ERBUD S.A.

Interim Condensed Separate Financial Statement

for accounting period closed on 30 June 2022

Drawn up in compliance with the International Accounting Standard No. 34 “Interim Financial Reporting”

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

STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For the period of 6 months, ended on 30 Jun. 2022	For the period of 6 months, ended on 30 June 2021	For the period of 3 months, ended on 30 Jun. 2022	For the period of 3 months, ended on 30 June 2021
		Unaudited data	Unaudited data	Data not covered by audit	Data not covered by audit
	CONTINUING OPERATIONS				
Note 4.2	Revenues from sales of products and services	906,785	580,418	490,555	317,778
Note 4.2.- 4.3.	Cost of products and services sold	868,957	543,642	469,413	298,036
	Gross sales profit/(loss)	**37,828**	**36,776**	**21,142**	**19,742**
Note 4.3.	Cost of sales	3,319	3,047	1,866	1,502
Note 4.3.	General and administrative (G&A) costs	32,558	30,201	17,979	16,745
	Other operating income	1,659	2,777	562	2,155
	Other operating expenses	598	669	94	228
	Loss reversal/(impairment) of financial assets and contract valuation assets	(1,765)	(538)	(1,765)	(1,735)
Note 4.2.	**Operating profit**	**1,247**	**5,098**	**-**	**1,687**
	Financial income	25,445	30,639	23,520	715
	Financial expenses	6,799	3,363	3,917	2,023
Note 4.2.	**Gross profit**	**19,893**	**32,374**	**19,603**	**379**
Note 4.4.	Corporate income tax	4,524	1,440	4,463	4,380
	Net profit	**15,369**	**30,934**	**15,140**	**(4,001)**
	Comprehensive income	**15,369**	**30,934**	**15,140**	**(4,001)**
	Basic and diluted earnings per share (in PLN)	**1.27**	**2.50**	**1.25**	**(0.41)**

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

STATEMENT OF FINANCIAL POSITION

		30 Jun. 2022	31.12.2021
		Unaudited data	
	ASSETS	**1,017,509**	**897,133**
Note 6.1.	Intangible assets	1,578	1,709
Note 6.1.	Tangible fixed assets	59,610	54,341
Note 5.1.	Financial assets	34,304	13,448
Note 6.9.	Other financial assets	103,193	103,588
Note 4.4.	Deferred tax assets	28,021	25,325
Note 2.1.	Receivables under building contracts - bid bonds	12,549	13,190
	Fixed assets	**239,255**	**211,601**
	Inventory	1,415	1,415
Note 2.1.	Receivables under building contracts - bid bonds	13,155	13,272
Note 4.2.	Pricing of building contracts - assets	127,507	98,801
Note 6.3.	Trade receivables	460,414	313,840
Note 6.3.	Other receivables	25,089	22,060
Note 5.1.	Financial assets	46,722	16,302
Note 3.7.	Cash and cash equivalents	93,117	198,931
Note 3.7.	Cash assets in VAT account	5,572	16,922
	Short-term prepayments	5,263	3,989
	Current assets	**778,254**	**685,532**
	LIABILITIES	**1,017,509**	**897,133**
Note 3.1.	Share capital	1,210	1,240
	Own shares	(20,000)	(70,000)
	Supplementary capital	260,140	205,140
	Reserve capital	95,337	42,540
	(Losses carried forward)/Retained earnings	(11,694)	150,703
	Shareholders' equity	**324,993**	**329,623**
Note 3.2.-3.4.	Debt	112,714	112,572
Note 6.5.	Provisions	1,139	812
	Long-term liabilities	**113,853**	**113,384**
Note 3.2.-3.4.	Debt	41,656	8,795
Note 6.5.	Provisions	22,728	22,874
Note 2.1.	Liabilities vis-à-vis subcontractors - bid bonds	121,069	110,000
Note 4.2.	Pricing of building contracts - liabilities	198,303	116,379
Note 6.7.	Trade payables	161,043	161,982
Note 6.7.	Other liabilities	33,864	34,096
	Short-term liabilities	**578,663**	**454,126**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For a 6-month-period ended on 30 June 2021 and for a 6-month-period ended on 30 June 2022 - Unaudited data

	Share capital	Own shares	Supplementary capital	Reserve capital	Retained losses/earnings	Total
As of 1 Jan. 2021	**1,240**	**-**	**202,832**	**17,540**	**275**	**221,887**
Net result in the accounting period	-	-	-	-	30,934	**30,934**
Total comprehensive income	**-**	**-**	**-**	**-**	**30,934**	**30,934**
Net retained earnings carried forward	-	-	2,308	25,000	(27,308)	**-**
Acquisition of own shares	-	(20,000)	-	-	-	**(20,000)**
As of 30 June 2021	**1,240**	**(20,000)**	**205,140**	**42,540**	**3,901**	**232,821**
As of 1 Jan. 2022	**1,240**	**(70,000)**	**205,140**	**42,540**	**150,703**	**329,623**
Net result in the accounting period	-	-	-	-	15,370	**15,370**
Total comprehensive income	**-**	**-**	**-**	**-**	**15,370**	**15,370**
Net retained earnings carried forward	-	-	100,000	77,767	(177,767)	**-**
Decrease of share capital	(30)	70,000	(45,000)	(24,970)	-	**-**
Acquisition of own shares	-	(20,000)	-	-	-	**(20,000)**
As of 1 Jun. 2022	**1,210**	**(20,000)**	**260,140**	**95,337**	**(11,694)**	**324,993**

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

CASH FLOW STATEMENT

		For the period of 6 months, ended on 30 Jun. 2022	For the period of 6 months, ended on 30 Jun. 2021	For the period of 3 months, ended on 30 Jun. 2022	For the period of 3 months, ended on 30 Jun, 2021
		Unaudited data	Unaudited data	Data not covered by audit	Data not covered by audit
	OPERATIONAL CASH FLOWS				
	Gross profit/loss	19,893	32,374	19,603	(696)
	Amortization and depreciation	5,589	3,553	2,716	1,713
	Foreign exchange gains/losses	(1,194)	(381)	(688)	(543)
	Dividends and interests	456	(30,156)	163	(1,191)
	Other non-cash adjustments	(884)	(195)	(854)	(60)
	Net proceeds from the disposal of related entity	(18,294)	-	(18,294)	-
	Income tax (paid)/reimbursed	(6,689)	(3,620)	(6,515)	(3,620)
Note 6.8.	Change in balance of working capital	(76,875)	(31,651)	(58,613)	(32,087)
	Operational cash flows, net	**(77,998)**	**(30,076)**	**(62,482)**	**(36,484)**
	INVESTMENT ACTIVITY CASH FLOWS				
	Inflows from credits/loans extended	9,112	10,048	-	-
	Dividend income	-	29,185	-	-
	Other inflows	195	1,296	156	472
	Proceeds from participation in the subsidiary's share buy-back plan	19,023	-	19,023	-
	Expenditures on the acquisition of tangible fixed assets	(7,542)	(39,364)	(4,099)	(12,737)
	Expenditures on the acquisition of investment real properties	-	-	-	-
	Loans extended expense	(56,984)	(34,814)	(31,821)	(30,250)
	Investment activity cash flows, net	**(36,196)**	**(33,649)**	**(16,741)**	**(42,515)**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	32,926	56,962	21,675	57,211
	Debt (principal) repayment expense - principal	(1,629)	(15,613)	(1,629)	-
	Lease debt repayment expense - principal	(1,267)	(871)	(605)	(871)
	Debt (interest) repayment expense	(1,650)	(1,071)	(1,232)	(828)
Note 3.1.	Acquisition of own shares	(20,000)	(20,000)	(20,000)	(20,000)
	Financial activity cash flows, net	**8,380**	**19,407**	**(1,791)**	**35,512**
	NET CASH FLOWS	**(105,814)**	**(44,318)**	**(81,014)**	**(43,487)**
	Opening cash balance	**198,931**	**102,759**	**174,131**	**101,928**
	Closing cash balance	**93,117**	**58,441**	**93,117**	**58,441**

The Financial Statement comprises icons that represent:

 Accounting Policy

 Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

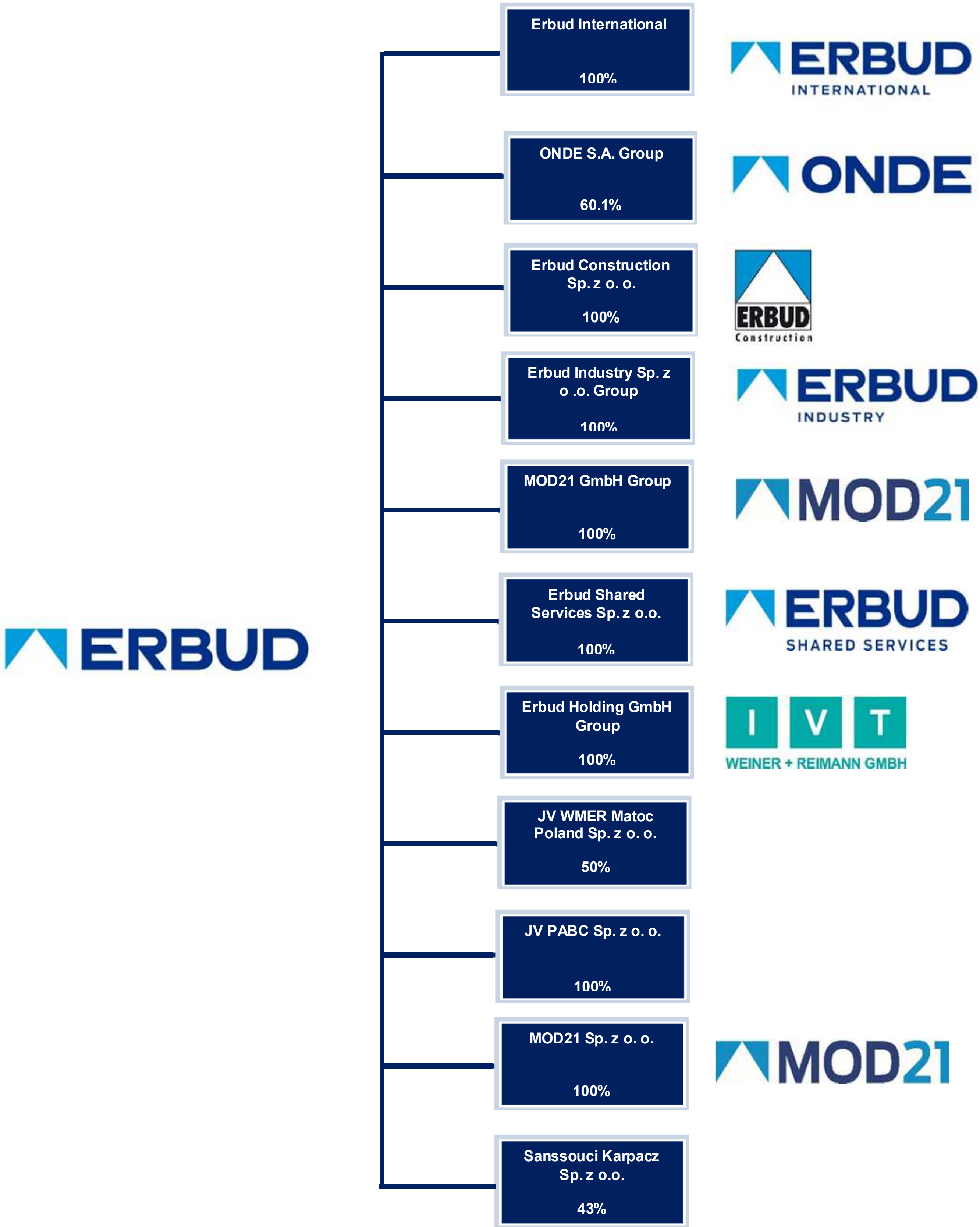
Erbud S.A. is a joint-stock company established following the transformation from Erbud limited liability company, registered on 29 November 2006 by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under No. 0000268667, with its registered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

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

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

The Company is the Parent Company in the Erbud S.A. Capital Group and draws up consolidated financial statements of the Erbud S.A. Group.

1. BACKGROUND INFORMATION



Detailed organisational structure of the Group is presented in the Note 6.9. 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 Company's Interim Condensed Financial Statements closed on 30 June 2021 were drawn up in compliance with the International Financial Reporting Standard ("IFRS"), as endorsed by the European Union and as applicable on 30 June 2022.

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

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

This Financial Statement was approved for publication by the Management Board on 2 September 2022.

Going concern

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

Impact of COVID-19

To date the Company has not recorded a material impact of COVID-19 on its current operations. The building contracts were carried out in adherence to the planned schedules, and no penalties for project delays were recorded. Additional costs of securing necessary safety for the personnel were not significant and did not have material impact on the Company's H1 2022 performance. The coronavirus pandemic did not undermine Company's liquidity, and the Company maintained a stable cash balance throughout the year and paid its liabilities in a timely manner. The Company also experienced no change in the recoverability of accounts receivable, which were paid by the customers on an on-going basis with no significant delays.

Impact of armed conflict in Ukraine

Following the Russia's invasion of Ukraine, both the world and Poland faced a fuel crisis and the weakening stock markets and currencies of neighbouring countries. Raw material prices and their availability have become a much bigger issue in the construction business than COVID 19 hazards.

The Management Board monitors on an on-going basis the impact of the political and economic situation in Ukraine, Russia and Belarus on the ERBUD Group's operations. For more than a year we have been dealing with price hikes of building materials and labour in the Polish market. The company takes the risk of rising material and labour prices into account in the calculations it makes on an on-going basis. The Management is taking measures to reduce the impact of the price shock caused by the conflict in Ukraine, such as diversifying the business geographically as well as by segment, while negotiating contract terms with principals.

Pricing at fair value

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

Conversion of items into foreign currencies

The items specified in the Interim Condensed Financial Statements are measured in the currency of the core business environment where the entity carries out its operations ("functional currency”). The functional currency of the Company and the currency used for the presentation of the financial statement is the Polish zloty (PLN)

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

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

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

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

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

a) Amendments to IFRS 3 "Business Combinations"

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

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

The amendment to IAS 16 introduces a ban on adjusting the cost of production of property, plant and equipment by the amounts obtained from the sale of components produced during the period of preparation of the property, plant and equipment for operation in accordance with the management's intentions. Instead, the entity will recognise the above sales revenues and related costs directly in the income statement.

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

The amendments to IAS 37 provide an explanation of the costs that an entity takes into account when analysing whether a contract is an onerous contract.

d) Annual Amendments to IFRS 2018 - 2020

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

The amendments contain clarifications and describe more precisely the guidelines for standards on recognition and measurement.

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

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

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

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

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

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

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

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

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

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

In February 2021the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of estimates. The amendment to IAS 8 clarifies, how entities should distinguish between changes in accounting policies and changes in accounting estimates. The amendment comes into force on 1 January 2023.

d) Amendments to IAS 12 "Income Taxes"

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

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

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

The Council has published amendments to IAS 1 that clarify the issue of presentation of liabilities as long and short-term ones. The published amendments shall apply to financial statements for periods beginning on or after 1 January 2023.

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

f) Amendment to IFRS 17 "Insurance Contracts"

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

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

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

g) IFRS 14 "Regulatory Deferral Accounts"

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

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

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

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

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

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

2. BUILDING CONTRACTS

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

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

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

Revenues and expenses on account of performed construction contracts are recognized by the Company in time as the progress of works is made. The Company measures contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of construction contracts in the period from the Contract Date to the balancing date proportionally to the progress rate of of a certain contract performance by way of evaluation of the achieved results and milestones. From thus determined figures the Company deducts revenues and expenses, which affected the financial result in previous years, generating revenues and costs under building contracts executed in the current period. A change of the estimated progress rate of contract execution is treated as a change in estimate and affects the amount of revenues recognized in the period in which the change in estimate was made. If it is not possible to determine progress rate of non-finished service (including construction service) or expected total cost of service delivery in a reliable manner, then the revenues are determined at the level of costs born in a certain accounting period, however, not higher than costs, which are expected to be covered by the employer in the future.

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All above mentioned building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on construction contract assets are recognized, they are not subject to aging and are treated entirely as current, not past due.

The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Company recognizes invoiced revenues in the line "Trade and other receivables" (Note 6.3) The Contractors under building contracts signed with the Group retain part of the payments as contract performance bond. These figures are recognized in the line "Building contract receivables - bid bonds" (Note 2.1) and are refundable most often after project completion after the end of the warranty period.

The Company engages subcontractors to carry out work related to the implementation of building contracts. The invoiced costs related to subcontractors' employment are recognized in the line "Trade payables" (Note 6.7) The Company retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Building contract liabilities - bid bonds" (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 4.4.

The Company sets up provisions for contracts with negative margins when it has found out grounds to claim that a given building contract in progress will end with a loss. Provisions are charged into the costs of a given period at the full value of the expected loss on a given contract and are disclosed in the balance sheet under "Provisions" (Note 6.5.).

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

The Company engages subcontractors to carry out work related to the execution of building contracts. The Company acts as principal with respect to work performed by subcontractors. The invoiced costs related to subcontractors' employment are recognized as "Trade payables" (Note 6.7) The Company retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Liabilities vis-a-vis subcontractors - bid bonds" (Note 2.1)

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

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

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

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

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

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

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

2. BUILDING CONTRACTS

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 6.3. The value of bid bonds receivable is updated by the Company with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.3. 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 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. 2022			31.12.2021		
	Refund below 12 months	Refund above 12 months	Total	Refund below 12 months	Refund above 12 months	Total
Receivables under building contracts - bid bonds prior to discounting	**14,016**	**16,322**	**30,338**	**14,612**	**15,142**	**29,754**
Revaluation write-off for impairment	**(691)**	**(53)**	**(744)**	**(1,221)**	**-**	**(1,221)**
Discounted bid bonds	(170)	(3,720)	**(3,890)**	(119)	(1,952)	**(2,071)**
Receivables under building contracts - bid bonds	**13,155**	**12,549**	**25,704**	**13,272**	**13,190**	**26,462**
Liabilities vis-à-vis subcontractors - bid bonds in nominal terms	**121,069**	**-**	**121,069**	**110,000**	**-**	**110,000**

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. All receivables from deposits are in the range of non-matured receivables for which default rates were applied similarly to the ones used for calculating expected credit losses in relation to assets under contract. The amount of the write-off for expected credit losses and its changes in the presented periods are insignificant and therefore the Company does not present movements on this allowance. No bid bond receivables have been identified for which additional specific allowances would be necessary.

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3. CAPITAL AND DEBT MANAGEMENT

3.1. CAPITAL MANAGEMENT

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

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

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

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

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

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

Share capital

As of 30 June 2022, the share capital consisted of 12 399 502 shares with a total value of PLN 1,209,650.20, and the structure of shareholders holding over 5% of the share capital and members of the Management Board and entities controlled by them was as follows:

Shareholder	No. of shares	% shareholding in share capital
Wolff & Muller Holding GmbH & Co.KG	3,592,950	29.69%
Wolff & Müller Holding GmbH & Co. KG	261,887	2.16%
Durr Holding GmbH	12,712	0.11%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	1,321,553	10.93%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A. (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	9.92%
AVIVA Open-End Pension Fund Aviva Santander	1,183,146	9.78%
Dariusz Grzeszczak	1,231,907	10.18%
PKO BP Bank Open-Ended Pension Fund	715,279	5.91%
Jacek Leczkowski	5,112	0.04%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	13,642	0.11%
Other shareholders	2,554,376	21.13%
Total	**12,096,502**	**100%**

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

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

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

ERBUD S.A. shares are ordinary bearer shares and are not 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.

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

Following the change, the Company's share capital amounts to PLN 1,209,650.20 (one million two hundred and nine thousand six hundred and fifty zloty and 20/100) and is divided into 12,096,502 (twelve million ninety-six thousand five hundred and two) A series ordinary bearer shares, with a par value of PLN 0.10 (ten groszys) each, marked with ISIN code PLERBUD00012.

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

Thus the current amount of share capital totals PLN 1,209,650.20, and the share capital is divided into 12,096,502 A series ordinary bearer shares with a par value of PLN 0.10 each.

The total number of votes attached to all issued Company shares is 12.096.502.

Basic earnings per share are calculated by dividing net profit /(loss) for the period, allocated to ordinary shareholders of the Company, by the weighted average number of the issued ordinary shares over the accounting period. Own shares bought back by the Company for redemption are excluded from the calculation of the weighted average number of shares for the periods presented.

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

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

Below basic and diluted earnings per share are presented.

	For the period of 6 months, ended on 30 Jun. 2022	For the period of 6 months, ended on 30 Jun. 2021
Net profit	15,369	30,934
Average weighted number of ordinary shares (in pcs.)	12,096,502	12,381,679
Basic and diluted earnings per share (in PLN)	**1.27**	**2.50**

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3.2. CREDIT AND LOAN LIABILITIES

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

	30 Jun. 2022	31.12.2021
Long-term		
Bank loans	24,961	27,456
Loans	5,710	3,985
	30,671	31,441
Short-term		
Overdraft facilities	31,381	-
Bank loans	4,992	3,744
Loans	478	-
	36,851	3,744
Total credit and loan liabilities	**67,522**	**35,185**

	30 Jun. 2022		31.12.2021	
	In the functional currency	In foreign currency EUR	In the functional currency	In foreign currency EUR
Loans and borrowings				
Long-term	30,671	-	31,441	-
Short-term	36,851	-	3,744	-
Total	**67,522**	**-**	**35,185**	**-**

Loans shown as long-term and short-term bear interest rate of WIBOR 1M + 1.5%-2.8%, WIBOR 3M + 2.2% and 3M Euribor +1.9 - 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.

Information on collateral for debt obligations secured with tangible fixed assets is presented in Note 3.5.

As of the balance sheet date of 30 June 2022 the ERBUD S.A. has access to bank and insurance multi-purpose lines with a total value of PLN 1,926,360 thousand. (including a limit jointly shared with Erbud S.A., Erbud Industry Sp. z o.o. and ONDE S.A. in Hestia in the amount of PLN 265 000 thousand), which may be used mainly for loans or bank and insurance guarantees. As of the balance sheet date of 30 June 2022, the ERBUD S.A. utilized PLN 31,200 thousand to draw loans and PLN 600,153 thousand for bank and insurance guarantees.

As of the balance sheet date of 31 December 2021 the ERBUD S.A. has access to bank and insurance multi-purpose lines with a total value of PLN 1,110,341 thousand (including a limit jointly shared with Erbud S.A., Erbud Industry Sp. z o.o. and ONDE S.A. in Hestia in the amount of PLN 265 000 thousand), which may be used mainly for loans or bank and insurance guarantees. As of the balance sheet date of 31 December 2021, the ERBUD S.A. utilized PLN 31,200 thousand to take out loans and PLN 586,854 thousand for bank and insurance guarantees.

Covenants

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During the year, as of 30 June 2022 and up to the date of approval of the financial statement, all covenants have been met.

3.3. DEBT RELATED TO ISSUED BONDS

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

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

:

Issue date	Type of issued bonds	Currency (specify whether functional or foreign currency)	Interest rate	Maturity date	Purpose of financing	Par value of shares	
						30 Jun. 2022	31 Dec. 2021
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6 M + 2.6% margin	23 Sept. 2025	for financing of core activity and/or acquisitions from the industrial services sector in Poland and Germany	75,586	75,586
			Total bond liability as of 30 June 2022 of which:			**75,586**	**75,586**
			long-term			75,000	75,000
			short-term			586	586

3.4. LEASE LIABILITIES

Period		30 Jun. 2022 Nominal value of minimum payments	31 Dec. 2021 Nominal value of minimum payments
Below 1 year	Short-term	5,185	5,445
Above 1 year	Long-term	6,742	5,832
Nominal value of minimum payments		**11,927**	**11,277**
Future lease financial costs		665	681
Present value of minimum payments		**11,262**	**10,596**
Below 1 year	Short-term	4,804	4,465
Above 1 year	Long-term	6 458	6,131

3.5. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 June 2022 and 31 December 2021, there were no liabilities secured with tangible fixed assets.

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

3.6. CONTINGENT ASSETS AND LIABILITIES

	Contingent assets		Contingent liabilities	
	30 Jun. 2022	**31 Dec. 2021**	**30 Jun. 2022**	**31 Dec. 2021**
Related parties				
Guarantees and sureties	70,000	50,000	304,637	342,445
Total	**70,000**	**50,000**	**304,637**	**342,445**
Other items				
Guarantees and sureties	91,538	90,000	600,153	586,854
Litigations	-	-	46,682	46,682
Including dispute against Warsaw Modlin Airport (MPL)	-	-	34,381	34,381
Total	**91,538**	**90,000**	**646,835**	**633,536**

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

On 29 June 2022, an annex to the loan agreement with PKO BP was signed, under which the credit limit (credit + guarantees) was raised from PLN 50 million to PLN 70 million. This loan is secured by, *inter alia*, a joint and several surety issued by Onde and Erbud International, which was also raised up to PLN 70 million due to credit limit increase.

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

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 Company has at its disposal cash with restricted availability. This category primarily comprises funds pledged as security for bank guarantees issued in connection with building contracts executed by the Company.

The Company 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 Company'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 6.3)

	30 Jun. 2022	31 Dec. 2021
Cash in hand	5	2
Cash at bank	93,112	198,929
Total cash and cash equivalents	**93,117**	**198,931**

The amount of the impairment loss on cash is marginal.

Cash on VAT bank accounts as 30 June 2022 totalled PLN 5,572 thousand. (as of 31 December 2021 they totalled PLN 16,922 thousand) These funds are presented in a separate line in the balance sheet.

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ALTERNATIVE PERFORMANCE MEASURES

The Management Board analyses the performance of individual segments using Key Performance Indicators (KPIs) such as EBIT, EBIT and EBITDA margin. The Company's Management Board considers the aforementioned measures as important additional performance measures and therefore presents them in the report next to the measures defined by IFRS. It should be borne in mind that EBIT, as well as EBIT and EBITDA margins these are not KPIs defined in IFRS and they do not represent standardized measures, therefore their calculation methods may differ from one entity to another in the market. Accordingly, these KPIs should not be analysed in isolation or as substitutes for measures defined by IFRS.

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

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

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

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

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

	30 Jun. 2022	30 Jun. 2021
Net profit for the accounting period	**15,369**	**30,934**
Income tax	4,524	1,440
Gross profit	**19,893**	**32,374**
Financial expenses	6,799	3,363
Financial income	25,445	30,639
EBIT	**1,247**	**5,098**
Amortization and depreciation	5,589	3,553
EBITDA	**6,836**	**8,651**
Revenues from sales of products and services	906,785	580,418
EBIT margin	0.1%	0.9%

4.2. ACCOUNTING SEGMENTS

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

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

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

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

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

The Company operates in Poland and abroad (in Germany, Belgium) Revenues from external customers and assets in any country other than Poland are not significant, therefore they were aggregated in the total line and disclosed as "Foreign operations".
There is no strong seasonality effect in the Company's operations.

	For the period of 6 months, ended on 30 Jun. 2022			For the period of 6 months, ended on 30 June 2021		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	885,797	20,988	**906,785**	551,978	28,440	**580,418**
Accrued and deferred income	884,412	20,988	**905,400**	549,813	28,440	**578,253**
Income recognized at a certain point in time	1,385	-	**1,385**	2,165	-	**2,165**
Fixed assets other than financial instruments and deferred tax assets	198,685	-	**198,685**	175,276	-	**175,276**

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

						For the period of 6 months, ended on 30 Jun. 2022
	Domestic building construction	Foreign building construction	Industrial construction segment at home	Water engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	883,847	20,988	-	1,950	-	**906,785**
Total sales revenues	**883,847**	**20,988**	**-**	**1,950**	**-**	**906,785**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	847,926	19,461	-	1,570	-	**868,957**
Other operating profit/loss	(33,640)	177	(9)	(2,113)	(996)	**(36,581)**
Segment performance – EBIT	**2,281**	**1,704**	**(9)**	**(1,733)**	**(996)**	**1,247**
EBIT margin	0.3%	8.1%	-	(88.9%)	-	**0.1%**
Profit (loss) on financial activities (financial income less financial expenses)						**18,646**
Gross profit/loss						**19,893**
Income tax						**4,524**
Net profit/loss						**15,369**
Amortization and depreciation	5,532	-	-	31	26	**5,589**
Segment performance – EBITDA	**7,813**	**1,704**	**(9)**	**(1,702)**	**(970)**	**6,836**
Assets and liabilities						
Pricing of building contracts - assets	**124,409**	**882**	**-**	**2,216**	**-**	**127,507**
Other assets						**890,002**
Total assets						**1,017,509**
Pricing of building contracts - liabilities	**196,229**	**2,074**	**-**	**-**	**-**	**198,303**
Other liabilities						**819,206**
Total liabilities						**1,017,509**
Other material items						
Loss reversal/(impairment) of financial assets and contract valuation assets	(1,765)	-	-	-	-	**(1,765)**
Capital expenditures on tangible fixed and intangible assets	7,543	-	-	-	-	**7,543**
Interest income	4,533	-	-	-	-	**4,533**
Interest expenses	5,254	-	-	-	-	**5,254**

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						For the period of 6 months, ended on 30 June 2021
	Domestic building construction	Foreign building construction	Industrial construction segment at home	Water engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	551,275	28,440	-	-	703	**580,418**
Total sales revenues	**551,275**	**28,440**	**-**	**-**	**703**	**580,418**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	516,038	27,560	44	-	-	**543,642**
Other operating profit/loss	(29,715)	(599)	(1)	(532)	(831)	**(31,678)**
Segment performance – EBIT	**5,522**	**281**	**(45)**	**(532)**	**(128)**	**5,098**
EBIT margin	1%	1%	-	-	(18%)	**1%**
Profit (loss) on financial activities (financial income less financial expenses)						**27,276**
Gross profit/loss						**32,374**
Income tax						**1,440**
Net profit/loss						**30,934**
Amortization and depreciation	3,523	7	-	-	23	**3,553**
Segment performance – EBITDA	**9,045**	**288**	**(45)**	**(532)**	**(105)**	**8,651**
Assets and liabilities						
Pricing of building contracts - assets	**88,910**	**627**	**-**	**-**	**-**	**89,537**
Other assets						**668,216**
Total assets						**757,753**
Pricing of building contracts - liabilities	**119,774**	**3,279**	**-**	**-**	**-**	**123,053**
Other liabilities						**634,700**
Total liabilities						**757,753**
Other material items						
Loss reversal/(impairment) of financial assets and contract valuation assets	(538)	-	-	-	-	**(538)**
Capital expenditures on tangible fixed and intangible assets	37,349	-	-	-	-	**37,349**
Interest income	954	-	-	-	-	**954**
Interest expenses	1,269	-	-	-	-	**1,269**

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						For the period of 3 months, ended on 30 Jun. 2022
	Domestic building construction	Foreign building construction	Industrial construction segment at home	Water engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	478,799	10,454	-	715	-	**489,968**
Total sales revenues	**478,799**	**10,454**	**-**	**715**	**-**	**489,968**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	458,991	9,375	-	461	-	**468,827**
Other operating profit/loss	(18,553)	80	(1)	(2,113)	(555)	**(21,142)**
Segment performance – EBIT	**1,255**	**1,159**	**(1)**	**(1,859)**	**(555)**	**(1)**
EBIT margin	0.3%	11.1%	-	(260.0%)	-	**0.0%**
Profit (loss) on financial activities (financial income less financial expenses)						**19,603**
Gross profit/loss						**19,602**
Income tax						**4,463**
Net profit/loss						**15,139**
Amortization and depreciation	2,666	-	-	31	19	**2,716**
Segment performance – EBITDA	**3,921**	**1,159**	**(1)**	**(1,828)**	**(536)**	**2,715**
Assets and liabilities						
Pricing of building contracts - assets	**123,822**	**882**	**-**	**2,216**	**-**	**126,920**
Other assets						**890,002**
Total assets						**1,016,922**
Pricing of building contracts - liabilities	**195,642**	**2,074**	**-**	**-**	**-**	**197,716**
Other liabilities						**819,206**
Total liabilities						**1,016,922**

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						For the period of 3 months, ended on 30 June 2021
	Domestic building construction	Foreign building construction	Industrial construction segment at home	Water engineering segment	Other segments	Total continued activities
Total income						
Sales to third party customers	300,925	16,150	-	-	703	**317,778**
Total sales revenues	**300,925**	**16,150**	**-**	**-**	**703**	**317,778**
Segments' performance and reconciliation with gross profit of the Group						
Cost of goods sold (COGS)	283,353	14,652	31	-	-	**298,036**
Other operating profit/loss	(16,976)	(1,321)	-	(221)	(613)	**(19,131)**
Segment performance – EBIT	**596**	**177**	**(31)**	**(221)**	**90**	**611**
EBIT margin	0%	1%	-	-	-	**0%**
Profit (loss) on financial activities (financial income less financial expenses)						**(1,308)**
Gross profit/loss						**(697)**
Income tax						**4,380**
Net profit/loss						**(5,077)**
Amortization and depreciation	1,693	4	-	-	16	**1,713**
Segment performance – EBITDA	**2,289**	**181**	**(31)**	**(221)**	**106**	**2,324**
Assets and liabilities						
Pricing of building contracts - assets	**88,910**	**627**	**-**	**-**	**-**	**89,537**
Other assets						**668,216**
Total assets						**757,753**
Pricing of building contracts - liabilities	**119,774**	**3,279**	**-**	**-**	**-**	**123,053**
Other liabilities						**634,700**
Total liabilities						**757,753**

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4.3. COST OF GOODS SOLD (COGS)

	For the period of 6 months, ended on 30 Jun. 2022	For the period of 6 months, ended on 30 June 2021	For the period of 3 months, ended on 30 Jun. 2022	For the period of 3 months, ended on 30 June 2021
	Unaudited data	Unaudited data	Data not covered by audit	Data not covered by audit
Third party services	649,812	376,186	408,195	215,253
including third party services from subcontractors	579,278	337,965	366,281	191,059
Material and energy consumption	221,615	93,995	125,167	49,520
Employee benefit expenses	64,794	57,997	36,933	31,586
Amortization and depreciation	5,589	3,553	2,716	1,713
Taxes and charges	2,673	2,678	1,322	1,331
Other cost categories	4,200	3,375	2,719	2,006
Total costs by type	**948,683**	**537,784**	**577,052**	**301,409**
Change in the balance of products, work in progress	(43,849)	39,106	(87,794)	14,874
Cost of sales (negative value)	(3,319)	(3,047)	(1,866)	(1,502)
General management and administration costs (negative value)	(32,558)	(30,201)	(17,979)	(16,745)
Manufacturing costs of products sold	**868,957**	**543,642**	**469,413**	**298,036**

4.4. TAXATION

The burdening of net financial income with income tax is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full accounting year. The estimated average annual tax rate for the accounting period is 23% compared to 18% to the overall period of last year.

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

	For the period of 6 months, ended on 30 Jun. 2022	For the period of 6 months, ended on 30 June 2021
Gross profit before taxation	**19,893**	**32,374**
Tax according to the statutory tax rate applicable in Poland - 19%	**3,780**	**6,151**
Permanent differences - non-taxed revenues	(85)	(5,640)
Permanent differences - non-tax deductible costs	829	929
Tax recognized in the financial net profit/loss	**4,524**	**1,440**
Current tax	7,220	4,995
Deferred tax	(2,696)	(3,555)
Effective tax rate	**22.74%**	**4.45%**

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

	1 January 2021	Impact as of: Net profit/loss	Impact as of: Other comprehensive income	31 Dec. 2021	Impact as of: Net profit/loss	Impact as of: Other comprehensive income	30 Jun. 2022
Deferred tax assets							
Pricing of building contracts - liabilities and taxable work in progress	16,625	10,653	-	27,278	18,572	-	45,850
Provisions	5,533	1,003	-	6,536	153	-	6,689
Tax loss	7,614	(6,413)	-	1,201	88	-	1,289
Accrued wages and salaries, and charges	176	1,499	-	1,675	(1,485)	-	190
Receivables revaluation write-downs	4,628	(787)	-	3,841	(1,103)	-	2,738
Other financial liabilities	1,470	259	-	1,729	(1,256)	-	473
Deferred expenses	681	(342)	-	339	(316)	-	23
Other	85	(303)	-	(218)	1,250	-	1,032
Total	**36,812**	**5,569**	**-**	**42,381**	**15,903**	**-**	**58,284**
Deferred tax liabilities							
Pricing of building contracts - assets	19,102	(3,017)	-	16,085	11,026	-	27,111
Asset revaluation	867	(842)	-	25	(27)	-	(2)
Balance sheet pricing and liabilities discount	536	31	-	567	618	-	1,185
Accrued interest on debt	114	264	-	378	(123)	-	255
Other	107	(106)	-	1	1,713	-	1,714
Total	**20,726**	**(3,670)**	**-**	**17,056**	**13,207**	**-**	**30,263**
Assets and liabilities set off	20,726	-	-	17,056	-	-	30,263
Post set-off balance	**16,086**	**-**	**-**	**25,325**	**-**	**-**	**28,021**
Assets	16,086	-	-	25,325	-	-	28,021
Net impact of changes in the period		**9,239**	**-**		**2,696**	**-**	

Owing to the fact that historically speaking the Company has been able to realize tax losses incurred in prior periods and is projecting tax gains in the years to come, the recoverability of the deferred tax asset on tax losses is not considered as a part of significant judgment when drawing up the financial statements.

As of 30 June 2022 and 31 December 2021 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. 2022 Assets	30 Jun. 2022 Liabilities	31 Dec. 2021 Assets	31 Dec. 2021 Liabilities
Short-term	48,801	27,365	33,133	16,463
Long-term	9,483	2,898	9,248	593
Total	**58,284**	**30,263**	**42,381**	**17,056**

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

Pursuant to IFRS 9 the Company classifies financial instruments, 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.

In the above categories, the Group has only items measured at amortized cost.

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 6.3. Trade receivables

Note 6.3. 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 6.7. Trade payables

Note 6.7. Other liabilities

Notes 3.2. -3.4. Debt

5.1.1. FINANCIAL ASSETS

As of 30 June 2022 and as of 31 December 2021 the Company was in the possession of the following items disclosed in the Statement of Financial Position as financial assets:

		30 Jun. 2022	31 Dec. 2021
Note 5.1.2.	Loans extended	79,644	29,746
	Other	1,382	4
	Total	**81,026**	**29,750**
	Long-term	34,304	13,448
	Short-term	46,722	16,302

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 the 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 with an impairment loss calculated using the expected credit loss method. The Company 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 Company 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 Company 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.

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 at WIBOR rate for PLN-denominated loans and at EURIBOR rate for EUR-denominated loans as of a given date plus a fixed percentage reflecting the risk premium. Loans measured at amortized cost are classified at Level 2 of the fair value hierarchy.

Loans are classified at Level 1 of the impairment model at all balance sheet dates presented. All loans granted as of the respective balance sheet dates were considered to be instruments with low credit risk and therefore the allowance for expected credit losses recognized during the period is limited to 12-month expected credit losses. The expected credit loss was calculated based on the probability of default, the repayment profile agreed to in the loan agreement and an assessment of recoveries from the collateral. As of particular balance sheet dates, the amount of impairment loss and its changes in the presented periods were insignificant in terms of amounts, therefore the Company does not present movements on the impairment loss. The increase in the loan balance as a result of new loans granted did not significantly contribute to the change in the impairment allowance.

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

5.2.1. MARKET RISK – CURRENCY RISK

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

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

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

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

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

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

Trade receivables and building contract assets

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

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

Changes in the write-down of receivables and the age structure of past due receivables are presented in Note 6.3.

5.2.3. LIQUIDITY RISK

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

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

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

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The table below shows the Company's financial liabilities as of 30 June 2022 y maturity date based on contractual non-discounted payments.

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						30 Jun. 2022
	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	1,844	37,221	30,483	5,178	**74,726**	**67,521**
Debt related to issued bonds	-	586	75,000	-	**75,586**	**75,000**
Lease liabilities	1,298	3,888	7,328	-	**12,514**	**11,848**
Liabilities vis-à-vis subcontractors - bid bonds	47,076	76,318	-	-	**123,394**	**121,069**
Trade payables	161,043	-	-	-	**161,043**	**161,043**
Total	**211,261**	**118,013**	**112,811**	**5,178**	**447,263**	**436,481**

The table below shows the Group's financial liabilities as of 31 December 2021 by maturity date based on contractual non-discounted payments.

						31 Dec. 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	-	3,744	35,354	-	**39,098**	**35,185**
Debt related to issued bonds	-	586	75,000	-	**75,586**	**75,000**
Lease liabilities	1,215	4,231	5,832	-	**11,278**	**10,596**
Liabilities vis-à-vis subcontractors - bid bonds	42,684	69,641	-	-	**112,325**	**110,000**
Trade payables	161,982	-	-	-	**161,982**	**161,982**
Total	**205,881**	**78,202**	**116,186**	**-**	**400,269**	**392,763**

6. OTHER NOTES

6.1. TANGIBLE FIXED ASSETS

The most significant items of property, plant and equipment are land, buildings and structures. Fixed assets under construction are also a significant item. In addition, the Group also owns technical appliances and machinery.

Tangible fixed assets are carried at purchasing price /manufacturing cost less depreciation and all impairment write-offs. When the Company 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 a disposal of a given fixed asset less costs of sale or the use value calculated based on the discounted cash flows to be generated by a certain fixed asset or group of assets (cash centre), if a certain asset does not generate cash inflows on its own.

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. ERBUD 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 Company verifies the residual value, useful life and depreciation methods of tangible fixed assets on an annual basis. The revisions performed as of 30 June 2022 and 31 December 2021 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 appliances 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 Company, 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 Company 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.

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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 Company. 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-cancellable 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.

	Lands including right of perpetual usufruct to land	Buildings and structures	Technical appliances and machinery	Means of transport	Other fixed assets	Fixed assets under constructi on	Intangible assets	Total
Net value as of 1 January 2021		**7,214**	**115**	**7,710**	**135**	**1,579**	**2,997**	**19,750**
Increases:								
Acquisition	13,836	24,545	932	204	67	2,050	101	**41,735**
Lease	-	-	-	4,304	-	-	-	**4,304**
Other, of which reclassified items:	-	1,000	-	-	-	-	(1,000)	**-**
Decreases:								
Amortization and depreciation	-	4,648	958	2,831	82	-	381	**8,900**
Disposal and liquidation	-	-	(31)	862	-	-	8	**839**
Net value as of 31 Dec. 2021	**13,836**	**28,111**	**120**	**8,525**	**120**	**3,629**	**1,709**	**56,050**
Net value as of 1 Jan. 2022	**13,836**	**28,111**	**120**	**8,525**	**120**	**3,629**	**1,709**	**56,050**
Increases:								
Acquisition	-	-	659	-	7	6,802	75	**7,543**
Lease	-	-	-	3,450	-	-	-	**3,450**
Decreases:								
Amortization and depreciation	-	3,228	567	1,573	15	-	206	**5,589**
Disposal and liquidation	-	-	-	266	-	-	-	**266**
Net value as of 30 June 2022	**13,836**	**24,883**	**212**	**10,136**	**112**	**10,431**	**1,578**	**61,188**

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Right to use assets under lease, lease liabilities

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 Company did not enter into any lease contracts for a period shorter than 12 months.

Data regarding the first-time adoption of IFRS 16 is presented in the tables below.

	Net values	
	30 Jun. 2022	31 Dec. 2021
Buildings and structures	112	1,492
Means of transport	9,862	7,969
Total impact	**9,974**	**9,461**

6.2. 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.

Fixed assets impairment

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 2022.

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6.3. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

	30 Jun. 2022			31 Dec. 2021		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	484,564	24,150	460,414	336,382	22,542	313,840
Other budget receivables	21,387	-	21,387	19,253	-	19,253
Other receivables	4,912	1,210	3,702	4,017	1,210	2,807
Total	**510,863**	**25,360**	**485,503**	**359,652**	**23,752**	**335,900**

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

	For the period of 6 months, ended on 30 Jun. 2022	For the period of 12 months, ended on 31 Dec. 2021
Opening balance of write-downs	**23,752**	**22,902**
Setting up/(reversal)of individual write-offs	-	1,495
Setting up /(reversal) of write-offs according to write-off matrix	1,608	626
Use of individual write-offs	-	(1,271)
Closing write-offs, of which:	**25,360**	**23,752**
Matrix-based calculated write-off	9,539	7,931
Individual write-off	15,821	15,821

	30 Jun. 2022	31 Dec. 2021
Non-past due receivables:	375,797	243,927
Past due receivables:	**84,617**	**69,913**
below 1 month	9,599	21,677
1-3 months	15,288	5,456
3-6 months	487	947
6 months - 1 year	6,309	2,355
Above 1 year	52,934	39,478
Total trade receivables, net	**460,414**	**313,840**

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

The Company is exposed to credit risk and foreign currency risk arising from trade receivables. However, there is no concentration of credit risk related to trade receivables since the Company has a large number of domestic customers. All receivables, except for those individually written off, are rated by the Company as having the highest internal credit rating grade. For all receivables except those written-off individually, the Company estimates a write off for expected credit losses in an amount equal to 12 months expected credit losses.

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6.4. OTHER ASSETS

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

	30 Jun. 2022	31 Dec. 2021
Insurance	4,622	3,864
Other	641	125
Total	**5,263**	**3,989**

6.5. 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 Company'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 30 June 2022 were based on the records of warranty repairs between 2018 and 2022 and as of 31 December 2021 - between 2017 and 2021 respectively.

Provision for benefits in the post-employment period

This category comprises provisions for retirement and pension severance pays, to be paid by the Company 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 Company's financial statements and the amount of the provision are made by the legal departments and Company's Management Board.

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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. 2021	**18,937**	**976**	**896**	**575**	**21,384**
Increase	2,390	-	-	651	3,041
Utilisation	-	164	-	575	739
As of 31 Dec. 2021	**21,327**	**812**	**896**	**651**	**23,686**
short-term	21,327		896	651	22,874
long-term	-	812	-	-	812
As of 1 Jan. 2022	**21,327**	**812**	**896**	**651**	**23,686**
Increase	-	327	-	736	1,063
Dissolution	231		-	-	231
Utilisation	-	-	-	651	651
As of 30 Jun. 2022	**21,096**	**1,139**	**896**	**736**	**23,867**
short-term	21,096	-	896	736	22,728
long-term	-	1,139	-	-	1,139

6.6. DISPUTES

Both in cases where the Issuer is the plaintiff (cases related to receivables) and in cases where the Issuer is the defendant (cases related to payables) the position of the Issuer and its legal advisors prove that the proceedings will be solved in favour of the Issuer.

Proceedings to which ERBUD S.A. is a party as of the Report Date, concerning payables or receivables of the Issuer or its subsidiary (including the case subject, the amount in dispute, the date of the proceeding initiation and the Issuer's perspective)

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.

The case has continuously been run since 2016 and on 24 November 2021 the Court of Appeals in Warsaw accepted the Company's appeal in part, awarding the Bank the amount of PLN 51.383.600 with statutory interest for the period from 8 December 2010 to 31 December 2015 and statutory interest on late payments from 1 January 2016 to the date of payment. The Company bears 29% of the litigation costs, whereas the Bank bears 71%. The decision is final and binding.

On 2 December 2021 Bank Millennium S.A. filed a request to withhold the payment to ERBUD S.A. of 102 733 906.25 PLN. Withholding will occur until the deadline for filing a cassation appeal has passed and, if filed, until the cassation appeal has been completed.

The Court of Appeals in Warsaw, 7th Commercial and Intellectual Property Department, supported the Bank Millennium's motion and suspended payment of the adjudged amount, as requested by the Bank Millennium. The court's decision is not appealable.

However, this does not withhold the accrual of interest on the principal, i.e. on the amount PLN 51 383,600.

On 15 March 2022 The Court of Appeals published the rationale for the ruling.

Defendant: DSH – Dopravni Stavby, a.s., Brno, the Czech Republic

Date of filing a lawsuit: 14 February 2013

Value of the dispute: PLN 26,923,644.16

Current dispute status: On 27 May 2014 ERBUD S.A. extended the claim by the amount of PLN 22,925,604.52 claiming additionally the reimbursement of costs of substitute performance. In a letter dated 27 April 2014 and delivered on 1 July 2014, the defendant filed a counterclaim for the amount of PLN 5,651,633. On 6 November 2015, a hearing was held. The parties have agreed to request the cancellation of the hearing in order to continue the settlement proceedings. The settlement talks were fruitless. All witnesses requested by the Parties were cross-examined. Upon the unanimous request of the Parties, the Court set a 30-day time limit for the expert to specify the proof of evidence and to submit detailed questions to the opinion. On 17 August, CEMEX notified about its accession on ERBUD S.A. side as a secondary intervener. At the main hearing held on 12 December 2018, the Court dismissed both oppositions. The court made a decision to have an expert draw up an opinion.

The court delivered an expert opinion, which is favourable for ERBUD S.A. In the opinion the expert pointed out that the costs of substitute execution incurred by ERBUD S.A. are reasonable. According to the expert, DSH misperformed the contract and the repair method used by DSH was incorrect. On 07.10.2021 the court announced a verdict in which: adjudged from DSH - Dopravni stavby a.s. with its registered office in Brno (Czech Republic) to ERBUD S.A. the amount of PLN 26,923,644.16 (twenty-six million nine hundred twenty-three thousand six hundred forty-four zlotys and 16/100) along with interest and legal fees.

The defendant filed an appeal against the judgment, which has not yet been delivered to ERBUD S.A. No appeal hearing date.

Defendant: Platinum Resort Sp. z o.o.

Date of filing a lawsuit: 3 December 2018

Value of the dispute: PLN 16.301.236,97

Counterclaim

Defendant: ERBUD S.A.

Value of the dispute: 13,516,629.86

Date of filing a lawsuit: 27 April 2019

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. By virtue of 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.

The Court of Appeal validly dismissed the Defendant's complaint regarding the provision of security.

On 27 April the Defendant filed a response to the statement of claim together with the counterclaim in which he requests that ERBUD be awarded PLN 13,516,629.86, consisting of PLN 5,455,851.09 as an alleged contractual penalty calculated by the Defendant and PLN 8,060,778.77 as reimbursement of the allegedly overpaid remuneration collected by ERBUD for the performance of the construction contract.

ERBUD'S attorneys submitted a replica of the response to the statement of claim together with the response to the counterclaim, upholding the existing position and requesting that the counterclaim be dismissed in its entirety.

The court heard the oral evidence provided by the witnesses. Expert evidence concerning this case will be heard by the court .

On 11 June we received information about a writ of summons to make a settlement attempt; there is no date of the session, no information as to what exactly the writ is supposed to concern, the files are transferred between courts, there was no option to inspect them.

The court heard the oral evidence provided by the witnesses. The court decided to admit expert evidence. The deadline for filing expert evidence was 31 March 2022.

On 2 February 2022, a visual inspection of the disputed property was held for the preparation of an expert opinion. The expert opinion was delivered to the law office in July 2022. The contents of the opinion speak in favour of the Company. Possible comments on the contents of the opinion will be made after it has been analysed in depth.

Estimated date for completion of proceedings before the Court of First Instance: 2022. The opinion has not yet been filed.

The value of other litigations where ERBUD S.A. is the Plaintiff totals PLN 22.839.156,20.

Material proceedings to which the Issuer is the defendant

Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (*Warsaw Modlin Airport*) („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

In relation to the 2021 financial statements, the change is that Erbud's conclusions and comments have been sent to the expert and called upon to respond. On 21 April 2022, the Court made an order awarding the expert the total fee requested by him. On 7 June 2022. Erbud lodged a complaint against the above-mentioned order.

Plaintiff: Marshal Office of the Wielkopolskie Province in Poznań

Defendant: ERBUD S.A. in Warsaw

Date of servicing an action to ERBUD S.A.: 28 January 2022

Value of the dispute: PLN 21.553.732

By virtue of a lawsuit dated 20 December 2021 the Wielkopolskie Province, with the headquarters of the Marshal's Office of the Wielkopolskie Province in Poznań, requests that the Court authorise Erbud S.A. to replace the entire systems at Erbud S.A.'s expense, which are as follows: 1) cold water, 2) hot water, 3) hydrant water, 4) process heat and 5) chilled water in the building being the registered office of the Office in Poznań, located at Al. Niepodległości 34 in Poznań under quality warranty.

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A response to the lawsuit was filed. The date for the first hearing has been set for October 2022.

According to Erbud S.A. there are no grounds to accept the claims of the Wielkopolskie Province in full.

Estimated date for dispute settlement before the Court of First Instance: 2025

Total value of other proceedings where ERBUD S.A. is the defendant: PLN 13,258,247.63

6.7. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

	30 Jun. 2022	31 Dec. 2021
Trade payables	**161,044**	**161,982**
including to related entities	5,776	7,119
Liabilities vis-à-vis budget in relation to:	**18,070**	**11,423**
corporate income tax	7,444	6,913
personal income tax	5,529	1,819
Social insurance contribution	4,501	2,326
real estate tax	229	-
State Fund for the Rehabilitation of the Disabled	53	46
Employee Capital Plans (PPK)	58	18
holiday accrual (Belgium tax)	138	301
other	118	-
Other liabilities	**15,794**	**22,673**
wages and salaries	2,346	1,433
short-term employee benefit liabilities	11,283	17,747
other	2,165	3,493
Total	**194,908**	**196,078**

6.8. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January to 30 June 2022 and for the period from 1 January to 30 June 2021.

	Change in balance of Cash Flow Statement in the period from January 2022 to June 2022	Change in balance of Cash Flow Statement in the period from January 2021 to June 2021
Change in provision balance	(6,283)	2,345
Change in inventory balance	-	(1,372)
Change of receivables balance	(148,397)	(80,371)
Change in balances of short-term liabilities, excluding credits and loans	64,014	(10,170)
Change in settlement of assets and liabilities under building contracts	53,217	54,503

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Change in balance of prepayments and accruals	(39,426)	3,414
Change in balance of working capital	**(76,875)**	**(31,651)**

6.9. GROUP STRUCTURE

Interests and shares in subsidiaries and jointly controlled entities

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

Non-financial fixed assets impairment

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

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

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

Group Structure

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

#	Name of entity	Registered office	Scope of activities	% share in share capital 30 Jun. 2022	balance sheet value of interests/share 30 Jun. 2022	% share in share capital 31 Dec. 2021	balance sheet value of interests/share 31 Dec. 2021
	Shares held directly						
1	ONDE S.A.	Toruń	Road engineering	60.10%	39,872	60.70%	40,267
2	Erbud International Sp. z o.o.	Rzeszów	Construction services	100.00%	431	100.00%	431
3	Erbud Construction Sp. z o.o.	Toruń	Construction services	100.00%	-	100.00%	-
4	Erbud Industry Sp. z o.o.	Toruń	Engineering services	100.00%	15,627	100.00%	15,627
5	MOD21 GmbH	Düsseldorf, Germany	Construction services	100.00%	13,233	100.00%	13,233
6	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	100.00%	12,000	100.00%	12,000
7	Erbud Holding GmbH	Düsseldorf, Germany	Management services	100.00%	21,162	100.00%	21,162
8	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	Construction services	100.00%	-	100.00%	-
9	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	39.00%	-	39.00%	-
10	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	50.00%	3	50.00%	3
11	JV PABC Sp. z o.o.	Warsaw	Construction services	100.00%	5	100.00%	5

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12	MOD21 Sp. z o.o.	Ostaszewo	Modular timber construction	**100.00%**	**5**	100.00%	5
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	**2**	43.00%	2
	TOTAL				**102,339**		102,735

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

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

#	Name of entity	Registered office	Scope of activities	30 Jun. 2022	31 Dec. 2021
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o. (take-over of Erbud Industry Pomorze Sp. z o.o.)	The City of Łódź	Maintenance services in the industrial segment	**99.01%**	99.01%
2	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**99.29%**	99.29%
3	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
4	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	Erbud Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
6	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
7	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
8	PflegeQuatier Düren GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
9	WTL20 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
10	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
11	WTL80 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
12	WTL100 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
13	WTL120 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
14	WTL130 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
15	WTL140 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
16	WTL150 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
17	WTL160 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
18	WTL170 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
19	IDE Projekt Sp. z o.o.	Toruń	Design services in the RES segment	**100.00%**	100.00%
20	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	100.00%
21	Solar Serby Sp. z o.o.	The City of Łódź	Renewable energy sources	**50.00%**	50.00%
22	Cyranka Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
23	Elektrownia DEPVPL Sp. z o.o. (power plant)	The City of Szczecin	Renewable energy sources	**100.00%**	50.00%
24	KWE Sp. z o.o.	The City of Szczecin	Renewable energy sources	**50.00%**	50.00%
25	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	100.00%
26	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
27	WTL210 Sp. z o.o.	Warsaw	Renewable energy	**100.00%**	100.00%

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			sources		
28	WTL50 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
29	Park Słoneczny Ciechanów Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
30	Park Lewałd Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
31	FW Gumienice Sp. z o.o. (*wind farm*)	Toruń	Renewable energy sources	**100.00%**	100.00%
32	Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	Warsaw	Renewable energy sources	**50.00%**	50.00%
33	DEVOZE Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
34	Solar Kazimierz Biskupi Sp. z o.o. (former: Neo Solar Kazimierz Biskupi Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	0.00%
35	PV KADŁUBIA 2 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
36	PV SZCZEPANÓW Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%

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

6.10. Transactions with related entities

Transactions with related entities

The following tables show the totals of transactions made by the Company with the member companies of the Erbud S.A. Group in the period ended on 30 June 2022 and in the period ended on 31 December 2021.

	30 Jun. 2022			31 Dec. 2021		
	Subsidiaries in the Erbud Group	Other relation	Total	Subsidiaries in the Erbud Group	Other relation	Total
Trade receivables	30,070	49	**30,119**	24,598	2,680	**27,278**
Loans extended	74,372	5,272	**79,644**	24,799	4,947	**29,746**
Trade payables	5,776	-	**5,776**	7,119	-	**7,119**
Sales revenues	33,105	4	**33,109**	123,178	12,488	**135,666**
Interest income on loans extended	1,157	232	**1,389**	628	383	**1,011**
Purchase of goods and services	16,427	-	**16,427**	35,013	-	**35,013**

There were no significant transactions with the members of the Management and Supervisory Boards.

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

6.11. POST-ACCOUNTING PERIOD EVENTS

On 25 July 2022 ERBUD S.A. entered into an agreement with ONDE S.A. to extend a loan totalling EUR 2.5 million. The loan repayment date was set for 31 August 2022. On 31 August 2022, an annex was signed extending the loan repayment date until 30 September 2022.

On 29 July 2022. ERBUD S.A. concluded an annex to the loan agreement signed on 24 May 2022 with ONDE S.A. extending the repayment of the granted loan of EUR 2.5 million until 31 August 2022. By the date of signing the financial statements, the loan had been repaid in full, along with the interest due.

Signatures of all Management Board members:

Dariusz Grzeszczak
/President of the Management Board/

Jacek Leczkowski
/Vice-President of the Management Board/

Agnieszka Głowacka
/Vice-President of the Management Board/

Warsaw, 2 September 2022