

## ERBUD Group firmly positioned in the RES and industrial segments in 2023

**The year 2023 in the ERBUD Group witnessed growing earnings from RES and industrial services. EBIT of the RES segment increased by 255% y/y and industrial services by +85% y/y.**

ERBUD Group generated sales of PLN 3,234.4 million in 2023, compared to PLN 3,855.6 million a year earlier (-16% y/y). Simultaneously, the company had a gross margin of 209.1 million on sales, up from 222.1 million in 2022. The Group's EBITDA reached PLN 57 million (+5.5% y/y), while the net result amounted to PLN 23.3 million (+212% y/y). The company's performance in 2023 was impacted by single events: a PLN 82 million cash compensation from foreign exchange hedging option transactions and a settlement with Port Lotniczy Modlin, which in turn charged PLN 16.7 million to the company's account in 2023.

Throughout the year, the Group benefited from business diversification. The largest positive impact on its performance came from the RES business, which is handled by ONDE. It had approximately PLN 800 million of revenue in this segment, which generated PLN 44 million of operating profit, compared to PLN 16.7 million in 2022. The increase was therefore more than 2.5-fold y/y.

The industrial segment also experienced an excellent year - both domestically and internationally. It generated a total of PLN 572.3 million in revenue in 2023, approximately 5% more than in 2022. The operating profit of this segment amounted to PLN 31 million and was almost 2-fold higher than in 2022.

*- By entering the service area and then acquiring several more companies, we have built a strong business foundation in this area. Impetuous growth in this segment, especially abroad, confirms that this was the smart decision and that the segment itself is characterised by huge potential and above-average margins - reports Dariusz Grzeszczak, CEO of ERBUD.*

To recall, at the beginning of 2024, ERBUD finalised the acquisition of CKTiS from Płock, thus expanding the team working in the industrial services segment and the scope of competence. CKTiS provides comprehensive services to the energy, chemical, refining and petrochemical industries. The CKTiS structures also include a laboratory for testing technical equipment, steel structures or metallurgical materials. The company employs 130 persons.

By contrast, 2023 was a difficult year for residential construction, where the first half of the year brought destabilising prices and a spike in inflation. Domestically and

internationally combined, the business ended the year with a result of PLN -46.7 million. The negative profitability of the residential construction segment resulted from the settlement of “pre-inflation” contracts in Poland (PLN -24.9 million) and the termination of operations abroad (PLN -21.5 million). Since the beginning of 2024, ERBUD has only been providing services to industry and modular construction abroad.

The modular timber construction segment, operated by MOD21, also ended the year in an operating loss (PLN -35.5 million). As the Group's Management Board previously indicated, it could take up to another two years to reach the break-even point of this activity, which is very new for the Company.

*– However, we are investing a lot of resources and a tremendous amount of work in this business. We have generated more than PLN 50 million in sales in 2023, which is a decent result for a start-up. MOD21 is still in the “engine breaking in” stage, but once we have optimised our internal processes, it will be one of the pillars of our business, since the demand abroad for wood modules is increasing – says **Dariusz Grzeszczak, CEO of ERBUD.***

*- The fact that bold decisions pay-off is demonstrated by the example of ONDE, which started developing RES installations when everyone was exiting the market. Currently, it is our most valuable asset, which is capable of generating solid returns even in an unfavourable market environment and is consistently establishing itself in property development – emphasises **Dariusz Grzeszczak, CEO of ERBUD.***

RES contracting, including on its own account, is also responsible for more than 43% of the Group's order backlog, which in total amounted to around PLN 3.5 billion at the end of September.

*– The intention for this year is to set our focus firmly on development in RES. ONDE generated more than PLN 140 million in cash from operations in 2023, allowing the company to go virtually zero with debt and leave around PLN 65 million in cash, which can be used for the acquisition and development of new projects or the construction of farms on its own account. Already in the Q1 of this year, the ONDE has sold 4 projects at various stages of construction or development, each time securing an execution contract – **states says Jacek Leczkowski, vice-president of ERBUD,** who is pleased with the legislative changes announced for mid-year in the area of wind farm construction and funds from EU programs. Over PLN 22 billion is to be allocated this year to energy companies for the construction of renewable energy projects and energy storage facilities; and the value of the energy transformation programs launched, in which ONDE will be able to participate, will amount to over PLN 50 billion by 2030.*

During the first three months of the year, the ERBUD Group has already signed contracts worth a total of almost PLN 1 billion. The management boards of ONDE and ERBUD SA recommend the payment of dividend. ERBUD plans to allocate approximately PLN 20 million for this purpose, while ONDE plans to allocate PLN 17 million.

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*The ERBUD Capital Group is the largest construction group in Poland outside of international holding companies. ERBUD boasts over 33 years of experience in the Polish market and in Western European countries. It specialises in residential construction, green energy, services for industry and engineering. ERBUD S.A. has been listed on the Warsaw Stock Exchange since 2007. The most prestigious investments implemented by ERBUD Group companies include: Galeria Młociny, Hala Koszyki, the Eurocentrum Office Complex and Royal Wilanów office buildings in Warsaw, the Centre for Invasive and Non-Invasive Medicine at the Medical University of Gdańsk, the Southern Hospital in Warsaw, the Lidl Distribution Centre in Stargard, the Municipal Waste Incineration Plant in Konin or the Dobrcz/Mierki Photovoltaic Power Plant Complex. In 2021, ERBUD was awarded the prestigious EMAS certificate, the EU's highest environmental distinction, and in 2022 it was included in the prestigious "World's Best Employers" list of the American magazine Forbes.*

For more information see [www.erbud.pl](http://www.erbud.pl).

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