Consolidated Financial Statement for the period ended on 30 June 2021.

drawn up in accordance with
with the International
Accounting Standard (IAS) 34
"Interim Financial Reporting"

ERBUD

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For the period of 6 months, ended on 30 June 2021	For the period of 6 months, ended on 30 June 2020	For the period of 3 months, ended on 30 June 2021	For the period of 3 months, ended on 30 June 2020
				unaudited	unaudited
	CONTINUING OPERATIONS				
Note 4.2.	Revenues from sales of products and services	1,290,701	1,084,522	754,051	644,776
Note 4.2.	Cost of products and services sold	1,162,760	1,009,065	683,832	598,747
	Gross sales profit/(loss)	**127,941**	**75,457**	**70,219**	**46,029**
	Cost of sales	5,451	3,858	2,764	1,936
	General and administrative (G&A) costs	96,342	50,812	37,152	27,256
	including remuneration consisting of shares	28,343	-	-	-
	Other operating income	7,940	4,642	6,182	3,560
	Other operating expenses	2,533	4,060	3,197	3,631
	Loss reversal/(impairment) of financial assets and customer contract valuation assets	(1,691)	(308)	(2,527)	(282)
	Share in net profits/losses of equity-accounted subsidiaries	19	-	19	-
Note 4.2.	**Operating profit**	**29,883**	**21,061**	**30,780**	**16,484**
	Financial income	1,328	2,710	622	866
	Financial expenses	4,559	5,745	2,687	596
Note 4.2.	**Gross profit**	**26,652**	**18,026**	**28,715**	**16,754**
Note 4.3.	Income tax	11,422	6,330	7,667	4,632
	Net profit for the accounting period	**15,230**	**11,696**	**21,048**	**12,122** -
	Net profit /(loss) for the accounting period	**15,230**	**11,696**	**21,048**	**12,122**
	Profit generated in accounting period appropriated to:				
	Shareholders of Parent Company	13,923	11,166	21,354	11,688
	Non-Controlling Stakeholders	1,307	530	(306)	433

	For the period of 6 months, ended on 30 June 2021	For the period of 6 months, ended on 30 June 2020	For the period of 3 months, ended on 30 June 2021	For the period of 3 months, ended on 30 June 2020
			unaudited	unaudited
Consolidated net profit	**15,230**	**11,696**	**21,048**	**12,122**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**(1,165)**	2,437	(1,702)	(1,069)
Pricing of hedging instruments	-	-	-	-
Comprehensive income (including tax effect) subject to reclassification into result	**(1,165)**	**2,437**	**(1,702)**	**(1,069)**
Comprehensive income in the accounting period	**14,065**	**14,133**	**19,346**	**11,053**
Appropriated to:				
Shareholders of Parent Company	12,771	13,589	19,672	10,635
Non-Controlling Stakeholders	1,294	544	(327)	417

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 Jun. 2021	31 Dec. 2020
	ASSETS	**1,525,673**	**1,199,863**
Note 6.2.	Goodwill	41,060	40,667
Note 6.1.	Intangible assets	10,361	12,525
Note 6.1.	Tangible fixed assets	139,116	91,629
	Other financial assets	17,253	6,630
Note 4.3.	Deferred tax assets	42,742	45,778
Note 2.1.	Receivables under building contracts - bid bonds	15,305	12,004
Note 5.1.1.	Shares in subsidiaries accounted for using the equity method	23,240	490
	Fixed assets	**289,077**	**209,723**
	Inventory	36,916	25,728
	Receivables under building contracts - bid bonds	18,253	25,027
Note 4.2.	Pricing of building contracts - assets	430,849	179,106
Note 6.4.	Trade receivables	494,083	367,389
Note 5.1.	Other receivables	85,384	30,939
	Other financial assets	18,943	10,633
Note 3.7.	Cash and cash equivalents	117,291	292,588
Note 3.7.	Cash assets in VAT account	8,435	30,753
Note 3.7.	Cash with restricted availability.	18,380	22,949
	Short-term prepayments	8,062	5,028
	Current assets	**1,236,596**	**990,140**
	LIABILITIES	**1,525,673**	**1,199,863**
Note 3.1.	Share capital	1,240	1,240
	Supplementary capital	197,805	195,497
	Own shares	(20,000)	-
	Reserve capital	68,701	17,822
	Accumulated comprehensive income	4,537	5,689
	Retained earnings	66,985	80,804
	Equity of shareholders of the Parent Company	319,268	301,052
	Equity of non-controlling stakeholders	10,402	9,441
	Shareholders' equity	**329,670**	**310,493**
Notes 3.2.-3.4.	Debt	72,744	35,873
Note 6.6.	Provisions	28,135	22,788
Note 4.3.	Deferred tax liabilities	5,750	1,133
Note 2.1.	Liabilities vis-a-vis subcontractors - bid bonds	15,296	15,901
	Other liabilities	2,871	-
	Long-term liabilities	**124,796**	**75,695**
Notes 3.2.-3.4.	Debt	151,997	91,589
Note 6.6.	Provisions	34,794	29,050
Note 2.1.	Liabilities vis-a-vis subcontractors - bid bonds	124,758	124,460
Note 4.2.	Pricing of building contracts - liabilities	282,020	234,463
Note 5.2.	Trade payables	371,913	258,673
Note 5.2.	Other liabilities	105,725	75,440
	Short-term liabilities	**1,071,207**	**813,675**

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

Consolidated statement of changes in equity

	Share capital	Own shares	Supplementary capital	Reserve capital	Foreign exchange gains/losses resulting from conversion of foreign unit	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2020	**1,281**	**-**	**211,931**	**11,385**	**1,554**	**40,534**	**266,685**	**8,131**	**274,816**
Net result in the accounting period	-	-	-	-	-	11,167	**11,167**	529	**11,696**
Comprehensive income in the accounting period	-	-	-	-	2,422	-	**2,422**	15	**2,437**
Other comprehensive income	**-**	**-**	**-**	**-**	**2,422**	**11,167**	**13,589**	**544**	**14,133**
Transfer of the net income from previous year to retained earnings	-	-	-	6,437	-	(6,437)	**-**	-	**-**
Other	-	-	-	-	-	17	**17**	-	**17**
As of 30 June 2020	**1,281**	**-**	**211,931**	**17,822**	**3,976**	**45,281**	**280,291**	**6,644**	**286,935**
As of 1 Jan. 2021	**1,240**	**-**	**195,497**	**17,822**	**5,689**	**80,804**	**301,052**	**9,441**	**310,493**
Net result in the accounting period	-	-	-	-	-	13,923	**13,923**	1,307	**15,230**
Comprehensive income in the accounting period	-	-	-	-	(1,152)	-	**(1,152)**	(13)	**(1,165)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(1,152)**	**13,923**	**12,771**	**1,294**	**14,065**
Dividend	-	-	-	-	-	(500)	**(500)**	(3,253)	**(3,753)**
Net retained earnings carried forward	-	-	2,308	25,000	-	(27,308)	**-**	-	**-**
Acquisitions of own shares	-	(20,000)	-	-	-	-	**(20,000)**	-	**(20,000)**
Other	-	-	-	-	-	66	**66**	30	**96**
Employee share schemes	-		-	25,492	-	-	**25,492**	2,851	**28,343**
Issue of shares	-		-	387	-	-	**387**	39	**426**
As of 30 June 2021	**1,240**	**(20,000)**	**197,805**	**68,701**	**4,537**	**66,985**	**319,268**	**10,402**	**329,670**

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

CONSOLIDATED CASH FLOW STATEMENT

		For the period of 6 months, ended on 30 June 2021	For the period of 6 months, ended on 30 June 2020	For the period of 3 months, ended on 30 June 2021	For the period of 3 months, ended on 30 June 2020
				unaudited	unaudited
	OPERATIONAL CASH FLOWS				
	Gross profit/loss	26,652	18,026	28,715	16,754
	Amortization and depreciation	12,461	11,274	7,202	6,618
	Foreign exchange gains/losses	(1,351)	1,360	(827)	398
	Interest and share in profits (dividend)	(1,029)	1,758	(1,386)	(112)
Note 6.9.	Other non-cash adjustments	24,993	(523)	(3,148)	(779)
	Income tax paid	(14,087)	(5,076)	(9,883)	(1,141)
Note 6.9.	Change in balance of working capital	(198,735)	7,397	(135,668)	(25,330)
	Operational cash flows, net	**(151,096)**	**34,216**	**(114,995)**	**(3,592)**
	INVESTMENT ACTIVITY CASH FLOWS				
	Inflows from credits/loans extended	10,048	4	-	4
	Other inflows	5,945	376	4,825	-
	Expenditures on the acquisition of tangible fixed assets	(43,509)	(6,419)	(15,556)	(2,156)
	Loans extended expense	(21,041)	-	(16,477)	-
	Expenditures on the acquisition of shares in companies	(28,265)	-	(24,631)	-
	Other	(7,156)	(735)	(6,467)	(735)
	Investment activity cash flows, net	**(83,978)**	**(6,774)**	**(58,306)**	**(2,887)**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	105,615	43,941	105,370	12,764
	Other inflows	388	-	-	-
	Debt (principal) repayment expense	(8,968)	(49,433)	-	(29,580)
	Debt (principal) repayment expense	(5,179)	(2,548)	(4,750)	(630)
	Debt (interest) repayment expense	(1,473)	(2,011)	(1,473)	(2,011)
	Dividend payment	(3,245)	-	-	-
	Acquisitions of own shares	(20,000)	-	(20,000)	-
	Other expenses	(7,361)	-	(7,361)	-
	Financial activity cash flows, net	**59,777**	**(10,051)**	**71,786**	**(19,457)**
	NET CASH FLOWS	**(175,297)**	**17,391**	**(101,515)**	**(25,936)**
	Opening cash balance	**292,588**	**148,240**	**218,806**	**191,567**
	Closing cash balance	**117,291**	**165,631**	**117,291**	**165,631**

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The Financial Statement comprises icons that represent:


Accounting Policy


Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

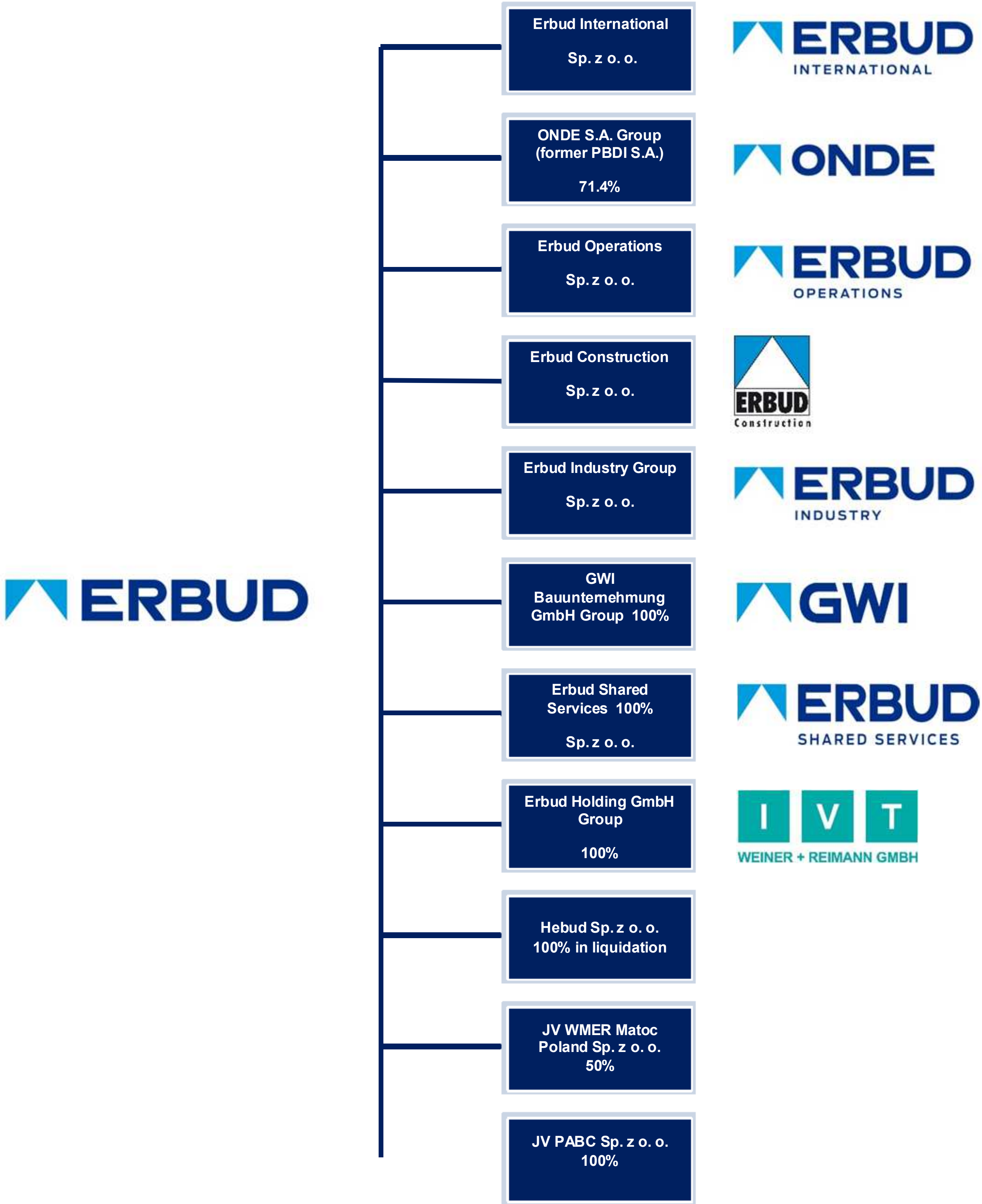
The Parent Company of Erbud S.A. Capital Group ("Group") is Erbud S.A. ("Parent Company"), with its registered office in the City of Warsaw, at ul. Franciszka Klimczaka No. 1.

The Parent Company was entered into the National Court Register on 29 November 2006 under entry No. KRS 0000268667 (District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register) The Parent Company has been listed on the Warsaw Stock Exchange since 2007 and has been incorporated into the construction companies index "WIG Construction".

The scope of the Group's activities comprises broadly understood construction and erection services performed on general contractor basis in Poland and in foreign countries. In addition, Erbud S.A. plays the role of a management, advisory and financial centre within the Group. The Group operates in the Polish market and in the markets of other European Union countries.

The duration of the Parent Company and the Group member companies is indefinite.

1. BACKGROUND INFORMATION



Detailed organisational structure of the Group is presented in the Note 6.10. The above figure shows the share of Erbud S.A. in the individual member companies of the Erbud S.A. Group as at the date of drawing up the financial statements.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IFRS Compliance Statement

The Interim Consolidated Financial Statements of the Group for the 6 months ended 30 June 2021 were drawn up in accordance with the International Accounting Standard 34 as endorsed by the European Union.

The Interim Consolidated Financial Statements are presented in Polish currency (Polish zloty, "PLN"), and all values are specified in thousands of Polish zlotys.
The Interim Consolidated Financial Statements were 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 1 September 2021.

Going Concern

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

Impact of COVID-19

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

Pricing at fair value

The measure of fair value of an asset or liability the Group takes into consideration the properties of a certain asset or liability, if the market players take into consideration these characteristics when measuring the assets or liabilities at the measurement date. The Group classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS No. 13. As of the individual balance sheet dates, the Group has no items measured at fair value but discloses fair value for items measured at amortized cost.

Conversion of items into foreign currencies

The items specified in the Financial Statements are measured in the currency of the core business environment where the entity carries out its operations ("functional currency”). The functional currency of Polish companies within the Group is PLN, whereas the functional currency of German companies is EUR, and the presentation currency of the financial statements is Polish zloty (PLN).

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

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

The non-cash assets and liabilities recognised at historic cost expressed in foreign currency are posted at historical exchange rate prevailing at the transaction date. Non-cash assets and liabilities 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:

The applied new and amended standards and their interpretations:

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

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

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

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

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

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

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

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

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

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

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

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

At the date of these Interim Consolidated Financial Statements, the new standard had not yet been endorsed by the European Union.

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

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

At the date of preparation of these Interim Consolidated Financial Statements, the amendment in question had not yet been endorsed by the European Union.

3) Amendments to IFRS 3 "Business Combinations"

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

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

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

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

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

6) Annual Amendments to IFRS 2018 - 2020

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

The amendments contain clarifications and describe more precisely the guidelines for standards on recognition and measurement. At the date of drawing up these Interim Consolidated Financial Statements, the amendments in question had not yet been endorsed by the European Union.

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

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

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

8) IFRS 14 "Regulatory Deferral Accounts"

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

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

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

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

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

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

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

10) Amendments to IFRS 16 "Lease"

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

These amendments will not have a material impact on the Group's Interim Consolidated Financial Statements.

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

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

2. BUILDING CONTRACTS

The Group signs fixed-price contracts for the execution of 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.

Income and expenses generated by the building contracts underway are recognized by the Company in pace with the progress of works being made. Some Group member companies measure contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of 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. Some of the Companies apply the method based on expenditures, i.e. they determine the value of revenue on execution of building contracts in the period from the contract date to the balance sheet date proportionally to the progress rate of execution of a certain contract by calculating the progress rate of works based on the ratio of costs recognized for the contract to the total cost budget prepared for the contract. From thus determined figures the Group deducts revenues and expenses, which affected the financial result in previous years, generating revenues and costs under building contracts executed in the current period. A change of the estimated progress rate of contract execution is treated as a change in estimate and affects the amount of revenues recognized in the period in which the change in estimate was made. If it is not possible to determine progress rate of non-finished service (including construction service) or expected total cost of service delivery in a reliable manner, then the revenues are determined at the level of costs born in a certain accounting period, however, not higher than costs, which are expected to be covered by the employer in the future.

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on construction contract assets are recognized, they are not subject to aging and are treated entirely as current, not past due. The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Group recognizes invoiced revenues in the line "Trade and other receivables" (Note 6.4) The Contractors under building contracts signed with the Group withhold a part of the payments as a performance bond for the contracts. These figures are recognized as "Building contract receivables - bid bonds" (Note 2.1) and are refundable most often after project completion after the end of the warranty period.

The Group engages subcontractors to carry out work related to the execution of building contracts. The invoiced costs related to subcontractors' employment are recognized as "Trade payables and other liabilities" (Note 6.8) The Group retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Building contract liabilities - deposits" (Note 2.1) 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 4.3.

The Group sets up provisions for contracts with negative margins when it has found out grounds to claim that a given building contract in progress will end with a loss. Provisions are charged into the costs of a given period at the full value of the expected loss on a given contract and are disclosed in the balance sheet under "Provisions" (Note 6.6.).

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

The Group engages subcontractors to carry out work related to the execution of building contracts. The Group acts as principal with respect to work performed by subcontractors. The invoiced costs related to subcontractors' employment are recognized as "Trade payables (Note 6.8). The Group retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Liabilities vis-a-vis subcontractors - bid bonds" (Note 2.1)

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

Payment terms for building contracts provided by the Group, range from 30 to 180 days from the invoice date and for other sales transactions are typically 30 days from the invoice date. Accordingly, the signed contracts do not contain a significant financing component except for amounts invoiced for building contracts, which are repaid at a later date as they represent deposits retained by the customer. The amounts retained under individual invoices represent a maximum of 10% of the remuneration for the contract execution and are subject to release for a period of up to 5 years once the contract has been completed. Revenues under the building contracts for the portion that is retained as a bid bond is recognized at a discounted amount. Accounting policy concerning bid bond receivables is presented in Note 2.1.

The application of the performance-based or expenditure-based method to recognize revenues and expenses under the building contracts requires an estimated work progress rate under a certain contract, i.e., the measurement of completed work at the balance sheet date (performance-based method) or an estimate of the total cost budget under a certain contract (expenditure-based method)

Performance-based method:

The physical quantity survey, used to determine the progress in contract performance, is taken by the construction site personnel. The quantity survey is carried out separately for each scope of works, i.e. elements or stages of the contract underway, according to the measures assigned to them (mainly m^2, kg and pcs.).

The Company has adequate control processes in place to ensure that the calculation of actual project outcome is based on current and reliable estimates of the quantity survey, subject to verification and approval by designated persons. The quantity survey made by construction site personnel is subject to verification by the branch manager responsible for the construction site, and then additionally by the Group's internal audit department.

Expenditure-based method:

Cost budgets for certain contracts are prepared by the Group Management in the bidding phase and updated during the financial year or when the grounds for revision of the cost or revenue budget have been identified. If between official budget revisions there are events that have material impact on contract performance, the value of total revenues or contract costs is updated on an ongoing basis, i.e. changes in the scope of the contract are reflected in the Group's internal system immediately after they are negotiated by the Group with the customer.

The Group keeps track of projects being implemented - 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 Group's internal system immediately after they are negotiated by the Group with the customer.

ERBUD Consolidated Financial Statements as of 31 December 2020 ('000 PLN, unless specified otherwise)

2.1. RECEIVABLES AND LIABILITIES UNDER BUILDING CONTRACTS - BID BONDS

Receivables under building contracts - bid bonds are held to collect contractual cash flows that comprise solely payment of principal and interest ('SPPI' Solely payment of principal and interest) and are measured at amortized cost subject to impairment allowance, if any. At initial recognition, these financial assets are recognised at nominal value, i.e. at amounts initially invoiced less the value of discounts. The discount value calculation methods is presented in Note 6.5. The value of bid bonds receivable is updated by the Group with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.4. and presented under "Impairment losses on financial assets" in the Statement of profit or loss.

Bid bonds liabilities are measured at initial recognition at fair value (i.e., the amount of payments discounted using the current market interest rate for such liabilities) and the cost of subcontractor services is recognized at that level. . In later periods, bid bond liabilities are measured at amortized cost, whereas interest expense is recognized in financial expenses.

Bid bond liabilities are presented as short-term due to the fact that under the Company's standard terms and conditions it is possible to convert the bid bond liabilities into bank or insurance guarantees. It is the Company's intention to maintain bank guarantees from subcontractors in lieu of bid bond liabilities, which results in the bid bond liabilities being recognized as convertible to a guarantee at any XXX point in time and the presentation of these liabilities as current. On a case-by-case basis, certain bid bond liabilities may be individually analyzed and recognized as long-term liabilities.

			30 Jun. 2021			31 Dec. 2020
	Refund below 12 months	Refund above 12 months	Total	Refund below 12 months	Refund above 12 months	Total
Receivables under building contracts - discounted bid bonds	20,230	15,528	**35,758**	25,734	13,425	**39,159**
Revaluation write-off for impairment	(1,976)	(223)	**(2,199)**	(707)	(1,421)	**(2,128)**
Receivables under building contracts - bid bonds	18,253	15,305	**33,558**	25,027	12,004	**37,031**
Liabilities vis-a-vis subcontractors - discounted bid bonds	**124,758**	**15,296**	**140,054**	124,460	15,901	**140,361**

For all customer deposit receivables, an impairment write-off was estimated based on a portfolio analysis using an write-off matrix based on historical data adjusted for the impact of future factors.

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3. CAPITAL MANAGEMENT AND DEBT

3.1. CAPITAL MANAGEMENT

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

Share premium is the amount equal to the surplus of price for acquisition of shares in Parent Company above their nominal value. It is recognised in the line "Share premium reserve capital".

Other supplementary capitals are set up mainly from retained earnings including amounts obligatorily appropriated to the reserve capital in accordance with the requirements of the Commercial Companies Code.

Reserve capitals are created from retained earnings for the purposes indicated in the Articles of Association.

Equity allocated to the non-controlling interests represents a part of equities of subsidiaries covered with full consolidation that belongs to other stakeholders than the entities that are Group members.

Net profit (loss) of subsidiaries partially owned by the stakeholders other than members of the Group represents profit (loss) of the non-controlling interests.

The Company's supplementary capital is set up in accordance with the provisions of the Polish Commercial Companies Code and the decisions of the shareholders. Pursuant to the Commercial Companies Code, a supplementary capital should be set up to cover losses, that should account for at least 8% of the profit for a certain accounting year, until the supplementary capital reaches at least one third of the share capital. the supplementary capital set up in this manner is not subject to distribution. The General Meeting of Shareholders decides on the use of the supplementary and reserve capital, however, a part of the supplementary capital may be used only to cover the loss reported in the financial statements and is not subject to distribution into other purposes.

The Group manages its capital structure and as a result of changes in economic conditions, it modifies its capital structure.
In order to maintain or adjust the capital structure, the Group may manage appropriately the dividend payment to shareholders or issue to new shares.

The main objective of the Group's capital management is to maintain a good credit rating and safe equity ratios in order to support the Group's operations and enhance shareholders' value. The ratios are presented below.

Share capital

As of 30 June 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 & Müller Baubeteiligungen GmbH & Co. KG + Wolff & Müller Holding GmbH & Co.KG	3,958,087	31.91%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	2,036,066	16.42%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	9.68%
AVIVA Open-End Pension Fund Aviva Santander	1,183,146	9.54%
Dariusz Grzeszczak	737,603	5.95%
PKO BP Bank Open-Ended Pension Fund	715,279	5.77%
Jacek Leczkowski	5,174	0.04%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	27,508	0.22%
ERBUD SA - own shares without voting rights at General Meeting of Shareholders	160,000	1.29%
Other shareholders	2,372,558	19.14%
Total	**12,399,359**	**100%**

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

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

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

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

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

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

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

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

	For the period of 6 months, ended on 30 June 2021	For the period of 6 months, ended on 30 June 2020
Net profit	13,923	11,166
Average weighted number of ordinary shares (in pcs.)	12,381,679	12,811,859
Basic and diluted earnings per share (in PLN)	**1.12**	**0.87**

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

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

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

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

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

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

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 Jun. 2021	31 Dec. 2020
Long-term		
Bank loans	48,280	11,921
Loans	31	-
	48,311	**11,921**
Short-term		
Overdraft facilities	73,413	3,742
Bank loans	9,983	19,567
Loans	1,204	940
	84,600	24,249
Total credit and loan liabilities	**132,911**	**36,170**

	30 Jun. 2021 In the functional currency	30 Jun. 2021 In foreign currency EUR	31 Dec. 2020 In the functional currency	31 Dec. 2020 In foreign currency EUR
Loans and borrowings				
Long-term	48,311	-	11,921	-
Short-term	84,600	-	24,249	-
Total	**132,911**	**-**	**36,170**	**-**

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

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

As of the balance sheet date of 30 June 2021 the ERBUD Group has access to bank and insurance multi-purpose lines with a total value of PLN 1,374,169 thousand , which can be used mainly for loans or bank and insurance guarantees. As at the balance sheet date of 30 June 2021, the ERBUD S.A. utilized PLN 73,413 thousand to take out loans and PLN 663,859 thousand to take out bank and insurance guarantees.

As of the balance sheet date of 31 December 2020 the ERBUD Group has access to bank and insurance multi-purpose lines with a total value of PLN 1,281,146 thousand , which can be used mainly for loans or bank and insurance guarantees. As at the balance sheet date of 31 December 2020, the ERBUD S.A. utilized PLN 15,663 thousand to take out loans and PLN 688,385 thousand to take out bank and insurance guarantees.

During the year, as of 30 June 2021 and up to the date of approval of the financial statements, all covenants have been met, similar to the previous year.

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3.3. DEBT RELATED TO ISSUED BONDS

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

As of balance sheet date, the Group had the following outstanding debt in relation to issued bonds posted into short-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	31 Mar. 2021	31 Dec. 2020
27 Sept. 2017	C series bearer shares, dematerialized, unsecured	functional	WIBOR 6M	27 September 2021	financing of an increased working capital requirement		52,000	52,000
			Total short-term liabilities				**52,000**	**52,000**

3.4. LEASE LIABILITIES

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

Period		30 Jun. 2021 Nominal value of minimum payments	31 Dec. 2020 Nominal value of minimum payments
Below 1 year	Short-term	16,327	15,670
Above 1 year	Long-term	30,240	28,147
Nominal value of minimum payments		**46,567**	**43,817**
Future lease costs		6,737	4,525
Present value of minimum payments		**39,830**	**39,292**
Below 1 year	Short-term	15,397	15,340
Above 1 year	Long-term	24,433	23,952

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3.5. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 June 2021 and 31 December 2020, collateral for debt obligations on tangible fixed assets are presented below

	30 Jun. 2021	31 Dec. 2020
Tangible fixed assets	15,004	18,811
Total	**15,004**	**18,811**

For information on credit and loan related debt, see Note 3.2.

3.6. CONTINGENT ASSETS AND LIABILITIES

	Contingent assets		Contingent liabilities	
	30 Jun. 2021	31 Dec. 2020	30 Jun. 2021	31 Dec. 2020
Other items				
Guarantees and sureties	197,436	136,142	879,795	739,514
Bills of exchange	174	857	14,204	30,881
Litigations	1,152	-	48,498	46,682
Including dispute against Warsaw Modlin Airport (MPL)	-	-	34,381	34,381
Total	**198,762**	**136,999**	**942,496**	**817,077**

Contingent assets include guarantees and sureties received by the Group from subcontractors under performance bonds and implied warranties.

Contingent liabilities of the Group relate primarily to orders to extend guarantees by the Group and banks to the Group's contractors to secure their claims under construction contracts, mainly performance bonds and bid bonds.

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3.7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and cash in hand as well as short-term deposits with maximum maturity of three months.

The Group has at its disposal cash with restricted availability. This group primarily includes funds pledged as security for bank guarantees issued in connection with building contracts executed by the Group.

The Group posts restricted cash in a separate line in the statement of financial position as it does not meet the definition of cash and cash equivalents due to its inability to be used in the short term for the Group's requirements.

Cash held in VAT bank accounts does not meet the criteria for presentation as cash and cash equivalents and is presented in a separate line in the balance sheet.

The classification adopted for presentation in the statement of financial position is consistent with the classification of these funds in the Cash Flow Statement.

Cash and cash equivalents and cash in VAT and bank accounts meet the SPPI test and the "held for collection" business model test, and are therefore measured at amortized cost with an impairment charge determined in accordance with the expected loss model (in compliance with the policy referred to in Note 6.4).

	30 Jun. 2021	31 Dec. 2020
Cash in hand	67	119
Cash at bank	117,224	292,469
Total cash and cash equivalents	**117,291**	**292,588**

The amount of the impairment loss on cash is immaterial.

The Company also has restricted cash and cash equivalents in VAT accounts that are not classified as cash and cash equivalents.

As of 30 June 2021 cash in the accounts totalled PLN 8,435 thousand. (as of 31 December 2020 they totalled PLN 30,753 thousand)

As of 30 June 2021 restricted cash in bank accounts totalled PLN 18,380 thousand, and at the end of 2020 it totalled PLN 22,919 thousand and mostly represented cash in an escrow account being a result of Joint Action implementation. The cash management is subject to restrictions imposed on the Company and therefore is not available for general use.

The restricted cash is presented in a separate line in the balance sheet.

Condensed Consolidated Financial Statement as of 30 June 2021 ('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 margin as well as EBITDA and adjusted EBITDA. The Management Board of the Group considers the aforementioned measures as important additional performance measures and therefore presents them in the report next to the measures defined by IFRS. It should be borne in mind that EBIT, as well as EBIT and EBITDA margins these are not KPIs defined in IFRS and they do not represent standardized measures, therefore their calculation methods may differ from one entity to another in the market. Accordingly, these KPIs should not be analysed in isolation or as substitutes for measures defined by IFRS.

EBITDA and EBIT are measures showing the results achieved by the Group after eliminating the impact of income tax, financing costs and, in the case of EBITDA, depreciation and amortization.

EBITDA is defined as profit after tax (net income), plus income tax expense, finance costs and depreciation and amortization, less financial income. . The adjusted EBITDA is defined as EBITDA after taking out one-off events.

The Group defines EBIT as a profit after tax (net income), plus finance costs and minus finance income. The adjusted EBIT is defined as EBIT after taking out one-off events.

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

	30 Jun. 2021	30 Jun. 2020
Net profit for the accounting period	**15,230**	**11,696**
Income tax	11,422	6,330
Gross profit	**26,652**	**18,026**
Financial expenses	4,559	5,745
Financial income	1,328	2,710
EBIT	**29,883**	**21,061**
One-off expenses	31,458	-
Adjusted EBIT	**61,341**	**21,061**
Amortization and depreciation	12,461	11,274
Adjusted EBITDA	**73,802**	**32,335**
Revenues from sales of products and services	1,290,701	1,084,522
EBIT margin	2%	2%
Adjusted EBIT margin	5%	2%

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

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('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 eight basic accounting segments:

- residential/commercial buildings at home,
- residential/commercial buildings in foreign countries,
- road engineering construction services,
- RES construction,
- industrial construction at home,
- industrial construction in foreign countries,
- water engineering,
- other segments.

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

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

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

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

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

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

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

	For the period of 6 months, ended on 30 June 2021			For the period of 6 months, ended on 30 June 2020		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	1,183,246	107,455	**1,290,701**	855,262	229,260	**1,084,522**
Accrued and deferred income	1,125,530	47,120	**1,172,650**	802,023	71,214	**873,237**
Income recognized at a certain point in time	57,716	59,433	**117,149**	53,239	158,046	**211,285**
Fixed assets other than financial instruments and deferred tax assets	137,387	42,789	**180,176**	105,715	42,723	**148,438**

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('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 purposes of financial data analysis in the accounting segments, the Group Management eliminates the impact of one-off events referred to in Note 4.1.

									For the period of 6 months, ended on 30 June 2021
	Domestic building construction	Foreign building construction	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Hydro-engineering segment	Renewable energy sources segment	Other segments	Total continued activities
Cross segment sales	86,265	-	-	-	-	-	-	-	**86,265**
Sales to third party customers	402,486	48,663	95,603	106,831	58,792	-	488,610	3,451	**1,204,436**
Total sales revenues	**488,751**	**48,663**	**95,603**	**106,831**	**58,792**	**-**	**488,610**	**3,451**	**1,290,701**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	453,534	45,983	86,900	98,437	47,696	-	428,526	1,684	**1,162,760**
Sales margin	**35,219**	**2,680**	**8,702**	**8,394**	**11,096**	**-**	**60,083**	**1,767**	**127,941**
Sales margin %	7%	6%	9%	8%	19%	**-**	12%	51%	10%
Other operating profit/loss	(28,316)	(7,244)	(2,319)	(8,522)	(4,691)	(532)	(13,658)	(1,318)	**(66,600)**
One-off expenses	-	-	-	-	(3,115)	-	(28,343)	-	**(31,458)**
Segment performance – EBIT	**6,903**	**(4,564)**	**6,383**	**(128)**	**3,290**	**(532)**	**18,082**	**449**	**29,883**
Segment performance - adjusted EBIT	**6,903**	**(4,564)**	**6,383**	**(128)**	**6,405**	**(532)**	**46,425**	**449**	**61,341**
EBIT margin	1%	(9%)	7%	0%	6%	0%	10%	13%	**5%**
Profit (loss) on financial activities (financial income less financial expenses)									**(3,231)**
Gross profit/loss									**26,652**
Income tax									**11,422**
Net profit/loss									**15,230**

Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Amortization and depreciation	3,657	1,074	1,897	2,649	1,541	-	1,341	302	**12,461**
Segment performance – EBITDA	**10,560**	**(3,490)**	**8,280**	**2,521**	**4,831**	**(532)**	**19,423**	**751**	**42,344**
Assets and liabilities									
Pricing of building contracts - assets	**98,151**	**61,036**	**45,660**	**26,274**	**50,919**	**-**	**148,809**	**-**	**430,849**
Other assets									**1,094,824**
Total assets									**1,525,673**
Pricing of building contracts - liabilities	**127,176**	**63,342**	**19,262**	**24,374**	**5,514**	**-**	**42,352**	**-**	**282,020**
Other liabilities									**1,243,653**
Total liabilities									**1,525,673**
Other material items									
Share in performance of associates and joint-ventures measured with equity method	-	-	-	-	-		19	-	**19**
Loss reversal/(impairment) of financial assets and contract valuation assets	(538)	-	(170)	(13)	1	-	(971)	-	**(1,691)**
Capital expenditures on tangible fixed and intangible assets	39,364	195	986	311	1,782	-	714	111	**43,463**

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									For the period of 6 months, ended on 30 June 2020
	Domestic building construction	Foreign building construction	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Water engineering segment	Renewable energy sources segment	Other segments	Total continued activities
Total income									
Cross segment sales	-	-	-	(9,680)	-	-	-	-	**(9,680)**
Sales to third party customers	590,815	177,210	37,822	94,731	52,050	-	141,574	-	**1,094,202**
Total sales revenues	**590,815**	**177,210**	**37,822**	**85,051**	**52,050**	**-**	**141,574**	**-**	**1,084,522**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	558,949	166,775	36,926	78,130	42,175	-	126,110	-	**1,009,065**
Sales margin	**31,866**	**10,435**	**896**	**16,601**	**9,875**	**-**	**15,464**	**-**	**85,137**
Sales margin %	5%	6%	2%	20%	19%	0%	11%	0%	8%
Other operating profit/loss	(26,100)	(6,710)	(1,810)	(7,982)	(4,249)	-	(7,234)	(311)	**(54,396)**
Segment performance – EBIT	**5,766**	**3,725**	**(914)**	**(1,061)**	**5,626**	**-**	**8,230**	**(311)**	**21,061**
EBIT margin	1%	2%	5%	(1%)	11%	0%	6%		**2%**
Profit (loss) on financial activities (financial income less financial expenses)									**(3,035)**
Gross profit/loss									**18,026**
Income tax									**6,330**
Net profit/loss									**11,696**
Amortization and depreciation	3,319	971	2,829	2,636	1,290	-	-	229	**11,274**
Segment performance – EBITDA	**9,085**	**4,696**	**1,915**	**1,575**	**6,916**	**-**	**8,230**	**(82)**	**32,335**

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Assets and liabilities									
Pricing of building contracts - assets	**160,080**	**3,226**	**3,197**	**15,172**	**13,269**	**-**	**21,808**	**-**	**216,752**
Other assets									**975,848**
Total assets									**1,192,600**
Pricing of building contracts - liabilities	**111,915**	**8,709**	**12,682**	**15,561**	**1,197**	**-**	**38,769**	**-**	**188,833**
Other liabilities									**1,003,767**
Total liabilities									**1,192,600**
Other material items									
Loss reversal/(impairment) of financial assets and contract valuation assets	(331)	-	528	107	4	-	-	-	**308**
Capital expenditures on tangible fixed and intangible assets	1,780	158	760	1,448	2,272	-	-	272	**6,690**

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4.3. TAXATION

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

Due to temporary differences between the value of assets and liabilities shown in the accounting books and their tax value and the tax loss deductible in the future, the Group, using the balance sheet method, sets up: deferred income tax liabilities in respect of positive temporary differences and determines deferred tax assets in respect of foreign exchange losses and tax losses, which can be deducted following the prudential principle.

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

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

The Group recognizes a tax asset only when projections of future financial results indicate that a tax gain will be realized to allow the asset to be realized in a specified future.

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

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

	For the period of 6 months, ended on 30 June 2021	For the period of 6 months, ended on 30 June 2020
Gross profit before taxation	**26,652**	**18,026**
Tax according to the statutory tax rate applicable in Poland - 19%	**5,064**	**3,425**
Additional tax burden being a result of a rate exceeding 19% in Germany	989	816
Non-deductible permanent differences	4,464	2,089
Tax recognized in the financial net profit/loss	**11,422**	**6,330**
Current tax	7,472	8,991
Deferred tax	3,950	(2,661)
Effective tax rate	**42.85%**	**35.12%**

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

			Impact on			Impact as of		
		1 Jan. 2020	Net profit/loss	Other comprehensive income	31 Dec. 2020	Net profit/loss	Other comprehensive income	30 Jun. 2021
	Deferred tax assets							
	Pricing of building contracts - liabilities and taxable work in progress	48,066	7,853	-	55,919	27,734	-	83,653
	Provisions	9,422	1,929	-	11,351	(1,561)	-	9,790
	Tax loss	7,668	(3,479)	-	4,189	(3,296)	-	893
	Accrued wages and salaries, and charges	421	294	-	715	96	-	811
Note 6.4.	Receivables revaluation write-downs	5,968	269	-	6,237	(403)	-	5,834
	Other financial liabilities	1,997	352	-	2,349	2,743	-	5,092
	Deferred expenses	124	569	-	693	(310)	-	383
	Other	1,761	683	256	2,700	(43)	(123)	2,534
	Total	**75,427**	**8,470**	**256**	**84,153**	**24,960**	**(123)**	**108,990**
	Deferred tax liabilities							
	Pricing of building contracts - assets	37,054	(5,635)	-	31,419	29,565	-	60,984
	Asset revaluation	4,417	506	-	4,923	(415)	3,639	8,147
	Balance sheet pricing and liabilities discount	157	652	-	809	(443)	-	366
	Accrued interest on debt	103	189	-	292	(80)	-	212
	Accrued revenues	629	(50)	-	579	-	-	579
	Other	1,116	134	236	1,486	283	(59)	1,710
	Total	**43,476**	**(4,204)**	**236**	**39,508**	**28,910**	**3,580**	**71,998**
	Assets and liabilities set off	43,476			39,508			66,248
	Post set-off balance	**35,097**			**46,911**			**48,492**
	Assets	33,524			45,778			42,742
	Liabilities	1,573			1,133			5,750
	Net impact of changes in the period		**12,674**	**20**		**(3,950)**	**(3,703)**	

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

In the year ended on 30 June 2021 and 31 December 2020 there were no negative temporary differences on which no deferred tax assets were recognised.

The table below shows the periods of realisation of deferred income tax assets and liabilities.

	30 Jun. 2021		31 Dec. 2020	
	Assets	Liabilities	Assets	Liabilities
Short-term	52,385	37,691	55,497	27,688
Long-term	56,605	34,307	28,656	11,820
Total	**108,990**	**71,998**	**84,153**	**39,508**

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

Since 1 January 2018, the Company has classified financial instruments, pursuant to IFRS 9, into the following categories:

- Assets priced at amortized cost;
- Financial assets priced at fair value through financial profit or loss;
- Financial liabilities priced at amortized cost;
- Derivative instruments determined as hedging instruments in hedge accounting.

Financial assets priced at amortized cost include primarily:

Note 5.1.2	Financial Assets - Loans Extended
Note 2.1.	Receivables under building contracts - bid bonds
Note 6.4.	Trade receivables
Note 6.4.	Other receivables
Note 4.2.	Assets under building contracts
Note 3.7.	Cash and cash equivalents
Note 3.7.	Cash assets on the VAT account
Note 3.7.	Cash with restricted availability.
Note 5.1.	Other financial assets (including extended loans)

Financial liabilities priced at amortized cost comprise mainly:

Note 2.1.	Liabilities vis-a-vis subcontractors - bid bonds
Note 4.2.	Liabilities under building contracts
Note 6.8.	Trade payables
Note 6.8.	Other liabilities
Notes 3.2. – 3.4.	Debt

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1.1. FINANCIAL ASSETS

As of 30 June 2021 and as of 31 December 2020 the Group was in the possession of the following items disclosed in the Statement of Financial Position as financial assets:

Notes		30 Jun. 2021	31 Dec. 2020
5.1.2.	Loans extended	23,215	14,503
	Caution money for shares	6,269	-
	IPO-related expenses	2,682	-
	Security deposit for a guarantee	2,713	-
	Other	1,317	2,760
	Total	**36,196**	**17,263**
	Long-term	17,253	6,630
	Short-term	18,943	10,633

As of 30 June 2021 the following items reported as financial assets in the Statement of Financial Position (value of investments made into interests in jointly controlled entities):

	30 Jun. 2021	31 Dec. 2020
Azuryt 6 Inwestments Sp. z o.o.	14,687	-
Elektrownia DEPVPL Sp. z o.o. (power plant)	3,162	-
KWE Spółka z o.o.	4,901	-
Tauron Serwis Sp. z o.o.	490	490
Total	**23,240**	**490**

5.1.2. FINANCIAL ASSETS – LOANS EXTENDED

Debt instruments held to collect contractual cash flows that comprise solely payment of principal and interest ('SPPI') are priced at amortized cost. Upon initial recognition, these financial assets are recognized at fair value plus transaction costs. Interest income is measured using the effective interest rate method and disclosed under "Interest income" in financial income. The impairment losses are presented under "Reversal of impairment/(loss) of value of financial assets and assets from valuation of contracts with customers".

The value of financial assets is updated by an impairment loss calculated using the expected credit loss method). The Group uses a three-step impairment model for financial assets:

- Level 1 - balances for which credit risk has not increased significantly since initial recognition or have low credit risk. Expected credit losses are determined based on the probability of default within 12 months (i.e., the total expected credit loss is multiplied by the probability that the loss will occur within the next 12 months);
- Level 2 - includes balances for which there has been a significant increase in credit risk since initial recognition but no objective evidence of impairment; expected credit losses are determined based on the probability of default over the contractual life of the asset.
- Level 3 - includes balances with objective evidence of impairment.

If the loans granted have low credit risk, the allowance for expected credit losses recognized during the period is limited to 12 months of expected credit losses.

To the extent that it is necessary to assess whether there has been a significant increase in credit risk under the above model, the Group considers the following considerations in making this assessment:

- the loan is at least 30 days past due,
- legislative, technological or macroeconomic changes have occurred that have a significant negative impact on the debtor,
- there has been information about a significant adverse event relating to a loan or another loan of the same debtor from another lender, e.g. termination of a loan agreement, breach of its terms or renegotiation of its terms due to financial difficulties, etc.,
- the debtor has lost a significant customer or supplier or experienced other adverse changes in its market.

Financial assets are written off, in whole or in part, when the Group has exhausted virtually all collection efforts and determines that the receivable can no longer be reasonably expected to be recovered. This typically occurs when an asset is at least 360 days past due.

Loans are not overdue as of the balance sheet date. There is credit risk and currency risk associated with the loans, which are described in Note 5.2, respectively.

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

5.2.1. MARKET RISK – CURRENCY RISK

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

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

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5.2.2. MARKET RISK – INTEREST RATE RISK

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

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

Assets and liabilities bearing interest at variable interest rates expose the Group to the risk of cash flow volatility. Meanwhile assets and liabilities bearing fixed rate (extended loans - Note 5.1.2.) expose ERBUD to the risk of fair value volatility, however, owing to the fact that the Group does not measure these items at fair value, this impact is not reflected in the financial statements.

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

Trade receivables and building contract assets

To protect against credit risk resulting from receivables under 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 at the offering phase and during contract execution. Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

The Group has no credit risk concentration in relation to trade receivables and receivables under construction contracts - in relation to bid bonds and valuation of construction contracts.

Changes in the write-down of receivables and the age structure of past due receivables are presented in Note 6.4.

5.2.3. LIQUIDITY RISK

In order to reduce the risk of liquidity loss, the Group maintains an appropriate amount of cash and transferable securities as well as enters into credit line agreements, which serve as additional liquidity security. To finance investment purchases, the Group uses own funds or long-term financial lease contracts, ensuring adequate sustainability of the financing structure for this type of assets.

The Group pursues a policy limiting credit exposures to individual financial institutions and issuers of debt securities, which are acquired as part of periodic investments of surplus cash.

Liquidity management is supported by the existing liquidity forecast reporting system by the Group.

The table below shows the Group's financial liabilities as of 30 June 2021 by maturity date based on contractual non-discounted payments.

						30 Jun. 2021
	Below 3 months	3-12 months	1-5 years	Above 5 years of age	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	5,116	79,543	51,792	-	**136,451**	**132,911**
Debt related to issued bonds	52,732	-	-	-	**52,732**	**52,000**
Lease liabilities	1,865	14,112	25,202	3,177	**44,356**	**39,830**
Liabilities vis-a-vis subcontractors - bid bonds	51,537	74,058	10,862	4,505	**140,962**	**140,054**
Trade payables	370,725	1,187	-	-	**371,912**	**371,912**
Total	**481,975**	**168,900**	**87,856**	**7,682**	**746,413**	**736,707**

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

						31 Dec. 2020
	Below 3 months	**3-12 months**	**1-5 years**	**Above 5 years of age**	**Total non-discounted flows**	**Balance-sheet figures**
Credit and loan liabilities	5,527	18,722	12,170	-	**36,419**	**36,170**
Debt related to issued bonds	-	54,195	-	-	**54,195**	**52,000**
Debt related to financial lease	1,053	14,682	20,877	7,205	**43,817**	**39,292**
Liabilities vis-a-vis subcontractors - bid bonds	6,772	118,258	13,691	2,521	**141,242**	**140,361**
Trade payables	148,287	110,386	-	-	**258,673**	**258,673**
Total	**161,639**	**316,243**	**46,738**	**9,726**	**534,346**	**526,496**

6. OTHER NOTES

6.1. TANGIBLE FIXED ASSETS

The most important items of tangible fixed assets are means of transport as well as technical equipment and machinery used primarily for the construction of public, commercial, residential and industrial facilities. In addition, the Group is also in the possession of buildings and structures.

Tangible fixed assets are carried at purchasing price /manufacturing cost less depreciation and all impairment write-offs. When the Group identifies indications that property, plant and equipment may be impaired, it performs an impairment test based on an estimate of the recoverable amount of the property, plant and equipment. Recoverable amount is determined as the higher of the value that is realizable upon sale of a given non-current asset less costs to sell or the value in use calculated based on the discounted cash flows to be generated by a given non-current asset or group of assets.

The initial value of tangible fixed assets comprises their purchasing price plus all costs connected directly with the purchase and adaptation of the asset to the condition fit for use. The initial value also comprises the cost of spare parts of machinery and equipment when incurred, if the recognition criteria are met, i.e. a member company of Erbud Group expects that spare parts will be used for more than one year and it is possible to assign them to a specific item of tangible fixed assets.

Costs incurred after the date of commissioning of a fixed asset such as maintenance and repair costs, are recognized in the net financial income when incurred.

The Group annually verifies the residual value, useful life and depreciation methods of tangible fixed assets. The revisions performed as of 31 December 2019 and 31 December 2020 did not result in a change to the remaining estimated useful lives, depreciation methods or residual values of property, plant and equipment.

Depreciation rates are by class of fixed assets (including the right to use assets that belong to a particular category):

- Buildings and structures – 2% - 4,5%
- Technical equipment and machinery – 6% - 30%
- Means of transport – 12,5% - 20%
- Other – 10% - 33%
- Lands are not depreciated.

The rights to use the assets are amortized over a period that reflects the effective term for which contracts have been signed. For leased assets of the Group, depreciation rates coincide with depreciation rates for its own assets belonging to the same category because the lease term corresponds to the economic useful life of the asset (including renewal options) or the contract includes an option to purchase the asset and it is reasonably certain that the Group will exercise the option.

Fixed assets under construction are priced at the level of costs connected directly with their acquisition or manufacturing including costs of financing, less write-downs for impairment. Fixed assets under construction are not depreciated until their construction has been completed.

Lease accounting policy effective from 1 January 2019:

Leases are recognized as right-of-use assets and obligations to pay for those rights at the date the leased assets are available for use by the Group. Right-of-use assets are presented in Note 6.1.

At the lease start date, the lease obligations are measured at an amount equal to the present value of the following lease payments for the right to use the underlying asset during the lease term:

- fixed lease payments (including substantially fixed payments), less any lease incentives payable,
- variable lease payments that depend on an index or rate;
- amounts expected to be paid by the Lessee under the guaranteed residual value,
- the exercised price of a call option, if it can be assumed with reasonable certainty that the lessee will exercise the option,
- financial penalties for lease termination, if the lease terms and conditions provide that the Lessee may exercise the lease termination option

Lease payments are discounted using the lease interest rate, if that rate can be readily determined, or the lessee's incremental debt rate.

Each lease payment is allocated between a liability and a finance expense. After initial recognition, lease liabilities are measured using the effective interest rate. The carrying amounts of the liabilities are updated to reflect the change in estimated lease term, option to redeem, change in lease payments and guaranteed residual value and lease contract modifications.

The lease term is a non-cancelable lease term; periods covered by renewal and early termination options are included in the lease term if there is a reasonable certainty that the lease will be renewed or the lease will not be terminated early.

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Debt related to lease contracts is referred to in Note 3.4.

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	Lands including right of perpetual usufruct to land	Buildings and structures	Technical appliances and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Other	Total
Net value as of 1 Jan. 2020	**13,717**	**33,800**	**17,864**	**24,072**	**3,774**	**5,713**	**6,167**	**105,106**
Increases:								
Acquisition	-	583	1,928	2,468	2,345	3,355	2,736	**13,415**
Lease	-	-	135	9,191	85	-	-	**9,411**
Acceptance of fixed assets	-	-	-	-	-	(991)	1,453	**462**
Other, including reclassification adjustments	-	1,386	(35)	-	259	(4,511)	2,900	**(1)**
Decreases:								
Amortization and depreciation	230	6,583	5,090	8,012	1,705	-	1,321	**22,941**
Disposal and liquidation	-	-	(12)	1,390	6	1,205	50	**2,639**
Internal transfers	-	2	(445)	386	(177)	480	258	**504**
Other	(67)	(589)	(102)	(424)	(220)	(61)	(382)	**(1,845)**
Net value as of 31 December 2020	**13,554**	**29,773**	**15,361**	**26,367**	**5,149**	**1,942**	**12,009**	**104,154**
Net value as of 1 January 2021	**13,554**	**29,773**	**15,361**	**26,367**	**5,149**	**1,942**	**12,009**	**104,154**
Increases:								
Acquisition	13,826	24,538	1,344	310	1,081	2,248	116	**43,463**
Lease	-	-	998	7,854	-	-	-	**8,852**
Acceptance of fixed assets	549	2,339	953	1,225	1,114	929	41	**7,150**
Other, including reclassification adjustments	-	1,113	36	-	-	(105)	(1,025)	**19**
Decreases:								**-**
Amortization and depreciation	107	3,251	3,116	4,524	779	-	684	**12,461**
Disposal and liquidation	-	-	100	1,066	16	-	-	**1,182**
FX gains and losses from translation	(18)	(166)	(13)	(124)	(97)	(4)	(95)	**(518)**
Net value as of 30 June 2021	**27,804**	**54,346**	**15,463**	**30,042**	**6,452**	**5,010**	**10,362**	**149,477**

Right to use assets under lease, lease liabilities

The right to use assets includes lease assets in compliance with the requirements of IFRS 16 standard.

The following simplifications allowed by IFRS16 have been adopted:

- no lease contracts for low-value assets (below PLN 15 thousand) are activated,
- contracts that will be terminated during the current year are omitted,

During the periods covered by these financial statements, the Group did not enter into any lease agreements for a period shorter than 12 months. The concluded lease contracts did not have a variable fee compensation for the lessor, except for agreements for perpetual usufruct of land, where the fee is based on the market value of the land subject to periodical revisions.

Charges associated with all short-term leases and leases of low-value assets are recognized as an expense in the financial net income on a straight-line basis.

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The table below shows changes in leased assets:

	LANDS	BUILDINGS AND STRUCTURES	TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORT	OTHER FIXED ASSETS	TOTAL
Net value as of 1 January 2020	**4,466**	**17,542**	**9,219**	**17,558**	**-**	**48,785**
Increase due to opened lease contracts	-	-	135	9,191	85	9,411
Increase due to expenditures for tangible fixed assets under construction and advances for tangible fixed assets	-	-	26	-	-	26
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	(9)	(3,054)	-	(3,063)
Amortization and depreciation	(190)	(5,628)	(2,170)	(6,449)	(3)	(14,440)
FX gains and losses from translation	-	158	-	-	-	158
Net value as of 31 Dec. 2020	**4,276**	**12,072**	**7,201**	**17,246**	**82**	**40,877**
Net value as of 1 Jan. 2021	**4,276**	**12,072**	**7,201**	**17,246**	**82**	**40,877**
Increase due to opened lease contracts	-	-	-	5,230	-	5,230
Increase due to expenditures for tangible fixed assets under construction and advances for tangible fixed assets	-	-	998	2,408	-	3,406
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	(184)	(171)	(1,037)	-	(1,392)
Amortization and depreciation	(95)	(2,775)	(967)	(2,643)	(9)	(6,489)
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	-	(146)	-	(146)
Net value as of 30 June 2021	**4,181**	**9,113**	**7,061**	**21,058**	**73**	**41,486**

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6.2. GOODWILL

Goodwill arises as a result of accounting for the acquisition of projects using the acquisition method - details are provided below)

Accounting principles concerning goodwill impairment are described in Note 6.3.

	For the period of 6 months, ended on 30 June 2021	For the period of 12 months, ended on 31 Dec. 2020
Opening balance of goodwill	**40,669**	**40,130**
Additions	749	-
FX gains and losses from translation	(358)	537
Closing balance of goodwill	**41,060**	**40,667**
Including acquisitions:		
ONDE S.A.	18,274	18,274
Erbud Holding GmbH	17,461	17,699
Other	5,325	4,694

6.3. FIXED ASSETS IMPAIRMENT

The Group carries out test for fixed asset impairment, if there are reasons for impairment and additionally it carried out a test for goodwill once a year. Recoverable amount is determined at the lowest possible level, i.e. for an individual asset or for the cash-generating centre to which the asset belongs.

Tangible fixed assets impairment

At each balancing date the it is evaluated if there are any objective reasons indicating a risk of asset or asset category impairment. If there are such reasons, the estimated recoverable value is agreed for the asset and an impairment loss is written off, in the amount equal to the difference between the recoverable value and balance sheet value. The recoverable value corresponds the higher of the following two values: fair value less costs closing sales or value in use. The impairment loss is posted into profit and loss account. As of each balancing date, the Group also assesses whether there are any indications that the impairment loss recognised in previous periods should be reduced or completely reversed.

Goodwill impairment

Goodwill is tested for impairment at least once a year. Potential impairment is recognized immediately as a decrease in goodwill and recognized in the Profit and Loss Account, additionally it is not subject to reversal in subsequent reporting periods.

To carry out possible impairment test, the goodwill is allocated to the cash generating units. In the event of a disposal of an operation within a cash-generating centre to which goodwill has been allocated, the goodwill associated with the disposal shall be included in the carrying amount of the operation when determining the gain or loss on disposal.

Impairment of goodwill and tangible fixed assets

The Company did not identify any factors that could indicate grounds for impairment of fixed assets, therefore no impairment test was performed as of 30 June 2021.

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6.4. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

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

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

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

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

			30 Jun. 2021			31 Dec. 2020
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	530,870	36,787	494,083	403,531	36,142	367,389
Receivables from corporate income tax	7,644	-	7,644	355	-	355
Other budget receivables	37,995	-	37,995	11,565	-	11,565
Other receivables	40,955	1,210	39,745	20,229	1,210	19,019
Total	**617,464**	**37,997**	**579,467**	**435,680**	**37,352**	**398,328**

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

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	For the period of 6 months, ended on 30 June 2021	For the period of 12 months, ended on 31 Dec. 2020
Opening balance of write-downs	**37,352**	**39,491**
Setting up/(reversal)of individual write-offs	(528)	4,432
Setting up /(reversal) of write-offs according to write-off matrix	1,173	(1,291)
Reversal of individual write-offs	-	(2,500)
Use of individual write-offs	-	(3,645)
Other	-	671
FX gains and losses from translation	-	194
Closing write-offs, of which:	**37,997**	**37,352**
Matrix-based calculated write-off	**8,621**	**7,448**
Individual write-off	**29,376**	**29,904**

	30 Jun. 2021	31 Dec. 2020
Non-past due receivables:	**333,572**	**285,787**
Past due receivables:	**160,511**	**81,602**
below 1 month	11,134	24,426
1-3 months	49,256	9,923
3-6 months	34,594	863
6 months - 1 year	13,201	2,530
Above 1 year	52,326	43,860
Total trade receivables, net	**494,083**	**367,389**

6.5. OTHER ASSETS

The **Insurance** line comprises prepayments made by the Group under insurance contracts concerning future reporting periods. They are recognized in the income statement proportionally to the time expired.

	30 Jun. 2021	31 Dec. 2020
Insurance	6,538	4,292
Other	1,524	736
Total	**8,062**	**5,028**

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6.6. PROVISIONS

The Provisions category mainly comprises provisions for warranty repairs, provisions for employee benefits and post-employment benefits, and provisions for litigations and disputes.

Provisions for warranty repairs

Provisions for warranty repair costs result from the Group's warranty extended for construction services. Provisions are set up in the amount determined with percentage rate, which is a quotient of historically incurred costs for warranty repairs and historically posted revenues generated by the execution of building contracts. The costs of provision for warranty repairs are posted into costs of services sold. In the case of non-construction services, mainly maintenance services, the provision for the costs of warranty repairs is set up on the basis of historical data and a reliable estimate of the amount of the related obligation. The assumptions used to calculate the provision for warranty repairs as of 31 December 2020 were based on the records of warranty repairs between 2016 and 2020 and as of 31 December 2019 - between 2015 and 2019 respectively.

Provision for benefits in the post-employment period

This category comprises provisions for retirement and pension severance pays, to be paid by the Group under the effective law and the remuneration rules and regulations. The amount of the provision is determined at the present value using actuarial techniques requiring the adoption of certain assumptions. Assumptions vital to pricing include the levels of discount rates, projected rates of return on assets (ROA), forecast wage increases. Due to pricing complexity, the assumptions made, its long-term nature, the liabilities related to the above mentioned benefits are very sensitive to assumption changes. All the above assumptions are verified and updated at the end of each reporting period.

Provisions for litigation and disputes

Detailed analysis of potential risks related to litigation, making decisions about a need to reflect the impact of such litigation in the Group's financial statements and the amount of the provision are made by the legal departments and the Management Board.

Categorized provisions are presented in table below:

	Provisions for warranty repairs	Provision for employee benefits in the post-employment period	Provisions for litigations and disputes	Other	Total
As of 1 Jan. 2020	**23,467**	**15,470**	**1,512**	**4,494**	**44,943**
Increase	3,889	287	895	4,447	9,518
Dissolution	365	-	-	480	845
Increase due to acquisition	-	-	-	341	341
Utilisation	808	35	-	1,729	2,572
FX gains and losses from translation	235	(2)	28	192	453
As of 31 Dec. 2020	**26,418**	**15,720**	**2,435**	**7,265**	**51,838**
short-term	19,186	558	2,320	6,986	29,050
long-term	7,230	15,164	116	278	22,788
As of 1 Jan. 2021	**26,416**	**15,722**	**2,436**	**7,264**	**51,838**
Increase	1,329	598	1,520	7,872	11,319
Dissolution	17	2,400	-	3,424	5,841
Increase due to acquisition	-	35	-	6,651	6,686
Utilisation	-	-	-	645	645
FX gains and losses from translation	(98)	(240)	(28)	(62)	(428)
As of 30 Jun. 2021	**27,630**	**13,715**	**3,928**	**17,656**	**62,929**
short-term	13,777	-	3,811	17,206	34,794
long-term	13,853	13,715	117	450	28,135

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6.7. DISPUTES

Party to the dispute	Description of subject of the dispute	30 Jun. 2021	31 Dec. 2020
Actions brought against the Group			
Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (*Warsaw Modlin Aiport*) ("MPL") Defendant: ERBUD S.A. in Warsaw Date of servicing an action to ERBUD S.A.: 23 May 2014 Value of the dispute: PLN 34 381 374.64	On 12 May 2014, a statement of claim was delivered to ERBUD S.A. in which the Warsaw Modlin Airport (MPL) requested payment of PLN 34,381,374.64 for damages along with statutory interest and litigation costs. The damages claimed by the Warsaw Modlin Airport (MPL) consists of losses and benefits incurred by the claimant and lost as a result of allegedly improper performance by ERBUD of the Contract of 14 September 2010 for the construction of the Warsaw-Modlin Airport No. PLM/K/96/2010 and suspension of air traffic on a part of the airport runway. 11 October 2014 ERBUD S.A. submitted a reply to the statement of claim in which it requested that the Warsaw Modlin Aiport's (MPL) claim be dismissed in its entirety and that the costs of the proceedings be reimbursed. At the same time, irrespective of the claim lodged by the claimant, the Company instituted a counterclaim against Warsaw Modlin Airport (MPL), requesting that the amount of PLN 19,892,366.30 with statutory interest be awarded to the Company. The counterclaim consists of costs incurred by ERBUD S.A. for repairs of the airfield surface at the Warsaw-Modlin airport. The case has a complicated factual state of affairs and extensive evidence has been submitted during the proceedings. It will be necessary take several pieces of evidence from the expert opinions. At the same time, ERBUD S.A. supports the assessments presented in the earlier memoranda, according to which the risk of awarding a claim in favour of MPL is lower than the chance of claim dismissal. However, even if the Court found MPL's claim justified, the amount of awarded damages would be significantly lower than the amount claimed in the action brought by MPL, since ERBUD S.A. is able to question almost every element of the claim lodged by MPL.	Posted as contingent liability	Posted as contingent liability
Actions brought by the Group			
Defendant: Bank Millennium S.A. in Warsaw Date of filing a lawsuit: 22 December 2010 Value of the dispute: PLN 71,065,496	In 2008 Bank Millennium S.A. advised ERBUD S.A. to conclude FX option transactions to hedge against FX risk under the contracts denominated in EUR executed by the Issuer. The Bank's proposal was driven by a need of the Issuer to obtain security adequate to its situation. According to the Company, the product was not optimally adjusted to the ERBUD S.A. needs. In Q4 2008, as a result of a drastic revaluation of Polish zloty (PLN) in the PLN/EUR pair, Bank Millennium S.A. informed the Issuer about a negative valuation of the exposure held at that time. At the same time, a dispute arose over the content of FX option transactions, mainly with respect to the exclusion of option structures. During numerous discussions, the Issuer presented its position to the Bank, in which it demanded that the transaction be carried out with the undertaking of actions aimed at enforcing of existing claims. In order to limit the amount of potential loss, the disputed transactions were restructured and the Bank was informed about legal actions taken in the future to remedy the loss resulting from FX option transactions. The restructuring details were presented by the Issuer in RP 43/2008 on 21 November 2008 and in the 2008 Financial Statements. The Issuer never agreed with the position of Bank Millennium S.A. and therefore called upon the Bank twice demanding the Bank to pay the amount of PLN 71,065,496, which consists of the amounts collected by the Bank from the Issuer's bank account, foregone profits and costs of legal and financial advisors. In connection with the above, the Issuer decided to bring an action for payment of compensation for the loss. On 16 September 2016 the Management Board of ERBUD S.A. was informed by its legal counsels about the decision taken by the District Court in Warsaw. Pursuant to the decision, the Court dismissed the Issuer's claim in its entirety. On 4 November 2016, the Issuer filed an appeal against the decision.	No impact.	No impact

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	The decision was appealed against in its entirety, and the appeal allegations focus in particular on incorrect findings and conclusions of the Court of First Instance regarding the incorrect determination by the Court of First Instance of the content of the disputed transactions, as well as incorrect interpretation of documents, including documents confirming transactions. In addition, a reference was made to numerous rulings of the District Court and the Court of Appeal in Warsaw, issued in similar cases when the Courts issued rulings favourable to the customers of Bank Millennium under circumstances similar to those of the Issuer. The above ruling does not have any influence on the financial position of the Issuer because the entire loss related to options was settled in the year of its occurrence, i.e. in 2008. On 29 May 2018 the Court of Appeal in Warsaw announced the ruling in the case filed by ERBUD S.A. against Bank Millennium S.A., in which it upheld the appeal of the Company. The Court of Appeal in Warsaw, in its decision of 29 May 2018, overruled the appealed decision of the District Court in Warsaw of 16 September 2016 and referred the case back to that court for re-examination together with the decision about the costs of the appeal proceedings. On 13 July 2018 the Company was informed about a complaint filed by Bank Millennium S.A. with the Supreme Court against the ruling of the Court of Appeal in Warsaw of 29 May 2018 concerning the action brought by ERBUD S.A. against Bank Millennium S.A. In its complaint Bank Millennium questions the advisability of repealing the ruling and referring the case back to the District Court in Warsaw for re-examination, indicating that the Court of Appeal should decide the case itself. on behalf of the Company its Legal advisors submitted a response to the complaint. On 28 September 2018 the Supreme Court issued a decision about the case brought by the Issuer against Bank Millennium S.A., in which it accepted the complaint of Bank Millennium S.A. By virtue of its decision of 28 September 2018 the Supreme Court, overruled the appealed decision of the Court of Appeal in Warsaw of 29 May 2018 and referred the case to the Supreme Court for further consideration together with the decision on the costs of the appeal proceedings. On 3 June 2020 the Court of Appeals in Warsaw decided to admit ex officio the evidence of a court expert in finance, economics and banking and ordered the court expert to prepare a written opinion within 2 months. Further decisions the court is going to take after the expert's opinion has been drawn up. Until the date of publication of the financial statements, the status of the case has not changed.		
Defendant: Kępska S.A. with its registered office in Warsaw Date of filing a lawsuit: 22 April 2014 Value of the dispute: PLN 9,877,132 .	The Issuer is claiming from Kępska S.A. the payment of remuneration for the execution of construction works. Action brought on 22 April 2014. The Issuer requested that Kępska S.A. be adjudicated to pay the above amount. In the course of the case examination, a court expert opinion and two complementary opinions were prepared. According to these opinions, Erbud performed the works under the contract in compliance with deadlines amended by the annexes and by virtue of additional agreement. By virtue of its decision of 24 April 2018, the Court allowed the claim for payment and adjudicated Kępska S.A. to pay Erbud the amount of PLN 9,877,131.31 with statutory interest. In the rationale, the Court stated that the defects of the works referred to by the defendant did not entitle the defendant to withdraw from the agreement and that Erbud should be paid for works performance. On 6 November 2018, as a result of appeals filed by Erbud and Kępska S.A. against the court decision, the Court of Appeal in Wrocław recognized, by virtue of its ruling, the termination of the general contractor agreement by Erbud SA to be effective, adjudicated the amount of PLN 4,316,464.11 plus interest from Kępska S.A. to Erbud SA, set aside the court decision for re-examination with regard to the receivables awarded therein in the amount of PLN 5,560,667.20, and	A partial write-down was set up based on discounted cash flows.	A partial write-down was set up based on discounted cash flows.

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	dismissed the appeals of the Parties to the remaining extent. Upon the Issuer's request, the Court Enforcement Officer runs enforcement proceedings to obtain the cash benefit awarded to Erbud. At the same time, on the basis of the obtained executive title, the Issuer filed for initiation of enforcement proceedings against a part (secured with a mortgage) of the legally awarded amount of PLN 2,901,964.11 from the real estate at ul. Kępska 8 in the City of Opole, encumbered with a compulsory mortgage established in favour of Erbud. Proceedings to this extent are run by the Court Enforcement Officer at the District Court in the City of Opole. On 24 January 2019 the Court Enforcement Officer suspended the enforcement proceedings pursuant to Article 146 of the Bankruptcy Law. By virtue of decision of 4 September 2020 the Regional Court in Opole adjudicated the amount of PLN 5,440 thousand along with the statutory interest to the Plaintiff. Erbud's claims are secured up to the amount of PLN 6,773 thousand with a compulsory mortgage established on the right of perpetual usufruct of the property.		
Defendant: Platinum Resort Sp. z o.o. Date of filing a lawsuit: 3 December 2018 Value of the dispute: 16,301,236.97	Erbud filed a request with the District Court in Szczecin to secure a cash claim in the amount of PLN 5,455,851.09 in relation to the contractual penalty for withdrawal from the Construction Works Contract of 26 January 2017 for the execution of the project titled "Construction of a four-star hotel complex consisting of: Three hotel buildings with land development in Żeromskiego Street in the City of Świnoujście" by encumbering the properties belonging to Platinum Resort Sp. z o.o. with a joint compulsory mortgage. Pursuant to its Decision of 19 November 2018 the Court granted security by entering the compulsory mortgage into the land and mortgage registers of the aforementioned real estate, as well as by the attachment of bank accounts of Platinum Resort Sp. z o.o. On 3 December 2018 the Issuer filed a lawsuit for payment of PLN 16,301,236.97 together with interest in the writ of payment proceedings for remuneration and other claims related to the execution of the aforementioned investment together with an additional request for securing claims. Platinum Resort Sp. z o.o. filed a complaint against the decision on security. The Issuer's attorneys replied to the complaint. To date, the Szczecin Court of Appeal has not heard the complaint. The Szczecin District Court found that there were no grounds for issuing a payment order and referred the case to be examined in ordinary proceedings. The claim was forwarded for servicing to the defendant. By virtue of decision of 22 February 2019 The District Court secured the claim of Erbud S.A. for another amount of PLN 3.5 million by establishing a compulsory mortgage on the property.	Not applicable	Not applicable
Defendant 1: ADV Por Property Investment S.A. sp. k. Defendant 2: Outlet Center Bydgoszcz Retail Management S.A. sp.k.	On 11 March 2019, the Company filed a statement of claim in proceedings by writ of payment against ADV Por Property Investment S.A. sp. k. for payment of the amount of PLN 2,469 thousand as contractual compensation for construction works performed, i.e. implementation of road works in the City of Bydgoszcz under the Agreement of 3 November 2017 concluded by the parties, together with statutory interest for delay. All the works under the contract were accepted by ADV without any reservations - the parties signed the final acceptance certificate. After the final acceptance, ADV Por Property Investment S.A. sp. k. refused to pay the due amount in question based on groundless and factually incorrect claims.	The receivables were written off in full amount.	The receivables were written off in full amount.
Value of the dispute: PLN 2.409 thous.	In the letter dated 5 April 2019, the Company withdrew partially its claim, i.e. with respect to the amount of PLN 59 thousand, while maintaining the suit with respect to the amount of PLN 2,409 thousand. By virtue of a decision of 11 May 2019, the Court discontinued the proceedings in part, i.e. with respect to the amount of PLN 59 thousand. On 11 May 2019, the Court issued a payment order requiring the Respondent to pay the Company the amount of PLN 2,409 thousand		

plus statutory interest for late payment and court fees.

On 24 June 2019, ADV Por Property Investment S.A. sp. k. filed an objection to the payment order.

On 5 November 2019, the Company summoned OUTLET CENTER Bydgoszcz Retail Management S.A. sp.k. to participate in the case as a defendant. By virtue of a decision of 10 January 2020, the Court decided to call OUTLET CENTER Bydgoszcz Retail Management S.A. sp.k. to participate in the case as a defendant.

On 24 February 2020, OUTLET CENTER Bydgoszcz Retail Management S.A. sp.k. requested that the action be dismissed in its entirety.

The date of the next trial was set for June 2021.

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6.8. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

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

	30 Jun. 2021	31 Dec. 2020
Trade payables	**371,913**	**258,673**
including to related entities	-	217
Liabilities vis-a-vis budget in relation to:	**27,628**	**37,992**
VAT tax	3,248	3,372
corporate income tax	5,474	17,375
personal income tax	4,560	4,055
Social insurance contribution	12,522	11,596
State Fund for the Rehabilitation of the Disabled	182	183
Employee Capital Plans (PPK)	140	-
holiday accrual (Belgium tax)	891	750
other	407	661
Other liabilities	**78,097**	**37,448**
wages and salaries	14,018	9,962
accruals	4,049	586
short-term employee benefit liabilities	30,718	24,284
Other	29,312	2,616
Total	**477,638**	**334,113**

6.9. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

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

	Change in balance of Cash Flow Statement in the period from January 2021 to June 2021	Change in balance of Cash Flow Statement in the period from January 2020 to June 2020
Change in provision balance	**(1,091)**	1,317
Change in inventory balance	**(28,238)**	70,435
Change of receivables balance	**(143,191)**	(72,911)
Change in balances of short-term liabilities, excluding credits and loans	**166,938**	(4,818)
Change in settlement of assets and liabilities under building contracts	**(184,009)**	18,520
Change in balance of prepayments and accruals	**(9,144)**	(5,146)
Change in balance of working capital	**(198,735)**	**7,397**

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

	Other non-cash adjustments in the Cash Flow Statement in the period from January 2021 to June 2021	Other non-cash adjustments in the Cash Flow Statement in the period from January 2020 to June 2020
share-based payments	**28,343**	-
IPO-related expenses	**(2,682)**	-
Other	**(668)**	(523)
Other non-cash adjustments	**24,993**	**(523)**

6.10. GROUP STRUCTURE AND TRANSACTIONS WITH RELATED ENTITIES

Related entities and consolidation rules: The consolidated financial statements comprise data of the Parent Entity and its subsidiaries.

Subsidiaries are consolidated using the full method from the date of control acquisition to the date of control loss. The control is exercised when the Parent Company is exposed to variable financial results due to its involvement in the entity in which it made investment, or when it has the right to changing financial results and is capable of influencing the level of these financial results by exercising its control over the entity. The financial statements of subsidiaries are drawn up for the same accounting period as the financial statement of the Parent Company using consistent accounting principles. If control is lost over a subsidiary, the profit or loss on the transaction resulting in the control loss is recognized in the income statement.

Settlements, income, expenses and unrealized gains recognised in the assets, arising out of transactions between Group member companies are taken out.

As of the date of control acquisition, the Group determines whether the controlled entity is a business as defined in IFRS 3 or a group of assets not representing a business.

Settlement of acquisition of ventures is made using the acquisition method. Under this method the identifiable assets and liabilities acquired are carried at fair value as of the acquisition date. The payment made under business acquisition transaction is priced using fair value, calculated as collective sum of fair values as the date of acquisition of assets submitted by the Group, liabilities taken by the Group against previous owners of the acquired entity and equity instruments issued by the Group in exchange for taking over control over acquired entity. Acquisition-related costs are recognized in income statement as incurred. The excess of the acquisition price, fair value of previously held interests and non-controlling interests over the fair value of the net assets acquired, subject to the exceptions referred to in IFRS 3, is goodwill.

For asset acquisitions that are not business acquisitions, the purchase price is allocated to the individual assets acquired based on their relative fair values. Transaction costs are included in the initial value of the acquired fixed assets. No goodwill is generated through an asset acquisition transaction.

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Group Structure

As at 30 June 2021, the Group comprises the Parent Company Erbud S.A. along with its subsidiaries, consolidated using the full method, and entities not controlled by Erbud S.A., consolidated using the equity method.

				Parent Company's share in equity (equal to the voting rights held)	
#	Name of entity	Registered office	Scope of activities	30 Jun. 2021	31 Dec. 2020
	Shares held directly				
1	Erbud International Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
2	ONDE S.A. (former Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.)	Toruń	Road engineering and renewable energy sources	**90.00%**	90.00%
3	Erbud Operations Sp. z o.o.	Rzeszów	Construction services	**100.00%**	100.00%
4	Erbud Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
5	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**100.00%**	100.00%
6	GWI GmbH	Düsseldorf, Germany	Construction services	**100.00%**	97.86%
7	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	100.00%
8	Erbud Holding GmbH	Düsseldorf, Germany	Management services	**100.00%**	100.00%
9	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	Construction services	**100.00%**	100.00%
10	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	**39.00%**	39.00%
11	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	**50.00%**	50.00%
12	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	100.00%
13	MOD21 Sp.z o.o.	Ostaszewo	Modular construction of wood	**100.00%**	0.00%

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#	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 30 Jun. 2021	31 Dec. 2020
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o.(following the merger with Erbud Industry Pomorze Sp. z o.o.)	The City of Łódź	Maintenance services in the industrial segment	**99.01%**	99.01%
2	Erbud Industry Pomorze Sp. z o.o. (a merger with Erbud Industry Centrum Sp. o.o.)	The City of Gdańsk	Maintenance services in the industrial segment	**-**	100.00%
3	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**99.29%**	99.29%
4	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
6	Erbud Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
7	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
8	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
9	PflegeQuatier Düren GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
10	WTL20 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
11	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
12	WTL80 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
13	WTL100 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
14	WTL120 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
15	WTL130 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
16	WTL140 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
17	WTL150 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
18	WTL160 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
19	WTL170 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
20	IIDE Projekt Sp. z o.o.	Toruń	Design services in the RES segment	**100.00%**	0.00%
21	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	0.00%
22	Azuryt 6 Investments Sp. z o.o.	The City of Łódź	Renewable energy sources	**50.00%**	0.00%
24	Elektrownia DEPVPL sp. z o.o.	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
25	KWE Spółka z o.o.	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
26	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	0.00%

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

On 22 March 2021, a subsidiary of ONDE S.A. acquired 100% shareholding in 10 SPVs from two non-related parties. The acquisition prices of the companies ranged from PLN 165 thousand to PLN 900 thousand and the total value of all these transactions amounted to PLN 3,615 thousand (the transaction price is settled in cash) Because these transactions are immaterial on a stand-alone basis, the Group presents disclosures about these transactions in total.

The companies did not run operations nor generated any revenues as of the transaction date. The assets of each company comprise a concluded land lease agreement specifying the area for the construction of photovoltaic farms and cash in the total amount of PLN 42 thousand.

On 14 June 2021 ONDE S.A. entered into an agreement to acquire 100% shareholding of a company that owns two photovoltaic farm projects from three unrelated parties. The transaction price totalled PLN 10,647 thousand and will be settled in cash. Transaction costs related to this transaction were immaterial. The company's assets include mainly fixed assets under construction with the book value of PLN 929 thousand, receivables due to deposits in connection with participation in the RES auction in the amount of PLN 1,079 thousand and concluded land lease agreements. As of the acquisition date, the Company does not generate revenues and do not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition.

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

Acquisition of shares in jointly controlled entities

On 1 June 2021 ONDE S.A. entered into an agreement to purchase a 50% interest in a company that owns photovoltaic farm projects from an unrelated party. The transaction price totalled PLN 14.687 thousand and will be settled in cash. Transaction costs related to this transaction were immaterial. The assets of the acquired company comprise mainly prepayments for deliveries with a value of PLN 900 thousand and a building permit, concluded land lease agreements and according to a preliminary assessment the acquired company is not a business, but a group of assets. It was initially assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

On 25 June 2021 ONDE S.A. entered into an agreement to acquire a 50% interest in a company that owns photovoltaic farm projects from an non-related party. The transaction price totalled PLN 3,162 thousand and will be settled in cash. Transaction costs related to this transaction were immaterial. The assets of the acquired company include mainly fixed assets under construction with a value of PLN 975 thousand as well as building permits, concluded land lease agreements and according to a preliminary assessment the acquired company is not a business, but a group of assets. It was assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

On 25 June 2021 ONDE S.A. entered into an agreement to purchase a 50% interest in a company that owns photovoltaic farm projects from an non-related party. The transaction price totalled PLN 4.901 thousand and will be settled in cash. Transaction costs related to this transaction were immaterial. The assets of the acquired company comprise mainly prepayments for deliveries worth PLN 3,527 thousand and a building permit, concluded land lease agreements and according to a preliminary assessment the acquired company is not a business, but a group of assets. It was assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

The purchase price of shares in these entities is disclosed in the balance sheet under "Financial assets" and the share in the profits of these entities is disclosed in the income statement under "share in net profits (losses) of jointly controlled entities valued using the equity method".

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

Acquisition of entities that represent a business

On 19 April 2021 the subsidiary ONDE S.A. acquired 100% shareholding in IDE PROJEKT Sp. z o.o. with its registered office in Toruń for PLN 500 thousand (paid in cash) from a non-related entity. The object of IDE PROJEKT Sp. z o.o. is the investment service in the field of photovoltaic farms. Transaction costs related to this transaction were immaterial. The assets of the acquired company consist mainly of cash and receivables from non-related entities in the total amount of PLN 625 thousand. The company's liabilities include mainly amounts due to other entities in the amount of PLN 176 thousand. The transaction was initially classified as a business acquisition due to the fact that, in accordance with IFRS 3 Business Combinations, inputs, processes and outputs are identifiable in IDE Projekt Sp. z o.o. The purpose of the acquisition of the photovoltaic farm development company is to expand the scope of ONDE's supply chain with its subsidiaries in the area of photovoltaic farm development.

The following is the allocation of the acquisition price of IDE Projekt:

	Fair value
Intangible assets	6
Cash and cash equivalents	531
Receivables	73
Prepayments	11
Assets (A)	**621**
Liabilities and accruals	176
Liabilities (B)	**176**
Fair value of assets, net (A-B)	**444**
Acquisition price (paid in cash) (D)	500
Total acquisition price with non-controlling stake (E)=(C)+(D)	**500**
GOODWILL	**56**

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On 31 March 2021 subsidiary Erbud Industry Centrum Sp. z o.o. acquired 100% of shares of SATCHWELL POLSKA Sp. z o.o. for PLN 4,950 thousand. The purpose of the acquisition of shares is to expand the competence of the Industry Group in the field of electrical installations and industrial automation systems.

The following is the allocation of the acquisition price of Satchwell:

	Fair value
Tangible fixed assets	2,260
Intangible assets	4
Cash and cash equivalents	3,330
Inventory	236
Receivables	1,808
Prepayments	55
Deferred tax assets	49
Assets (A)	**7,742**
Liabilities and accruals	2,877
Provisions	489
Liabilities (B)	**3,366**
Fair value of assets, net (A-B)	**4,376**
Acquisition price (paid in cash) (D)	4,950
Total acquisition price with non-controlling stake (E)=(C)+(D)	**4,950**
GOODWILL	**574**

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

On 1 June 2021 the Parent Company Erbud S.A. acquired 100% of the shares of Ballinger Rohrleitungsbau GmbH, which changed its name to IKR GmbH, for the amount of PLN 28 467 thousand. This transaction is an element of the development strategy, which assumes, among others, expanding the competence in the field of construction and development of industrial installations as well as service and maintenance of these installations, through acquisitions. The Western European markets, including Germany, are of particular importance to the Group due to the fact that the Group has been operating in this area for many years.

The following is the allocation of the acquisition price of IKR GmbH. the Values were estimated on a preliminary basis and a final transaction estimate will be made by the end of 2021:

	Other relation
Tangible fixed assets	3,862
Intangible assets	22
Inventory	33
Receivables	35,451
Prepayments	33,806
Assets (A)	**73,174**
Liabilities and accruals	32,850
Provisions	11,978
Liabilities (B)	**44,827**
Fair value of assets, net (A-B)	**28,347**
Acquisition price (paid in cash) (D)	28,467
Total acquisition price with non-controlling stake (E)=(C)+(D)	**28,467**
GOODWILL	**120**

6.11. Transactions with related entities

Transactions with related entities

The following tables show the totals of transactions made by the Group with Erbud S.A. Group member companies in the period ended on 31 December 2020 and in the period ended on 31 December 2019.

		30 Jun. 2021			31 Dec. 2020	
		Non-consolidated subsidiaries	Jointly controlled companies*	Total	Non-consolidated subsidiaries	Total
Note 6.3.	Trade receivables	1,304	-	**1,304**	-	**-**
Note 5.1.2	Loans extended	251	1,200	**1,451**	-	**-**
Note 6.7.	Trade payables	-	-	**-**	217	**217**
Note 4.2.	Sales revenues	1,031	-	**1,031**	567	**567**
Note 4.2.	Interest income on loans extended	1	-	**1**	-	**-**

ERBUD Condensed Consolidated Financial Statement as of 30 June 2021 ('000 PLN, unless specified otherwise)

Purchase of goods and services	-	560	-	-	-

At individual balance sheet dates the managing persons (members of the Management and Supervisory Boards) held the following number of shares (all shares are ordinary shares):

Shareholder	30 Jun. 2021 No. of shares /votes	30 Jun. 2021 % of shareholding in the share capital counted in votes at the General Meeting of Shareholders	31 Dec. 2020 No. of shares /votes	31 Dec. 2020 % of shareholding in the share capital counted in votes at the General Meeting of Shareholders
Dariusz Grzeszczak	737,603	6.04%	773,900	6.04%
Józef Adam Zubelewicz	-	-	259,500	2.03%
Jacek Leczkowski	5,174	2.03%	-	-
Agnieszka Głowacka	3,938	0.03%	4,077	0.03%
Albert Dürr	27,508	0.22%	28,000	0.22%
Total	**774,223**	**8.32%**	**1,065,477**	**8.32%**

As of the date of submission of these financial statements, the Management Board members and proxies do not hold any share-based benefits.

POST-ACCOUNTING PERIOD EVENTS

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 PLN 200 million in cash and reducing its share in the ONDE capital to 60.7%. ERBUD intends to use the acquired funds as equity for an investment in the manufacturing of modular houses and for the acquisition of companies in the industrial services segment, both in Poland and abroad. From the perspective of the ERBUD Group, the value of acquired cash will amount to PLN 414,809 thousand and will be presented in the consolidated financial statements as the result on transactions with non-controlling shareholders and as an increase in equity of non-controlling shareholders.

On 20 August 2021. The District Court in Toruń registered the equity increase in ONDE. The equity increase was made through the issuance of 8,250,000 shares. Thus ONDE raised its equity worth PLN 214,500 thousand. The company intends to use the funds raised to develop RES projects (wind and PV) where it will act as a developer.

On 26 August 2021 the Management Board of ERBUD S.A. decided to issue D-series bonds. Erbud S.A. wants to issue bonds for PLN 75 million, of which PLN 52 million will be used to redeem C-series bonds, which fall due on 27 September 2021, and the outstanding amount will be allocated to the current operations and the aforementioned acquisitions.

Signatures of all Management Board members:

Dariusz Grzeszczak /A Management Board member/	Jacek Leczkowski /A Management Board member/
Agnieszka Głowacka /A Management Board member/	Radosław Górski /A Management Board member/

Warsaw, 1 September 2021