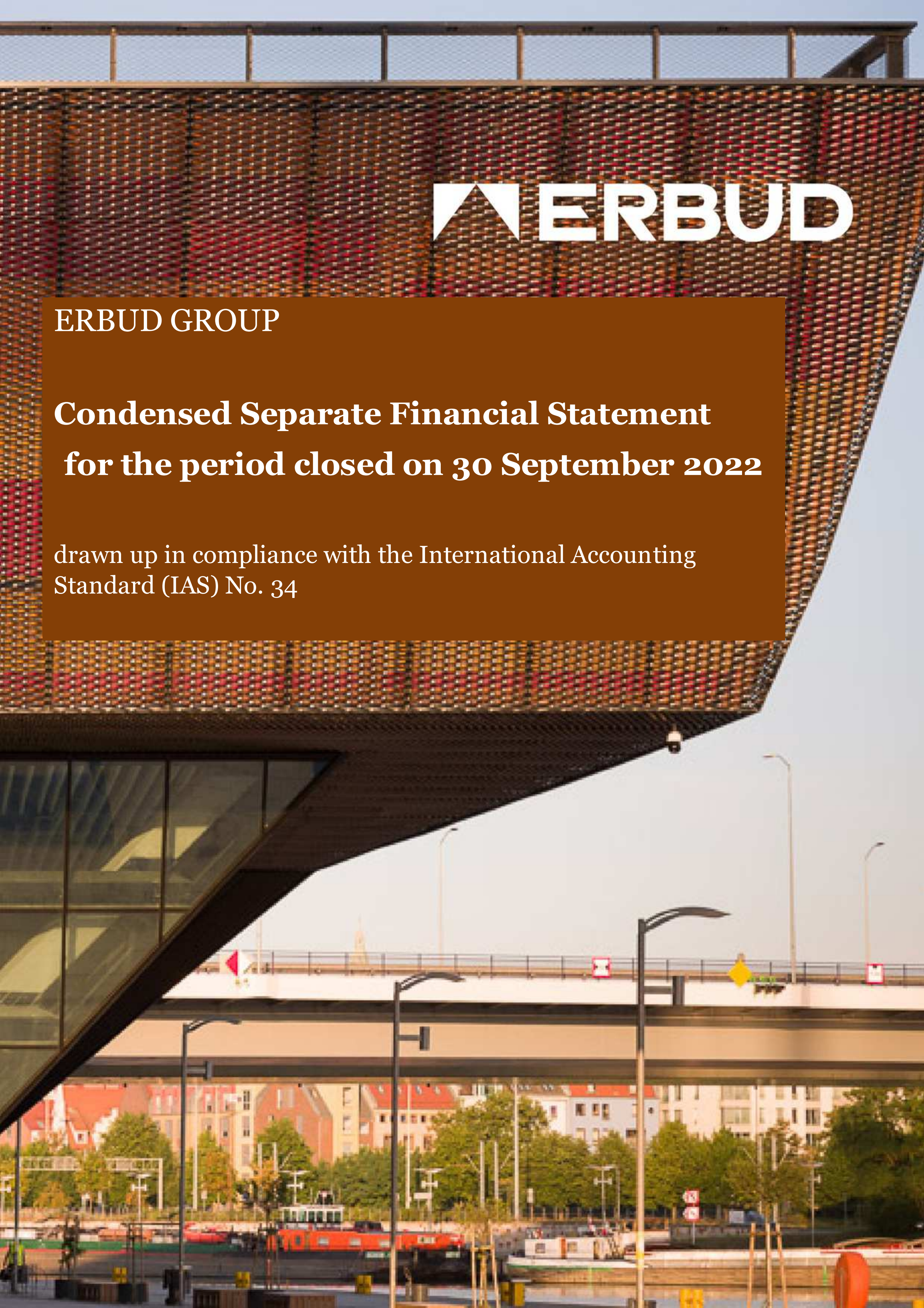


ERBUD GROUP

Condensed Separate Financial Statement for the period closed on 30 September 2022

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

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For the period of 9 months, ended on 30 Sept. 2022	For the period of 9 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2022	For the period of 3 months, ended on 30 Sept. 2021
		Unaudited data	Unaudited data	Unaudited data	Unaudited data
	CONTINUING OPERATIONS				
Note 4.2.-4.3.	Revenues from sales of products and services	1,418,372	928,521	511,588	348,103
Note 4.2.-4.3.	Cost of products and services sold	1,357,414	879,380	488,458	335,739
	Gross sales profit/(loss)	**60,958**	**49,141**	**23,130**	**12,364**
Note 4.3.	Cost of sales	4,656	4,472	1,336	1,425
Note 4.3.	General and administrative (G&A) costs	44,982	40,365	12,423	10,164
	Other operating income	2,325	3,916	667	1,139
	Net proceeds from the disposal of related entity	-	186,205	-	186,205
	Other operating expenses	830	1,621	233	950
	Loss reversal/(impairment) of financial assets and contract valuation assets	(1,765)	(538)	-	-
Note 4.2.	**Operating profit**	**11,050**	**192,266**	**9,805**	**187,169**
	Financial income	33,039	32,052	7,593	1,414
	Financial expenses	10,905	5,783	4,106	2,421
Note 4.2.	**Gross profit**	**33,184**	**218,535**	**13,292**	**186,162**
Note 4.4.	Corporate income tax	7,855	38,879	3,332	37,439
	Net profit	**25,329**	**179,656**	**9,960**	**148,723**
	Comprehensive income	**25,329**	**179,656**	**9,960**	**148,723**
	Basic and diluted earnings per share (in PLN)	**2.10**	**14.51**	**0.83**	**12.01**

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

STATEMENT OF FINANCIAL POSITION

		30 Sept. 2022	31 Dec. 2021
		Unaudited data	
	ASSETS	**1,086,660**	**897,133**
	Intangible assets	2,666	1,709
	Tangible fixed assets	56,313	54,341
	Financial assets	55,166	13,448
	Other financial assets	103,193	103,588
Note 4.4.	Deferred tax assets	31,871	25,325
	Receivables under building contracts - bid bonds	10,131	13,190
	Fixed assets	**259,340**	**211,601**
	Inventory	1,415	1,415
	Receivables under building contracts - bid bonds	18,690	13,272
Note 2.2.	Pricing of building contracts - assets	166,234	98,801
Note 5.1.	Trade receivables	435,058	313,840
Note 5.1.	Other receivables	28,130	22,060
	Financial assets	36,625	16,302
	Cash and cash equivalents	129,374	198,931
	Cash assets in VAT account	7,188	16,922
	Short-term prepayments	4,606	3,989
	Current assets	**827,320**	**685,532**
	LIABILITIES	**1,086,660**	**897,133**
Note 3.1.	Share capital	1,210	1,240
Note 3.1.	Own shares	(20,000)	(70,000)
	Supplementary capital	260,140	205,140
	Reserve capital	95,307	42,540
	(Losses carried forward)/Retained earnings	(1,705)	150,703
	Shareholders' equity	**334,952**	**329,623**
Note 3.2.-3.4.	Debt	111,271	112,572
	Provisions	23,131	812
	Long-term liabilities	**134,402**	**113,384**
Note 3.2.-3.4.	Debt	52,713	8,795
	Provisions	2,330	22,874
	Liabilities vis-a-vis subcontractors - bid bonds	123,990	110,000
Note 2.2.	Pricing of building contracts - liabilities	210,205	116,379
Note 5.2.	Trade payables	194,272	161,982
Note 5.2.	Other liabilities	33,796	34,096
	Short-term liabilities	**617,306**	**454,126**

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022*('000 PLN, unless specified otherwise)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For a 9-month-period ended on 30 Sept. 2021 and for a 9-month-period ended on 30 Sept. 2022 - Unaudited data

	Share capital	Own shares	Supplementary capital	Reserve capital	Retained losses/earnings	Shareholders' equity
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)**
As of 30 September 2021	**1,240**	**(20,000)**	**205,140**	**42,540**	**152,623**	**381,543**
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)	**-**
Decrease of share capital	(30)	70,000	(45,000)	(25,000)	30	**-**
Acquisition of own shares	-	(20,000)	-	-	-	**(20,000)**
As of 30 Sept. 2022	**1,210**	**(20,000)**	**260,140**	**95,307**	**(1,705)**	**334,952**

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022('000 PLN, unless specified otherwise)

CASH FLOW STATEMENT

		For the period of 9 months, ended on 30 Sept. 2022	For the period of 9 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2022	For the period of 3 months, ended on 30 Sept. 2021
		Unaudited data	Unaudited data	Unaudited data	Unaudited data
	OPERATIONAL CASH FLOWS				
	Gross profit/loss	33,184	218,535	13,292	186,162
Note 4.2.	Amortization and depreciation	7,551	6,105	1,961	2,552
	Foreign exchange gains/losses	(512)	(601)	682	(220)
	Dividends and interests	849	(19,029)	393	11,127
	Other non-cash adjustments	(19,360)	(200,729)	(182)	(200,534)
	Income tax (paid)/reimbursed	(6,950)	(5,803)	(262)	(2,183)
Note 5.3.	Change in balance of working capital	(57,707)	21,211	19,168	52,861
	Operational cash flows, net	**(42,945)**	**19,689**	**35,052**	**49,765**
	INVESTMENT ACTIVITY CASH FLOWS				
	Inflows from credits/loans extended	33,261	11,302	24,150	1,254
	Dividend income	-	29,185	-	-
	Other inflows	3,246	1,377	3,050	81
	Proceeds from participation in the subsidiary's share buy-back plan	19,023	-	19,023	-
	Expenditures on the acquisition of tangible fixed assets	(7,887)	(41,221)	(345)	(1,857)
	Loans extended expense	(88,547)	(12,525)	(31,563)	(7,911)
	Expenditures on the acquisition of shares in companies	-	(5)	-	(5)
	Investment activity cash flows, net	**(40,904)**	**(11,887)**	**14,315**	**(8,438)**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	42,733	91,615	9,807	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	(2,877)	(96,278)	(1,248)	(50,714)
	Lease debt repayment expense - principal	(2,155)	(1,865)	(888)	(745)
	Debt (interest) repayment expense	(3,409)	(2,178)	(1,759)	(1,107)
	Acquisition of own shares	(20,000)	(20,000)	-	-
	Redemption of debt securities	-	(52,000)	-	(52,000)
	Financial activity cash flows, net	**14,292**	**194,603**	**5,912**	**205,396**
	NET CASH FLOWS	**(69,557)**	**202,405**	**55,279**	**246,723**
	Opening cash balance	**198,931**	**102,759**	**93,117**	**58,441**
	Closing cash balance	**129,374**	**305,164**	**129,374**	**305,164**

The Financial Statement comprises icons that represent:


Accounting Policy


Estimates

1. GENERAL INFORMATION

1.1. INTRODUCTION

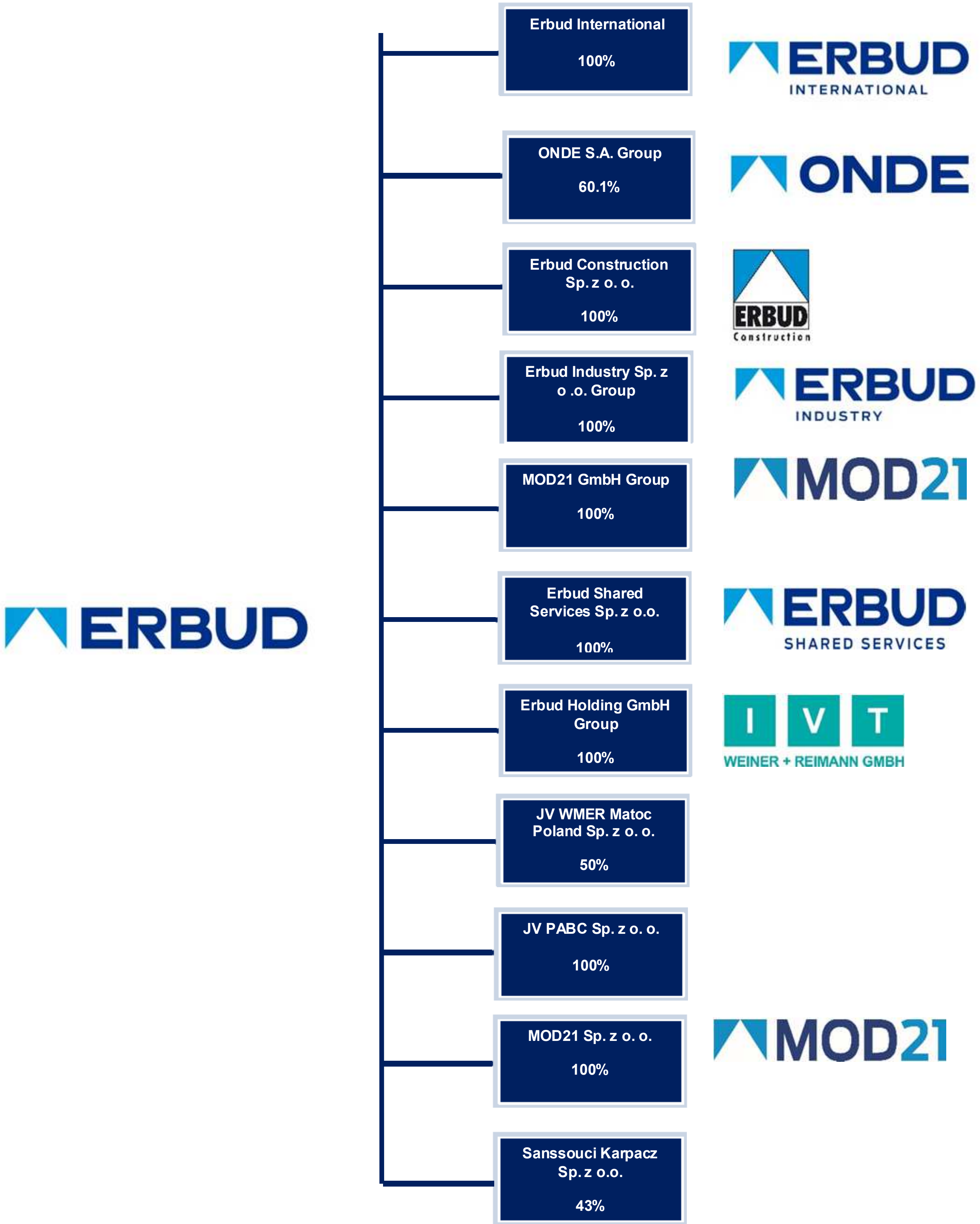
Erbud S.A. is a joint-stock company established following the transformation from Erbud limited liability company, registered on 29 November 2006 by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under No. 0000268667, with its registered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

IAS 34 Compliance Statement

The Company's Condensed Separate Financial Statements closed on 30 September 2022 were drawn up in compliance with the International Accounting Standard ("IAS"), as endorsed by the European Union and as applicable on 30 September 2022.

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

This Condensed Consolidated Financial Statement was approved for publication by the Management Board of the Parent Company on 7 November 2022.

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 Condensed Financial Statement, no signs prevailed indicating a risk to the continuation of Company operations following a going concern principle.

Impact of COVID-19

To date the Company has not recorded 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 performance. The coronavirus pandemic did not undermine Company's liquidity, and the Company maintained a stable 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.

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 Group's operations. For more than a year 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 is taking measures to reduce the impact of the price shock caused by the conflict in Ukraine, such as diversifying the business geographically as well as by segment, while negotiating contract terms with principals.

Pricing at fair value

The measure of fair value of an asset or liability the 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 Condensed 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:

In this Condensed Separate Financial Statement, the following new and amended standards that entered into force in 2022 were applied for the first time:

a) Amendments to IFRS 3 "Business Combinations"

The amendments to the standard published in May 2020 are intended to update the relevant references to the Conceptual Assumptions in IFRS, without making material changes to business combinations accounting.

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

The amendment to IAS 16 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.

c) 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.

d) 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.

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

In these condensed financial statements the Company has not decided to apply the following published standards, interpretations or amendments to existing standards before their effective date:

a) 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.

The above amendment will not have a material impact on the Company.

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

The amendment to IAS 1 requires disclosure of material information about accounting policies, which are defined in the Standard. The amendment clarifies that information about accounting policies is material if, in its absence, users of the financial statements would not be able to understand other relevant information in the financial statements. In addition, the Board's guidance on the application of the concept of materiality in practice has also been revised to provide guidance on the application of the concept of materiality to accounting policy disclosures. The amendment comes into force on 1 January 2023.

The above amendment will not have a material impact on the Company.

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

In February 2021the 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. The amendment comes into force on 1 January 2023.

d) 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 whether the exemption for recognising deferred tax recognised for the first time applied to this type of transaction, i.e. where both deferred tax assets and liabilities are recognised. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that give rise to equal taxable and deductible temporary differences on initial recognition.

The amendment shall apply to financial statements for periods beginning on or after 1 January 2023. At the date of preparation of these financial statements, the amendments in question had not yet been endorsed by the European Union.

e) 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 2023.

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

f) 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 the investors in the period of initial application of the new standard by introducing certain simplifications with reference to the presentation of comparative data.

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

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

g) 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.

h) 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.

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 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 in the line "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.

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.

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

	For the period of 9 months, ended on 30 Sept. 2022	For the period of 9 months, ended on 30 Sept. 2021
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	1,409,916	925,237
Costs under building contracts,	1,358,544	872,109
Net income before recognition and settlement of provisions for the contracts generating liabilities	**51,372**	**53,128**
Setting up provisions for the contracts generating liabilities	2,330	-
Gross profit/loss	**49,042**	**53,128**
Gross profit margin		
excluding provisions for the contracts generating liabilities	4%	6%
including provisions for the contracts generating liabilities	3%	6%

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

	30 Sept. 2022	31 Dec. 2021
Revenues under non-completed building contracts YTD	2,591,128	1,393,703
Invoiced receivables from customers, YTD (excl. advances)	2,601,983	1,400,181
Balance of payments under non-completed building contracts	**(10,855)**	**(6,478)**
including:		
(1) Assets for completed, non-invoiced construction works, gross	94,972	45,191
Asset impairment write-off under building contracts	(1,242)	(1,085)
(1a) Assets for completed, non-invoiced construction works, net	93,730	44,106
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	104,585	50,584
Costs related to building contracts, YTD	2,421,910	1,270,369
Subcontractor expense and own expenses on a YTD basis.	2,436,407	1,276,735
Balance of payments under building contracts	**14,497**	**6,366**
including:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	72,504	54,695
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	58,007	48,329
Balance of payments under building contracts	**3,642**	**(112)**
including:		
Pricing of building contracts - assets	**166,234**	**98,801**
Pricing of building contracts - balance settlement (2)+(4)	162,592	98,913
Building contract liabilities - advanced paid	47,613	17,466
Pricing of building contracts - liabilities - TOTAL	**210,205**	**116,379**

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 as of 30 Sept. 2022 ('000 PLN, unless specified 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 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 2022, the share capital consisted of 12 096 502 shares with a total value of PLN 1,209,650.20, and the structure of shareholders holding over 5% of the share capital and members of the Management Board, Supervisory Boards 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	29.70%
Wolff & Miller Holding GmbH & Co. KG	261,887	2.16%
Durr Holding GmbH	12,712	0.11%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	1,321,553	10.93%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	9.92%
AVIVA Open-End Pension Fund Aviva Santander	1,183,146	9.78%
Dariusz Grzeszczak	1,231,907	10.18%
PKO BP Bank Open-Ended Pension Fund	715,279	5.91%
ERBUD SA - own shares without voting rights at General Meeting of Shareholders	166,666	1.38%
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	2,377,710	19.67%
Total	**12,096,502**	**100%**

The Company's Articles of Association do not grant the shareholders, referred to hereinabove, any personal rights vis-a-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.

On 14 June 2022 the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register amended the Company's Articles of Association in connection with the adoption of Resolution No. 21/2022 of the Company's Annual General Meeting of 20 May 2022 on the cancellation of own shares acquired by the Company and Resolution No. 22/2022 of the Company's Annual General Meeting of Shareholders 20 May 2022 on the reduction of share capital and amendment to the Company's Articles of Association.

Following the change, the Company's share capital amounts to PLN 1,209,650.20 (one million two hundred and nine thousand six hundred and fifty zloty twenty groszys) and is divided into 12,096,502 (twelve million ninety-six thousand five hundred and two) A series ordinary bearer shares, with a par value of PLN 0.10 (ten groszys) each, marked with ISIN code PLERBUD00012.

Following the registration of the amendments to the Articles of Association covered by the Resolutions, a total of 302,857 own shares acquired by the Company, corresponding to a total of 302,857 votes in the Company's shareholders' equity, were redeemed.

Thus the current amount of share capital totals PLN 1,209,650.20, and the share capital is divided into 12,096,502 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 12.096.502.

As of 30 September 2022 and the date of publication of this report, ERBUD SA holds 166,666 of own shares, that account for 1.38 % of total shareholders' equity.

The 166,666 shares referred to above have not yet been redeemed by the Company, so the share capital remains unchanged at PLN 1.209.650,20.

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, 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.

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

Basic and diluted earnings per share are presented below.

	For the period of 9 months, ended on 30 Sept. 2022	For the period of 9 months, ended on 30 Sept. 2021
Net profit	25,329	179,656
Average weighted number of ordinary shares (in pcs.)	12,034,231	12,381,679
Basic and diluted earnings per share (in PLN)	**2.10**	**14.51**

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. 2022	31 Dec. 2021
Long-term		
Bank loans	24,539	27,456
Loans	4,708	3,985
	29,247	31,441
Short-term		
Overdraft facilities	41,188	-
Bank loans	4,992	3,744
Loans	489	-
	46,669	3,744
Total credit and loan liabilities	**75,916**	**35,185**

Borrowings shown as long-term and short-term ones bear interest at WIBOR 3M + 1.35%-3.5%, 3M Euribor +1.9%- 2.2%, ON WIBOR + +2.2% and 10% per annum.

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

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('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 balancing date, the issued bond liabilities are priced at amortized cost using effective interest rate.

As of the balance sheet date, the Company had the following outstanding debt in relation to issued bonds:

Issue date	Type of issued bonds	Currency (specify whether functional or foreign currency)	Interest rate	Maturity date	Purpose of financing	Par value of shares	
						30 Sept. 2022	**31 Dec. 2021**
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. 2022 of which:			**75,586**	**75,586**
			long-term			75,000	75,000
			short-term			586	586

3.4. LEASE LIABILITIES

Period		30 Sept. 2022 Nominal value of minimum payments	31 Dec. 2021 Nominal value of minimum payments
Below 1 year	Short-term	5,838	5,445
Above 1 year	Long-term	7,894	5,832
Nominal value of minimum payments		**13,732**	**11,277**
Future lease financial costs		1,250	681
Present value of minimum payments		**12,482**	**10,596**
Below 1 year	Short-term	5,458	4,465
Above 1 year	Long-term	7,024	6,131

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified 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 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.

The Company defines adjusted EBIT and adjusted EBITDA as EBIT and EBITDA, respectively, adjusted for the impact of one-off transactions (e.g., the net income from the sales of subsidiary shares)

	30 Sept. 2022	30 Sept. 2021
Net profit for the accounting period	**25,329**	**179,656**
Corporate income tax	7,855	38,879
Gross profit	**33,184**	**218,535**
Financial expenses	10,905	5,783
Financial income	33,039	32,052
EBIT	**11,050**	**192,266**
Amortization and depreciation	7,551	6,105
EBITDA	**18,601**	**198,371**
Revenues from sales of products and services	1,418,372	928,521
EBIT margin	0.8%	20.7%

Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

4.2. ACCOUNTING SEGMENTS

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

- domestic building construction - which includes public utilities and renewable energy (RES) facilities,
- residential/commercial buildings in foreign countries,
- industrial construction segment at home
- hydro-engineering 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.

Background information on segments in the accounting periods Jan. 2022 - Sept. 2022, Jan. 2021 - Sept. 2021

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. 2022			For the period of 9 months, ended on 30 Sept. 2021		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	1,391,440	26,932	**1,418,372**	888,411	40,110	**928,521**
Accrued and deferred income	1,382,984	26,932	**1,409,916**	885,127	40,110	**925,237**
Income recognized at a certain point in time	8,456	-	**8,456**	3,284	-	**3,284**
Fixed assets other than financial instruments and deferred tax assets	217,338	-	**217,338**	171,608	-	**171,608**

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

						For the period of 9 months, ended on 30 Sept. 2022
	Domestic building construction	Residential/commercial buildings in foreign countries	Industrial construction segment at home	Hydro-engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	1,379,305	26,932	-	12,135	-	**1,418,372**
Total sales revenues	**1,379,305**	**26,932**	**-**	**12,135**	**-**	**1,418,372**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	1,320,552	25,395	-	11,467	-	**1,357,414**
Sales margin	58,753	1,537	-	668	-	**60,958**
Sales margin %	4%	6%		5%		**4%**
Other operating profit/loss	(44,701)	(531)	(9)	(2,926)	(1,741)	**(49,908)**
Segment performance – EBIT	**14,052**	**1,006**	**(9)**	**(2,258)**	**(1,741)**	**11,050**
EBIT margin	1%	4%	-	-19%	-	**1%**
Profit (loss) on financial activities (financial income less financial expenses)						**22,134**
Gross profit/loss						**33,184**
Corporate income tax						**7,855**
Net profit/loss						**25,329**
Amortization and depreciation	7,464	-	-	46	41	**7,551**
Segment performance – EBITDA	**21,516**	**1,006**	**(9)**	**(2,212)**	**(1,700)**	**18,601**

						For the period of 9 months, ended on 30 Sept. 2021
	Domestic building construction	Residential/commercial buildings in foreign countries,	Industrial construction segment at home	Hydro-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**
Sales margin	47,710	783	(55)	-	703	**49,141**
Sales margin %	5%	2%				5%
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**
Corporate 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**

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

						For the period of 3 months, ended on 30 Sept. 2022
	Domestic building construction	Residential/commercial buildings in foreign countries,	Industrial construction segment at home	Hydro-engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	495,459	5,944	-	10,185	-	**511,588**
Total sales revenues	**495,459**	**5,944**	**-**	**10,185**	**-**	**511,588**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	472,627	5,934	-	9,897	-	**488,458**
Sales margin	22,832	10	-	288	-	**23,130**
Sales margin %	5%	-		3%		5%
Other operating profit/loss	(11,059)	(708)	-	(813)	(745)	**(13,325)**
Segment performance – EBIT	**11,773**	**(698)**	**-**	**(525)**	**(745)**	**9,805**
EBIT margin	2%	(12%)	-	(5%)	-	**2%**
Profit (loss) on financial activities (financial income less financial expenses)						**3,487**
Gross profit/loss						**13,292**
Corporate income tax						**3,332**
Net profit/loss						**9,960**
Amortization and depreciation	1,931	-	-	15	15	**1,961**
Segment performance – EBITDA	**13,704**	**(698)**	**-**	**(510)**	**(730)**	**11,766**

						For the period of 3 months, ended on 30 Sept. 2021
	Domestic building construction	Residential/commercial buildings in foreign countries	Industrial construction segment at home	Hydro-engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	336,433	11,670	-	-	-	**348,103**
Total sales revenues	**336,433**	**11,670**	**-**	**-**	**-**	**348,103**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	323,961	11,767	11	-	-	**335,739**
Sales margin	12,472	(97)	(11)	-	-	**12,364**
Sales margin %	4%	(1%)				**4%**
Other operating profit/loss	175,454	18	-	(350)	(317)	**174,805**
Segment performance – EBIT	**187,926**	**(79)**	**(11)**	**(350)**	**(317)**	**187,169**
EBIT margin	56%	(1%)	-	-	-	**54%**
Profit (loss) on financial activities (financial income less financial expenses)						**(1,007)**
Gross profit/loss						**186,162**
Corporate income tax						**37,439**
Net profit/loss						**148,723**
Amortization and depreciation	2,552	(7)	-	-	7	**2,552**
Segment performance – EBITDA	**190,478**	**(86)**	**(11)**	**(350)**	**(310)**	**189,721**

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

4.3. COST OF GOODS SOLD (COGS)

	For the period of 9 months, ended on 30 Sept. 2022	For the period of 9 months, ended on 30 Sept. 2021	For the period of 3 months, ended on 30 Sept. 2022	For the period of 3 months, ended on 30 Sept. 2021
	Unaudited data	Unaudited data	Unaudited data	Unaudited data
Third party services	993,517	597,144	343,705	220,958
including third party services from subcontractors	884,031	530,457	304,753	192,492
Material and energy consumption	322,937	153,468	101,322	59,473
Employee benefit expenses	93,033	83,152	28,239	25,156
Amortization and depreciation	7,551	6,105	1,961	2,552
Taxes and charges	3,623	3,417	950	738
Other cost categories	5,668	5,263	1,468	1,888
Total costs by type	**1,426,329**	**848,549**	**477,645**	**310,765**
Change in the balance of products, work in progress	(19,277)	75,668	24,572	36,563
Cost of sales (negative value)	(4,656)	(4,472)	(1,336)	(1,425)
General management and administration costs (negative value)	(44,982)	(40,365)	(12,423)	(10,164)
Manufacturing costs of products sold	**1,357,414**	**879,380**	**488,458**	**335,739**

4.4. TAXATION

The burdening of net financial income with income tax is recognized based on Company Management's estimate of the weighted average effective annual income tax rate expected for the full accounting year. The estimated average annual tax rate for the accounting period is 23.67% compared to 17.91% to the overall period of last year.

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

	For the period of 9 months, ended on 30 Sept. 2022	For the period of 9 months, ended on 30 Sept. 2021
Gross profit before taxation	**33,184**	**218,535**
Tax according to the statutory tax rate applicable in Poland - 19%	**6,305**	**41,522**
Permanent differences - non-taxed revenues	-	(2,643)
Permanent differences - non-tax deductible costs	1,550	-
Tax recognized in the financial net profit/loss	**7,855**	**38,879**
Current tax	14,401	43,368
Deferred tax	(6,546)	(4,489)
Effective tax rate	**23.67%**	**17.79%**

ERBUD Condensed Separate Financial Statement as of 30 Sept. 2022 ('000 PLN, unless specified otherwise)

The table below presents changes in deferred tax assets and liabilities in the accounting year:

	Friday, 1 Jan., 2021	Impact as of Net profit/loss	Impact as of Other compre-hensive income	31 Dec. 2021	Impact as of Net profit/loss	Impact as of Other compre-hensive income	Friday, 30 Sept. 2022
Deferred tax assets							
Pricing of building contracts - liabilities and taxable work in progress	16,625	10,653	-	27,278	26,316	-	53,594
Provisions	5,533	1,003	-	6,536	3	-	6,539
Tax loss	7,614	(6,413)	-	1,201	88	-	1,289
Accrued wages and salaries, and charges	176	1,499	-	1,675	(1,534)	-	141
Receivables revaluation write-downs	4,628	(787)	-	3,841	(1,225)	-	2,616
Other financial liabilities	1,470	259	-	1,729	(253)	-	1,476
Deferred expenses	681	(342)	-	339	(339)	-	-
Other	85	(303)	-	(218)	1,125	-	907
Total	**36,812**	**5,569**	**-**	**42,381**	**24,181**	**-**	**66,562**
Deferred tax liabilities							
Pricing of building contracts - assets	19,102	(3,017)	-	16,085	14,335	-	30,420
Asset revaluation	867	(842)	-	25	(10)	-	15
Balance sheet pricing and liabilities discount	536	31	-	567	1,211	-	1,778
Accrued interest on debt	114	264	-	378	274	-	652
Other	107	(106)	-	1	1,825	-	1,826
Total	**20,726**	**(3,670)**	**-**	**17,056**	**17,635**	**-**	**34,691**
Assets and liabilities set off	20,726	-	-	17,056	-	-	34,691
Post set-off balance	**16,086**	**-**	**-**	**25,325**	**-**	**-**	**31,871**
Assets	16,086	-	-	25,325	-	-	31,871
Net impact of changes in the period		**9,239**	**-**		**6,546**	**-**	

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 construction contracts (i.e. trade receivables, receivables under construction contracts - bid bonds and valuation of construction contracts), the Group has in place a policy of assessing and verifying credit risk related to all contracts, both in the pre-tendering phase and during contract execution. Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

The 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.

ERBUD Condensed Separate Financial Statement as of 30 September 2022 (in '000 PLN, unless stated otherwise)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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.

	30 Sept. 2022			31 Dec. 2021		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	459,208	24,150	435,058	336,382	22,542	313,840
Other budget receivables	24,360	-	24,360	19,253	-	19,253
Other receivables	4,980	1,210	3,770	4,017	1,210	2,807
Total	**488,548**	**25,360**	**463,188**	**359,652**	**23,752**	**335,900**

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

	For the period of 9 months, ended on 30 Sept. 2022	For the period of 12 months, ended on 31 Dec. 2021
Opening balance of write-downs	**23,752**	**22,902**
Setting up/(reversal)of individual write-offs	-	1,495
Setting up /(reversal) of write-offs according to write-off matrix	1,608	626
Use of individual write-offs	-	(1,271)
Closing write-offs, of which:	**25,360**	**23,752**
Matrix-based calculated write-off	9,539	7,931
Individual write-off	15,821	15,821

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.

ERBUD Condensed Separate Financial Statement as of 30 September 2022 (in '000 PLN, unless stated otherwise)

5.2. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

	30 Sept. 2022	31 Dec. 2021
Trade payables	**194,272**	**161,982**
including to related entities	5,833	7,119
Liabilities vis-a-vis budget in relation to:	**18,916**	**11,423**
corporate income tax	14,365	6,913
personal income tax	1,488	1,819
Social insurance contribution	2,658	2,326
real estate tax	114	-
State Fund for the Rehabilitation of the Disabled	54	46
Employee Capital Plans (PPK)	19	18
holiday accrual (Belgium tax)	117	301
other	101	-
Other liabilities	**14,880**	**22,673**
wages and salaries	1,465	1,433
short-term employee benefit liabilities	11,284	17,747
other	2,131	3,493
Total	**228,068**	**196,078**

5.3. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 01 January to 30 September 2022 and for the period from 01 January to 30 September 2021.

	Change in balance of Cash Flow Statement in the period from Jan. 2022 to Sept. 2022	Change in balance of Cash Flow Statement in the period from Jan. 2021 to Sept. 2021
Change in provision balance	(4,689)	2,345
Change in inventory balance	-	(22)
Change of receivables balance	(132,351)	(49,392)
Change in balances of short-term liabilities, excluding credits and loans	83,702	11,975
Change in settlement of assets and liabilities under building contracts	26,393	67,895
Change in balance of prepayments and accruals	(30,762)	(11,590)
Change in balance of working capital	**(57,707)**	**21,211**

ERBUD Condensed Separate Financial Statement as of 30 September 2022 (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 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.

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.

#	Name of entity	Registered office	Scope of activities	% share in share capital	balance sheet value of interests/ share	% share in share capital	balance sheet value of interests/ share
				9/30/2022.	9/30/2022.	31 Dec. 2021	31 Dec. 2021
	Shares held directly						
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	60.10%	39,871	60.70%	40,267
2	Erbud International Sp. z o.o.	Rzeszów	Construction services	100.00%	431	100.00%	431
3	Erbud Construction Sp. z o.o.	Toruń	Construction services	100.00%	-	100.00%	-
4	Erbud Industry Sp. z o.o.	Toruń	Engineering services	100.00%	15,627	100.00%	15,627
5	MOD21 GmbH	Düsseldorf, Germany	Construction services	100.00%	13,233	100.00%	13,233
6	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	100.00%	12,000	100.00%	12,000
7	Erbud Holding GmbH	Düsseldorf, Germany	Management services	100.00%	21,162	100.00%	21,162
8	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	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%	3	50.00%	3
11	JV PABC Sp. z o.o.	Warsaw	Construction services	100.00%	5	100.00%	5
12	MOD21 Sp. z o.o.	Ostaszewo	Modular timber construction	100.00%	5	100.00%	5
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	43.00%	2	43.00%	2
	TOTAL				102,339		102,735

ERBUD Condensed Separate Financial Statement as of 30 September 2022 (in '000 PLN, unless stated otherwise)

In the subsidiary ONDE SA, which runs its activities in Poland and Lithuania in the segment of road engineering construction and RES construction, the minority (non-controlling) capital was held, accounting for 39.9% of shares.

#	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 30 Sept. 2022	31 Dec. 2021
	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 Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**99.29%**	99.29%
3	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
4	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	Erbud 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.	Warsaw	Renewable energy sources	**100.00%**	100.00%
10	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
11	WTL80 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
12	WTL100 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
13	WTL120 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
14	WTL130 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
15	WTL140 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
16	WTL150 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
17	WTL160 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
18	WTL170 Sp. z o.o.	Warsaw	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.	The City of Łódź	Renewable energy sources	**50.00%**	50.00%
22	Cyranka Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
23	Elektrownia DEPVPL Sp. z o.o. (power plant)	The City of Szczecin	Renewable energy sources	**100.00%**	50.00%
24	KWE Sp. z o.o.	The City of Szczecin	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.	Warsaw	Renewable energy sources	**100.00%**	100.00%
28	WTL50 Sp. z o.o.	Warsaw	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. (former Neo Solar Kazimierz Biskupi Sp. z o.o.)	Warsaw	Renewable energy sources	**50.00%**	0.00%
35	PV KADŁUBIA 2 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
36	PV SZCZEPANÓW Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
37	ONDE Beteiligungs GmbH	Düsseldorf, Germany	Development of contracting activities in the RES business segment	**100.00%**	0.00%

As of 30 September 2022 there were no grounds for impairment recognition of shares in subsidiaries and associated companies..

5.5. POST-ACCOUNTING PERIOD EVENTS

Between the balance sheet date and the date of drawing up the financial statements, no events occurred that were not, but should have been, recognised in the accounts.

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, 7 November 2022