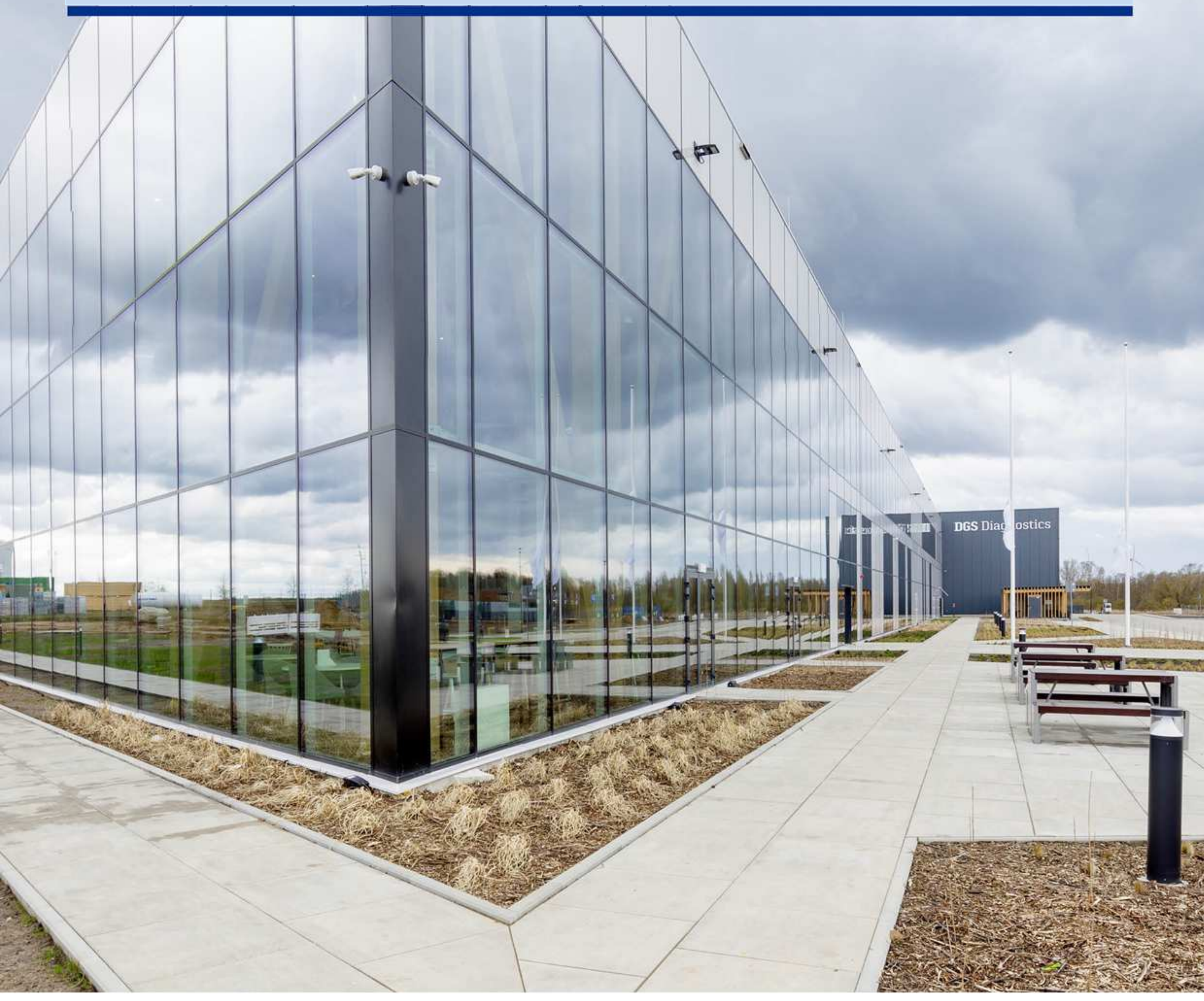
ERBUD GROUP

# ERBUD GROUP

# Interim Condensed Consolidated Financial Statement

## for a 6-month period closed on 30 June 2024

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



ERBUD Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

| | | For a 6-month period, ended on 30 June 2024 | For a 6-month period, ended on 30 June 2023 | For a 3-month period, ended on 30 June 2024 | For a 3-month period, ended on 30 June 2023 |
|---|---|---|---|---|---|
| | | Unaudited data | Unaudited data | Data not subject to review | Data not subject to review |
| | **GOING CONCERN OPERATIONS** | | | | |
| Note 4.2.,4.3. | Revenues from sales of products and services | 1,333,466 | 1,582,190 | 689,200 | 861,610 |
| Note 4.2.,4.3. | Cost of products and services sold | 1,231,878 | 1,461,710 | 630,281 | 784,768 |
| | **Gross sales profit/(loss)** | **101,588** | **120,480** | **58,919** | **76,842** |
| Note 4.3. | Cost of sales | 10,511 | 7,181 | 5,676 | 3,332 |
| Note 4.3. | General administrative expenses | 93,729 | 94,225 | 49,854 | 45,949 |
| | Proceeds from the sales of interest in a jointly controlled entity | 19,088 | - | - | - |
| | Other operating income | 5,311 | 2,122 | 167 | 427 |
| | Other operating expenses | 3,760 | 7,115 | 1,035 | 6,123 |
| | Loss reversal/(impairment) of financial assets and customer contract valuation assets | (6,264) | (3,861) | (6,169) | (3,881) |
| Note 4.2. | **Operating profit /loss** | **11,723** | **10,220** | **(3,648)** | **17,984** |
| | Share in net profits/ (losses) measured by equity-accounted method | (1,047) | (759) | (788) | (611) |
| | Financial income | 10,723 | 9,007 | 5,243 | 5,457 |
| | Financial expenses | 14,913 | 27,158 | 6,013 | 16,519 |
| Note 4.2. | **Gross profit/loss** | **6,486** | **(8,690)** | **(5,206)** | **6,311** |
| Note 4.4. | Corporate income tax | 5,905 | (4,031) | 3,861 | (4,222) |
| | **Net profit (loss) in accounting year** | **581** | **(4,659)** | **(9,067)** | **10,533** |
| | Parent Company Shareholders | (5,582) | (9,925) | (8,338) | 3,466 |
| | Non-Controlling Stakeholders | 6,163 | 5,266 | (729) | 7,067 |

ERBUD Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

| | For a 6-month period, ended on 30 June 2024 | For a 6-month period, ended on 30 June 2023 | For a 3-month period, ended on 30 June 2024 | For a 3-month period, ended on 30 June 2023 |
|---|---|---|---|---|
| | Unaudited data | Unaudited data | Data not subject to revision | Data not subject to revision |
| **Consolidated profit / (loss), net** | **581** | **(4,659)** | **(9,067)** | **10,533** |
| Foreign exchange gains/losses resulting from translation of statements of foreign entities | **(2,357)** | (6,464) | (2,207) | (5,679) |
| **Comprehensive income (including tax effect) subject to reclassification into result** | **(2,357)** | **(6,464)** | **(2,207)** | **(5,679)** |
| **Comprehensive income in the accounting period** | **(1,776)** | **(11,123)** | **(11,274)** | **4,854** |
| Appropriated to: | | | | |
| Parent Company Shareholders | (7,939) | (15,893) | (10,545) | (2,019) |
| Non-Controlling Stakeholders | 6,163 | 4,770 | (729) | 6,873 |

ERBUD Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | 30 June 2024 | 31 Dec. 2023 |
|---|---|---|---|
| | | Unaudited data | Audited data |
| | **ASSETS** | **1,973,493** | **1,973,833** |
| Note 6.2. | Goodwill | 40,680 | 40,217 |
| Note 6.1. | Intangible assets | 14,982 | 13,605 |
| Note 6.1. | Tangible fixed assets | 257,837 | 233,900 |
| Note 6.12. | Investments accounted for using the equity method | 47,941 | 53,880 |
| Note 5.1. | Financial assets | 18,920 | 16,852 |
| Note 4.4. | Deferred tax assets | 121,241 | 109,150 |
| Note 2.1. | Receivables under building contracts - bid bonds | 3,096 | 9,296 |
| | **Fixed assets** | **504,697** | **476,900** |
| Note 6.5. | Inventory | 234,535 | 139,664 |
| Note 2.1. | Receivables under building contracts - bid bonds | 41,379 | 30,815 |
| Note 4.2. | Pricing of building contracts - assets | 394,698 | 455,336 |
| Note 6.6. | Trade receivables | 521,824 | 479,533 |
| Note 6.6. | Income tax & VAT receivables | 8,971 | 23,715 |
| Note 6.6. | Other receivables | 41,044 | 42,618 |
| Note 5.1. | Financial assets | 8,935 | 9,951 |
| Note 3.7. | Cash and cash equivalents | 179,034 | 263,119 |
| Note 3.7. | Cash assets in VAT account | 26,410 | 44,186 |
| Note 6.7. | Short-term prepayments | 11,966 | 7,996 |
| | **Current assets** | **1,468,796** | **1,496,933** |
| | **LIABILITIES** | **1,973,493** | **1,973,833** |
| Note 3.1. | Share capital | 1,193 | 1,193 |
| | Supplementary capital | 289,658 | 281,353 |
| | Reserve capital | 104,346 | 104,346 |
| | Foreign exchange gains/losses resulting from conversion of foreign unit | 1,427 | 3,784 |
| | Retained earnings | 112,937 | 146,867 |
| | Equity of Parent Company shareholders | 509,561 | 537,543 |
| | Equity of non-controlling stakeholders | 136,830 | 137,403 |
| | **Equity** | **646,391** | **674,946** |
| Note 3.2.-3.4 | Debt | 203,890 | 178,157 |
| Note 6.8. | Provisions | 22,775 | 21,921 |
| Note 4.4. | Deferred tax liabilities | 21,575 | 15,804 |
| Note 2.1. | Liabilities vis-à-vis subcontractors - bid bonds | 17,058 | 16,986 |
| | **Long-term liabilities** | **265,298** | **232,868** |
| Note 3.2.-3.4 | Debt | 62,222 | 61,280 |
| Note 6.8. | Provisions | 44,505 | 48,623 |
| Note 2.1. | Liabilities vis-à-vis subcontractors - bid bonds | 137,592 | 148,004 |
| Note 4.2. | Pricing of building contracts - liabilities | 374,581 | 387,717 |
| Note 6.10. | Trade payables | 336,116 | 280,620 |
| Note 6.10. | Income tax & VAT liabilities | 21,603 | 51,358 |
| Note 6.10. | Other liabilities | 85,185 | 88,417 |
| | **Short-term liabilities** | **1,061,804** | **1,066,019** |

ERBUD Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Own shares | Supplementary capital | Reserve capital | Foreign exchange gains/losses resulting from conversion of foreign units | Retained earnings | Total | Equity of non-controlling stakeholders | Shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **As of 1 Jan. 2023** | **1,210** | **(20,000)** | **262,074** | **124,319** | **6,645** | **166,633** | **540,881** | **124,597** | **665,478** |
| Net profit/loss in the accounting period | - | - | - | - | - | (9,925) | **(9,925)** | 5,266 | **(4,659)** |
| Comprehensive income in the accounting period | - | - | - | - | (5,968) | - | **(5,968)** | (496) | **(6,464)** |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **(5,968)** | **(9,925)** | **(15,893)** | **4,770** | **(11,123)** |
| Dividend | - | - | - | - | - | (10,490) | **(10,490)** | - | **(10,490)** |
| Transfer of the net income from previous year to retained earnings | - | - | 19,279 | - | - | (19,279) | **-** | - | **-** |
| Registration of redemption of own shares | (17) | 20,000 | - | (19,983) | - | - | **-** | - | **-** |
| **As of 30 June 2023** | **1,193** | **-** | **281,353** | **104,336** | **677** | **126,939** | **514,498** | **129,367** | **643,865** |
| | | | | | | | | | |
| **As of 1 Jan. 2024** | **1,193** | **-** | **281,353** | **104,346** | **3,784** | **146,867** | **537,543** | **137,403** | **674,946** |
| Net profit/loss in the accounting period | - | - | - | - | - | (5,582) | **(5,582)** | 6,163 | **581** |
| Comprehensive income in the accounting period | - | - | - | - | (2,357) | - | **(2,357)** | - | **(2,357)** |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **(2,357)** | **(5,582)** | **(7,939)** | **6,163** | **(1,776)** |
| Dividend paid by a subsidiary | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(6,736)** | **(6,736)** |
| Dividend | - | - | - | - | - | (20,043) | **(20,043)** | - | **(20,043)** |
| Net retained earnings carried forward | - | - | 8,305 | - | - | (8,305) | **-** | - | **-** |
| **As of 30 June 2024** | **1,193** | **-** | **289,658** | **104,346** | **1,427** | **112,937** | **509,561** | **136,830** | **646,391** |

ERBUD Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | | For a 6-month period, ended on 30 June 2024 | For a 6-month period, ended on 30 June 2023 | For a 3-month period, ended on 30 June 2024 | For a 3-month period, ended on 30 June 2023 |
|---|---|---|---|---|---|
| | | Unaudited data | Unaudited data | Data not subject to revision | Data not subject to revision |
| | **OPERATIONAL CASH FLOWS** | | | | |
| | Gross profit/loss | 6,486 | (8,690) | (5,206) | 6,311 |
| Note 4.2. | Amortization and depreciation | 20,624 | 17,946 | 11,064 | 9,218 |
| | Foreign exchange losses | (1,849) | (6,622) | 69 | (3,513) |
| | Interest and share in profits (dividend) | 8,181 | 14,706 | 3,962 | 6,173 |
| | Other non-cash adjustments | (2,806) | (1,052) | 1,519 | (422) |
| | Net proceeds from the disposal of a jointly controlled company | (19,088) | - | - | - |
| Note 4.4. | Income tax paid | (23,975) | (24,460) | (6,399) | (19,457) |
| Note 6.11 | Change of working capital balance | (12,504) | 10,502 | 9,989 | (1,476) |
| | **Operational cash flows, net** | **(24,931)** | **2,330** | **14,998** | **(3,166)** |
| | **INVESTMENT ACTIVITY CASH FLOWS** | | | | |
| | Proceeds from the sales of interest in a subsidiary | 25,422 | - | - | - |
| | Inflows from credits/loans extended | 16,232 | - | - | - |
| | Other inflows | 2,702 | 2,622 | 948 | 1,237 |
| Note 6.1. | Expenditures on the acquisition of tangible fixed assets | (14,817) | (9,989) | (10,571) | (3,818) |
| | Loans extended expense | (8,661) | (1,113) | (4,670) | - |
| | Expenditures on the acquisition of shares in companies | (54,915) | (477) | (39,776) | - |
| | Other expenses | (348) | (9) | (130) | (9) |
| | **Investment activity cash flows, net** | **(34,385)** | **(8,966)** | **(54,199)** | **(2,590)** |
| | **FINANCIAL ACTIVITY CASH FLOWS** | | | | |
| | Income from credits and loans taken | 38,410 | 107,058 | 34,279 | 23,798 |
| | Other inflows | 1,124 | 316 | 1,124 | 261 |
| | Debt (principal) repayment expense - principal | (19,279) | (51,446) | (16,411) | (13,839) |
| | Lease debt repayment expense - principal | (9,353) | (8,182) | (4,786) | (4,087) |
| | Debt (interest) repayment expense | (8,971) | (14,906) | (2,806) | (6,293) |
| | Dividend payment | (26,700) | (10,490) | (26,700) | (10,042) |
| | **Financial activity cash flows, net** | **(24,769)** | **22,350** | **(15,300)** | **(10,202)** |
| | **NET CASH FLOWS** | **(84,085)** | **15,714** | **(54,501)** | **(15,958)** |
| | **Opening cash balance** | **263,119** | **163,961** | **233,535** | **195,633** |
| | **Closing cash balance** | **179,034** | **179,675** | **179,034** | **179,675** |

# 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 as well as development services for RES projects and maintenance services for industry. 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.

As of 30 June 2024 and as of the date of the Interim Condensed Consolidated Financial Statements the Parent Company's Management Board consisted of:

Dariusz Grzeszczak – President of the Management Board

Agnieszka Głowacka – Vice-President of the Management Board

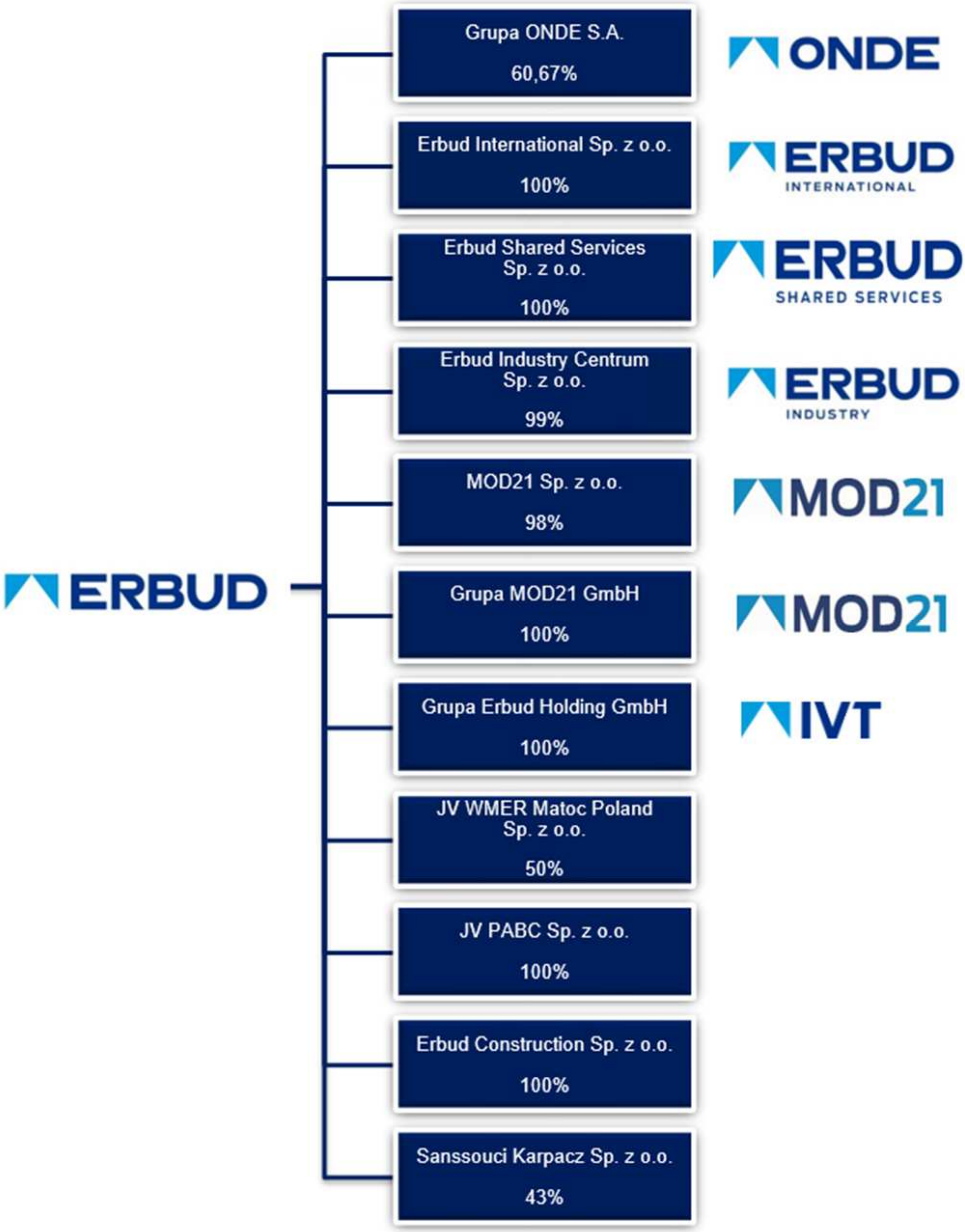
Jacek Leczkowski – Vice-President of the Management Board

As of 30 June 2024 and as of the date of the Interim Condensed Consolidated Financial Statements the Parent Company's Supervisory Board consisted of:

- Albert Dürr
- Michał Otto
- Janusz Reiter
- Michał Wosik
- Roland Bosch
- Beata Jarosz
- Sylwia Hałas – Dej – a Supervisory Board member since 16 May 2024
- Seweryn Kubicki – a Supervisory Board member since 07 June 2024

The Interim, Condensed Consolidated Financial Statements of the Erbud S.A. Group are published on the Warsaw Stock Exchange (WSE) website under ESPI/EBI Company Reports.

## 1. BACKGROUND INFORMATION




Detailed organisational structure of the Group is presented in the Note 6.12. The above figure shows the share of Erbud S.A. in individual member companies of Erbud S.A. Capital Group as of 30 June 2024.

## 1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

### IAS Compliance Statement

The Interim Condensed Consolidated Financial Statements were drawn up as of 30 June 2024 in compliance with the International Financial Reporting Standard (IFRS) No. 34, endorsed by the European Union.

The Interim Condensed 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 Statements have been drawn up on the historical cost basis and investments in jointly controlled and associated entities are measured using the equity method.

This Interim Condensed Consolidated Financial Statement was approved for publication by the Management Board on 9 September 2024.

### Going concern

This 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 these Interim, Condensed Consolidated Financial Statements, no circumstances existed that indicated any risk to the continuation of Group member companies' operations following a going concern principle.

### Impact of armed conflict in Ukraine

In 2024, the impact of the war in Ukraine on economic processes is smaller than in previous years. The situation is fairly stable, but still forces the Group to operate in ever changing environment. Among the negative impacts of the war, the most significant for the company are the price hikes of materials and wage costs. The Polish currency has been strengthening, its value returning to the level predominant prior to the outbreak of hostilities in Ukraine.

The Company takes into account the risks of rising material and labour prices as well as foreign exchange volatility 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 participants 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 balance-sheet date cash assets and liabilities denominated in currencies other than Polish zloty are converted into Polish zlotys using the appropriate average exchange rate, effective at the end of the accounting period, determined for a certain currency by the National Bank of Poland. The foreign exchange gains/losses are posted respectively into the line "Financial gains (losses)" or in cases defined by accounting principles (policy), are capitalised in the assets value.

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

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

### The application of new and amended standards, and their interpretations

In this Interim, Condensed Consolidated Financial Statement, the following new and amended standards that entered into force in 2024 were applied for the first time:

**a) Amendments to IFRS 16 "Lease"**

The amendment of IFRS 16 'Leases' supplements the requirements for subsequent measurement of the lease liability for sale and leaseback transactions, where the criteria of IFRS 15 are met and the transaction should be accounted for as a sale.
The amendment requires the seller-lessee to subsequently measure the lease liabilities arising from a sale-leaseback in such a manner that no gain or loss on retained right-of-use is recognised. The new requirement is particularly relevant where sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from 'lease payments' under IFRS 16.

**b) Amendments to IAS 1 "Presentation of Financial Statements"**

The amendments to IAS 1 clarify the presentation of liabilities as long- and short-term and also address the classification of liabilities when an entity is required to meet certain contractual requirements known as covenants. Consequently the amended IAS 1 standard states that liabilities are classified as either short- or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor post-reporting day events (for instance, covenants of loan agreements to the extent that the entity does not have to comply with until after the balance sheet date) affect the classification.

**c) Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures". - Disclosure of financial arrangements with suppliers ("supplier finance arrangement")**

Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' introduce disclosure requirements for supplier finance arrangements (so-called reverse factoring). The amendments require specific disclosures concerning the entity's financial arrangements of that kind with suppliers to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities and cash flows and the entity's exposure to liquidity risk. These amendments are intended to enhance the transparency of disclosures on debt financing arrangements, but do not impact the recognition and measurement principles.

### 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 incorporate earlier the following published standards, interpretations or amendments into existing standards before their effective date:

**a) Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"**

In August 2023, the IASB published amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The amendments made are intended to make it easier for entities to determine whether a currency is convertible into another currency and to estimate the immediate exchange rate when a currency is not convertible. Additionally, the amendments to the standard introduce the requirement of additional disclosures when currencies are not convertible on how the alternative exchange rate is determined.

The published amendments shall apply to financial statements for the periods beginning on or after 1 January 2025.

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.

**b) Amendments to the classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7.**

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 with the aim to:

a) define more precisely the recognition and derecognition dates for certain financial assets and liabilities, with an exemption for certain financial liabilities settled through an electronic funds transfer system;

b) clarify and add further guidance on assessing whether a financial asset complies with the SPPI criteria;

c) add new disclosures for certain instruments whose contractual terms may alter cash flows; and

d) update disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

The published amendments shall apply to the financial statements for periods beginning on or after 1 January 2026. 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.

**c) Annual Improvements to IFRS Accounting Standards**

"Annual Improvements to IFRSs" introduce amendments to following standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 7 "Financial Instruments: Disclosures", IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements" and IAS 7 "Statement of Cash Flows".

The amendments provide clarifications and further refine the standards' guidance on recognition and measurement.

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.

**d) IFRS 18 "Presentation and disclosures in financial statements"**

In April 2024, the International Accounting Standards Board (IASB) published the new standard IFRS 18 'Presentation and Disclosures in Financial Statements". The new standard is intended to replace IAS 1 - Presentation of Financial Statements and will be effective from 1 January 2027. The changes to the superseded standard mainly relate to three issues: the statement of profit or loss, required disclosures about performance measures and issues related to the aggregation and disaggregation of information contained in financial statements.

The published standard shall apply to financial statements for periods beginning on or after 1 January 2027. 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) IFRS 19 "Subsidiaries without public accountability: disclosures”.**

In May 2024, the Board issued a new accounting standard, IFRS 19, which can be adopted by certain subsidiaries applying IFRS accounting standards to improve the effectiveness of disclosures in their financial statements. The new standard introduces simplified and limited disclosure requirements. As a result, the qualifying subsidiary applies the requirements of other IFRS accounting standards with the exception of the disclosure requirements and instead applies the limited disclosure requirements of IFRS 19.

Eligible subsidiaries are entities that are not subject to "public accountability" as defined in the new standard. In addition, IFRS 19 requires the ultimate or intermediate parent of the entity to draw up publicly available consolidated financial statements in compliance with IFRS Accounting Standards.

Eligible entities may choose to apply the guidance of the new IFRS 19 standard for financial statements drawn up for periods beginning on or after 1 January 2027.

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.

**f) 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.

**g) 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. Meanwhile 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 building contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls and distribution centres, wind and photovoltaic farms, power plants, production rooms, roads and motorways as well as buildings made using modular timber technology.

The variable pay component adjusts the transaction price and the amount of revenue recognized i.e. the Group recognizes a portion or total amount of variable pay in the transaction price only to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognized when the uncertainty related to volatility has been resolved. The Group only recognises revenues from claims when it has third party expert opinions confirming the appropriateness of recognising an additional amount of remuneration based on contractual provisions. To estimate variable pay, the Group uses the expected value method to estimate variable pay.

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

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 building contracts in the period from the Contract Date to the balancing date proportionally to the progress rate of a certain contract performance by way of evaluation of the achieved results and milestones. Some of the companies apply the expenditure-based method 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 6.6) The Contractors under building contracts signed with the Group withhold a part of the payments as a performance bond for the contracts. These figures are recognized as "Building contract receivables - bid bonds" and are refundable most often after project completion or after the end of the guarantee period.

The Company engages subcontractors to carry out work related to the implementation of building contracts. The company acts in the capacity of a general contractor. The invoiced costs related to subcontractors' employment are recognized as "Trade payables" (Note 6.10). The Company withholds a portion of payments vis-à-vis subcontractors in relation to the performance bond, and recognizes it the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

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

## 2. BUILDING CONTRACTS

The 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 perfom obligation. The warranty period varies depending on the contract under implementation and the components covered.

For certain building contracts executed under joint contractual arrangements in which the Group is the consortium or assignment leader, the Group has made an assessment 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 fulfilment 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 only recognises as revenue the amounts of remuneration due for the performance of its scope of work to the customer in accordance with 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 the 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 the 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 - building 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 formally updated (revised) during the year based on current information and then they 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. BUILDING CONTRACTS

### 2.1. RECEIVABLES AND LIABILITIES UNDER BUILDING CONTRACTS - BID BONDS

Receivables under building contracts - bid bonds are held to collect contractual cash flows that comprise solely payment of principal and interest ('SPPI " Solely Payment of Principal and Interest") and are measured at amortized cost subject to impairment allowance, if any.

At initial recognition, these financial assets are recognised at nominal value, i.e. at amounts initially invoiced less the value of discounts. The discount value calculation methods is presented in Note 6.6. The value of bid bonds receivable is updated by the Group with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.4. and presented under "Impairment losses on financial assets" in the Statement of profit or loss.

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

| | 30 Jun. 2024 | | | 31 Dec. 2023 | | |
|---|---|---|---|---|---|---|
| | 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** | 41,569 | 5,490 | **47,059** | 31,592 | 12,871 | **44,463** |
| Impairment allowance and discounting | (190) | (2,394) | **(2,584)** | (777) | (3,575) | **(4,352)** |
| Receivables under building contracts - bid bonds | **41,379** | **3,096** | **44,475** | **30,815** | **9,296** | **40,111** |
| **Liabilities vis-à-vis subcontractors - discounted bid bonds** | **137,592** | **17,058** | **154,650** | **148,004** | **16,986** | **164,990** |

For all customer deposit receivables, an impairment write-off was estimated based on a portfolio analysis using an write-off matrix based on historical data adjusted for the impact of future factors. All receivables from deposits are in the range of non-matured receivables for which default rates were applied similarly to the ones used for calculating expected credit losses in relation to assets under contract. The amount of the write-off for expected credit losses and its changes in the presented periods are insignificant and therefore the Company does not present movements on this allowance. No bid bond receivables have been identified for which additional specific allowances would be necessary.

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# 3. CAPITAL AND DEBT MANAGEMENT

## 3.1. CAPITAL MANAGEMENT

Share capital comprises common stock and is carried at the nominal value (in adherence to the Statutes of the Parent Company and an entry made into the National Courte Register).

Share premium is the amount equal to the surplus of price for acquisition of shares in Parent Company above their par 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.

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 June 2024, the share capital consisted of 11,929,836 shares in the Parent Company with a total value of PLN 1,192,983,60 and the structure of shareholders holding over 5% of the share capital and members of the Management Board and entities controlled by them was as follows:

| Shareholder | No. of shares | % shareholding in share capital |
|---|---|---|
| Wolff & Muller Baubeteiligungen GmbH & Co.KG, including Wolff & Muller Holding GmbH & Co. KG | 3,854,837 | 32.31% |
| Dariusz Grzeszczak directly and indirectly (Dariusz Grzeszczak, DGI Family Foundation) including: | 2,553,460 | 21.40% |
| *Dariusz Grzeszczak* | *1,231,907* | *10.33%* |
| *DGI Family Foundation* | *1,321,553* | *11.08%* |
| ING Open-End Pension Fund | 1,200,000 | 10.06% |
| Allianz OFE, Allianz DFE, Second Allianz OFE | 764,935 | 6.41% |
| PKO OFE | 715,279 | 6.00% |
| Other shareholders | 2,841,325 | 23.82% |
| **Total** | **11,929,836** | **100%** |

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.

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## 3. CAPITAL AND DEBT MANAGEMENT

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 30 June 2024, and as of the date of publication of this Financial Statement, therefore the share capital totalling PLN 1,192 983,60 divides into 11,929,836 A-series ordinary bearer shares with a par value of PLN 0.10 each.

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

For the purposes of calculating diluted earnings per share, net profit /(loss) for the accounting 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 Group does not hold any 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 a 6-month period, ended on 30 June 2024 | For a 6-month period, ended on 30 June 2023 |
|---|---|---|
| Net profit/loss attributable to the shareholders of the Parent Company | (5,582) | (9,925) |
| Average weighted number of ordinary shares (in pcs.) | 11,929,836 | 11,929,836 |
| **Basic and diluted earnings per share (in PLN)** | **(0.47)** | **(0.83)** |

### 3.2. CREDIT AND LOAN LIABILITIES

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

| | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|
| **Long-term** | | |
| Bank loans | 52,990 | 34,629 |
| Loans | - | 1,097 |
| | **52,990** | **35,726** |
| **Short-term** | | |
| Overdraft facilities | 17,130 | 22,418 |
| Bank loans | 18,723 | 13,419 |
| Loans | 2,383 | 2,333 |
| | **38,236** | **38,170** |
| **Total credit and loan liabilities** | **91,226** | **73,896** |

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

| | 30 Jun. 2024 | 30 Jun. 2024 | 31 Dec. 2023 | 31 Dec. 2023 |
|---|---|---|---|---|
| | In the functional currency | In foreign currency EUR | In the functional currency | In foreign currency EUR |
| **Loans and borrowings** | | | | |
| Long-term | 34,314 | 18,676 | 16,396 | 19,330 |
| Short-term | 29,356 | 8,880 | 26,235 | 11,935 |
| **Total** | **63,670** | **27,556** | **42,631** | **31,265** |

Long-and short-term loans bear interest at WIBOR 3M + 1.35%-3.5%, 3M Euribor +1.35%- 2.2%, 6M WIBOR +3% and fixed rate of 10% per annum.

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

### Covenants

The profitability ratio is calculated as EBITDA (formerly EBIT) divided by Sales Revenue. The ratio limit remained unchanged - a minimum of 1%.

During the year, as of 30 June 2024 and by the approval date of the financial statements, all covenants have been met, similarly to the previous year.

## 3.3. DEBT RELATED TO ISSUED BONDS

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

As of balance sheet date, the Group had the following outstanding debt in relation to issued bonds posted into short- and long-term liabilities:

| Issue date | Type of issued bonds | Currency | Interest rate | Maturity date | Purpose of financing | Debt related to issued bonds | |
|---|---|---|---|---|---|---|---|
| | | | | | | 30 Jun. 2024 | 31 Dec. 2023 |
| 23 Sept. 2021 | D-series bearer shares, dematerialized, unsecured | functional | WIBOR 6M + 2.6% | 23 Sept. 2025 | financing of an increased working capital requirement | 76,721 | **76,678** |
| | | | **Total bond liability as of 30 Jun. 2024, of which:** | | | **76,721** | **76,678** |
| | | | long-term | | | 75,000 | 75,000 |
| | | | short-term | | | 1,721 | 1,678 |

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

### Covenants

| "Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity in value terms. | As of 30 Jun. 2024 | As of 31 Dec. 2023 |
|---|---|---|
| | **0.10** | **(0.11)** |
| Consolidated long-term and short-term debt | 266,112 | 239,437 |
| Cash assets | 205,444 | 307,305 |
| Adjusted equity by goodwill and intangible assets | 590,729 | 621,124 |

The expected value of the ratio should not be higher than 1.1.

The item Consolidated long-term and short-term debt represents the sum of debt due to loans, borrowings, leases and bonds issued.

The item "Cash" represents the sum of cash and cash equivalents, cash held in a VAT account and restricted cash.

The item "Equity adjusted with goodwill and intangible assets" represents the value of equity less goodwill and intangible assets.

## 3.4. LEASE LIABILITIES

| **Period** | | 30 Jun. 2024<br>Nominal value of minimum payments | 31 Dec. 2023<br>Nominal value of minimum payments |
|---|---|---|---|
| Below 1 year | Short-term | 26,328 | 25,222 |
| Above 1 year | Long-term | 85,704 | 77,130 |
| **Nominal value of minimum payments** | | **112,032** | **102,352** |
| Future lease costs | | 13,867 | 13,489 |
| **Present value of minimum payments** | | **98,165** | **88,863** |
| Below 1 year | Short-term | 22,265 | 21,432 |
| Above 1 year | Long-term | 75,900 | 67,431 |

## 3.5. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 June 2024 and 31 December 2023, collateral for debt liabilities on tangible fixed assets are presented below.

| | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|
| Tangible fixed assets | 91,510 | 86,624 |
| Inventory | 25,694 | 18,609 |
| **Total** | **117,204** | **105,233** |

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### 3.6. CONTINGENT ASSETS AND LIABILITIES

| | Contingent assets | | Contingent liabilities | |
|---|---|---|---|---|
| | 30 Jun. 2024 | 31 Dec. 2023 | 30 Jun. 2024 | 31 Dec. 2023 |
| **Other items** | | | | |
| Guarantees and sureties | 164,987 | 153,947 | 1,079,519 | 1,096,957 |
| Litigations | 38,924 | 38,924 | 18,687 | 48,717 |
| **Total** | **203,911** | **192,871** | **1,098 206** | **1,145,673** |

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 building contracts, mainly performance bonds and bid bonds.

### 3.7. CASH AND CASH EQUIVALENTS

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

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

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

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

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

Cash and cash equivalents and cash in VAT and bank accounts meet the SPPI test and the "held for collection" business model test, and are therefore measured at amortized cost with an impairment charge determined in accordance with the expected loss model (in compliance with the policy referred to in Note 6.6)

| | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|
| Cash in hand | 81 | 65 |
| Cash at bank | 178,953 | 263,054 |
| **Total cash and cash equivalents** | **179,034** | **263,119** |

The amount of the impairment loss on cash is marginal.

As of 30 June 2024 cash on VAT bank accounts totalled PLN 26,410 thousand (as of 31 December 2023 totalled PLN 44,186 thousand).

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

# 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

## 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 analysed in isolation or as substitutes for measures defined by IFRS.

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

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

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

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 as EBIT divided by sales revenues of  goods and services.

| | 30 Jun. 2024 | 30 Jun. 2023 |
|---|---|---|
| **Net profit for the accounting period** | **581** | **(4,659)** |
| Corporate income tax | 5,905 | (4,031) |
| **Gross profit/loss** | **6,486** | **(8,690)** |
| Share in net profits/losses of equity-accounted subsidiaries | (1,047) | (759) |
| Financial expenses | 14,913 | 27,158 |
| Financial income | 10,723 | 9,007 |
| **EBIT** | **11,723** | **10,220** |
| Amortization and depreciation | 20,624 | 17,946 |
| **EBITDA** | **32,347** | **28,166** |
| Revenues from sales of products and services | 1,333,466 | 1,582,190 |
| **EBIT margin** | **1%** | **1%** |
| **Revenues from sales of products and services** | **2.43%** | **1.78%** |

ERBUD Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

### 4.2. ACCOUNTING SEGMENTS

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

- residential/commercial buildings in domestic market,
- residential/commercial buildings in foreign countries,
- road engineering construction services
- industrial construction segment at home
- industrial construction segment in foreign countries
- renewable energy segment (including: sale of energy generation subsidiaries)
- 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 Consolidated Financial Statements.

**Key segment information in the following accounting periods: January 2024 - June 2024 and January 2023- June 2023.**

| | For a 6-month period, ended on 30 June 2024 | | | For a 6-month period, ended on 30 June 2023 | | |
|---|---|---|---|---|---|---|
| | Domestic market (Poland) | Foreign markets | Total | Domestic market (Poland) | Foreign markets | Total |
| Sales to third party customers, of which: | 1,096,963 | 236,503 | **1,333,466** | 1,346,393 | 235,797 | **1,582,190** |
| Accrued and deferred income | 977,579 | 75,059 | **1,052,638** | 1,236,679 | 70,097 | **1,306,776** |
| Income recognized at a certain point in time | 119,384 | 161,444 | **280,828** | 109,714 | 165,700 | **275,414** |
| Fixed assets other than financial instruments and deferred tax assets | 355,564 | 132,993 | **488,557** | 355,375 | 50,093 | **405,468** |

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## 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

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

| For a 6-month period, ended on 30 June 2024 | Building construction in domestic market | Building construction in foreign countries | Road engineering construction | Industrial construction segment at home | Industrial construction segment in foreign countries | Renewable energy sources segment | Modular timber construction | Other segments | Total going concern activities |
|---|---|---|---|---|---|---|---|---|---|
| Sales to third party customers | 652,921 | 37,684 | 71,432 | 94,794 | 161,444 | 279,720 | 34,174 | 1,297 | **1,333,466** |
| **Total sales revenues** | **652,921** | **37,684** | **71,432** | **94,794** | **161,444** | **279,720** | **34,174** | **1,297** | **1,333,466** |
| **Segments' performance and reconciliation with gross profit of the Group** | | | | | | | | | |
| Cost of goods sold (COGS) | 600,725 | 40,545 | 73,689 | 86,903 | 154,592 | 242,820 | 33,556 | (952) | **1,231,878** |
| **Sales margin** | **52,196** | **(2,861)** | **(2,257)** | **7,891** | **6,852** | **36,900** | **618** | **2,249** | **101,588** |
| Sales margin % | 8% | (8%) | (3%) | 8% | 4% | 13% | 2% | 173% | **8%** |
| Other operating profit/loss | (46,915) | (4,168) | (5,953) | (6,615) | (2,616) | (6,674) | (13,115) | (3,809) | **(89,865)** |
| **Segment performance – EBIT** | **5,281** | **(7,029)** | **(8,210)** | **1,276** | **4,236** | **30,226** | **(12,497)** | **(1,560)** | **11,723** |
| EBIT margin | 1% | (19%) | (11%) | 1% | 3% | 11% | (37%) | (120%) | **1%** |
| Share in net profits/ (losses) measured by equity-accounted method | - | - | - | - | - | (1,047) | - | - | **(1,047)** |
| Profit (loss) on financial activities (financial income less financial expenses) | | | | | | | | | **(4,190)** |
| **Gross profit/loss** | | | | | | | | | **6,486** |
| Corporate income tax | | | | | | | | | **5,905** |
| **Net profit/loss** | | | | | | | | | **581** |
| Amortization and depreciation | 4,182 | 300 | 1,684 | 3,585 | 2,750 | 2,839 | 3,084 | 2,200 | **20,624** |
| **Segment performance – EBITDA** | **9,463** | **(6,729)** | **(6,526)** | **4,861** | **6,986** | **33,065** | **(9,413)** | **640** | **32,347** |
| **Assets and liabilities** | | | | | | | | | |
| **Pricing of building contracts - assets** | **151,323** | **8,047** | **61,607** | **14,001** | **40,551** | **79,921** | **39,248** | **-** | **394,698** |
| **Other assets** | | | | | | | | | **1,578,795** |

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total assets** | | | | | | | | | **1,973,493** |
| **Pricing of building contracts - liabilities** | **221,042** | **879** | **30,682** | **10,283** | **4,241** | **69,424** | **38,030** | **-** | **374,581** |
| **Other liabilities** | | | | | | | | | **1,598,912** |
| **Total liabilities** | | | | | | | | | **1,973,493** |
| | | | | | | | | | |
| **Other material items** | | | | | | | | | |
| Share in performance of associates and joint-ventures measured with equity method | - | - | - | - | - | (1,047) | - | - | **(1,047)** |
| Loss reversal/(impairment) of financial assets and contract valuation assets | (2,713) | (1,168) | 17 | - | (93) | (812) | - | (1,495) | **(6,264)** |
| Capital expenditures on tangible fixed and intangible assets | 845 | - | 458 | 1,577 | 3,745 | 77 | 9,629 | 58 | **16,389** |
| Interest income | 3,592 | - | 2,146 | 58 | 101 | - | - | - | **5,897** |
| Interest expenses | 6,531 | 16 | 1,147 | 885 | 245 | 310 | 1,353 | 77 | **10,564** |

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

| | | | | | | | | | For a 6-month period, ended on 30 June 2023 |
|---|---|---|---|---|---|---|---|---|---|
| | Building construction in domestic market | Building construction in foreign countries | Road engineering construction | Industrial construction segment at home | Industrial construction segment in foreign countries | Renewable energy sources segment | Modular timber construction | Other segments | Total going concern activities |
| **Total income** | | | | | | | | | |
| Sales to third party customers | 756,905 | 56,845 | 129,100 | 86,921 | 165,839 | 371,279 | 11,190 | 4,111 | **1,582,190** |
| **Total sales revenues** | **756,905** | **56,845** | **129,100** | **86,921** | **165,839** | **371,279** | **11,190** | **4,111** | **1,582,190** |
| **Segments' performance and reconciliation with gross profit of the Group** | | | | | | | | | |
| Cost of goods sold (COGS) | 719,067 | 56,165 | 122,791 | 79,619 | 141,159 | 330,830 | 10,143 | 1,936 | **1,461,710** |
| **Sales margin** | **37,837** | **680** | **6,309** | **7,302** | **24,680** | **40,449** | **1,047** | **2,175** | **120,480** |
| Sales margin % | 5% | 1% | 5% | 8% | 15% | 11% | 9% | 53% | **8%** |
| Other operating profit/loss | (43,649) | (6,380) | (6,058) | (4,637) | (13,050) | (20,138) | (13,920) | (2,428) | **(110,260)** |
| **Segment performance – EBIT** | **(5,812)** | **(5,700)** | **251** | **2,665** | **11,630** | **20,311** | **(12,872)** | **(253)** | **10,220** |
| EBIT margin | (1%) | (10%) | 0% | 3% | 7% | 5% | (115%) | (6%) | **1%** |
| Share in net profits/losses of equity-accounted subsidiaries | (316) | | | | | (443) | | | **(759)** |
| Profit (loss) on financial activities (financial income less financial expenses) | | | | | | | | | **(18,151)** |
| **Gross profit/loss** | | | | | | | | | **(8,690)** |
| Corporate income tax | | | | | | | | | **(4,031)** |
| **Net profit/loss** | | | | | | | | | **(4,659)** |
| Amortization and depreciation | 5,604 | 569 | 1,266 | 2,607 | 2,652 | 1,512 | 1,574 | 2,162 | **17,946** |
| **Segment performance – EBITDA** | **(208)** | **(5,131)** | **1,517** | **5,272** | **14,282** | **21,823** | **(11,298)** | **1,909** | **28,166** |
| **Assets and liabilities** | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Pricing of building contracts - assets** | **220,125** | **12,684** | **243,427** | **21,301** | **35,868** | **-** | **-** | **-** | **533,405** |
| **Other assets** | | | | | | | | | **1,438,584** |
| **Total assets** | | | | | | | | | **1,971,989** |
| **Pricing of building contracts - liabilities** | **173,198** | **9,428** | **52,483** | **11,223** | **2,447** | **-** | **-** | **-** | **248,779** |
| **Other liabilities** | | | | | | | | | **1,723,210** |
| **Total liabilities** | | | | | | | | | **1,971,989** |
| **Other material items** | | | | | | | | | |

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

| | | | | | | | | | For a 3-month period, ended on 30 June 2024 |
|---|---|---|---|---|---|---|---|---|---|
| | Building construction in domestic market | Building construction in foreign countries | Road engineering construction | Industrial construction segment at home | Industrial construction segment in foreign countries | Renewable energy sources segment | Modular timber construction | Other segments | Total going concern activities |
| **Total income** | | | | | | | | | |
| Cross segment sales | - | - | - | - | - | - | - | - | **-** |
| Sales to third party customers | 328,926 | 15,708 | 40,644 | 60,160 | 81,571 | 141,422 | 19,778 | 991 | **689,200** |
| **Total sales revenues** | **328,926** | **15,708** | **40,644** | **60,160** | **81,571** | **141,422** | **19,778** | **991** | **689,200** |
| **Segments' performance and reconciliation with gross profit of the Group** | | | | | | | | | |
| Cost of goods sold (COGS) | 298,075 | 21,133 | 44,748 | 52,899 | 76,394 | 120,058 | 18,140 | (1,166) | **630,281** |
| **Sales margin** | **30,851** | **(5,425)** | **(4,104)** | **7,261** | **5,177** | **21,364** | **1,638** | **2,157** | **58,919** |
| Sales margin % | 9% | (35%) | (10%) | 12% | 6% | 15% | 8% | 218% | **9%** |
| Payment with shares | - | - | - | - | - | - | - | - | **-** |
| Other operating profit/loss | (26,261) | (77) | (3,238) | (3,263) | (1,888) | (16,160) | (7,987) | (3,693) | **(62,567)** |
| **Segment performance – EBIT** | **4,590** | **(5,502)** | **(7,342)** | **3,998** | **3,289** | **5,204** | **(6,349)** | **(1,536)** | **(3,648)** |
| EBIT margin | 1% | (35%) | (18%) | 7% | 4% | 4% | (32%) | (155%) | **(1%)** |
| EBIT margin, adjusted | 1% | (35%) | (18%) | 7% | 4% | 4% | (32%) | (155%) | **0%** |
| Share in net profits/losses of equity-accounted subsidiaries | | | | | | (788) | | | **(788)** |
| Profit (loss) on financial activities (financial income less financial expenses) | | | | | | | | | (770) |
| **Gross profit/loss** | | | | | | | | | **(5,206)** |
| Corporate income tax | | | | | | | | | 3,861 |
| **Net profit/loss** | | | | | | | | | **(9,067)** |
| Amortization and depreciation | 2,296 | 177 | 885 | 1,843 | 1,529 | 1,383 | 1,843 | 1,108 | **11,064** |
| **Segment performance – EBITDA** | **6,886** | **(5,325)** | **(6,457)** | **5,841** | **4,818** | **6,587** | **(4,506)** | **(428)** | **7,416** |
| **Segment performance - EBITDA adjusted** | **6,886** | **(5,325)** | **(6,457)** | **5,841** | **4,818** | **6,587** | **(4,506)** | **(428)** | **7,416** |

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Assets and liabilities** | | | | | | | | | |
| **Pricing of building contracts - assets** | 151,323 | 8,047 | 61,607 | 14,001 | 40,551 | 79,921 | 39,248 | - | 394,698 |
| **Other assets** | | | | | | | | | 1,578,795 |
| **Total assets** | | | | | | | | | 1,973,493 |
| **Pricing of building contracts - liabilities** | 221,042 | 879 | 30,682 | 10,283 | 4,241 | 69,424 | 38,030 | - | 374,581 |
| **Other liabilities** | | | | | | | | | 1,598,912 |
| **Total liabilities** | | | | | | | | | 1,973,493 |

ERBUD Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

## 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

| | | | | | | | | | For a 3-month period, ended on 30 June 2023 |
|---|---|---|---|---|---|---|---|---|---|
| | Building construction in domestic market | Building construction in foreign countries | Road engineering construction | Industrial construction segment at home | Industrial construction segment in foreign countries | Renewable energy sources segment | Modular timber construction | Other segments | Total going concern activities |
| **Total income** | | | | | | | | | |
| Cross segment sales | - | - | - | - | - | - | - | - | - |
| Sales to third party customers | 355,047 | 32,019 | 81,830 | 52,101 | 91,955 | 236,993 | 9,161 | 2,504 | **861,610** |
| **Total sales revenues** | **355,047** | **32,019** | **81,830** | **52,101** | **91,955** | **236,993** | **9,161** | **2,504** | **861,610** |
| **Segments' performance and reconciliation with gross profit of the Group** | | | | | | | | | |
| Cost of goods sold (COGS) | 335,817 | 34,044 | 78,953 | 47,274 | 77,662 | 201,621 | 8,268 | 1,129 | **784,768** |
| **Sales margin** | **19,230** | **(2,025)** | **2,877** | **4,827** | **14,293** | **35,372** | **893** | **1,375** | **76,842** |
| Sales margin % | 5% | (6%) | 4% | 9% | 16% | 15% | 10% | 55% | **9%** |
| Payment with shares | - | - | - | - | - | - | - | - | |
| Other operating profit/loss | (26,205) | (3,243) | (3,696) | (2,114) | (5,732) | (10,437) | (5,785) | (1,646) | **(58,858)** |
| One-off expenses | | | | | | | | | |
| **Segment performance – EBIT** | **(6,975)** | **(5,268)** | **(819)** | **2,713** | **8,561** | **24,935** | **(4,892)** | **(271)** | **17,984** |
| **Segment performance - adjusted EBIT** | **(6,975)** | **(5,268)** | **(819)** | **2,713** | **8,561** | **24,935** | **(4,892)** | **(271)** | **17,984** |
| EBIT margin | (2%) | (16%) | (1%) | 5% | 9% | 11% | (53%) | (11%) | **2%** |
| Share in net profits/ (losses) measured by equity-accounted method | (316) | | | | | (295) | | | **(611)** |
| Profit (loss) on financial activities (financial income less financial expenses) | | | | | | | | | (11,062) |
| **Gross profit/loss** | | | | | | | | | **6,311** |
| Corporate income tax | | | | | | | | | (4,222) |
| **Net profit/loss** | | | | | | | | | **10,533** |
| Amortization and depreciation | 2,809 | 168 | 366 | 1,312 | 1,471 | 789 | 949 | 1,354 | **9,218** |
| **Segment performance – EBITDA** | **(4,166)** | **(5,100)** | **(453)** | **4,025** | **10,032** | **25,724** | **(3,943)** | **1,083** | **27,202** |

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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Assets and liabilities** | | | | | | | | | |
| **Pricing of building contracts - assets** | 220,125 | 12,684 | 243,427 | 21,301 | 35,868 | - | - | - | 533,405 |
| | | | | | | | | | |
| **Other assets** | | | | | | | | | 1,438,584 |
| **Total assets** | | | | | | | | | 1,971,989 |
| **Pricing of building contracts - liabilities** | 173,198 | 9,428 | 52,483 | 11,223 | 2,447 | - | - | - | 248,779 |
| **Other liabilities** | | | | | | | | | 1,723,210 |
| **Total liabilities** | | | | | | | | | 1,971,989 |

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# 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

## 4.3. COST OF GOODS SOLD (COGS)

| | For a 6-month period, ended on 30 June 2024 | For a 6-month period, ended on 30 June 2023 | For a 3-month period, ended on 30 June 2024 | For a 3-month period, ended on 30 June 2023 |
|---|---|---|---|---|
| Third party services | 669,446 | 924,926 | 293,075 | 517,757 |
| including third party services from subcontractors | 550,281 | 771,810 | 239,903 | 429,986 |
| Material and energy consumption | 296,577 | 389,093 | 213,868 | 224,178 |
| Employee benefit expenses | 256,201 | 241,224 | 132,947 | 124,963 |
| Amortization and depreciation | 20,624 | 17,946 | 11,064 | 9,218 |
| Taxes and charges | 9,530 | 7,314 | 4,440 | 3,282 |
| Other cost categories | 23,177 | 13,730 | 4,564 | 8,705 |
| Value of goods and materials sold | 730 | 1,712 | 407 | 871 |
| **Total Costs by type** | **1,276,285** | **1,595,945** | **660,365** | **888,974** |
| Change in the balance of products, work in progress and accrued expenses under building contracts | 59,833 | (32,829) | 25,446 | (54,925) |
| Cost of sale (negative value) | (10,511) | (7,181) | (5,676) | (3,332) |
| General management and administration costs (negative value) | (93,729) | (94,225) | (49,854) | (45,949) |
| **Manufacturing costs of products sold** | **1,231,878** | **1,461,710** | **630,281** | **784,768** |

## 4.4. TAXATION

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

Due to temporary differences between the value of assets and liabilities shown in the accounting books and their tax value and the tax loss deductible in the future, the Company companies, using the balance sheet method, set up: deferred income tax liabilities in respect of positive temporary differences and determine deferred tax assets with reference to the negative temporary differences and tax losses, which can be deducted following the prudential principle.

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

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

The Group only recognises a tax asset when projections of future financial performance indicate that a taxable profit will be gained to allow the asset to be realised in a specified future.

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

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## 4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

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

| | For a 6-month period, ended on 30 June 2024 | For a 6-month period, ended on 30 June 2023 |
|---|---|---|
| **Gross profit before taxation** | **6,486** | **(8,690)** |
| **Tax according to the statutory tax rate applicable in Poland - 19%** | **1,232** | **(1,651)** |
| Additional tax burden being a result of a rate exceeding 19% in Germany | 1,730 | 5,424 |
| (Excess of non-tax revenues over non-deductible expenses) / Excess of non-deductible expenses over non-tax revenues | 2,943 | (7,804) |
| **Tax recognized in the financial net profit/loss** | **5,905** | **(4,031)** |
| Current tax | 16,138 | 4,716 |
| Deferred tax | (10,233) | (8,747) |
| **Effective tax rate** | **91.04%** | **46.38%** |

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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 6.6. Trade receivables

Note 6.6. Other receivables

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 5.1.1 Other financial assets (including extended loans)

**Financial liabilities priced at amortized cost** comprise mainly:

Note 2.1. Liabilities vis-à-vis subcontractors - bid bonds

Liabilities under building contracts

Note 6.10. Trade payables

Note 6.10. Other liabilities

Notes 3.2. – 3.4. Debt

### 5.1.1. FINANCIAL ASSETS

As of 30 June 2024 and as of 31 December 2023 the Group was in the possession of the following items disclosed in the Statement of Financial Position in the financial assets line:

| | | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|---|
| Note 5.1.2 | Loans extended | 23,133 | 22,474 |
| | Other | 4,722 | 4,329 |
| | **Total** | **27,855** | **26,803** |
| | Long-term | 18,920 | 16,852 |
| | Short-term | 8,935 | 9,951 |

### 5.1.2. FINANCIAL ASSETS - LOANS EXTENDED

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

The value of financial assets is updated with an impairment loss calculated using the expected credit loss method. The 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.

## 5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

### 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), and 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 exposes ERBUD to the risk of fair value volatility, however, owing to the fact that the Group does not measure these items at fair value, this impact is not reflected in the financial statements.

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

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### Trade receivables and building contract assets

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

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

Changes in the write-down of receivables are presented in the Note 6.6.

### *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.

| | | | | | | 30 Jun. 2024 |
|---|---|---|---|---|---|---|
| | 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 | 25,266 | 16,280 | 56,281 | - | **97,827** | **91,226** |
| Debt related to issued bonds | - | 1,721 | 75,000 | - | **76,721** | **76,721** |
| Lease liabilities | 5,559 | 19,874 | 80,674 | 2,580 | **108,687** | **98,165** |
| Liabilities vis-à-vis subcontractors - bid bonds | 57,603 | 83,259 | 15,168 | 5,643 | **161,673** | **154,650** |
| Trade payables | 336,116 | - | - | - | **336,116** | **336,116** |
| **Total** | **424,544** | **121,134** | **227,123** | **8,223** | **781,024** | **756,878** |

Interim Condensed Consolidated Financial Statement as of 30 June 2024 ('000 PLN, unless specified otherwise)

| | | | | | | 31 Dec. 2023 |
|---|---|---|---|---|---|---|
| | 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 | 22,509 | 16,703 | 37,184 | - | **76,396** | **73,896** |
| Debt related to issued bonds | - | 1,678 | 75,000 | - | **76,678** | **76,678** |
| Debt related to financial lease | 6,073 | 19,051 | 71,323 | 2,580 | **99,027** | **88,863** |
| Liabilities vis-à-vis subcontractors - bid bonds | 45,410 | 99,014 | 24,029 | 4,799 | **173,252** | **164,990** |
| Trade payables | 280,620 | - | - | - | **280,620** | **280,620** |
| **Total** | **354,612** | **136,446** | **207,536** | **7,379** | **705,973** | **685,047** |

### *5.2.4.* CLIMATE RISK

The Erbud S.A. Group monitors the impact of climate risks on the Group's operations and, at present, does not identify any significant impact of climate factors on its operations. The Erbud Group has consistently pursued its ESG strategy, adhering to the required environmental aspects, investing in the development of Res projects, as well as in timber construction sector.

# 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 the tangible fixed assets 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 30 June 2024 and 31 December 2023 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.

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## 6. OTHER NOTES

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.

As of 30 June 2024 the Group held the following groups of tangible fixed assets including right to use assets:

| | 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 2023** | **35,663** | **94,234** | **43,513** | **45,029** | **7,629** | **3,709** | **13,546** | **243,322** |
| **Increases:** | | | | | | | | |
| Acquisition | - | 132 | 5,678 | 5,542 | 3,394 | 6,835 | 1,167 | **22,748** |
| Lease | - | 15,435 | 4,078 | 11,608 | 49 | - | - | **31,170** |
| Acceptance of fixed assets | - | 296 | 1,068 | 2,800 | 168 | (1,711) | 2,231 | **4,852** |
| Other, including reclassification adjustments | - | 2,636 | (543) | (3,143) | (185) | (3,036) | (1,038) | **(5,309)** |
| **Decreases:** | | | | | | | | |
| Amortization and depreciation | 410 | 10,727 | 7,571 | 13,495 | 2,621 | - | 2,003 | **36,827** |
| Disposal and liquidation | - | - | 15 | 940 | 155 | - | - | **1,110** |
| Other | 8,119 | (6) | 317 | 341 | (19) | 132 | - | **8,884** |
| Foreign exchange gains and losses from translation | (74) | (798) | (96) | (682) | (469) | (41) | (296) | **(2,457)** |
| **Net value as of 31 December 2023** | **27,060** | **101,214** | **45,795** | **46,378** | **7,829** | **5,624** | **13,607** | **247,505** |
| **Net value as of 1 January 2024** | **27,060** | **101,214** | **45,795** | **46,378** | **7,829** | **5,624** | **13,607** | **247,505** |
| **Increases:** | | | | | | | | |
| Acquisition | - | - | 1,129 | 3,020 | 1,427 | 8,951 | 290 | **14,817** |
| Lease | 9,089 | 3,621 | 623 | 7,980 | 12 | - | - | **21,325** |
| Acceptance of fixed assets | 377 | 2,508 | 7,973 | 490 | - | (7,213) | 2,385 | **6,520** |
| Other including acquisitions | 353 | 464 | 1,250 | 2,275 | 427 | 2,376 | 6 | **7,151** |
| **Decreases:** | | | | | | | | **-** |
| Amortization and depreciation | 107 | 6,064 | 4,479 | 7,401 | 1,297 | - | 1,275 | **20,624** |
| Disposal and liquidation | - | - | 431 | 1,543 | 7 | - | - | **1,981** |
| Other | - | - | 2 | - | - | 1,623 | - | **1,625** |
| Foreign exchange gains and losses from translation | (2) | (102) | (10) | (74) | (50) | - | (31) | **(269)** |
| **Net value as of 30 June 2024** | **36,770** | **101,641** | **51,848** | **51,125** | **8,341** | **8,115** | **14,982** | **272,819** |

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## Right to use assets under lease, lease liabilities

The following simplifications allowed by IFRS16 have been adopted:

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

During the periods covered by the financial statements, the Group did not enter into leases with a term of less 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:

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. 2023** | **12,032** | **19,240** | **27,330** | **34,817** | **186** | **93,605** |
| Increase due to acquisition | - | 296 | 282 | 3,321 | 56 | **3,955** |
| Increase due to opened lease contracts | - | 15,435 | 4,078 | 11,608 | 49 | **31,170** |
| Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets | - | - | (23) | (3,349) | - | **(3,372)** |
| Amortization and depreciation | (385) | (4,618) | (3,558) | (10,409) | (38) | **(19,008)** |
| Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets | - | - | - | 1,163 | - | **1,163** |
| Other | (8,136) | (1,926) | (296) | (3,347) | (102) | **(13,807)** |
| Foreign exchange gains and losses from translation | (1) | (241) | - | - | - | **(242)** |
| **Net value as of 31 Dec. 2023** | **3,510** | **28,186** | **27,813** | **33,804** | **151** | **93,464** |
| **Net value as of 31 Dec. 2022** | **3,510** | **28,186** | **27,813** | **33,804** | **151** | **93,464** |
| Increase due to acquisition | - | - | - | 397 | - | **397** |
| Increase due to opened lease contracts | 9,089 | 1,606 | 623 | 8,508 | - | **19,826** |
| Increase due to capex on tangible fixed assets under construction and advances on tangible fixed assets | - | 2,016 | - | - | - | **2,016** |
| Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets | - | - | (381) | (4,778) | - | **(5,159)** |
| Amortization and depreciation | (95) | (2,840) | (3,483) | (3,775) | (20) | **(10,213)** |
| Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets | - | - | 144 | 843 | - | **987** |
| Other | - | - | - | (323) | - | **(323)** |
| Foreign exchange gains and losses from translation | - | (46) | - | - | - | **(46)** |
| **Net value as of 30 Jun. 2024** | **12,504** | **28,922** | **24,716** | **34,676** | **131** | **100,949** |

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# 6. OTHER NOTES

## 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 6.4.

| | For a 6-month period, ended on 30 June 2024 | For a 12-month period, ended on 31 Dec. 2023 |
|---|---|---|
| **Opening balance of goodwill** | **40,217** | **41,588** |
| Increases | 636 | 349 |
| Decreases: | (39) | (409) |
| Foreign exchange gains and losses from translation | (134) | (1,311) |
| **Closing balance of goodwill** | **40,680** | **40,217** |
| **Including acquisitions:** | | |
| ONDE S.A. | 18,274 | 18,274 |
| Erbud Holding GmbH | 16,543 | 16,678 |
| Other | 5,863 | 5,265 |

## 6.3. FIXED ASSETS IMPAIRMENT

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

**Tangible fixed assets impairment**

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

**Goodwill impairment**

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

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

Impairment tests will be carried out on 31 December 2024 and on 30 June 2024. The Management Board does not identify any indication of impairment.

## 6.4. INVENTORY

The following items are mainly included within the various inventory categories:

- Materials – items kept at storage sites to be used in manufacturing processes, especially for the application in the construction activities;
- Merchandise;
- Work in progress;
- Finished goods;
- RES projects.

Materials are valued at cost, and their withdrawals are valued using the "first-in-first-out" method. Work in progress and finished goods are valued at the direct cost of materials and labour, together with an appropriate mark-up of indirect production costs determined assuming regular capacity utilization, excluding borrowing costs. At the balancing date the inventory is priced taking lower of the two values: purchasing price or the cost of manufacturing and net selling price.

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Under materials the Group posts construction site stored inventories for general purposes, low processing degree that could be used in a straightforward manner and without incurring material costs for other contracts or sold (if they turn out to be redundant in case of execution of a certain contract). The inventory items are not items stored on construction sites with a specific use on a certain construction site or processed on the company own or by the subcontractor, generally these are items where it is not certain whether they could be used for other contracts or sold. Such items are posted directly into contract costs and thus they are included into contract pricing taking into consideration their progress rate.

As renewable energy projects, the Group identifies a separate category of finished products, which are wind farm and photovoltaic projects developed in-house. RES projects are valued at the lower of cost and net achievable price from sales. The net selling price is the estimated selling price evaluated by management based on market data.

| | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|
| Materials | 70,847 | 34,063 |
| Work in progress | 4,812 | 2,192 |
| Finished goods | 648 | 366 |
| Merchandise | 1,647 | 1,421 |
| RES projects | 157,777 | 102,250 |
| **Inventory value, gross** | **235,731** | **140,292** |
| Write-downs for inventory | 1,196 | 628 |
| **Inventory value, net** | **234,535** | **139,664** |

## 6.5. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

**Receivables from the State budget** are recognised at the amount due to the Group pursuant to applicable laws and regulations.

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, an increase of receivable value over time is posted as financial income.

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| | 30 Jun. 2024 | | | 31 Dec. 2023 | | |
|---|---|---|---|---|---|---|
| | Gross value | Write-down | Net value | Gross value | Write-down | Net value |
| Trade receivables | 573,033 | 51,209 | 521,824 | 538,677 | 59,144 | 479,533 |
| Corporate income tax receivables | 3,869 | - | 3,869 | 82 | - | 82 |
| VAT tax receivables | 5,102 | - | 5,102 | 23,633 | - | 23,633 |
| Other receivables | 41,044 | - | 41,044 | 43,828 | 1,210 | 42,618 |
| **Total** | **623,048** | **51,209** | **571,839** | **606,220** | **60,354** | **545,866** |

Other receivables mainly include receivables from the sale of fixed assets, paid deposits and bid bonds.

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

| | For a 6-month period, ended on 30 June 2024 | For a 12-month period, ended on 31 Dec. 2023 |
|---|---|---|
| **Opening balance of write-downs** | **60,354** | **49,176** |
| Setting up of individual write-offs | 1,819 | 5,733 |
| Setting up of write-offs according to write-off matrix | 3,522 | 7,316 |
| Use of individual write-offs | (14,425) | (1,168) |
| Other | 14 | 98 |
| Foreign exchange gains and losses from translation | (75) | (801) |
| **Closing write-offs, of which:** | **51,209** | **60,354** |
| Matrix-based calculated write-off | 21,943 | 18,421 |
| Individual write-off | 29,266 | 41,933 |

| | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|
| **Non-past due receivables:** | **436,510** | **321,801** |
| **Past due receivables:** | **85,314** | **157,732** |
| below 1 month | 34,311 | 37,580 |
| 1-3 months | 4,462 | 37,362 |
| 3-6 months | 8,224 | 32,600 |
| 6 months - 1 year | 19,095 | 14,777 |
| Above 1 year | 19,222 | 35,413 |
| **Total trade receivables, net** | **521,824** | **479,533** |

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

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

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# 6. OTHER NOTES

## 6.6. 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. 2024 | 31 Dec. 2023 |
|---|---|---|
| Insurance | 6,765 | 3,776 |
| Other | 5,201 | 4,220 |
| **Total** | **11,966** | **7,996** |

## 6.7. PROVISIONS

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

**Provisions for warranty repairs**

Provisions for warranty repair costs result from the Company's warranty extended for construction services. Provisions are set up in the amount determined with percentage rate, which is a quotient of historically incurred costs for warranty repairs and historically posted revenues generated by the execution of building contracts. The costs of provision for warranty repairs are posted into costs of services sold. In the case of non-construction services, mainly maintenance services, the provision for the costs of warranty repairs is set up on the basis of historical data and a reliable estimate of the amount of the related obligation. The assumptions used to calculate the provision for warranty repairs as of 30 June 2024 were based on the records of warranty repairs between 2019 and 2024 and as of 31 December 2023 - between 2019 and 2023 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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## 6. OTHER NOTES

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. 2023** | **35,765** | **12,801** | **1,432** | **6,404** | **56,402** |
| Increase | 781 | 4,096 | 134 | 19,056 | 24,067 |
| Release | 346 | 3,702 | 634 | 729 | 5,411 |
| Increase due to merger | 23 | (15) | - | 353 | 361 |
| Utilisation | - | 431 | - | 2,820 | 3,251 |
| Foreign exchange gains and losses from translation | (139) | (730) | - | (754) | (1,623) |
| **As of 31 Dec. 2023** | **36,084** | **12,019** | **932** | **21,509** | **70,544** |
| short-term | 27,046 | 152 | 896 | 20,529 | 48,623 |
| long-term | 9,038 | 11,867 | 36 | 980 | 21,921 |
| **As of 1 Jan. 2024** | **36,084** | **12,019** | **932** | **21,509** | **70,544** |
| Increase | 450 | 2,489 | - | 2,685 | 5,624 |
| Release | 364 | 1,019 | - | 1,154 | 2,537 |
| Increase due to merger | 21 | 211 | - | - | 232 |
| Utilisation | - | 277 | - | 6,095 | 6,372 |
| Foreign exchange gains and losses from translation | (14) | (74) | - | (123) | (211) |
| **As of 30 June 2024** | **36,177** | **13,349** | **932** | **16,822** | **67,280** |
| short-term | 26,683 | 604 | 896 | 16,322 | 44,505 |
| long-term | 9,494 | 12,745 | 36 | 500 | 22,775 |

### 6.8. DISPUTES

Both in cases where the Erbud S.A. Group is the plaintiff (cases for receivables) and in cases where the Erbud S.A. Group is the defendant (cases for liabilities), the position of the Erbud S.A. Group and its legal advisers indicates that the cases will be resolved in favour of the Erbud S.A. Group.

**Material proceedings to which ERBUD S.A. is the plaintiff**

| Party to the Dispute | Description of the Subject of the Dispute |
|---|---|
| Defendant: Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin<br>Court: District Court in Szczecin, 8th Commercial Division<br>Date of filing a lawsuit:<br>7 November 2022<br>Value of the dispute: PLN 14.435.306,59 | ERBUD S.A. demands that the Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin should amend the contract of June 2021 for the execution of the project called "Construction of A2 building with a connector and land development as part of redevelopment and extension of A building of the "PUM" Independent Public Clinical Hospital No. 2 in the City Szczecin for the "PUM" Independent Public Clinical Hospital No. 2 in the City of Szczecin" by increasing the Contractor's remuneration by the amount of PLN 14,435,306.59 (gross) and adjudication of this amount. The Defendant filed a response to the lawsuit.<br>The District Court in Szczecin referred the Parties to mediation for a period of 3 months. No consensus has been reached.<br>The Management Board expects a positive outcome. The receivables presented in the balance sheet in connection with the case are not subject to a write-down. |
| Defendant: BEST Deweloper Sp. z o.o.<br>Court: District Court in Szczecin<br><br>Date of filing a lawsuit 1:<br>19 October 2022 | Dispute status: The Plaintiff claims amounts due for work performed as part of the construction of multi-family apartment buildings in Chrzanowskiego Street in Szczecin. The amounts claimed are covered by VAT invoices, accepted and approved by the Defendant. They relate to works completed and accepted by the Defendant. On 2 November 2022 the Court issued a writ of payment. The court bailiff in Szczecin, by virtue of its Decision dated 6 December 2022, terminated the collateral proceedings, securing the amount covered by the payment order with interest as of 6 December 2022. By virtue of its Decision of 24 January 2023, the Court referred the parties to mediation and the |

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| Party to the Dispute | Description of the Subject of the Dispute |
|---|---|
| Value of the dispute: PLN 5.928.173,34<br><br>Date of filing a lawsuit 2:<br>6 February 2023<br><br>Value of the dispute: PLN 6.050.337,37 | court set a hearing date for 18 May 2023, to which it summoned all witnesses and parties. The parties concluded mediation talks unsuccessfully.<br>On 1 June 2023, the court issued a judgment by which:<br>1. upheld in its entirety the writ for payment in injunctive proceedings issued by the Regional Court in Szczecin on 2 November 2022 in case Ref. No. VIII GNc 573/22;<br>2. ordered the Defendant Best Deweloper Sp. z o.o. in Szczecin to pay ERBUD S.A. the sum of PLN 74,134.88 (seventy-four thousand one hundred and thirty-four zlotys and 88/100) as legal costs with statutory interest for delay from the date of this judgment becoming final until the date of payment.<br><br>On 17 July 2023 BEST Deweloper sp. z o.o. filed an appeal against the judgment. A response to the appeal was filed. An appeal hearing was held on 18 April 2024, after which the Court deferred publication of the decision until 16 May 2024. In a court judgment of 16 May 2024, the Court of Appeal dismissed the appeal. ERBUD SA won the case 100%, with the Defendant paying the entire principal amount plus interest and costs.<br><br>Dispute status: The Plaintiff claims amounts due for work performed as part of the construction of multi-family apartment buildings in Chrzanowskiego Street in Szczecin. The amounts claimed in the lawsuit are covered by VAT invoices issued on the basis of inventory reports accepted and signed by the Defendant. They relate to works completed and accepted by the Defendant. The demand for a lawsuit includes the issuance of writ of payment and a request to secure claims. District Court ordered exchange of pleadings, without establishing the date for first hearing. Upon the amicable request of the Parties, the Court, by virtue of order of 15 July 2024, referred the Parties to mediation.<br><br>The Management Board expects a positive outcome. The receivable (PLN 6.741.680,29) has been written off in accordance with the write-off matrix. |
| | **The value of other litigations where ERBUD S.A. is the Plaintiff totals PLN 24.578.236,46.** |

**Material proceedings to which ERBUD S.A. is the Defendant**

| Party to the Dispute | Description of the Subject of the Dispute |
|---|---|
| Defendant: Platinum Resort Sp. z o.o.<br>Date of filing a lawsuit:<br>3 December 2018<br>Value of the dispute: PLN 16.301.236,97<br><br>Counterclaim:<br>Defendant: ERBUD S.A.<br>Date of filing a lawsuit:<br>27 April 2019<br>Value of the dispute: PLN 13.516.629,86 | 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 the 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.<br>On 3 December 2018 ERBUD S.A. 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.<br>Platinum Resort Sp. z o.o. filed a complaint against the decision on security. The ERBUD S.A.'s attorneys replied to the complaint. To date, the Szczecin Court of Appeals has not heard the complaint.<br>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. In a decision of 22 February 2019, the Regional Court secured ERBUD S.A.'s claim for a another amount of PLN 3.5 million by establishing a compulsory mortgage on the property.<br>The Court of Appeals dismissed in a legally binding manner the Defendant's complaint regarding the provision of security.<br>On 27 April the Defendant filed a response to the statement of claim together with the |

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| Party to the Dispute | Description of the Subject of the Dispute |
|---|---|
| | 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.<br>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.<br>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.<br>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 ERBUD company in July 2022. The contents of the opinion speak in favour of the Company. Comments on the content of the opinion were submitted on 25 August 2023.<br>At the hearing on 13 September and 25 October 2023 and 8 January 2024, the expert was questioned with regard to provide verbal supplementary opinion.<br><br>On 17 April 2024, the Court awarded Erbud S.A. with the following:<br><br>1. PLN 14,600,577.00 with statutory default interest charged on the amounts of PLN 5,455,851.09 from 1 June 2018 and on the amount of PLN 9,144,725.89 from 25 October 2018 the amount of PLN 19.311,00 for the costs of the security proceedings;<br>2. dismissed the remaining scope of the claim.<br>3. dismissed the counterclaim of the Platinum Resort.<br><br>Platinum Resort Sp. z o.o. has filed a motion for rationale of the judgment of the court of first instance. |
| | **Total value of other proceedings where ERBUD S.A. is the Defendant: PLN 12.654.672,72** |

## 6.9. 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 building contracts and are recognized at the nominal value of the payment received.

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

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

**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 balance-sheet date broken down by employees and their daily gross salary plus social contribution surcharges paid by the Employer.

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| | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|
| Trade payables | **336,116** | **280,620** |
| Liabilities vis-à-vis budget in relation to: | **21,603** | **51,358** |
| VAT tax | 6,280 | 28,073 |
| corporate income tax | 15,323 | 23,285 |
| Other liabilities | **85,185** | **88,417** |
| wages and salaries | 17,146 | 14,189 |
| accruals | 3,322 | 1,017 |
| short-term employee benefit liabilities | 35,594 | 35,826 |
| other taxes | 23,687 | 18,861 |
| other | 5,436 | 18,524 |
| **Total** | **442,904** | **420,395** |

### 6.10. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January 2024 to 30 June 2024 and for the period from 1 January 2023 to 30 June 2023.

| | Change in balance of Cash Flow Statement in the period from January 2024 to June 2024 | Change in balance of Cash Flow Statement in the period from January 2023 to June 2023 |
|---|---|---|
| Change in balance of provisions | **(1,304)** | (2,100) |
| Change in inventory balance | **(46,973)** | 22,367 |
| Change of receivables balance | **(73,217)** | 125,236 |
| Change in balances of short-term liabilities, excluding credits and loans | **15,546** | (32,266) |
| Change in balance of prepayments and accruals | **45,942** | (99,570) |
| Change of balance of the remaining assets | **47,502** | (3,165) |
| **Change of working capital balance** | **(12,504)** | **10,502** |

### 6.11. 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.

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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.

**The investments in associates** are accounted for in the consolidated financial statements using the equity method. In compliance with the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost, and then adjusted to reflect the Group's contribution to the financial result and to other comprehensive income of the associate. An investment in an associate is accounted for using the equity method from the date on which the entity becomes an associate.

When evaluating a need to recognise an impairment of the Group's investment in an associated entity, the requirements of IAS 28 apply. If necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, Impairment of Assets, as a single asset by comparing its recoverable amount with its carrying amount. The impairment recognized represents a portion of the carried value of the investment. The reversal of this impairment is recognised in accordance with IAS 36 to the extent of any subsequent increase in the recoverable amount of the investment.

## Group Structure

As of 30 June 2024, 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., but consolidated using the equity method.

| | | | | Parent Company's share in equity (equal to the voting rights held) | |
|---|---|---|---|---|---|
| # | Name of entity | Registered office | Scope of activities | 30 Jun. 2024 | 31 Dec. 2023 |
| | **Shares held directly** | | | | |
| 1 | ONDE S.A. | Toruń | Road engineering and renewable energy sources | **60.67%** | 60.67% |
| 2 | Erbud International Sp. z o.o. | Rzeszów | Construction services | **100.00%** | 100.00% |
| 3 | Erbud Construction Sp. z o.o. | Toruń | Construction services | **100.00%** | 100.00% |
| 4 | MOD21 GmbH | Düsseldorf, Germany | Construction services | **100.00%** | 100.00% |
| 5 | Erbud Shared Services Sp. z o.o. | Warsaw | Support services | **100.00%** | 100.00% |
| 6 | Erbud Holding Deutschland GmbH | Düsseldorf, Germany | Management services | **100.00%** | 100.00% |
| 7 | Hebud Sp. z o.o. in liquidation | Minsk, Byelorussia | Construction services | **100.00%** | 100.00% |
| 8 | JV WMER Matoc Poland Sp. z o.o | Warsaw | Construction services | **50.00%** | 50.00% |
| 9 | JV PABC Sp. z o.o. | Warsaw | Construction services | **100.00%** | 100.00% |
| 10 | MOD21 Sp.z o.o. | Ostaszewo | Modular timber construction | **98.00%** | 98.00% |
| 11 | Sanssouci Karpacz Sp. z o.o. | Warsaw | Construction services | **43.00%** | 43.00% |
| 12 | Erbud Industry Centrum Sp. z o.o. | The City of Łódź | Maintenance services in the industrial segment | **99.00%** | 99.00% |
| 13 | Tauron Serwis Sp. z o.o. | Jaworzno | Maintenance services in the industrial segment | **4.00%** | 4.00% |

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## 6. OTHER NOTES

| # | Name of entity | Registered office | Scope of activities | Shares in Parent Company held indirectly (corresponding to the voting rights held) 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|---|---|---|
| | **Shares held indirectly** | | | | |
| 1 | IVT Beteiligungs GmbH | Düsseldorf, Germany | SPV | **100.00%** | 100.00% |
| 2 | IVT Weiner + Reimann GmbH | Oberhausen, Germany | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 3 | IVT Menzenbach GmbH | Oberhausen, Germany | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 4 | WTL20 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 5 | WTL40 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 6 | WTL80 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 7 | WTL100 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 8 | WTL120 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 9 | WTL130 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 10 | WTL140 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 11 | WTL150 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 12 | WTL160 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 13 | WTL170 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 14 | IDE Projekt Sp. z o.o. | Toruń | Design services | **100.00%** | 100.00% |
| 15 | Satchwell Polska Toruń Sp. z o.o. | Toruń | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 16 | Solar Serby Sp. z o.o. | Warsaw | Renewable energy sources | **50.00%** | 50.00% |
| 17 | DEPVPL sp. z o.o. Power Plant | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 18 | KWE Spółka z o.o. | Warsaw | Renewable energy sources | **50.00%** | 50.00% |
| 19 | IKR GmbH | Bitterfeld - Wolfen | Maintenance services in the industrial segment | **100.00%** | 100.00% |
| 20 | WTL50 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 21 | WTL210 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 22 | WTL270 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 23 | Park Słoneczny Ciechanów Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 24 | Park Lewałd Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 25 | FW Gumienice Sp. z o.o. wind farm | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 26 | Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*) | Warsaw | Renewable energy sources | **0.00%** | 50.00% |
| 27 | DEVO□E Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 28 | Solar Kazimierz Biskupi Sp. z o.o. | Warsaw | Renewable energy sources | **50.00%** | 50.00% |
| 29 | PV KADŁUBIA 2 Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 30 | PV S□C□EPANÓW Sp. z o.o. | Toruń | Renewable energy sources | **100.00%** | 100.00% |
| 31 | ONDE GmbH | Germany, Dusseldorf | Development of contracting activities in the RES business segment | **100.00%** | 100.00% |
| 32 | Invest PV Sp. z o.o. | Toruń | Renewable energy sources | **0.00%** | 100.00% |
| 33 | SPV Czerwona Woda Sp. z o.o. | Toruń | Renewable energy sources | **0.00%** | 100.00% |
| 34 | ONDE DEV 1 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 35 | ONDE DEV 2 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 36 | ONDE DEV 3 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 37 | ONDE DEV 4 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 38 | ONDE DEV 5 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 39 | ONDE DEV 6 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 40 | ONDE DEV 7 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 41 | ONDE DEV 8 Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |

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| | | | | | |
|---|---|---|---|---|---|
| 42 | Żabów Photovoltaic Farm Sp. z o.o | Toruń | Renewable energy sources | **100.00%** | 0.00% |
| 43 | CKTiS SA | Biała | Maintenance services in the industrial segment | **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. 2024** | **31 Dec. 2023** |
|---|---|---|
| Azuryt 6 Investments Sp. z o.o. | 14,687 | 14,687 |
| KWE Sp. z o.o. | 11,232 | 11,232 |
| Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*) | - | 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 | 22,681 |
| Share in net profits/losses of equity-accounted subsidiaries | (1,149) | (497) |
| **Total** | **47,941** | **53,880** |

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For major investment projects consolidated using the equity method, the key financial figures for the period ended on 30 June 2024 are presented below:

| | Solar Serby Sp. z o.o. | KWE SP. Z O.O. (*WIND FARM*) | Solar Kazimierz Biskupi Sp. z o.o. |
|---|---|---|---|
| **Balance Sheet highlights:** | | | |
| **ASSETS, of which:** | **8,465** | **4,810** | **10,437** |
| Fixed assets | 6,058 | 3,718 | 7,337 |
| Current assets | 2,407 | 1,092 | 3,100 |
| Cash assets | - | 27 | 166 |
| **LIABILITIES, of which:** | **8,465** | **4,810** | **10,437** |
| Long-term liabilities of which: | 8,580 | 6,670 | 7,920 |
| Financial liabilities | 8,580 | 6,670 | 7,920 |
| Short-term liabilities of which: | 1,322 | 123 | 470 |
| Financial liabilities | 976 | - | - |
| **Condensed Profit and Loss Account:** | | | |
| Net profit for the accounting period | (1,280) | (495) | (318) |
| **Other P&L items:** | | | |
| Financial expenses | 78 | 240 | 257 |

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.

The remaining companies reported a financial result with marginal importance.

In the financial statements, the Group has presented acquisitions of entities comprising a group of assets that do not represent a business, acquisitions of interests in jointly controlled entities and acquisitions of entities that represent a business.

## Disposal of stakes in subsidiaries

On 15 March 2024, 100% of the shares in PV Invest Sp. z o.o. and SPV Czerwona Woda Sp. z o.o., which are the owners of photovoltaic farms with a total capacity of 23.1 MW, were sold to an non-related entity. The deal price totalled approximately PLN 19 million. The net profit/loss on the deal is presented in the Statement of Profit/Loss and Other Comprehensive Income in a disjointed manner, in the lines "revenue from the sale of goods and services" and "cost of goods and services sold".

## Sale of shares in a jointly-controlled entity

On 8 March 2024, 50% shareholding in Szybowice Sp. z o.o. Wind Farm was sold to a non-related entity. The deal price totalled approximately to PLN 30 million and was adjusted with the value of the net working capital and net debt of the Szybowice Wind Farm as at the date of the Share Sales Agreement. The result on the sale of shares is presented in the statement of profit or loss and other comprehensive income in the line ‘Profit/loss on the sale of shares in subsidiaries and jointly-controlled entities’.

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

On 21 May 2024, ONDE S.A. entered into an agreement to acquire 100% of the shares from unrelated parties in a special purpose vehicle that owns a photovoltaic power plant project with an installed capacity of 63 MW, located in the West Pomeranian province. The photovoltaic project is in an advanced development phase and has been issued with conditions for connection to the power grid.

The acquisition price of the shares was determined following an arm's length principle, totalled PLN 38.2 million and was settled in cash. Transaction costs were negligible. The company's assets include a land lease contract specifying the construction site of a photovoltaic farm, environmental decisions, development conditions, connection conditions and cash. According to the Management Board, the deal involves an acquisition of assets and not a business, hence the value of the excess of the cash paid over the book value of the net assets was allocated to the company's assets - i.e. inventory - of the RES projects.

## Acquisition of a business constituting a venture

On 1 January 2024, Erbud Industry Centrum Sp. z o.o. acquired 145,850 A-series registered shares accounting for 100% of the share capital of CKTiS SA, headquartered in Stara Biała, from an non-related party. The total price paid for the shares was PLN 14,990,463.00, i.e. the amount per share was PLN 102.78. CKTiS SA provides comprehensive mechanical and construction services for the energy, chemical, refining and petrochemical sectors involving overhauls, modernisations, investments and ongoing maintenance. Transaction costs related to this equity investment were immaterial. The acquisition of CKTIS SA has boosted the Erbud Group capacity to offer an even wider range of maintenance services.

Since 1 January 2024 CKTiS SA is consolidated like the other companies in the industry segment and is also presented in the domestic industry segment. The transaction represents an acquisition of a business within the meaning of IFRS3. Until 30 June 2024 the Group had not completed the settlement of the acquisition of the company. The settlement presented below is preliminary. The company is in the process of identifying and pricing the assets acquired.

| | 1 Jan. 2024 | Pricing at fair value | 1 Jan. 2024 |
|---|---|---|---|
| Tangible fixed assets | 7,161 | 537 | 7,698 |
| Intangible assets | 4 | 2,300 | 2,304 |
| Shares and interests | - | | |
| Investment properties | - | | |
| Cash and cash equivalents | 1,148 | - | 1,148 |
| Inventory | 536 | - | 536 |
| Receivables | 7,222 | - | 7,222 |
| Accruals | 112 | - | 112 |
| Deferred tax assets | 268 | - | 268 |
| **Assets (A)** | **16,451** | **2,837** | **19,288** |
| Liabilities and accruals | 3,565 | - | 3,565 |
| Provisions | 830 | 539 | 1,369 |
| **Liabilities (B)** | **4,395** | **539** | **4,934** |
| **Fair value of net assets (A-B)** | **12,056** | **2,298** | **14,354** |
| Interest of non-controlling shareholders valued at proportionate share of net assets held (C) | | | |
| Acquisition price (paid with money transfer) (D) | | | 14,990 |
| **Total acquisition price** | | | **14,990** |
| Profit on acquisition | | | |
| **GOODWILL** | | | **636** |

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## 6.12. TRANSACTIONS WITH RELATED ENTITIES

### 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 June 2024 and in the period ended on 31 December 2023.

| | 30 Jun. 2024 | 31 Dec. 2023 |
|---|---|---|
| | Subsidiaries not consolidated by full method | Subsidiaries not consolidated by full method |
| Trade receivables | 334 | 6,464 |
| Loans extended | 23,101 | 22,417 |
| Sales revenues | 173 | 20,373 |
| Interest income on loans extended | 890 | 1,231 |
| Purchase of goods and services | 21 | - |

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. 2024 | | 31 Dec. 2023 | |
|---|---|---|---|---|
| **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 (holds shares directly and indirectly) | 2,553,460 | 21.40% | 2,553,460 | 21.40% |
| Jacek Leczkowski | 5,112 | 0.04% | 5,112 | 0.04% |
| Agnieszka Głowacka | 3,938 | 0.03% | 3,938 | 0.03% |
| Albert Dürr | 26,172 | 0.22% | 26,354 | 0.22% |
| Roland Bosch | 10,000 | 0.08% | 10,000 | 0.08% |
| **Total** | **2,598,682** | **21.77%** | **2,598,864** | **21.77%** |

## 6.13. POST-ACCOUNTING PERIOD EVENTS

There were no significant events, not recognised in the financial statements, affecting the Company's financial position after the end of the accounting period until the date of signing of these financial statements.

**Signatures of all Management Board members:**

| | |
|---|---|
| Dariusz Grzeszczak<br>/President of the Management Board/ | Jacek Leczkowski<br>/Vice-President of the Management Board/ |
| Agnieszka Głowacka<br>/Vice-President of the Management Board/ | |

Warsaw, 9 September 2024