THE ERBUD GROUP

Condensed, Separate Financial Statement

For the accounting period ended on 31 March 2024

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

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

CONDENSED SEPARATE STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
	GOING CONCERN OPERATIONS		
Note 4.2.-4.3.	Revenues from sales of products and services	331,636	377,613
Note 4.2.-4.3.	Cost of products and services sold	307,955	361,060
	Gross sales profit/(loss)	**23,681**	**16,553**
Note 4.3.	Cost of sales	2,326	1,728
Note 4.3.	General administrative expenses	17,660	14,274
	Other operating income	642	693
	Other operating expenses	1,303	593
Note 4.2.	**Operating profit**	**3,034**	**651**
	Financial income	3,045	3,124
	Financial expenses	6,270	6,259
Note 4.2.	**Gross profit/loss**	**(191)**	**(2,484)**
Note 4.4.	Corporate income tax	109	(483)
	Gross profit/loss	**(300)**	**(2,001)**
	Comprehensive income	**(300)**	**(2,001)**
	Basic and diluted earnings per share (in PLN)	**(0.03)**	**(0.17)**

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

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

		31 Mar. 2024	31 Dec. 2023
	ASSETS	**957,976**	**1,022,412**
	Investment properties	29,489	30,394
	Intangible assets	2,615	2,724
	Tangible fixed assets	32,441	32,872
	Financial assets	123,926	124,051
	Investments into subsidiaries and jointly owned entities	144,546	144,546
Note 4.4.	Deferred tax assets	43,778	43,850
	Receivables under building contracts - bid bonds	8,863	8,362
	Fixed assets	**385,658**	**386,799**
	Inventory	1,415	1,415
	Receivables under building contracts - bid bonds	26,781	24,717
Note 2.2.	Pricing of building contracts - assets	134,693	156,567
Note 5.1.	Trade receivables	233,477	270,311
Note 5.1.	Income tax & VAT receivables	13,597	11,538
Note 5.1.	Other receivables	3,459	3,125
	Financial assets	11,033	19,765
	Cash and cash equivalents	137,441	123,560
	Cash assets in VAT account	6,581	21,204
	Short-term prepayments	3,841	3,411
	Current assets	**572,318**	**635,613**
	LIABILITIES	**957,976**	**1,022,412**
Note 3.1.	Share capital	1,193	1,193
Note 3.1.	Supplementary capital	279,420	279,420
	Reserve capital	75,323	75,323
	Retained earnings	(6,031)	(5,731)
	Equity	**349,905**	**350,205**
Note 3.2.-3.4	Debt	111,493	112,782
	Provisions	796	796
	Long-term liabilities	**112,289**	**113,578**
Note 3.2.-3.4	Debt	89,228	33,728
	Provisions	28,348	28,888
	Liabilities vis-à-vis subcontractors - bid bonds	115,992	127,093
Note 2.2.	Pricing of building contracts - liabilities	142,382	197,916
Note 5.2.	Trade payables	98,952	139,253
Note 5.2.	Income tax & VAT liabilities	-	3,338
	Other liabilities	20,880	28,413
	Short-term liabilities	**495,782**	**558,629**

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

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

For a 3-month-period ended on 31 March 2023 and for a 3-month-period ended on 31 March 2024

	Share capital	Own shares	Supplementary capital	Reserve capital	Losses carried forward/ retained earnings	Equity
		-				
As of 1 Jan. 2023	**1,210**	**(20,000)**	**252,836**	**102,611**	**2,267**	**338,924**
Net profit/loss in the accounting period	-	-	-	-	**(2,001)**	**(2,001)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(2,001)**	**(2,001)**
As of 31 Mar. 2023	**1,210**	**(20,000)**	**252,836**	**102,611**	**266**	**336,923**
As of 1 Jan. 2024	**1,193**	**-**	**279,420**	**75,323**	**(5,731)**	**350,205**
Net profit/loss in the accounting period	-	-	-	-	(300)	(300)
Total comprehensive income	**-**	**-**	**-**	**-**	**(300)**	**(300)**
As of 31 Mar. 2024	**1,193**	**-**	**279,420**	**75,323**	**(6,031)**	**349,905**

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

CONDENSED SEPARATE CASH FLOW STATEMENT

		For a 3-month period, ended on 31 Mar. 2024	For a 3-month period, ended on 31 Mar. 2023
	OPERATIONAL CASH FLOWS		
	Gross profit/loss	(191)	(2,484)
Note 4.2.	Amortization and depreciation	2,686	2,523
	Foreign exchange gains/losses	(210)	(280)
	Dividends and interests	3,658	3,449
	Other non-cash adjustments	(380)	(289)
	Income tax (paid)/reimbursed	(3,639)	(215)
	Change of working capital balance	(47,604)	(39,862)
	Operational cash flows, net	**(45,680)**	**(37,158)**
	INVESTMENT ACTIVITY CASH FLOWS		
	Inflows from credits/loans extended	10,568	1,930
	Other inflows	761	406
	Expenditures on the acquisition of tangible fixed assets	(177)	(142)
	Loans extended expense	-	(9,500)
	Expenditure on capital injection into companies and acquisition of shares	-	(4,682)
	Investment activity cash flows, net	**11,152**	**(11,988)**
	FINANCIAL ACTIVITY CASH FLOWS		
	Income from credits and loans taken	56,535	84,931
	Debt repayment expense - principal	(1,432)	(27,695)
	Lease debt repayment expense - principal	(1,648)	(769)
	Debt (interest) repayment expense	(5,046)	(5,491)
	Financial activity cash flows, net	**48,409**	**50,976**
	NET CASH FLOWS	**13,881**	**1,830**
	Operating cash balance	**123,560**	**93,949**
	Closing cash balance	**137,441**	**95,779**

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1. BACKGROUND INFORMATION

1.1. INTRODUCTION

Erbud S.A. is a joint-stock company established following the transformation from Erbud limited liability company, registered on 29 November 2006 by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under No. 0000268667, with its registered office at ul. Franciszka Klimczaka 1.

Erbud Spółka z o.o. was established on 28 August 1990 and entered into the National Court Register on 8 August 2001, under No. 0000034299.

The Company's core business are general civil engineering services concerning building construction (PKD 4521A)

The Company's duration is unlimited.

As of 31 March 2024 and as of the date of the Condensed Separate Financial Statements the Management Board consisted of:

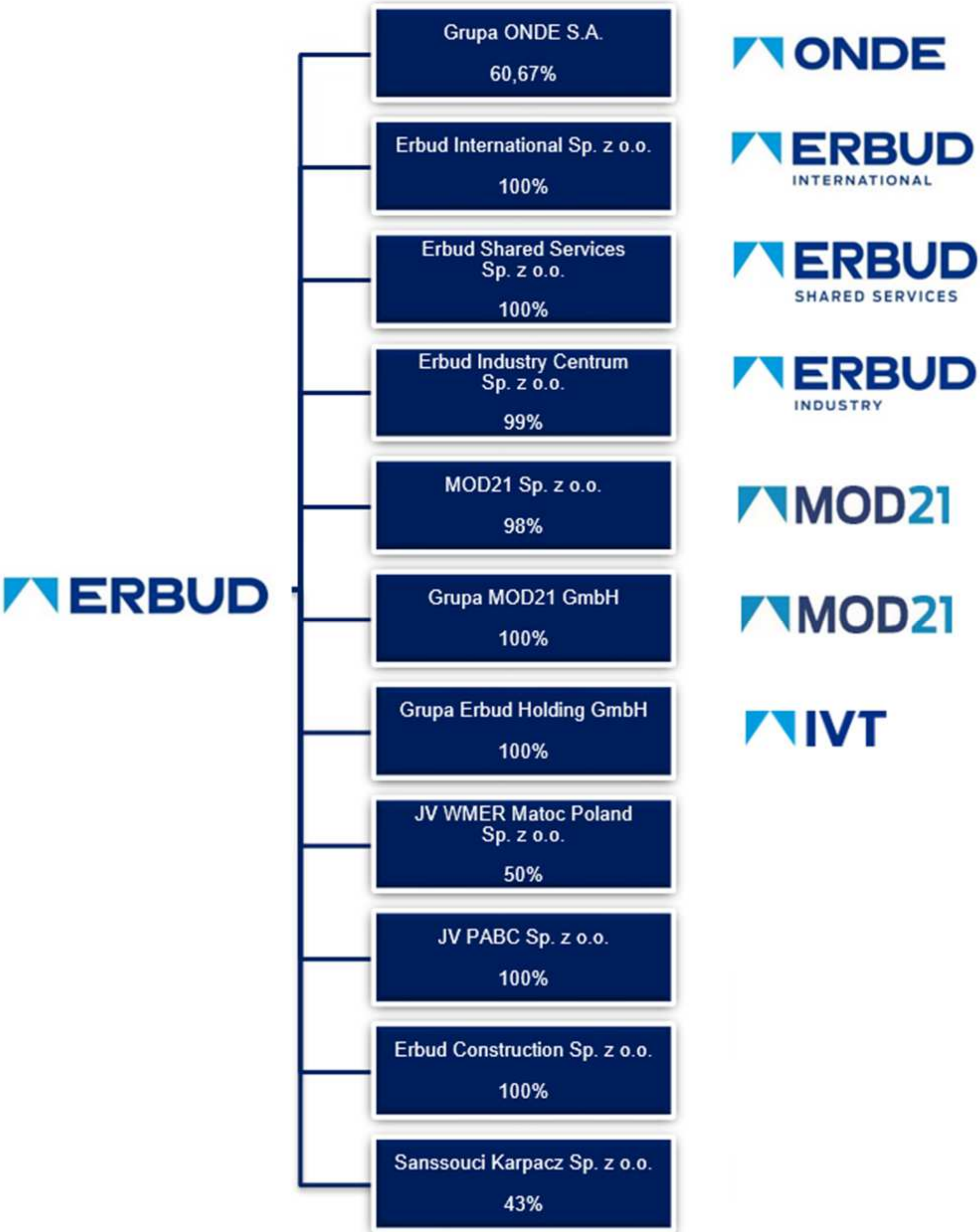
- Dariusz Grzeszczak – President of the Management Board
- Agnieszka Głowacka – Vice-President of the Management Board
- Jacek Leczkowski – Vice-President of the Management Board

As of 31 March 2024 and as of the date of signing the Condensed Separate Financial Statements the Supervisory Board consisted of:

- Gabriel Główka
- Albert Dürr
- Michał Otto
- Janusz Reiter
- Michał Wosik
- Roland Bosch
- Beata Jarosz

The Company is the Parent Company of the Erbud S.A. Group and draws up consolidated financial statements of the Erbud S.A. Group published on the Stock Exchange website under ESPI/EBI Company Reports.

1. BACKGROUND INFORMATION



Detailed organisational 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 31 March 2024.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IAS Compliance Statement

The Company's Condensed Separate Financial Statements ended on 31 March 2024 have been drawn up in adherence to the International Accounting Standard No. 34, as endorsed by the European Union.

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

The Condensed Separate Financial Statements have been drawn up on the historical cost basis.

These Condensed Separate Financial Statements were approved for the publication by the Management Board on 8 May 2024.

Going concern

These Condensed, Separate Financial Statements have been drawn up following going concern principle applicable to the Company in the foreseeable future. As of the date of approval of these Condensed, Separate Financial Statements, no circumstances existed that indicated any risk to the continuation of Company 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 situation in Ukraine, Russia and Belarus on the Erbud S.A. operations. Since the war outbreak we have been dealing with price hikes of building materials and labour in the Polish market. The company takes the risk of rising material and labour prices into account in the calculations it makes on an ongoing basis. The Management Board is taking measures to reduce the impact of the price shock caused by the conflict in Ukraine through diversification of the business by segment, while negotiating contract terms with contracting authorities.

Pricing at fair value

The measure of fair value of an asset or liability the Company 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 Company classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS 13. As of the individual balance sheet dates, the Company 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 Separate 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 the Company and the currency used for the presentation of the financial statement is the Polish zloty (PLN)

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

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

The non-cash assets and liabilities recognised at historic cost expressed in foreign currency are posted at historical exchange rate prevailing at the transaction date. Non-cash assets and liabilities 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 these Separate Financial Statements, 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 ("IASB" or "the 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, the users of the financial statements would not be able to understand other relevant information in the financial statements. In addition, the IASB's guidance on the application of the concept of materiality in practice has also been revised to provide guidance on the application of the concept of materiality to accounting policy disclosures.

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

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

e) Amendments to IAS 12 "Income Taxes"

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

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

In May 2023 the IASB issued amendments to IAS 12 "Income Taxes" in response to the global regulations on minimum income tax Pillar Two ("Pillar Two") issued by the Organization for Economic Cooperation 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, Separate 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 Company.

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

In these Separate Financial Statements the Company has not decided to apply the following published standards, interpretations or amendments to existing standards before their effective date:

a) Amendments to IFRS 16 "Lease"

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

The amendment requires the seller-lessee to subsequently measure the lease liabilities arising from a sale-leaseback in such a manner that no gain or loss on retained right-of-use is recognised. The new requirement is particularly relevant where sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from 'lease payments' under IFRS 16. The amended standard includes a new example that illustrates the application of the new requirement to this extent. The amendment comes into force on 1 January 2024.

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

In 2020, the IASB published amendments to IAS 1 that clarify the presentation of liabilities as long- and short-term In October 2022 the IASB issued further amendments to IAS 1, which address the classification of liabilities as long-term and short-term , for which an entity is required to comply with certain contractual requirements known as covenants. The amended IAS 1 standard states that liabilities are classified as either short-term or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor events after the reporting date (for instance, a waiver or breach of 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, Separate 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 IASB 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, Separate Financial Statements, the amendments in question had not yet been endorsed by the European Union.

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

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

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

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

e) IFRS 14 "Regulatory Deferral Accounts"

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

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

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

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

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

The amendments were published on 11 September 2014. As of the date of drawing up these interim financial statements, the endorsement of this amendment is deferred by the European Union. In the opinion of the Management Board, the amendments made do not have a significant impact on the Company operations.

2. BUILDING CONTRACTS

The Company signs fixed-price contracts for the execution of building contracts, mainly in the areas of housing construction (including entire housing estates), hotels, SPA facilities, shopping malls, wind farms, power plants, production rooms, and highways. Certain contracts with Customers also contain a variable pay in the form of penalties that may be imposed on the Company, for instance, in the event of delays in contract performance.

The variable pay component adjusts the transaction price and the amount of revenue recognized i.e., the Company recognizes some or all of the amount of variable pay in the transaction price only to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognized when the uncertainty related to volatility has been resolved. The Company only recognises revenues from claims when it has third party expert opinions confirming the appropriateness of recognising an additional amount of remuneration based on contractual provisions. To estimate variable pay, the Company uses the expected value method to estimate variable pay. Historically, the Company has not suffered penalties incurred by its customers and there was no indication of penalties being recognized on ongoing contracts at any of the balance sheet dates. Any contract changes (changes in contract scope, price, or both) are recognized as a cumulative revenue adjustment.

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

Revenues and expenses on account of performed building contracts are recognized by the Company in time as the progress of works is made. The Company measures contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of building contracts in the period from the Contract Date to the balance-sheet date proportionally to the progress rate of a certain contract performance by way of evaluation of the achieved results and milestones. From thus determined figures the Company 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 above mentioned 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 Company recognizes invoiced revenues in the line "Trade and other receivables" (Note 5.1) The Contractors under building contracts signed with the Company retain part of the payments as contract performance bond. These figures are recognized as "Building contract receivables - bid bonds" and are refundable most often after project completion or after the end of the guarantee period.

The Company engages subcontractors to carry out work related to the implementation of building contracts. The company acts in the capacity of a general contractor. The invoiced costs related to subcontractors' employment are recognized in the line "Trade payables" (Note 5.2) The Company withholds a portion of payments vis-à-vis subcontractors in relation to the performance bond, and recognizes it the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

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

The Company 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 Company provides only basic guarantees to its customers, which do not represent a separate duty to perform service. 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 Company is the consortium or assignment leader, the Company has assessed that it acts as an intermediary with respect to the work performed by the other partner and which the Company as leader invoices the Employer. The Company defines its role as that of an intermediary under a certain order where it identifies specific goods and services to be delivered and the Company has no control over them before they have been transferred to the customer. When the Company acts as an intermediary, it recognizes revenue upon the fulfilment of its obligation in the contractual amount of the fee or commission to which it will be entitled, in exchange for being commissioned by another party to provide specific services or goods. Due to the nature of the concluded consortia and orders, in which the Company acts as a leader, there are no fees and commissions as described above, hence no revenues are generated in the Company from commissions for invoicing to a customer work performed by another consortium member. The Company 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 Company, 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 contracts under implementation 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. Accounting policy concerning bid bond receivables is presented in Note 2.2.

The application of the performance-based method to the recognition of revenue and expenses under building contracts requires estimation of the progress rate of works performed under a certain contract, i.e. the quantity survey of work performed as of the balance-sheet date.

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 Company's internal audit department.

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

2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

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

	For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	327,856	376,243
Costs under building contracts,	307,142	359,346
Net income before recognition and settlement of provisions for the contracts generating liabilities	**20,714**	**16,897**
Setting up provisions for the contracts generating liabilities	405	1,526
Gross profit/loss	**20,309**	**15,371**
Gross profit margin		
excluding provisions for the contracts generating liabilities	6%	4%
including provisions for the contracts generating liabilities	6%	4%

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

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

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

	31 Mar. 2024	31 Dec. 2023
Revenues under non-completed building contracts YTD	2,313,027	2,348,292
Invoiced receivables from customers, YTD (excl. advances)	2,253,005	2,353,776
Balance of payments under non-completed building contracts	**60,022**	**(5,484)**
of which:		
(1) Assets for completed, non-invoiced construction works, gross	101,637	72,241
Asset impairment write-off under building contracts	(2,490)	(2,490)
(1a) Assets for completed, non-invoiced construction works, net	99,147	69,751
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	39,125	75,235
Costs related to building contracts, YTD	2,186,372	2,243,907
Subcontractor expense and own expenses on a YTD basis.	2,137,998	2,267,567
Balance of payments under building contracts	**(48,374)**	**23,660**
of which:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	35,546	86,816
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	83,920	63,156
Balance of payments under building contracts	**11,648**	**18,176**
of which:		
Pricing of building contracts - assets	**134,693**	**156,567**
Pricing of building contracts - balance settlement (2)+(4)	123,045	138,391
Building contract liabilities - advanced paid	19,337	59,525
Pricing of building contracts - liabilities - TOTAL	**142,382**	**197,916**

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. The remaining part of change of balance construction contract liabilities is due to the excess revenues invoiced in the period over revenues recognised in the performance reports. Due to the nature of its business, i.e. the execution of building contracts, the Company is unable to segregate accumulated changes in the revenues recognised that would result from changes in the estimate of the work progress or changes in the estimate of the transaction price in terms of the occurrence of estimated penalties.

The impairment loss on assets under contract is calculated using the write-down matrix as for trade receivables. The entire balance of assets under contract in all periods presented is not past due. The write-down ratio calculated in accordance with the ECL method for contractual assets was 3.57% as of 31 March 2024, 2.75% on 31 March 2023. The write-down amounts and movements on the impairment of assets under building contracts in the financial statements presented are marginal and therefore not presented.

The changes in the value of contract valuation assets and liabilities are due to the specific nature of the settlement of building contracts and the invoicing schedules applicable to individual contracts, i.e. there are contracts with various payment schedules, hence there is no typical relationship between the payment deadline and the performance of the service obligation.

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3. CAPITAL AND DEBT MANAGEMENT

3.1. CAPITAL MANAGEMENT

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

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 set up from retained earnings for the purposes of Company further development.

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 Company manages its capital structure and in parallel to the changes in economic environment, it modifies its capital structure.
In order to maintain or adjust the capital structure, the Company may manage appropriately the dividend payment to shareholders or issue to new shares.

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

Share capital

As of 31 March 2024, 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 & Muller Baubeteiligungen GmbH & Co.KG, including Wolff & Muller Holding GmbH & Co. KG	3,854,837	32.31%
Dariusz Grzeszczak directly and indirectly (DGI FIZAN, Dariusz Grzeszczak, DGI Family Foundation) including:	**2,553,460**	**21.40%**
DGI FIZAN	721,553	6.05%
Dariusz Grzeszczak	*1,231,907*	*10.33%*
DGI Family Foundation	*600,000*	*5.03%*
ING Open-End Pension Fund	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	764,935	6.41%
PKO OFE	715,279	6.00%
Other shareholders	2,841,325	23.82%
Total	**11,929,836**	**100%**

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

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.

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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 preference shares. There are no special control rights 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.

As of 31 March 2024, and as of the date of publication of this Financial Statement, therefore the share capital totalling PLN 1,192,983.60 divides into 11,929,836 A-series ordinary bearer shares with a par value of PLN 0.10 each.

The total number of votes attached to all issued Company shares is 11 929 836.

Basic earnings per share are calculated by dividing net profit /(loss) for the period, allocated to ordinary shareholders of the Company, by the weighted average number of the issued ordinary shares over the accounting period.

Own shares bought back by the Company for redemption are excluded from the calculation of the weighted average number of shares for the periods presented.

For purposes of calculating diluted earnings per share (EPS), 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.

Below basic and diluted earnings per share are presented.

	For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
Gross profit/loss	(300)	(2,001)
Average weighted number of ordinary shares (in pcs.)	11,929,836	11,929,836
Basic and diluted earnings per share (in PLN)	**(0.03)**	**(0.17)**

3.2. CREDIT AND LOAN LIABILITIES

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

	31 Mar. 2024	31 Dec. 2023
Long-term		
Bank loans	14,696	16,000
Loans	-	325
	14,696	**16,325**
Short-term		
Overdraft facilities	70,225	13,690
Bank loans	4,522	4,571
Loans	5,583	5,498
	80,330	**23,759**
Total credit and loan liabilities	**95,026**	**40,084**

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The short-term loans bear interest at WIBOR 3M +2.2% and a fixed rate of 10% per annum.

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

Covenants

During the year, as of 31 March 2024 and up to the date of approval of the financial statement, all covenants have been met.

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 Company had the following outstanding debt in relation to issued bonds posted into short- and long-term liabilities:

Issue date	Type of issued bonds	Currency	Interest rate	Maturity date	Purpose of financing	Debt related to issued bonds	
						31 Mar. 2024	31 Dec. 2023
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6 M + 2.6% margin	23 Sept. 2025	for financing of core activity and/or acquisitions from the industrial service segment in Poland and Germany	76,678	76,678
			Total bond liability as of 31 March 2024, of which:			**76,678**	**76,678**
			long-term			75,000	75,000
			short-term			1,678	1,678

3.4. LEASE LIABILITIES

Period		31 Mar. 2024 Nominal value of minimum payments	31 Dec. 2023 Nominal value of minimum payments
Below 1 year	Short-term	8,460	9,530
Above 1 year	Long-term	22,802	22,462
Nominal value of minimum payments		**31,262**	**31,992**
Future lease financial costs		2,245	2,245
Present value of minimum payments		**29,017**	**29,747**
Below 1 year	Short-term	7,220	8,290
Above 1 year	Long-term	21,797	21,457

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4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

4.1. ALTERNATIVE PERFORMANCE MEASURES

The Management Board analyses the segment results using key performance indicators (KPIs) such as EBIT, EBIT and EBITDA margin. The Company's Management Board 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 Company 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 Company 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.

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

	31 Mar. 2024	31 Mar. 2023
Net profit for the accounting period	**(300)**	**(2,001)**
Income tax	109	(483)
Gross profit	**(191)**	**(2,484)**
Financial expenses	6,270	6,259
Financial income	3,045	3,124
EBIT	**3,034**	**651**
Amortization and depreciation	**2,686**	2,523
EBITDA	**5,720**	**3,174**
Revenues from sales of products and services	331,636	377,613
EBIT margin	1%	0%

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4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

4.2. ACCOUNTING SEGMENTS

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

- residential/commercial buildings in domestic market,
- residential/commercial buildings in foreign countries,
- 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 Company's Separate Financial Statements.

Key information on segments in the accounting periods January 2024 - March 2024 and January 2023 - March 2023.

The Company operates in Poland and abroad (in Germany, Belgium) 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".
There is no strong seasonality effect in the Company's operations.

	For a 3-month period, ended on 31 March 2024			For a 3-month period, ended on 31 March 2023		
	Domestic market (Poland)	Foreign markets	Total	Domestic market (Poland)	Foreign markets	Total
Sales to third party customers, of which:	325,788	5,848	**331,636**	371,253	6,360	**377,613**
Accrued and deferred income	322,008	5,848	**327,856**	369,883	6,360	**376,243**
Income recognized at a certain point in time	3,780	-	**3,780**	1,370	-	**1,370**
Fixed assets other than financial instruments and deferred tax assets	303,528	-	**303,528**	228,749	-	**228,749**

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4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

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

				For a 3-month period, ended on 31 March 2024
	Building construction in domestic market	Building construction in foreign countries	Other segments	Total going concern activities
Total income				
Sales to third party customers	325,006	5,848	782	**331,636**
Total sales revenues	**325,006**	**5,848**	**782**	**331,636**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	301,025	5,449	1,481	**307,955**
Sales margin	23,981	399	(699)	**23,681**
Sales margin %	7%	7%	(89%)	**7%**
Other operating profit/loss	(19,979)	(18)	(650)	**(20,647)**
Segment performance – EBIT	**4,002**	**381**	**(1,349)**	**3,034**
EBIT margin	1%	7%	0%	**1%**
Profit (loss) on financial activities (financial income less financial expenses)				**(3,225)**
Gross profit/loss				**(191)**
Income tax				**109**
Net profit/loss				**(300)**
Amortization and depreciation	1,765	-	921	**2,686**
Segment performance – EBITDA	**5,767**	**381**	**(428)**	**5,720**

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4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

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

	Building construction in domestic market	Building construction in foreign countries	Other segments	Total going concern activities
Total income				
Sales to third party customers	370,471	6,360	782	**377,613**
Total sales revenues	**370,471**	**6,360**	**782**	**377,613**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	354,200	5,792	1,068	**361,060**
Sales margin	16,270	567	(286)	**16,551**
Sales margin %	4%	9%	(37%)	4%
Other operating profit/loss	(15,259)	(176)	(467)	**(15,902)**
Segment performance – EBIT	**1,012**	**392**	**(753)**	**651**
EBIT margin	0%	6%	(96%)	**0%**
Profit (loss) on financial activities (financial income less financial expenses)				**(3,135)**
Gross profit/loss				**(2,484)**
Corporate income tax				**(483)**
Net profit/loss				**(2,001)**
Amortization and depreciation	1,601	-	922	**2,523**
Segment performance – EBITDA	**2,613**	**392**	**169**	**3,174**

The main revenue estimates relate to the recognition of revenues generated by the building contracts. These are described in Note 2.1.

Revenue figures are presented in Note 4.2 Accounting segments.

4.3. COST OF GOODS SOLD (COGS)

	For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
Third party services	189,710	255,657
including third party services from subcontractors	148,712	228,090
Material and energy consumption	36,406	65,115
Employee benefit expenses	32,601	28,112
Amortization and depreciation	2,686	2,523
Taxes and charges	2,258	1,749
Other cost categories	1,911	1,192
Total costs by type	**265,572**	**354,348**
Change in contract pricing balances	62,369	22,714
Cost of sales (negative value)	(2,326)	(1,728)
General management and administration costs (negative value)	(17,660)	(14,274)
Manufacturing costs of products sold	**307,955**	**361,060**

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4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

4.4. TAXATION

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

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

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

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

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

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

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

	For a 3-month period, ended on 31 March 2024	For a 3-month period, ended on 31 March 2023
Gross profit before taxation	**(191)**	**(2,484)**
Tax according to the statutory tax rate applicable in Poland - 19%	**(36)**	**(472)**
(Excess of non-tax revenues over non-deductible expenses) / Excess of non-deductible expenses over non-tax revenues.	145	(11)
Tax recognized in the financial net profit/loss	**109**	**(483)**
Current tax	37	2,449
Deferred tax	72	(2,932)
Effective tax rate	**(57.24%)**	**19.46%**

4.5. FINANCIAL RISK MANAGEMENT PRINCIPLES

While running its operations, the Company is exposed to the following significant types of financial risk: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Company's Management Board is responsible for defining 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 Company does not enter into building contracts that are denominated in EUR.

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 financial lease products (Note 3.4), used by the Company.

In addition, the Company 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 Company to the risk of cash flow volatility. Meanwhile assets and liabilities bearing fixed rate exposes the Company 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 Company 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 Company 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 Company 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 and the age structure of past due receivables are presented in Note 5.1.

4.5.3.LIQUIDITY RISK

In order to reduce the risk of liquidity loss, the Company 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 Company uses own funds or long-term financial lease contracts, ensuring adequate sustainability of the financing structure for this type of assets.

The Company 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 Company.

4.5.4.CLIMATE RISK

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

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5. OTHER NOTES

5.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

Trade receivables , with maturity typically from 30 to 180 days, are recognized at their nominal value, i.e. according to the amounts originally invoiced. Trade receivables are held for collection and meet the SPPI test, therefore, as of the balance sheet date, these items are measured at amortized cost, including a contingent impairment loss calculated using the expected loss model.

Receivables from the State budget are recognised at the amount due to the Company in accordance with applicable laws and regulations.

	31 Mar. 2024			31 Dec. 2023		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	267,309	33,832	233,477	304,143	33,832	270,311
Corporate income tax receivables	263	-	263	-	-	-
VAT tax receivables	13,334	-	13,334	11,538	-	11,538
Other receivables	4,669	1,210	3,459	4,335	1,210	3,125
Total	**285,575**	**35,042**	**250,533**	**320,016**	**35,042**	**284,974**

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

	For a 3-month period, ended on 31 Mar. 2024	For a 12-month period, ended on 31 Dec. 2023
Opening balance of write-downs	**35,042**	**26,562**
Setting up/(reversal)of individual write-offs	-	724
Setting up /(reversal) of write-offs according to write-off matrix	-	6,751
Taken-over during merger with a subsidiary	-	1,005
Closing write-offs, of which:	**35,042**	**35,042**
Matrix-based calculated write-off	16,592	16,592
Individual write-off	18,450	18,450

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

The Company 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 Company has a large number of domestic customers. All receivables, except for those individually written off, are rated by the Company as having the highest internal credit rating grade. For all receivables except those written-off individually, the Company estimates a write off for expected credit losses in an amount equal to 12 months expected credit losses.

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5.2. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

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

Short-term employee benefit liabilities

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

	31 Mar. 2024	31 Dec. 2023
Trade payables	**98,952**	**139,253**
including to related entities	1,769	2,555
Liabilities vis-a-vis budget in relation to:	**5,844**	**9,216**
corporate income tax	-	3,338
personal income tax	895	1,502
Social insurance contribution	4,039	3,960
real estate tax	416	-
State Fund for the Rehabilitation of the Disabled	112	111
Employee Capital Plans (PPK)	19	16
holiday accrual (Belgium tax)	188	167
other	175	122
Other liabilities	**15,036**	**22,535**
wages and salaries	1,672	1,614
short-term employee benefit liabilities	10,759	10,759
other	2,605	10,162
incl.: Modlin airport compensation-related liabilities	*-*	*7,500*
Total	**119,832**	**171,004**

5.3. GROUP STRUCTURE

Interests and shares in subsidiaries and jointly controlled entities

Interests and shares in subsidiaries and jointly controlled entities are recognized at historical cost less possible impairment losses.

Non-financial fixed assets impairment

As of every balance-sheet date, the Company verifies whether there are any circumstances indicating impairment of any item of the assets. When such circumstances have been identified or when an annual impairment test needs to be carried out, the Company's estimates the recoverable value of a given asset.

The recoverable amount of an asset corresponds to the fair value of that asset or cash-generating centre less selling costs or its value in use, whichever is higher. This value is determined for individual assets, unless a certain asset does not generate cash inflows on its own, which are mostly independent from those generated by other assets or asset categories. If the carrying amount of an asset in the balance sheet is higher than its recoverable amount, impairment occurs and a write-down it made up to the determined recoverable amount.

For the estimation of the value in use, the projected cash flows are discounted to their present value using a discount rate before taxation that reflects current market estimation of the time value of money and the risk typical for a given asset. Impairment losses on non-financial assets used in operations are recognised as Other Expenses.

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Group Structure

As of 31 March 2024, the Group comprised the Parent Company Erbud S.A. and fully consolidated subsidiaries and subsidiaries consolidated on the equity method basis

and

Item	Name of entity	Registered office	Scope of activities	% share in share capital 31 Mar. 2024	balance sheet value of interests/ shares 31 Mar. 2024	% share in share capital 31 Dec. 2023	balance sheet value of interests/ shares 31 Dec. 2023
	Shares held directly						
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.67%**	**39,871**	60.67%	39,871
2	Erbud International Sp. z o.o.	Rzeszów	Construction services	**100.00%**	**431**	100,00%	431
3	Erbud Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	**-**	100.00%	-
4	MOD21 GmbH	Düsseldorf, Germany	Construction services	**100.00%**	**45,541**	100.00%	45,541
5	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	**12,000**	100.00%	12,000
6	Erbud Holding Deutschland GmbH	Düsseldorf, Germany	Management services	**100.00%**	**21,162**	100.00%	21,162
7	Hebud Sp. z o.o. in liquidation	Minsk, Byelorussia	Construction services	**100.00%**	**-**	100.00%	-
8	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	**39.00%**	**-**	39.00%	-
9	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	**50.00%**	**3**	50.00%	3
10	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	**5**	100.00%	5
11	MOD21 Sp. z o.o.	Ostaszewo	Timber modular construction	**98.00%**	**5**	98.00%	5
12	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	**3**	43.00%	3
13	Erbud Industry Centrum Sp. z o.o.	Łódź	Maintenance services in the industrial segment	**99.00%**	**25,035**	99.00%	25,035
14	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.14%**	**490**	4.14%	490
	TOTAL				**144,546**		144,546

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

As of 31 March 2024, there were no grounds for impairment.

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

As of 31 March 2024, there were no grounds for impairment recognition of shares in subsidiaries and associated companies.

5.4. POST-ACCOUNTING PERIOD EVENTS

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

Signatures of all Management Board members:

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

Warsaw, dated 8 May 2024