ERBUD S.A.

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

CONSOLIDATED 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 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
	CONTINUING OPERATIONS				
Note 4.2.	Revenues from sales of products and services	1,790,117	1,290,701	1,026,168	754,051
Note 4.2.-4.3.	Cost of products and services sold	1,679,441	1,162,760	965,146	683,832
	Gross sales profit/(loss)	**110,676**	**127,941**	**61,022**	**70,219**
Note 4.3.	Cost of sales	6,128	5,451	3,364	2,764
Note 4.3.	General and administrative (G&A) costs	92,041	96,342	48,620	37,152
	including remuneration consisting of shares	-	28,343	-	-
	Other operating income	4,621	7,940	1,979	6,182
	Other operating expenses	2,877	2,533	1,492	3,197
	Loss reversal/(impairment) of financial assets and customer contract valuation assets	(1,852)	(1,691)	(1,852)	(2,527)
Note 4.2.	**Operating profit**	**12,399**	**29,864**	**7,673**	**30,761**
	Share in net profits/losses of equity-accounted subsidiaries	(312)	19	(197)	19
	Financial income	8,666	1,328	6,157	622
	Financial expenses	15,161	4,559	10,504	2,687
Note 4.2.	**Gross profit**	**5,592**	**26,652**	**3,129**	**28,715**
Note 4.4.	Corporate income tax	7,041	11,422	4,688	7,667
	Net profit /(loss) for the accounting period	**(1,449)**	**15,230**	**(1,559)**	**21,048**

	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
Consolidated profit / (loss), net	**(1,449)**	**15,230**	**(1,559)**	**21,048**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**1,163**	(1,165)	424	(1,702)
Comprehensive income (including tax effect) subject to reclassification into result	**1,163**	**(1,165)**	**424**	**(1,702)**
Comprehensive income in the accounting period	**(286)**	**14,065**	**(1,135)**	**19,346**
Appropriated to:				
Shareholders of Parent Company	(708)	12,771	(1,621)	19,672
Non-Controlling Stakeholders	422	1,294	486	(326)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 Jun. 2022	31 Dec. 2021
		Unaudited data	
	ASSETS	**2,086,472**	**1,833,190**
Note 6.2.	Goodwill	41,552	41,240
Note 6.1.	Intangible assets	10,380	9,907
Note 6.1.	Tangible fixed assets	194,810	167,932
Note 6.10.	Investments accounted for using the equity method	53,909	34,940
Note 5.1.	Financial assets	12,918	11,525
Note 4.4.	Deferred tax assets	53,356	49,496
Note 2.1.	Receivables under building contracts - bid bonds	13,569	14,432
	Fixed assets	**380,494**	**329,472**
	Inventory	215,498	67,446
Note 2.1.	Receivables under building contracts - bid bonds	15,716	15,189
Note 4.2.	Pricing of building contracts - assets	446,812	302,138
Note 6.4.	Trade receivables	777,008	594,647
Note 6.4.	Other receivables	68,059	57,036
Note 5.1.	Financial assets	9,421	28,567
Note 3.7.	Cash and cash equivalents	146,431	363,210
Note 3.7.	Cash assets in VAT account	14,820	50,745
Note 3.7.	Cash with restricted availability.	-	10,855
Note 6.5.	Other assets	12,213	13,885
	Current assets	**1,705,978**	**1,503,718**
	LIABILITIES	**2,086,472**	**1,833,190**
Note 3.1.	Share capital	1,210	1,240
	Supplementary capital	262,074	207,074
	Own shares	(20,000)	(70,000)
	Reserve capital	124,319	71,552
	Accumulated comprehensive income	6,633	5,480
	Retained earnings	156,145	337,521
	Equity of shareholders of the Parent Company	530,381	552,867
	Equity of non-controlling stakeholders	122,306	131,866
	Shareholders' equity	**652,687**	**684,733**
Note 3.2.-3.4.	Debt	159,271	155,160
Note 6.6.	Provisions	27,996	26,385
Note 4.4.	Deferred tax liabilities	16,783	10,597
Note 2.1.	Liabilities vis-à-vis subcontractors - bid bonds	15,910	15,855
	Long-term liabilities	**219,960**	**207,997**
Note 3.2.-3.4.	Debt	179,404	58,735
Note 6.6.	Provisions	32,701	30,847
Note 2.1.	Liabilities vis-à-vis subcontractors - bid bonds	141,379	130,829
Note 4.2.	Pricing of building contracts - liabilities	341,376	244,048
Note 6.8.	Trade payables	413,653	363,131
Note 6.8.	Other liabilities	105,312	112,870
	Short-term liabilities	**1,213,825**	**940,460**

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

Consolidated statement of changes in equity

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

	Share capital	Own shares	Supplementary capital	Reserve capital	Foreign exchange gains/losses resulting from conversion of foreign unit	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2021	**1,240**	**-**	**195,497**	**17,822**	**5,689**	**80,804**	**301,052**	**9,441**	**310,493**
Net result in the accounting period	-	-	-	-	-	13,923	**13,923**	1,307	**15,230**
Comprehensive income in the accounting period	-	-	-	-	(1,152)	-	**(1,152)**	(13)	**(1,165)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(1,152)**	**13,923**	**12,771**	**1,294**	**14,065**
Dividend	-	-	-	-	-	(500)	**(500)**	(3,253)	**(3,753)**
Transfer of the net income from previous year to retained earnings	-	-	2,308	25,000	-	(27,308)	**-**	-	**-**
Employee share schemes	-	-	-	25,492	-	-	**25,492**	2,851	**28,343**
Acquisition of own shares	-	(20,000)	-	-	-	-	**(20,000)**	-	**(20,000)**
Issue of shares	-	-	-	387	-	-	**387**	39	**426**
Other	-	-	-	-	-	66	**66**	30	**96**
As of 30 Jun. 2021	**1,240**	**(20,000)**	**197,805**	**68,701**	**4,537**	**66,985**	**319,268**	**10,402**	**329,670**
As of 1 Jan. 2022	**1,240**	**(70,000)**	**207,074**	**71,552**	**5,480**	**337,521**	**552,867**	**131,866**	**684,733**
Net result in the accounting period	-	-	-	-	-	(1,862)	**(1,862)**	413	**(1,449)**
Comprehensive income in the accounting period	-	-	-	1	1,153	-	**1,154**	9	**1,163**
Other comprehensive income	**-**	**-**	**-**	**1**	**1,153**	**(1,862)**	**(708)**	**422**	**(286)**
Dividend	-	-	-	-	-	(447)	**(447)**	-	**(447)**
Net retained earnings carried forward	-	-	100,000	77,736	-	(177,736)	**-**	-	**-**
	-	-	-	-	-	28,274	**28,274**	(9,982)	**18,292**

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	(30)	70,000	(45,000)	(24,970)	-	-	**-**	-	**-**
Acquisition and redemption of a stake in a subsidiary	-	-	-	-	-	395	**395**	-	**395**
Acquisition of own shares	-	(20,000)	-	-	-	-	**(20,000)**	-	**(20,000)**
	-	-	-	-	-	(30,000)	**(30,000)**	-	**(30,000)**
As of 30 Jun. 2022	**1,210**	**(20,000)**	**262,074**	**124,319**	**6,633**	**156,145**	**530,381**	**122,306**	**652,687**

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

CONSOLIDATED 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	5,592	26,652	3,129	28,715
	Amortization and depreciation	16,417	12,461	8,911	7,201
	Foreign exchange gains/losses	(532)	(1,351)	2,985	(827)
	Interest and share in profits (dividend)	2,604	(1,029)	1,212	(1,386)
Note 6.9.	Other non-cash adjustments	(6,591)	24,993	(6,388)	(3,148)
	Net proceeds from the disposal of related entity	(18,294)	-	(18,294)	-
	Income tax paid	(19,910)	(14,087)	(15,176)	(9,883)
Note 6.9.	Change in balance of working capital	(256,802)	(198,735)	(164,222)	(135,668)
	Operational cash flows, net	**(277,516)**	**(151,096)**	**(187,843)**	**(114,996)**
	INVESTMENT ACTIVITY CASH FLOWS				
	Inflows from credits/loans extended	-	10,048	-	-
	Other inflows	576	5,945	312	4,825
	Expenditures on the acquisition of tangible fixed assets	(34,750)	(43,509)	(17,134)	(15,556)
	Loans extended expense	(6,438)	(21,041)	(3,565)	(16,477)
	Expenditures on the acquisition of shares in companies	(9,538)	(28,265)	(1,607)	(24,631)
	Other	-	(7,156)	-	(6,467)
	Investment activity cash flows, net	**(50,150)**	**(83,978)**	**(21,994)**	**(58,306)**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	138,395	105,615	94,882	105,370
	Other inflows	18,718	388	18,692	1
	Debt (principal) repayment expense - principal	(3,773)	(8,968)	(86)	-
	Lease debt repayment expense - principal	(6,534)	(5,179)	(3,552)	(4,750)
	Debt (interest) repayment expense	(4,442)	(1,473)	(2,220)	(1,473)
	Dividend payment	(500)	(3,245)	-	-
	Acquisitions of own shares	(30,977)	(20,000)	(30,977)	(20,000)
	Other expenses	-	(7,361)	-	(7,361)
	Financial activity cash flows, net	**110,887**	**59,777**	**76,739**	**71,787**
	NET CASH FLOWS	**(216,779)**	**(175,297)**	**(133,098)**	**(101,515)**
	Opening cash balance	**363,210**	**292,588**	**279,529**	**218,806**
	Closing cash balance	**146,431**	**117,291**	**146,431**	**117,291**

The Financial Statement comprises icons that represent:

Accounting Policy

Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

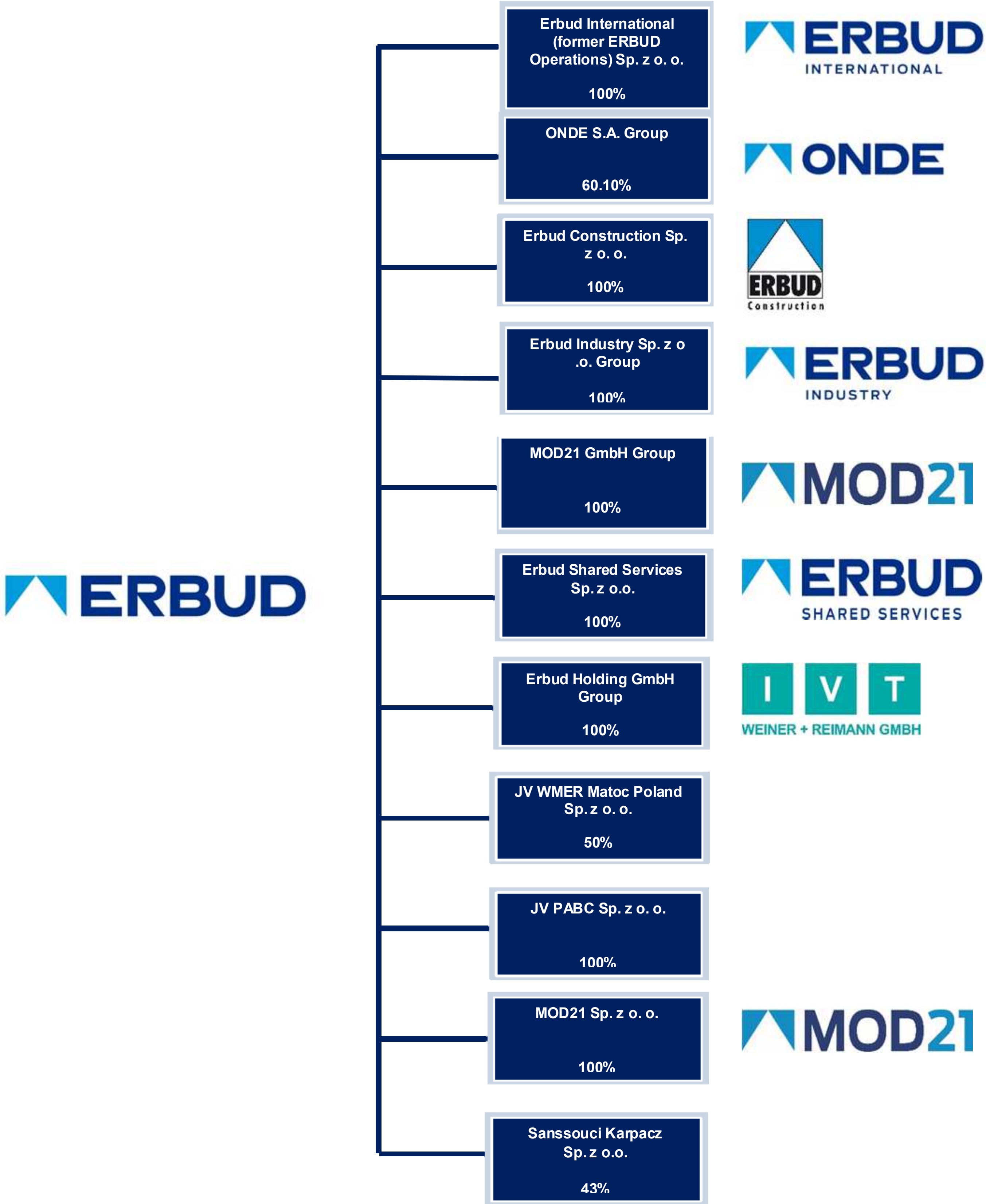
The Parent Company of Erbud S.A Capital Group ("Group") is Erbud S.A. ("Parent Company"), with its registered office in the City of Warsaw, at ul. Franciszka Klimczaka No. 1.

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

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

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

1. BACKGROUND INFORMATION



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

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IFRS Compliance Statement

The Group's Interim Condensed Consolidated Financial Statements as of 30 Jun. 2022 have been drawn up in compliance with the International Accounting Standard, endorsed by the European Union, and effective as of 30 Jun. 2022.

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

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

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

Going concern

These Interim Condensed Consolidated Financial Statements have been drawn up following going concern principle applicable to all Group member companies in the foreseeable future. As of the date of approval of this Financial Statement, no signs prevailed indicating a risk to the continuation of Group operations following a going concern principle.

Impact of COVID-19

To date the Group has not recorded a material impact of COVID-19 on its current operations. The building contracts were carried out in adherence to the planned schedules, and no penalties for project delays were recorded. Additional costs related to providing necessary safety for the personnel were not significant and did not have material impact on the Company's H1 2022 performance. The coronavirus pandemic did not undermine Group's liquidity, and the Group maintained a stable cash balance throughout the year and paid its liabilities in a timely manner. The Group also experienced no change in the recoverability of accounts receivable, which were paid by the customers on an ongoing 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 developments in Ukraine, Russia and Belarus on the Group's operations. For more than a year we have been dealing with price hikes of building materials and labor in the Polish market. The company takes the risk of rising material and labour prices into account in the calculations it makes on an ongoing 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 Group takes into consideration the properties of a certain asset or liability, if the market players take into consideration these characteristics when measuring the assets or liabilities at the measurement date. The Group classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS No. 13. As of the individual balance sheet dates, the Group has no items measured at fair value but discloses fair value for items measured at amortized cost.

Conversion of items into foreign currencies

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

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

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

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

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

In this Interim Consolidated Financial Statement, the following new and amended standards that entered into force in 2022 were applied:

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 Group before.

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

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.

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.

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 Condensed 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 drawing up these Interim Condensed Consolidated 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 drawing up these Interim Condensed 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 Condensed Consolidated Financial Statements, the endorsement of this amendment is deferred by the European Union.

2. BUILDING CONTRACTS

The Group signs fixed-price contracts for the execution of construction contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls, wind farms, power plants, production rooms, and highways.

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

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on construction contract assets are recognized, they are not subject to aging and are treated entirely as current, not past due. The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Group recognizes invoiced revenues in the line "Trade and other receivables" (Note 6.4) The Contractors under building contracts signed with the Group withhold a part of the payments as a performance bond for the contracts. These figures are recognized 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 Group engages subcontractors to carry out work related to the execution of building contracts. The invoiced costs related to subcontractors' employment are recognized as "Trade payables and other liabilities" (Note 6.8) The Group retains a portion of payments to subcontractors in relation to performance bond, and recognizes it the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

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

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

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

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

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

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

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

Performance-based method:

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

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

Expenditure-based method:

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

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

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2.1. RECEIVABLES AND LIABILITIES UNDER BUILDING CONTRACTS - BID BONDS

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

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

	30 Jun. 2022			31 Dec. 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	16,581	17,939	**34,520**	16,794	17,334	**34,128**
Revaluation write-off for impairment	(691)	(520)	**(1,211)**	(1,351)	(439)	**(1,790)**
Discounted bid bonds	(174)	(3,850)	**(4,024)**	(254)	(2,463)	**(2,717)**
Receivables under building contracts - bid bonds	15,716	13,569	**29,285**	15,189	14,432	**29,621**
Liabilities vis-à-vis subcontractors - discounted bid bonds	**141,379**	**15,910**	**157,289**	**130,829**	**15,855**	**146,684**

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

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3. CAPITAL AND DEBT MANAGEMENT

3.1. ZARZĄDZANIE KAPITAŁEM

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

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

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

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

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

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

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

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

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

Share capital

As of 30 Jun. 2022, the share capital consisted of 12 096 502 shares with a total value of PLN 1,209,650.20, and the structure of shareholders holding over 5% of the share capital and members of the Management Board and entities controlled by them was as follows:

Shareholder	No. of shares	% shareholding in share capital
Wolff & Müller Baubeteiligungen 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 in Warsaw Warsaw, 13th Commercial Division of the National Court Register amended the Company's Articles of Association in connection with the adoption of Resolution No. 21/2022 of the Company's Annual General Meeting of 20 May 2022 on the cancellation of own shares acquired by the Company and Resolution No. 22/2022 of the Company's Annual General Meeting of Shareholders 20 May 2022 on the reduction of share capital and amendment to the Company's Articles of Association.

Following the change, the Company's share capital amounts to PLN 1,209,650.20 (one million two hundred and nine thousand six hundred and fifty zloty twenty groszy) 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 groszy) 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 (EPS) 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.

	For the period of 6 months, ended on 30 Jun. 2022	For the period of 6 months, ended on 30 Jun. 2021
(Net loss)/Net profit	(1,862)	13,923
Average weighted number of ordinary shares (in pcs.)	12,096,502	12,381,679
Basic and diluted earnings per share (in PLN)	**(0.15)**	**1.12**

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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 Dec. 2021
Long-term		
Bank loans	42,742	46,496
Loans	5,052	-
	47,794	**46,496**
Short-term		
Overdraft facilities	57,511	22,362
Bank loans	105,666	14,260
Loans	1,421	6,901
	164,598	**43,523**
Total credit and loan liabilities	**212,392**	**90,019**

	30 Jun. 2022	30 Jun. 2022	31 Dec. 2021	31 Dec. 2021
	In the functional currency	In foreign currency EUR	In the functional currency	In foreign currency EUR
Loans and borrowings				
Long-term	47,794	-	46,496	-
Short-term	164,598	-	37,144	6,379
Total	**212,392**	**-**	**83,640**	**6,379**

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

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

As at the balance sheet date of 30 Jun. 2022, the ERBUD Group has access to bank and multi-purpose insurance lines with the total value of PLN 1,926,360 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees. As at the balance sheet date of 30 Jun. 2022, the ERBUD Group utilized PLN 148,408 thousand under drawn loans and PLN 984,413 thousand under bank and insurance guarantees.

As of the balance sheet date of 31 December 2021 the ERBUD Group had access to bank and insurance multi-purpose lines with a total value of PLN 1,708,251 thousand , which can be used mainly for loans or bank and insurance guarantees. As of the balance sheet date of 31 December 2021, the ERBUD Group utilized PLN 69,621 thousand under the loans and PLN 820,273 thousand under bank and insurance guarantees.

Covenants

During the year, as of 30 Jun. 2022 and by the approval date of the financial statements, all covenants have been met, similarly to the previous year.

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3.3. DEBT RELATED TO ISSUED BONDS

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

As of the balance sheet date, the Group 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 6M + 2.6%	23 September 2025	financing of an increased working capital requirement		75,586	**75,586**
			Total bond liability as of 30 Jun. 2022 of which:				**75,586**	**75,586**
			long-term			-	75,000	75,000
			short-term				586	586

"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity as of 30.06.2022.	0.30
Consolidated long-term and short-term debt	**338,675**
Cash assets	**161,251**
Adjusted equity by goodwill and intangible assets	**600,755**

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3.4. LEASE LIABILITIES

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

Period		30 Jun. 2022 Nominal value of minimum payments	31 Dec. 2021 Nominal value of minimum payments
Below 1 year	Short-term	16,620	16,502
Above 1 year	Long-term	43,040	39,161
Nominal value of minimum payments		**59,660**	**55,663**
Future lease costs		8,963	7,373
Present value of minimum payments		**50,697**	**48,290**
Below 1 year	Short-term	14,806	15,212
Above 1 year	Long-term	35,891	33,078

3.5. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 Jun. 2022 and 31 December 2021, collateral for debt obligations on tangible fixed assets are presented below.

	30 Jun. 2022	31 Dec. 2021
Tangible fixed assets	36,116	36,601
Total	**36,116**	**36,601**

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
Other items				
Guarantees and sureties	195,125	222,716	983,673	956,762
Bills of exchange	153	654	14,204	14,204
Litigations	1,152	1,152	49,321	48,523
Including dispute against Warsaw Modlin Airport (MPL)	-	-	34,381	34,381
Total	**196,430**	**224,522**	**1,047,198**	**1,019,489**

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

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

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3.7. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

	30 Jun. 2022	31 Dec. 2021
Cash in hand	140	121
Cash at bank	102,491	363,089
Other cash assets	43,800	-
Total cash and cash equivalents	**146,431**	**363,210**

The amount of the impairment loss on cash is marginal.

Cash on VAT bank accounts as 30 Jun. 2022 totalled PLN 14,820 thousand. (as of 31 December 2021 they totalled PLN 50,745 thousand)

As 30 Jun. 2022 restricted cash on VAT bank accounts totalled PLN 0.00 thousand. (as of 31 December 2021 they totalled PLN 10,855 thousand)

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

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

	30 Jun. 2022	30 Jun. 2021
Net profit /(loss) for the accounting period	**(1,449)**	**15,230**
Corporate income tax	7,041	11,422
Gross profit	**5,592**	**26,652**
Share in net profits/losses of equity-accounted subsidiaries	(312)	19
Financial expenses	15,161	4,559
Financial income	8,666	1,328
EBIT	**12,399**	**29,864**
One-off expenses	-	**(31,458)**
Adjusted EBIT	**12,399**	**61,322**
Amortization and depreciation	16,417	12,461
EBITDA	**28,816**	**42,325**
Adjusted EBITDA	**28,816**	**73,783**
Revenues from sales of products and services	1,790,117	1,290,701
EBIT margin	**1%**	**2%**
Adjusted EBIT margin	**1%**	**5%**

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For the purposes of analyzing performance, the management uses the measure of adjusted EBIT as defined above. H1 2021 data comprised such events as share-based remuneration expenses totalling PLN 28,343 thousand, being non-cash expenses and costs borne to acquire IKR GmbH totalling PLN 3,115 thousand.

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 four basic accounting segments:

- residential/commercial buildings at home,
- residential/commercial buildings in foreign countries,
- road engineering construction services,
- industrial construction segment at home
- industrial construction segment in foreign countries
- hydro-engineering segment
- renewable energy sources segment
- modular timber construction,
- other segments.

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

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

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

Estimates presented in previous periods have not materially changed against the historical data prepared as of 30 Jun. 2022.

Key information on segments in the accounting periods January 2022 - June 2022 and January 2021 - June 2021

The Group operates in Poland and abroad (in Germany, Belgium, France and Austria). 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 Jun. 2021		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	1,563,136	226,981	**1,790,117**	1,183,246	107,455	**1,290,701**
Accrued and deferred income	1,495,277	82,543	**1,577,820**	1,125,530	47,120	**1,172,650**
Income recognized at a certain point in time	67,859	144,438	**212,297**	57,716	60,335	**118,051**
Fixed assets other than financial instruments and deferred tax assets	249,961	52,215	**302,176**	137,387	42,789	**180,176**

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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 purposes of financial data analysis in the accounting segments, the Group Management eliminates the impact of one-off events referred to in Note 4.1.

For the period of 6 months, ended on 30 Jun. 2022	Domestic building construction	Foreign building construction	Road engineering construction	Industrial domestic construction segment	Industrial construction segment in foreign countries	Water engineering segment	Renewable energy sources segment	Modular timber construction	Other segments	Total continued activities
Sales to third party customers	904,810	73,333	90,099	131,051	153,648	1,950	431,918	348	2,960	**1,790,117**
Total sales revenues	**904,810**	**73,333**	**90,099**	**131,051**	**153,648**	**1,950**	**431,918**	**348**	**2,960**	**1,790,117**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	865,803	69,904	86,691	120,564	130,761	1,570	403,246	10	892	**1,679,441**
Sales margin	**39,007**	**3,429**	**3,407**	**10,487**	**22,888**	**380**	**28,672**	**338**	**2,068**	**110,676**
Sales margin %	4%	5%	4%	8%	15%	-	7%	-	70%	6%
Other operating profit/loss	(35,883)	(7,117)	(4,298)	(7,898)	(13,091)	(2,113)	(21,622)	(4,127)	(2,128)	**(98,277)**
Segment performance – EBIT	**3,124**	**(3,688)**	**(891)**	**2,589**	**9,797**	**(1,733)**	**7,050**	**(3,789)**	**(60)**	**12,399**
EBIT margin	0%	(5%)	(1%)	2%	6%	(89%)	2%	(1089%)	(2%)	1%
Share in net profits/losses of equity-accounted subsidiaries							(312)			**(312)**
Profit (loss) on financial activities (financial income less financial expenses)										**(6,495)**
Gross profit/loss										**5,592**
Corporate income tax										**7,041**
Net profit/loss										**(1,449)**
Amortization and depreciation	5,741	994	1,974	2,556	2,721	31	1,763	302	335	**16,417**
Segment performance – EBITDA	**8,865**	**(2,694)**	**1,083**	**5,145**	**12,518**	**(1,702)**	**8,813**	**(3,487)**	**275**	**28,816**

Assets and liabilities

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Pricing of building contracts - assets	**136,081**	**12,323**	**55,499**	**53,223**	**56,332**	**2,216**	**131,138**	**-**	**-**	**446,812**
Other assets								**-**		**1,639,660**
Total assets								**-**		**2,086,472**
Pricing of building contracts - liabilities	**206,902**	**20,807**	**25,637**	**37,648**	**6,709**	**-**	**43,673**	**-**	**-**	**341,376**
Other liabilities								**-**		**1,745,096**
Total liabilities								**-**		**2,086,472**
Other material items										
Share in performance of associates and joint-ventures measured with equity method	-	-	-	-	-		(312)		-	**(312)**
Loss reversal/(impairment) of financial assets and contract valuation assets	(1,765)	-	(50)	(37)	-	-	-	-	-	**(1,852)**
Capital expenditures on tangible fixed and intangible assets	9,753	189	753	737	3,288	-	2,129	17,671	200	**34,720**

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

For the period of 6 months, ended on 30 Jun. 2021

	Domestic building construction	Foreign building construction	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Water engineering segment	Renewable energy sources segment	Modular timber construction	Other segments	Total continued activities
Total income										
Cross segment sales	86,265	-	-	-	-	-	-	-	-	**86,265**
Sales to third party customers	402,486	48,663	95,603	106,831	58,792	-	488,610	-	3,451	**1,204,436**
Total sales revenues	**488,751**	**48,663**	**95,603**	**106,831**	**58,792**	**-**	**488,610**	**-**	**3,451**	**1,290,701**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	453,534	45,983	86,900	98,437	47,696	-	428,526	-	1,684	**1,162,760**
Sales margin	**35,219**	**2,680**	**8,702**	**8,394**	**11,096**	**-**	**60,083**	**-**	**1,767**	**127,941**
Sales margin %	7%	6%	9%	8%	19%	-	12%	-	51%	10%
Other operating profit/loss	(28,316)	(7,244)	(2,319)	(8,522)	(4,691)	(532)	(13,677)	-	(1,318)	**(66,619)**
One-off expenses	-	-	-	-	(3,115)	-	(28,343)	-	-	**(31,458)**
Segment performance – EBIT	**6,901**	**(4,564)**	**6,384**	**(128)**	**3,290**	**(532)**	**18,064**	**-**	**449**	**29,864**
Segment performance - adjusted EBIT	**6,901**	**(4,564)**	**6,384**	**(128)**	**6,405**	**(532)**	**46,407**	**-**	**449**	**61,322**
EBIT margin	1%	-9%	7%	0%	6%	0%	4%	-	-	**7%**
Share in net profits/losses of equity-accounted subsidiaries	-	-	-	-	-	-	19	-	-	**19**
Profit (loss) on financial activities (financial income less financial expenses)										**(3,231)**
Gross profit/loss										**26,652**
Corporate income tax										**11,422**
Net profit/loss										**15,230**
Amortization and depreciation	3,657	1,074	1,897	2,649	1,541	-	1,341	-	302	**12,461**
Segment performance – EBITDA	**10,558**	**(3,490)**	**8,281**	**2,521**	**4,831**	**(532)**	**19,405**	**-**	**751**	**42,325**

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Assets and liabilities										
Pricing of building contracts - assets	**98,151**	**61,036**	**45,660**	**26,274**	**50,919**	**-**	**148,809**	**-**	**-**	**430,849**
Other assets										**1,094,824**
Total assets										**1,525,673**
Pricing of building contracts - liabilities	**127,176**	**63,342**	**19,262**	**24,374**	**5,514**	**-**	**42,352**	**-**	**-**	**282,020**
Other liabilities										**1,243,653**
Total liabilities										**1,525,673**
Other material items										
Share in performance of associates and joint-ventures measured with equity method	-	-	-	-	-				-	**19**
Loss reversal/(impairment) of financial assets and contract valuation assets	(538)	-	(170)	(13)	1	-	(971)	-	-	**(1,691)**
Capital expenditures on tangible fixed and intangible assets	39,364	195	986	311	1,782	-	714	-	111	**43,463**

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

										For the period of 3 months, ended on 30 Jun. 2022
	Domestic building construction	Residential/commercial buildings in foreign countries,	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Water engineering segment	Renewable energy sources segment	Modular timber construction	Other segments	Total continued activities
Total income										
Cross segment sales	-	-	-	-	-	-	-	-	-	**-**
Sales to third party customers	492,111	33,869	49,138	75,718	77,059	715	294,494	226	2,838	**1,026,168**
Total sales revenues	**492,111**	**33,869**	**49,138**	**75,718**	**77,059**	**715**	**294,494**	**226**	**2,838**	**1,026,168**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	470,508	31,289	47,890	68,867	69,044	461	276,045	10	1,032	**965,146**
Sales margin	**21,604**	**2,580**	**1,247**	**6,850**	**8,016**	**254**	**18,449**	**216**	**1,806**	**61,022**
Sales margin %	4%	8%	3%	9%	10%	36%	6%	96%	64%	6%
Other operating profit/loss	(19,897)	(3,543)	(1,679)	(4,240)	(6,191)	(2,113)	(12,941)	(1,257)	(1,488)	**(53,349)**
Segment performance – EBIT	**1,706**	**(963)**	**(431)**	**2,611**	**1,824**	**(1,859)**	**5,508**	**(1,041)**	**318**	**7,673**
EBIT margin	0%	-3%	(1%)	3%	2%	-260%	2%	-460%	11%	**1%**
Share in net profits/losses of equity-accounted subsidiaries							(197)			**(197)**
Profit (loss) on financial activities (financial income less financial expenses)										**(4,347)**
Gross profit/loss										**3,129**
Corporate income tax										**4,688**
Net profit/loss										**(1,559)**
Amortization and depreciation	2,777	634	1,003	1,744	1,572	31	904	76	170	**8,911**
Segment performance – EBITDA	**4,484**	**(329)**	**571**	**4,354**	**3,397**	**(1,828)**	**6,412**	**(965)**	**488**	**16,584**
Assets and liabilities										
Pricing of building contracts - assets	**136,081**	**12,323**	**55,499**	**53,223**	**56,332**	**2,216**	**131,138**	**-**	**-**	**446,812**

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Other assets										**1,639,660**
Total assets										**2,086,472**
Pricing of building contracts - liabilities	**206,902**	**20,807**	**25,637**	**37,648**	**6,709**	**-**	**43,673**	**-**	**-**	**341,376**
Other liabilities										**1,745,096**
Total liabilities										**2,086,472**

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

For the period of 3 months, ended on 30 Jun. 2021

	Domestic building construction	Foreign building construction	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Water engineering segment	Renewable energy sources segment	Modular timber construction	Other segments	Total continued activities
Total income										
Cross segment sales	32,880	-	-	-	-	-	-	-	-	**32,880**
Sales to third party customers	252,799	10,278	70,169	65,396	34,700	-	285,073	-	2,756	**721,171**
Total sales revenues	**285,679**	**10,278**	**70,169**	**65,396**	**34,700**	**-**	**285,073**	**-**	**2,756**	**754,051**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	269,456	10,279	61,547	60,440	28,617	-	252,388	-	1,105	**683,832**
Sales margin	**16,223**	**(1)**	**8,622**	**4,956**	**6,083**	**-**	**32,685**	**-**	**1,651**	**70,219**
Sales margin %	6%	0%	12%	8%	18%	0%	11%	0%	60%	9%
Other operating profit/loss	(16,399)	(3,078)	(1,423)	(4,187)	(5,394)	(221)	(7,531)	-	(1,225)	(39,458)
Segment performance – EBIT	**(176)**	**(3,079)**	**7,199**	**769**	**689**	**(221)**	**25,154**	**-**	**426**	**30,761**
EBIT margin	0%	-30%	10%	1%	11%	0%	9%	0%	15%	**8%**
Share in net profits/losses of equity-accounted subsidiaries							19			**19**
Profit (loss) on financial activities (financial income less financial expenses)										**(2,065)**
Gross profit/loss										**28,715**
Corporate income tax										**7,667**
Net profit/loss										**21,048**
Amortization and depreciation	1,763	789	1,387	1,856	973	-	702	-	(269)	**7,201**
Segment performance – EBITDA	**1,587**	**(2,290)**	**8,586**	**2,625**	**1,662**	**(221)**	**25,856**	**-**	**157**	**37,962**
Assets and liabilities										
Pricing of building contracts - assets	**98,151**	**61,036**	**45,660**	**26,274**	**50,919**	**-**	**148,809**	**-**	**-**	**430,849**

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Other assets										**1,094,824**
Total assets										**1,525,673**
Pricing of building contracts - liabilities	**127,176**	**63,342**	**19,262**	**24,374**	**5,514**	**-**	**42,352**	**-**	**-**	**282,020**
Other liabilities										**1,243,653**
Total liabilities										**1,525,673**
Other material items										

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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 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
Third party services	1,012,758	698,085	613,937	396,788
including third party services from subcontractors	828,377	655,774	529,811	208,040
Material and energy consumption	573,729	333,088	361,863	200,646
Employee benefit expenses	237,813	200,380	125,425	119,977
Including remuneration consisting of shares	-	28,343	-	-
Amortization and depreciation	16,417	12,461	8,911	7,201
Taxes and charges	10,170	5,726	5,194	2,896
Other cost categories	11,835	12,517	4,874	9,219
Value of goods and materials sold	1,962	1,497	1,391	1,478
Total costs by type	**1,864,684**	**1,263,754**	**1,121,595**	**738,205**
Change in the balance of products, work in progress and accrued expenses under building contracts	(87,074)	799	(104,465)	(14,457)
Cost of sales (negative value)	(6,128)	(5,451)	(3,364)	(2,764)
General management and administration costs (negative value)	(92,041)	(96,342)	(48,620)	(37,152)
Including remuneration consisting of shares	-	(28,343)	-	(28,343)
Manufacturing costs of products sold	**1,679,441**	**1,162,760**	**965,146**	**683,832**

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 126% compared to 75% to the overall period of last year. After taking off one-off events in the previous year (sale of ONDE shares) and in the current year (acquisition of own shares in ONDE), the average annual tax rate for the accounting period coincides with the tax rate for the previous 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.

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

	For the period of 6 months, ended on 30 Jun. 2022	For the period of 6 months, ended on 30 Jun. 2021
Gross profit before taxation	**5,592**	**26,652**
Tax according to the statutory tax rate applicable in Poland - 19%	**1,062**	**5,064**
Additional tax burden being a result of a rate exceeding 19% in Germany	3,649	989
Excess of non-taxable income over non-deductible expenses	2,330	905
Permanent differences - non-tax deductible costs	-	4,464
Tax recognized in the financial net profit/loss	**7,041**	**11,422**
Current tax	11,497	7,472
Deferred tax	(4,456)	3,950
Effective tax rate	**125.94%**	**42.85%**

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

	1 Jan. 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	55,919	14,811	-	70,730	43,659	-	114,389
Provisions	11,351	333	-	11,684	2,839	-	14,523
Tax loss	4,189	(1,050)	-	3,139	3,233	-	6,372
Accrued wages and salaries, and charges	715	1,884	-	2,599	(1,610)	-	989
Receivables revaluation write-downs	6,237	(258)	-	5,979	(1,359)	-	4,620
Other financial liabilities	2,349	1,214	-	3,563	(1,129)	-	2,434
Deferred expenses	693	-	-	693	(650)	-	43
Other	2,700	(441)	(25)	2,234	1,452	100	3,786
Total	**84,153**	**16,493**	**(25)**	**100,621**	**46,435**	**100**	**147,156**
Deferred tax liabilities							
Pricing of building contracts - assets	31,419	14,732	-	46,151	39,334	-	85,485
Conversion of assets into fair value	4,923	(1,099)	7,303	11,127	(222)	6,796	17,701
Balance sheet pricing and liabilities discount	809	179	-	988	1,086	-	2,074
Accrued interest on debt	292	462	-	754	27	-	781
Accrued revenues	579	(92)	-	487	(37)	-	450
Other	1,486	734	(5)	2,215	1,791	86	4,092
Total	**39,508**	**14,916**	**7,298**	**61,722**	**41,979**	**6,882**	**110,583**
Assets and liabilities set off	39,508			51,125			93,800
Post set-off balance	**46,911**			**60,093**			**70,139**
Assets	45,778			49,496			53,356
Liabilities	1,133			10,597			16,783
Net impact of changes in the period		**1,577**	**(7,323)**		**4,456**	**(6,782)**	

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In the year ended on 30 Jun. 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		31 Dec. 2021	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Short-term	120,626	74,531	70,885	42,940
Long-term	26,530	36,052	29,736	18,782
Total	**147,156**	**110,583**	**100,621**	**61,722**

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

Pursuant to IFRS 9 the Group 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 6.4.	Trade receivables
Note 6.4.	Other receivables
Note 4.2.	Assets under building contracts
Note 3.7.	Cash and cash equivalents
Note 3.7.	Cash assets on the VAT account
Note 3.7.	Cash with restricted availability.
Note 5.1.	Other financial assets (including extended loans)

Financial liabilities priced at amortized cost comprise mainly:

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

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5.1.1.FINANCIAL ASSETS

As of 30 Jun. 2022 and as of 31 December 2021 the Group was in the possession of the following items disclosed in the Statement of Financial Position in the line financial assets:

		30 Jun. 2022	31 Dec. 2021
Note 5.1.2.	Loans extended	17,899	38,852
	Other	4,440	1,240
	Total	**22,339**	**40,092**
	Long-term	12,918	11,525
	Short-term	9,421	28,567

5.1.2.FINANCIAL ASSETS – LOANS EXTENDED

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

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

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

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

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

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

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

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

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

5.2.1. MARKET RISK – CURRENCY RISK

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

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

5.2.2. MARKET RISK – INTEREST RATE RISK

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

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

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

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

Trade receivables and building contract assets

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

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

Changes in the write-down of receivables are presented in the Note 6.4.

5.2.3. LIQUIDITY RISK

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

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

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

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The table below shows the Group's financial liabilities as of 30 Jun. 2022 by maturity date based on contractual non-discounted payments.

						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	5,183	161,766	51,137	5,178	**223,264**	**212,392**
Debt related to issued bonds	-	586	75,000	-	**75,586**	**75,000**
Lease liabilities	3,877	12,382	38,405	2.086	**56,750**	**50,697**
Liabilities vis-à-vis subcontractors - bid bonds	10,351	135,869	12,057	5,479	**163,756**	**157,289**
Trade payables	413,653	-	-	-	**413,653**	**413,653**
Total	**433,064**	**310,603**	**176,599**	**12,743**	**933,009**	**909,031**

						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	1,515	42,145	50,538	46	**94,244**	**90,019**
Debt related to issued bonds	-	586	75,000	-	**75,586**	**75,000**
Debt related to financial lease	3,601	14,880	31,942	5,240	**55,663**	**48,290**
Liabilities vis-à-vis subcontractors - bid bonds	8,636	124,664	12,303	5,115	**150,718**	**146,684**
Trade payables	361,356	817	958	-	**363,131**	**363,131**
Total	**375,108**	**183,092**	**170,741**	**10,401**	**739,342**	**723,124**

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 Group identifies indications that property, plant and equipment may be impaired, it performs an impairment test based on an estimate of the recoverable amount of the property, plant and equipment. Recoverable amount is determined as the higher of the value that is realizable upon sale of a given non-current asset less costs to sell or the value in use calculated based on the discounted cash flows to be generated by a given non-current asset or group of assets.

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

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

The Group annually verifies the residual value, useful life and depreciation methods of tangible fixed assets. The revisions performed as of 31 December 2021 and 31 December 2020 did not result in a change to the remaining estimated useful lives, depreciation methods or residual values of property, plant and equipment.

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

- Buildings and structures – 2% - 4,5%
- Technical 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 Group, depreciation rates coincide with depreciation rates for its own assets belonging to the same category because the lease term corresponds to the economic useful life of the asset (including renewal options) or the contract includes an option to purchase the asset and it is reasonably certain that the Group will exercise the option.

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

Lease accounting policy effective from 1 January 2019:

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

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

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

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

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

The lease term is a non-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.

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Debt under lease contracts is referred to in Note 3.4.

	Lands including right of perpetual usufruct to land	Buildings and structures	Technical appliances and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Intangible assets	Total
Net value as of 1 January 2021	**13,554**	**29,772**	**15,361**	**26,367**	**5,149**	**1,942**	**12,009**	**104,154**
Increases:								
Acquisition	13,836	24,569	3,426	2,751	14,115	25,602	312	**84,611**
Lease	-	-	1,331	13,894	-	-	-	**15,225**
Acceptance of fixed assets	566	4,066	959	1,232	1,121	-	36	**7,980**
Other, including reclassification adjustments	-	1,113	19	151	(168)	(4,346)	(1,013)	**(4,244)**
Decreases:								
Amortization and depreciation	215	8,409	6,288	9,473	1,844	-	1,420	**27,649**
Disposal and liquidation	-	-	69	2,107	11	-	8	**2,195**
Internal transfers	-	-	-	-	-	8	(8)	**-**
Other	-	-	-	(7)	-	-	-	**(7)**
FX gains and losses from translation	(2)	(23)	4	(11)	(5)	4	(17)	**(50)**
Net value as of 31 Dec. 2021	**27,739**	**51,088**	**14,743**	**32,811**	**18,357**	**23,194**	**9,907**	**177,839**
Net value as of 1 Jan. 2022	**27,739**	**51,088**	**14,743**	**32,811**	**18,357**	**23,194**	**9,907**	**177,839**
Increases:								
Acquisition	-	249	1,567	2,021	1,535	28,146	1,202	**34,720**
Lease	-	-	171	8,723	94	-	-	**8,988**
Other, including reclassification adjustments	-	281	-	-	9	(257)	-	**33**
Decreases:								**-**
Amortization and depreciation	107	5,206	3,120	5,739	1,438	-	807	**16,417**
Disposal and liquidation	-	-	2	497	-	-	-	**499**
Other	-	-	-	-	-	-	8	8
FX gains and losses from translation	18	158	12	135	109	16	86	**534**
Net value as of 30 Jun. 2022	**27,650**	**46,570**	**13,371**	**37,454**	**18,666**	**51,099**	**10,380**	**205,190**

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 Group did not enter into any lease agreements for a period shorter than 12 months. The signed lease contracts did not comprise a variable fee for the Lessor.

Charges associated with all short-term leases and leases of low-value assets are recognized as an expense in the financial net income on a straight-line basis. At the time of initial application of the standard, for all lease contracts, except for short-term leases and leases of low-value assets, previously classified as operating leases:

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

	LANDS	BUILDINGS AND STRUCTURES	TECHNICAL APPLIANCES AND MACHINERY	MEANS OF TRANSPORT	OTHER FIXED ASSETS	TOTAL
Net value as of 1 Jan. 2021	**4,276**	**12,072**	**7,201**	**17,246**	**82**	**40,877**
Increase due to opened lease contracts	-	-	1,331	15,186	-	16,517
Increase due to expenditures for tangible fixed assets under construction and advances for tangible fixed assets	-	-	-	(929)	-	(929)
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	(10)	(179)	(2,085)	-	(2,274)
Amortization and depreciation	(190)	(5,556)	(1,937)	(5,823)	(17)	(13,523)
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	(32)	(696)	-	(728)
Net value as of 31 Dec. 2021	**4,086**	**6,506**	**6,384**	**22,899**	**65**	**39,940**
Net value as of 1 Jan. 2022	**4,086**	**6,506**	**6,384**	**22,899**	**65**	**39,940**
Increase due to opened lease contracts	-	-	171	11,602	-	11,773
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	-	(698)	-	(698)
Amortization and depreciation	(94)	(1,456)	(1,026)	(3,830)	(9)	(6,415)
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	(1)	(250)	-	(251)
Net value as of 30 Jan. 2022	**3,992**	**5,050**	**5,528**	**29,723**	**56**	**44,349**

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6.2. GOODWILL

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

Accounting principles concerning goodwill impairment are described in Note 6.3.

	For the period of 6 months, ended on 30 Jun. 2022	For the period of 12 months, ended on 31 Dec. 2021
Opening balance of goodwill	**41,240**	**40,667**
Additions	-	630
FX gains and losses from translation	312	(57)
Closing balance of goodwill	**41,552**	**41,240**
Including acquisitions:		
ONDE S.A.	18,274	18,274
Erbud Holding GmbH	17,954	17,642
Other	5,324	5,324

6.3. FIXED ASSETS IMPAIRMENT

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

Tangible fixed assets impairment

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

Goodwill impairment

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

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

Goodwill impairment

Goodwill is allocated to the Group's cash-generating centres. The goodwill arising from the acquisition of shares in ONDE S.A. by Erbud S.A. is assumed to be the cash-generating centre of the entire engineering and road segment of ONDE S.A.

For ONDE SA, the recoverable amount of the cash-generating unit is determined based on the valuation of ONDE SA shares on the Warsaw Stock Exchange.

Goodwill arising on the acquisition of the Erbud Holding Group by Erbud SA is assumed to be the cash-generating centre of the entire industrial segment abroad related to the Erbud Holding Group.

The recoverable amount of a cash-generating unit is determined based on the unit's value in use, estimated using a Discounted Cash Flow (DCF) model. These calculations use cash flow projections over a three-year period. The cash flows going beyond the three-year period were estimated to be at a constant level. The growth rate does not exceed the long-term average growth rate for the construction sector abroad where the cash-generating centre operates. The calculations assume an average gross margin of 14.8%, while the discount rate used was 4.0%. The Management Board established the budgeted gross margin on the basis of historical performance and its own projections of market development. Weighted average growth rates are in line with the forecasts presented in the industry reports. The discount rate used is a rate that reflects each segment specific risks.

In 2022 and 2021, an analysis was carried out and no grounds were found to set up an impairment write-down for a loss of an asset or group of tangible assets.

The goodwill impairment test, which was carried out as of 31 December 2021, did not indicate any need to make an impairment write-off.

6.4. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

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

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

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

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

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	30 Jun. 2022			31 Dec. 2021		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	825,125	48,117	777,008	640,580	45,933	594,647
Receivables from corporate income tax	11,660	-	11,660	3,207	-	3,207
Other budget receivables	35,053	-	35,053	23,037	-	23,037
Other receivables	22,533	1,187	21,346	32,002	1,210	30,792
Total	**894,371**	**49,304**	**845,067**	**698,826**	**47,143**	**651,683**

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	**47,143**	**37,352**
Setting up/(reversal)of individual write-offs	466	10,982
Setting up /(reversal) of write-offs according to write-off matrix	1,772	651
Use of individual write-offs	(290)	(2,019)
Other	50	156
FX gains and losses from translation	163	21
Closing write-offs, of which:	**49,304**	**47,143**
Matrix-based calculated write-off	10,816	3,862
Individual write-off	38,488	43,281

	30 Jun. 2022	31 Dec. 2021
Non-past due receivables:	**618,019**	**466,892**
Past due receivables:	**158,989**	**127,755**
below 1 month	22,757	33,929
1-3 months	35,818	15,534
3-6 months	13,439	2,741
6 months - 1 year	17,785	20,463
Above 1 year	69,190	55,088
Total trade receivables, net	**777,008**	**594,647**

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

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6.5. OTHER ASSETS

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

In the "Prepayments" line the Group recognises amounts paid on account of concluded preliminary agreements for the acquisition of shares in Companies which do not meet the definition of derivatives under IFRS 9.

	30 Jun. 2022	31 Dec. 2021
Prepayments	-	6,738
Insurance	9,195	6,767
Other	3,018	380
Total	**12,213**	**13,885**

6.6. PROVISIONS

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

Provisions for warranty repairs

Provisions for warranty repair costs result from the Group's warranty extended for construction services. Provisions are set up in the amount determined with percentage rate, which is a quotient of historically incurred costs for warranty repairs and historically posted revenues generated by the execution of building contracts. The costs of provision for warranty repairs are posted into costs of services sold. In the case of non-construction services, mainly maintenance services, the provision for the costs of warranty repairs is set up on the basis of historical data and a reliable estimate of the amount of the related obligation. The assumptions used to calculate the provision for warranty repairs as of 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 Group under the effective law and the remuneration rules and regulations. The amount of the provision is determined at the present value using actuarial techniques requiring the adoption of certain assumptions. Assumptions vital to pricing include the levels of discount rates, projected rates of return on assets (ROA), forecast wage increases. Due to pricing complexity, the assumptions made, its long-term nature, the liabilities related to the above mentioned benefits are very sensitive to assumption changes. All the above assumptions are verified and updated at the end of each reporting period.

Provisions for litigation and disputes

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

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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	**26,416**	**15,722**	**2,435**	**7,265**	**51,838**
Increase	5,551	5,530	36	6,898	18,015
Dissolution	950	6,863	916	5,220	13,949
Increase due to acquisition	-	4,355	-	154	4,509
Utilisation	-	2,510	-	575	3,085
FX gains and losses from translation	(11)	(54)	(7)	(24)	(96)
As of 31 Dec. 2021	**31,006**	**16,180**	**1,548**	**8,498**	**57,232**
short-term	21,326	101	1,396	8,024	30,847
long-term	9,680	16,079	152	474	26,385
As of 1 Jan. 2022	**31,006**	**16,180**	**1,548**	**8,498**	**57,232**
Increase	998	798	-	5,443	7,239
Dissolution	240	2,679	-	552	3,471
Increase due to acquisition	-	2,206	-	(2,134)	72
Utilisation	-	-	-	684	684
FX gains and losses from translation	44	253	-	12	309
As of 30 Jun. 2022	**31,808**	**16,758**	**1,548**	**10,583**	**60,697**
short-term	21,098	107	1,396	10,100	32,701
long-term	10,710	16,651	152	483	27,996

6.7. DISPUTES

Both in cases where the Group member company is the plaintiff (cases related to receivables) and in cases where the Company 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 Group.

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 subject of the proceeding, the amount in dispute, the date of the proceeding initiation and the Issuer's perspective)

Material proceedings to which the Issuer is the plaintiff

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 cessation appeal has passed and, if filed, until the cessation 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 non-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 favorable 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: PLN 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

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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.

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

6.8. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

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

Short-term employee benefit liabilities

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

	30 Jun. 2022	31 Dec. 2021
Trade payables	**413.653**	**363.131**
including to related entities	2.390	103
Liabilities vis-à-vis budget in relation to:	**44.132**	**52.132**
VAT tax	5.997	20.716
corporate income tax	10.017	9.798
personal income tax	12.116	6.642
Social insurance contribution	13.988	10.613
real estate tax	393	-
State Fund for the Rehabilitation of the Disabled	225	194
Employee Capital Plans (PPK)	58	-
holiday accrual (Belgium tax)	506	945

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other	832	3.224
Other liabilities	**61.180**	**60.738**
wages and salaries	17.527	14.605
accruals	2.552	835
short-term employee benefit liabilities	32.323	36.947
other	8.778	8.351
Total	**518.965**	**476.001**

6.9. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

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

	Change in balance of Cash Flow Statement in the period from Jan. 2022 to Jun. 2022	Change in balance of Cash Flow Statement in the period from Jan. 2021 to Jun. 2021
Change in provision balance	**3.465**	(1,091)
Change in inventory balance	**(148,052)**	(28,238)
Change of receivables balance	**(193,384)**	(143,191)
Change in balances of short-term liabilities, excluding credits and loans	**126.843**	166.938
Change in settlement of assets and liabilities under building contracts	**(47,346)**	(184,009)
Change of balance of the remaining assets	**1.672**	(9,144)
Change in balance of working capital	**(256,802)**	**(198,735)**

	Other non-cash adjustments in the Cash Flow Statement in the period from Jan. 2022 to Jun. 2022	Other non-cash adjustments in the Cash Flow Statement in the period from Jan. 2021 to Jun. 2021
Share-based payments	-	28.343
IPO-related expenses	-	(2,682)
Other	**(6,591)**	(668)
Other non-cash adjustments	**(6,591)**	**24.993**

6.10. GROUP STRUCTURE

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

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

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

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

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

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

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Group Structure

As of 30 Jun. 2022, the Group comprises the Parent Company Erbud S.A. along with its subsidiaries, consolidated using the full method, and entities not controlled by Erbud S.A., consolidated using the equity method.

#	Name of entity	Registered office	Scope of activities	Parent Company's share in equity (equal to the voting rights held)			
				30 Jun. 2022	30 Jun. 2022	31 Dec. 2021	31 Dec. 2021
	Shares held directly						
1	ONDE S.A. (former Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.)	Toruń	Road engineering and renewable energy sources	60.10%	PLN 39,871	60.70%	40,267
2	Erbud Operations Sp. z o.o.(acquired Erbud International Sp. z o.o. and was renamed into Erbud International Sp. z o.o.)	Rzeszów	Construction services	100.00%	PLN 432	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%	PLN 15,627	100.00%	15,627
5	MOD21 GmbH (former GWI GmbH)	Düsseldorf, Germany	Construction services	100.00%	PLN 13,233	100.00%	13,233
6	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	100.00%	PLN 12,000	100.00%	12,000
7	Erbud Holding GmbH	Düsseldorf, Germany	Management services	100.00%	PLN 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%	PLN 3	50.00%	3
11	JV PABC Sp. z o.o.	Warsaw	Construction services	100.00%	PLN 5	100.00%	5
12	MOD21 Sp.z o.o.	Ostaszewo	Modular timber construction	100.00%	PLN 5	100.00%	5
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	43.00%	PLN 2	43.00%	2

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#	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 30 Jun. 2022	31 Dec. 2021
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o.(following the merger with Erbud Industry Pomorze Sp. z o.o.)	Łódź	Maintenance services in the industrial segment	**99.01%**	99.01%
2	ERBUD Industry Południe Sp. z o.o.	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.	Łódź	Renewable energy sources	**50.00%**	50.00%
22	Cyranka Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
23	DEPVPL sp. z o.o. power plant	Szczecin	Renewable energy sources	**100.00%**	50.00%
24	KWE Spółka z o.o.	Szczecin	Renewable energy sources	**50.00%**	50.00%
25	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	100.00%
26	WTL50 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
27	WTL210 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
28	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
29	Park Słoneczny Ciechanów Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
30	Park Lewałd Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
31	FW Gumienice Sp. z o.o. (*wind farm*)	Toruń	Renewable energy sources	**100.00%**	100.00%

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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%

Interests of jointly controlled companies consolidated using the equity method and classified as long-term financial assets:

Long-term financial assets	**30 Jun. 2022**	**31 Dec. 2021**
Azuryt 6 Investments Sp. z o.o.	14,687	14,687
KWE Sp. z o.o.	11,232	11,232
Elektrownia DE PVPL 22 Sp. z o.o. (Power Plant)	-	3,400
Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	5,287	5,287
Tauron Serwis Sp. z o.o.	488	488
Sanssouci Karpacz Sp. z o.o.	2	2
Neo Solar Kazimierz Biskupi Sp. z o.o.	22,681	-
Share in net profits/losses of equity-accounted subsidiaries	(468)	(156)
Total	**PLN 53,909**	**PLN 34,940**

For major investment projects consolidated using the equity method, the key financial figures for the period ended on 30 Jun. 2022 are presented below:

	Solar Serby Sp. z o.o.	KWE SP. Z O.O. (*WIND FARM*)	FARMA WIATROWA SZYBOWICE SP. Z O.O. (*WIND FARM*)	Solar Kazimierz Biskupi Sp. z o.o.
Balance Sheet highlights:				
ASSETS, of which:	**2,724**	**4,017**	**3,378**	**10,205**
Fixed assets	1,284	3,527	592	3,928
Current assets	1,440	490	2,786	6,277
Cash assets	108	8	-	48
LIABILITIES, of which:	**2,724**	**4,017**	**3,378**	**10,205**
Long-term liabilities of which:	1,351	3,382	3,481	7,120
Financial liabilities	1,351	3,382	3,481	7,120
Short-term liabilities of which:	1,654	15	123	313
Financial liabilities	-	-	-	-

Abridged Profit and Loss Account:				
Net profit for the accounting period	(5)	(329)	(106)	(184)
Other P&L items:				
Financial expenses	-	40	99	161

No share of Sanssouci profits/losses for H1 2022 was recognized in the Interim Condensed Consolidated Financial Statements owing to the fact that the value of investments measured with the equity method was 0.

The remaining companies reported a financial result with marginal importance.

The accounting period of subsidiaries is the same as that of the parent company. These companies have no restrictions on the cash allocation to potential dividend payments and loan repayments.

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

On 25 June 2021 ONDE SA entered into an agreement to acquire 50% shareholding in a company (DE PVPL 22 POWER PLANT) which owns a photovoltaic farm project from a non-related party. On 28 April 2022 the Company entered into an agreement to acquire a 50% shareholding in a company that owns a wind farm project from a non-related party. The total acquisition price totalled PLN 15,850 thousand and was settled in cash. Transaction costs related to this transaction were immaterial. The acquired company's assets comprises a land lease agreement defining the site for the construction of a photovoltaic farm, environmental approvals, land development conditions and cash assets. The Company does not generate revenues and does not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 6 June 2022 ONDE S.A. entered into an agreement to acquire a 100% shareholding in a special purpose vehicle (PV Szczepanów) that owns a photovoltaic farm project from two non-related parties. The transaction price totalled PLN 4.404 thousand and is subject to cash settlement. Transaction costs related to this transaction were immaterial. The acquired company's assets comprises a land lease agreement defining the site for the construction of a photovoltaic farm, environmental approvals, land development conditions and cash assets. The Company does not generate revenues and does not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 6 June 2022 ONDE S.A. entered into an agreement to acquire a 100% shareholding in a special purpose vehicle (PV Kadłubia 2) that owns two photovoltaic farm projects from two non-related parties. The transaction price totalled PLN 9.421 thousand and is subject to cash settlement. Transaction costs related to this transaction were immaterial. The acquired company's assets comprises a land lease agreement defining the site for the construction of a photovoltaic farm, environmental approvals, land development conditions and cash assets. The Company does not generate revenues and does not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

Acquisition of entities that represent a business

In the current year no entities that represent a business were acquired.

Acquisition of shares in jointly controlled entities

On 2 February 2022 ONDE S.A. entered into an agreement to acquire a 50% shareholding in a special purpose vehicle (Solar Kazimierz Biskupi) that owns a photovoltaic farm project from a non-related party. The transaction price totalled PLN 22.681 thousand and is subject to cash settlement. Transaction costs related to this transaction were immaterial. It was initially assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

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6.11. Transactions with related entities

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

		30 Jun. 2022		31 Dec. 2021
	Subsidiaries not consolidated by full method	Total	Subsidiaries not consolidated by full method	Total
Trade receivables	284	**284**	2,972	**2,972**
Loans extended	13,743	**13,743**	10,377	**10,377**
Trade payables	17	**17**	103	**103**
Sales revenues	234	**234**	12,496	**12,496**
Interest income on loans extended	402	**402**	437	**437**
Purchase of goods and services	133	**133**	-	**-**

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

		30 Jun. 2022		31 Dec. 2021
Shareholder	No. of shares /votes	% of shareholding in the share capital counted in votes at the General Meeting of Shareholders	No. of shares /votes	% of shareholding in the share capital counted in votes at the General Meeting of Shareholders
Dariusz Grzeszczak	1,231,907	5.88%	747,654	5.88%
Jacek Leczkowski	5,112	0.04%	5,174	0.04%
Agnieszka Głowacka	3,938	0.03%	3,938	0.03%
Albert Dürr	13,642	0.11%	27,508	0.11%
Total	**1,254,599**	**6.06%**	**784,274**	**6.06%**

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

6.12. 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