ERBUD S.A.

Interim Condensed Separate 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 SEPARATE 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 3-month period, ended on 30 June 2023	For a 3-month period, ended on 30 Jun. 2022
		Unaudited data	Unaudited data	Unaudited data	Unaudited data
	CONTINUING OPERATIONS				
Note 4.2.	Revenues from sales of products and services	722,494	906,785	344,881	490,555
Note 4.2.-4.3	Cost of products and services sold	679,688	868,957	318,627	469,413
	Gross sales profit/(loss)	**42,806**	**37,828**	**26,254**	**21,142**
Note 4.3.	Costs of sales	4,001	3,319	2,272	1,866
Note 4.3.	General administrative expenses	35,405	32,558	21,131	17,979
	Other operating income	1,330	1,659	636	562
	Other operating costs	6,237	598	5,645	94
Note 4.2.	Loss reversal/(impairment) of financial assets and contract valuation assets	(3,507)	(1,765)	(3,507)	(1,765)
Note 4.2.	**Operating profit**	**(5,014)**	**1,247**	**(5,665)**	**-**
	Financial revenues	9,773	25,445	6,649	23,520
	Financial costs	16,788	6,799	10,528	3,917
Note 4.2.	**Gross profit/loss**	**(12,029)**	**19,893**	**(9,544)**	**19,603**
Note 4.4.	Corporate income tax	(2,494)	4,524	(2,010)	4,463
	Gross profit/loss	**(9,535)**	**15,369**	**(7,534)**	**15,140**
	Comprehensive income	**(9,535)**	**15,369**	**(7,534)**	**15,140**
	Basic and diluted earnings per share (in PLN)	**(0.80)**	**1.27**	**(0.63)**	**1.25**

INTERIM, CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

		30 Jun. 2023	31 Dec. 2022
		Unaudited data	Audited data
	ASSETS	**1,035,387**	**1,055,964**
	Investment properties	32,098	33,909
Note 6.1.	Intangible assets	2,875	2,590
Note 6.1.	Tangible fixed assets	31,966	31,103
Note 5.1.	Financial assets	91,442	70,062
Note 6.8.	Other financial assets	132,162	110,220
Note 4.4.	Deferred tax assets	39,114	35,770
Note 2.1.	Receivables under building contracts - bid bonds	10,055	7,495
	Fixed assets	**339,712**	**291,149**
	Inventory	1,415	1,415
Note 2.1.	Receivables under building contracts - bid bonds	26,269	20,551
Note 4.2.	Pricing of building contracts - assets	202,988	163,982
Note 6.3.	Trade receivables	298,724	397,454
Note 6.3.	Other receivables	36,536	34,215
Note 5.1.	Financial assets	21,500	32,565
Note 3.7.	Cash and cash equivalents	99,612	93,949
Note 3.7.	Cash assets in VAT account	5,677	18,143
	Short-term prepayments	2,954	2,541
	Current assets	**695,675**	**764,815**
	LIABILITIES	**1,035,387**	**1,055,964**
Note 3.1.	Share capital	1,193	1,210
Note 3.1.	Own shares	-	(20,000)
	Supplementary capital	272,115	252,836
	Reserve capital	82,628	102,611
	Retained earnings/(losses)	(43,613)	2,267
	Equity	**312,323**	**338,924**
Note 3.2.-3.4	Debt	115,784	119,963
Note 6.5.	Provisions	1,009	696
	Long-term liabilities	**116,793**	**120,659**
Note 3.2.-3.4	Debt	114,719	16,702
Note 6.5.	Provisions	27,639	26,029
Note 2.1.	Liabilities vis-à-vis subcontractors - bid bonds	138,249	129,862
Note 4.2.	Pricing of building contracts - liabilities	154,591	147,016
Note 6.7.	Trade payables	150,332	243,010
Note 6.7.	Other liabilities	20,741	33,762
	Short-term liabilities	**606,271**	**596,381**

INTERIM CONDENSED SEPARATE 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
		-		
As of 1 Jan. 2022	**1,240**	**(70,000)**	**205,140**	**42,540**
Net result in the accounting period	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**
Net retained earnings carried forward	-	-	100,000	77,767
Acquisition of own shares	-	(20,000)	-	-
Decrease of share capital	(30)	70,000	(45,000)	(24,970)
As of 30 June 2022	**1,210**	**(20,000)**	**260,140**	**95,337**
		-		
As of 1 Jan. 2023	**1,210**	**(20,000)**	**252,836**	**102,611**
Net result in the accounting period	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**
Dividend	-	-	-	-
Net retained earnings carried forward	-	-	19,279	-
Registration of redemption of own shares	(17)	20,000	-	(19,983)
Merger capital	-	-	-	-
As of 30 June 2023	**1,193**	**-**	**272,115**	**82,628**

INTERIM, CONDENSEDSEPARATE 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	(12,029)	19,893	(9,544)	19,603
Amortization and depreciation	5,243	5,589	2,720	2,716
Foreign exchange gains/losses	(281)	(1,194)	(1)	(688)
Dividends and interests	3,173	456	(276)	163
Other non-cash adjustments	(689)	(884)	(400)	(854)
Net proceeds from the disposal of related entity	-	(18,294)	-	(18,294)
Income tax (paid)/reimbursed	(15,332)	(6,689)	(15,117)	(6,515)
Change of working capital balance	(19,514)	(76,875)	20,348	(58,613)

Operational cash flows, net	**(39,429)**	**(77,998)**	**(2,270)**	**(62,482)**
INVESTMENT ACTIVITY CASH FLOWS				
Inflows from credits/loans extended	11,008	9,112	9,078	-
Other inflows	4,462	195	4,056	156
Proceeds from participation in the subsidiary's share buy-back plan	-	19,023	-	19,023
Expenditures on the acquisition of tangible fixed assets	(695)	(7,542)	(553)	(4,099)
Loans extended expense	(20,156)	(56,984)	(10,656)	(31,821)
Additional contribution to subsidiary capital	(12,047)	-	(7,365)	-
Investment activity cash flows, net	**(17,428)**	**(36,196)**	**(5,440)**	**(16,741)**
FINANCIAL ACTIVITY CASH FLOWS				
Income from credits and loans taken	85,705	32,926	26,982	21,675
Debt (principal) repayment expense - principal	(2,717)	(1,629)	(1,230)	(1,629)
Lease debt repayment expense - principal	(1,649)	(1,267)	(880)	(605)
Debt (interest) repayment expense	(8,798)	(1,650)	(3,307)	(1,232)
Dividend payment	(10,021)	-	(10,021)	-
Acquisition of own shares	-	(20,000)	-	(20,000)
Financial activity cash flows, net	**62,520**	**8,380**	**11,544**	**(1,791)**
NET CASH FLOWS	**5,663**	**(105,814)**	**3,834**	**(81,014)**
Opening cash balance	**93,949**	**198,931**	95,779	**174,131**
Closing cash balance	**99,612**	**93,117**	**99,612**	**93,117**

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The Financial Statement comprises icons that represent:

 Accounting Policy

 Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

Erbud S.A. is a joint-stock company established following the transformation from Erbud limited liability company, registered on 29 November 2006 by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under No. 0000268667, with its registered office at ul. Franciszka Klimczaka 1.

Erbud Spółka z o.o. was established on 28 August 1990 and entered into the National Court Register on 8 August 2001, under entry No. 0000034299.

The Company's core business are general civil engineering services concerning building construction (PKD 4521A)

The Company's duration is unlimited.

As of 30 June 2023 and as of the date of the Interim, Condensed Separate 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 Separate Financial Statements the Parent Company's Supervisory Board consisted of:

Gabriel Główka

Albert Dürr

Michał Otto

Janusz Reiter

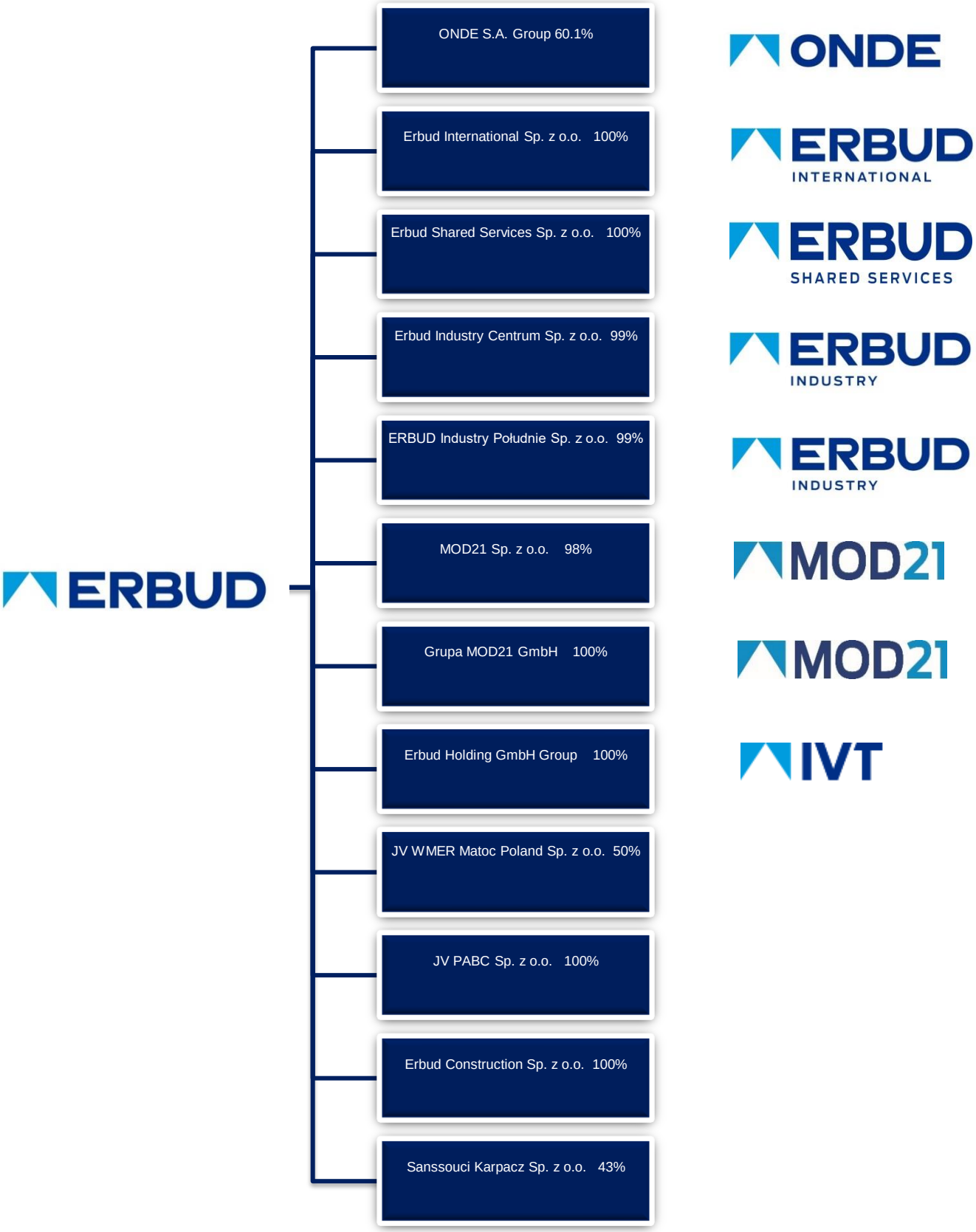
Michał Wosik

Roland Bosch

Beata Jarosz

The Company is the Parent Company of the Erbud S.A. Group and draws up consolidated financial statements of the Erbud S.A. Group published on the Stock Exchange website under ESPI/EBI Company Reports.

1. BACKGROUND INFORMATION



Detailed organisational structure of the Group is presented in the Note 6.8. The above figure shows the share of Erbud S.A. in the individual member companies of the Erbud S.A. Capital Group as of 30 June 2023.

IAS Compliance Statement

The Company's Interim, Condensed Separate Financial Statements ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 as approved by the European Union,

The Interim, Condensed Separate Financial Statement is presented in Polish currency (Polish zloty, "PLN"), and all figures are specified in thousands of Polish zlotys.

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

The Interim, Condensed, Separate Financial Statements do not include all the information and disclosures required in the annual separate financial statements and should be read in conjunction with the Company's Separate Financial Statements for the year ended 31 December 2022, which were approved for publication on 28 March 2023. The interim financial result is not a measure to determine the Company's net financial income for the overall accounting year. The accounting policies of the interim and annual reports are consistent.

These Interim Condensed Separate Financial Statements were approved for the publication by the Management Board on 5 September 2022.

Going concern

These Interim, Condensed, Separate Financial Statements have been drawn up following going concern principle applicable to the Company in the foreseeable future. As of the date of approval of these Interim, Condensed, Separate Financial Statements, no circumstances existed that indicated any risk to the continuation of Company 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 situation in Ukraine, Russia and Belarus on the Erbud S.A. operations. Since the war outbreak we have been dealing with price hikes of building materials and labour in the Polish market. The company 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 through diversification of the business by segment, while negotiating contract terms with employers.

Pricing at fair value

The measure of fair value of an asset or liability the Company takes into consideration the properties of a certain asset or liability, if the market players take into consideration these characteristics when measuring the assets or liabilities at the measurement date. The Company classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS 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 items into foreign currencies

The items specified in the Separate 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 the Company and the currency used for the presentation of the financial statement is the Polish zloty (PLN)

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

At the balancing date cash assets and liabilities denominated in currencies other than Polish zloty are converted into Polish zlotys using the appropriate average exchange rate, effective at the end of the accounting period, determined for a certain

currency by the National Bank of Poland. The foreign exchange gains/losses are posted respectively into the line "financial gains (losses)" or in cases defined by accounting principles (policy), are capitalised in the assets value.

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

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

The application of new and amended standards, and their interpretations

In this Interim Condensed Separate 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 modifies fundamentally 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, the 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, Separate 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 Company

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

In these Interim, Condensed, Separate Financial Statements the Company has not decided to apply the following published standards, interpretations or amendments to 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, Separate 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, Separate 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, Separate 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 financial statements, the endorsement of this amendment is deferred by the European Union.

2. BUILDING CONTRACTS



The Company signs fixed-price contracts for the execution of construction contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls, wind farms, power plants, production rooms, and highways. Certain contracts with Customers also contain a variable pay in the form of penalties that may be imposed on the Company, for example, in the event of delays in contract performance.

The variable pay component adjusts the transaction price and the amount of revenue recognized. i.e., the Company recognizes some or all of the amount of variable pay in the transaction price only to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognized when the uncertainty related to volatility has been resolved. To estimate variable pay, the Company uses the expected value method to estimate variable pay. Historically, the Company has not suffered penalties incurred by its customers and there was no indication of penalties being recognized on ongoing contracts at any of the balance sheet dates. Any contract changes (changes in contract scope, price, or both) are recognized as a cumulative revenue adjustment.

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

Revenues and expenses on account of performed construction contracts are recognized by the Company in time as the progress of works is made. The Company measures contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of construction contracts in the period from the Contract Date to the balancing date proportionally to the progress rate of of a certain contract performance by way of evaluation of the achieved results and milestones. From thus determined figures the Company 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 above mentioned 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 Company recognizes invoiced revenues in the line "Trade and other receivables" (Note 6.3) The Contractors under building contracts signed with the Company retain part of the payments as contract performance bond. 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 in the line "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. BUILDING CONTRACTS

The Company 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" (Note 6.5.).

The Company 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 Company is the consortium or assignment leader, the Company has assessed that it acts as an intermediary with respect to the work performed by the other partner and which the Company as leader invoices the Employer. The Company defines its role as that of an intermediary under a certain order where it identifies specific goods and services to be delivered and the Company has no control over them before they have been transferred to the customer. When the Company 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 Company acts as a leader, there are no fees and commissions as described above, hence no revenues are generated in the Company from commissions for invoicing to a customer work performed by another consortium member. The Company 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 Company, 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 contracts under implementation do not contain a significant financing component except for amounts invoiced for building contracts, which are repaid at a later date as they represent deposits retained by the customer. The amounts retained under individual invoices represent a maximum of 10% of the remuneration for the contract execution and are subject to release for a period of up to 5 years once the contract has been completed. Revenues under the building contracts for the portion that is retained as a bid bond is recognized at a discounted amount. Accounting policy concerning bid bond receivables is presented in Note 2.1.

The application of the performance-based method to the recognition of revenue and expenses under construction contracts requires estimation of the progress rate of works performed under a certain contract, i.e. the quantity survey of work performed as of the balancing date.

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 Company's internal audit department.

The Company 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 Company's internal system immediately after they are negotiated by the Company with the customer.

2. BUILDING CONTRACTS

2.1. RECEIVABLES AND LIABILITIES UNDER BUILDING CONTRACTS - BID BONDS

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

At initial recognition, these financial assets are recognised at nominal value, i.e. at amounts initially invoiced less the value of discounts. The discount value calculation methods is presented in Note 6.3. The value of bid bonds receivable is updated by the Company with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.3. 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.

Bid bond liabilities are presented as short-term due to the fact that under the Company's standard terms and conditions it is possible to convert the bid bond liabilities into bank or insurance guarantees. It is the Company's intention to maintain bank guarantees from subcontractors in lieu of bid bond liabilities, which results in the bid bond liabilities being recognized as convertible to a guarantee at any point in time and the presentation of these liabilities as current. On a case-by-case basis, certain bid bond liabilities may be individually analyzed and recognized as long-term liabilities.

	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	**26,677**	**13,608**	**40,285**	**20,936**	**9,785**	**30,721**
Deposit discount and impairment allowance	(408)	(3,553)	**(3,961)**	(385)	(2,290)	**(2,675)**
Receivables under building contracts - bid bonds	**26,269**	**10,055**	**36,324**	**20,551**	**7,495**	**28,046**
Liabilities vis-à-vis subcontractors - bid bonds in nominal terms	**138,249**	**-**	**138,249**	**129,862**	**-**	**129,862**

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 AND DEBT MANAGEMENT

3.1. CAPITAL MANAGEMENT

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

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 set up from retained earnings for the purposes of Company further development.

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 Company manages its capital structure and in parallel to the changes in economic environment, it modifies its capital structure.
In order to maintain or adjust the capital structure, the Company may manage appropriately the dividend payment to shareholders or issue to new shares.

The main objective of the Company's capital management is to maintain a good credit rating and safe equity ratios in order to support the Company's operations and increase 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 & Muller Holding 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%
Roland Bosch	10,000	0.08%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	13,642	0.11%
Other shareholders	2,795,921	23.43%
Total	**11,929,836**	**100%**

3. CAPITAL AND DEBT MANAGEMENT

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

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

As of the Report Date, the Company did not have information about contracts, which could result in future changes in the percentage structure of shares held by the existing shareholders.

Erbud S.A. shares are ordinary bearer shares and are not preference shares. There are no special control rights attached to the Company's shares. The Articles of Association of Erbud S.A. also does not impose any restrictions on the transfer of ownership of shares issued by the Company, on exercising voting rights, and does not include provisions under which the equity rights attached to securities are separated from the owning of securities. The Company is not aware of any restrictions on the exercise of voting rights by holders of a specified proportion or number of votes, or any time limitations on the exercise of voting rights.

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 redemption. 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.

The total number of votes attached to all issued Company shares is 11 929 836.



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

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

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

Below basic and diluted earnings per share are presented.

	For a 6-month period, ended on 30 June 2023	For a 6-month period, ended on 30 June 2022
Gross profit/loss	(9,535)	15,369
Average weighted number of ordinary shares (in pcs.)	11,929,836	12,096,502
Basic and diluted earnings per share (in PLN)	**(0.80)**	**1.27**

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	18,716	23,320
Loans	636	-
	19,352	**23,320**
Short-term		
Overdraft facilities	95,858	-
Bank loans	4,679	4,992
Loans	5,485	5,257
	106,022	**10,249**
Total credit and loan liabilities	**125,374**	**33,569**

	30 Jun. 2023		31 Dec. 2022	
	In the functional currency	In foreign currency EUR	In the functional currency	In foreign currency EUR
Loans and borrowings				
Long-term	636	18,716	23,320	-
Short-term	101,343	4,679	10,249	-
Total	**101,979**	**23,395**	**33,569**	**-**

Long-and short-term loans 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. EUR

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. Erbud S.A. has access to bank and insurance multi-purpose lines with a total value of PLN 1,345,992 thousand (including the joint limit of Erbud S.A. and ONDE S.A. at Hestia totalling PLN 315,000 thousand), which can be used mainly to extend loans or bank and insurance guarantees. As of the balance sheet date of 30 June 2023, Erbud S.A. utilised PLN 119,253 thousand for taking out loans and PLN 557,679 thousand for utilised bank and insurance guarantees.

As of the balance sheet date of 31 December 2022 Erbud S.A. had access to bank and insurance multi-purpose lines, which totalled PLN 1,254, 615 615 thousand (including a joint limit of Erbud S.A., Erbud Industry Sp. z o.o. and ONDE S.A. at Hestia

totalling PLN 265, 000 thousand), which could be used mainly to extend bank loans or guarantees or insurance guarantees. As of the balance sheet date of 31 December 2022, the ERBUD S.A. utilized PLN 33,569 thousand to take out loans and PLN 557,884 thousand for bank and insurance guarantees.

Covenants

During the year, as of 30 June 2023 and up to the date of approval of the financial statement, all covenants have been met.

3.3. DEBT RELATED TO ISSUED BONDS



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

As of balance sheet date, the Company 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 June 2023	31 Dec. 2022
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6 M + 2.6% margin	23 Sept. 2025	for financing of core activity and/or acquisitions from the industrial services sector in Poland and Germany	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

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	9,019	6,248
Above 1 year	Long-term	23,694	22,512
Nominal value of minimum payments		**32,713**	**28,760**
Future lease financial costs		3,170	1,250
Present value of minimum payments		**29,543**	**27,510**
Below 1 year	Short-term	8,111	5,867
Above 1 year	Long-term	21,432	21,643

3.5. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 June 2023 and 31 December 2022, there were no liabilities secured with tangible fixed assets.

For information on credit and loan related debt, see Note 3.2.

3.6. CONTINGENT ASSETS AND LIABILITIES

	Contingent assets		Contingent liabilities	
	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022
Related parties				
Guarantees and sureties	70,000	70,000	315,076	298,584
Total	**70,000**	**70,000**	**315,076**	**298,584**
Other items				
Guarantees and sureties	82,259	75,491	557,679	557,884
Disputes of which:	-	-	-	46,682
lawsuit against MPL Modlin	-	-	*34,381*	*34,381*
Total	**82,259**	**75,491**	**557,679**	**604,566**

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

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

3. CAPITAL AND DEBT MANAGEMENT

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 Company has at its disposal cash with restricted availability. This category primarily comprises funds pledged as security for bank guarantees issued in connection with building contracts executed by the Company.

The Company 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 Company'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 6.3)

	30 Jun. 2023	31 Dec. 2022
Cash in hand	3	3
Cash at bank	99,609	93,946
Total cash and cash equivalents	**99,612**	**93,949**

The amount of the impairment loss on cash is marginal.

As of 30 June 2023 cash on VAT bank accounts totalled PLN 5,677 thousand (as of 31 December 2022 totalled PLN 18,143 thousand). These funds are presented in a separate line in the balance sheet.

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ALTERNATIVE PERFORMANCE MEASURES

The Management Board analyses the segment results using key performance indicators (KPIs) such as EBIT, EBIT and EBITDA margin. The Company's Management Board 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 Company 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 Company 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.

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

	30 Jun. 2023	30 Jun. 2022
Net profit for the accounting period	**(9,535)**	**15,369**
Income tax	(2,494)	4,524
Gross profit	**(12,029)**	**19,893**
Financial costs	16,788	6,799
Financial revenues	9,773	25,445
EBIT	**(5,014)**	**1,247**
Amortization and depreciation	5,243*	5,589
EBITDA	**229**	**6,836**
Revenues from sales of products and services	722,494	906,785
EBIT margin	(1%)	0.1%

* Difference in depreciation and amortization reported in "Interim Condensed Separate Statement of Profit or Loss and Other Comprehensive Income" and Note 6.1. The tangible fixed assets result from depreciation amounting to PLN 1,811 thousand relating to depreciation of investment properties not presented in the above-mentioned note.

4.2. ACCOUNTING SEGMENTS

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

- residential/commercial buildings in domestic market,
- residential/commercial buildings in foreign countries,
- other segments.

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

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

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

The Company operates in Poland and abroad (in Germany, Belgium) Revenues from external customers and assets in any country other than Poland are not significant, therefore they were aggregated in the total line and disclosed as "Foreign operations".
There is no strong seasonality effect in the Company's operations.

	For a 6-month period, ended on 30 June 2023			For a 6-month period, ended on 30 June 2022		
	At home (Poland)	Foreign countries	Total	Home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	712,490	10,004	**722,494**	885,797	20,988	**906,785**
Accrued and deferred income	705,255	10,004	**715,259**	884,412	20,988	**905,400**
Income recognized at a certain point in time	7,235	-	**7,235**	1,385	-	**1,385**
Fixed assets other than financial instruments and deferred tax assets	258,445	-	**258,445**	198,685	-	**198,685**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

				For a 6-month period, ended on 30 June 2023
	Domestic building construction	Residential/commercial buildings in foreign countries	Other segments	Total continued activities
Total income				
Sales to third party customers	712,485	10,004	5	**722,494**
Total sales revenues	**712,485**	**10,004**	**5**	**722,494**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	670,057	9,631	-	**679,688**
Sales margin	42,428	373	5	**42,806**
Sales margin %	6%	4%	-	**6%**
Other operating profit/loss	(46,244)	(387)	(1,189)	**(47,820)**
Segment performance – EBIT	**(3,816)**	**(14)**	**(1,184)**	**(5,014)**
EBIT margin	(1%)	0%	0%	**(1%)**
Profit (loss) on financial activities (financial income less financial expenses)				**(7,015)**
Gross profit/loss				**(12,029)**
Corporate income tax				**(2,494)**
Net profit/loss				**(9,535)**
Amortization and depreciation	5,213	-	30	**5,243**
Segment performance – EBITDA	**1,397**	**(14)**	**(1,154)**	**229**
Assets and liabilities.				
Pricing of building contracts - assets	**202,361**	**627**	**-**	**202,988**
Other assets			-	**832,399**
Total assets				**1,035,387**
Pricing of building contracts - liabilities	**154,234**	**358**	**-**	**154,592**
Other liabilities				**880,795**
Total liabilities				**1,035,387**
Other material items				
Share in performance of associates and joint-ventures measured with equity method	-	-	-	**-**
Loss reversal/(impairment) of financial assets and contract valuation assets	(3,507)	-	-	**(3,507)**
Capital expenditures on tangible fixed and intangible assets	694	-	-	**694**
Interest income	6,099	-	-	**6,099**
Interest expenses	9,177	-	-	**9,177**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

				For a 6-month period, ended on 30 June 2022
	Building construction in domestic market	Residential/commercial buildings in foreign countries	Other segments	Total continued activities
Total income				
Sales to third party customers	885,797	20,988	-	**906,785**
Total sales revenues	**885,797**	**20,988**	**-**	**906,785**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	849,496	19,461	-	**868,957**
Sales margin	36,301	1,527	-	**37,828**
Sales margin %	4%	7%	-	4%
Other operating profit/loss	(35,762)	177	(996)	**(36,581)**
Segment performance – EBIT	**539**	**1,704**	**(996)**	**1,247**
EBIT margin	0%	8%	0%	**0.1%**
Profit (loss) on financial activities (financial income less financial expenses)				**18,646**
Gross profit/loss				**19,893**
Income tax				**4,524**
Net profit/loss				**15,369**
Amortization and depreciation	5,563	-	26	**5,589**
Segment performance – EBITDA	**6,102**	**1,704**	**(970)**	**6,836**
Assets and liabilities.				
Pricing of building contracts - assets	**126,625**	**882**	**-**	**127,507**
Other assets				**890,002**
Total assets				**1,017,509**
Pricing of building contracts - liabilities	**196,229**	**2,074**	**-**	**198,303**
Other liabilities				**819,206**
Total liabilities				**1,017,509**
Other material items				
Share in performance of associates and joint-ventures measured with equity method	-	-	-	**-**
Loss reversal/(impairment) of financial assets and contract valuation assets	(1,765)	-	-	**(1,765)**
Capital expenditures on tangible fixed and intangible assets	7,543	-	-	**7,543**
Interest income	4,533	-	-	**4,533**
Interest expenses	5,254	-	-	**5,254**

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	Other segments	Total continued activities
Total income				
Cross segment sales		-	-	**-**
Sales to third party customers	341,234	3,644	3	**344,881**
Total sales revenues	**341,234**	**3,644**	3	**344,881**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	314,788	3,839	-	**318,627**
Sales margin	26,446	(195)	3	**26,254**
Sales margin %	8%	-5%	-	8%
Other operating profit/loss	(30,986)	(211)	(722)	**(31,919)**
Net proceeds from the disposal of related entity	-	-	-	**-**
One-off costs	-	-	-	**-**
Segment performance – EBIT	**(4,540)**	**(406)**	**(719)**	**(5,665)**
EBIT margin	(1%)	(11%)	-	**(2%)**
Profit (loss) on financial activities (financial income less financial expenses)				**(3,879)**
Gross profit/loss				**(9,544)**
Corporate income tax				**(2,010)**
Net profit/loss				**(7,534)**
Amortization and depreciation	2,706	-	14	**2,720**
Segment performance – EBITDA	**(1,834)**	**(406)**	**(705)**	**(2,945)**
Assets and liabilities				
Pricing of building contracts - assets	**202,361**	**627**	**-**	**202,988**
Other assets		**-**	**-**	**832,399**
Total assets	**-**	**-**	**-**	**1,035,387**
Pricing of building contracts - liabilities	**154,234**	**358**	**-**	**154,592**
Other liabilities	**-**	**-**	**-**	**880,795**
Total liabilities	**-**	**-**	**-**	**1,035,387**

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	Other segments	Total continued activities
Total income				
Cross segment sales	-	-	-	**-**
Sales to third party customers	480,101	10,454	-	**490,555**
Total sales revenues	**480,101**	**10,454**	**-**	**490,555**
Segments' performance and reconciliation with gross profit of the Group				
Cost of goods sold (COGS)	460,038	9,375	-	**469,413**
Sales margin	20,063	1,079	-	**21,142**
Sales margin %	4%	10%		4%
Other operating profit/loss	(20,667)	80	(555)	**(21,142)**
Segment performance – EBIT	**(604)**	**1,159**	**(555)**	**-**
EBIT margin		11%		
Profit (loss) on financial activities (financial income less financial expenses)				**19,603**
Gross profit/loss				**19,603**
Income tax				**4,463**
Net profit/loss				**15,140**
Amortization and depreciation	2,697	-	19	**2,716**
Segment performance – EBITDA	**2,093**	**1,159**	**(536)**	**2,716**
Assets and liabilities.				
Pricing of building contracts - assets	**126,038**	**882**	**-**	**127,507**
Other assets	**-**	**-**	**-**	**890,002**
Total assets	**-**	**-**	**-**	**1,017,509**
	-	**-**	**-**	**-**
Pricing of building contracts - liabilities	**196,229**	**2,074**	**-**	**198,303**
Other liabilities	**-**	**-**	**-**	**819,206**
Total liabilities	**-**	**-**	**-**	**1,017,509**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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	559,751	649,812	304,093	408,195
including third party services from subcontractors	491,757	579,278	263,667	366,281
Material and energy consumption	105,675	221,615	40,560	125,167
Employee benefit expenses	61,507	64,794	33,395	36,933
Amortization and depreciation	5,243	5,589	2,720	2,716
Taxes and charges	3,010	2,673	1,261	1,322
Other cost categories	3,422	4,200	2,230	2,719
Total Costs by type	**738,608**	**948,683**	**384,259**	**577,052**
Change in the balance of products, work in progress	(19,514)	(43,849)	(42,229)	(87,794)
Cost of sales (negative value)	(4,001)	(3,319)	(2,272)	(1,866)
General management and administration costs (negative value)	(35,405)	(32,558)	(21,131)	(17,979)
Manufacturing costs of products sold	**679,688**	**868,957**	**318,627**	**469,413**

4.4. TAXATION

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

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

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	**(12,029)**	**19,893**
Tax according to the statutory tax rate applicable in Poland - 19%	**(2,285)**	**3,780**
(Excess of non-tax revenues over non-deductible expenses) / Excess of non-deductible expenses over non-tax revenues.	(209)	744
Tax recognized in the financial net profit/loss	**(2,494)**	**4,524**
Current tax	(725)	7,220
Deferred tax	(1,769)	(2,696)
Effective tax rate	**20.73%**	**22.74%**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES



Pursuant to IFRS 9 the Company 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 Company 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 6.3.	Trade receivables
Note 6.3.	Other receivables
Note 4.2.	Assets under building contracts
Note 3.7.	Cash and cash equivalents
Note 3.7.	Cash assets on the VAT account
Note 3.7.	Cash with restricted availability.
Note 5.1.	Other financial assets (including extended loans)

Financial liabilities priced at amortized cost comprise mainly:

Note 2.1.	Liabilities vis-à-vis subcontractors - bid bonds
Note 4.2.	Liabilities under building contracts
Note 6.7.	Trade payables
Note 6.7.	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 Company was in the possession of the following items disclosed in the Statement of Financial Position as financial assets:

		30 Jun. 2023	31 Dec. 2022
Note 5.1.2.	Loans extended	110,064	99,402
	Others	2 877	3,228
	Total	**112,941**	**102,630**
	Long-term	91,441	70,065
	Short-term	21,500	32,565

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 Company 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 Company 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 Company 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 Company 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.

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

While running its operations, the Company is exposed to the following significant types of financial risk: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Company's Management Board is responsible for defining 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 Company does not enter into building contracts that are denominated in EUR.

No impairment losses were recognised for the loans granted. Loans are not overdue as of the balance sheet date. Loans granted are burdened with credit risk and interest rate risk, which are described respectively.

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 financial lease products (Note 3.4), used by the Company.

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

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

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

Changes in the write-down of receivables and the age structure of past due receivables are presented in Note 6.3.

5.2.3.LIQUIDITY RISK

In order to reduce the risk of liquidity loss, the Company 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 Company uses own funds or long-term financial lease contracts, ensuring adequate sustainability of the financing structure for this type of assets.

The Company 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 Company.

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

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	30 Jun. 2023				
	Below 3 months	3-12 months	1-5 years	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	97,418	9,383	21,137	**127,938**	**125,374**
Debt related to issued bonds	-	586	75,000	**75,586**	**75,000**
Lease liabilities	2,049	6,970	23,694	**32,713**	**29,543**
Liabilities vis-à-vis subcontractors - bid bonds	58,319	85,098	-	**143,417**	**138,249**
Trade payables	150,332	-	-	**150,332**	**150,332**
Total	**308,118**	**103,415**	**119,831**	**531,364**	**520,462**

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

	31 Dec. 2022				
	Below 3 months	3-12 months	1-5 years	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	2,018	10,234	27,340	**39,592**	**33,569**
Debt related to issued bonds	-	586	75,000	**75,586**	**75,000**
Lease liabilities	1,407	5,426	22,513	**29,346**	**28,096**
Liabilities vis-à-vis subcontractors - bid bonds	51,607	83,442	-	**135,049**	**129,862**
Trade payables	243,010	-	-	**243,010**	**243,010**
Total	**298,042**	**99,688**	**124,853**	**522,583**	**509,537**

5.2.4.CLIMATE RISK

Erbud S.A. monitors the impact of climate risks on the Company's operations and, at present, does not identify any significant impact of climate factors on its operations. Erbud S.A. 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 Company 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 Company 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 a disposal of a given fixed asset less costs of sale or the use value calculated based on the discounted cash flows to be generated by a certain fixed asset or group of assets (cash centre), if a certain asset does not generate cash inflows on its own.

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. Company 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 Company verifies the residual value, useful life and depreciation methods of tangible fixed assets on an annual basis. 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 tangible fixed assets.

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 Company, 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 Company 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 Company. 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.

	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	**13,836**	**28,111**	**120**	**8,525**	**120**	**3,629**	**1,709**	**56,050**
Increases:								
Acquisition	-	58	912	-	17	1,632	1,253	**3,872**
Lease	-	14,107	-	7,763	-	-	-	**21,870**
Decreases:								
Amortization and depreciation	-	1,499	846	3,297	23	-	372	**6,037**
Disposal and liquidation	-	-	-	700	-	-	-	**700**
Others	13,836	23,690	-	-	-	3,836	-	**41,362**
Net value as of 31 December 2022	**-**	**17,087**	**186**	**12,291**	**114**	**1,425**	**2,590**	**33,693**
Net value as of 1 January 2023	**-**	**17,087**	**186**	**12,291**	**114**	**1,425**	**2,590**	**33,693**
Increases:								
Acquisition	-	-	299	16	15	329	35	**694**
Lease	-	-	-	2,558	-	-	-	**2,558**
Acceptance of fixed assets	-	-	16	1,293	-	-	442	**1,751**
Decreases:								
Amortization and depreciation	-	1,136	175	1,919	9	-	193	**3,432**
Disposal and liquidation	-	-	-	291	-	-	-	**291**
Others	-	-	-	-	-	132	-	**132**
Net value as of 30 June 2023	**-**	**15,951**	**326**	**13,948**	**120**	**1,622**	**2,874**	**34,841**

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 Company did not enter into any lease contracts for a period shorter than 12 months.

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

	BUILDINGS AND STRUCTURES	MEANS OF TRANSPORT	TOTAL
Net value as of 1 Jan. 2022	**1,492**	**7,969**	**9,461**
Increase due to opened lease contracts	14,108	5,327	19,435
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	(116)	(116)
Amortization and depreciation	(1,418)	(1,072)	(2,490)
Net value as of 31 Dec. 2022	**14,182**	**12,108**	**26,290**
Net value as of 1 Jan. 2023	**14,182**	**12,108**	**26,290**
Increase due to acquisition	-	1,293	1,293
Increase due to opened lease contracts	-	2,558	2,558
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	(270)	(270)
Amortization and depreciation	(1,096)	(1,852)	(2,948)
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	191	191
Others	-	(192)	(192)
Net value as of 30 June 2023	**13,086**	**13,836**	**26,922**

6. OTHER NOTES

6.2. FIXED ASSETS IMPAIRMENT

The Company 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 Company 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.

Fixed assets impairment

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.

6.3. TRADE RECEIVABLES AND OTHER RECEIVABLES

In the trade receivables as well as other receivables category ERBUD 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 budgetare recognised at the amount due to the Company in accordance with applicable laws and regulations.

	30 Jun. 2023			31 Dec. 2022		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	327,265	28,541	298,724	422,806	25,352	397,454
Receivables from corporate income tax	2,110	-	2,110	-	-	-
Other budget receivables	30,253	-	30,253	28,041	-	28,041
Other receivables	5,383	1,210	4,173	7,384	1,210	6,174
Total	**365,011**	**29,751**	**335,260**	**458,231**	**26,562**	**431,669**

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

6. OTHER NOTES

	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	**26,562**	**23,752**
Setting up/(reversal)of individual write-offs	-	900
Setting up /(reversal) of write-offs according to write-off matrix	2,184	1,910
Taken-over during merger with a subsidiary	1,005	-
Closing write-offs, of which:	**29,751**	**26,562**
Matrix-based calculated write-off	12,025	9,841
Individual write-off	17,726	16,721

	30 Jun. 2023	31 Dec. 2022
Non-past due receivables:	159,457	241,001
Past due receivables:	**139,267**	**156,453**
below 1 month	8,921	50,650
1-3 months	38,756	44,594
3-6 months	22,645	2,750
6 months - 1 year	10,648	4,702
Above 1 year	58,297	53,757
Total trade receivables, net	**298,724**	**397,454**

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

The Company 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 Company has a large number of domestic customers. All receivables, except for those individually written off, are rated by the Company as having the highest internal credit rating grade. For all receivables except those written-off individually, the Company estimates a write off for expected credit losses in an amount equal to 12 months expected credit losses.

6.4. OTHER ASSETS

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

	30 Jun. 2023	31 Dec. 2022
Insurance	2,264	1,532
Others	690	1,009
Total	**2,954**	**2,541**

6.5. 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 Company 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 Company's financial statements and the amount of the provision are made by the legal departments and Company's Management Board.

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	**21,327**	**812**	**896**	**651**	**23,686**
Increase	1,899	-	-	1,907	3,806
Utilisation	-	116	-	651	767
As of 31 December 2022	**23,226**	**696**	**896**	**1,907**	**26,725**
short-term	23,226	-	896	1,907	26,029
long-term	-	696	-	-	696
As of 1 Jan. 2023	**23,226**	**696**	**896**	**1,907**	**26,725**
Increase	926	301	-	947	2,174
Increase due to acquisition	1,644	12	-	-	1,656
Utilisation	-	-	-	1,907	1,907
As of 30 June 2023	**25,796**	**1,009**	**896**	**947**	**28,648**
short-term	25,796	-	896	947	27,639
long-term	-	1,009	-	-	1,009

6.6. 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.
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: 3 December 2018 Value of the dispute: PLN	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

Party to the Dispute	Description of the Subject of the Dispute
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	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.
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	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

Party to the Dispute	Description of the Subject of the Dispute
Date of filing a lawsuit 2: 6 February 2023 Value of the dispute: PLN 6.050.337,37	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.

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

Party to the Dispute	Description of the Subject Matter of Dispute
Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (*Warsaw Modlin Airport*) („MPL") Defendant: ERBUD S.A. in Warsaw Date of servicing an action to ERBUD S.A.: 23 May 2014 Value of the dispute: PLN 34.381.374,64	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.
Plaintiff: Marshal Office of the Wielkopolskie Province in Poznań Defendant: ERBUD S.A. in Warsaw Date of servicing an action to	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.

Party to the Dispute	Description of the Subject Matter of Dispute
ERBUD S.A.: 28 January 2022 Value of the dispute: PLN 21.553.732	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

6.7. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

Tax liabilities(including tax on goods and services, corporate income tax, personal income tax) are recognized at the amount requiring payment by the Company 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	**150,332**	**243,010**
including to related entities	2,958	4,585
Liabilities vis-à-vis budget in relation to:	**5,325**	**19,510**
corporate income tax	-	14,412
personal income tax	1,569	1,901
Social insurance contribution	3,137	2,888
real estate tax	252	2
State Fund for the Rehabilitation of the Disabled	111	57
Employee Capital Plans (PPK)	14	20
holiday accrual (Belgium tax)	120	126
other	122	104
Other liabilities	**15,416**	**14,252**
wages and salaries	1,406	1,534
short-term employee benefit liabilities	11,764	10,210
other	2,246	2,508
Total	**171,073**	**276,772**

6.8. GROUP STRUCTURE

Interests and shares in subsidiaries and jointly controlled entities

Interests and shares in subsidiaries and jointly controlled entities are recognized at historical cost less possible impairment losses.

Non-financial fixed assets impairment

As of every balancing date, the Company verifies whether there are any circumstances indicating impairment of any item of the assets. When such circumstances have been identified or when an annual impairment test needs to be carried out, the Company's estimates the recoverable value of a given asset.

The recoverable amount of an asset corresponds to the fair value of that asset or cash-generating centre less selling costs or its value in use, whichever is higher. This value is determined for individual assets, unless a certain asset does not generate cash inflows on its own, which are mostly independent from those generated by other assets or asset categories. If the carrying amount of an asset in the balance sheet is higher than its recoverable amount, impairment occurs and a write-down it made up to the determined recoverable amount.

For the estimation of the value in use, the projected cash flows are discounted to their present value using a discount rate before taxation that reflects current market estimation of the time value of money and the risk typical for a given asset. Impairment losses on non-financial assets used in operations are recognised as Other Expenses.

6. OTHER NOTES

Group Structure

As of 30 June 2023, the Group comprised the Parent Company Erbud S.A. and fully consolidated subsidiaries, and subsidiaries consolidated on the equity method basis.

Item	Name of entity	Registered office	Scope of activities	% share in share capital	balance sheet value of interests/ share	% share in share capital	balance sheet value of interests/ share
				30 Jun. 2023	30 Jun. 2023	31 Dec. 2022	31 Dec. 2022
	Shares held directly						
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.10%**	**39,871**	60.10%	39,871
2	Erbud International Sp. z o.o.	Rzeszów	Construction services	**100.00%**	**431**	100.00%	431
3	Erbud Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	**-**	100.00%	-
4	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**0%***	**-**	100.00%	15,627
5	MOD21 GmbH	Düsseldorf, Germany	Construction services	**100.00%**	**32,404**	100.00%	20,356
6	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	**12,000**	100.00%	12,000
7	Erbud Holding Deutschland GmbH	Düsseldorf, Germany	Management services	**100.00%**	**21,162**	100.00%	21,162
8	Hebud Sp. z o.o. in liquidation	Minsk, Byelorussia	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%**	**3**	50.00%	3
11	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	**5**	100.00%	5
12	MOD21 Sp. z o.o.	Ostaszewo	Modular timber construction	**98.00%**	**5**	100.00%	5
13	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	**2**	43.00%	2
14	Erbud Industry Centrum Sp. z o.o.	The City of Łódź	Maintenance services in the industrial segment	**99%***	**19,158**	0.00%	-
15	ERBUD Industry Południe Sp. z o.o.	The City of Rybnik	Maintenance services in the industrial segment	**99%***	**5,877**	0.00%	-
16	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.14%**	**490**	0.00%	-
	TOTAL				**131,408**		109,462

* Erbud Industry Sp. z o.o. and Erbud S.A. were merged on 3 April 2023. An explanation is presented in Note 6.9.

Shares of Parent Company held indirectly (corresponding to the voting rights held)

Item	Name of entity	Registered office	Scope of activities	30 Jun. 2023	31 Dec. 2022
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o.	The City of Łódź	Maintenance services in the industrial segment	**0%***	99.01%
2	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**0%***	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 in the RES segment	**100.00%**	100.00%
20	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	100.00%
21	Solar Serby Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
22	Cyranka Sp. z o.o.	Toruń	Renewable energy sources	**0.00%**	100.00%
23	DEPVPL 22 sp. z o.o. Power Plant	Toruń	Renewable energy sources	**100.00%**	100.00%
24	KWE Sp. 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	WTL270 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	WTL50 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	Düsseldorf, Germany	Development of contracting activities in the RES business segment	**100.00%**	100.00%

* Through the merger of Erbud Industry Sp. z o.o. with Erbud S.A., the indirect shares became directly held shares.

6. OTHER NOTES

The carrying amount of shares in subsidiaries and jointly controlled entities is presented below:

	30 Jun. 2023	31 Dec. 2022
ONDE S.A.	39,871	39,871
Erbud International Sp. z o.o.	431	431
Erbud Industry Sp. z o.o.	-	15,627
MOD21 GmbH	32,404	20,356
Erbud Shared Services Sp. z o.o.	12,000	12,000
Erbud Holding GmbH	21,162	21,162
JV WMER Matoc Poland Sp.z o.o	3	3
JV PABC Sp. z o.o.	5	5
MOD21 Sp. z o.o.	5	5
Sanssouci Karpacz Sp. z o.o.	2	2
Erbud Industry Centrum Sp. z o.o.	19,158	-
ERBUD Industry Południe Sp. z o.o.	5,877	-
Tauron Serwis Sp. z o.o.	490	-
TOTAL	**131,408**	**109,462**

As of 30 June 2023, there were no grounds for impairment recognition of shares in subsidiaries and associated companies.

6.9. MERGEROF COMPANIES

Mergerunder joint control

A business combination involving entities or businesses under joint control is a business combination in which all of the combining entities or businesses are ultimately under the control of the same party or parties both before and after the combination and that control is not transitory.

Due to the lack of adequate regulations in IFRS for transactions under common control, the Board of Directors, in accordance with the guidelines of IAS 8, developed its own accounting policies following the solutions existing in other sets of accounting rules. From the perspective of the Company's separate financial statements, these principles apply only to the legal merger transaction between Erbud S.A. and Erbud Industry Sp. z o.o.

The major assumptions of these principles are described below.

The effect of the settlement of the legal merger has been recognised in these interim condensed separate financial statements effective from 3 April 2023.

To account for the legal merger, the Company adopted a method commonly referred to as the value determined using predecessor accounting method. As a result of this method application:

a) the merged assets and liabilities of Erbud Industry Sp. z o.o. were valued at their carrying value as at the date of settlement of the legal merger, which would be determined in the consolidated financial statements of the ultimate parent company, i.e. Erbud S.A;
b) pursuant to the valuation principles referred to in letter (a), the Company recognised also shares in subsidiaries of Erbud Industry Sp. z o.o., i.e. Erbud Industry Centrum Sp. z o.o. and Erbud Industry Południe Sp. z o.o., as part of the merged assets;
c) no additional goodwill was recognised;
d) balances of settlements between the Company and Erbud Industry Sp. z o.o. were eliminated;
e) the Company's investment in Erbud Industry Sp. z o.o. was eliminated;
f) the share capital of Erbud Industry Sp. z o.o. was eliminated (consequently the share capital shown in these financial statements represents the Company's share capital);

g) the difference between the value of the Company's eliminated investment in Erbud Industry Sp. z o.o. and the assets, liabilities and equity items recognised following the principles described above was settled in the Company's equity under "Retained earnings";
h) The Company's comparative data has not been restated;
i) the net income of Erbud Industry Sp. z o.o. is shown in the Company's books prospectively, i.e. from the merger date.

The result of the merger is shown in the table below:

	Erbud Industry Sp. z o.o.
	31 Mar. 2023
ASSETS	**71,804**
Intangible assets	443
Tangible fixed assets	1,308
Long-term investments	25,525
Long-term prepayments	5,972
Fixed assets	**33,248**
Inventory	2,846
Short-term receivables	13,315
Short-term investments	1,863
Short-term prepayments	20,532
Current assets	**38,556**
LIABILITIES	**71,804**
Provisions for liabilities	7,961
Long-term liabilities	1,226
Short-term liabilities	43,529
Accruals	10,507
Other accruals	0
Liabilities and provisions for liabilities	**63,223**
Total identifiable net assets	8,581
Elimination of shares in Erbud Industry Sp. z o.o.	(15,626)
Merger settlement capital	(704)

6.10. Transactions with related entities

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

	30 Jun. 2023			31 Dec. 2022		
	Related companies in the Erbud Group	Other relation	Total	Related companies in the Erbud Group	Other relation	Total
Trade receivables	25,394	22,796	**48,190**	18,404	12,284	**30,688**
Loans extended	104,161	5,903	**110,064**	93,844	5,558	**99,402**
Trade payables	2,958	-	**2,958**	4,585	-	**4,585**
Sales revenues	29,722	10,807	**40,529**	48,073	30,151	**78,224**
Interest income on loans extended	3,254	235	**3,489**	4,168	468	**4,636**
Purchase of goods and services	2,958	-	**2,958**	30,837	-	**30,837**

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%	13,642	0.11%
Roland Bosch	10,000	0.08%	10,000	0.08%
Total	**2,586,152**	**21.37%**	**2,586,152**	**21.37%**

There were no significant transactions with the members of the Management and Supervisory Boards.

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

6. OTHER NOTES

6.11. POST-ACCOUNTING PERIOD EVENTS

On 31July 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, an amount of PLN 112,313,076.28 was credited to the Company'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.

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