ERBUD S.A.

Condensed Separate Financial Statements

For the accounting period ended on 30 September 2021

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

(in '000 PLN, unless stated otherwise)

STATEMENT OF PROFIT OR LOSS

		For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020	For the period of 3 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2020
		not subject to a review	not subject to a review	not subject to a review	not subject to a review
	CONTINUING OPERATIONS				
Note 4.2.	Revenues from sales of products and services	928,521	851,406	348,103	259,217
Note 4.2.-4.3.	Cost of products and services sold	879,380	804,648	335,739	240,673
	Gross sales profit/(loss)	**49,141**	**46,758**	**12,364**	**18,544**
Note 4.3.	Cost of sales	4,472	-	1,425	-
Note 4.3.	General and administrative (G&A) costs	40,365	43,645	10,164	16,511
	Other operating income	3,916	5,819	1,139	2,809
	Result of the transaction with a non-controlling shareholder	186,205	-	186,205	-
	Other operating expenses	1,621	1,590	950	1,052
	Loss reversal/(impairment) of financial assets and contract valuation assets	538	(559).	-	-
Note 4.2.	**Operating profit**	**192,266**	**7,901**	**187,169**	**3,790**
	Financial income	32,052	21,666	1,414	2,125
	Financial expenses	5,783	5,929	2,421	1,740
Note 4.2.	**Gross profit**	**218,535**	**23,638**	**186,162**	**4,175**
Note 4.4.	Income tax	38,879	1,510	37,439	710
	Net profit	**179,656**	**22,128**	**148,723**	**3,465**

(in '000 PLN, unless stated otherwise)

STATEMENT OF FINANCIAL POSITION

		30.09.2021 not subject to a review	31.12.2020
	ASSETS	**955,704**	**670,951**
	Intangible assets	1,779	2,996
	Tangible fixed assets	54,666	16,754
	Financial assets	115,163	112,731
	Deferred tax assets	20,575	16,086
	Receivables under building contracts - bid bonds	15,113	9,611
	Fixed assets	**207,296**	**158,178**
	Inventory	321	298
	Receivables under building contracts - bid bonds	13,680	19,360
Note 2.2.	Pricing of building contracts - assets	91,248	107,346
Note 5.1.	Trade receivables	292,834	234,373
Note 5.1.	Other receivables	17,377	20,775
	Financial assets	17,338	12,941
	Cash and cash equivalents	305,164	102,759
	Cash assets in VAT account	6,302	11,293
	Short-term prepayments	4,144	3,628
	Current assets	**748,408**	**512,773**
	LIABILITIES	**955,704**	**670,951**
Note 3.1.	Share capital	1,240	1,240
	Own shares	(20,000).	-
	Supplementary capital	205,140	202,832
	Reserve capital	42,540	17,540
	Retained earnings	152,623	275
	Shareholders' equity	**381,543**	**221,887**
Note 3.2.-3.4.	Debt	109,389	5,812
	Provisions	1,172	976
	Liabilities vis-à-vis subcontractors - bid bonds	-	588
	Long-term liabilities	**110,561**	**7,376**
Note 3.2.-3.4.	Debt	11,585	81,681
	Provisions	20,898	20,408
	Liabilities vis-à-vis subcontractors - bid bonds	109,342	109,333
Note 2.2.	Pricing of building contracts - liabilities	138,156	86,359
Note 5.2.	Trade payables	128,752	124,147
Note 5.2.	Other liabilities	54,867	19,760
	Short-term liabilities	**463,600**	**441,688**

(in '000 PLN, unless stated otherwise)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Own shares	Supplementary capital	Reserve capital	Retained losses/earnings	Total
As of 1 Jan. 2020	**1,281**	**-**	**219,266**	**11,103**	**(20,596).**	**211,054**
Net result in the accounting period	-	-	-	-	22,128	**22,128**
Total comprehensive income	**-**	**-**	**-**	**-**	**22,128**	**22,128**
Other	-	-	-	-	2	**2**
As of 30 September 2020	**1,281**	**-**	**219,266**	**11,103**	**1,534**	**233,184**
As of 1 Jan. 2021	**1,240**	**-**	**202,832**	**17,540**	**275**	**221,887**
Net result in the accounting period	-	-	-	-	179,656	**179,656**
Total comprehensive income	**-**	**-**	**-**	**-**	**179,656**	**179,656**
Net retained earnings carried forward	-	-	2,308	25,000	(27,308).	**-**
Acquisition of own shares	-	(20,000)	-	-	-	**(20,000)**
Other	-	-	-	-	1	**1**
As of 30 September 2021	**1,240**	**(20,000)**	**205,140**	**42,540**	**152,623**	**381,543**

(in '000 PLN, unless stated otherwise)

CASH FLOW STATEMENT

		For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020	For the period of 3 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2020
		not subject to a review	not subject to a review	not subject to a review	not subject to a review
	OPERATIONAL CASH FLOWS				
	Gross profit/loss	218,535	23,638	186,162	4,175
	Amortization and depreciation	6,105	4,721	2,552	1,505
	Foreign exchange gains/losses	(601).	(81)	(220)	262
	Dividends and interests	(19,029).	(17,006)	11,127	(580)
Note 5.3.	Other non-cash adjustments	(200,729).	(133)	(200,534)	(1)
	Income tax (paid)/reimbursed	(5,803).	8,186	(2,183)	-
Note 5.3.	Change in balance of working capital	21,211	43,129	52,861	30,523
	Operational cash flows, net	**19,689**	**62,454**	**49,765**	**35,884**
	INVESTMENT ACTIVITY CASH FLOWS				
	Inflows from credits/loans extended	11,302	7,431	1,254	1,208
	Dividend income	29,185	-	-	-
	Other inflows	1,377	18,488	81	264
	Expenditures on the acquisition of tangible fixed assets	(41,221).	(1,526).	(1,857).	-
	Loans extended expense	(12,525)	(10,000)	22,289	(10,000)
	Expenditures on the acquisition of shares in companies	(5)	-	(5)	-
	Investment activity cash flows, net	**(11,887)**	**14,393**	**21,762**	**(8,528).**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	91,615	15,106	34,653	-
	Proceeds from the sales of shares in a subsidiary	200,309	-	200,309	-
	Issue of debt securities	75,000	-	75,000	-
	Debt (principal) repayment expense - principal	(96,278)	(31,694)	(80,914)	(1,537)
	Lease debt repayment expense - principal	(1,865)	(2,487)	(745)	(599)
	Debt (interest) repayment expense	(2,178)	-	(1,107)	-
	Acquisition of own shares	(20,000)	(16,500)	-	(16,500)
	Redemption of debt securities	(52,000)	-	(52,000)	-
	Financial activity cash flows, net	**194,603**	**(35,575)**	**175,196**	**(18,636)**
	NET CASH FLOWS	**202,405**	**41,272**	**246,723**	**8,720**
	Opening cash balance	**102,759**	**35,585**	**58,441**	**68,137**
	Closing cash balance	**305,164**	**76,857**	**305,164**	**76,857**

The Financial Statement comprises icons that represent:

Accounting Policy

Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

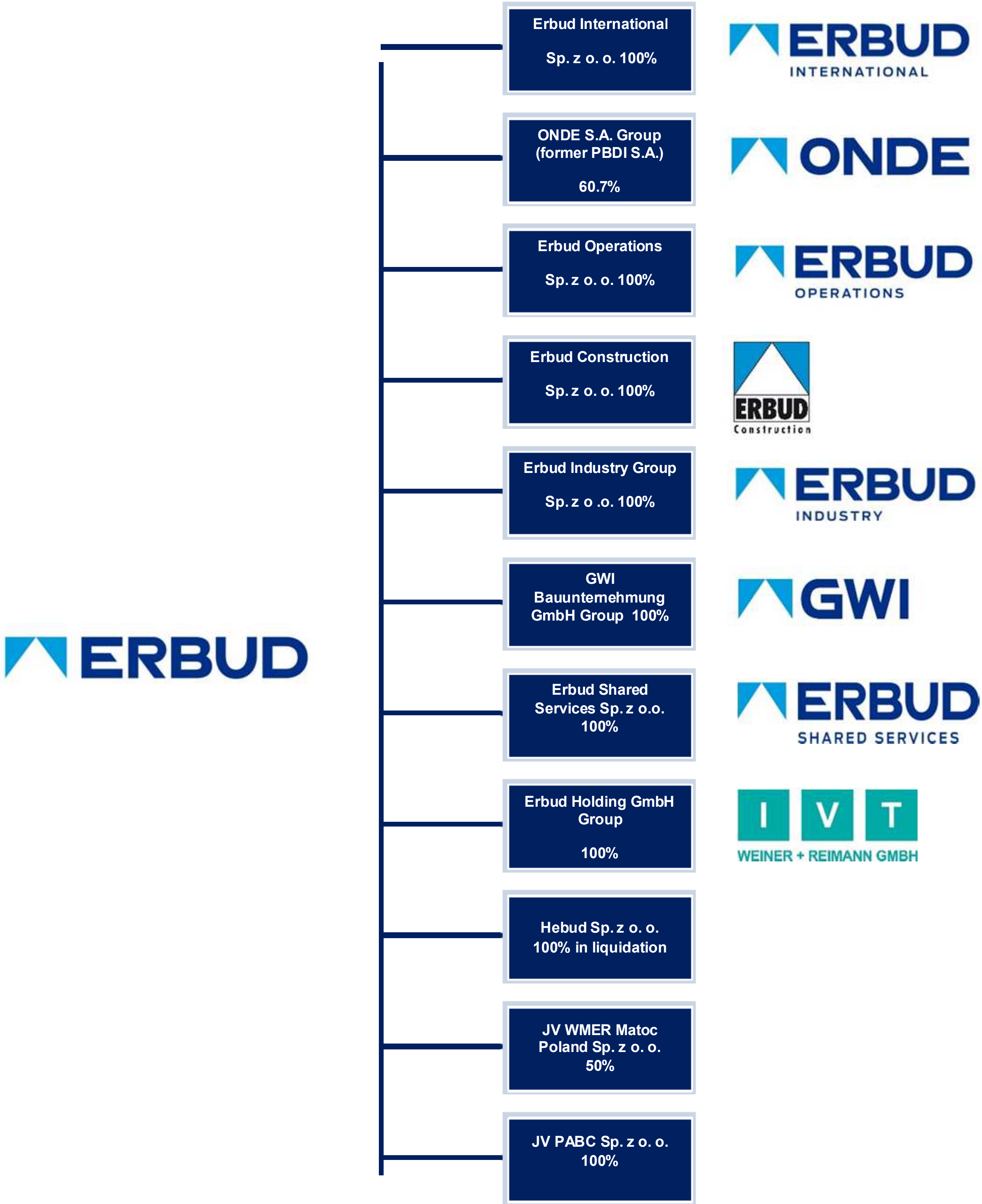
Erbud S.A. is a joint-stock company established following the transformation from Erbud into a limited liability company, registered on 29 November 2006 by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under No. 0000268667, with 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 is the Parent Company in the Erbud S.A. Capital Group and draws up consolidated financial statements of the Erbud S.A. Group.

1. BACKGROUND INFORMATION



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

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IFRS Compliance Statement

The financial statements of the Company closed on 30 September 2021 were drawn up in compliance with the International Financial Reporting Standard ("IFRS") No. 34, as endorsed by the European Union and as applicable at 30 September 2021.

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

The Financial Statement has been drawn up on historical cost basis, except for financial derivatives that were priced at fair value.

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

Going Concern

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

Impact of COVID-19 pandemic

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

Pricing at fair value

The measure of fair value of an asset or liability the 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 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 carried at fair value expressed in foreign currency are converted using the exchange rate prevailing at the date of pricing at fair value.

1.3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS:

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

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

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

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

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

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

In these financial statements the Company has not decided to apply the following published standards, interpretations or amendments to existing standards before their effective date. The following standards and amendments are not expected to have a material impact on the Company in the current or future reporting periods.

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

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

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

At the date of these interim financial statements, the new standard had not yet been endorsed by the European Union. This standard is not applicable to the Company's operations.

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

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

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

3) Amendments to IFRS 3 "Business Combinations"

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

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

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

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

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

6) Annual Amendments to IFRS 2018 - 2020

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

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

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

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

The Company does not run business lines affected by the above amendments.

8) IFRS 14 "Regulatory Deferral Accounts"

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

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

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

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

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

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

10) Amendments to IFRS 16 "Lease"

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

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

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

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

2. BUILDING CONTRACTS

The Company signs fixed-price contracts for the execution of building contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls, power plants, production halls, 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 modifications of the contract (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 balancing date proportionally to the progress rate of 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 Group 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 invoiced costs related to subcontractors' employment are recognized as "Trade payables" (Note 5.2). The Group retains a portion of payments to subcontractors in relation to the performance bond, and recognizes it the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

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

2. BUILDING CONTRACTS

The 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.

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

For certain building contracts executed under joint contractual arrangements in which the 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 signed contracts do not contain a significant financing component except for amounts invoiced for building contracts, which are repaid at a later date as they represent deposits retained by the customer. The amounts retained under individual invoices represent a maximum of 10% of the remuneration for the contract execution and are subject to release for a period of up to 5 years once the contract has been completed. Revenues under the building contracts for the portion that is retained as a bid bond is recognized at a discounted amount.

The application of the performance-based 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 subject to the formalized updating process during the year, based on current information, and are approved by the Management Board. If between official budget revisions there are events that have material impact on contract performance, the value of total revenues or contract costs is updated on an ongoing basis, i.e. changes in the scope of the contract are reflected in the Company's internal system immediately after they are negotiated by the Company with the customer.

(in '000 PLN, unless stated otherwise))

2. BUILDING CONTRACTS

2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	925,237	849,539
Costs under building contracts,	872,109	804,650
Net income before recognition and settlement of provisions for the contracts generating net liabilities	**53,128**	**44,889**
Release /utilisation of provisions set up in the previous periods	-	-
Gross profit/loss	**53,128**	**44,889**
Gross profit margin		
excluding provisions for the contracts generating net liabilities	6%	5%
including provisions for the contracts generating net liabilities	6%	5%

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

2.2. RECONCILLIATION OF FIGURES RELATED TO NON-COMPLETED BUILDING CONTRACTS

	30.09.2021	31.12.2020
Revenues under non-completed building contracts YTD	1,616,891	1,552,991
Invoiced receivables from customers, YTD (excl. advances)	1,610,582	1,572,361
Balance of payments under non-completed building contracts	**6,309**	**(19,370)**
including:		
(1) Assets for completed, non-invoiced construction works, gross	58,113	37,128
Asset impairment write-off under building contracts	(905)	(905)
(1a) Assets for completed, non-invoiced construction works, net	57,208	36,223
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	50,899	55,593
Costs related to building contracts, YTD	1,465,340	1,381,642
Losses posted on YTD basis	-	-
Subcontractor expense and own expenses on a YTD basis.	1,435,621	1,434,422
Balance of payments under building contracts	**(29,719)**	**52,780**
including:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	34,040	71,123
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	63,759	18,343
Balance of payments under building contracts	**(23,410)**	**33,410**
including:		
Pricing of building contracts - assets	**91,248**	**107,346**
Pricing of building contracts - balance settlement (2)+(4)	114,658	73,936
Building contract liabilities - advanced paid	23,498	12,423
Pricing of building contracts - liabilities - TOTAL	**138,156**	**86,359**

At all dates that are initial dates of the periods indicated in the table above, the total opening balances were recognized as revenues in the period.

Changes in the value of assets and liabilities from the pricing of contracts result from the specific nature of settlement of building contracts and invoicing schedules for individual contracts.

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021 (in '000 PLN, unless stated otherwise))

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 Articles of Association of the Company 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 2021, the share capital consisted of 12 399 359 shares with a total value of PLN 1,239,935.90 thousand, and the structure of shareholders holding over 5% of the share capital and members of the Management Board and entities controlled by them was as follows:

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

* Mr Albert Dürr holds 85% shareholding in Wolff & Müller Holding GmbH & Co. KG, which holds 100% of the shares in Wolff & Müller Baubeteiligungen GmbH & Co. KG and directly 2.17% shareholding in Erbud S.A. (2,17% of the total number of votes). Wolff & Müller Baubeteiligungen GmbH & Co. KG holds directly 29.75% shareholding in Erbud S.A. (29.75% of the total number of votes). Additionally Mr Albert Dürr holds 85% shareholding of Dürr Holding GmbH, which holds 0.10% shareholding in Erbud S.A. (0.10% of the total number of votes). In total Mr Albert Dürr holds directly and indirectly 32.14% shareholding in Erbud S.A. (32.14% of the total number of votes).

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

The Company's Articles of Association do not grant the shareholders referred to hereinabove any personal rights in relation to Erbud S.A. In particular, it does not grant the right to appoint members of the Company's Management and 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.

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

On 7 June 2021 the buy-back of ERBUD S.A.'s own shares was completed. It was initiated by virtue of Resolution No. 18/2021 of the Company's Ordinary General Meeting of Shareholders, dated 11 May 2021 on authorising the Company's Management Board to acquire own shares for the purpose of their redemption and setting up a reserve capital earmarked for the acquisition of own shares for the purpose of their redemption and (ii) by virtue of the Resolution No. 34/2021 of the Company's Supervisory Board of 13 April 2021 on giving consent to the buy-back of own shares, and (iii) by virtue of the Resolution No. 35/2021 of the Company's Supervisory Board of 13 April 2021 on giving consent to transactions as part of the buy-back process of own shares.

As part of the buy-back process, sales offers were made for a total number of 11,901,744 Company shares. Due to the fact that the total number of the Company's shares submitted by the Company's shareholders for sale under the Company's Tender offer exceeded the total number of shares the Company intended to acquire under the Tender Offer, the Company made a proportional reduction of the Company's share sales offers, applying the reduction rules defined in detail in the Tender Offer. The average reduction rate of the share sales offers submitted was 98.66%. In total, the Company acquired own shares worth PLN 20,000 thousand.
The Own Shares acquired by the Company account for 1.29% of the Company's share capital and of the total vote at the Company's General Meeting of Shareholders.
The purpose of the acquisition of the Own Shares is to redeem Own Shares and subsequently to reduce the Company's share capital, pursuant to Art. 359 of the Polish Companies' Code.

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

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

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021 (in '000 PLN, unless stated otherwise))

3. CAPITAL AND DEBT MANAGEMENT

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

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

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

Below basic and diluted earnings per share are presented.

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020
Net profit	179,656	22,128
Average weighted number of ordinary shares (in pcs.)	12,381,679	12,811,859
Basic and diluted earnings per share (in PLN)	**14.51**	**1.73**

3.2. CREDIT AND LOAN LIABILITIES

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

	30.09.2021	31.12.2020
Long-term		
Bank loans	28,971	-
Short-term		
Bank loans	2,229	-
Loans	3,856	24,079
	6,085	24,079
Total credit and loan liabilities	**35,056**	**24,079**

Loans shown as long-term and short-term bear interest rate of 1M WIBOR + 1.5%-2.8% and 3M Euribor + 2.2% and 3M Euribor + 2.2%

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

Covenants

During the year, as of 30 September 2021 and up to the date of approval of the financial statement, all covenants have been met.

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021 (in '000 PLN, unless stated otherwise))

3.3. DEBT RELATED TO ISSUED BONDS

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

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

:

Issue date	Type of issued bonds	Currency (specify whether functional or foreign currency)	Interest rate	Maturity date	Purpose of financing	Par value of shares	30.09.2021	31.12.2020
23 September 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6 M + 2.6% margin	23 September 2025	for financing of core activity and/or acquisitions from the industrial services sector in Poland and Germany		75,000	52,000
			Total long-term liabilities (as of 30 Sept. 2021 long-term)				**75,000**	**52,000**

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

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

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

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021 (in '000 PLN, unless stated otherwise))

3.4. LEASE LIABILITIES

Detailed disclosure on the implementation of IFRS 16 standard is presented in Note 6.1.

Period		30.09.2021 Nominal value of minimum payments	31.12.2020 Nominal value of minimum payments
Below 1 year	Short-term	5,800	5,800
Above 1 year	Long-term	5,619	6,147
Nominal value of minimum payments		**11,419**	**11,947**
Future lease financial costs		501	533
Present value of minimum payments		**10,918**	**11,414**
Below 1 year	Short-term	5,501	5,602
Above 1 year	Long-term	5,417	5,812

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ALTERNATIVE PERFORMANCE MEASURES

The Management Board analyses the segment results using Key Performance Indicators (KPIs) such as EBIT, EBIT 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 Group after eliminating the impact of income tax, financing costs and, in the case of EBITDA, depreciation and amortization.

EBITDA is defined as profit after tax (net income), plus income tax expense, finance costs and depreciation and amortization, less financial income.

The Company defines EBIT as profit after tax (net income), plus finance costs and minus finance income.

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.

	30.09.2021	30.09.2020
Net profit for the accounting period	**179,656**	**22,128**
Income tax	38,879	1,510
Gross profit	**218,535**	**23,638**
Financial expenses	5,783	5,929
Financial income	32,052	21,666
EBIT	**192,266**	**7,901**
Amortization and depreciation	6,105	4,721
EBITDA	**198,371**	**12,622**
Revenues from sales of products and services	928,521	851,406
EBIT margin	21%	1%

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

4.2. ACCOUNTING SEGMENTS

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

- domestic building construction - which includes public utilities and renewable energy facilities,
- residential/commercial buildings in foreign countries,
- industrial construction at home,
- hydrotechnical segment
- other segments.

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

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

The Management Board analyses the segment results using Key Performance Indicators (KPIs) such as EBIT, EBIT and EBITDA margin. It should be borne in mind that 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. The Company defines EBIT as gross profit increased by financial costs less financial revenues. The EBIT margin is defined as the ratio of EBIT to sales revenues expressed as a percentage. EBITDA is defined as EBIT increased by depreciation in the period.

Background information on segments in the accounting periods Jan. 2021 - Sept. 2021, Jan. 2020 - Sept. 2020

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 the period of 9 months, ended on 30 Sept. 2021			For the period of 9 months, ended on 30 Sept. 2020		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	888,411	40,110	**928,521**	820,022	31,384	**851,406**
Accrued and deferred income	885,127	40,110	**925,237**	818,154	31,384	**849,538**
Income recognized at a certain point in time	3,284	-	**3,284**	1,868	-	**1,868**
Fixed assets other than financial instruments and deferred tax assets	171,608	-	**171,608**	130,549	-	**130,549**

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

						For the period of 9 months, ended on 30 Sept. 2021
	Domestic building construction	Foreign building construction	Industrial construction segment at home	Water engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	887,708	40,110	-	-	703	**928,521**
Total sales revenues	**887,708**	**40,110**	**-**	**-**	**703**	**928,521**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	839,998	39,327	55	-	-	**879,380**
Other operating profit/loss	145,737	(581)	(1)	(882)	(1,148)	**143,125**
Segment performance – EBIT	**193,447**	**202**	**(56)**	**(882)**	**(445)**	**192,266**
EBIT margin	22%	1%	-	-	(63)%	**21%**
Profit (loss) on financial activities (financial income less financial expenses)						**26,269**
Gross profit/loss						**218,535**
Income tax						**38,879**
Net profit/loss						**179,656**
Amortization and depreciation	6,075	-	-	-	30	**6,105**
Segment performance – EBITDA	**199,522**	**202**	**(56)**	**(882)**	**(415)**	**198,371**

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

For the period of 9 months, ended on 30 Sept. 2020

	Domestic building construction	Foreign building construction	Industrial construction segment at home	Water engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	808,780	31,384	11,242	-	-	**851,406**
Total sales revenues	**808,780**	**31,384**	**11,242**	**-**	**-**	**851,406**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	761,737	31,679	11,232	-	-	**804,648**
Other operating profit/loss	(37,130)	(834)	48	-	(941)	**(38,857)**
Segment performance – EBIT	**9,913**	**(1,129)**	**58**	**-**	**(941)**	**7,901**
EBIT margin	1%	(4)%		-	-	**1%**
Profit (loss) on financial activities (financial income less financial expenses)						**15,737**
Gross profit/loss						**23,638**
Income tax						**1,510**
Net profit/loss						**22,128**
Amortization and depreciation	4,704	17	-	-	-	**4,721**
Segment performance – EBITDA	**14,617**	**(1,112)**	**58**	**-**	**(941)**	**12,622**

ERBUD Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.3. COST OF GOODS SOLD (COGS)

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020	For the period of 3 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2020
Third party services	597,144	569,150	220,958	169,452
including third party services from subcontractors	530,457	525,919	192,492	155,749
Material and energy consumption	153,468	126,225	59,473	44,541
Employee benefit expenses	83,152	84,089	25,156	32,238
Amortization and depreciation	6,105	4,721	2,552	1,505
Taxes and charges	3,417	2,529	738	965
Other cost categories	5,263	2,882	1,888	948
Total costs by type	**848,549**	**789,596**	**503,257**	**405,398**
Change in the balance of products, work in progress	75,668	58,697	36,563	7,535
Cost of sales (negative value)	(4,472)	-	(1,425)	-
General management and administration costs (negative value)	(40,365)	(43,645)	(10,164)	(16,511)
Manufacturing costs of products sold	**879,380**	**804,648**	**528,231**	**396,422**

4.4. TAXATION

The burdening of net financial income with income tax is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full accounting year. The estimated average annual tax rate for the period ended on 30 September 2021 is 17.79% compared to 6.39% for the 9 months ended on 30 September 2020.

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

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

	For the period of 9 months, ended on 30 Sept. 2021	For the period of 9 months, ended on 30 Sept. 2020
Gross profit before taxation	**218,535**	**23,638**
Tax according to the statutory tax rate applicable in Poland - 19%	**41,522**	**4,491**
Excess of non-taxable income over non-deductible expenses	(2,643)	(2,981)
Tax recognized in the financial net profit/loss	**38,879**	**1,510**
Current tax	43,368	-
Deferred tax	(4,489)	1,510
Effective tax rate	**17.79%**	**6.39%**

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), issued bonds (Note 3.4) 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 ERBUD to the risk of fair value volatility, however, owing to the fact that the Company 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 are presented in the 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.

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.

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

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

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

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

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	30.09.2021			31.12.2020		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	313,049	20,215	292,834	256,065	21,692	234,373
Other budget receivables	14,029	-	14,029	6,142	-	6,142
Other receivables	4,558	1,210	3,348	15,843	1,210	14,633
Total	**331,636**	**21,425**	**310,211**	**278,050**	**22,902**	**255,148**

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

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	For the period of 9 months, ended on 30 Sept. 2021	For the period of 12 months, ended on 31 Dec. 2020
Opening balance of write-downs	**22,902**	**25,353**
Setting up/(reversal)of individual write-offs	-	(1,427)
Setting up /(reversal) of write-offs according to write-off matrix	641	(1,024)
Use of individual write-offs	(2,118)	-
Closing write-offs, of which:	**21,425**	**22,902**
Matrix-based calculated write-off	7,946	7,305
Individual write-off	13,479	15,597

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.

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

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

Short-term employee benefit liabilities

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

ERBUD Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

	30.09.2021	31.12.2020
Trade payables	**128,752**	**124,147**
including to related entities	7,649	11,071
Liabilities vis-à-vis budget in relation to:	**42,628**	**8,512**
corporate income tax	38,351	785
personal income tax	1,384	1,656
Social insurance contribution	2,161	5,445
State Fund for the Rehabilitation of the Disabled	42	59
Employee Capital Plans (PPK)	23	-
holiday accrual (Belgium tax)	388	506
other	279	61
Other liabilities	**12,239**	**11,248**
wages and salaries	1,642	2,561
short-term employee benefit liabilities	9,398	7,739
other	1,199	948
Total	**183,619**	**143,907**

5.3. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

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

	Change in balance of Cash Flow Statement in the period from Jan. 2021 to Sept. 2021	Change in balance of Cash Flow Statement in the period from Jan. 2020 to Sept. 2020
Change in provision balance	2,345	708
Change in inventory balance	(22)	-
Change of receivables balance	(49,392)	71,328
Change in balances of short-term liabilities, excluding credits and loans	11,975	(58,555)
Change in settlement of assets and liabilities under building contracts	56,305	29,648
Change in balance of working capital	**21,211**	**43,129**

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

	Other non-cash adjustments in the Cash Flow Statement in the period from Jan. 2021 to Sept. 2021	Other non-cash adjustments in the Cash Flow Statement in the period from Jan. 2020 to Sept. 2020
Sales of shares in a subsidiary	(200,309)	-
Other	(420)	(133)
Other non-cash adjustments	**(200,729)**	**(133)**

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

5.4. 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 at 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.

Group Structure

As of 30 September 2021, the Group comprised the Parent Company Erbud S.A. and fully consolidated subsidiaries and subsidiaries consolidated on the equity method basis.

#	Name of entity	Registered office	Scope of activities	% share in share capital 30.09.2021	balance sheet value of interests/share 30.09.2021	% share in share capital 31.12.2020	balance sheet value of interests/ share 31.12.2020
	Shares held directly						
1	Erbud International Sp. z o.o.	Toruń	Construction services	100.00%	50	100.00%	50
2	ONDE S.A. (former PBDI (Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.)	Toruń	Road engineering	60.70%	40,266	90.00%	49,554
3	Erbud Operations Sp. z o.o.	Rzeszów	Construction services	100.00%	382	100.00%	382
4	ERBUD Construction Sp. z o.o.	Toruń	Construction services	100.00%	-	100.00%	-
5	Erbud Industry Sp. z o.o.	Toruń	Engineering services	100.00%	15,627	100.00%	15,627
6	GWI GmbH	Düsseldorf, Germany	Construction services	100.00%	13,233	100.00%	13,233
7	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	100.00%	12,000	100.00%	12,000
8	Erbud Holding GmbH	Düsseldorf, Germany	Management services	100.00%	21,162	100.00%	21,162
9	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	Construction services	100.00%	-	100.00%	-
10	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	39.00%	-	39.00%	-
11	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	50.00%	3	50.00%	3
12	JV PABC Sp. z o.o.	Warsaw	Construction services	100.00%	5	100.00%	5
13	MOD21 Sp. z o.o.	Ostaszewo	Modular construction of wood	100.00%	5	0.00%	-
	TOTAL				102,732		112,015

Condensed Separate Financial Statement for the accounting year ended on 30 September 2021. (in '000 PLN, unless stated otherwise))

#	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 30.09.2021	31.12.2020
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o. (take-over of Erbud Industry Pomorze Sp. z o.o.)	The City of Łódź	Maintenance services in the industrial segment	**99.01%**	99.01%
2	Erbud Industry Pomorze Sp. z o.o. (merger with Erbud Industry Centrum Sp. z o.o.)	The City of Gdańsk	Maintenance services in the industrial segment	**-**	100.00%
3	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**99.29%**	99.29%
4	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
6	Erbud Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
7	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
8	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
9	PflegeQuatier Düren GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
10	WTL20 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
11	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
12	WTL80 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
13	WTL100 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
14	WTL120 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
15	WTL130 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
16	WTL140 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
17	WTL150 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
18	WTL160 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
19	WTL170 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
20	IDE Projekt Sp. z o.o.	Toruń	Design services in the RES segment	**100.00%**	0.00%
21	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	0.00%
22	Azuryt 6 Investments Sp. z o.o.	The City of Łódź	Renewable energy sources	**50.00%**	0.00%
23	Cyranka Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
24	Electronica DEPVPL Sp. z o.o. (power plant)	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
25	KWE Sp. z o.o.	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
26	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	0.00%
27	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
28	WTL210 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
29	WTL50 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%

The balance sheet value of shares in subsidiaries and jointly controlled entities are presented above.

As of 30 September 2021, there were no grounds for impairment recognition of shares in subsidiaries and associated companies..

5.5. SALES OF SHARES IN ONDE SA SUBSIDIARY

On 19 July 2021, a subsidiary of ERBUD S.A. – ONDE S.A. had its IPO on the Warsaw Stock Exchange

(WSE). As part of the IPO, Erbud S.A. sold 7,704,200 of its shares at PLN 26.00 per share, raising more than PLN 200 million in cash and reducing its share in the ONDE capital to 60.7%. In addition, ONDE issued 8,250,000 E-series shares.

As a result of sales of ONDE SA shares - ERBUD SA recognized profit of PLN 186,205 thousand presented in the Statement of Profit and Loss in the line "Net result of transactions with non-controlling shareholders". On the other hand, proceeds from the sales of cash were presented in the Cash Flow Statement in the line "Proceeds from the sales of shares" in the amount of PLN 200,309 thousand.

ERBUD intends to use the funds raised to finance an investment in the fabrication of modular houses and the acquisition of companies from the industrial services segment in Poland and abroad as part of other activities of the Erbud Group.

POST-ACCOUNTING PERIOD EVENTS

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

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

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

Signatures of all Management Board members:

Dariusz Grzeszczak /President of the Management Board/	Jacek Leczkowski /Vice-President of the Management Board/
Agnieszka Głowacka /Vice-President of the Management Board/	Radosław Górski /A Management Board member/

Warsaw, 6 November 2021