at ul. Franciszka Klimczaka No. 1.

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. 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.

1. BACKGROUND INFORMATION



Detailed organisational structure of the Group is presented in the Note 5.4. The above figure shows the share of Erbud S.A. in the individual member companies of the Erbud S.A. Group as at the date of drawing up the financial statements.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IFRS Compliance Statement

The Interim Consolidated Financial Statements of the Group for the 9 months ended 30 September 2021 were drawn up in accordance with the International Accounting Standard 34 as endorsed by the European Union.

The Consolidated Financial Statement is presented in Polish currency (Polish zloty, "PLN"), and all figures are specified in thousands of Polish zlotys.
The Condensed Financial Statement has been drawn up on a historical cost basis, except for financial derivatives that were priced at fair value.

This Financial Statement was approved for publication by the Management Board on 6 November 2021.

Going Concern

This Consolidated Financial Statement was drawn up following going concern principle applicable to the Group in the foreseeable future. As of the date of approval of this Financial Statement, no signs prevailed indicating a risk to the continuation of Company operations following a going concern principle.

Impact of COVID-19

The Group has not experienced a material impact of COVID-19 on its current operations. The building contracts were carried out in adherence to the planned schedules, and no penalties for project delays were recorded. Additional costs related to providing necessary safety for the personnel were not significant and did not have material impact on the Company's 2021 performance. The coronavirus pandemic did not undermine Group's liquidity, and the Group maintained a stable, high cash balance throughout the year and paid its liabilities in a timely manner. The Group also experienced no change in the recoverability of accounts receivable, which were paid by the customers on an on-going basis with no significant delays.

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 players 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. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS:

In this Separate Financial Statement, the following new and amended standards and their interpretations were applied for the first time, which entered into force on 1 January 2021:

a. Amendments to IFRS 9, IAS 39 and IFRS 16 connected with the IBOR reform

In response to the expected reform of reference rates (IBOR reform), the International Accounting Standards Board has published the second part of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments address accounting issues that will arise when IBOR-based financial instruments will transition to the new interest rates. The amendments introduce a number of guidelines and exemptions, most notably a practical expedient for contract modifications required by the reform that will be recognized by updating the effective interest rate, a waiver to terminate hedge accounting, a temporary waiver to identify the risk component, and the requirement to include additional disclosures.

b. Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments"

Amendment to IFRS 4 "Insurance Contracts" postpones the application of IFRS 9 "Financial Instruments" until 1 January 2023 until the effective date of IFRS 17 "Insurance Contracts". This standard is not applicable to the Company's operations.

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

In these Interim Consolidated Financial Statements the Group has not decided to apply earlier the following published standards, interpretations or amendments to existing standards before their effective date. The following standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods.

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

In these Interim Consolidated Financial Statements the Group has not decided to apply earlier the following published standards, interpretations or amendments to existing standards before their effective date. The following standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods.

1) IFRS 17 „Insurance Contracts" and amendments to IFRS 17

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

The new IFRS 17 "Insurance Contracts" will replace the current IFRS 4, which permits a variety of practices in the settlement of insurance contracts. IFRS 17 will change fundamentally the accounting of all entities that deal with insurance and investment contracts.

At the date of these financial statements, the new standard had not yet been endorsed by the European Union.

2) Amendments to IAS 1 "Presentation of Financial Statements"

The Council has published amendments to IAS 1 that clarify the issue of presentation of liabilities as long and short-term ones. The published amendments shall apply to financial statements for periods beginning on or after 1 January 2022.

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

3) Amendments to IFRS 3 "Business Combinations"

The published amendments to the standard are intended to update the relevant references to the Conceptual Assumptions in IFRS, without making material changes to business combinations accounting. At the date of preparation of these consolidated financial statements, the amendment in question had not yet been endorsed by the European Union.

4) Amendments to IAS 16 "Property, Plant and Equipment”

The amendment introduces a ban on adjusting the cost of production of property, plant and equipment by the amounts obtained from the sale of components produced during the period of preparation of the property, plant and equipment for operation in accordance with the management's intentions. Instead, the entity will recognise the above sales revenues and related costs directly in the income statement. The amendment shall apply to financial statements for periods beginning on or after 1 January 2022. At the date of preparation of these consolidated financial statements, the amendment in question had not yet been endorsed by the European Union.

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

The amendments to IAS 37 provide an explanation of the costs that an entity takes into account when analysing whether a contract is an onerous contract. The amendment shall apply to financial statements for periods beginning on or after 1 January 2022. At the date of preparation of these consolidated financial statements, the amendment in question had not yet been endorsed by the European Union.

6) Annual Amendments to IFRS 2018 - 2020

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

The amendments contain clarifications and describe more precisely the guidelines for standards on recognition and measurement. At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

7) Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments"

The amendment to IFRS 4 "Insurance Contracts" postpones the application of IFRS 9 "Financial Instruments" until 2021. At the date of preparation of these consolidated financial statements, the amendment had not yet been endorsed by the European Union.

The Group does not run business lines affected by the above changes.

8) 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.

This standard is not applicable to the Group's operations.

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

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

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

The amendments were published on 11 September 2014. As of the date of drawing up these separate financial statements, the endorsement of this amendment is deferred by the European Union.

10) Amendments to IFRS 16 "Lease"

On 28 May 2020 the Council published an amendment to IFRS 16 in response to amendments to the lease contracts in connection with the coronavirus pandemic (COVID-19) Lessees have the right to take advantage of discounts and exemptions, which may take various forms, i.e. deferral or exemption from lease payments. Therefore, the Council has introduced a simplification in assessing whether these amendments represent modification of the lease. Lessees may benefit from the simplification of not applying the guidelines of IFRS 16 on modification of lease contracts. As a result, this will result in the recognition of lease allowances and exemptions as variable lease payments over the period in which the event or condition causing payment decrease occurs. The amendment is effective from 1 June 2020, with early application permitted.

These amendments will not have a material impact on the Group's consolidated financial statements.

11) Amendments to IFRS 9, IAS 39 and IFRS 16 connected with the IBOR reform

In response to the expected reform of reference rates (IBOR reform), the International Accounting Standards Board has published the second part of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. At the date of preparation of these consolidated financial statements, the amendment in question had not yet been endorsed by the European Union.

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, wind farms, power plants, production rooms, and highways.

Income and expenses generated by the building contracts underway are recognized by the Company in pace with the progress of works being made. Some Group member companies measure contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of building 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 method based on expenditures, 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 - deposits" and are refundable most often after project completion after the end of the guarantee period.

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

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

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

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

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

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

Payment terms for building contracts provided by the Group, range from 30 to 180 days from the invoice date and for other sales transactions are typically 30 days from the invoice date. Accordingly, the signed contracts do not contain a significant financing component except for 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 - 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 subject to the formalized updating process during the year, based on current information, and 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.

(in '000 PLN, unless stated otherwise))

2. BUILDING CONTRACTS

2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

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

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	1,941,161	1,427,959
Costs under building contracts,	1,781,423	1,339,016
Net income before recognition and settlement of provisions for the contracts generating net liabilities	**159,738**	**88,943**
Setting up provisions for the contracts generating net liabilities	-	(1,501)
Release /utilisation of provisions set up in the previous periods	-	-
Gross profit/loss	**159,738**	**87,442**
Gross profit margin		
excluding provisions for the contracts generating net liabilities	8%	6%
including provisions for the contracts generating net liabilities	8%	6%

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

(in '000 PLN, unless stated otherwise))

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

	30.09.2021	31.12.2020
Revenues under non-completed building contracts YTD	3,878,641	2,817,785
Invoiced receivables from customers, YTD (excl. advances)	3,711,093	2,878,977
Balance of payments under non-completed building contracts	**167,548**	**(61,192)**
including:		
(1) Assets for completed, non-invoiced construction works, gross	305,885	103,195
Asset impairment write-off under building contracts	(905)	(977)
(1a) Assets for completed, non-invoiced construction works, net	304,980	102,218
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	137,432	163,410
Costs related to building contracts, YTD	1,968,687	1,795,705
Losses posted on YTD basis	-	-
Subcontractor expense and own expenses on a YTD basis.	1,978,455	1,832,720
Balance of payments under building contracts	**9,768**	**37,015**
including:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	98,832	76,888
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	89,064	39,873
Balance of payments under building contracts	**177,316**	**(24,177)**
including:		
Pricing of building contracts - assets	**403,812**	**179,106**
Pricing of building contracts - balance settlement (2)+(4)	226,496	203,283
Building contract liabilities - advanced paid	55,332	31,180
Pricing of building contracts - liabilities - TOTAL	**281,828**	**234,463**

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.

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.

(in '000 PLN, unless stated otherwise))

Share capital

As of 30 September 2021, the share capital consisted of 12 399 359 shares with a total value of PLN 1,239,935.90 thousand, 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:

	No. of shares	% shareholding in share capital
Wolff & Müller Baubeteiligungen GmbH & Co. KG	3,689,184	29.74%
Wolff & Müller Holding GmbH & Co. KG	268,903	2.17%
Albert Dürr*	14,008	0.11%
Durr Holding GmbH	12,866	0.10%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	2,036,066	16.42%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	9.68%
AVIVA Open-End Pension Fund Aviva Santander	1,183,146	9.54%
Dariusz Grzeszczak**	737,603	5.95%
PKO BP Bank Open-Ended Pension Fund	715,279	5.77%
Jacek Leczkowski	5,174	0.04%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	-	0.00%
ERBUD SA - own shares without voting rights at General Meeting of Shareholders	160,000	1.29%
Other shareholders	2,373,192	19.15%
Total	**12,399,359**	**100%**

* Mr Albert Dürr holds 85% shareholding in Wolff & Müller Holding GmbH & Co. KG, which holds 100% of the shares in Wolff & Müller Baubeteiligungen GmbH & Co. KG and directly 2.17% shareholding in Erbud S.A. (2.17% of the total number of votes). Wolff & Müller Baubeteiligungen GmbH & Co. KG holds directly 29.75% shareholding in Erbud S.A. (29.75% of the total number of votes). Additionally Mr Albert Dürr holds 85% shareholding of Dürr Holding GmbH, which holds 0.10% shareholding in Erbud S.A. (0.10% of the total number of votes). In total Mr Albert Dürr holds directly and indirectly 32.14% shareholding in Erbud S.A. (32.14% of the total number of votes).

** Mr Dariusz Grzeszczak controls additionally DGI Closed-End Investment Fund of Non-Public Assets, which holds 16.42% of shares in Erbud S.A. (16.42% of the total number of votes).

The total number of votes attached to all outstanding shares of the Company is 12,399,359 (to each share one vote is attached), while the par value per Company share remains unchanged and amounts to PLN 0.10.

On 7 June 2021 the buy-back of ERBUD S.A.'s own shares was completed. It was initiated by virtue of Resolution No. 18/2021 of the Company's Ordinary General Meeting of Shareholders, dated 11 May 2021 on authorising the Company's Management Board to acquire own shares for the purpose of their redemption and setting up a reserve capital earmarked for the acquisition of own shares for the purpose of their redemption and (ii) by virtue of the Resolution No. 34/2020 of the Company's Supervisory Board of 28 May 2020 on giving consent to the buy-back of own shares, and (iii) by virtue of the Resolution No. 35/2020 of the Company's Supervisory Board of 28 May 2020 on giving consent to transactions as part of the buy-back process of own shares.

As part of the buy-back process, sales offers were made for a total number of 11,901,744 Company shares. Due to the fact that the total number of the Company's shares submitted by the Company's shareholders for sale under the Company's Tender offer exceeded the total number of shares the Company intended to acquire under the Tender Offer, the Company made a proportional reduction of the Company's share sales offers, applying the reduction rules defined in detail in the Tender Offer. The average reduction rate of the share sales offers submitted was 98.66%. The total value of funds allocated for the repurchase of own shares amounted to PLN 20,000 thousand.

The Own Shares acquired by the Company account for 1.29% of the Company's share capital and of the total vote at the Company's General Meeting of Shareholders.

(in '000 PLN, unless stated otherwise))

The purpose of the acquisition of the Own Shares is to redeem Own Shares and subsequently to reduce the Company's share capital, pursuant to Art. 359 of the Polish Companies' Code.

As of the Report Date, the Company did not have information about contracts, which could result in future changes in the percentage structure of shares held by the existing shareholders.

ERBUD S.A. shares are ordinary bearer shares and are not preferential shares. No special control rights are attached to the Company's shares. The Articles of Association of ERBUD S.A. also does not impose any restrictions on the transfer of ownership of shares issued by the Company, on exercising voting rights, and does not include provisions under which the equity rights attached to securities are separated from the owning of securities. The Company is not aware of any restrictions on the exercise of voting rights by holders of a specified proportion or number of votes, or any time limitations on the exercise of voting rights.

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.

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

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

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020
Net profit/loss	(9,949)	33,533
Average weighted number of ordinary shares (in pcs.)	12,381,679	12,811,859
Basic and diluted earnings per share (in PLN)	**(0.80)**	**2.62**

(in '000 PLN, unless stated otherwise))

Company has no obligation to settle its obligations under the plan by providing cash to full-time or self-employed employees. ONDE S.A., which is part of the Erbud S.A. Capital Group, offered a 2021 remuneration plan, under which full-time employees of the aforementioned company receive free shares in the company. The remuneration plan in question is a share-based payment plan that is classified as equity-settled due to the fact that the Company has no obligation to settle its obligations under the plan by providing cash to full-time or self-employed employees.

Equity-settled share-based payment transactions for employees of the company and its subsidiaries and others providing similar services are measured at the fair value of the equity instruments using statistical models based on certain assumptions and parameters.

The cost for the incentive program is recognized in equity under reserve capital.

On 19 February 2021, ONDE S.A. issued 1,105,000 shares under the employee plan. All shares issued under the plan were subscribed for by the employees. The shares were granted to employees in exchange for past service, hence the Group recognized the cost on a one-off basis when the employees acquired shares. The fair value of the employee plan was estimated as the product of the value of one resulting from the ONDE S.A. valuation less the price at which employees could subscribe for shares and the number of shares issued.

The cost of the incentive plan was recognized in the statement of profit or loss on a one-off basis due to the fact that the employees covered by the plan acquired their rights to benefits on a one-off basis. Other contractual provisions, including the option to repurchase shares by the ONDE S.A., are only protective in nature and the ONDE S.A. has no intention to exercise the above provisions.

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.

	30.09.2021	31.12.2020
Long-term		
Bank loans	42,157	11,921
Loans	4,625	-
	46,782	**11,921**
Short-term		
Overdraft facilities	29,563	3,742
Bank loans	10,266	19,567
Loans	1,132	940
	40,961	24,249
Total credit and loan liabilities	**87,743**	**36,170**

Loans and borrowings shown as long-term and short-term interest bearing at 1M WIBOR + 1.5%-2.8% and 3M Euribor + 2.2%.

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.

(in '000 PLN, unless stated otherwise))

During the year, as of 30 September 2021 and up to the date of approval of the financial statements, all covenants have been met, similar 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 balancing date, the issued bond liabilities are priced at amortized cost using effective interest rate.

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

:

Issue date	Type of issued bonds	Currency (specify whether functional or foreign currency)	Interest rate	Maturity date	Purpose of financing	Par value of shares	30 Sept. 2021	31 Dec. 2020
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6M + 2.6%	23 September 2025	financing of an increased working capital requirement		75,000	52,000
			Total long-term liabilities				**75,000**	**52,000**

On 20 September 2021, the Company's Management Board adopted a resolution to make an initial allocation of 75,000 D-series bonds (the "Bonds"). The total nominal value of the Bonds is PLN 75,000,000.00. The Company has set the margin for the Bonds at 2.60% per annum. The Bonds were allocated subject to the condition precedent that the final settlement of the Bonds acquisition transaction under the issue performed by the National Depository for Securities will take place on 23 September 2021.

On 23 September 2021 the National Depository for Securities performed the final settlement of the issued bonds.

After deduction of the issue costs, the proceeds from the issue of the Bonds were used for:
refinancing the debt under the Company's C-series bonds in the amount of PLN 52,000 thousand plus accrued interest. As of 30 September, the Group repaid bonds in the amount of PLN 52,000 thousand along with accrued interest. Otherwise, the Group will use the funds to finance its core business and for acquisitions of stakes in the companies in the industrial services sector in Poland and Germany.

3.4. LEASE LIABILITIES

(in '000 PLN, unless stated otherwise))

3. CAPITAL AND DEBT MANAGEMENT

Period		30.09.2021 Nominal value of minimum payments	31.12.2020 Nominal value of minimum payments
Below 1 year	Short-term	14,567	15,670
Above 1 year	Long-term	31,704	28,147
Nominal value of minimum payments		**46,271**	**43,817**
Future lease costs		6,737	4,525
Present value of minimum payments		**39,534**	**39,292**
Below 1 year	Short-term	13,637	15,338
Above 1 year	Long-term	25,897	23,954

(in '000 PLN, unless stated otherwise))

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ALTERNATIVE PERFORMANCE MEASURES

The Management Board analyses the segment results using Key Performance Indicators (KPIs) such as EBIT, EBIT margin as well as 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, 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 a profit after tax (net income), plus finance costs and minus 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 (adjusted EBIT margin) as EBIT (adjusted EBIT) divided by sales revenues from goods and services.

	30.09.2021	30.09.2020
Net profit /(loss) for the accounting period	**(4,502)**	**34,820**
Income tax	54,383	8,513
Gross profit	**49,881**	**43,333**
Financial expenses	7,346	7,849
Financial income	1,882	4,631
EBIT	**55,345**	**46,551**
One-off expenses	31,458	-
Adjusted EBIT	**86,803**	**46,551**
Amortization and depreciation	18,906	16,729
Adjusted EBITDA	**105,709**	**63,280**
Revenues from sales of products and services	2,171,670	1,606,883
EBIT margin	3%	3%
Adjusted EBIT margin	4%	3%

For the purposes of analysing performance, the management uses the measure of adjusted EBIT as defined above. In the data for 9 months of 2021 such events were share-based remuneration expenses totalling PLN 28,343 thousand, being non-cash expenses and costs borne to acquire IKR GmbH totalling PLN 3,115 thousand.

(in '000 PLN, unless stated 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 at home,
- residential/commercial buildings in foreign countries,
- road engineering construction services,
- RES construction,
- industrial construction at home,
- industrial construction in foreign countries,
- hydrotechnical segment
- other segments.

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

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

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

For the period until 30 September 2021 and through the date of approval of the Interim Condensed Consolidated Financial Statements, there are no one-off events that would have a material impact on the accounting segments, except for share-based remuneration granted and IKR acquisition expenses.

Estimates presented in prior periods have not materially changed from the historical information prepared as of 31 December 2020.

Key information on segments in the accounting periods Jan. 2021 - Sept. 2021 and Jan. 2020 - Sept. 2020

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

	For the period of 9 months, ended on 30 Sept. 2021			For the period of 9 months, ended on 30 Sept. 2020		
	Domestic (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	1,943,121	228,549	**2,171,670**	1,308,101	298,782	**1,606,883**
Accrued and deferred income	1,853,195	87,966	**1,941,161**	1,206,890	221,069	**1,427,959**
Income recognized at a certain point in time	89,926	140,583	**230,509**	101,211	77,713	**178,924**
Fixed assets other than financial instruments and deferred tax assets	191,882	48,583	**240,465**	102,872	44,128	**147,000**

ERBUD Condensed Consolidated Financial Statements for the 9-month period ended on 30 September 2021 (in '000 PLN, unless stated otherwise))

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

For the purposes of financial data analysis in the accounting segments, the Group Management eliminates the impact of one-off events referred to in Note 4.1.

									For the period of 9 months, ended on 30 Sept. 2021
	Domestic building construction	Foreign building construction	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Water engineering segment	Renewable energy sources segment	Other segments	Total continued activities
Cross segment sales	-	-	-	-	-	-	-	-	-
Sales to third party customers	836,211	89,018	180,472	178,526	139,531	-	741,987	5,925	**2,171,670**
Total sales revenues	**836,211**	**89,018**	**180,472**	**178,526**	**139,531**	**-**	**741,987**	**5,925**	**2,171,670**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	793,768	87,391	168,591	163,508	117,828	-	652,610	3,625	**1,987,321**
Sales margin	**42,444**	**1,627**	**11,880**	**15,018**	**21,703**	**-**	**89,377**	**2,300**	**184,349**
Sales margin %	5%	2%	7%	8%	16%	**-**	12%	39%	8%
Other operating profit/loss	(35,170)	(8,323)	(5,594)	(13,583)	(9,976)	(882)	(21,990)	(2,028)	**(97,546)**
One-off expenses	-	-	-	-	(3,115)	-	(28,343)	-	**(31,458)**
Segment performance – EBIT	**7,274**	**(6,696)**	**6,286**	**1,435**	**8,612**	**(882)**	**39,044**	**272**	**55,345**
Segment performance - adjusted EBIT	**7,274**	**(6,696)**	**6,286**	**1,435**	**11,727**	**(882)**	**67,387**	**272**	**86,803**
EBIT margin	1%	(8)%	3%	1%	6%		5%	5%	3%
Profit (loss) on financial activities (financial income less financial expenses)									**(5,464)**
Gross profit/loss									**49,881**
Income tax									**54,383**
Net profit/loss									**(4,502)**
Amortization and depreciation	6,277	1,331	2,824	3,447	2,476	-	2,107	444	**18,906**
Segment performance – EBITDA	**13,551**	**(5,365)**	**9,110**	**4,882**	**11,088**	**(882)**	**41,151**	**716**	**74,251**

ERBUD Condensed Consolidated Financial Statements for the 9-month period ended on 30 September 2021 (in '000 PLN, unless stated otherwise))

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

									For the period of 9 months, ended on 30 Sept. 2020
	Domestic building construction	Foreign building construction	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Water engineering segment	Renewable energy sources segment	Other segments	Total continued activities
Total income									
Cross segment sales	-	-	-	(11,168)	-	-	-	-	**(11,168)**
Sales to third party customers	827,626	211,570	61,543	171,365	87,212	-	258,735	-	**1,618,051**
Total sales revenues	**827,626**	**211,570**	**61,543**	**160,197**	**87,212**	**-**	**258,735**	**-**	**1,606,883**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	774,380	199,503	55,525	144,842	72,687	-	233,398	-	**1,480,335**
Sales margin	**53,246**	**12,067**	**6,018**	**26,523**	**14,525**	**-**	**25,337**	**-**	**137,716**
Sales margin %	6%	6%	10%	17%	17%	0%	10%	0%	9%
Other operating profit/loss	(40,925)	(9,966)	(1,987)	(11,226)	(6,113)	-	(9,185)	(595)	**(79,997)**
Segment performance – EBIT	**12,321**	**2,101**	**4,031**	**4,129**	**8,412**	**-**	**16,152**	**(595)**	**46,551**
EBIT margin	1%	1%	8%	2%	10%	0%	6%		**3%**
Profit (loss) on financial activities (financial income less financial expenses)									**(3,218)**
Gross profit/loss									**43,333**
Income tax									**8,513**
Net profit/loss									**34,820**
Amortization and depreciation	4,891	1,378	3,129	3,847	1,980	-	1,156	348	**16,729**
Segment performance – EBITDA	**17,212**	**3,479**	**7,160**	**7,976**	**10,392**	**-**	**17,308**	**(247)**	**63,280**

(in '000 PLN, unless stated otherwise))

4.3. COST OF GOODS SOLD (COGS)

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020	For the period of 3 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2020
Third party services	1,173,141	990,402	475,056	295,216
including third party services from subcontractors	1,004,804	962,527	349,030	298,909
Material and energy consumption	561,652	264,470	228,564	102,374
Employee benefit expenses	307,102	241,529	106,722	85,795
Including remuneration consisting of shares	28,343	-	-	-
Amortization and depreciation	18,906	16,729	6,445	5,456
Taxes and charges	8,037	5,943	2,311	2,407
Other cost categories	21,025	8,925	8,508	240
Value of merchandise and materials sold	2,543	248	1,046	118
Total costs by type	**2,092,406**	**1,528,246**	**828,652**	**491,606**
Change in the balance of products, work in progress and accrued expenses under building contracts	27,949	36,821	27,150	9,727
Cost of sales (negative value)	(8,354)	(6,514)	(2,903)	(2,656)
General management and administration costs (negative value)	(124,680)	(78,218)	(28,339)	(27,406)
Manufacturing costs of products sold	**1,987,321**	**1,480,335**	**824,560**	**471,271**

4.4. TAXATION

The burdening of net financial income with income tax is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full accounting year. The estimated average annual tax rate for the period ended on 30 September is 109.02% compared to 19.7% for the 9 months ended on 30 September 2021.

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

The taxation amount for the 9 months ended on 30 September 2021 is primarily due to the recognition of tax income arising from the sale of ONDE S.A. shares during the IPO by Erbud recognized in the statements as transactions with non-controlling shareholders and a one-off, non-deductible expense under the Employee Stock Ownership Plan (ESOP).

(in '000 PLN, unless stated otherwise))

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

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020
Gross profit before taxation	**49,881**	**43,333**
Tax according to the statutory tax rate applicable in Poland - 19%	**9,477**	**8,233**
Additional tax burden being a result of a rate exceeding 19% in Germany	4,441	3,534
Excess of non-taxable income over non-deductible expenses	-	(3,254)
Non-deductible permanent differences	40,465	-
Tax recognized in the financial net profit/loss	**54,383**	**8,513**
Current tax	57,224	14,474
Deferred tax	(2,841)	(5,961)
Effective tax rate	**109.02%**	**19.65%**

4.5. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

4.5.1. MARKET RISK – CURRENCY RISK

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

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

4.5.2. MARKET RISK – INTEREST RATE RISK

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

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

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

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

Trade receivables and building contract assets

To protect against credit risk resulting from receivables under 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 at the offering 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.

(in '000 PLN, unless stated otherwise))

5. OTHER NOTES

5.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

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

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

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

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

			30.09.2021			31.12.2020
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	684,379	36,874	647,505	403,531	36,142	367,389
Receivables from corporate income tax	995	-	995	355	-	355
Other budget receivables	27,493	-	27,493	11,565	-	11,565
Other receivables	22,763	1,210	21,553	20,229	1,210	19,019
Total	**735,630**	**38,084**	**697,546**	**435,680**	**37,352**	**398,328**

(in '000 PLN, unless stated otherwise))

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

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 12 months, ended on 31 Dec. 2020
Opening balance of write-downs	**37,352**	**39,491**
Setting up/(reversal)of individual write-offs	(441)	4,432
Setting up /(reversal) of write-offs according to write-off matrix	1,173	(1,291)
Reversal of individual write-offs	-	(2,500)
Use of individual write-offs	-	(3,645)
Other	-	671
FX gains and losses from translation	-	194
Closing write-offs, of which:	**38,084**	**37,352**
Matrix-based calculated write-off	**8,621**	**3,211**
Individual write-off	**29,463**	**34,141**

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.

(in '000 PLN, unless stated otherwise))

5.2. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

Wage and salary payables are recognized at the value due for the work performed, 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 balancing date broken down by employees and their daily gross salary plus social contribution surcharges paid by the Employer.

	30.09.2021	31.12.2020
Trade payables	**350,370**	**258,673**
including to related entities	93	217
Liabilities vis-à-vis budget in relation to:	**62,700**	**37,992**
VAT tax	3,310	3,372
corporate income tax	41,350	17,375
personal income tax	6,150	4,055
Social insurance contribution	10,245	11,596
State Fund for the Rehabilitation of the Disabled	192	183
Employee Capital Plans (PPK)	103	-
holiday accrual (Belgium tax)	796	750
Other	459	661
Other liabilities	**54,973**	**37,448**
wages and salaries	16,717	9,962
accruals	1,110	586
short-term employee benefit liabilities	28,171	24,285
Other	8,975	2,615
Total	**468,043**	**334,113**

(in '000 PLN, unless stated otherwise))

5.3. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January to 30 September 2021 and for the period from 1 January to 30 September 2020.

	Change in balance of Cash Flow Statement in the period from Jan. 2021 to Sept. 2021	Change in balance of Cash Flow Statement in the period from Jan. 2020 to Sept. 2020
Change in provision balance	**(981)**	3,786
Change in inventory balance	**(29,342)**	71,121
Change of receivables balance	**(191,728)**	(127,426)
Change in balances of short-term liabilities, excluding credits and loans	**11,823**	43,461
Change in settlement of assets and liabilities under building contracts	**(177,341)**	28,883
Change in balance of prepayments and accruals	**36,346**	(5,298)
Change in balance of working capital	**(351,223)**	**14,527**

Other non-cash adjustments for the period from 1 January to 30 September 2021 and for the period from 1 January to 30 September 2020 are presented below:

	Other non-cash adjustments in the Cash Flow Statement in the period from Jan. 2021 to Sept. 2021	Other non-cash adjustments in the Cash Flow Statement in the period from Jan. 2020 to Sept. 2020
share-based payments	**28,343**	-
Other	**(917)**	(509)
Other non-cash adjustments	**27,426**	**(509)**

(in '000 PLN, unless stated otherwise))

5.4. GROUP STRUCTURE

Group Structure

As of 30 September 2021, 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.

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.

				Parent Company's share in equity (equal to the voting rights held)	
#	**Name of entity**	**Registered office**	**Scope of activities**	**30.09.2021**	**31.12.2020**
	Shares held directly				
1	Erbud International Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
2	ONDE S.A. (former Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.)	Toruń	Road engineering and renewable energy sources	**60.70%**	90.00%
3	Erbud Operations Sp. z o.o.	Rzeszów	Construction services	**100.00%**	100.00%
4	ERBUD Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
5	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**100.00%**	100.00%
6	GWI GmbH	Düsseldorf, Germany	Construction services	**100.00%**	100.00%
7	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	100.00%
8	Erbud Holding GmbH	Düsseldorf, Germany	Management services	**100.00%**	100.00%
9	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	Construction services	**100.00%**	100.00%
10	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	**39.00%**	39.00%
11	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	**50.00%**	50.00%
12	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	100.00%
13	MOD21 Sp.z o.o.	Ostaszewo	Modular construction of wood	**100.00%**	0.00%

(in '000 PLN, unless stated otherwise))

#	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 30.09.2021	31.12.2020
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o.(following the merger with Erbud Industry Pomorze Sp. z o.o.)	The City of Łódź	Maintenance services in the industrial segment	**99.01%**	99.01%
2	Erbud Industry Pomorze Sp. z o.o. (a merger with Erbud Industry Centrum Sp. o.o.)	The City of Gdańsk	Maintenance services in the industrial segment	**-**	100.00%
3	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**99.29%**	99.29%
4	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
6	Erbud Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
7	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
8	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
9	PflegeQuatier Düren GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
10	WTL20 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
11	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
12	WTL80 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
13	WTL100 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
14	WTL120 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
15	WTL130 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
16	WTL140 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
17	WTL150 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
18	WTL160 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
19	WTL170 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
20	IIDE Projekt Sp. z o.o.	Toruń	Design services in the RES segment	**100.00%**	0.00%
21	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	0.00%
22	Azuryt 6 Inwestments Sp. z o.o.	The City of Łódź	Renewable energy sources	**50.00%**	0.00%
23	Cyranka Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
24	DEPVPL sp. z o.o. power plant	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
25	KWE Spółka z o.o.	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
26	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	0.00%
27	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
28	WTL20 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
29	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%

In the condensed interim financial statements, the Group presented acquisitions of entities comprising a group of assets not representing a business, acquisitions of stakes in jointly controlled entities and acquisitions of entities representing a business.

Below the Group presents acquisitions of entities in the period from 1 July 2021 to 30 September 2021

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

On 12 July 2021, ONDE S.A. acquired 100% shareholding in Special Purpose Vehicle (SPV) from two non-related entities. The acquisition price of company totalled PLN 360 thousand. (the transaction price is subject to cash settlement).

The assets of each company comprise a concluded land lease agreement specifying the area for the construction of photovoltaic farms and cash.

On 16 September 2021, ONDE S.A. acquired 100% shareholding in Special Purpose Vehicle (SPV) from two non-related entities. The acquisition price of company totalled PLN 795 thousand. (the transaction price is subject to cash settlement).

The assets of each company comprise a concluded land lease agreement specifying the area for the construction of photovoltaic farms and cash.

On 16 September 2021, ONDE S.A. acquired 100% shareholding in Special Purpose Vehicle (SPV) from two non-related entities. The acquisition price of company totalled PLN 555 thousand. (the transaction price is subject to cash settlement).

The assets of each company comprise a concluded land lease agreement specifying the area for the construction of photovoltaic farms and cash.

All the aforementioned companies did not generate revenue, nor had certain processes or workforce as of the transaction date, and therefore the transactions have been classified as asset acquisitions rather than business acquisitions. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

5.5. IPO of ONDE S.A. subsidiary

On 19 July 2021, a subsidiary of ERBUD S.A. – ONDE S.A. had its IPO on the Warsaw Stock Exchange (WSE). During the IPO, Erbud S.A. sold 7,704,200 of its shares at PLN 26.00 per share, thus raising PLN 200 million of cash and reducing its share in the ONDE shareholders' equity to 60.7%. In addition, ONDE issued 8,250,000 E-series shares.
Following the deduction of costs related directly to IPO, the value of the cash raised has been presented in the Consolidated Statement of Changes in Equity in the line "Sales and issuance of shares in a subsidiary" as an increase in retained earnings, reserve capital and an increase in equity of non-controlling stakeholders.

The ERBUD Group intends to use the funds raised to finance further development of the ONDE Group through investments in the renewable energy sector and to finance investments in the fabrication of modular houses and the acquisition of companies from the industrial services segment in Poland and in foreign countries as part of the Erbud Group's other activities.

POST-ACCOUNTING PERIOD EVENTS

On 1 October 2021 the companies merged pursuant to Art. 492, par. 1 of the Commercial Companies Code through the acquisition of the target company - Erbud International Sp. z o.o. by the Acquiring Company - Erbud Operations Sp. z o.o. by transferring all the assets of the target company to the acquiring company in exchange for the shares, which the acquiring company issued to the partners of the target company. The Companies covered by the merger had identical shareholders. The sole shareholder in both cases was ERBUD SA, which held 100% shareholding. The Acquiring Company was also renamed: from Erbud Operations Sp. z o.o. to Erbud International Sp. z o.o.

On 5 and 12 October, ONDE S.A. subsidiary acquired 100% shareholding in two Special Purpose Vehicles (SPVs). The total value of share purchase transaction totalled PLN 10,067 thousand. At the transaction date the companies did not generate revenue, nor had certain processes or workforce in place, and therefore the transactions have been classified as asset acquisitions rather than enterprise acquisitions. As of the date of the condensed financial statements, transaction final settlement activities are underway.

On 28 October 2021 the Management Board of Erbud S.A. in its Resolution No. 45/2021 decided to suggest to the Extraordinary General Meeting the allocation of maximum PLN 50,000 thousand acquire the Company's own shares.

The purpose of the acquisition of the own shares is to redeem Company's share capital and subsequently to reduce the Company's share capital, pursuant to Art. 359 of the Polish Companies' Code. The Management Board proposes that the General Meeting authorizes the Management Board to determine the number of own shares to be acquired by the Company and the acquisition price per own share, where the set price shall not be lower than PLN 350.00 and not higher than PLN 400.00.

On 28 October 2021 ERBUD S.A.'s subsidiary, ONDE S.A., entered into a loan agreement under which it grants a loan to a non-related party, Goalscreen Holdings Limited, for the amount of EUR 2,189 thousand. The loan's interest rate is 8% per annum. Repayment date - not later than 4 months from the date of loan agreement, i.e. 28 February 2022.

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/	Radosław Górski /A Management Board member/

Warsaw, 6 November 2021