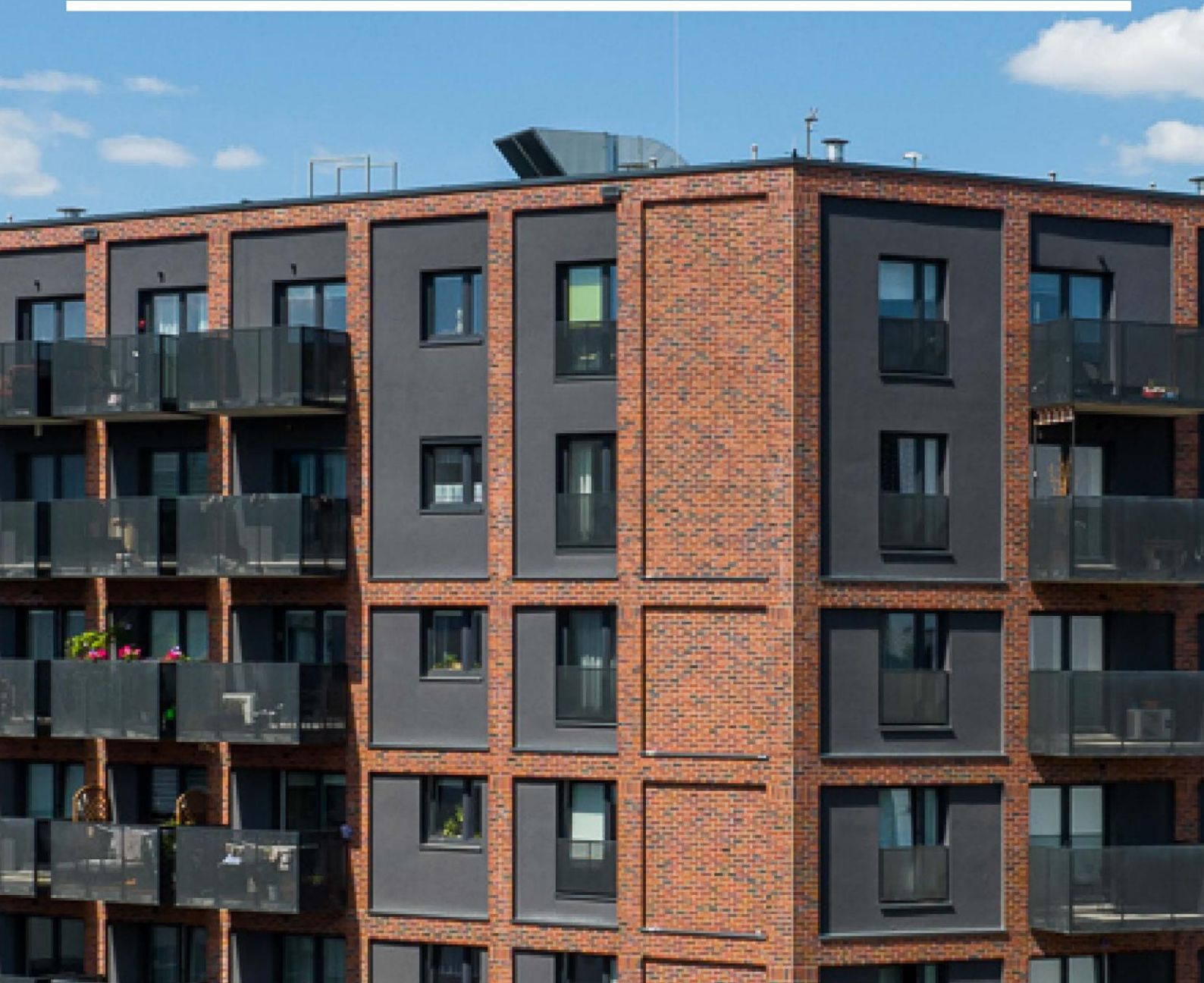
ERBUD GROUP

ERBUD S.A.

Interim Condensed Consolidated Financial Statement

for accounting period closed on 30 June 2023

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



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

		For a 6-month period, ended on 30 June 2023	For a 6-month-period ended on 30 June 2022	For a 3-month period ended on 30 June 2023	For a 3-month period ended on 30 June 2022
		Unaudited data	Unaudited data	Unaudited data	Unaudited data
	GOING CONCERN OPERATIONS				
Note 4.2.	Revenues from sales of products and services	1,582,190	1,790,117	861,610	1,026,168
Note 4.2.,4.3.	Cost of products and services sold	1,461,710	1,679,441	784,768	965,146
	Gross sales profit/(loss)	**120,480**	**110,676**	**76,842**	**61,022**
Note 4.3.	Costs of sales	7,181	6,128	3,332	3,364
Note 4.3.	General administrative expenses	94,225	92,041	45,949	48,620
	Other operating income	2,122	4,621	(373)	1,979
	Other operating expenses	7,115	2,877	5,323	1,492
	Loss reversal/(impairment) of financial assets and contract valuation assets	(3,861)	(1,852)	(3,881)	(1,852)
Note 4.2.	**Operating profit**	**10,220**	**12,399**	**17,984**	**7,673**
	Share in net profits/losses of equity-accounted subsidiaries	(759)	(312)	(611)	(197)
	Financial revenues	9,007	8,666	5,457	6,157
	Financial costs	27,158	15,161	16,519	10,504
Note 4.2.	**Gross profit/loss**	**(8,690)**	**5,592**	**6,311**	**3,129**
Note 4.4.	Income tax	(4,031)	7,041	(4,222)	4,688
	Adjusted net profit (loss) for the accounting year	**(4,659)**	**(1,449)**	**10,533**	**(1,559)**
	Shareholders of Parent Company	(9,925)	(1,862)	3,466	(2,042)
	Non-Controlling Stakeholders	5,266	413	7,067	483
	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				

	For a 6-month period, ended on 30 June 2023	For a 6-month period, ended on 30 June 2022	For a 3-month ended on 30 June 2023	For a 3-month period ended on 30 June 2022
	Unaudited data	Unaudited data	Unaudited data	Unaudited data
Consolidated profit / (loss), net	**(4,659)**	**(1,449)**	**10,533**	**(1,559)**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**(6,464)**	1,163	(5,679)	424
Comprehensive income (including tax effect) subject to reclassification into result	**(6,464)**	**1,163**	**(5,679)**	**424**
Comprehensive income for accounting period	**(11,123)**	**(286)**	**4,854**	**(1,135)**
Appropriated to:				
Shareholders of Parent Company	(15,893)	(708)	(2,019)	(1,621)
Non-Controlling Stakeholders	4,770	422	6,873	486

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 Jun. 2023	31 Dec. 2022
		Unaudited data	Audited data
	ASSETS	**1,971,989**	**2,016,268**
Note 6.2.	Goodwill	40,668	41,588
Note 6.1.	Intangible assets	13,161	13,546
Note 6.1.	Tangible fixed assets	220,459	229,776
Note 6.11.	Investments accounted for using the equity method	52,011	52,770
Note 5.1.	Financial assets	11,941	13,941
Note 4.4.	Deferred tax assets	87,589	82,358
Note 2.1.	Receivables under building contracts - deposits	10,985	8,576
	Fixed assets	**436,814**	**442,555**
Note 6.4.	Inventory	137,872	160,239
Note 2.1.	Receivables under building contracts - deposits	28,605	23,455
Note 4.2.	Pricing of building contracts - assets	533,405	431,013
Note 6.5.	Trade receivables	520,431	651,583
Note 6.5.	Other receivables	97,452	91,536
Note 5.1.	Financial assets	13,725	9,428
Note 3.7.	Cash and cash equivalents	179,675	163,961
Note 3.7.	Cash assets in VAT account	13,972	35,338
	Short-term prepayments	10,038	7,160
	Current assets	**1,535,175**	**1,573,713**
	LIABILITIES	**1,971,989**	**2,016,268**
Note 3.1.	Share capital	1,193	1,210
	Supplementary capital	274,048	254,769
Note 3.1.	Own shares	-	(20,000)
	Reserve capital	111,641	131,624
	Foreign exchange gains/losses resulting from conversion of foreign unit	677	6,645
	Retained earnings	126,939	166,633
	Equity of shareholders of the Parent Company	514,498	540,881
	Equity of non-controlling stakeholders	129,367	124,597
	Equity	**643,865**	**665,478**
Note 3.2.-3.4	Debt	176,744	189,407
Note 6.7.	Provisions	20,183	22,062
Note 4.4.	Deferred tax liabilities	12,212	15,274
Note 2.1.	Liabilities vis-à-vis subcontractors - bid bonds	16,143	16,866
	Long-term liabilities	**225,282**	**243,609**
Note 3.2.-3.4	Debt	171,815	123,168
Note 6.7.	Provisions	34,119	34,340
Note 2.1.	Liabilities vis-à-vis subcontractors - bid bonds	159,225	154,169
Note 4.2.	Pricing of building contracts - liabilities	248,779	245,957
Note 6.9.	Trade payables	392,172	443,402
Note 6.9.	Other liabilities	96,732	106,145
	Short-term liabilities	**1,102,842**	**1,107,181**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For a 6-month-period ended on 30 June 2022 and for a 6-month-period ended on 30 June 2023

	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	Equity
As of 1 Jan. 2022	**1,240**	**(70,000)**	**207,074**	**71,552**	**5,480**	**337,521**	**552,867**	**131,866**	**684,733**
Net result in the accounting period	-	-	-	-	-	(1,862)	**(1,862)**	413	**(1,449)**
Comprehensive income for accounting period	-	-	-	1	1,153	-	**1,154**	9	**1,163**
Total comprehensive income	**-**	**-**	**-**	**1**	**1,153**	**(1,862)**	**(708)**	**422**	**(286)**
Dividend	-	-	-	-	-	(447)	**(447)**	-	**(447)**
Transfer of the net income from previous year to retained earnings	-	-	100,000	77,736	-	(177,736)	**-**	-	**-**
Settlement of share buyback by a subsidiary in the Group	-	-	-	-	-	28,274	**28,274**	(9,982)	**18,292**
Decrease of share capital	(30)	70,000	(45,000)	(24,970)	-	-	**-**	-	**-**
Acquisition and redemption of a stake in a subsidiary	-	-	-	-	-	395	**395**	-	**395**
Acquisition of own shares	-	(20,000)	-	-	-	-	**(20,000)**	-	**(20,000)**
Share buyback by a subsidiary in the Group	-	-	-	-	-	(30,000)	**(30,000)**	-	**(30,000)**
As of 1 Jun. 2022	**1,210**	**(20,000)**	**262,074**	**124,319**	**6,633**	**156,145**	**530,381**	**122,306**	**652,687**
As of 1 Jan. 2023	**1,210**	**(20,000)**	**254,769**	**131,624**	**6,645**	**166,633**	**540,881**	**124,597**	**665,478**
Net result in the accounting period	-	-	-	-	-	(9,925)	**(9,925)**	5,266	**(4,659)**
Comprehensive income for accounting period	-	-	-	-	(5,968)	-	**(5,968)**	(496)	**(6,464)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(5,968)**	**(9,925)**	**(15,893)**	**4,770**	**(11,123)**
Dividend	-	-	-	-	-	(10,490)	**(10,490)**	-	**(10,490)**
Net retained earnings carried forward	-	-	19,279	-	-	(19,279)	**-**	-	**-**
Registration of redemption of own shares	(17)	20,000	-	(19,983)	-	-	**-**	-	**-**
As of 30 June 2023	**1,193**	**-**	**274,048**	**111,641**	**677**	**126,939**	**514,498**	**129,367**	**643,865**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		For a 6-month-period, ended on 30 June 2023	For a 6-month-period ended on 30 June 2022	For a 3-month-period, ended on 30 June 2023	For a 3-month-period ended on 30 June 2022
		Unaudited data	Unaudited data	Unaudited data	Unaudited data
	OPERATIONAL CASH FLOWS				
	Gross profit/loss	(8,690)	5,592	6,311	3,129
	Amortization and depreciation	17,946	16,417	9,218	8,911
	Foreign exchange losses	(6,622)	(532)	(3,513)	2,985
	Interest and share in profits (dividend)	14,706	2,604	6,173	1,212
	Other non-cash adjustments	(1,052)	(6,591)	(422)	(6,388)
	Net proceeds from the disposal of related entity	-	(18,294)	-	(18,294)
	Income tax paid	(24,460)	(19,910)	(19,457)	(15,176)
Note 6.10.	Change in balance of working capital	10,502	(256,802)	(1,476)	(164,222)
	Operational cash flows, net	**2,330**	**(277,516)**	**(3,166)**	**(187,843)**
	INVESTMENT ACTIVITY CASH FLOWS				
	Other inflows	2,622	576	1,237	312
	Expenditures on the acquisition of tangible fixed assets	(9,989)	(34,750)	(3,818)	(17,134)
	Loans extended expense	(1,113)	(6,438)	-	(3,565)
	Expenditures on the acquisition of shares in companies	(477)	(9,538)	-	(1,607)
	Other expenses	(9)	-	(9)	-
	Investment activity cash flows, net	**(8,966)**	**(50,150)**	**(2,590)**	**(21,994)**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	107,058	138,395	23,798	94,882
	Other inflows	316	18,718	261	18,692
	Debt (principal) repayment expense - principal	(51,446)	(3,773)	(13,839)	(86)
	Lease debt repayment expense - principal	(8,182)	(6,534)	(4,087)	(3,552)
	Debt (interest) repayment expense	(14,906)	(4,442)	(6,293)	(2,220)
	Dividend payment	(10,490)	(500)	(10,042)	-
	Acquisitions of own shares	-	(30,977)	-	(30,977)
	Financial activity cash flows, net	**22,350**	**110,887**	**(10,202)**	**76,739**
	NET CASH FLOWS	**15,714**	**(216,779)**	**(15,958)**	**(133,098)**
	Opening cash balance	**163,961**	**363,210**	**195,633**	**279,529**
	Closing cash balance	**179,675**	**146,431**	**179,675**	**146,431**

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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 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 Group provides a wide range of construction and assembly services under the general contracting and subcontracting systems in Poland and abroad, services for the industry in Poland and abroad, as well as RES development services and maintenance services for the 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 2023 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 2023 and as of the date of the Interim, Condensed Consolidated Financial Statements the Parent Company's Supervisory Board consisted of:

Gabriel Główka

Albert Dürr

Michał Otto

Janusz Reiter

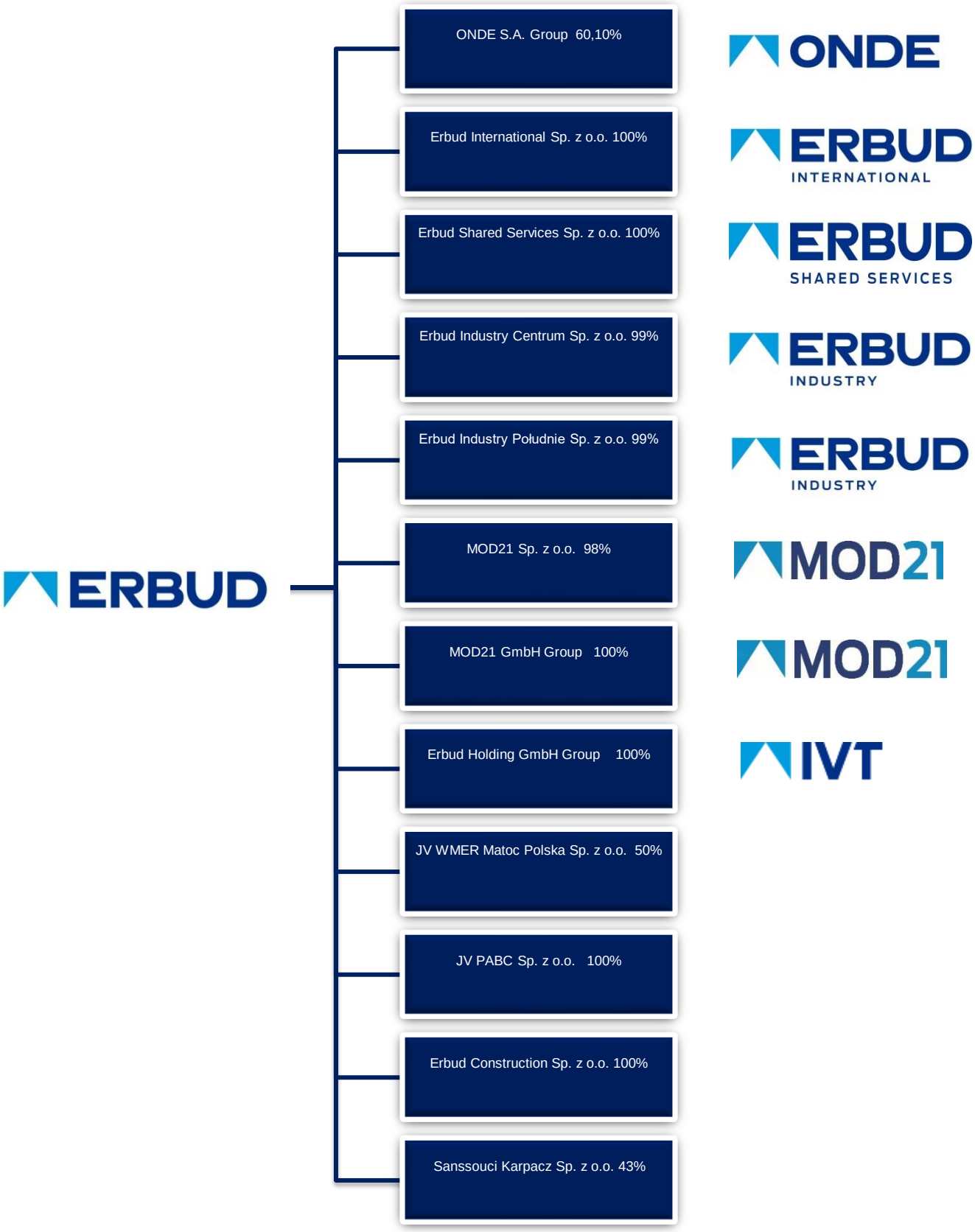
Michał Wosik

Roland Bosch

Beata Jarosz

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 6.11. The above figure shows the share of Erbud S.A. in the individual member companies of the Erbud S.A. Group as of 30 June 2023.

1. BACKGROUND INFORMATION

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 2023 in compliance with the International Accounting Standard 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 Statement has been drawn up on historical cost basis, except for financial derivatives that were priced at fair value.

This Interim Condensed Consolidated Financial Statement does not include all information and disclosures required in the Annual Consolidated Financial Statement and should be read in conjunction with the consolidated financial statements of the Group drawn up for the year ended on 31 December 2022 that was endorsed for publication on 28 March 2023. The interim financial result is not a measure to determine the Group's net financial income for the overall accounting year. The accounting policies of the interim and annual reports are consistent.

This Interim Condensed Consolidated Financial Statement was approved for publication by the Management Board on 5 September 2023.

Going concern

These Interim Condensed Consolidated Financial Statements have been drawn up following going concern principle applicable to all Group member companies in the foreseeable future. As of the date of approval of 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

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

The Management Board monitors on an on-going basis the impact of the political and economic developments in Ukraine, Russia and Belarus on the Group's operations. Since the war outbreak we have been witnessing price hikes of building materials and labour in the Polish market. The Group takes the risk of rising material and labour prices into account in the calculations it makes on an on-going basis. The Management Board 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 Company has no items measured at fair value but discloses fair value for items measured at amortized cost.

Conversion of position 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.

1. BACKGROUND INFORMATION

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 differences are posted respectively into the line "financial gains (losses)" or in cases defined by accounting principles (policy), are capitalised in the assets value.

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

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

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 2023 were applied for the first time:

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

IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on 18 May 2017, while amendments to IFRS 17 were published on 25 June 2020.

The new IFRS 17 "Insurance Contracts" replaced the previous IFRS 4, which permitted a variety of practices in the settlement of insurance contracts. The new standard will fundamentally change the accounting for all entities that deal with insurance contracts and investment contracts; however, the scope of the standard is not limited to insurance companies only, and contracts entered into by entities other than insurance companies may also contain an element that complies with the definition of an insurance contract (as defined in IFRS 17).

b) Amendment to IFRS 17 "Insurance Contracts"

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

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

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

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

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

In February 2021 the 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.

e) 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 as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g. the initial recognition of a lease) that has no impact on current tax settlements triggers the recognition of deferred tax balances, or whether the so-called initial recognition exemption applies, which states that deferred tax balances are not recognised, if the

recognition of an asset or liability has no impact on the accounting or tax outcome at the time of that recognition. The amended IAS 12 addresses this issue by requiring deferred tax to be recognised in the above situation by additionally stating that the exemption from initial recognition does not apply if an entity simultaneously recognises an asset and an equivalent liability and each creates temporary differences.

f) Amendments to IAS 12 Income Taxes: global minimum income tax (Pillar Two)

In May 2023 the Board issued amendments to IAS 12 "Income Taxes" in response to the global regulations on minimum income tax Pillar Two ("Pillar Two") issued by the Organization for Economic Cooperation and Development (OECD) in connection with international tax reform. The amendment to IAS 12 provides a temporary exemption from the requirement to recognize deferred taxes resulting from enacted tax laws that implement the Pillar II model rules. The companies can apply the guidance of the amended IAS 12 standard immediately, while certain disclosures are required for annual periods beginning on or after 1 January 2023. At the date of drawing up these Interim Condensed Consolidated Financial Statements, the amendment in question had not yet been endorsed by the European Union.

In the opinion of the Management Board, the implemented standards do not have a significant impact on the Group.

Published standards and interpretations, which are not yet effective and have not been applied by the Company 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 IFRS 16 "Lease"

In September 2022, the Board amended IFRS 16 'Leases' by supplementing 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. The amended standard includes a new example that illustrates the application of the new requirement to this extent. The amendment comes into force on 1 January 2024.

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

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

In 2020, the Board published amendments to IAS 1 that clarify the presentation of liabilities as long- and short-term In October 2022 the Board issued further amendments to IAS 1, which address the classification of liabilities as long-term and short-term , for which an entity is required to comply with certain contractual requirements known as covenants. The amended IAS 1 standard states that liabilities are classified as either short-term or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor events after the reporting date (for instance, a waiver or breach of covenant) affect the classification.

The published amendments shall apply to financial statements for periods beginning on or after 1 January 2023.

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

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

In May 2023, the Board issued amendments to IAS 7, Statement of Cash Flows, and IFRS 7, Financial Instruments: Disclosures. The amendments to the standards introduce disclosure requirements for supplier finance arrangements. The amendments require specific disclosures regarding the entity's financial arrangements 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 concerning arrangements made with the suppliers. The amendments do not affect recognition and measurement principles, only disclosure requirements. The new disclosure requirements will be effective for annual reporting periods beginning on or after 1 January 2024.

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 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.

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

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

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

The amendments were published on 11 September 2014. As of the date of drawing up these Interim Condensed Consolidated Financial Statements, the endorsement of this amendment is deferred by the European Union.

2. BUILDING CONTRACTS

The Group signs fixed-price contracts for the execution of construction contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls and distribution centres, wind and photovoltaic farms, power plants, production rooms, roads and motorways as well as buildings made using modular timber technology.

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 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 6.5) The Contractors under building contracts signed with the Group retain part of the payments as performance bond in relation to the contracts. These figures are recognized as "Building contract receivables - bid bonds" and are refundable most often after project completion 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 6.7). The Company retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Building contract liabilities - bid bonds" (Note 2.1) The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

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

2. BULDING 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 perform 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 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 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.

2. BULDING CONTRACTS

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 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.

2. BULDING 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 6.5. The value of bid bonds receivable is updated by the Group with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.5. 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. 2023			31 Dec. 2022		
	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	29,039	14,632	**43,671**	23,888	11,044	**34,932**
Deposit discount and impairment allowance	(434)	(3,647)	**(4,081)**	(433)	(2,468)	**(2,901)**
Receivables under building contracts - deposits	28,605	10,985	**39,590**	23,455	8,576	**32,031**
Liabilities vis-à-vis subcontractors - discounted bid bonds	**159,225**	**16,143**	**175,368**	**154,169**	**16,866**	**171,035**

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.

3. CAPITAL MANAGEMENT AND DEBT

3. CAPITAL AND DEBT MANAGEMENT

3.1. CAPITAL MANAGEMENT

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

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 2023, the share capital consisted of 11,929,836 shares 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 & Müller Baubeteiligungen GmbH & Co. KG	3,592,950	30.12%
Wolff & Müller Holding GmbH & Co. KG	261,887	2.20%
Durr Holding GmbH	12,712	0.11%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	721,553	6.05%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	764,935	6.41%
Dariusz Grzeszczak	1,831,907	15.36%
PKO BP Bank Open-Ended Pension Fund	715,279	6.00%
Jacek Leczkowski	5,112	0.04%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	13,642	0.11%
Roland Bosch	10,000	0.08%
Other shareholders	2,795,921	23.43%
Total	**11,929,836**	**100%**

3. CAPITAL MANAGEMENT AND DEBT

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

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

As of 31 December 2022, Erbud S.A. held 166,666 own shares, accounting for 1.38% of all shares in the above-mentioned Company, acquired for cancellation. Pursuant to Resolution No. 20/2023 of the Annual General Meeting of Erbud S.A. dated 22 May 2023, 166,666 of the Company's own shares with a par value of PLN 0.10 (ten Polish groszys) each, i.e. with a total nominal par value of PLN 16,666.60 (sixteen thousand six hundred and sixty-six Polish zlotys and 60/100) were redeemed.

As a result of the redemption of own shares, by virtue of Resolution No. 21/2023 of 22 May 2023, adopted by the Annual General Meeting of Shareholders of Erbud S.A., the share capital was reduced by an amount corresponding to the total par value of the redeemed shares, i.e. by PLN 16,666.60, i.e. from the level of PLN 1,209,650.20 to PLN 1,192,983.60.

As of 30 June 2023, 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 (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 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 2023	For a 6-month period ended on 30 June 2022
Net profit/loss attributable to the shareholders of the Parent Company	(9,925)	(1,862)
Average weighted number of ordinary shares (in pcs.)	11,929,836	12,096,502
Basic and diluted earnings per share (in PLN)	**(0.91)**	**(0.15)**

3. CAPITAL MANAGEMENT AND DEBT

3.2. CREDIT AND LOAN LIABILITIES

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

	30 Jun. 2023	31 Dec. 2022
Long-term		
Bank loans	42,643	44,035
Loans	2,100	2,308
	44,743	**46,343**
Short-term		
Overdraft facilities	111,046	26,582
Bank loans	39,129	72,460
Loans	1,992	1,792
	152,167	**100,834**
Total credit and loan liabilities	**196,910**	**147,177**

	30 Jun. 2023	30 Jun. 2023	31 Dec. 2022	31 Dec. 2022
	In the functional currency	In foreign currency EUR	In the functional currency	In foreign currency EUR
Loans and borrowings				
Long-term	17,516	27,227	46,343	-
Short-term	130,931	21,236	100,834	-
Total	**148,447**	**48,463**	**147,177**	**-**

Loans and borrowings shown as long-term and short-term bear interest at WIBOR 3M + 1.35% - 3.5%, 3M EURIBOR + 1.9 - 2.2%. ON WIBOR +2.2% and 10% per annum.

On 16 February 2023, the BNP Paribas loan denominated in PLN was converted into EUR, at the exchange rate of 4,748, agreed between Erbud S.A. and the Bank. The amount of PLN 26 208 thousand was converted into EUR 5,520 thousand.

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

As of the balance sheet date of 30 June 2023, the ERBUD Group has access to bank and multi-purpose insurance lines with the total value of PLN 2,073,425 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees. As of the balance sheet date of 30 June 2023, the ERBUD S.A. utilized PLN 192,818 thousand to take out loans and PLN 1,057,223 thousand for bank and insurance guarantees.

As of the balance sheet date of 31 December 2022, the ERBUD Group had access to bank and multi-purpose insurance lines with the total value of PLN 1,930,565 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees. As of the balance sheet date of 31 December 2022, the ERBUD S.A. utilized PLN 143,077 thousand to take out loans and PLN 988,136 thousand for bank and insurance guarantees.

3. CAPITAL MANAGEMENT AND DEBT

Covenants

After the balance sheet date, annexes to the loan agreements were signed with the financing banks, which modified the calculation of the financial ratios (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 2023 and by the approval date of the financial statements, all covenants have been met, similarly to the previous year.

3.3. ISSUED BOND LIABILITIES

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. 2023	31 Dec. 2022
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6M + 2.6%	23 Sept. 2025	financing of an increased working capital requirement	75,586	**75,586**
			Total bond liability as of 30 June 2023 of which:			**75,586**	**75,586**
			long-term			75,000	75,000
			short-term			586	586

Covenants

"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity in value terms.	As of	
	30 Jun. 2023	30 Jun. 2022
	0.26	**0.30**
Consolidated long-term and short-term debt	348,559	338,675
Cash assets	193,647	161,251
Adjusted equity by goodwill and intangible assets	590,034	600,755

3. CAPITAL MANAGEMENT AND DEBT

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. 2023 Nominal value of minimum payments	31 Dec. 2022 Nominal value of minimum payments
Below 1 year	Short-term	21,889	24,574
Above 1 year	Long-term	66,211	74,914
Nominal value of minimum payments		**88,100**	**99,488**
Future lease costs		12,037	9,676
Present value of minimum payments		**76,063**	**89,812**
Below 1 year	Short-term	19,062	21,748
Above 1 year	Long-term	57,001	68,064

3.5. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 June 2023 and 31 December 2022, collateral for debt liabilities on tangible fixed assets are presented below.

	30 Jun. 2023	31 Dec. 2022
Tangible fixed assets	85,861	85,183
Inventory	14,618	1,280
Total	**100,479**	**86,463**

3.6. CONTINGENT ASSETS AND LIABILITIES

	Contingent assets		Contingent liabilities	
	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022
Other items				
Guarantees and sureties	168,480	181,775	1,057,223	979,650
Bills of exchange	-	153	-	14,820
Litigations	11,812	12,117	48,717	48,681
Including dispute against Warsaw Modlin Airport (MPL)	-	-	*34,381*	*34,381*
Total	**180,292**	**194,045**	**1,105,940**	**1,043,150**

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

3. CAPITAL MANAGEMENT AND DEBT

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

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 6.5)

	30 Jun. 2023	31 Dec. 2022
Cash in hand	82	60
Cash at bank	179,593	163,901
Total cash and cash equivalents	**179,675**	**163,961**

The amount of the impairment loss on cash is marginal.

As of 30 June 2023 cash on VAT bank accounts totalled PLN 13,972 thousand (as of 31 December 2022 it totalled PLN 35,338 thousand).

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 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. 2023	30 Jun. 2022
Net profit /(loss) for the accounting period	**(4,659)**	**(1,449)**
Income tax	(4,031)	7,041
Gross profit	**(8,690)**	**5,592**
Share in net profits/losses of equity-accounted subsidiaries	(759)	(312)
Financial costs	27,158	15,161
Financial revenues	9,007	8,666
EBIT	**10,220**	**12,399**
Amortization and depreciation	17,946	16,417
EBITDA	**28,166**	**28,816**
Revenues from sales of products and services	1,582,190	1,790,117
EBIT margin	**1%**	**1%**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.2. REPORTING 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
- 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 breakdown corresponds to the distribution of major risks and returns on investments made.

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.

Key information on segments in the accounting periods January 2023 - June 2023 and January 2022 - June 2022.

The Group operates in Poland and abroad (in Germany, Belgium, France and Lithuania). 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 a 6-month period, ended on 30 June 2023			For a 6-month period ended on 30 June 2022		
	Domestic market (Poland)	Foreign markets	Total	Domestic market (Poland)	Foreign markets	Total
Sales to third party customers, of which:	1,346,393	235,797	**1,582,190**	1,563,136	226,981	**1,790,117**
Accrued and deferred income	1,236,679	70,097	**1,306,776**	1,495,277	82,543	**1,577,820**
Income recognized at a certain point in time	109,714	165,700	**275,414**	67,859	144,438	**212,297**
Fixed assets other than financial instruments and deferred tax assets	355,375	50,093	**405,468**	249,961	52,215	**302,176**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

In connection with the Group's re-engineering and the merger of Erbud SA and Erbud Industry Sp. z o.o., the business segments are now presented differently. As a result, a part of the industrial segment in Poland was transferred to the building construction segment in Poland. For the sake of comparability, comparative data has been restated.

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 2023
	Domestic building construction	**Residential/commercial buildings 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 continued activities**
Sales to external 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	**37,838**	**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)**
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**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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									
Share in performance of associates and joint-ventures measured with equity method	-	-	-	-	-	(443)	-	-	**(443)**
Loss reversal/(impairment) of financial assets and contract valuation assets	(3,506)	-	(208)	285	77	(529)	-	20	**(3,861)**
Capital expenditures on tangible fixed and intangible assets	696	52	1,662	1,138	4,308	120	1,941	105	**10,022**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

									For a 6-month period ended on 30 June 2022
	Domestic building construction	**Residential/commercial buildings 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 continued activities**
Total income									
Sales to external customers	957,780	73,333	90,099	80,031	153,648	431,918	348	2,960	**1,790,117**
Total sales revenues	**957,780**	**73,333**	**90,099**	**80,031**	**153,648**	**431,918**	**348**	**2,960**	**1,790,117**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	914,700	69,904	86,691	73,237	130,761	403,246	10	892	**1,679,441**
Sales margin	**43,080**	**3,429**	**3,408**	**6,794**	**22,887**	**28,672**	**338**	**2,068**	**110,676**
Sales margin %	4%	5%	4%	8%	15%	7%	-	69%	**6%**
Other operating profit/loss	(41,045)	(7,117)	(4,298)	(4,849)	(13,091)	(21,622)	(4,127)	(2,128)	**(98,277)**
Segment performance – EBIT	**2,035**	**(3,688)**	**(890)**	**1,945**	**9,796**	**7,050**	**(3,789)**	**(60)**	**12,399**
EBIT margin	4%	(5%)	(1%)	2%	6%	2%	(1,089%)	(2%)	**1%**
Share in net profits/losses of equity-accounted subsidiaries						(312)			**(312)**
Profit (loss) on financial activities (financial income less financial expenses)									**(6,495)**
Gross profit/loss									**5,592**
Income tax									**7,041**
Net profit/loss									**(1,449)**
Amortization and depreciation	6,105	994	1,974	2,223	2,721	1,763	302	335	**16,417**
Segment performance – EBITDA	**8,140**	**(2,694)**	**1,084**	**4,168**	**12,517**	**8,813**	**(3,487)**	**275**	**28,816**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Pricing of building contracts - assets	**138,297**	**12,323**	**55,499**	**53,223**	**56,332**	**131,138**	**-**	**-**	**446,812**
Other assets									**1,639,660**
Total assets									**2,086,472**
Pricing of building contracts - liabilities	**206,902**	**20,807**	**25,637**	**37,648**	**6,709**	**43,673**	**-**	**-**	**341,376**
Other liabilities									**1,745,096**
Total liabilities									**2,086,472**
Other material items									
Share in performance of associates and joint-ventures measured with equity method	-	-	-	-	-	(312)		-	**(312)**
Loss reversal/(impairment) of financial assets and contract valuation assets	(1,765)	-	(50)	(37)	-	-	-	-	**(1,852)**
Capital expenditures on tangible fixed and intangible assets	9,753	189	753	737	3,288	2,129	17,671	200	**34,720**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

									For a 3-month-period ended on 30 June 2023
	Domestic building construction	**Residential/commercial buildings 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 continued activities**
Total income									
Sales to external 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%**
Other operating profit/loss	(26,205)	(3,243)	(3,696)	(2,114)	(5,732)	(10,437)	(5,785)	(1,646)	**(58,858)**
Segment performance – 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 of equity-accounted subsidiaries	(316)					(295)			**(611)**
Profit (loss) on financial activities (financial income less financial expenses)									**(11,062)**
Gross profit/loss									**6,311**
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**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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									**1971989**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

									For a 3-month period ended on 30 June 2022
	Domestic building construction	**Residential/commercial buildings 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 continued activities**
Total income									
Cross segment sales		-	-	-	-	-	-	-	**-**
Sales to external customers	515,070	33,869	49,138	53,474	77,059	294,494	226	2,838	**1,026,168**
Total sales revenues	**515,070**	**33,869**	**49,138**	**53,474**	**77,059**	**294,494**	**226**	**2,838**	**1,026,168**
Segments' performance and reconciliation with gross profit of the Group									
Cost of goods sold (COGS)	491,182	31,289	47,890	48,654	69,044	276,045	10	1,032	**965,146**
Sales margin	**23,888**	**2,580**	**1,248**	**4,820**	**8,015**	**18,449**	**216**	**1,806**	**61,022**
Sales margin %	5%	8%	3%	9%	10%	6%	96%	64%	**6%**
Other operating profit/loss	(23,850)	(3,543)	(1,679)	(2,400)	(6,191)	(12,941)	(1,257)	(1,488)	**(53,349)**
Segment performance – EBIT	**38**	**(963)**	**(431)**	**2,420**	**1,824**	**5,508**	**(1,041)**	**318**	**7,673**
EBIT margin		(3%)	(1%)	5%	2%	2%	(461%)	11%	**1%**
Share in net profits/losses of equity-accounted subsidiaries									**(197)**
Profit (loss) on financial activities (financial income less financial expenses)									**(4,347)**
Gross profit/loss									**3,129**
Income tax									**4,688**
Net profit/loss									**(1,559)**
Amortization and depreciation	2,990	634	1,003	1,562	1,572	904	76	170	**8,911**
Segment performance – EBITDA	**3,028**	**(329)**	**572**	**3,982**	**3,396**	**6,412**	**(965)**	**488**	**16,584**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Assets and liabilities.									
Pricing of building contracts - assets	**138,297**	**12,323**	**55,499**	**53,223**	**56,332**	**131,138**	**-**	**-**	**446,812**
Other assets									**1,639,660**
Total assets									**2,086,472**
Pricing of building contracts - liabilities	**206,902**	**20,807**	**25,637**	**37,648**	**6,709**	**43,673**	**-**	**-**	**341,376**
Other liabilities									**1,745,096**
Total liabilities									**2,086,472**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

4.3. COST OF GOODS SOLD (COGS)

	For a 6-month period, ended on 30 June 2023	For a 6-month period ended on 30 June 2022	For a 3-month-period ended on 30 June 2023	For a 3-month period ended on 30 June 2022
Third party services	924,926	1,012,758	517,757	613,937
including third party services from subcontractors	771,810	828,377	429,986	529,811
Material and energy consumption	389,093	573,729	224,178	361,863
Employee benefit expenses	241,224	237,813	124,963	125,425
Amortization and depreciation	17,946	16,417	9,218	8,911
Taxes and charges	7,314	10,170	3,282	5,194
Other cost categories	13,730	11,835	8,705	4,874
Value of products and materials sold	1,712	1,962	871	1,391
Total costs by type	**1,595,945**	**1,864,684**	**888,974**	**1,121,595**
Change in the balance of products, work in progress and accrued expenses under building contracts	(32,829)	(87,074)	(54,925)	(104,465)
Cost of sales (negative value)	(7,181)	(6,128)	(3,332)	(3,364)
General management and administration costs (negative value)	(94,225)	(92,041)	(45,949)	(48,620)
Manufacturing costs of products sold	**1,461,710**	**1,679,441**	**784,768**	**965,146**

4.4. TAXATION

The burdening of net financial income with income tax is recognized based on Company Management's estimate of the weighted average effective annual income tax rate expected for the full accounting year.

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.

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

	For a 6-month period, ended on 30 June 2023	For a 6-month period ended on 30 June 2022
Gross profit before taxation	**(8,690)**	**5,592**
Tax according to the statutory tax rate applicable in Poland - 19%	**(1,651)**	**1,062**
Additional tax burden being a result of a rate exceeding 19% in Germany	5,424	3,649
(Excess of non-tax revenues over non-deductible expenses) / Excess of non-deductible expenses over non-tax revenues	(7,804)	2,330
Tax recognized in the financial net profit/loss	**(4,031)**	**7,041**
Current tax	4,716	11,497
Deferred tax	(8,747)	(4,456)
Effective tax rate	**46.38%**	**125.94%**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 6.5.	Trade receivables
Note 6.5.	Other receivables
Note 4.2.	Assets under building contracts
Note 3.7.	Cash and cash equivalents
Note 3.7.	Cash assets on the VAT account
Note 3.7.	Cash with restricted availability.
Note 5.1.	Other financial assets (including extended loans)

Financial liabilities priced at amortized cost comprise mainly:

Note 2.1.	Liabilities vis-a-vis subcontractors - bid bonds
Note 4.2.	Liabilities under building contracts
Note 6.9.	Trade payables
Note 6.9.	Other liabilities
Notes 3.2. – 3.4.	Debt

5.1.1. FINANCIAL ASSETS

As of 30 June 2023 and as of 31 December 2022 the Group was in the possession of the following items disclosed in the Statement of Financial Position in the line financial assets:

		30 Jun. 2023	31 Dec. 2022
Note 5.1.2.	Loans extended	20,911	17,530
	Other	4,755	5,839
	Total	**25,666**	**23,369**
	Long-term	11,941	13,941
	Short-term	13,725	9,428

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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.

As of the specified balance sheet dates, the fair value of loans and advances was not materially different from the amortized cost measurement. The fair value of credits and loans is estimated using DCF models based on cash flows reflecting the repayment schedule of loans granted. The discount rate was assumed at WIBOR rate for PLN-denominated loans and at EURIBOR rate for EUR-denominated loans as of a given date plus a fixed percentage reflecting the risk premium. Loans measured at amortized cost are classified at Level 2 of the fair value hierarchy.

Loans are classified at Level 1 of the impairment model at all balance sheet dates presented. All loans granted as of the respective balance sheet dates were considered to be instruments with low credit risk and therefore the allowance for expected credit losses recognized during the period is limited to 12-month expected credit losses. The expected credit loss was calculated based on the probability of default, the repayment profile agreed to in the loan agreement and an assessment of recoveries from the collateral.

As of particular balance sheet dates, the amount of impairment loss and its changes in the presented periods were insignificant in terms of amounts, therefore the Group does not present movements on the impairment loss. The increase in the loan balance as a result of new loans granted did not significantly contribute to the change in the impairment allowance.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

5.2.1. MARKET RISK – CURRENCY RISK

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

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

5.2.2. MARKET RISK – INTEREST RATE RISK

The interest rate risk occurs mainly in connection with debt financing, i.e. bank credits and loans (Note 3.2), 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.

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 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 construction contracts - in relation to bid bonds and valuation of construction contracts.

Changes in the write-down of receivables are presented in the Note 6.5.

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.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below shows the Group's financial liabilities as of 30 June 2023 by maturity date based on contractual non-discounted payments.

						30 Jun. 2023
	Below 3 months	3-12 months	1-5 years of age	Above 5 years of age	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	129,245	23,866	46,578	-	**199,689**	**196,910**
Debt related to issued bonds	-	586	75,000	-	**75,586**	**75,586**
Lease liabilities	5,115	16,222	60,902	2,647	**84,886**	**76,063**
Liabilities vis-à-vis subcontractors - bid bonds	77,231	89,279	17,106	1,296	**184,912**	**175,368**
Trade payables	392,172	-	-	-	**392,172**	**392,172**
Total	**603,763**	**129,953**	**199,586**	**3,943**	**937,245**	**916,099**

						31 Dec. 2022
	Below 3 months	3-12 months	1-5 years of age	Above 5 years of age	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	38,431	62,403	50,537	-	**151,371**	**143,830**
Debt related to issued bonds	-	586	75,000	-	**75,586**	**75,000**
Debt related to financial lease	5,064	18,766	70,339	2,465	**96,634**	**89,812**
Liabilities vis-à-vis subcontractors - bid bonds	64,133	95,148	15,385	5,744	**180,410**	**171,035**
Trade payables	443,402	-	-	-	**443,402**	**443,402**
Total	**551,030**	**176,903**	**211,261**	**8,209**	**947,403**	**923,079**

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 S.A. Group has consistently pursued its ESG strategy, adhering to the required environmental aspects, investing in the development of projects in the RES industry, as well as in timber construction.

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 2023 and 31 December 2022 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.

6. OTHER NOTES

Lease accounting policy effective from 1 January 2019:

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

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

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

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

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

The lease term is a non-cancellable lease term; periods covered by renewal and early termination options are included in the lease term if there is a reasonable certainty that the lease will be renewed or the lease will not be terminated early.

6. OTHER NOTES

	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 Jan. 2022	**27,739**	**51,087**	**14,743**	**32,811**	**18,357**	**23,194**	**9,907**	**177,837**
Increases:								
Acquisition	-	1,964	4,412	3,816	3,398	35,361	5,237	**54,188**
Lease	8,432	15,321	3,478	21,870	150	-	-	**49,251**
Acceptance of fixed assets	-	-	-	-	68	(68)	-	**-**
Other, including reclassification adjustments	-	35,376	27,075	-	(11,480)	(50,951)	-	**20**
Decreases:								
Amortization and depreciation	528	5,820	6,200	12,301	2,980	-	1,683	**29,512**
Disposal and liquidation	-	-	20	1,320	5	-	-	**1,345**
Other	-	3,877	-	-	-	3,844	-	**7,721**
Foreign exchange gains and losses from translation	20	182	25	153	121	18	85	**604**
Net value as of 31 December 2022	**35,663**	**94,233**	**43,513**	**45,029**	**7,629**	**3,710**	**13,546**	**243,322**
Net value as of 1 January 2023	**35,663**	**94,233**	**43,513**	**45,029**	**7,629**	**3,710**	**13,546**	**243,322**
Increases:								
Acquisition	-	-	1,376	2,459	2,236	3,179	772	**10,022**
Lease	-	132	3,214	5,307	49	-	-	**8,702**
Acceptance of fixed assets	-	(104)	166	(115)	-	-	(15)	**(68)**
Decreases:								**-**
Amortization and depreciation	302	5,365	3,426	6,484	1,284	-	933	**17,794**
Disposal and liquidation	-	-	8	438	1	-	-	**447**
Other	8,119	-	-	87	19	290	-	8,515
Foreign exchange gains and losses from translation	(52)	(394)	(64)	(479)	(339)	(65)	(209)	**(1,602)**
Net value as of 30 June 2023	**27,190**	**88,502**	**44,771**	**45,192**	**8,271**	**6,534**	**13,161**	**233,620**

6. OTHER NOTES

Right to use assets under lease, lease liabilities

The following simplifications allowed by IFRS16 have been adopted:

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

During the periods covered by these financial statements, the Group did not enter into any lease agreements for a period shorter than 12 months. The signed lease contracts did not comprise a variable fee for the Lessor.

6. OTHER NOTES

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

	LANDS	BUILDINGS AND STRUC-TURES	TECHNICAL APPLIANCES AND MACHINERY	MEANS OF TRANSPORT	OTHER FIXED ASSETS	TOTAL
Net value as of 1 Jan. 2022	**4,085**	**6,506**	**6,384**	**22,899**	**65**	**39,939**
Increase due to opened lease contracts	8,448	17,052	23,070	13,991	150	62,711
Increase due to expenditures for tangible fixed assets under construction and advances for tangible fixed assets	-	-	-	5,327	-	5,327
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	-	(836)	-	(836)
Settlement of expenditures on tangible fixed assets under construction (acceptance into inventory) and advances an tangible fixed assets	-	-	-	(1,072)	-	(1,072)
Amortization and depreciation	(503)	(4,373)	(2,124)	(5,188)	(29)	(12,217)
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	-	(303)	-	(303)
Foreign exchange gains and losses from translation	1	54	-	1	-	56
Net value as of 31 Dec. 2022	**12,031**	**19,239**	**27,330**	**34,819**	**186**	**93,605**
Net value as of 1 Jan. 2023	**12,031**	**19,239**	**27,330**	**34,819**	**186**	**93,605**
Increase due to acquisition	-	16	-	3,226	-	3,242
Increase due to opened lease contracts	-	132	3,214	5,307	49	8,702
Increase due to expenditures for tangible fixed assets under construction and advances for tangible fixed assets	-	-	-	960	-	960
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	-	(600)	-	(600)
Settlement of expenditures on tangible fixed assets under construction (acceptance into inventory) and advances an tangible fixed assets	-	-	-	(32)	-	(32)
Amortization and depreciation	(298)	(2,445)	(1,447)	(4,331)	(24)	(8,545)
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	(8)	-	(1,071)	-	(1,079)
Other	(8,119)	-	-	(270)	-	(8,389)
Foreign exchange gains and losses from translation	(1)	44	-	-	-	43
Net value as of 30 June 2023	**3,613**	**16,978**	**29,097**	**38,008**	**211**	**87,907**

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 6.3.

	For a 6-month period, ended on 30 June 2023	For the period of 12 months, ended on 31 Dec. 2022
Opening balance of goodwill	**41,588**	**41,240**
Foreign exchange gains and losses from translation	(920)	348
Closing balance of goodwill	**40,668**	**41,588**
Including acquisitions:		
ONDE S.A.	18,274	18,274
Erbud Holding GmbH	17,070	17,990
Other	5,324	5,324

6.3. FIXED ASSETS IMPAIRMENT

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

Tangible fixed assets impairment

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

Goodwill impairment

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

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

Goodwill impairment

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

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

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

The recoverable amount of a cash-generating unit is determined based on the unit's value in use, estimated using a Discounted Cash Flow (DCF) model. These calculations use cash flow projections over a three-year period. The cash flows going beyond the three-year period were estimated to be at a constant level. The growth rate does not exceed the long-term average growth rate for the construction sector abroad where the cash-generating centre operates. The calculations assume an average gross margin of 13%, while the discount rate used was 11.7%. The Management Board established the budgeted gross margin on the basis of historical performance and its own projections of market development. Weighted average growth rates are in line with the forecasts presented in the industry reports. The discount rate used is a rate that reflects each segment specific risks.

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

The Company did not identify any factors that could indicate grounds for impairment of fixed assets, therefore no impairment test was performed as of 30 June 2023.

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 labor, 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.

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 charged directly to the cost of the contract and are thus included in the valuation of the contract by completion degree (details are provided for in Note 2.1.).

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 June 2023	31 Dec. 2022
Materials	60,408	30,439
Work in progress	5,063	233
Finished goods	534	111
Merchandise	1,414	1,414
PV projects underway	71,069	128,658
Inventory value, gross	**138,488**	**160,855**
Write-downs for inventory	616	616
Inventory value, net	**137,872**	**160,239**

6.5. TRADE RECEIVABLES AND OTHER SHORT-TERM 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 construction contracts executed by the Company) and budget receivables, including corporate income tax receivables and tax on goods and services receivables.

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

Receivables from the State budget are recognised at the amount due to the Group in accordance with 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, the increase of receivables caused by time elapse is posted as financial gains.

6. OTHER NOTES

	30 Jun. 2023			31 Dec. 2022		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	569,596	49,165	520,431	699,549	47,966	651,583
Receivables from corporate income tax	23,765	-	23,765	18,568	-	18,568
Other budget receivables	48,670	-	48,670	49,810	-	49,810
Other receivables	26,227	1,210	25,017	24,368	1,210	23,158
Total	**668,258**	**50,375**	**617,883**	**792,295**	**49,176**	**743,119**

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

	For a 6-month period, ended on 30 June 2023	For the period of 12 months, ended on 31 Dec. 2022
Opening balance of write-downs	**49,176**	**47,143**
Setting up/(reversal)of individual write-offs	(398)	901
Setting up /(reversal) of write-offs according to write-off matrix	2,889	2,059
Use of individual write-offs	(760)	(1,155)
Other	(57)	48
Foreign exchange gains and losses from translation	(475)	180
Closing write-offs, of which:	**50,375**	**49,176**
Matrix-based calculated write-off	13,453	11,105
Individual write-off	36,922	38,071

	30 Jun. 2023	31 Dec. 2022
Non-past due receivables:	**359,025**	**399,182**
Past due receivables:	**161,406**	**252,401**
below 1 month	12,712	93,168
1-3 months	41,794	60,664
3-6 months	28,390	9,399
6 months - 1 year	14,931	12,223
Above 1 year	63,579	76,947
Total trade receivables, net	**520,431**	**651,583**

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.

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. 2023	31 Dec. 2022
Insurance	6,363	3,726
Other	3,675	3,434
Total	**10,038**	**7,160**

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 2023 were based on the records of warranty repairs between 2019 and 2023 and as of 31 December 2022 - between 2018 and 2022 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.

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. 2022	**31,006**	**16,180**	**1,548**	**8,498**	**57,232**
Increase	5,774	332	-	6	6,112
Release	1,063	3,855	116	1,390	6,424
Utilisation	-	161	-	759	920
Foreign exchange gains and losses from translation	48	305	-	16	369
As of 31 Dec. 2022	**35,765**	**12,801**	**1,432**	**6,404**	**56,402**
short-term	26,924	112	1,396	5,908	34,340
long-term	8,841	12,689	36	496	22,062
As of 1 Jan. 2023	**35,765**	**12,801**	**1,432**	**6,404**	**56,402**
Increase	1,516	1,615	-	802	3,933
Release	300	1,253	500	856	2,909
Utilisation	-	259	-	2,089	2,348
Foreign exchange gains and losses from translation	(96)	(506)	-	(174)	(776)
As of 30 June 2023	**36,885**	**12,398**	**932**	**4,087**	**54,302**
short-term	29,494	112	896	3,616	34,119
long-term	7,391	12,286	36	470	20,183

6.8. DISPUTES

Both in cases where ERBUD S.A. is the plaintiff (lawsuits concerning for receivables) and in cases where ERBUD S.A. is the defendant (lawsuits for liabilities) the position of ERBUD S.A. and ERBUD S.A.'s legal advisors testifies that the cases will be resolved in favour of ERBUD S.A.

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

Party to the Dispute	Description of the Subject of the Dispute
Defendant: Bank Millennium S.A. in Warsaw Date of filing a lawsuit: 22 December 2010 Value of the dispute: PLN 71.065.496	In 2008 Bank Millennium S.A. advised ERBUD S.A. to conclude FX option transactions to hedge against FX risk under the contracts denominated in EUR executed by ERBUD S.A. the product was not optimally adjusted to the ERBUD S.A. needs. In Q4 2008, as a result of a drastic revaluation of Polish zloty (PLN) in the PLN/EUR pair, Bank Millennium S.A. informed the ERBUD S.A. about a negative valuation of the exposure held at that time. At the same time, a dispute arose over the content of FX option transactions, mainly with respect to the exclusion of option structures. The restructuring details were presented by ERBUD S.A. in RP 43/2008 on 21 November 2008 and in the 2008 Financial Statements. ERBUD S.A. never agreed with the position of Bank Millennium S.A. and therefore called upon the Bank twice demanding the Bank to pay the amount of PLN 71,065,496, which consists of the amounts collected by the Bank from the Issuer's bank account, foregone profits and costs of legal and financial advisors. In connection with the above, ERBUD S.A. decided to bring an action for payment of compensation for the loss. The entire loss related to option transactions was settled in the year the loss was incurred, i.e. 2008. Between 2016 and 2023, the case was heard by the Regional Court, the Court of Appeals and the Supreme Court. On 31 July 2023, the Management Board of ERBUD S.A. received the Supreme Court's decision about the refusal to consider the cassation appeal of Bank Millennium S.A., based in Warsaw, against the judgment of the Court of Appeals in Warsaw favourable to the Company, dated 24 November 2021. On 1 August 2023, an amount of PLN 112,313,076.28 was credited to ERBUD S.A.'s account.

6. OTHER NOTES

Party to the Dispute	Description of the Subject of the Dispute
Defendant: DSH – Dopravni Stavby, a.s., Brno, the Czech Republic Date of filing a lawsuit: 14 February 2013 Value of the dispute: PLN 26.923.644,16	Current dispute status: On 27 May 2014 ERBUD S.A. extended the claim by the amount of PLN 22.925.604,52 claiming additionally the reimbursement of costs of substitute performance. In a letter dated 27 April 2014 and delivered on 1 July 2014, the defendant filed a counterclaim for the amount of PLN 5.651.633. On 6 November 2015, a hearing was held. The parties have agreed to request the cancellation of the hearing in order to continue the settlement proceedings. The settlement talks were fruitless. All witnesses requested by the Parties were cross-examined. Upon the unanimous request of the Parties, the Court set a 30-day time limit for the expert to specify the proof of evidence and to submit detailed questions to the opinion. On 17 August, CEMEX notified about its accession on ERBUD S.A. side as a secondary intervener. At the main hearing held on 12 December 2018, the Court dismissed both oppositions. The court made a decision to have an expert draw up an opinion. The court delivered an expert opinion, which is favourable for ERBUD S.A. In the opinion the expert pointed out that the costs of substitute execution incurred by ERBUD S.A. are reasonable. According to the expert, DSH misperformed the contract and the repair method used by DSH was incorrect. On 7 October 2021, the court announced a decision under which DSH - Dopravni stavby a.s., based in Brno (Czech Republic), has to pay to ERBUD S.A. the amount of PLN 26,923,644.16, including interest and legal costs. The Defendant filed an appeal against the judgment on 10 January 2023, whereas the Plaintiff filed a response to the appeal. On 26 May 2023, the court issued a judgment in which it discontinued the appeal proceedings with respect to the counterclaim, dismissed the appeal, and ordered DSH - Dopravni stavby a.s., Brno, Czech Republic, to pay ERBUD S.A. PLN 25,000 (twenty-five thousand zlotys) as reimbursement of the costs of the appeal proceedings. An application for establishing the enforcement clause has been filed.
Defendant: Platinum Resort Sp. z o.o. Date of filing a lawsuit: Monday, December 03, 2018 Value of the dispute: PLN 16.301.236,97 Counterclaim: Defendant: ERBUD S.A. Date of filing a lawsuit: 27 April 2019 Value of the dispute: PLN 13.516.629,86	ERBUD filed a request with the Regional 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 along with landscaping at 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. 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. 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 Appeal has not heard the complaint. The Regional Court secured the claim of ERBUD S.A. for another amount of PLN 3.5 million by establishing a compulsory mortgage on the property. The Court of Appeal validly dismissed the Defendant's complaint regarding the provision of security. On 27 April 2019 the Defendant filed a response to the statement of claim together with the counterclaim in which he requests that ERBUD be awarded PLN 13,516,629.86, consisting of PLN 5,455,851.09 as an alleged contractual penalty calculated by the Defendant and PLN 8,060,778.77 as reimbursement of the allegedly overpaid remuneration collected by ERBUD for the performance of the construction contract. ERBUD'S attorneys submitted a replica of the response to the statement of claim together with the response to the counterclaim, upholding the existing position and requesting that the counterclaim be dismissed in its entirety. 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 S.A. in July 2022. The contents of the opinion speak in favour of the Company. Comments on the contents of the opinion were filed on 25 August 2022. The court set a hearing date for 13 September 2023. In the opinion of the Management Board, the Company's claim is justified.

6. OTHER NOTES

Party to the Dispute	Description of the Subject of the Dispute
Defendant: The Capital City of Warsaw – The Capital City Management Board for City Development Date of filing a lawsuit: 2 August 2022 Value of the dispute: PLN 11.955.258,50	Dispute status: The Plaintiff (ERBUD S.A. jointly with STRABAG Sp. z o.o., STRABAG AG and ED ZUBLIN AG) claims payment from the Defendant in the total amount of PLN 11,955,258.50 along with statutory interest and costs of proceedings. The Plaintiff has based its claims on the Defendant's obligation to pay for the construction works performed on site of the Southern Hospital in Warsaw. The Defendant does not argue with the legitimacy of the payment of the aforementioned amount, and has applied for depositing it with the court. The Defendant's request for permission to deposit the aforementioned amount with the court were rejected by the Court. The judgments are not legally binding and the Defendant has appealed against them. The date of the court session was set for 27 September 2023. On 16 May 2023 the Defendant made partial payment of claims by paying the amount of PLN 6,155,612.55.
Defendant: Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin Date of filing a lawsuit: 7 November 2022 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 "Pomeranian Medical University" 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 lawsuit has been filed. The Defendant filed a response to the lawsuit. At the moment, no new developments have been in the case.
Defendant: BEST Deweloper Sp. z o.o. Date of filing a lawsuit 1: 19 October 2022 Value of the dispute: PLN 5.928.173,34 Date of filing a lawsuit 2: 6 February 2023 Value of the dispute: PLN 6.050.337,37	Dispute status: The Plaintiff is seeking payment for work performed as part of the construction of multi-family residential 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 by the Defendant and accepted by the Plaintiff. On 2 November 2022 r. 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 court set a hearing date for 18 May 2023, to which it summoned all witnesses and parties. The parties concluded mediation talks unsuccessfully. On 1 June 2023, the court issued a judgment by which: 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; 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 eighty-eight grosze) as legal costs with statutory interest for delay from the date of this judgment becoming final until the date of payment. On 17 July 2023. BEST Deweloper sp. z o.o. filed an appeal against the judgment. No appeal hearing date. 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 grounds 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. On 23 May 2023, a complaint was filed against the order dismissing the application for security.
	The total value of other litigations where ERBUD S.A. is the Plaintiff is PLN 21.397.880,20.

6. OTHER NOTES

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

Party to the Dispute	Description of the Subject Matter of Dispute
Reason: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (*Warsaw Modlin Airport*) („MPL") Defendant: ERBUD S.A. in Warsaw Date of servicing an action to ERBUD S.A.: 23 May 2014 Value of the dispute: PLN 34,381,374.64	On 12 May 2014, a statement of claim was delivered to ERBUD S.A. in which the Warsaw Modlin Airport (MPL) requested payment of PLN 34.381.374,64 for damages along with statutory interest and litigation costs. The damages claimed by the Warsaw Modlin Airport (MPL) consists of losses and benefits incurred by the Plaintiff and lost as a result of allegedly improper performance by ERBUD of the Contract of 14 September 2010 for the construction of the Warsaw-Modlin Airport No. PLM/K/96/2010 and suspension of air traffic on a part of the airport runway. On 11 October 2014 ERBUD S.A. submitted a reply to the statement of claim in which it requested that the Warsaw Modlin Airport's (MPL) claim be dismissed in its entirety and that the costs of the proceedings be reimbursed. At the same time, irrespective of the claim lodged by the claimant, ERBUD S.A. instituted a counterclaim against Warsaw Modlin Airport (MPL), requesting that the amount of PLN 19.892.366,30 with statutory interest be awarded to the Company. The counterclaim consists of costs incurred by ERBUD S.A. to repair the airfield surface at the Warsaw-Modlin airport. Court sessions were held between 2015 and 2019, where representatives of the Parties and experts were heard. Ultimately, the Court extended the deadline for the opinion filing until 20 May 2021, and the opinion was filed on that date. On 29 November 2021. ERBUD filed comments and objections to the opinion along with a request to exclude the expert. On February 7, 2022, the Court sent Erbud's findings and comments to the expert and called upon him to respond. At the moment the Court of First Instance is processing a request to exclude the expert - on 24 October 2022, it sent an commitment to MPL's attorney to respond to the motion to exclude, and sent to OAT Ltd. a request for information on the professional history of the Expert Team Leader at that company (which worked with MPL). A hearing was held on 25 January 2023, during which the Expert Team Leader was questioned. After the hearing, the Court invited the other members of the Expert Team to send written responses to the request for exclusion. According to ERBUD S.A. there are no grounds to accept the claims of MPL in full.
Reason: Marshal Office of the Wielkopolskie Province in Poznań Defendant: ERBUD S.A. in Warsaw Date of servicing an action to ERBUD S.A.: 28 January 2022 Value of the dispute: PLN 21.553.732	By virtue of a lawsuit dated 20 December 2021 the Wielkopolskie Province, with the headquarters of the Marshal's Office of the Wielkopolskie Province in Poznań, requests that the Court authorise ERBUD S.A. to replace the entire systems at ERBUD S.A.'s expense, which are as follows: 1) cold water, 2) hot water, 3) hydrant water, 4) process heat and 5) chilled water in the building being the registered office of the Office in Poznań, located at Al. Niepodległości 34 in Poznań under guarantee of quality. On 23 February 2023 the District Court dismissed the Plaintiff's requests for expert evidence and the Defendant's further requests for evidence, and closed the hearing. On 23 March 2023, judgment was pronounced and the court dismissed the claim in its entirety. The Plaintiff did not file an appeal and paid the costs of the trial to ERBUD SA.
	Total value of other proceedings where ERBUD S.A. is the defendant: PLN 16.894.897,67

6. OTHER NOTES

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 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.

	30 Jun. 2023	31 Dec. 2022
Trade payables	**392,172**	**443,402**
including to related entities	3,238	-
Liabilities vis-à-vis budget in relation to:	**35,159**	**47,007**
VAT tax	10,882	10,404
corporate income tax	4,195	19,394
personal income tax	6,145	4,836
Social insurance contribution	12,481	10,752
real estate tax	427	2
State Fund for the Rehabilitation of the Disabled	300	224
Employee Capital Plans (PPK)	243	115
holiday accrual (Belgium tax)	362	413
other	124	867
Other liabilities	**61,573**	**59,138**
wages and salaries	15,792	14,987
accruals	1,978	2,695
short-term employee benefit liabilities	34,164	31,604
other	9,639	9,852
Total	**488,904**	**549,547**

6. OTHER NOTES

6.10. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January 2023 to 30 June 2023 and for the period from 1 January 2022 to 30 June 2022.

	Change in balance of Cash Flow Statement in the period from January 2023 to June 2023	Change in balance of Cash Flow Statement in the period from January 2022 to June 2022
Change in provision balance	**(2,100)**	3,465
Change in inventory balance	**22,367**	(148,052)
Change of receivables balance	**125,236**	(193,384)
Change in balances of short-term liabilities, excluding credits and loans	**(32,266)**	126,843
Change of the balance of assets and liabilities under building contracts	**(99,570)**	(47,346)
Change of balance of the remaining assets	**(3,165)**	1,672
Change in balance of working capital	**10,502**	**(256,802)**

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.

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.

6. OTHER NOTES

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

Group Structure

As of 30 June 2023, the Group comprises the Parent Company Erbud S.A. along with its subsidiaries, consolidated using the full method, and entities not controlled by Erbud S.A., consolidated using the equity method.

				Parent Company's share in equity (equal to the voting rights held)	
#	Name of entity	Registered office	Scope of activities	6/30/2023	31 Dec. 2022
	Shares held directly				
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.10%**	60.10%
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	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**0.00%**	100.00%
5	MOD21 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 Deutschland 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	**98.00%**	100.00%
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	100.00%
14	Erbud Industry Centrum Sp. z o.o.	Łódź	Maintenance services in the industrial segment	**99.01%**	0.00%
15	ERBUD Industry Południe Sp. z o.o.	Rybnik	Maintenance services in the industrial segment	**99.29%**	0.00%
16	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.00%**	0.00%
	TOTAL				0.00%

6. OTHER NOTES

				Shares of Parent Company held indirectly (corresponding to the voting rights held)	
#	Name of entity	Registered office	Scope of activities	6/30/2023	31 Dec. 2022
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o.	Łódź	Maintenance services in the industrial segment	**0.00%**	99.01%
2	ERBUD Industry Południe Sp. z o.o.	Będzin	Maintenance services in the industrial segment	**0.00%**	99.29%
3	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**0.00%**	43.35%
4	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**0.00%**	43.35%
5	IVT 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.	Toruń	Renewable energy sources	**100.00%**	100.00%
10	WTL40 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
11	WTL80 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
12	WTL100 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
13	WTL120 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
14	WTL130 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
15	WTL140 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
16	WTL150 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
17	WTL160 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
18	WTL170 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
19	IDE Projekt Sp. z o.o.	Toruń	Design services	**100.00%**	100.00%
20	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	100.00%
21	Solar Serby Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
22	Cyranka Sp. z o.o.	Toruń	Renewable energy sources	**0.00%**	100.00%
23	DEPVPL sp. z o.o. Power Plant	Toruń	Renewable energy sources	**100.00%**	100.00%
24	KWE Spółka z o.o.	Warsaw	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.	Toruń	Renewable energy sources	**100.00%**	100.00%
27	WTL210 Sp. z o.o.	Toruń	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	Solar Kazimierz Biskupi Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
35	PV KADŁUBIA 2 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
36	PV SZCZEPANÓW Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
37	ONDE Beteiligungs GmbH	Germany, Dusseldorf	Development of contracting activities in the RES business segment	**100.00%**	100.00%

6. OTHER NOTES

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

Long-term financial assets	**30 Jun. 2023**	**31 Dec. 2022**
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	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	(2,366)	(1,607)
Total	**52,011**	**52,770**

For major investment projects consolidated using the equity method, the key financial figures for the period ended on 30 June 2023 are presented below:

	Solar Serby Sp. z o.o.	**KWE SP. Z O.O.**	**FARMA WIATROWA SZYBOWICE SP. Z O.O.**	**Solar Kazimierz Biskupi Sp. z o.o.**	**Sanssouci Karpacz Sp. z o.o.**
Balance Sheet highlights:					
ASSETS, of which:	**4,681**	**4,387**	**5,271**	**8,448**	**70,207**
Fixed assets	2,932	3,686	2,867	5,532	-
Current assets	1,749	701	2,404	2,916	70,202
Cash assets	56	2	2	57	1,500
LIABILITIES, of which:	**4,681**	**4,387**	**5,271**	**8,448**	**70,207**
Long-term liabilities of which:	3,674	4,409	4,684	5,329	-
Financial liabilities	3,674	4,409	4,684	5,329	-
Short-term liabilities of which:	913	334	41	674	29,839
Financial liabilities	-	-	-	-	674
Condensed Profit and Loss Account:					
Net profit for the accounting period	(297)	(225)	(187)	(205)	(734)
Other P&L items:					
Financial costs	21	79	183	173	226

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.

6. OTHER NOTES

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

On 3 January 2023, the purchase price of shares in Park Słoneczny Ciechanów Sp. z o.o. went up by PLN 232 thousand.

Pursuant to the contractual provisions of the share purchase agreement concerning Park Słoneczny Ciechanów Sp. z o.o., once the merger conditions have been issued, the merger took place on 24 October 2022, the ONDE S.A. was obliged to pay the amount of PLN 232 thousand due to the price increase for the shares in Park Słoneczny Ciechanów Sp. z o.o.

Disposal of stakes in subsidiaries

On 30 June 2023, 100% shareholding in Cyranka Sp. z o.o. was sold to an non-related entity. The deal price totalled to PLN 74,700K, adjusted for the value of third party financing, and the result on the sale of the PV project was included in the disjointed array in the gross profit on sale line.

6.12. Transactions with related entities

The following tables show the totals of transactions made by the Group with its member companies in the period ended on 30 June 2023 and in the period ended on 31 December 2022.

	30 Jun. 2023	31 Dec. 2022
	Subsidiaries not consolidated by full method	Subsidiaries not consolidated by full method
Trade receivables	23,564	13,449
Loans extended	17,681	13,628
Sales revenues	10,865	30,188
Interest income on loans extended	235	1,187
Purchase of goods and services	-	45

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. 2023		31 Dec. 2022	
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 (and DGI Fund controlled by Dariusz Grzeszczak)	2,553,460	21.11%	2,553,460	21.11%
Jacek Leczkowski	5,112	0.04%	5,112	0.04%
Agnieszka Głowacka	3,938	0.03%	3,938	0.03%
Albert Dürr	13,642	0.11%	13,840	0.11%
Roland Bosch	10,000	0.08%	10,000	0.08%
Total	**2,586,152**	**21.37%**	**2,576,350**	**21.37%**

As of the date of submission of these Interim, Condensed Consolidated Financial Statements, the Management Board members and proxies do not hold any share-based benefits.

6. OTHER NOTES

6.13. POST-ACCOUNTING PERIOD EVENTS

On 31 July 2023, the Court of Appeal in Warsaw allowed Erbud S.A.'s appeal in part, ordering Bank Millennium to pay the amount of PLN 51,383,600.00 plus statutory interest to the Company. This court decision ends the dispute between Erbud S.A. and Bank Millennium. The dispute concerned the entering into currency option transactions in 2008 to hedge the exchange rate risk on Euro-denominated contracts executed by the Company. On 1 August 2023, the total amount of PLN 112,313,076.28 corresponding to the value of the company's claim plus interest was credited to Erbud S.A.'s account.

On 5 July 2023 ERBUD S.A. entered into an agreement with ONDE S.A. to extend a loan totalling EUR 10 million. The loan repayment date was set at 31 December 2023.

On 6 July 2023. Erbud S.A. together with ONDE S.A. signed Annex No. 12 to the MultiLine Agreement No. K01393/15, dated 20 November 2015, as amended, with Santander Bank Polska S.A. Under the Annex signed Erbud S.A. may take advantage of a multi-purpose line (overdraft and line for bank guarantees and letters of credit) for the maximum amount of PLN 60,000,000.00. The maturity date of the line is 7 July 2024. The other terms and conditions remain unchanged.

On 7 July 2023, ONDE S.A. entered into promised agreements to acquire 100% of shareholding from non-related entities in two special purpose vehicles owning projects for two photovoltaic power plants located in the Lower Silesia Province. One project is at a very advanced stage of development and has building permit. The second project has also been granted the building permit, but is in the phase of obtaining power grid connection conditions. The purchase price of the projects was set following an arm's length principle, totalled PLN 20.5 million and was settled in cash. Transaction costs related to this transaction were immaterial. The company's assets mainly comprise fixed assets under construction. The companies at the date of acquisition do not generate revenues and do not have specific processes and employees, so the transactions have been provisionally classified as asset acquisitions that do not constitute business acquisitions. This classification is pre-determined and will be subject to further analysis for the recognition of this transaction in 2023. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. At the date of these Interim, Consolidated Financial Statements, the final settlement of the transaction is underway. The Group has provisionally assessed that the price paid will be allocated mainly to the acquired fixed assets under construction on the sites concerned.

Signatures of all Management Board members:

Dariusz Grzeszczak /President of the Management Board/	Jacek Leczkowski /Vice-President of the Management Board/
Agnieszka Głowacka /Vice-President of the Management Board/	

Warsaw, 5 September 2023