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ERBUD Group: opening of the year with a strong improvement in results

Q1 proved to be outstanding for the RES segment, which pulled up the results of the entire ERBUD Group. This was due to the accelerating development activity in the area.

ERBUD Group generated sales of PLN 644.3 million in the Q1 2024, compared to PLN 720.6 million a year earlier (-11% y/y). Simultaneously, the Company reported a gross margin on sales of PLN 42.7 million, against PLN 43.6 million in the same period of 2023. The Group's EBITDA reached PLN 24.9 million and was several times higher than that recorded in the Q1 of 2023, when it amounted to less than one million PLN. The Group's net result in the first three months of this year amounted to PLN 9.7 million, compared to a loss of more than PLN 15 million in the corresponding period of 2023.

The ERBUD Group's performance at the beginning of the year was most positively influenced by the renewable energy segment, dynamically developed under the executive and development arms of the ONDE Group. The RES area generated PLN 138.3 million in revenue and PLN 26.5 million in EBITDA. Such high profitability reflects strong development activity. ONDE sold four RES projects from its portfolio at various stages of development with a total potential of 60 MW in the Q1. Furthermore, the company signed contracts for the execution of sold projects, which reinforced its backlog.

- The "develop, build and sell" strategy that the ONDE management is implementing brings awesome results and benefits to the entire ERBUD Group. Not only does the company demonstrate excellent results, but it is also generating cash to pursue its challenging development plans. During the next 2-3 years, it aims to expand its backlog for further development with a potential of 800-900 MW and to establish farms from its own portfolio with a capacity of at least 130 MW over the same period **– comments Dariusz Grzeszczak, CEO of ERBUD.**

The Q1 for residential construction allows for an optimistic perspective on the rest of the year. The domestic segment generated PLN 2.6 million EBITDA with revenue of PLN 324 million.

MOD21's timber modular construction segment ended the quarter on a negative note (PLN -4.9 million EBITDA). According to management estimates, this innovative area of activity, relatively new to the Group, will require up to two years to reach maturity and start generating profits.

- Environmental trends in our main German market together with investment pressure from the disbursement of funds from the National Reconstruction Plan in Poland are creating a huge, receptive market for green modular construction. Ultimately, we also intend to develop a strong position in Poland, although we realise that the local market is only just beginning to gain awareness and confidence when considering this type of construction. Once investors recognise its advantages, such as speed of construction, simplification of planning processes, high quality and, above all, its low carbon footprint, I am convinced that we will be flooded with requests for proposals **– declares Dariusz Grzeszczak.**

Also optimistic is the Group's backlog with orders totalling more than PLN 3 billion at the end of March 2024, 17% above the same period in 2023. This is without considering the almost PLN 1 billion in the ONDE Group's own RES projects.

– ONDE operates a PLN 100 million cash and PLN 100 million revolving credit facility. These are solid grounds for further growth and acceleration in the development of its portfolio. Regarding the backlog, it is encouraging to see its height and quality. Following a period of instability in material prices and raging inflation, we have returned to a market environment that allows us to bid more boldly without the risk of unrealised margins. Currently, we are participating in a number of tenders, so we estimate that the backlog will grow by another PLN 500-600 million in the near future. – **says Jacek Leczkowski, Vice-President of ERBUD**

Over the first three months of the year, the ERBUD Group signed contracts totalling more than one billion PLN.

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

For more information see www.erbud.pl.

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