ERBUD CAPITAL GROUP

Condensed Consolidated Financial Statement

for the period ended on 31 March 2022

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

ERBUD Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For the period of 3 months, ended on 31 Mar. 2022	For the period of 3 months, ended on 31 Mar. 2021
		not subject to a review	not subject to a review
	CONTINUING OPERATIONS		
Note 4.2.	Revenues from sales of products and services	763,949	536,650
Note 4.2.-4.3.	Cost of products and services sold	714,296	478,928
	Gross sales profit/(loss)	**49,653**	**57,722**
Note 4.3.	Cost of sales	2,764	2,687
Note 4.3.	General and administrative (G&A) costs	43,421	59,189
	including remuneration consisting of shares	-	28,343
	Other operating income	2,642	1,758
	Other operating expenses	1,385	(665)
	Loss reversal/(impairment) of financial assets and customer contract valuation assets	-	835
Note 4.2.	**Operating profit**	**4,725**	**(896)**
	Share in net profits/losses of equity-accounted subsidiaries	(115)	-
	Financial income	2,509	706
	Financial expenses	4,657	1,872
Note 4.2.	**Gross profit**	**2,462**	**(2,062)**
Note 4.4.	Income tax	2,354	3,755
	Net profit for the accounting period	**108**	**(5,817)**
	Profit generated in accounting period appropriated to:		
	Shareholders of Parent Company	179	(7,431)
	Non-Controlling Stakeholders	(71)	1,613

	For the period of 3 months, ended on 31 Mar. 2022	For the period of 3 months, ended on 31 Mar. 2021
	not subject to a review	not subject to a review
Consolidated profit / (loss), net	**108**	**(5,817)**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**738**	539
Comprehensive income (including tax effect) subject to reclassification into result	**738**	**539**
Comprehensive income in the accounting period	**846**	**(5,278)**
Appropriated to:		
Shareholders of Parent Company	911	(6,900)
Non-Controlling Stakeholders	(65)	1,622

ERBUD Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31.03.2022	31.12.2021
		not subject to a review	
	ASSETS	**1,998,612**	**1,833,190**
	Goodwill	41,444	41,240
	Intangible assets	10,366	9,907
	Tangible fixed assets	185,850	167,932
	Investments accounted for using the equity method	57,538	34,940
	Financial assets	15,573	11,525
Note 4.4.	Deferred tax assets	60,542	49,496
	Receivables under building contracts - bid bonds	15,642	14,432
	Fixed assets	**386,955**	**329,472**
	Inventory	192,578	67,446
	Receivables under building contracts - bid bonds	16,112	15,189
Note 2.2.	Pricing of building contracts - assets	409,210	302,138
Note 5.1.	Trade receivables	595,611	594,647
Note 5.1.	Other receivables	62,282	57,036
	Other financial assets	5,541	28,567
	Cash and cash equivalents	279,529	363,210
	Cash assets in VAT account	30,018	50,745
	Cash with restricted availability.	-	10,855
	Other assets	20,776	13,885
	Current assets	**1,611,657**	**1,503,718**
	LIABILITIES	**1,998,612**	**1,833,190**
Note 3.1.	Share capital	1,240	1,240
	Supplementary capital	231,314	207,074
Note 3.1.	Own shares	(70,000)	(70,000)
	Reserve capital	116,552	71,552
	Accumulated comprehensive income	6,212	5,480
	Retained earnings	268,460	337,521
	Equity of shareholders of the Parent Company	553,778	552,867
	Equity of non-controlling stakeholders	131,801	131,866
	Shareholders' equity	**685,579**	**684,733**
Note 3.2.-3.4.	Debt	155,366	155,160
	Provisions	25,970	26,385
Note 4.4.	Deferred tax liabilities	12,909	10,597
	Liabilities vis-à-vis subcontractors - bid bonds	17,116	15,855
Note 6.9.	Other liabilities	2,488	-
	Long-term liabilities	**213,849**	**207,997**
Note 3.2.-3.4.	Debt	92,219	58,735
	Provisions	39,085	30,847
	Liabilities vis-à-vis subcontractors - bid bonds	133,580	130,829
Note 2.2.	Pricing of building contracts - liabilities	330,659	244,048
Note 5.2.	Trade payables	347,207	363,131
Note 5.2.	Other liabilities	156,434	112,870
	Short-term liabilities	**1,099,184**	**940,460**

ERBUD Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

Consolidated Statement of Changes in Equity

	Share capital	Own shares	Supplementary capital	Reserve capital	Foreign exchange gains/losses resulting from conversion of foreign unit	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2021	**1,240**	**-**	**195,497**	**17,822**	**5,689**	**80,804**	**301,052**	**9,441**	**310,493**
Net result in the accounting period	-	-	-	-	-	(7,430)	**(7,430)**	1,613	**(5,817)**
Comprehensive income in the accounting period	-	-	-	-	530	-	**530**	9	**539**
Other comprehensive income	**-**	**-**	**-**	**-**	**530**	**(7,430)**	**(6,900)**	**1,622**	**(5,278)**
Dividend	-	-	-	-	-	-	**-**	(3,243)	**(3,243)**
Shares issued to subsidiary personnel	-	-	-	-	-	28,343	**28,343**	-	**28,343**
Non-registered share capital increase in a subsidiary	-	-	-	-	-	387	**387**	-	**387**
As of 31 Mar. 2021	**1,240**	**-**	**195,497**	**17,822**	**6,219**	**102,104**	**322,882**	**7,820**	**330,702**
As of 1 Jan. 2022	**1,240**	**(70,000)**	**276,314**	**71,552**	**5,480**	**268,281**	**552,867**	**131,866**	**684,733**
Net result in the accounting period	-	-	-	-	-	179	**179**	(71)	**108**
Comprehensive income in the accounting period	-	-	-	-	732	-	**732**	6	**738**
Other comprehensive income	**-**	**-**	**-**	**-**	**732**	**179**	**911**	**(65)**	**846**
Capital increase pursuant to the resolution	-	-	(45,000)	45,000	-	-	**-**	-	**-**
As of 1 Mar. 2022	**1,240**	**(70,000)**	**231,314**	**116,552**	**6,212**	**268,460**	**553,778**	**131,801**	**685,579**

ERBUD Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

CONSOLIDATED CASH FLOW STATEMENT

		For the period of 3 months, ended on 31 Mar. 2022	For the period of 3 months, ended on 31 Mar. 2021
		not subject to a review	not subject to a review
	OPERATIONAL CASH FLOWS		
	Gross profit/loss	2,462	(2,062)
Note 4.3.	Amortization and depreciation	7,506	5,260
	Foreign exchange gains/losses	(3,518)	(525)
	Interest and share in profits (dividend)	321	358
	Other non-cash adjustments	(202)	28,137
	Income tax paid	(4,734)	(4,204)
Note 5.3.	Change in balance of working capital	(92,580)	(63,066)
	Operational cash flows, net	**(90,745)**	**(36,102)**
	INVESTMENT ACTIVITY CASH FLOWS		
	Inflows from credits/loans extended	46	10,048
	Other inflows	264	1,121
	Expenditures on the acquisition of tangible fixed assets	(17,660)	(1,646)
	Expenditures on the acquisition of investment real properties	-	(26,307)
	Loans extended expense	(7)	(4,564)
	Expenditures on the acquisition of shares in companies	(7,931)	(3,635)
	Other	-	(689)
	Investment activity cash flows, net	**(25,288)**	**(25,672)**
	FINANCIAL ACTIVITY CASH FLOWS		
	Income from credits and loans taken	43,513	245
	Other inflows	22	388
	Debt (principal) repayment expense - principal	(6,552)	(7,161)
	Lease debt repayment expense - principal	(2,981)	(1,807)
	Debt (interest) repayment expense	(1,150)	(429)
	Dividend payment	(500)	(3,245)
	Financial activity cash flows, net	**32,352**	**(12,009)**
	NET CASH FLOWS	**(83,681)**	**(73,783)**
	Opening cash balance	**363,210**	**292,588**
	Closing cash balance	**279,529**	**218,805**

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The Financial Statement comprises icons that represent:


Accounting Policy


Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

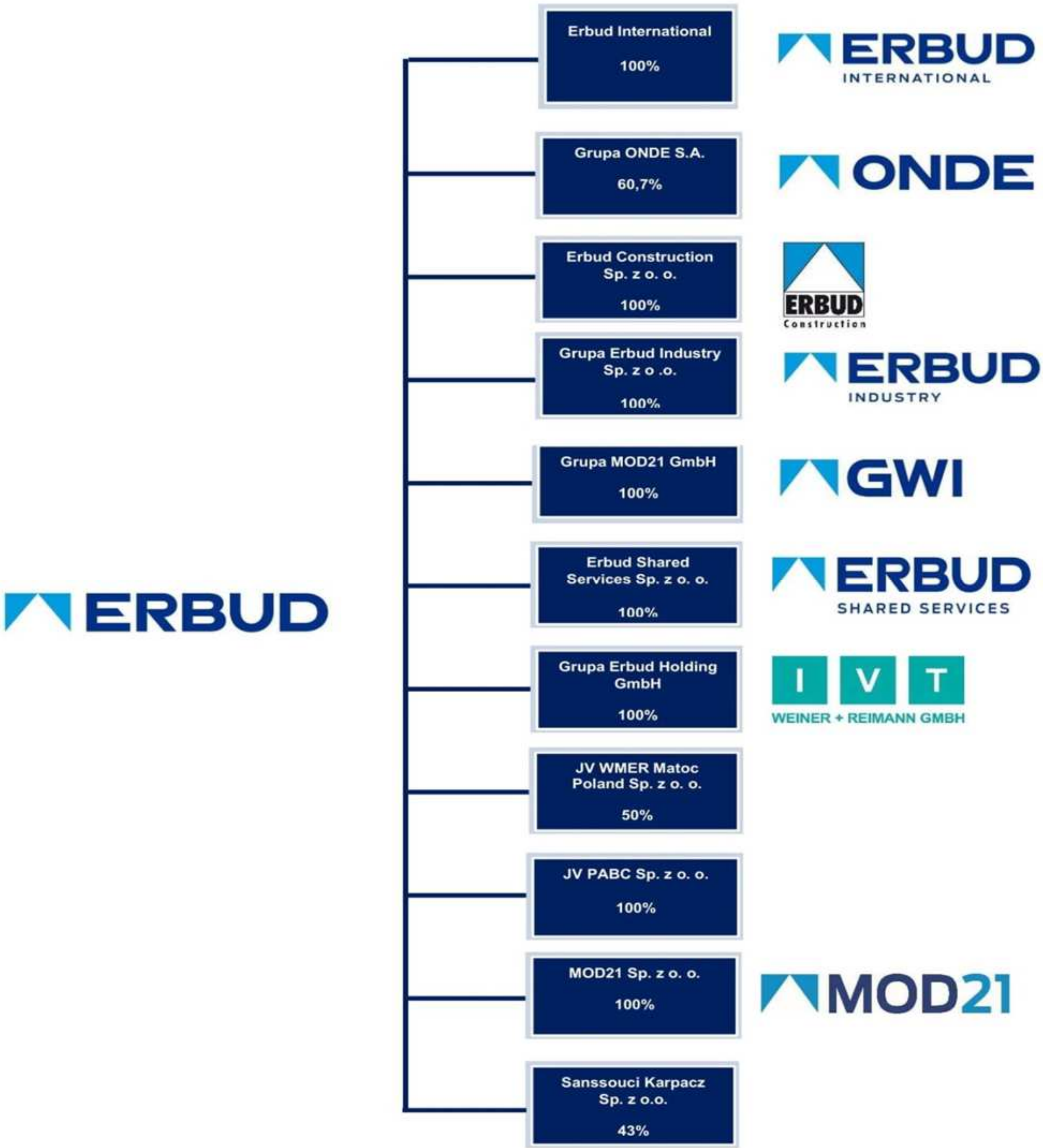
The Parent Company of Erbud S.A Capital Group ("Group") is Erbud S.A. ("Parent Company"), with its registered office in the City of Warsaw, at ul. Franciszka Klimczaka No. 1.

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

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

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

1. BACKGROUND INFORMATION



Detailed organisational structure of the Group is presented in the Note 5.4. The above figure shows the share of Erbud S.A.
in the individual member companies of the Erbud S.A. Group as of the date of drawing up the financial statements.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IFRS Compliance Statement

The Condensed Consolidated Financial Statements were drawn up as of 31 March 2022 in compliance with the International Financial Reporting Standards, endorsed by the European Union.

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

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

This Condensed Consolidated Financial Statement was approved for publication by the Management Board on 10 May 2022.

Going Concern

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

Impact of COVID-19

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

Impact of armed conflict in Ukraine

The war behind the eastern border has shown that one man's decision can destabilize the economy almost on a global scale. Following the Russia's invasion of Ukraine, the whole world faced a fuel crisis, stock markets and currencies of neighbouring countries, including Poland, have been weakening. Raw material prices and their availability have become a much bigger issue in the construction business than COVID 19 hazards.

Erbud Group has always looked for its development in the Western Europe, especially in Germany. Any inclination to enter eastern markets sometimes perceived as emerging markets, however, was viewed negatively by the Management Board.

The Management Board monitors on an on-going basis the impact of the political and economic situation in Ukraine, Russia and Belarus on the ERBUD Group's operations. For more than a year we have been dealing with price hikes of building materials and labour in the Polish market. Due to the fact that the Group does not execute long-term contracts, it is possible to account for the risk of swelling material prices in the calculations on an on-going basis or, in the case of public contracts, to apply the price indexation clauses. Very good relations with employers, diversification of operations, both in geographical and segment terms, reduce the negative impact of the price shock caused by the conflict in Ukraine.

Pricing at fair value

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

Conversion of items into foreign currencies

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

Transactions in foreign currencies are recorded in the books at the time of initial recognition in the value converted into PLN at the average National Bank of Poland's rate prevailing at the transaction date.

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

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

1.3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS:

In this Condensed Consolidated Financial Statement, the following new and amended standards that entered into force in 2021 were applied for the first time:

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

In response to the expected reform of reference rates (IBOR reform), the International Accounting Standards Board has published the second part of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, which are applicable from 1 January 2021. The amendments address accounting issues that will arise when, when IBOR-based financial instruments transition to the new interest rates. The amendments introduce a number of guidelines and exemptions, most notably a practical expedient for contract modifications required by the reform that will be recognized by updating the effective interest rate, a waiver to terminate hedge accounting, a temporary waiver to identify the risk component, and the requirement to include additional disclosures. The above change did not have any impact on the Group.

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

Amendment to IFRS 4 "Insurance Contracts" postpones the application of IFRS 9 "Financial Instruments" until 1 January 2023 until the effective date of IFRS 17 "Insurance Contracts".

As of the date of this Condensed Consolidated Financial Statement, the application of this standard is deferred until 2023.

c) Amendments to IFRS 16 "Lease"

In relation to the coronavirus pandemic (COVID-19), an amendment to IFRS 16 was introduced in 2020, which enabled the application of a simplification for assessing whether changes to leases made during a pandemic represent lease modifications. Consequently the lessees may benefit from the simplification boiling down to not applying the IFRS 16 guidelines concerning the modification of lease contracts. As this amendment related to reductions in lease payments due on or before 30 June 2021, hence in March 2021. The Council extended the availability of the practical arrangement for lease payment reductions until June 2022. The amendment is effective from 1 April 2021 with an option of earlier application.

This amendment does not have a material impact on the Group's financial statements.

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

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

a) IFRS 17 „Insurance Contracts” and amendments to IFRS 17

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

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

The Group will apply IFRS 17 once it has been endorsed by the European Union.

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

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

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

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

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

c) Amendments to IFRS 3 "Business Combinations"

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

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

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

The amendment introduces a ban on adjusting the cost of production of property, plant and equipment by the amounts obtained from the sale of components produced during the period of preparation of the property, plant and equipment for operation in accordance with the management's intentions. Instead, the entity will recognise the above sales revenues and related costs directly in the income statement. The amendment shall apply to financial statements for periods beginning on or after 1 January 2022.

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

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

The amendments to IAS 37 provide an explanation of the costs that an entity takes into account when analysing whether a contract is an onerous contract. The amendment shall apply to financial statements for periods beginning on or after 1 January 2022.

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

f) Annual Amendments to IFRS 2018 - 2020

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

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

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

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

The amendment to IAS 1 requires disclosure of significant information about accounting policies, which are defined in the Standard. The amendment clarifies that information about accounting policies is material if, in its absence, users of the financial statements would not be able to understand other relevant information in the financial statements. In addition, the Board's guidance on the application of the concept of materiality in practice has also been revised to provide guidance on the application of the concept of materiality to accounting policy disclosures. At the date of drawing up these Condensed Consolidated Financial Statements, the amendments in question had not yet been endorsed by the European Union.

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

h) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In February 2021the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of estimates. The amendment to IAS 8 clarifies, how entities should distinguish between changes in accounting policies and changes in accounting estimates. At the date of drawing up these Condensed Consolidated Financial Statements, the amendments in question had not yet been endorsed by the European Union.

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

i) Amendments to IAS 12 "Income Taxes"

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

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

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

j) Amendment to IFRS 17 "Insurance Contracts"

This amendment relates to the transitional requirements in connection with the first-time application of IFRS 17 'Insurance Contracts' and IFRS 9 'Financial Instruments'. The amendment introduces an option of improving the usefulness of information for the investors on the first application of the new standard.

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

At the date of drawing up these Condensed Consolidated Financial Statements, the amendments in question had not yet been endorsed by the European Union.

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

k) 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.

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

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

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

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

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

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

2. BUILDING CONTRACTS

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

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

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on construction contract assets are recognized, they are not subject to aging and are treated entirely as current, not past due. The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Group recognizes invoiced revenues in the line "Trade and other receivables" (Note 5.1) 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 - deposits" and are refundable most often after project completion after the end of the guarantee period.

The Group engages subcontractors to carry out work related to the execution of building contracts. The invoiced costs related to subcontractors' employment are recognized as "Trade payables and other liabilities" (Note 5.2) The Group retains a portion of payments to subcontractors in relation to performance bond, and recognizes it the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

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

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

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

The Group engages subcontractors to carry out work related to the execution of building contracts. The Group acts as principal with respect to work performed by subcontractors. The invoiced costs related to subcontractors' employment are recognized as "Trade payables (Note 6.10). The Group retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Liabilities vis-à-vis subcontractors - bid bonds"

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

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

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

Performance-based method:

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

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

Expenditure-based method:

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

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

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2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

The income and expenses figures under building contracts for the accounting period and on YTD basis are presented in the table below.

	For the period of 3 months, ended on 31.03.2022	For the period of 3 months, ended on 31.03.2021
	Contracts in the period	Contracts in the period
Figures recognised in the period		
Income under building contracts, YTD	666,975	494,733
Costs under building contracts,	629,393	446,216
Net income before recognition and settlement of provisions for the contracts generating liabilities	**37,582**	**48,517**
Setting up provisions for the contracts generating liabilities	1,726	-
Gross profit/loss	**39,308**	**48,517**
Gross profit margin		
excluding provisions for the contracts generating liabilities	6%	10%
including provisions for the contracts generating liabilities	5%	10%

Gross profit margin is defined as gross profit on sales divided by sales revenues.

2.2. DETERMINATION OF OUTSTANDING AMOUNT RELATED TO NON-COMPLETED BUILDING CONTRACTS

	31.03.2022	31.12.2021
Revenues under non-completed building contracts YTD	4,122,628	3,564,549
Invoiced receivables from customers, YTD (excl. advances)	4,034,882	3,484,845
Balance of payments under non-completed building contracts	**87,746**	**79,704**
including:		
(1) Assets for completed, non-invoiced construction works, gross	237,890	199,795
Asset impairment write-off under building contracts	(242)	(1,327)
(1a) Assets for completed, non-invoiced construction works, net	237,648	198,468
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	149,902	118,764
Costs related to building contracts, YTD	2,077,649	1,737,487
Losses posted on YTD basis	-	274
Subcontractor expense and own expenses on a YTD basis.	2,126,091	1,765,803
Balance of payments under building contracts	**48,442**	**28,316**
including:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	171,562	103,670
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	123,120	75,354
Balance of payments under building contracts	**136,188**	**108,020**
including:		
Pricing of building contracts - liabilities - TOTAL	**409,210**	**302,138**
Pricing of building contracts - balance settlement (2)+(4)	273,022	194,118
Building contract liabilities - advanced paid	57,637	49,930
Pricing of building contracts - liabilities - TOTAL	**330,659**	**244,048**

At all dates that are initial dates of the periods indicated in the table above, the total opening balances were recognized as revenues in the period.

Changes in the value of assets and liabilities from the pricing of contracts result from the specific nature of settlement of building contracts and invoicing schedules for individual contracts.

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3. CAPITAL AND DEBT MANAGEMENT

3.1. ZARZĄDZANIE KAPITAŁEM

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

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

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

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

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

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

The Company's supplementary capital is set up in accordance with the provisions of the Polish Commercial Companies Code and the decisions of the shareholders. Pursuant to the Commercial Companies Code, a supplementary capital should be set up to cover losses, that should account for at least 8% of the profit for a certain accounting year, until the supplementary capital reaches at least one third of the share capital. the supplementary capital set up in this manner is not subject to distribution.

The General Meeting of Shareholders decides on the use of the supplementary and reserve capital, however, a part of the supplementary capital may be used only to cover the loss reported in the financial statements and is not subject to distribution into other purposes.

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

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

Share capital

As of 31 March 2022, the share capital consisted of 12 399 359 shares with a total value of PLN 1,239,935.90 thousand, and the structure of shareholders holding over 5% of the share capital and members of the Management Board and entities controlled by them was as follows:

Shareholder	No. of shares	% shareholding in share capital
Wolff & Müller Baubeteiligungen GmbH & Co. KG	3,645,090	29.39%
Wolff & Müller Holding GmbH & Co. KG	265,689	2.14%
Dorr Holding GmbH	12,712	0.10%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	1,861,731	15.01%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	9.68%
AVIVA Open-End Pension Fund Aviva Santander	1,183,146	9.54%
Dariusz Grzeszczak	728,787	5.88%
PKO BP Bank Open-Ended Pension Fund	715,279	5.77%
Jacek Leczkowski	5,112	0.04%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	13,840	0.11%
ERBUD SA - own shares without voting rights at General Meeting of Shareholders	302,857	2.44%
Other shareholders	2,461,178	19.86%
Total	**12,399,359**	**100%**

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As of 31 March 2022 and the date of publication of this report, ERBUD SA holds 302,857 of own shares, that account for 2.44% of total shareholders' equity.

The **302,857** shares referred to hereinabove have not yet been redeemed by the Company, so the share capital remains unchanged at PLN 1,239,935.90.

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

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

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

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

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

	For the period of 3 months, ended on 31.03.2022	For the period of 3 months, ended on 31.03.2021
Net profit/loss	179	(7,431)
Average weighted number of ordinary shares (in pcs.)	12,096,502	12,780,128
Basic and diluted earnings per share (in PLN)	**0.01**	**(0.58)**

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3.2. CREDIT AND LOAN LIABILITIES

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

	31.03.2022	31.12.2021
Long-term		
Bank loans	44,747	46,496
Loans	1,836	-
	46,583	**46,496**
Short-term		
Overdraft facilities	28,981	22,362
Bank loans	28,896	14,260
Loans	14,991	6,901
	72,868	43,523
Total credit and loan liabilities	**119,451**	**90,019**

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

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

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3.3. DEBT RELATED TO ISSUED BONDS

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

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

Issue date	Type of issued bonds	Currency (specify whether functional or foreign currency)	Interest rate	Maturity date	Purpose of financing	Par value of shares	31-03-2022.	31-12-2021.
23-09-2021.	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6M + 2.6%	23 September 2025	financing of an increased working capital requirement		75,586	**75,586**
			Total long-term liabilities				**75,586**	**75,586**

3.4. LEASE LIABILITIES

Period		31.03.2022 Nominal value of minimum payments	31.12.2021 Nominal value of minimum payments
Below 1 year	Short-term	20,641	16,502
Above 1 year	Long-term	39,866	39,161
Nominal value of minimum payments		**60,507**	**55,663**
Future lease costs		7,959	7,373
Present value of minimum payments		**52,548**	**48,290**
Below 1 year	Short-term	19,351	15,212
Above 1 year	Long-term	33,197	33,078

"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity as of 31.03.2022.	**(0.10)**
Consolidated long-term and short-term debt	**247,585**
Cash assets	**309,547**
Adjusted equity by goodwill and intangible assets	**633,769**

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

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

The item Adjusted equity by goodwill and intangible assets represents the value of equity less goodwill and intangible assets.

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

	31.03.2022	31.03.2021
Net profit /(loss) for the accounting period	**108**	**(5,817)**
Income tax	2,354	3,755
Gross profit	**2,462**	**(2,062)**
Share in net profits/losses of equity-accounted subsidiaries	(115)	-
Financial expenses	4,657	1,872
Financial income	2,509	706
EBIT	**4,725**	**(896)**
Amortization and depreciation	7,506	5,260
EBITDA	**12,231**	**4,364**
Revenues from sales of products and services	763,949	536,650
EBIT margin	**1%**	**0%**

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4.2. ACCOUNTING SEGMENTS

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

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

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

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

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

There are no non-recurring events through 31 March 2022 and through the date of approval of the condensed consolidated financial statements that would have a material impact on the reportable segments.

Estimates presented in prior periods have not materially changed from the historical information prepared as of 31 March 2021.

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

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

	For the period of 3 months, ended on 31 Mar. 2022			For the period of 3 months, ended on 31 Mar. 2021		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	647,896	116,053	**763,949**	474,173	62,477	**536,650**
Accrued and deferred income	623,981	42,994	**666,975**	456,165	38,568	**494,733**
Income recognized at a certain point in time	23,915	73,059	**96,974**	18,008	23,909	**41,917**
Fixed assets other than financial instruments and deferred tax assets	246,448	52,377	**298,825**	139,252	44,882	**184,134**

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

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

										For the period of 3 months, ended on 31.03.2022
	Domestic building construction	Residential/commercial buildings in foreign countries,	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Hydro-engineering segment	Renewable energy sources segment	Modular timber construction	Other segments	Total continued activities
Sales to third party customers	412,699	39,464	40,961	55,333	76,589	1,235	137,424	122	122	**763,949**
Total sales revenues	**412,699**	**39,464**	**40,961**	**55,333**	**76,589**	**1,235**	**137,424**	**122**	**122**	**763,949**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	395,295	38,615	38,801	51,698	61,717	1,109	127,201	-	(140)	**714,296**
Sales margin	**17,403**	**849**	**2,160**	**3,636**	**14,872**	**126**	**10,223**	**122**	**262**	**49,653**
Sales margin %	4%	2%	5%	7%	19%	-	7%	-	214%	6%
Other operating profit/loss	(15,986)	(3,574)	(2,619)	(3,658)	(6,900)	-	(8,681)	(2,870)	(640)	**(44,928)**
Segment performance – EBIT	**1,417**	**(2,725)**	**(459)**	**(22)**	**7,972**	**126**	**1,542**	**(2,748)**	**(378)**	**4,725**
EBIT margin	0%	(7%)	(1%)	(0%)	(10%)	10%	1%	(2252%)	(310%)	1%
Share in net profits/losses of equity-accounted subsidiaries							(115)			**(115)**
Profit (loss) on financial activities (financial income less financial expenses)										**(2,148)**
Gross profit/loss										**2,462**
Income tax										**2,354**
Net profit/loss										**108**
Amortization and depreciation	2,964	360	971	812	1,149	-	859	226	165	**7,506**
Segment performance – EBITDA	**4,381**	**(2,365)**	**512**	**790**	**9,121**	**126**	**2,401**	**(2,522)**	**(213)**	**12,231**

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

										For the period of 3 months, ended on 31.03.2021
	Domestic building construction	**Residential/commercial buildings in foreign countries,**	**Road engineering construction**	**Industrial construction segment at home**	**Industrial construction segment in foreign countries**	**Hydro-engineering segment**	**Renewable energy sources segment**	**Modular timber construction**	**Other segments**	**Total continued activities**
Total income										
Cross segment sales	53,385	-	-	-	-	-	-	-	-	**53,385**
Sales to third party customers	149,687	38,385	25,434	41,435	24,092	-	203,537	-	695	**483,265**
Total sales revenues	**203,072**	**38,385**	**25,434**	**41,435**	**24,092**	**-**	**203,537**	**-**	**695**	**536,650**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	184,078	35,704	25,353	37,997	19,079	-	176,138	-	579	**478,928**
Sales margin	**18,994**	**2,681**	**81**	**3,438**	**5,013**	**-**	**27,399**	**-**	**116**	**57,722**
Sales margin %	9%	7%	0%	8%	21%	-	13%	-		11%
Payment with shares	-	-	-	-	-	-	-	-	-	**(28,343)**
Other operating profit/loss	(11,916)	(4,166)	(896)	(4,335)	(2,412)	(311)	(6,146)	-	(93)	**(30,275)**
Segment performance – EBIT	**7,078**	**(1,485)**	**(815)**	**(897)**	**2,601**	**(311)**	**21,253**	**-**	**23**	**(896)**
EBIT margin	3%	(4%)	(3%)	(2%)	11%	-	10%	-	-	**5%**
Profit (loss) on financial activities (financial income less financial expenses)										**(1,166)**
Gross profit/loss										**(2,062)**
Income tax										**3,755**
Net profit/loss										**(5,817)**
Amortization and depreciation	1,894	285	510	793	568	-	639	-	571	**5,260**
Segment performance – EBITDA	**8,972**	**(1,200)**	**(305)**	**(104)**	**3,169**	**(311)**	**21,892**	**-**	**594**	**4,364**

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4.3. COST OF GOODS SOLD (COGS)

	For the period of 3 months, ended on 31 Mar. 2022	For the period of 3 months, ended on 31 Mar. 2021
Third party services	398,820	301,297
including third party services from subcontractors	298,566	208,040
Material and energy consumption	211,866	132,442
Employee benefit expenses	112,388	80,402
Including remuneration consisting of shares	-	28,343
Amortization and depreciation	7,506	5,260
Taxes and charges	4,976	2,830
Other cost categories	6,961	3,298
Value of merchandise and materials sold	571	19
Total costs by type	**743,088**	**525,548**
Change in the balance of products, work in progress and accrued expenses under building contracts	17,393	15,256
Cost of sales (negative value)	(2,764)	(2,687)
General management and administration costs (negative value)	(43,421)	(59,189)
Including remuneration consisting of shares	-	28,343
Manufacturing costs of products sold	**714,296**	**478,928**

4.4. TAXATION

The burdening of net financial income with income tax is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full accounting year. The estimated average annual tax rate for the period ended on 31 March 2022 is 95.62% compared to 15.21% for the 3 months ended on 31 March 2021.

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

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

	For the period of 3 months, ended on 31 Mar. 2022	For the period of 3 months, ended on 31 Mar. 2021
Gross profit before taxation	**2,462**	**(2,062)**
Tax according to the statutory tax rate applicable in Poland - 19%	**468**	**4,686**
Additional tax burden being a result of a rate exceeding 19% in Germany	2,279	1,013
Excess of non-taxable income over non-deductible expenses	(393)	(1,944)
Tax recognized in the financial net profit/loss	**2,354**	**3,755**
Current tax	11,091	4,710
Deferred tax	(8,737)	(955)
Effective tax rate	**95.62%**	**15.21%**

	1 January 2021	Impact as of: Net profit/loss	Impact as of: Other comprehensive income	31.12.2021	Impact as of: Net profit/loss	Impact as of: Retained earnings	31.03.2022
Deferred tax assets							
Pricing of building contracts - liabilities and taxable work in progress	55,919	14,811	-	70,730	17,371	-	88,101
Provisions	11,351	333	-	11,684	1,519	-	13,203
Tax loss	4,189	(1,050)	-	3,139	3,414	-	6,553
Accrued wages and salaries, and charges	715	1,884	-	2,599	(266)	-	2,333
Receivables revaluation write-downs	6,237	(258)	-	5,979	(1,863)	-	4,116
Other financial liabilities	2,349	1,214	-	3,563	(72)	-	3,491
Deferred expenses	693	-	-	693	(660)	-	33
Other	2,700	(441)	(25)	2,234	329	53	2,616
Total	**84,153**	**16,493**	**(25)**	**100,621**	**19,772**	**53**	**120,446**
Deferred tax liabilities							
Pricing of building contracts - assets	31,419	14,732	-	46,151	10,729	-	56,880
Conversion of assets into fair value	4,923	(1,099)	7,303	11,127	(15)	-	11,112
Balance sheet pricing and liabilities discount	809	179	-	988	196	-	1,184
Accrued interest on debt	292	462	-	754	17	-	771
Accrued revenues	579	(92)	-	487	62	-	549
Other	1,486	734	(5)	2,215	46	56	2,317
Total	**39,508**	**14,916**	**7,298**	**61,722**	**11,035**	**56**	**72,813**
Assets and liabilities set off	38,775			51,125			72,813
Post set-off balance	**46,911**			**60,093**			**73,451**
Assets	45,778			49,496			60,542
Liabilities	1,133			10,597			12,909
Net impact of changes in the period		**1,577**	**(7,323)**		**8,737**	**(3)**	

4.5. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

4.5.1. 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.

4.5.2.MARKET RISK – INTEREST RATE RISK

The interest rate risk occurs mainly in connection with debt financing, i.e. bank credits and loans (Note 3.2), issued bonds (Note 3.4) and financial lease products (Note 3.4), used by the 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 Company does not measure these items at fair value, this impact is not reflected in the financial statements.

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

Trade receivables and building contract assets

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

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

Changes in the write-down of receivables are presented in the Note 5.1.

4.5.3. LIQUIDITY RISK

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

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

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

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5. OTHER NOTES

5.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

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

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

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

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

	31.03.2022			31.12.2021		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	641,788	46,177	595,611	640,580	45,933	594,647
Receivables from corporate income tax	4,566	-	4,566	3,207	-	3,207
Other budget receivables	24,496	-	24,496	23,037	-	23,037
Other receivables	34,430	1,210	33,220	32,002	1,210	30,792
Total	**705,280**	**47,387**	**657,893**	**698,826**	**47,143**	**651,683**

ERBUD Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

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

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	For the period of 3 months, ended on 31.03.2022	For the period of 12 months, ended on 31 Dec. 2021
Opening balance of write-downs	**47,143**	**37,352**
Setting up/(reversal)of individual write-offs	54	10,982
Setting up /(reversal) of write-offs according to write-off matrix	-	651
Use of individual write-offs	-	(2,019)
Other	84	156
FX gains and losses from translation	106	21
Closing write-offs, of which:	**47,387**	**47,143**
Matrix-based calculated write-off	3,862	3,862
Individual write-off	43,525	43,281

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.

5.2. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

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

Short-term employee benefit liabilities

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

ERBUD Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

	31.03.2022	31.12.2021
Trade payables	**347,207**	**363,131**
including to related entities	2	103
Liabilities vis-à-vis budget in relation to:	**40,517**	**52,132**
VAT tax	5,724	20,716
corporate income tax	16,029	9,798
personal income tax	5,471	6,642
Social insurance contribution	11,389	10,613
real estate tax	476	-
tax on civil law transactions	97	-
State Fund for the Rehabilitation of the Disabled	221	194
holiday accrual (Belgium tax)	978	945
other	132	3,224
Other liabilities	**115,917**	**60,738**
wages and salaries	15,381	14,605
accruals	65,219	835
short-term employee benefit liabilities	27,014	36,947
other	8,303	8,351
Total	**503,641**	**476,001**

5.3. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January to 31 March 2022 and for the period from 1 January to 31 March 2021.

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	Change in balance of Cash Flow Statement in the period from January 2022 to December 2022	Change in balance of Cash Flow Statement in the period from January 2021 to March 2021
Change in provision balance	**7,824**	(1,260)
Change in inventory balance	**(125,132)**	10,511
Change of receivables balance	**(6,210)**	(28,324)
Change in balances of short-term liabilities, excluding credits and loans	**47,629**	(923)
Change in settlement of assets and liabilities under building contracts	**(20,461)**	(34,207)
Change of balance of the remaining assets	**3,770**	(8,863)
Change in balance of working capital	**(92,580)**	**(63,066)**

5.4. GROUP STRUCTURE

Group Structure

As of 31 March 2022, the Group consists of the Parent Company Erbud S.A. along with its subsidiaries, consolidated using the full method, and entities not controlled by Erbud S.A., consolidated using the equity method.

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

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

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

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

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

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

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.

While evaluating a need to recognise impairment of the Group's investment in an associate, the requirements of IAS 28 are applied.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

Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

#	Name of entity	Registered office	Scope of activities	Parent Company's share in equity (equal to the voting rights held) 31.03.2022	31.12.2021
	Shares held directly				
1	ONDE S.A. (former Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.)	Toruń	Road engineering and renewable energy sources	**60.70%**	60.70%
2	Erbud Operations Sp. z o.o.(acquired Erbud International Sp. z o.o. and was renamed into Erbud International Sp. z o.o.)	Rzeszów	Construction services	**100.00%**	100.00%
3	ERBUD Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
4	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**100.00%**	100.00%
5	MOD21 GmbH (former GWI GmbH)	Düsseldorf, Germany	Construction services	**100.00%**	100.00%
6	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	100.00%
7	Erbud Holding GmbH	Düsseldorf, Germany	Management services	**100.00%**	100.00%
8	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	Construction services	**100.00%**	100.00%
9	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	**39.00%**	39.00%
10	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	**50.00%**	50.00%
11	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	100.00%
12	MOD21 Sp.z o.o.	Ostaszewo	Modular timber construction	**100.00%**	100.00%
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	43.00%

ERBUD Condensed Consolidated Financial Statement as of 31 March 2022 ('000 PLN, unless specified otherwise)

#	Name of entity	Registered office	Scope of activities	Shares of Parent Company held indirectly (corresponding to the voting rights held) 31.03.2022	31.12.2021
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o.(following the merger with Erbud Industry Pomorze Sp. z o.o.)	The City of Łódź	Maintenance services in the industrial segment	**99.01%**	99.01%
2	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**99.29%**	99.29%
3	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
4	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	Erbud Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
6	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
7	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
8	PflegeQuatier Düren GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
9	WTL20 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
10	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
11	WTL80 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
12	WTL100 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
13	WTL120 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
14	WTL130 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
15	WTL140 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
16	WTL150 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
17	WTL160 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
18	WTL170 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
19	IDE Projekt Sp. z o.o.	Toruń	Design services in the RES segment	**100.00%**	100.00%
20	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	100.00%
21	Azuryt 6 Investments Sp. z o.o.	The City of Łódź	Renewable energy sources	**50.00%**	50.00%
22	Cyranka Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
23	DEPVPL sp. z o.o. power plant	The City of Szczecin	Renewable energy sources	**50.00%**	50.00%
24	KWE Sp. z o.o.	The City of Szczecin	Renewable energy sources	**50.00%**	50.00%
25	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	100.00%
26	WTL50 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
27	WTL210 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	100.00%
28	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
29	Park Słoneczny Ciechanów Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
30	Park Lewałd Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
31	FW Gumienice Sp. z o.o. (*wind farm*)	Toruń	Renewable energy sources	**100.00%**	100.00%
32	Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	Warsaw	Renewable energy sources	**50.00%**	50.00%
33	DEVOZE Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
34	Neo Solar Kazimierz Biskupi Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	0.00%

In the financial statements, the Group presented acquisitions of entities comprising a group of assets not representing a business, acquisitions of stakes in jointly controlled entities and acquisitions of entities representing a business.

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

By 31 March 2022 the Erbud Group had not acquired such entities.

Acquisition of entities that represent a business

By 31 March 2022 the Erbud Group had not acquired such entities.

Acquisition of shares in jointly controlled entities

On 2 February 2022 ONDE SA entered into an agreement to purchase 50% of shares in a company (NEO SOLAR KAZIMIERZ BISKUPI Sp. z o.o.) which owns a photovoltaic farm project from a non-related party. The acquisition price of company totalled EUR 4.950 thousand and was settled partly in cash and partly by settlement and set-off of mutual financial liabilities.
The acquisition may be conditionally increased to EUR 8,250 thousand. Transaction costs related to this transaction were immaterial.

POST-ACCOUNTING PERIOD EVENTS

On 28 April 2022, ONDE S.A. entered into a promised contract to acquire 50% shareholding from non-related entity in a Special Purpose Vehicle (SPV) that owns a 40 MW photovoltaic power plant project located in the Lublin Province. As a result of entering into the promised contract, ONDE S.A. holds a total of 100% shareholding in the SPV. The transaction price totalled PLN 8,579,985.00 and was settled in cash. Transaction costs related to this transaction were immaterial. The company's assets include a concluded land lease agreement defining the construction site for a photovoltaic farm, an environmental decision with a final binding clause, connection conditions and a signed connection agreement and cash in the amount of PLN 3,064.00. As of the acquisition date, the Company does not generate revenues and do not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition.

On 9 May 2022 the Ordinary General Meeting of Shareholders of ONDE S.A. decided to allocate reserve capital in the amount of PLN 30 million to finance the acquisition of the Company's own shares for redemption purposes, to authorize the Company's Management Board to acquire the Company's own shares for cancellation and to appoint a commercial proxy authorized to represent the Company in transactions of acquisition of the Company's own shares from shareholders who are also members of the Company's Management Board.

Signatures of all Management Board members:

Dariusz Grzeszczak /President of the Management Board/	Jacek Leczkowski /Vice-President of the Management Board/
Agnieszka Głowacka /Vice-President of the Management Board/	Radosław Górski /A Management Board member/

Warsaw, 10 May 2022