ERBUD S.A.

Condensed Separate Financial Statement

for accounting period closed on 30 September 2023

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

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

CONDENSED SEPARATE STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022	For a 3-month period, ended on 30 Sept. 2023	For a 3-month period, ended on 30 Sept. 2022
		Unaudited data	Unaudited data	Unaudited data	Unaudited data
	CONTINUING OPERATIONS				
Note 4.2.	Revenues from sales of products and services	1,007,891	1,418,372	285,397	511,588
Note 4.2.-4.3	Cost of products and services sold	961,016	1,357,414	281,328	488,458
	Gross sales profit/(loss)	**46,875**	**60,958**	**4,069**	**23,130**
Note 4.3.	Costs of sales	5,926	4,656	1,925	1,336
Note 4.3.	General and administrative (G&A) costs	61,730	44,982	26,325	12,423
	incl.: compensation-related expenses	*13,067*	-	*13,067*	-
	Other operating income - compensation-related income	51,384	-	51,384	-
	Other operating income	2,364	2,325	1,034	667
	Other operating expenses	6,929	830	691	233
	Loss reversal/(impairment) of financial assets and contract valuation assets	3,507	1,765	-	-
Note 4.2.	**Operating profit**	**22,531**	**11,050**	**27,546**	**9,805**
	Financial income - compensation-related interest income	60,929	-	60,929	-
	Financial revenues	13,649	33,039	3,877	7,593
	Financial costs	20,743	10,905	3,958	4,106
Note 4.2.	**Gross profit/loss**	**76,366**	**33,184**	**88,394**	**13,292**
Note 4.4.	Corporate income tax	19,031	7,855	21,525	3,332
	Gross profit/loss	**57,335**	**25,329**	**66,869**	**9,960**
	Comprehensive income	**57,335**	**25,329**	**66,869**	**9,960**
	Basic and diluted earnings per share (in PLN)	**4.81**	**2.10**	**5.61**	**0.83**

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

CONDENSED SEPARATE STATEMENT OF FINANCIALPOSITION

		30 Sept. 2023	31 Dec. 2022
		Unaudited data	Audited data
	ASSETS	**1,088,054**	**1,055,964**
	Investment properties	26,375	33,909
	Intangible assets	2,834	2,590
	Tangible fixed assets	37,125	31,103
	Financial assets	97,175	70,062
	Other financial assets	132,162	110,220
	Deferred tax assets	33,181	35,770
	Receivables under building contracts - bid bonds	8,549	7,495
	Fixed assets	**337,401**	**291,149**
	Inventory	1,415	1,415
	Receivables under building contracts - bid bonds	29,131	20,551
Note 2.2.	Pricing of building contracts - assets	216,054	163,982
Note 5.1.	Trade receivables	315,316	397,454
Note 5.1.	Other receivables	25,457	34,215
	Financial assets	28,682	32,565
	Cash and cash equivalents	129,554	93,949
	Cash assets in VAT account	2,143	18,143
	Short-term prepayments	2,901	2,541
	Current assets	**750,653**	**764,815**
	LIABILITIES	**1,088,054**	**1,055,964**
Note 3.1.	Share capital	1,193	1,210
Note 3.1.	Own shares	-	(20,000)
	Supplementary capital	272,115	252,836
	Reserve capital	82,628	102,611
	Retained earnings	20,911	2,267
	Equity	**376,847**	**338,924**
Note 3.2.-3.4	Debt	115,924	119,963
	Provisions	1,009	696
	Long-term liabilities	**116,933**	**120,659**
Note 3.2.-3.4	Debt	100,961	16,702
	Provisions	27,839	26,029
	Liabilities vis-à-vis subcontractors - bid bonds	138,896	129,862
Note 2.2.	Pricing of building contracts - liabilities	206,625	147,016
Note 5.2.	Trade payables	99,293	243,010
Note 5.2.	Other liabilities	20,660	33,762
	Short-term liabilities	**594,274**	**596,381**

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

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

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

	Share capital	Own shares	Supplementary capital	Reserve capital	Retained losses/earnings	Equity
		-				
As of 1 Jan. 2022	**1,240**	**(70,000)**	**205,140**	**42,540**	**150,703**	**329,623**
Net result in the accounting period	-	-	-	-	25,329	**25,329**
Total comprehensive income	**-**	**-**	**-**	**-**	**25,329**	**25,329**
Net retained earnings carried forward	-	-	100,000	77,767	(177,767)	**-**
Acquisition of own shares	-	(20,000)	-	-	-	**(20,000)**
Decrease of share capital	(30)	70,000	(45,000)	(25,000)	30	**-**
As of 9 May 2023	**1,210**	**(20,000)**	**260,140**	**95,307**	**(1,705)**	**334,952**
		-				

	Share capital	Own shares	Supplementary capital	Reserve capital	Retained losses/earnings	Equity
As of 1 Jan. 2023	**1,210**	**(20,000)**	**252,836**	**102,611**	**2,267**	**338,924**
Net result in the accounting period	-	-	-	-	57,335	**57,335**
Total comprehensive income	**-**	**-**	**-**	**-**	**57,335**	**57,335**
Dividend	-	-	-	-	(10,021)	**(10,021)**
Net retained earnings carried forward	-	-	19,279	-	(19,279)	**-**
Registration of redemption of own shares	(17)	20,000	-	(19,983)	-	**-**
Merger capital	-	-	-	-	(9,391)	**(9,391)**
As of 30 Sept. 2023	**1,193**	**-**	**272,115**	**82,628**	**20,911**	**376,847**

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

CONDENSED SEPARATE CASH FLOWSTATEMENT

	For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022	For a 3-month period, ended on 30 Sept. 2023	For a 3-month period, ended on 30 Sept. 2022
	Unaudited data	Unaudited data	Unaudited data	Unaudited data
OPERATIONAL CASH FLOWS				
Gross profit/loss	76,366	33,184	88,394	13,292
Amortization and depreciation	8,015	7,551	2,772	1,961
Foreign exchange gains/losses	111	(512)	391	682
Dividends and interests	(52,646)	849	(55,818)	393
Other non-cash adjustments	(919)	(19,360)	(230)	(182)
Income tax (paid)/reimbursed	(31,609)	(6,950)	(16,277)	(262)
Change of working capital balance	(38,425)	(57,707)	(18,911)	19,168
Operational cash flows, net	**(39,107)**	**(42,945)**	**321**	**35,052**
INVESTMENT ACTIVITY CASH FLOWS				
Inflows from credits/loans extended	11,186	33,261	178	24,150
Other inflows	4,867	3,246	405	3,050
Proceeds from participation in the subsidiary's share buy-back plan	-	19,023	-	-
Expenditures on the acquisition of tangible fixed assets	(814)	(7,887)	(120)	(345)
Loans extended expense	(30,206)	(88,547)	(10,050)	(31,563)
Additional contribution to subsidiary capital	(12,047)	-	-	-
Investment activity cash flows, net	**(27,014)**	**(40,904)**	**(9,587)**	**(4,708)**
FINANCIAL ACTIVITY CASH FLOWS				
Income from credits and loans taken	85,705	42,733	-	9,807
Other inflows	60,929	-	60,929	-
Debt (principal) repayment expense - principal	(17,021)	(2,877)	(14,303)	(1,248)
Lease debt repayment expense - principal	(2,523)	(2,155)	(874)	(888)
Debt (interest) repayment expense	(15,343)	(3,409)	(6,544)	(1,759)
Dividend payment	(10,021)	-	-	-
Acquisition of own shares	-	(20,000)	-	-
Financial activity cash flows, net	**101,726**	**14,292**	**39,208**	**5,912**
NET CASH FLOWS	**35,605**	**(69,557)**	**29,942**	**36,256**
Opening cash balance	**93,949**	**198,931**	**99,612**	**93,117**
Closing cash balance	**129,554**	**129,374**	**129,554**	**129,374**

The Financial Statement comprises icons that represent:

Accounting Policy

Estimates

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 entry 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 30 September 2023 and as of the date of the Condensed Separate Financial Statements the Parent Company's Management Board consisted of:

Dariusz Grzeszczak – President of the Management Board

Agnieszka Głowacka – Vice-President of the Management Board

Jacek Leczkowski – Vice-President of the Management Board

As of 30 September 2023 and as of the date of the Condensed Separate Financial Statements the Parent Company's Supervisory Board consisted of:

Gabriel Główka

Albert Dürr

Michał Otto

Janusz Reiter

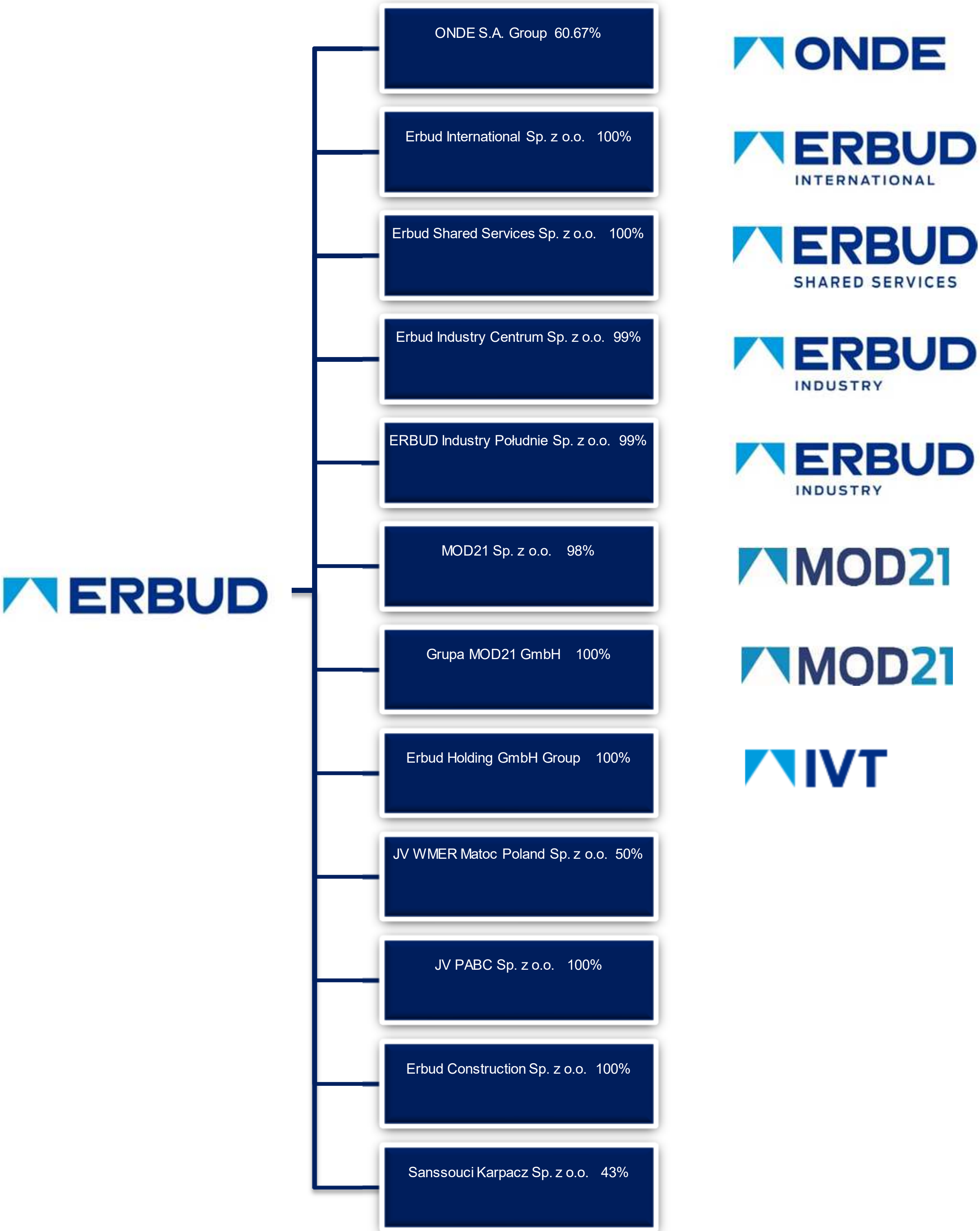
Michał Wosik

Roland Bosch

Beata Jarosz

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

1. BACKGROUND INFORMATION

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IAS Compliance Statement

The Company's Condensed Separate Financial Statements ended on 30 September 2023 have been prepared in accordance with 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 Statement has been drawn up on historical cost basis, except for financial derivatives that were priced at fair value.

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

These Condensed Separate Financial Statements were approved for the publication by the Management Board on 14 November 2023.

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 on-going 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 employers.

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

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

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

The application of new and amended standards, and their interpretations

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

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

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

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

b) Amendment to IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

e) Amendments to IAS 12 "Income Taxes"

The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning liabilities. Prior to the amendment to the standard, there was ambiguity as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g. 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 Board published amendments to IAS 12 Income Taxes in response to the global minimum income tax Pillar II regulations issued by the Organisation for Economic Co-operation and Development (OECD) in connection with international tax reform. The amendment to IAS 12 provides a temporary exemption from the requirement to recognize deferred taxes resulting from enacted tax laws that implement the Pillar II model rules. The companies can apply the guidance of the amended IAS 12 standard immediately, while certain disclosures are required for annual periods beginning on or after 1 January 2023.

At the date of drawing up these Condensed, 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 Condensed, 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 Board amended IFRS 16 'Leases' by supplementing the requirements for subsequent measurement of the lease liability for sale and leaseback transactions, where the criteria of IFRS 15 are met and the transaction should be accounted for as a sale.

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

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

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

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

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

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

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

d) IFRS 14 "Regulatory Deferral Accounts"

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

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

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

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

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

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

2. BUILDING CONTRACTS

The Company signs fixed-price contracts for the execution of construction contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls, wind farms, power plants, production rooms, and highways. Certain contracts with Customers also contain a variable pay in the form of penalties that may be imposed on the Company, for example, 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. 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 construction 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 construction contracts in the period from the Contract Date to the balancing date proportionally to the progress rate of a certain contract performance by way of evaluation of the achieved results and milestones. 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 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 retains a portion of payments to the subcontractors in relation to performance bond, and recognizes it in the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

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

The 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 obligation. The warranty period varies depending on the contract under implementation and the components covered.

For certain building contracts executed under joint contractual arrangements in which the 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 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 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.

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

ERBUD Condensed Separate Financial Statement as of 30 September 2023 ('000 PLN, unless specified 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 a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	1,001,140	1,409,916
Costs under building contracts,	977,701	1,358,544
Net income before recognition and settlement of provisions for the contracts generating liabilities	**23,439**	**51,372**
Setting up provisions for the contracts generating liabilities	1,147	2,330
Gross profit/loss	**22,292**	**49,042**
Gross profit margin		
excluding provisions for the contracts generating liabilities	2%	4%
including provisions for the contracts generating liabilities	2%	3%

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

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

	30 Sept. 2023	31 Dec. 2022
Revenues under non-completed building contracts YTD	2,606,151	2,928,943
Invoiced receivables from customers, YTD (excl. advances)	2,552,094	2,938,646
Balance of payments under non-completed building contracts	**54,057**	**(9,703)**
of which:		
(1) Assets for completed, non-invoiced construction works, gross	136,158	68,314
Asset impairment write-off under building contracts	(3,201)	(1,879)
(1a) Assets for completed, non-invoiced construction works, net	132,957	66,435
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	78,900	76,138
Costs related to building contracts, YTD	2,483,650	2,765,776
Subcontractor expense and own expenses on a YTD basis.	2,502,898	2,820,324
Balance of payments under building contracts	**19,248**	**54,548**
of which:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	83,097	97,547
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	63,849	42,999
Balance of payments under building contracts	**73,305**	**44,845**
of which:		
Pricing of building contracts - assets	**216,054**	**163,982**
Pricing of building contracts - balance settlement (2)+(4)	142,749	119,137
Building contract liabilities - advanced paid	63,876	27,879
Pricing of building contracts - liabilities - TOTAL	**206,625**	**147,016**

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 construction 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 according to the ECL method for contractual assets was 2.75% as of 30 September 2023, 2.43% as of 30 September 2022. The write-down amounts and movements on the impairment allowance for building contract assets in the financial statements presented are marginal, hence not presented.

The changes in the value of contract valuation assets and liabilities are due to the specific nature of the settlement of construction 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 30 September 2023, the share capital consisted of 11 929 836 shares with a total value of PLN 1,192,983.60, and the shareholding structure showing shareholders holding over 5% of the share capital and Management Board members and entities controlled by them was as follows:

Shareholder	No. of shares	% shareholding in share capital
Wolff & Muller Holding GmbH & Co.KG	3,592,950	30.12%
Wolff & Müller Holding GmbH & Co. KG	261,887	2.20%
Durr Holding GmbH	12,712	0.11%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	721,553	6.05%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	764,935	6.41%
Dariusz Grzeszczak	1,831,907	15.36%
PKO BP Bank Open-Ended Pension Fund	715,279	6.00%
Jacek Leczkowski	5,112	0.04%
Roland Bosch	10,000	0.08%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	13,642	0.11%
Other shareholders	2,795,921	23.43%
Total	**11,929,836**	**100%**

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

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

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

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

As of 30 September 2023, and as of the date of publication of this Financial Statement, therefore the share capital totalling PLN 1,192,983.60 divides into 11,929,836 A-series ordinary bearer shares with a par value of PLN 0.10 each.

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 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022
Gross profit/loss	57,335	25,329
Average weighted number of ordinary shares (in pcs.)	11,929,836	12,034,231
Basic and diluted earnings per share (in PLN)	**4.81**	**2.10**

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3.2. CREDIT AND LOAN LIABILITIES

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

	30 Sept. 2023	31 Dec. 2022
Long-term		
Bank loans	18,277	23,320
Loans	318	-
	18,595	**23,320**
Short-term		
Overdraft facilities	83,000	-
Bank loans	4,874	4,992
Loans	5,394	5,257
	93,268	**10,249**
Total credit and loan liabilities	**111,863**	**33,569**

Long-and short-term loans bear interest at WIBOR 3M + 1.35%-3.5%, 3M EURIBOR +1.9- 2.2%, ON WIBOR +2.2% and 10% per annum.

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

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.

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

3.3. DEBT RELATED TO ISSUED BONDS

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

As of balance sheet date, the 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	
						30 Sept. 2023	31 Dec. 2022
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 services sector in Poland and Germany	75,586	75,586
			Total bond liability as of 30 Sept. 2023, of which:			**75,586**	**75,586**
			long-term			75,000	75,000
			short-term			586	586

3.4. LEASE LIABILITIES

Period		30 Sept. 2023	31 Dec. 2022
		Nominal value of minimum payments	Nominal value of minimum payments
Below 1 year	Short-term	8,014	6,248
Above 1 year	Long-term	24,592	22,512
Nominal value of minimum payments		**32,606**	**28,760**
Future lease financial costs		3,170	1,250
Present value of minimum payments		**29,436**	**27,510**
Below 1 year	Short-term	7,107	5,867
Above 1 year	Long-term	22,329	21,643

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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 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.

	30 Sept. 2023	30 Sept. 2022
Net profit for the accounting period	**57,335**	**25,329**
Income tax	19,031	7,855
Gross profit	**76,366**	**33,184**
Financial costs	20,743	10,905
Financial revenues	13,649	33,039
Financial income - compensation-related interest income	60,929	-
EBIT	**22,531**	**11,050**
One-off compensation-related gain	**38,317**	**-**
		-
EBIT, adjusted	**(15,786)**	**11,050**
Amortization and depreciation	8,015	7,551
EBITDA	**30,546**	**18,601**
EBITDA, adjusted	**(7,771)**	**18,601**
Revenues from sales of products and services	1,007,891	1,418,372
EBIT margin	2%	0.8%
EBIT margin, adjusted	-2%	0.8%

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

4.2. ACCOUNTING SEGMENTS

Based on the management accounting presented to the main operational decision-maker (i.e. the Management Board), 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 2023 - September 2023 and January 2022 - September 2022.

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 9-month period, ended on 30 Sept. 2023			For a 9-month period, ended on 30 Sept. 2022		
	Domestic market (Poland)	Foreign markets	Total	Domestic market (Poland)	Foreign markets	Total
Sales to third party customers of which:	993,469	14,422	**1,007,891**	1,391,440	26,932	**1,418,372**
Accrued and deferred income	986,718	14,422	**1,001,140**	1,382,984	26,932	**1,409,916**
Revenues recognised at a point in time	6,751	-	**6,751**	8,456	-	**8,456**
Fixed assets other than financial instruments and deferred income tax assets	269,296	-	**269,296**	217,338	-	**217,338**

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As of the current quarter, the presentation has changed between the building construction segment and the other segment. Comparative data reflects the above change.

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

				For a 9-month period, ended on 30 Sept. 2023
	Building construction in domestic market	Residential/commercial buildings in foreign countries	Other segments	Total continued activities
Total income				
Sales to third party customers	991,122	14,422	2,347	**1,007,891**
Total sales revenues	**991,122**	**14,422**	**2,347**	**1,007,891**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	943,875	13,921	3,220	**961,016**
Sales margin	47,247	501	(873)	**46,875**
Sales margin %	5%	3%	-37%	**5%**
Other operating profit/loss	(60,462)	(421)	(1,778)	**(62,661)**
One-off compensation-related gain	-	-	38,317	**38,317**
Segment performance – EBIT	**(13,215)**	**80**	**35,666**	**22,531**
Segment performance - EBIT adjusted	**(13,215)**	**80**	**(2,651)**	**(15,786)**
EBIT margin	(1%)	1%	-	**2%**
EBIT margin, adjusted	-1%	1%	-113%	**-2%**
Profit (loss) on financial activities (financial income less financial expenses)				**53,835**
Gross profit/loss				**76,366**
Income tax				**19,031**
Net profit/loss				**57,335**
Amortization and depreciation	5,298	-	2,717	**8,015**
Segment performance – EBITDA	**(7,917)**	**80**	**38,383**	**30,546**
Segment performance - adjusted EBITDA	**(7,917)**	**80**	**66**	**(7,771)**

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For a 9-month period, ended on 30 Sept. 2022	Building construction in domestic market	Residential/commercial buildings in foreign countries	Other segments	Total continued activities
Total income				
Sales to third party customers	1,390,540	26,932	900	**1,418,372**
Total sales revenues	**1,390,540**	**26,932**	**900**	**1,418,372**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	1,328,919	25,395	3,100	**1,357,414**
Sales margin	61,621	1,537	(2,200)	**60,958**
Sales margin %	4%	6%	-244%	4%
Other operating profit/loss	(47,636)	(531)	(1,741)	**(49,908)**
Segment performance – EBIT	**13,985**	**1,006**	**(3,941)**	**11,050**
EBIT margin	1%	4%	0%	**1%**
Profit (loss) on financial activities (financial income less financial expenses)				**22,134**
Gross profit/loss				**33,184**
Income tax				**7,855**
Net profit/loss				**25,329**
Amortization and depreciation	4,797	-	2,754	**7,551**
Segment performance – EBITDA	**18,782**	**1,006**	**(1,187)**	**18,601**

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				For a 3-month period, ended on 30 Sept. 2023
	Building construction in domestic market	Building construction in foreign countries	Other segments	Total continued activities
Total income				
Sales to third party customers	280,197	4,418	782	**285,397**
Total sales revenues	**280,197**	**4,418**	**782**	**285,397**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	275,911	4,290	1,127	**281,328**
Sales margin	4,286	128	(345)	**4,069**
Sales margin %	2%	3%	-44%	1%
Other operating profit/loss	(14,217)	(34)	(589)	**(14,840)**
One-off compensation-related gain	-	-	38,317	**38,317**
Segment performance – EBIT	**(9,931)**	**94**	**37,383**	**27,546**
Segment performance - EBIT adjusted	**(9,931)**	**94**	**(934)**	**(10,771)**
EBIT margin	-4%	2%	4780%	**10%**
EBIT margin, adjusted	-4%	2%	-119%	**-4%**
Profit (loss) on financial activities (financial income less financial expenses)				**60,848**
Gross profit/loss				**88,394**
Income tax				**21,525**
Net profit/loss				**66,869**
Amortization and depreciation	1,896	-	876	**2,772**
Segment performance – EBITDA	**(8,035)**	**94**	**38,259**	**30,318**
Segment performance – EBITDA adjusted	**(8,035)**	**94**	**(58)**	**(7,999)**

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

	Building construction in domestic market	Building construction in foreign countries	Other segments	Total continued activities
Total income				
Sales to third party customers	504,864	5,944	780	**511,588**
Total sales revenues	**504,864**	**5,944**	**780**	**511,588**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	481,491	5,934	1,033	**488,458**
Sales margin	23,373	10	(253)	**23,130**
Sales margin %	5%	-	-32%	5%
Other operating profit/loss	(11,872)	(708)	(745)	**(13,325)**
Segment performance – EBIT	**11,501**	**(698)**	**(998)**	**9,805**
EBIT margin	2%	-12%	-128%	**2%**
Profit (loss) on financial activities (financial income less financial expenses)				**3,487**
Gross profit/loss				**13,292**
Income tax				**3,332**
Net profit/loss				**9,960**
Amortization and depreciation	1,042	-	919	**1,961**
Segment performance – EBITDA	**12,543**	**(698)**	**(79)**	**11,766**

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.3. COST OF GOODS SOLD (COGS)

	For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022	For a 3-month period, ended on 30 Sept. 2023	For a 3-month period, ended on 30 Sept. 2022
Third party services	764,521	993,517	204,769	343,705
including third party services from subcontractors	678,180	884,031	186,423	304,753
Material and energy consumption	142,995	322,937	37,320	101,322
Employee benefit expenses	95,979	93,033	34,472	28,239
Amortization and depreciation	8,015	7,551	2,772	1,961
Taxes and charges	4,341	3,623	1,331	950
Other cost categories	5,022	5,668	1,601	1,468
Total costs by type	**1,020,873**	**1,426,329**	**282,265**	**477,645**
Change in the balance of products, work in progress	7,799	(19,277)	27,313	24,572
Cost of sales (negative value)	(5,926)	(4,656)	(1,925)	(1,336)
General management and administration costs (negative value)	(61,730)	(44,982)	(26,325)	(12,423)
Manufacturing costs of products sold	**961,016**	**1,357,414**	**281,328**	**488,458**

4.4. TAXATION

The burdening of net financial income with income tax is recognized based on Group Management's estimate of the weighted average effective annual income tax rate expected for the full accounting year.

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

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

	For a 9-month period, ended on 30 Sept. 2023	For a 9-month period, ended on 30 Sept. 2022
Gross profit before taxation	**76,366**	**33,184**
Tax according to the statutory tax rate applicable in Poland - 19%	**14,510**	**6,305**
(Excess of non-tax revenues over non-deductible expenses) / Excess of non-deductible expenses over non-tax revenues.	4,521	1,550
Tax recognized in the financial net profit/loss	**19,031**	**7,855**
Current tax	17,253	14,401
Deferred tax	1,778	(6,546)
Effective tax rate	**24.92%**	**23.67%**

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.

No impairment losses were recognised for the loans granted. Loans are not overdue as of the balance sheet date. Loans granted are burdened with credit risk and interest rate risk, which are described respectively.

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 construction contracts (i.e. trade receivables, receivables under building contracts - bid bonds and valuation of construction 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 construction contracts executed by the Company) and budget receivables, including corporate income tax receivables and tax on goods and services receivables.

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

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

	30 Sept. 2023			31 Dec. 2022		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	343,857	28,541	315,316	422,806	25,352	397,454
Receivables from corporate income tax	450	-	450	-	-	-
Other budget receivables	22,147	-	22,147	28,041	-	28,041
Other receivables	4,070	1,210	2,860	7,384	1,210	6,174
Total	**370,524**	**29,751**	**340,773**	**458,231**	**26,562**	**431,669**

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

	For a 9-month period, ended on 30 Sept. 2023	For the period of 12 months, ended on 31 Dec. 2022
Opening balance of write-downs	**26,562**	**23,752**
Setting up/(reversal)of individual write-offs	-	900
Setting up /(reversal) of write-offs according to write-off matrix	2,184	1,910
Taken-over during merger with a subsidiary	1,005	-
Closing write-offs, of which:	**29,751**	**26,562**
Matrix-based calculated write-off	12,025	9,841
Individual write-off	17,726	16,721

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 construction contracts and are recognized at the nominal value of the payment received.

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

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

Short-term employee benefit liabilities

This category comprises provisions for non-utilised 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 Sept. 2023	31 Dec. 2022
Trade payables	**99,293**	**243,010**
including to related entities	2,110	4,585
Liabilities vis-à-vis budget in relation to:	**5,230**	**19,510**
corporate income tax	-	14,412
personal income tax	975	1,901
Social insurance contribution	3,691	2,888
real estate tax	126	2
State Fund for the Rehabilitation of the Disabled	90	57
Employee Capital Plans (PPK)	15	20
holiday accrual (Belgium tax)	135	126
other	198	104
Other liabilities	**15,430**	**14,252**
wages and salaries	1,563	1,534
short-term employee benefit liabilities	11,764	10,210
other	2,103	2,508
Total	**119,953**	**276,772**

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 balancing 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 30 September 2022, the Group comprised the Parent Company Erbud S.A. and fully consolidated subsidiaries and subsidiaries consolidated on the equity method basis.

Item	Name of entity	Registered office	Scope of activities	% share in share capital 30 Sept. 2023	% share in share capital 31 Dec. 2022
	Shares held directly				
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.67%**	60.10%
2	Erbud International Sp. z o.o.	Rzeszów	Construction services	**100.00%**	100.00%
3	Erbud Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
4	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**0.00%**	100.00%
5	MOD21 GmbH	Düsseldorf, Germany	Construction services	**100.00%**	100.00%
6	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	100.00%
7	Erbud Holding Deutschland GmbH	Düsseldorf, Germany	Management services	**100.00%**	100.00%
8	Hebud Sp. z o.o. in liquidation	Minsk, Byelorussia	Construction services	**100.00%**	100.00%
9	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	**39.00%**	39.00%
10	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	**50.00%**	50.00%
11	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	100.00%
12	MOD21 Sp. z o.o.	Ostaszewo	Modular timber construction	**98.00%**	100.00%
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	43.00%
14	Erbud Industry Centrum Sp. z o.o.	The City of Łódź	Maintenance services in the industrial segment	**99.00%**	0.00%
15	ERBUD Industry Południe Sp. z o.o.	The City of Rybnik	Maintenance services in the industrial segment	**99.00%**	0.00%
16	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.14%**	0.00%

* Erbud Industry Sp. z o.o. and Erbud S.A. were merged on 3 April 2023. An explanation is presented in Note 5.

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

Shares of Parent Company held indirectly (corresponding to the voting rights held)

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

* Through the merger of Erbud Industry Sp. z o.o. with Erbud S.A., the indirect shares became directly held shares.

5.4. MERGEROF COMPANIES

Merger under joint control

A business combination involving entities or businesses under joint control is a business combination in which all of the combining entities or businesses are ultimately under the control of the same party or parties both before and after the combination and that control is not transitory.

Due to the lack of adequate regulations in IFRS for transactions under common control, the Board of Directors, in accordance with the guidelines of IAS 8, developed its own accounting policies following the solutions existing in other sets of accounting rules. From the perspective of the Company's separate financial statements, these principles apply only to the legal merger transaction between Erbud S.A. and Erbud Industry Sp. z o.o.

The major assumptions of these principles are described below.

The effect of the settlement of the legal merger has been recognised in these interim condensed separate financial statements effective from 3 April 2023.

To account for the legal merger, the Company adopted a method commonly referred to as the value determined using predecessor accounting method. As a result of this method application:

a) the merged assets and liabilities of Erbud Industry Sp. z o.o. were valued at their carrying value as at the date of settlement of the legal merger, which would be determined in the consolidated financial statements of the ultimate parent company, i.e. Erbud S.A;
b) pursuant to the valuation principles referred to in letter (a), the Company recognised also shares in subsidiaries of Erbud Industry Sp. z o.o., i.e. Erbud Industry Centrum Sp. z o.o. and Erbud Industry Południe Sp. z o.o., as part of the merged assets;
c) no additional goodwill was recognised;
d) balances of settlements between the Company and Erbud Industry Sp. z o.o. were eliminated;
e) the Company's investment in Erbud Industry Sp. z o.o. was eliminated;
f) the share capital of Erbud Industry Sp. z o.o. was eliminated (consequently the share capital shown in these financial statements represents the Company's share capital);
g) the difference between the value of the Company's eliminated investment in Erbud Industry Sp. z o.o. and the assets, liabilities and equity items recognised following the principles described above was settled in the Company's equity under "Retained earnings";
h) The Company's comparative data has not been restated;
i) the net income of Erbud Industry Sp. z o.o. is shown in the Company's books prospectively, i.e. from the merger date.

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The result of the merger is shown in the table below:

	Erbud Industry Sp. z o.o. 31 Mar. 2023
ASSETS	**71,804**
Intangible assets	443
Tangible fixed assets	1,308
Long-term investments	25,525
Long-term prepayments	5,972
Fixed assets	**33,248**
Inventory	2,846
Short-term receivables	13,315
Short-term investments	1,863
Short-term prepayments	20,532
Current assets	**38,556**
LIABILITIES	**71,804**
Provisions for liabilities	7,961
Long-term liabilities	1,226
Short-term liabilities	43,529
Accruals	10,507
Other accruals	0
Liabilities and provisions for liabilities	**63,223**
Total identifiable net assets	8,581
Elimination of shares in Erbud Industry Sp. z o.o.	(15,626)
Merger settlement capital	(7,045)

5.5. SIGNIFICANT EVENT DURING THE ACCOUNTING PERIOD

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

5.6. POST-ACCOUNTING PERIOD EVENTS

On 30 October 2023, a mediation settlement was concluded between Erbud S.A. and Warsaw-Modlin Airport operated by Warszawa-Modlin Sp. z o.o. .

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

Under the Settlement Agreement, the Company agreed to pay MPL the amount of PLN 21,697,809.43, according to the following payment schedule:

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

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

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

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

Signatures of all Management Board members:

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

Warsaw, 14 November 2023