ERBUD GROUP

ERBUD S.A.

Consolidated Financial Statement for the accounting period ending 31 December 2024

Drawn up in compliance with the International Financial Reporting Standards (IFRS) endorsed for application by the European Union



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
	CONTINUING OPERATIONS		
Note 4.2.,4.3.	Revenues from sales of products and services	2,979,789	3,234,363
Note 4.2.,4.4.	Cost of products and services sold	2,760,026	3,025,252
	Gross sales profit/(loss)	**219,763**	**209,111**
Note 4.4.	Cost of sales	22,889	15,490
Note 4.4.	General and administrative (G&A) costs	197,920	195,287
	incl.: Millennium Bank compensation-related expenses	-	*13,067*
Note 6.11.	Proceeds from the sales of interest in a jointly controlled entity	19,088	-
	Other operating income - Millennium Bank compensation	-	51,384
Note 4.6.	Other operating income	22,248	17,522
Note 4.6.	Other operating expenses - Modlin Airport compensation	-	16,698
Note 4.6.	Other operating expenses	5,410	8,255
Note 4.2.	Impairment of financial assets and contract valuation assets	(14,227)	(22,200)
Note 4.2.	**Operating profit**	**20,653**	**20,087**
Note 4.1.-4.2.	Share in net profits/losses of equity-accounted subsidiaries	(3,277)	1,110
Note 4.7.	Financial income	12,529	16,743
Note 4.7.	Financial expenses	29,849	48,395
Note 4.2.	**Gross profit**	**56**	**50,474**
Note 4.8.	Corporate income tax	17,221	27,179
	Net profit /(loss) for the accounting period	**(17,165)**	**23,295**
	Shareholders of Parent Company	(28,857)	10,003
	Non-Controlling Stakeholders	11,692	13,292

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Consolidated profit / (loss), net	**(17,165)**	**23,295**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**(3,202)**	(3,347)
Comprehensive income (including tax effect) subject to reclassification into result	**(3,202)**	**(3,347)**
Comprehensive income in the accounting period	**(20,367)**	**19,948**
Appropriated to:		
Shareholders of Parent Company	(32,082)	7,142
Non-Controlling Stakeholders	11,715	12,806

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 Dec. 2024	31 Dec. 2023
	ASSETS	**2,027,937**	**1,973,833**
Note 6.2.	Goodwill	42,760	40,217
Note 6.1.	Intangible assets	14,532	13,605
Note 6.1.	Tangible fixed assets	347,956	233,900
Note 6.11.	Investments accounted for using the equity method	45,711	53,998
Note 5.1.1.	Financial assets	24,036	16,734
Note 4.8.	Deferred tax assets	126,308	109,150
Note 2.2.	Receivables under building contracts - bid bonds	3,001	9,296
	Fixed assets	**604,304**	**476,900**
Note 6.4.	Inventory	172,339	139,664
Note 2.2.	Receivables under building contracts - bid bonds	41,446	30,815
Note 2.3.	Pricing of building contracts - assets	351,536	455,336
Note 6.5.	Trade receivables	458,438	479,533
Note 6.5.	Income tax & VAT receivables	22,928	23,715
Note 6.5.	Other receivables	27,008	42,618
Note 5.1.1.	Financial assets	10,520	9,951
Note 5.2.3.	Cash and cash equivalents	300,269	263,119
Note 5.2.3.	Cash assets in VAT account	29,505	44,186
Note 6.6.	Short-term prepayments	9,644	7,996
	Current assets	**1,423,633**	**1,496,933**
	LIABILITIES	**2,027,937**	**1,973,833**
Note 3.1.	Share capital	1,193	1,193
	Supplementary capital	289,658	281,353
	Reserve capital	104,346	104,346
	Revaluation capital	559	3,784
	Retained earnings	90,798	146,867
	Equity of shareholders of the Parent Company	486,554	537,543
	Equity of non-controlling stakeholders	142,456	137,403
	Shareholders' equity	**629,010**	**674,946**
Note 3.2.-3.4.	Debt	178,276	178,157
Note 6.7.	Provisions	25,717	21,921
Note 4.8.	Deferred tax liabilities	21,774	15,804
Note 2.2.	Liabilities vis-à-vis subcontractors - bid bonds	17,816	16,986
	Long-term liabilities	**243,583**	**232,868**
Note 3.2.-3.4.	Debt	134,865	61,280
Note 6.7.	Provisions	34,895	48,623
Note 6.7.	Liabilities vis-à-vis subcontractors - bid bonds	131,672	148,004
Note 2.3.	Pricing of building contracts - liabilities	431,941	387,717
Note 5.1.,6.9.	Trade payables	312,199	280,620
Note 5.1.	Income tax & VAT liabilities	26,014	51,358
Note 5.1.	Other liabilities	83,758	88,417
	Short-term liabilities	**1,155,344**	**1,066,019**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For a 12-month-period ended on 31 December 2024 and for a 12-month-period ended on 31 December 2023

	Share capital	Own shares	Supplementary capital	Reserve capital	Revaluation capital	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2023	**1,210**	**(20,000)**	**262,074**	**124,319**	**6,645**	**166,633**	**540,881**	**124,597**	**665,478**
Net result in the accounting period	-	-	-	-	-	10,003	**10,003**	13,292	**23,295**
Comprehensive income in the accounting period	-	-	-	-	(2,861)	-	**(2,861)**	(486)	**(3,347)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(2,861)**	**10,003**	**7,142**	**12,806**	**19,948**
Dividend	-	-	-	-	-	(10,490)	**(10,490)**	-	**(10,490)**
Transfer of the net income from previous year to retained earnings	-	-	19,279	-	-	(19,279)	**-**	-	**-**
Registration of redemption of own shares	(17)	20,000	-	(19,983)	-	-	**-**	-	**-**
Capital increase pursuant to the resolution	-	-	-	10	-	-	**10**	-	**10**
As of 31 Dec. 2023	**1,193**	**-**	**281,353**	**104,346**	**3,784**	**146,867**	**537,543**	**137,403**	**674,946**
As of 1 Jan. 2024	**1,193**	**-**	**281,353**	**104,346**	**3,784**	**146,867**	**537,543**	**137,403**	**674,946**
Net result in the accounting period	-	-	-	-	-	(28,857)	**(28,857)**	11,692	**(17,165)**
Comprehensive income in the accounting period	-	-	-	-	(3,225)	-	**(3,225)**	23	**(3,202)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(3,225)**	**(28,857)**	**(32,082)**	**11,715**	**(20,367)**
Dividend paid by a subsidiary	-	-	-	-	-	-	-	**(6,662)**	**(6,662)**
Dividend	-	-	-	-	-	(20,042)	**(20,042)**	-	**(20,042)**
Net retained earnings carried forward	-	-	8,305	-	-	(8,305)	**-**	-	**-**
Share capital increase in a subsidiary	-	-	-	-	-	1,135	**1,135**	-	**1,135**
As of 31 Dec. 2024	**1,193**	**-**	**289,658**	**104,346**	**559**	**90,798**	**486,554**	**142,456**	**629,010**

CONSOLIDATED CASH FLOW STATEMENT

		For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
	OPERATIONAL CASH FLOWS		
	Gross profit/loss	56	50,474
Note 6.1.	Amortization and depreciation	43,106	36,934
Note 4.7.	Foreign exchange losses	(2,917)	(10,563)
Note 4.7.	Interest and share in profits (dividend)	15,965	(33,334)
	Other non-cash adjustments	(5,906)	9,590
	Net proceeds from the disposal of a jointly controlled company	(19,088)	-
	Interest income from Millennium Bank contribution received	-	60,929
	Income tax paid	(40,729)	(42,209)
Note 6.10.	Change of working capital balance	161,748	185,291
	Operational cash flows, net	**152,235**	**257,112**
	INVESTMENT ACTIVITY CASH FLOWS		
	Proceeds from the sales of interest in a jointly controlled entity	25,328	-
	Inflows from credits/loans extended	18,161	7,578
Note 3.2.	Other inflows	6,592	5,835
Note 6.1.	Expenditures on the acquisition of tangible fixed assets	(94,275)	(22,747)
	Loans extended expense	(14,171)	(9,977)
	Expenditures on the acquisition of shares in companies	(54,768)	(13,864)
	Other expenses	(258)	(37)
	Investment activity cash flows, net	**(113,391)**	**(33,212)**
	FINANCIAL ACTIVITY CASH FLOWS		
Note 3.2.	Income from credits and loans taken	112,286	24,375
	Other inflows	2,359	-
Note 3.2.	Debt (principal) repayment expense - principal	(52,131)	(94,436)
Note 3.2.	Lease debt repayment expense - principal	(19,453)	(15,861)
Note 3.2.	Debt (interest) repayment expense	(17,955)	(28,330)
	Dividend payment	(26,704)	(10,490)
	Other expenses	(96)	-
	Financial activity cash flows, net	**(1,694)**	**(124,742)**
	NET CASH FLOWS	**37,150**	**99,158**
	Opening cash balance	**263,119**	**163,961**
	Closing cash balance	**300,269**	**263,119**

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1. BACKGROUND INFORMATION

1.1. INTRODUCTION

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

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

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

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

As of 31 December 2024 and as of the date of the Consolidated Financial Statements the Parent Company's Management Board consisted of:

Dariusz Grzeszczak – President of the Management Board

Agnieszka Głowacka – Vice-President of the Management Board

Jacek Leczkowski – Vice-President of the Management Board

Tomasz Wojak – a Management Board member from 1 January 2025

As of 31 December 2024 and as of the date of the Consolidated Financial Statements the Parent Company's Supervisory Board consisted of:

Gabriel Główka

Albert Dürr

Michał Otto

Janusz Reiter

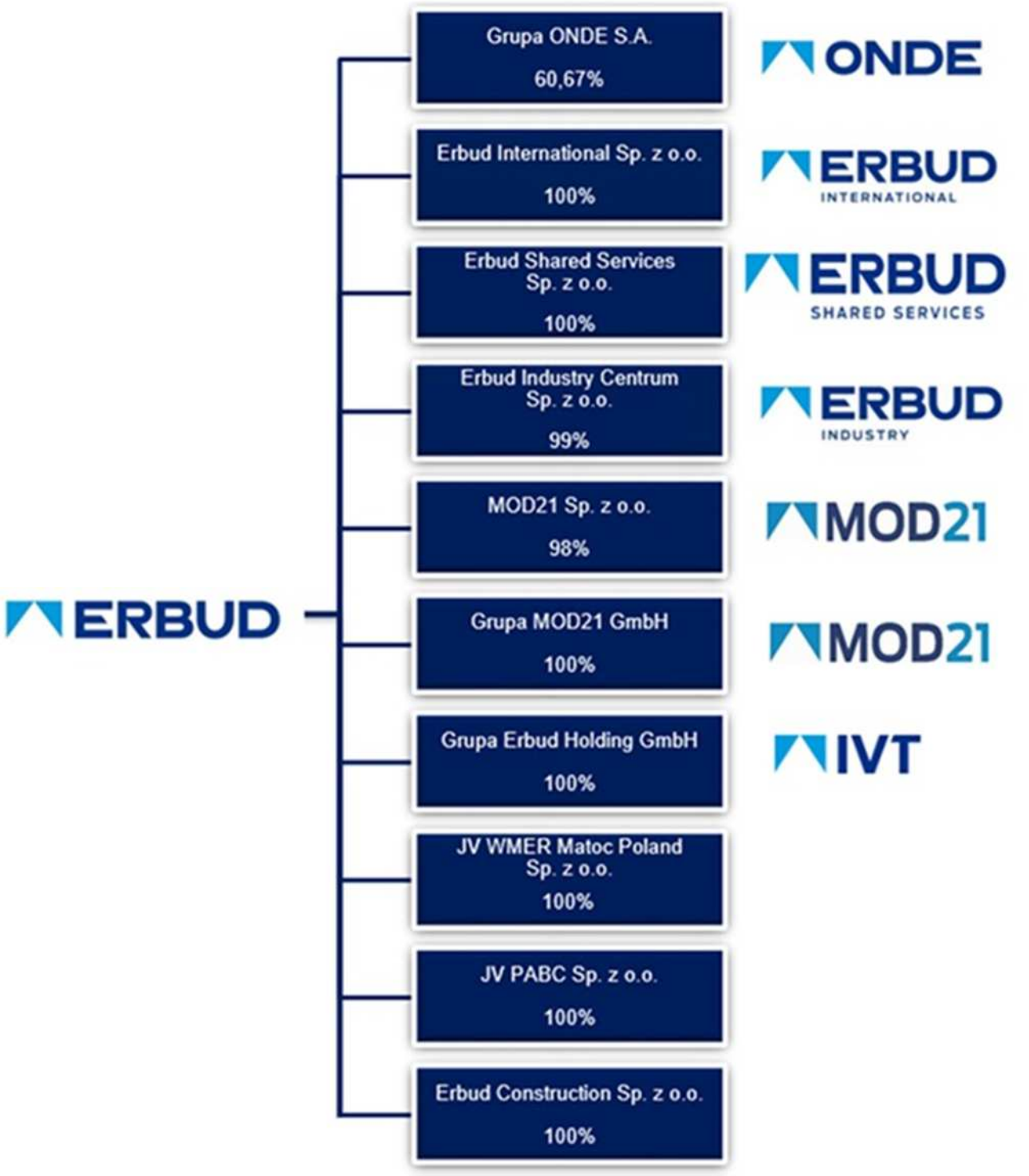
Michał Wosik

Roland Bosch

Beata Jarosz

The Consolidated Financial Statements of the Erbud S.A. Group are published on the Warsaw Stock Exchange (WSE) website under ESPI/EBI Company Reports.

1. BACKGROUND INFORMATION



Detailed organisational structure of the Group is presented in the Note 6.11. The above figure shows the share of Erbud S.A.
in individual member companies of Erbud S.A. Capital Group as of 31 December 2024.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IAS Compliance Statement

The Consolidated Financial Statements were drawn up as of 31 December 2024 in compliance with the International Financial Reporting Standards (hereinafter referred to as MSSF), endorsed by the European Union.

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

The Consolidated Financial Statements have been prepared on the historical cost basis and investments in jointly controlled and associated entities are measured using the equity method.

These Consolidated Financial Statements were approved for publication by the Management Board on 24 March 2025.

Going concern

This Consolidated Financial Statement was drawn up following going concern principle applicable to the Group in the foreseeable future. As of the date of approval of these Consolidated Financial Statements, no signs prevailed indicating a risk to the continuation of Group operations following a going concern principle.

Impact of armed conflict in Ukraine

In 2024, the impact of the war in Ukraine on economic processes is smaller than in the previous years. The situation is fairly stable, but still forces the Group to operate in ever evolving environment. Among the negative impacts of the war, the most significant for the Group are the price hikes of materials and wage costs. The Polish currency has been strengthening, its value returning to the level predominant prior to the outbreak of hostilities in Ukraine.

In its on-going calculations, the Group takes into account the risks associated with rising material and labour costs as well as currency fluctuations. Management monitors the changing geo-political and economic situation and takes steps to minimise the negative impact of these changes, such as diversifying the business both geographically and by segment, while at the same time negotiating the terms of contracts with principals.

Pricing at fair value

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

Conversion of items into foreign currencies

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

Transactions in foreign currencies are recorded in the books at the time of initial recognition in the value converted into PLN at the average 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 carried at fair value expressed in foreign currency are converted using the exchange rate prevailing at the date of pricing at fair value.

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

The application of new and amended standards, and their interpretations

In this Consolidated Financial Statement, the following new and amended standards were applied for the first time, which entered into force in 2024:

a) Amendments to IFRS 16 "Lease"

The amendment of IFRS 16 'Leases' supplements 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.

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

The amendments to IAS 1 clarify the presentation of liabilities as long- and short-term and also address the classification of liabilities when an entity is required to meet certain contractual requirements known as covenants. Consequently the amended IAS 1 standard states that liabilities are classified as either short- or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor post-reporting day events (for instance, covenants of loan agreements to the extent that the entity does not have to comply with until after the balance sheet date) affect the classification.

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

Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' introduce disclosure requirements for supplier finance arrangements (so-called reverse factoring). The amendments require specific disclosures concerning the entity's financial arrangements of that kind 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 on debt financing arrangements, but do not impact the recognition and measurement principles.

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

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

a) Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

In August 2023, the IASB published amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The amendments made are intended to make it easier for entities to determine whether a currency is convertible into another currency and to estimate the immediate exchange rate when a currency is not convertible. Additionally, the amendments to the standard introduce the requirement of additional disclosures when currencies are not convertible on how the alternative exchange rate is determined.

The published amendments shall apply to financial statements for the periods beginning on or after 1 January 2025.

b) Amendments to the classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7.

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 with the aim to:

a) define more precisely the recognition and derecognition dates for certain financial assets and liabilities, with an exemption for certain financial liabilities settled through an electronic funds transfer system;

b) clarify and add further guidance on assessing whether a financial asset complies with the SPPI criteria;

c) add new disclosures for certain instruments whose contractual terms may alter cash flows; and

d) update disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

The published amendments shall apply to the financial statements for periods beginning on or after 1 January 2026. At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

c) Annual Improvements to IFRS Accounting Standards

"Annual Improvements to IFRSs" introduce amendments to following standards: IFRS 1 "First-Time Adoption of International Financial Reporting Standards", IFRS 7 "Financial Instruments: Disclosures", IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements" and IAS 7 "Statement of Cash Flows".

The amendments provide clarifications and further refine the standards' guidance on recognition and measurement.

At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

d) Natural factor-dependent electricity contracts: Amendments to IFRS 9 and IFRS 7

The amendments are intended to help companies better recognise the financial effects of contracts for electricity that are dependent on nature. These contracts often take the form of power purchase agreements (PPAs). The current guidance may not fully capture the impact of these contracts on the Company's performance. To enable entities to better reflect these contracts in their financial statements, the IASB has amended IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures". The amendments comprise:

a) clarifying the application of the ‘own use’ criterion;

b) allowing hedge accounting where these contracts are used as hedging instruments;

c) adding new disclosures to enable stakeholders to understand the impact of these contracts on financial performance and cash flows.

At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

e) IFRS 18 "Presentation and disclosures in financial statements"

In April 2024, the International Accounting Standards Board (IASB) published the new standard IFRS 18 'Presentation and Disclosures in Financial Statements". The new standard is intended to replace IAS 1 - Presentation of Financial Statements and will be effective from 1 January 2027. The changes to the superseded

standard mainly relate to three issues: the statement of profit or loss, required disclosures about performance measures and issues related to the aggregation and disaggregation of information contained in financial statements.

The published standard shall apply to financial statements for periods beginning on or after 1 January 2027.

At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

f) IFRS 19 "Subsidiaries without public accountability: disclosures"

In May 2024, the Board issued a new accounting standard, IFRS 19, which can be adopted by certain subsidiaries applying IFRS accounting standards to improve the effectiveness of disclosures in their financial statements. The new standard introduces simplified and limited disclosure requirements. As a result, the qualifying subsidiary applies the requirements of other IFRS accounting standards with the exception of the disclosure requirements and instead applies the limited disclosure requirements of IFRS 19.

Eligible subsidiaries are entities that are not subject to "public accountability" as defined in the new standard. In addition, IFRS 19 requires the ultimate or intermediate parent of the entity to draw up publicly available consolidated financial statements in compliance with IFRS Accounting Standards.

Eligible entities may choose to apply the guidance of the new IFRS 19 standard for financial statements drawn up for periods beginning on or after 1 January 2027.

At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

g) 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.

h) 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 separate financial statements, the endorsement of this amendment is deferred by the European Union.

2. BUILDING CONTRACTS

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

The variable pay component adjusts the transaction price and the amount of revenue recognized i.e. the Group recognizes a portion or total 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. The Group only recognises revenues from claims when it has third party expert opinions confirming the appropriateness of recognising an additional amount of remuneration based on contractual provisions. To estimate variable pay, the Group uses the expected value method to estimate variable pay.

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

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

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on building contract assets are recognized, they are not subject to aging and are treated entirely as current, not past due. The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Group recognizes invoiced revenues in the line "Trade and other receivables" (Note 6.5) The Contractors under building contracts signed with the Group withhold a part of the payments as a performance bond for the contracts. These amounts are recognised as "Building contract receivables - deposits" (Note 2.2.) and are usually refundable upon completion of the project or at the end of the guarantee period.

The Company engages subcontractors to carry out work related to the implementation of building contracts. The company acts in the capacity of a general contractor. The invoiced costs related to subcontractors' employment are recognized as "Trade payables" (Note 6.9). 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 2.2) 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 4.8.

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

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

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

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

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

Performance-based method:

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

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

Expenditure-based method:

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

The Group keeps track of projects being implemented - building 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 on-going basis, i.e. changes in the scope of the contract are reflected in the Group's internal system immediately after they are negotiated by the Group with the customer.

2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

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

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Figures recognised in the period		
Income under building contracts	2,396,931	2,635,877
Costs under building contracts,	2,259,403	2,498,028
Net income before recognition and settlement of provisions for the contracts generating liabilities	**137,528**	**137,849**
Setting up provisions for the contracts generating liabilities	179	3,143
Release /utilization of provisions set up in the previous periods	847	-
Gross profit/loss	**138,196**	**134,706**
Gross profit margin		
excluding provisions for the contracts generating liabilities	6%	5%
including provisions for the contracts generating liabilities	6%	5%

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

2.2. RECEIVABLES AND LIABILITIES UNDER BUILDING CONTRACTS - BID BONDS

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

At initial recognition, these financial assets are recognised at nominal value, i.e. at amounts initially invoiced less the value of discounts. The discount value calculation methods is presented in Note 6.5. The value of bid bonds receivable is updated by the Group with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.5. and presented under "Impairment losses on financial assets" in the Statement of profit or loss.

Bid bonds liabilities are measured at initial recognition at fair value (i.e., the amount of payments discounted using the current market interest rate for such liabilities) and the cost of subcontractor services is recognized at that level. In later periods, bid bond liabilities are measured at amortized cost, whereas interest expense is recognized in financial expenses.

	2024			2023		
	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	41,634	5,532	**47,166**	31,592	12,871	**44,463**
Impairment allowance and discounting	(188)	(2,531)	**(2,719)**	(777)	(3,575)	**(4,352)**
Receivables under building contracts - bid bonds	**41,446**	**3,001**	**44,447**	**30,815**	**9,296**	**40,111**
Liabilities vis-à-vis subcontractors - discounted bid bonds	**131,672**	**17,816**	**149,488**	**148,004**	**16,986**	**164,990**

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.

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

	2024	2023
Revenues generated under non-completed building contracts YTD	4,637,706	4,632,376
Invoiced receivables from customers, YTD (excl. advances)	4,501,492	4,453,830
Balance of payments under non-completed building contracts	**136,214**	**178,546**
of which:		
(1) Assets for completed, non-invoiced construction works, gross	282,401	337,264
Asset impairment write-off under building contracts	(12,054)	(3,692)
(1a) Assets for completed, non-invoiced construction works, net	270,347	333,572
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	134,133	155,026
Costs related to building contracts, YTD	2,056,358	2,563,568
Losses posted on YTD basis	100	-
Subcontractor expense and own expenses on a YTD basis.	1,987,212	2,595,679
Balance of payments under building contracts	**(69,146)**	**32,111**
of which:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	81,189	121,764
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	150,335	89,653
	-	-
Balance of payments under building contracts	**67,068**	**210,657**
of which:		
Pricing of building contracts - liabilities - TOTAL	**351,536**	**455,336**
Pricing of building contracts - balance settlement (2)+(4)	284,468	244,679
Building contract liabilities - advanced paid	147,473	143,038
Pricing of building contracts - liabilities - TOTAL	**431,941**	**387,717**

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

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

3. CAPITAL AND DEBT MANAGEMENT

3.1. ZARZĄDZANIE KAPITAŁEM

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

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

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

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

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

The Company's supplementary capital is set up in accordance with the provisions of the Polish Commercial Companies Code and the decisions of the shareholders. Pursuant to the Commercial Companies Code, a supplementary capital should be set up to cover losses, that should account for at least 8% of the profit for a certain accounting year, until the supplementary capital reaches at least one third of the share capital. the supplementary capital set up in this manner is not subject to distribution. The General Meeting of Shareholders decides on the use of the supplementary and reserve capital, however, a part of the supplementary capital may be used only to cover the loss reported in the financial statements and is not subject to distribution into other purposes.

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

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

Return of Equity - ROE

	2024	2023
(1) Net profit attributable to shareholders of the Parent Company	(28,857)	10,003
(2) Equity	629,010	674,946
ROE [(1)/(2) * 100%]	**(4.59%)**	**1.48%**

Debt ratio

	2024	2023
(1). Liabilities and provisions for liabilities	1,398,927	1,298,887
(2) Total assets	2,027,937	1,973,833
Debt ratio [(1)/(2) * 100%]	**68.98%**	**65.81%**

Debt-to-equity ratio

	2024	2023
(1). Liabilities and provisions for liabilities	1,398,927	1,298,887
(2) Equity	629,010	674,946
Debt-to-equity ratio [(1)/(2)]	**222.40%**	**192.44%**

"Liabilities and provisions for liabilities" are the sum of all long-term liabilities and short-term liabilities recognised in the Statement of financial position.

The amount of the achieved debt-to-equity ratio for all periods presented fall into the range set by the Management Board as the target level for this ratio.

The most important driver of the above ratios and their value as the Group's net profit.

Share capital

As of 31 December 2024, 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 Baubeteiligungen GmbH & Co.KG, including Wolff & Muller Holding GmbH & Co. KG	3,854,837	32.31%
Dariusz Grzeszczak directly and indirectly (Dariusz Grzeszczak, DGI Family Foundation) including:	2,553,460	21.40%
Dariusz Grzeszczak	*1,231,907*	*10.33%*
DGI Family Foundation	*1,321,553*	*11.08%*
ING OFE	1,200,000	10.06%
Allianz OFE, Allianz DFE, Second Allianz OFE	764,935	6.41%
PKO OFE	715,279	6.00%
Other shareholders	2,841,325	23.82%
Total	**11,929,836**	**100%**

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

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

As of 31 December 2024, and as of the date of publication of this Financial Statement, therefore the share capital totalling PLN 1,192,983.60 divides into 11,929,836 A-series ordinary bearer shares with a par value of PLN 0.10 each.

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

For the purposes of calculating diluted earnings per share, net profit /(loss) for the accounting period attributable to ordinary shareholders and the weighted average number of ordinary shares for the accounting period are adjusted for the effect of all diluting potential ordinary shares. Diluted earnings per share is equal to basic earnings per share as the Group does not hold any dilutive instruments.

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

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Net profit/loss attributable to the shareholders of the Parent Company	(28,856)	10,003
Average weighted number of ordinary shares (in pcs.)	11,929,836	11,929,836
Basic and diluted earnings per share (in PLN)	**(2.42)**	**0.84**

3.2. NET DEBT

		2024	2023
Note 3.7.	**Cash and cash equivalents and restricted cash (A)**	**300,269**	**263,119**
Note 3.3.	Credit and loan liabilities	102,373	35,726
Note 3.4.	Debt related to issued bonds	-	75,000
Note 3.5.	Lease liabilities	75,903	67,431
	Long-term debt	**178,276**	**178,157**
Note 3.3.	Credit and loan liabilities	32,228	38,170
Note 3.4.	Debt related to issued bonds	76,720	1,678
Note 3.5.	Lease liabilities	25,917	21,432
	Short-term debt	**134,865**	**61,280**
	Total debt (B)	**313,141**	**239,437**
	(Net debt)/Cash and cash equivalents and restricted cash ((A)-(B))	**(12,872)**	**23,682**

The Group defines net debt as the balance of credits and loans borrowings and leases less cash and cash equivalents (including restricted cash classified as short-term assets). If there is an excess of cash and cash equivalents over debt, the net amount is defined by the Group as 'cash and cash equivalents'.

Changes in debt during the reporting periods presented were as follows:

Debt related to:	Loans and borrowings	Bonds issued	Lease	Total debt
Debt balance as of 1 January 2023	147,177	75,586	89,812	**312,575**
Increase due to acquisition	5,231	-	3,079	**8,310**
Income from credits and loans taken - financing granted	24,375	-	-	**24,375**
Entering into lease contracts	-	-	26,107	**26,107**
Accrued interest on debt	16,576	8,400	5,288	**30,264**
Expenses related to debt taken out - principal repayment	94,436	-	15,861	**103,146**
Expenses related to debt taken out - interest repayment	16,347	7,308	4,675	**28,330**
FX differences related to the debt in foreign currencies	(5,090)	-	(184)	**(5,274)**
Other non-cash changes	(3,590)	-	(14,703)	**(25,444)**
Change of debt in the accounting period	**(73,281)**	**1,092**	**(949)**	**(73,138)**
Debt balance as of 31 December 2023	**73,896**	**76,678**	**88,863**	**239,437**
Increase due to acquisition	413	-	160	**573**
Income from credits and loans taken - financing granted	112,286	-	-	**112,286**
Entering into lease contracts	-	-	40,724	**40,724**
Accrued interest on debt	11,923	6,326	6,119	**24,368**
Expenses related to debt taken out - principal repayment	52,131	-	19,453	**71,584**
Expenses related to debt taken out - interest repayment	7,011	6,284	4,660	**17,955**
FX differences related to the debt in foreign currencies	(837)	-	(1,441)	**(2,278)**
Other non-cash changes	(3,938)	-	(8,492)	**(12,430)**
Change of debt balance in the accounting period	**60,705**	**42**	**12,957**	**73,704**
Debt balance as of 31 December 2024	**134,601**	**76,720**	**101,820**	**313,141**

3.3. 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.

	2024	2023
Long-term		
Bank loans	102,373	34,629
Loans	-	1,097
	102,373	**35,726**
Short-term		
Overdraft facilities	12,748	22,418
Bank loans	18,310	13,419
Loans	1,170	2,333
	32,228	**38,170**
Total credit and loan liabilities	**134,601**	**73,896**

	31 Dec. 2024	31 Dec. 2024	31 Dec. 2023	31 Dec. 2023
	In the functional currency	In foreign currency EUR	In the functional currency	In foreign currency EUR
Loans and borrowings				
Long-term	86,706	15,667	16,396	19,330
Short-term	20,504	11,724	26,235	11,935
Total	**107,210**	**27,391**	**42,631**	**31,265**

Loans and borrowings shown as long- and short-term bear interest at WIBOR 3M + 1.35% - 3.5%, 3M Euribor + 1.9 - 2.2%. 6M WIBOR +3% and 10% per annum.

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 31 December 2024, the ERBUD Group has access to bank and multi-purpose insurance lines with the total value of PLN 2 310 400 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees. As of the balance sheet date of 31 December 2024, the ERBUD S.A. utilized PLN 133,431 thousand to take out loans and PLN 1,115,145 thousand for bank and insurance guarantees.

As of the balance sheet date of 31 December 2023, the ERBUD Group has access to bank and multi-purpose insurance lines with the total value of PLN 1,996,743 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees.. As of the balance sheet date of 31 December 2023, the ERBUD S.A. utilized PLN 70,466 thousand to take out loans and PLN 1,021,686 thousand for bank and insurance guarantees.

Covenants

The profitability ratio is calculated as EBITDA (formerly EBIT) divided by Sales Revenue. The ratio limit remained unchanged - a minimum of 1%.

The profitability ratio presented above was 2.14% in 2024 and 1.76% in 2023.

The ratio calculations are in the Note 4.1.

During the year, as of 31 December 2024 and by the approval date of the financial statements, all covenants have been met, similarly to the previous year.

3.4. 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 Group had the following outstanding debt in relation to issued bonds posted into short- and long-term liabilities:

Issue date	Type of issued bonds	Currency	Interest rate	Maturity date	Purpose of financing	Debt related to issued bonds	
						31 Dec. 2024	31 Dec. 2023
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6M + 2.6%	23 September 2025	financing of an increased working capital requirement	76,720	**76,678**
			Total bond liability as of 31 Dec. 2024, of which:			**76,720**	**76,678**
			long-term			-	75,000
			short-term			76,720	1,678

Covenants

"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity in value terms.	As of	
	31 Dec. 2024	31 Dec. 2023
	(0.03)	**(0.11)**
Consolidated long-term and short-term debt	313,141	239,437
Cash assets	329,774	307,305
Adjusted equity by goodwill and intangible assets	571,718	621,124

The expected value of the ratio should not be higher than 1.1.

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

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

The item "Equity adjusted with goodwill and intangible assets" represents the value of equity less goodwill and intangible assets.

3.5. LEASE LIABILITIES

Period		2024 Nominal value of minimum payments	2023 Nominal value of minimum payments
Below 1 year	Short-term	31,012	25,222
Above 1 year	Long-term	93,911	77,130
Nominal value of minimum payments		**124,923**	**102,352**
Future lease costs		23,103	13,489
Present value of minimum payments		**101,820**	**88,863**
Below 1 year	Short-term	25,917	21,432
Above 1 year	Long-term	75,903	67,431

Major items of fixed assets under lease include machinery and equipment and means of transport.

3.6. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 31 December 2024 and 31 December 2023, collateral for debt liabilities on tangible fixed assets are presented below.

	2024	2023
Tangible fixed assets	192,014	86,624
Inventory	66,644	18,609
Total	**258,658**	**105,233**

	Contingent assets		Contingent liabilities	
	2024	2023	2024	2023
Other items				
Guarantees and sureties	161,656	153,947	1,119,306	1,096,957
Litigations	39,678	38,924	18,688	48,717
Total	**201,334**	**192,871**	**1,137,994**	**1,145,674**

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

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

3.7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and cash in hand as well as short-term deposits with maximum maturity of three months.

The Group has at its disposal cash with restricted availability. This group primarily includes funds pledged as security for bank guarantees issued in connection with building contracts executed by the Group.

The Group posts restricted cash in a separate line in the statement of financial position as it does not meet the definition of cash and cash equivalents due to its inability to be used in the short term for the Group's requirements.

Cash held in VAT bank accounts does not meet the criteria for presentation as cash and cash equivalents and is presented in a separate line in the balance sheet.

The classification adopted for presentation in the statement of financial position is consistent with the classification of these funds in the Cash Flow Statement.

Cash and cash equivalents and cash in VAT and bank accounts meet the SPPI test and the "held for collection" business model test, and are therefore measured at amortized cost with an impairment charge determined in accordance with the expected loss model (in compliance with the policy referred to in Note 6.5)

	2024	2023
Cash in hand	73	65
Cash at bank	300,196	263,054
Total cash and cash equivalents	**300,269**	**263,119**

The amount of the impairment loss on cash is marginal.

As of 31 December 2024 cash on VAT bank accounts totalled PLN 29 505 thousand (as of 31 December 2023 totalled PLN 44,186 thousand).

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT/LOSS

4.1. ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

	2024	2023
Net profit /(loss) for the accounting period	**(17,165)**	**23,295**
Corporate income tax	17,221	27,179
Gross profit	**56**	**50,474**
Share in net profits/losses of equity-accounted subsidiaries	(3,277)	1,110
Financial expenses	29,849	48,395
Financial income	12,529	16,743
Financial income - compensation-related interest income	-	60,929
EBIT	**20,653**	**20,087**
One-off compensation-related gain	-	21,619
Proceeds from the sales of interest in a jointly controlled entity	19,088	-
Adjusted loss/(profit) gross profit	**(19,032)**	**28,855**
Adjusted EBIT	**1,565**	**(1,532)**
Amortization and depreciation	43,106	36,934
EBITDA	**63,759**	**57,021**
Revenues from sales of products and services	2,979,789	3,234,363
EBIT margin	**1%**	**1%**
Adjusted EBIT margin	**0%**	**0%**
Revenues from sales of products and services	**2.14%**	**1.76%**

4.2. ACCOUNTING SEGMENTS

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

- residential/commercial buildings at home,
- residential/commercial buildings in foreign countries,
- road engineering construction services
- industrial construction segment at home
- industrial construction segment in foreign countries
- renewable energy segment (including: sale of energy generation subsidiaries)
- modular timber construction,
- other segments.

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

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

Key segment information in the following accounting periods: January 2024 - December 2024 and January 2023 - December 2023.

	For a 12-month period, ended on 31 Dec. 2024			For a 12-month period, ended on 31 Dec. 2023		
	Domestic market (Poland)	Foreign markets	Total	Domestic market (Poland)	Foreign markets	Total
Sales to third party customers, of which:	2,506,833	472,956	**2,979,789**	2,634,751	599,612	**3,234,363**
Accrued and deferred income	2,258,087	138,844	**2,396,931**	2,399,439	236,438	**2,635,877**
Income recognized at a certain point in time	248,746	334,112	**582,858**	235,312	363,174	**598,486**
Fixed assets other than financial instruments and deferred tax assets	568,961	53,285	**622,246**	381,815	53,900	**435,715**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

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

									For a 12-month period, ended on 31 Dec. 2024
	Domestic building construction	Building construction in foreign countries,	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Renewable energy sources segment	Modular timber construction	Other segments	Total continued operations
Sales to third party customers	1,462,119	47,892	150,613	246,010	333,414	641,070	91,121	7,550	**2,979,789**
Total sales revenues	**1,462,119**	**47,892**	**150,613**	**246,010**	**333,414**	**641,070**	**91,121**	**7,550**	**2,979,789**
Segments' performance and reconciliation with Group's gross profit									
Cost of goods sold (COGS)	1,356,630	54,599	158,605	216,280	315,651	546,549	111,125	587	**2,760,026**
Sales margin	**105,488**	**(6,707)**	**(7,991)**	**29,730**	**17,763**	**94,521**	**(20,004)**	**6,963**	**219,763**
Sales margin %	7%	(14%)	(5%)	12%	5%	15%	(22%)	92%	**7%**
Other operating profit/loss	(90,446)	(3,231)	(10,819)	(19,250)	(2,413)	(32,117)	(32,017)	(8,817)	**(199,110)**
Segment performance – EBIT	**15,042**	**(9,938)**	**(18,810)**	**10,480**	**15,350**	**62,404**	**(52,021)**	**(1,854)**	**20,653**
EBIT margin	1%	(21%)	(12%)	4%	5%	10%	(57%)	(25%)	**1%**
Share in net profits/losses of equity-accounted subsidiaries	-	-	-	-	-	(1,722)	-	(1,555)	**(3,277)**
Profit (loss) on financial activities (financial income less financial expenses)									**(17,320)**
Gross profit/loss									**56**
Corporate income tax									**17,221**
Net profit/loss									**(17,165)**
Amortization and depreciation	8,870	331	3,442	7,219	5,814	6,432	6,565	4,433	**43,106**
Segment performance – EBITDA	**23,912**	**(9,607)**	**(15,368)**	**17,699**	**21,164**	**68,836**	**(45,456)**	**2,579**	**63,759**
Assets and liabilities									
Pricing of building contracts - assets	**179,074**	**324**	**33,416**	**5,652**	**17,291**	**38,267**	**77,512**	**-**	**351,536**
Other assets									**1,676,401**

Total assets									**2,027,937**
Pricing of building contracts - liabilities	**233,430**	**322**	**15,004**	**11,454**	**2,054**	**79,622**	**90,055**	**-**	**431,941**
Other liabilities									**1,595,996**
Total liabilities									**2,027,937**
Other material items									
Share in performance of associates and joint-ventures measured with equity method	-	-	-	-	-	(1,722)	-	(1,555)	**(3,277)**
Impairment of financial assets and contract valuation assets	(7,190)	(1,320)	(3,255)	(830)	(191)	(17)	-	(1,424)	**(14,227)**
Capital expenditures on tangible fixed and intangible assets	2,449	49	1,497	1,645	8,374	67,650	12,327	284	**94,275**
Interest income	4,814	25	(151)	96	336	4,151	4	46	**9,321**
Interest expenses	12,494	70	(21)	2,402	1,309	3,811	2,343	152	**22,560**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

	Domestic building construction	Building construction in foreign countries,	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Renewable energy sources segment	Modular timber construction	Other segments	For a 12-month period, ended on 31 Dec. 2023 Total continued operations
Total income									
Sales to third party customers	1,423,753	98,844	285,186	209,806	363,187	789,731	51,525	12,331	**3,234,363**
Total sales revenues	**1,423,753**	**98,844**	**285,186**	**209,806**	**363,187**	**789,731**	**51,525**	**12,331**	**3,234,363**
Segments' performance and reconciliation with Group's gross profit									
Cost of goods sold (COGS)	1,371,496	105,751	267,143	187,288	326,234	698,029	62,253	7,058	**3,025,252**
Sales margin	**52,257**	**(6,907)**	**18,043**	**22,518**	**36,953**	**91,702**	**(10,728)**	**5,273**	**209,111**
Sales margin %	4%	(7%)	6%	11%	10%	12%	(18%)	43%	**6%**
Other operating profit/loss	(77,198)	(14,810)	(14,439)	(14,983)	(13,487)	(46,428)	(24,769)	(4,529)	**(210,643)**
One-off expenses	-	-	-	-			-	21,619	**21,619**
Segment performance – EBIT	**(24,941)**	**(21,717)**	**3,604**	**7,535**	**23,466**	**45,274**	**(35,497)**	**22,363**	**20,087**
Segment performance - adjusted EBIT	**(24,941)**	**(21,717)**	**3,604**	**7,535**	**23,466**	**45,274**	**(35,497)**	**743**	**(1,532)**
EBIT margin	(2%)	(22%)	1%	4%	6%	6%	(69%)	181%	1%
Share in net profits/losses of equity-accounted subsidiaries	2,235					(1,125)			**1,110**
Profit (loss) on financial activities (financial income less financial expenses)									**29,277**
Gross profit/loss									**50,474**
Corporate income tax									**27,179**
Net profit/loss									**23,295**
Amortization and depreciation	7,872	901	3,895	5,241	5,432	5,175	3,999	4,419	**36,934**
Segment performance – EBITDA	**(17,069)**	**(20,816)**	**7,499**	**12,776**	**28,898**	**50,449**	**(31,498)**	**26,782**	**57,021**
Segment performance - adjusted EBITDA	(17,069)	(20,816)	7,499	12,776	28,898	50,449	(31,498)	5,162	**35,402**
Assets and liabilities									
Pricing of building contracts - assets	**175,176**	**6,627**	**64,520**	**3,310**	**32,556**	**126,844**	**46,303**	**-**	**455,336**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

Other assets									**1,518,497**
Total assets									**1,973,833**
Pricing of building contracts - liabilities	**216,618**	**51,425**	**17,899**	**13,049**	**1,907**	**86,819**	**-**	**-**	**387,717**
Other liabilities									**1,586,116**
Total liabilities									**1,973,833**
Other material items									
Share in performance of associates and joint-ventures measured with equity method	2,235	-	-	-	-	(1,125)	-	-	**1,110**
Impairment of financial assets and contract valuation assets	(16,367)	(34)	2,028	270	(1,521)	(3,365)	-	(3,211)	**(22,200)**
Capital expenditures on tangible fixed and intangible assets	2,747	70	4,252	2,110	7,727	370	5,325	147	**22,748**
Interest income	66,550	-	1,597	377	88	-	-	1	**68,613**
Interest expenses	20,547	831	6,998	1,960	1,204	86	1,278	181	**33,085**

4.3. SALES REVENUES

Approximately 90% of its revenues the Group generates from the performance of building contracts. Details of the recognition of this category of revenues are provided in Note 2.1.

The main revenue estimates relate to the recognition of revenues generated by the building contracts. These are described in Note 2.1.

The table below presents information on the aggregate amount of transaction prices allocated to performance obligations not performed or not fully performed at the balance sheet date for building contracts:

	31 Dec. 2024	31 Dec. 2023
Total value of opened contracts	7,145,179	6,450,202
- the fixed part of the remuneration	*7,125,962*	*6,421,626*
- the variable part of the remuneration	*19,217*	*28,576*
Cumulative value of revenues under open contracts recognized through the reporting date	4,637,706	4,632,376
The revenues in value terms to be recognized in subsequent periods under open contracts	2,507,473	1,817,826
Long-term (income to be generated in the period from 1 to 3 years from the balance sheet date)	242,645	617,448
Short-term (income to be generated below one year from the balance sheet date)	2,264,828	1,200,378

The total fee for the performance of the contracts will be paid in cash.

Due to the specific nature of long-term contracts in progress, it is not possible to accurately estimate the period over which revenue will be recognised from contracts in progress at a given balance sheet date over a time horizon longer than one year.

Revenues generated by the Group originate from the execution of construction works in Poland and the European Union and from other sales to local customers.

Revenue figures are presented in Note 4.2 Accounting segments.

4.4. COST OF GOODS SOLD (COGS)

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Third party services	1,602,381	1,882,921
including third party services from subcontractors	*1,186,818*	*1,580,854*
Material and energy consumption	691,837	770,727
Employee benefit expenses	527,976	492,836
Amortization and depreciation	43,106	36,927
Taxes and charges	18,044	15,498
Other cost categories	40,742	26,741
Value of goods and materials sold	5,649	3,722
Total costs by type	**2,929,735**	**3,229,372**
Change in the balance of products, work in progress and accrued expenses under building contracts	51,100	6,657
Cost of sale (negative value)	(22,889)	(15,490)
General management and administration costs (negative value)	(197,920)	(195,287)
Manufacturing costs of products sold	**2,760,026**	**3,025,252**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

4.5. EMPLOYEE BENEFIT EXPENSES

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Wages and salaries	426,622	399,057
Expenses related to post-employment defined benefit plans	818	531
Social insurance and other employee benefits	100,536	93,248
Total	**527,976**	**492,836**

4.6. OTHER OPERATING INCOME AND EXPENSES

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Other operating income		
Proceeds from the sales of non-financial fixed assets	4,154	1,866
Penalties, fines and damages	2,642	3,102
Revenues from subsidies received	76	22
Written-off liabilities	130	7,636
Refund of taxes and charges	3,130	2,368
Dissolution of provisions	7,491	71
Millennium Bank compensation income	-	51,384
Other	4,625	2,457
	22,248	**68,906**

		For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
	Other operating expenses		
Note 6.7.	Set up / released provisions	-	715
Note 6.8.	Litigation costs	326	146
	Donations	1,502	1,050
	Penalties, fines and damages	1,597	2,874
	Modlin airport-related compensation expense	-	16,698
	Other	1,985	3,470
		5,410	**24,953**

4.7. FINANCIAL INCOME AND EXPENSES

		For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
	Financial income		
Note 5.1.2	Interest income	**9,321**	**68,613**
	Loans extended expense	2,391	1,516
	Millennium Bank's one-off late payment income	-	60,929
	From settlement of accounts	2,939	2,034
	Other	3,991	4,134
	F/X gains/losses	2,039	5,890
	Other	1,169	3,169
		12,529	**77,672**

		For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
	Financial expenses		
Note 5.1.2	Interest income	**22,560**	**33,085**
Note 3.4.	Issued bond expense	6,326	8,400
Note 3.3.	List of credits and loans	8,033	16,838
Note 3.5.	Lease liabilities	6,119	5,288
	Other	2,082	2,559
	Arrangement fee on bank's overdraft facility	4,028	2,804
	F/X gains/losses	2,544	9,679
	Other	717	2,827
		29,849	**48,395**

4.8. TAXATION

The mandatory burdening of the financial result consists of two elements: current income tax and deferred tax.

Due to temporary differences between the value of assets and liabilities shown in the accounting books and their tax value and the tax loss deductible in the future, the Group companies, using the balance sheet method, set up: deferred income tax liabilities in respect of positive temporary differences and determine deferred tax assets in respect of foreign exchange losses and tax losses, which can be deducted following the prudential principle.

Deferred income tax assets and liabilities are not recognized in the case of temporary differences arising upon initial recognition of an asset or liability in a transaction that is not a business combination and in case of transactions that have no impact on either the accounting or tax result.

Deferred tax assets and liabilities are offset if there is a legal right to set-off tax liabilities and current tax liabilities, and if the deferred tax concerns a tax imposed by the same tax authority on the same taxpayer. It implies that deferred income tax assets and liabilities are compensated in the Group financial statements.

The Group only recognises a tax asset when projections of future financial performance indicate that a taxable profit will be gained to allow the asset to be realised in a specified future.

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

The balance sheet value of an deferred tax asset is verified at each balancing date and is reduced accordingly by as much as it probability dropped to reach taxable income sufficient for partial or total realisation of the deferred tax asset. The Group's projected future financial performance and its impact on the recoverability of deferred tax assets is an element of judgement in determining the recoverability of deferred tax assets.

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

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Gross profit before taxation	**56**	**50,474**
Tax according to the statutory tax rate applicable in Poland - 19%	**10**	**9,590**
Additional tax burden being a result of a rate exceeding 19% in Germany	6,220	8,276
Surplus of non-deductible expenses over non-taxable income	10,549	17,700
Special Economic Zone's support	442	(8,387)
Tax recognized in the financial net profit/loss	**17,221**	**27,179**
Current tax	34,213	54,815
Deferred tax	(16,992)	(27,636)
Effective tax rate	**30751.79%**	**53.85%**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

The table below presents changes in deferred tax assets and liabilities in the accounting year:

		Impact as of			Impact as of		
	1 January 2023	Net profit/loss	Other comprehensive income	31 Dec. 2023	Net profit/loss	Other comprehensive income	31 Dec. 2024
Deferred tax assets							
Pricing of building contracts - liabilities and taxable work in progress	113,321	1,690	-	115,011	17,662	370	133,043
Provisions	12,876	682	-	13,558	1,536	-	15,094
Tax loss	9,015	5,772	2,346	17,133	(5,946)	-	11,187
Special Economic Zone's support	16,800	7,508	-	24,308	442	-	24,750
Accrued wages and salaries, and charges	972	(866)	-	106	334	-	440
Receivables revaluation write-downs	11,783	(2,371)	-	9,412	(652)	-	8,760
Other financial liabilities	2,010	7,092	-	9,102	3,660	-	12,762
Deferred expenses	1,038	(553)	-	485	154	-	639
Other	6,157	1,220	710	8,087	(3,632)	1,242	5,697
Total	**173,972**	**20,174**	**3,056**	**197,202**	**13,558**	**1,612**	**212,372**
Deferred tax liabilities							
Pricing of building contracts - assets	78,447	(2,599)	-	75,848	(7,458)	-	68,390
Conversion of assets into fair value	18,059	(507)	775	18,327	259	7,454	26,040
Balance sheet pricing and liabilities discount	1,918	(611)	-	1,307	403	-	1,710
Accrued interest on debt	1,561	1,814	-	3,375	(1,008)	-	2,367
Accrued revenues	117	49	-	166	199	-	365
Other	6,786	(5,608)	3,655	4,833	4,171	(38)	8,966
Total	**106,888**	**(7,462)**	**4,430**	**103,856**	**(3,434)**	**7,416**	**107,838**
Assets and liabilities set off	91,614			88,052			86,064
Post set-off balance	**97,632**			**124,954**			**148,082**
Assets	82,358			109,150			126,308
Liabilities	15,274			15,804			21,774
Net impact of changes in the period		**27,636**	**(1,374)**		**16,992**	**(5,804)**	

In the year ended on 31 December 2024 and 31 December 2023 there were no negative temporary differences on which no deferred tax assets were recognised.

The table below shows the periods of realisation of deferred income tax assets and liabilities.

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Short-term	114,765	72,018	85,631	78,167
Long-term	97,607	35,820	111,571	25,689
Total	**212,372**	**107,838**	**197,202**	**103,856**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

Pursuant to IFRS 9 the Group classifies financial instruments, into the following categories:

- Assets priced at amortized cost;
- Financial assets priced at fair value through financial profit or loss;
- Financial liabilities priced at amortized cost;
- Derivative instruments determined as hedging instruments in hedge accounting.

In the above categories, the Group has only items measured at amortized cost

Financial assets priced at amortized cost include primarily:

Note 5.1.2.	Financial Assets - Loans Extended
Note 2.2.	Receivables under building contracts - bid bonds
Note 6.5.	Trade receivables
Note 6.5.	Other receivables
Note 2.3.	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 2.2.	Liabilities vis-à-vis subcontractors - bid bonds
Note 2.3.	Liabilities under building contracts
Note 6.9.	Trade payables
Note 6.9.	Other liabilities
Notes 3.2. – 3.5.	Debt

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below shows the carrying amount of key groups of financial assets and financial liabilities by category. The carrying value of financial assets and financial liabilities held by the Group presented in the tables below did not differ significantly from their fair value in both presented periods.

		Financial instrument classes			
	A line in the Statement of Financial Position	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Lease liabilities	Total key categories
	2024				
Notes 5.1.2	Financial assets - loans extended	29,784	-	-	**29,784**
	Financial assets - Other	985	-	-	**985**
Note 2.2.	Receivables under building contracts - bid bonds	44,447	-	-	**44,447**
Note 6.5.	Trade receivables	458,438	-	-	**458,438**
Note 6.5.	Income tax & VAT receivables	22,928	-	-	**22,928**
Note 6.5.	Other receivables	27,008	-	-	**27,008**
Note 2.3.	Pricing of building contracts - assets	351,536	-	-	**351,536**
Note 3.7.	Cash and cash equivalents	300,269	-	-	**300,269**
Note 3.7.	Cash on VAT accounts	29,505	-	-	**29,505**
Note 2.2.	Liabilities vis-à-vis subcontractors - bid bonds	-	149,488	-	**149,488**
Note 2.3.	Liabilities vis-à-vis subcontractors - bid bonds	-	431,941	-	**431,941**
Note 6.9.	Trade payables	-	312,199	-	**312,199**
Note 6.9.	Income tax & VAT tax liabilities	-	26,014	-	**26,014**
Note 6.9.	Other liabilities	-	83,758	-	**83,758**
Note 3.2.-3.5.	Debt	-	211,321	101,820	**313,141**
	Total	**1,264,900**	**1,214 721**	**101,820**	**2,581,441**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

		Financial instrument classes			
	A line in the Statement of Financial Position	**Financial assets measured at amortized cost**	**Financial liabilities measured at amortized cost**	**Lease liabilities**	**Total key categories**
	2023				
Notes 5.1.2	Financial assets - loans extended	22,474	-	-	**22,474**
	Financial assets - Other	950	-	-	**950**
Note 2.2.	Receivables under building contracts - bid bonds	40,111	-	-	**40,111**
Note 6.5.	Trade receivables	479,533	-	-	**479,533**
Note 6.5.	Other receivables	66,333	-	-	**66,333**
Note 2.3.	Pricing of building contracts - assets	455,336	-	-	**455,336**
Note 3.7.	Cash and cash equivalents	263,119	-	-	**263,119**
Note 3.7.	Cash on VAT accounts	44,186	-	-	**44,186**
Note 2.2.	Liabilities vis-à-vis subcontractors - bid bonds	-	164,990	-	**164,990**
Note 2.3.	Liabilities vis-à-vis subcontractors - bid bonds	-	387,717	-	**387,717**
Note 6.9.	Trade payables	-	280,620	-	**280,620**
Note 6.9.	Other liabilities	-	139,775	-	**139,775**
Note 3.2.-3.5.	Debt	-	150,574	88,863	**239,437**
	Total	**1,372,042**	**1,123,676**	**88,863**	**2,584,581**

		Financial instrument classes			
		Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Lease liabilities	Total key categories
	2024				
	Impact on the financial net income				
Note 4.7.	Financial income /(financial expenses) – interest	9,321	(16,441)	(6,119)	**(13,239)**
Note 4.7.	Financial income/(financial expenses) - FX gains/losses	2,039	(2,544)	-	**(505)**
Note 4.2.	Impairment of financial assets and contract valuation assets	(14,227)	-	-	**(14,227)**
	Total	**(2,867)**	**(18,985)**	**(6,119)**	**(27,971)**

		Financial instrument classes			
		Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Lease liabilities	Total key categories
	2023				
	Impact on the financial net income				
Note 4.7.	Financial income /(financial expenses) – interest	68,613	(27,803)	(5,288)	**35,522**
Note 4.7.	Financial income/(financial expenses) - FX gains/losses	5,890	(9,679)	-	**(3,789)**
Note 4.2.	Impairment of financial assets and contract valuation assets	(22,200)	-	-	**(22,200)**
	Total	**52,303**	**(37,482)**	**(5,288)**	**9,533**

5.1.1. FINANCIAL ASSETS

As of 31 December 2024 and as of 31 December 2023 the Group was in the possession of the following items disclosed in the Statement of Financial Position in the financial assets line:

		2024	2023
Note 5.1.2.	Loans extended	29,784	22,474
	Other	4,772	4,211
	Total	**34,556**	**26,685**
	Long-term	24,036	16,734
	Short-term	10,520	9,951

5.1.2. FINANCIAL ASSETS – LOANS EXTENDED

Borrower	Loan currency	Interest rate	Maturity date	2024	2023
FARMA WIATROWA SZYBOWICE SP. Z O.O. (*WIND FARM*)	PLN	WIBOR 3M + margin 2.5 p.p.	22 Nov. 2024	-	PLN 3,496
FARMA WIATROWA SZYBOWICE SP. Z O.O. (*WIND FARM*)	PLN	WIBOR 3M + margin 2.5 p.p.	4 Dec. 2025	-	1,489
kWe	PLN	WIBOR 3M + margin 3 p.p.	31 Dec. 2028	5,756	4,738
SOLAR SERBY	PLN	WIBOR 3M + margin 3 p.p.	4 Mar. 2024	-	213
SOLAR SERBY	PLN	WIBOR 3M + margin 3 p.p.	17 Jan. 2029	11,450	4,862
IVT personnel	EUR	0.-0.5%	31 Dec. 2024	24	49
IVT personnel	EUR	0.-0.5%	31 Dec. 2025	7	8
Sanssouci Karpacz Sp. z o.o.	PLN	10.00%	31 Dec. 2024	6,317	5,861
JV PABC Sp. z o.o.	PLN	3 M Euribor + 2.2% - 3.5%	31 Dec. 2024	460	332
Solar Kazimierz Biskupi Sp. z o.o.	PLN	WIBOR 3M + margin 2.5 p.p.	7 Dec. 2027	5,770	1,112
Solar Kazimierz Biskupi Sp. z o.o.	EUR	WIBOR 3M + margin 2.5 p.p.	7 Dec. 2027	-	314
Total including:				**29,784**	**22,474**
Long-term				22,982	12,523
Short-term				6,802	9,951

There is credit risk and currency risk associated with the loans, which are described in Note 5.2, respectively. Loans granted are classified at Level 1 of the impairment model. The loans extended are, according to the Group's opinion, assets with a high credit rating for the purposes of the ECL model.

Debt instruments held to collect contractual cash flows that comprise solely payment of principal and interest ('SPPI') are priced at amortized cost. Upon initial recognition, these financial assets are recognized at fair value plus transaction costs. Interest income is measured using the effective interest rate method and disclosed under "Interest income" in the financial income. The impairment losses are presented under "Reversal of impairment/(loss) of value of financial assets and assets from valuation of contracts with customers".

The value of financial assets is updated with an impairment loss calculated using the expected credit loss method. The Group uses a three-step impairment model for financial assets:

- Level 1 - balances for which credit risk has not increased significantly since initial recognition or have low credit risk. Expected credit losses are determined based on the probability of default within 12 months (i.e., the total expected credit loss is multiplied by the probability that the loss will occur within the next 12 months);
- Level 2 - includes balances for which there has been a significant increase in credit risk since initial recognition but no objective evidence of impairment; expected credit losses are determined based on the probability of default over the contractual life of the asset.
- Level 3 - includes balances with objective evidence of impairment.

If the loans granted have low credit risk, the allowance for expected credit losses recognized during the period is limited to 12 months of expected credit losses.

To the extent that it is necessary to assess whether there has been a significant increase in credit risk under the above model, the Group considers the following considerations in making this assessment:

- the loan is at least 30 days past due,
- legislative, technological or macroeconomic changes have occurred that have a significant negative impact on the debtor,
- there has been information about a significant adverse event relating to a loan or another loan of the same debtor from another lender, e.g. termination of a loan agreement, breach of its terms or renegotiation of its terms due to financial difficulties, etc.,
- the debtor has lost a significant customer or supplier or experienced other adverse changes in its market.

Financial assets are written off, in whole or in part, when the Group has exhausted virtually all collection efforts and determines that the receivable can no longer be reasonably expected to be recovered. This typically occurs when an asset is at least 360 days past due.

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

5.2.1. MARKET RISK – CURRENCY RISK

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

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

		2024		
		Currency risk exposure (in '000 PLN)	Impact on the Statement of Profit/Loss ('000 PLN)	
			exchange rate change +10%	exchange rate change -10%
	Assets			
Note 3.7.	Cash and cash equivalents	84,728	8,473	(8,473)
Note 6.5.	Trade receivables	108,822	10,882	(10,882)
Note 6.5.	Income tax & VAT receivables	95	10	(10)
Note 6.5.	Other receivables	36,383	3,638	(3,638)
Note 2.2.	Receivables under building contracts - bid bonds	18,403	1,840	(1,840)
Note 5.1.2.	Financial assets - loans extended	137	14	(14)
	Liabilities			
Note 3.3.-3.5	Debt	56,666	(5,667)	5,667
Note 6.9.	Trade payables	16,980	(1,698)	1,698
Note 6.9.	Other liabilities	24,780	(2,478)	2,478
Note 2.2.	Building contract liabilities - bid bonds	251	(25)	25
	Impact of exchange rate changes - total assets and liabilities	**347,245**	**14,989**	**(14,989)**

		2023		
		Currency risk exposure (in '000 PLN)	Impact on the Statement of Profit or Loss ('000 PLN)	
			exchange rate change +10%	exchange rate change -10%
	Assets			
Note 3.7.	Cash and cash equivalents	68,066	6,807	(6,807)
Note 6.5.	Trade receivables	149,286	14,929	(14,929)
Note 2.2.	Receivables under building contracts - bid bonds	16,547	1,655	(1,655)
Note 5.1.2.	Financial assets - loans extended	57	6	(6)
	Liabilities			
Note 3.3.-3.5	Debt	76,636	(7,664)	7,664
Note 6.9.	Trade payables	47,600	(4,760)	4,760
Note 2.2.	Building contract liabilities - bid bonds	523	(52)	52
	Impact of exchange rate changes - total assets and liabilities	**358,715**	**10,921**	**(10,921)**

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 3.3), and lease products (Note 3.5), used by the Group.

In addition, the Group invests idle cash partly into variable interest rate deposits and extends mainly variable interest rate loans.

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

The Group monitors the exposure to interest rate risk and prepares interest rate forecasts.

A sensitivity analysis of variable interest rate items to interest rate volatility is presented in the table below:

	2024			2023		
	Carrying amount of the item bearing interest at a variable interest rate	Impact on the Statement of Profit or Loss		Carrying amount of the item bearing interest at a variable interest rate	Impact on the Statement of Profit/Loss	
		+100 bp	-100 bp		+100 bp	-100 bp
Cash and cash equivalents	35,207	352	(352)	2,228	22	(22)
Financial assets - loans extended	23,435	234	(234)	16,556	166	(166)
Credit and loan liabilities	124,683	(1,247)	1,247	58,929	(589)	589
Debt related to issued bonds	76,720	(767)	767	76,678	(767)	767
Lease liabilities	89,235	(892)	892	84,618	(846)	846
Total impact		**(2,320)**	**2,320**		**(2,014)**	**2,014**

The table below shows items bearing a fixed interest rate:

	2024	2023
	Balance sheet value of items not subject to market risk	Balance sheet value of items not subject to market risk
Cash and cash equivalents	265,062	260,891
Financial assets - loans extended	6,349	5,918
Credit and loan liabilities	9,918	14,967
Lease liabilities	12,585	4,245
	293,914	**286,021**

5.2.3. CREDIT RISK

The Group's financial assets that are exposed to credit risk are mainly the items listed in the table below:

		2024	2023
Note 3.7.	Cash and cash equivalents	300,269	263,119
Note 3.7.	Cash on VAT accounts	29,505	44,186
Note 5.1.2.	Financial Assets - Loans Extended	29,784	22,474
Note 6.5.	Trade receivables	458,438	479,533
Note 2.2.	Receivables under building contracts - bid bonds	44,447	40,111
Note 2.3.	Pricing of building contracts - assets	351,536	455,336
	Total	**1,213,979**	**1,304,759**

Cash and cash equivalents

The Erbud S.A. Group minimises the credit risk associated with cash and cash equivalents by diversifying the banks used to conclude investment transactions. The Group does business with financial institutions with high credibility, as indicated in the table below. There is a significant credit risk concentration at particular reporting dates - information on the amount of cash balances held with one financial institution is shown below.

The breakdown of cash and cash equivalent balances by credit rating is shown in the table below. AA, A-, BBB+, BBB according to Euro Rating agency are investment grades.

According to the Euro Rating agency	2024	2023
Banks with AA- grade	7%	2%
Banks with A+ grade	53%	59%
Banks with A+ grade	6%	7%
Bank with A- grade	0%	3%
Banks with BBB+ grade	5%	3%
Banks with BBB- grade	29%	24%
Banks with BB+ grade	0%	2%
	100.0%	**100.0%**

As of 31 December 2024, the value of cash assets and cash equivalents placed with a single financial institution accounted for approximately 53% of the total balance.

As of 31 December 2023, the value of cash assets and cash equivalents placed with a single financial institution accounted for approximately 59% of the total balance.

The entire balance of cash and cash equivalents as of the respective balance sheet dates is included in Degree 1 of the impairment model (i.e., balances for which credit risk has not increased significantly since initial recognition).

The allowance for impairment of cash and cash equivalents was determined individually for each balance related to the financial institution. External bank rating grades and publicly available information on default rates for a given grade established by Euro Rating agency were used to assess credit risk. The analysis showed that these assets have low credit risk at the accounting date. The Group took advantage of the simplification permitted by the standard and the impairment charge was determined on the basis of 12-month credit losses. The calculation of write-off showed an immaterial amount of impairment loss.

Trade receivables and building contract assets

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

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

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

5.2.4. LIQUIDITY RISK

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

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

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

The table below shows the Group's financial liabilities as of 31 December 2024 by maturity date based on contractual non-discounted payments.

						2024
	Below 3 months	3-12 months	1-5 years	Above 5 years of age	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	17,743	17,508	104,067	-	**139 318**	**134,601**
Debt related to issued bonds	-	76,720	-	-	**76,720**	**76,720**
Lease liabilities	7,203	22,315	83,473	4,351	**117,342**	**101,820**
Liabilities vis-à-vis subcontractors - bid bonds	40,882	94,430	19,546	1,559	**156,417**	**149,488**
Trade payables	312,199	-	-	-	**312,199**	**312,199**
Total	**378,027**	**210,973**	**207,086**	**5,910**	**801,996**	**774,828**

						2023
	Below 3 months	3-12 months	1-5 years	Above 5 years of age	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	22,509	16,703	37,184	-	**76,396**	**73,896**
Debt related to issued bonds	-	1,678	75,000	-	**76,678**	**76,678**
Debt related to financial lease	6,073	19,051	71,323	2,580	**99,027**	**88,863**
Liabilities vis-à-vis subcontractors - bid bonds	45,410	99,014	24,029	4,799	**173,252**	**164,990**
Trade payables	280,620	-	-	-	**280,620**	**280,620**
Total	**354,612**	**136,446**	**207,536**	**7,379**	**705,973**	**685,047**

5.2.5. CLIMATE RISK

The Erbud S.A. Group monitors the impact of climate risks on the Group's operations and, at present, does not identify any significant impact of climate factors on its operations. The Erbud Group has consistently pursued its ESG strategy, adhering to the required environmental aspects, investing in the development of RES projects, as well as in timber construction sector.

6. OTHER NOTES

6.1. TANGIBLE FIXED ASSETS

The most significant items of property, plant and equipment are land, buildings and structures. Fixed assets under construction are also a significant item. In addition, the Group also owns technical appliances and machinery.

Tangible fixed assets are carried at purchasing price /manufacturing cost less depreciation and all impairment write-offs. When the Group identifies indications that the tangible fixed assets may be impaired, it performs an impairment test based on an estimate of the recoverable amount of the property, plant and equipment. Recoverable amount is determined as the higher of the value that is realizable upon sale of a given non-current asset less costs to sell or the value in use calculated based on the discounted cash flows to be generated by a given non-current asset or group of assets.

The initial value of tangible fixed assets comprises their purchasing price plus all costs connected directly with the purchase and adaptation of the asset to the condition fit for use. The initial value also comprises the cost of spare parts of machinery and equipment when incurred, if the recognition criteria are met, i.e. a member company of Erbud Group expects that spare parts will be used for more than one year and it is possible to assign them to a specific item of tangible fixed assets.

Costs incurred after the date of commissioning of a fixed asset such as maintenance and repair costs, are recognized in the net financial income when incurred.

The Group annually verifies the residual value, useful life and depreciation methods of tangible fixed assets. There were no changes in the remaining estimated useful lives, depreciation methods or residual values of fixed assets as a result of the reviews carried out on 31 December 2024 and on 31 December 2023.

Depreciation rates are by class of fixed assets (including the right to use assets that belong to a particular category):

- Buildings and structures – 2% - 4,5%
- Technical appliances and machinery – 6% - 30%
- Means of transport – 12,5% - 20%
- Other – 10% - 33%
- Lands are not depreciated.

The rights to use the assets are amortized over a period that reflects the effective term for which contracts have been signed.
For leased assets of the Group, depreciation rates coincide with depreciation rates for its own assets belonging to the same category because the lease term corresponds to the economic useful life of the asset (including renewal options) or the contract includes an option to purchase the asset and it is reasonably certain that the Group will exercise the option.

Fixed assets under construction are priced at the level of costs connected directly with their acquisition or manufacturing including costs of financing, less write-downs for impairment. Fixed assets under construction are not depreciated until their construction has been completed.

Lease accounting policy effective from 1 January 2019:

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

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

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

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

Each lease payment is allocated between a liability and a finance expense. After initial recognition, lease liabilities are measured using the effective interest rate. The carrying amounts of the liabilities are updated to reflect the change in

estimated lease term, option to redeem, change in lease payments and guaranteed residual value and lease contract modifications.

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

As of 31 December 2024 the Group held the following categories of tangible fixed assets including right to use assets:

	2024			2023		
Tangible fixed assets category	**Gross value**	**Depreciation and write-offs**	**Net value**	**Gross value**	**Depreciation and write-offs**	**Net value**
Lands (including right of perpetual usufruct to land)	36,862	403	36,459	28,840	1,780	27,060
including lease	13,745	1,524	12,221	4,599	1,089	3,510
Buildings and structures	108,268	12,513	95,755	146,157	44,943	101,214
including lease	33,476	6.347	27,129	42,617	14,431	28,186
Technical appliances and machinery	67,911	9,165	58,746	99,078	53,283	45,795
including lease	33,870	5,243	28,627	37,006	9,193	27,813
Means of transport	73,149	15,634	57,515	95,737	49,359	46,378
including lease	49,813	9,426	40,387	53,730	19,926	33,804
Other fixed assets	10,830	2,738	8,092	24,906	17,077	7,829
including lease	281	143	138	199	48	151
Fixed assets under construction	91,389	-	91,389	5,624	-	5,624
Total	**388,409**	**40,453**	**347,956**	400,342	166,442	233,900

The Group concluded lease contracts for an average period of 3 to 5 years. Leases include mainly means of transport and leases of offices, warehouses and rights of perpetual usufruct to land. These contracts mostly (except for perpetual usufruct rights) contain an option of contract renewal after the end of the basic period. Additionally, under the concluded lease contracts for the means of transport the Group is entitled to repurchase the leased asset at the end of contract life.

Debt related to lease contracts is referred to in Note 3.5.

6. OTHER NOTES

	Lands including right of perpetual usufruct to land	Buildings and structures	Technical appliances and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Intangible assets	Total
Net value as of 1 January 2023	**35,663**	**94,234**	**43,513**	**45,029**	**7,629**	**3,709**	**13,546**	**243,322**
Increases:								
Acquisition	-	132	5,678	5,542	3,394	6,835	1,167	**22,748**
Lease	-	15,435	4,078	11,608	49	-	-	**31,170**
Acceptance of fixed assets	-	296	1,068	2,800	168	(1,711)	2,229	**4,850**
Other, including reclassification adjustments	-	2,636	(543)	(3,143)	(185)	(3,036)	(1,038)	**(5,309)**
Decreases:								
Amortization and depreciation	410	10,727	7,571	13,495	2,621	-	2,003	**36,827**
Disposal and liquidation	-	-	15	940	135	-	-	**1,090**
Other	8,119	(6)	317	341	-	132	-	**8,903**
Foreign exchange gains and losses from translation	(74)	(798)	(96)	(682)	(470)	(41)	(296)	**(2,457)**
Net value as of 31 December 2023	**27,060**	**101,214**	**45,795**	**46,378**	**7,829**	**5,624**	**13,605**	**247,505**
Net value as of 1 January 2024	**27,060**	**101,214**	**45,795**	**46,378**	**7,829**	**5,624**	**13,605**	**247,505**
Increases:								
Purchase of which: fixed assets developed internally	-	557	2,185	5,128	2,725	82,428	1,252	**94,275**
Lease	9,089	5,355	5,563	21,370	27	-	-	**41,404**
Acceptance of fixed assets	730	1,398	14,826	2,385	424	(9,605)	2,389	**12,547**
Other, including reclassified inventories	-	-	-	-	-	12,946	-	**12,946**
Decreases:								
Amortization and depreciation	404	12,513	9,165	15,634	2,738	-	2,652	**43,106**
Disposal and liquidation	-	-	439	1,937	66	-	-	**2,442**
Foreign exchange gains and losses from translation	(16)	(256)	(19)	(175)	(109)	(4)	(62)	**(641)**
Net value as of 31 December 2024	**36,459**	**95,755**	**58,746**	**57,515**	**8,092**	**91,389**	**14,532**	**362,488**

7. OTHER NOTES

Amortization and depreciation

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
General and administrative (G&A) costs	20,793	16,745
Costs of products and services sold	22,313	20,082
Total	**43,106**	**36,827**

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 the financial statements, the Group did not enter into leases with a term of less than 12 months. The signed lease contracts did not comprise a variable fee for the Lessor.

Charges associated with all short-term leases and leases of low-value assets are recognized as an expense in the financial net income on a straight-line basis. At the time of initial application of the standard, for all lease contracts, except for short-term leases and leases of low-value assets, previously classified as operating leases:

7. OTHER NOTES

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

	LANDS INCLUDING RIGHT OF PERPETUAL USUFRUCT TO LAND	BUILDINGS AND STRUCTURES	TECHNICAL APPLIANCES AND MACHINERY	MEANS OF TRANSPORT	OTHER FIXED ASSETS	TOTAL
Net value as of 1 Jan. 2023	**12,032**	**19,240**	**27,330**	**34,817**	**186**	**93,605**
Increase due to acquisition	-	296	282	3,321	56	**3,955**
Increase due to opened lease contracts	-	15,435	4,078	11,608	49	**31,170**
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	(23)	(3,349)	-	**(3,372)**
Amortization and depreciation	(385)	(4,618)	(3,558)	(10,409)	(38)	**(19,008)**
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	-	1,163	-	**1,163**
Other	(8,136)	(1,926)	(296)	(3,347)	(102)	**(13,807)**
Foreign exchange gains and losses from translation	(1)	(241)	-	-	-	**(242)**
Net value as of 31 Dec. 2023	**3,510**	**28,186**	**27,813**	**33,804**	**151**	**93,464**
Net value as of 1 Jan. 2024	**3,510**	**28,186**	**27,813**	**33,804**	**151**	**93,464**
Increase due to acquisition	-	-	-	397	-	**397**
Increase due to opened lease contracts	9,089	3,340	5,586	21,370	27	**39,412**
Increase due to capex on tangible fixed assets under construction and advances on tangible fixed assets	-	2,016	-	-	-	**2,016**
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	(1,432)	(10,093)	-	**(11,525)**
Amortization and depreciation	(378)	(6,347)	(3,936)	(9,426)	(40)	**(20,127)**
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	596	6,111	-	**6,707**
Other	-	-	-	(1,776)	-	**(1,776)**
Foreign exchange gains and losses from translation	-	(66)	-	-	-	**(66)**
Net value as of 31 Dec. 2024	**12,221**	**27,129**	**28,627**	**40,387**	**138**	**108,502**

	Net value	
	31 Dec. 2024	31 Dec. 2023
Lands (including right of perpetual usufruct to land)	12,221	3,510
Buildings and structures	27,129	28,186
Technical appliances and machinery	28,627	27,813
Means of transport	40,387	33,804
Other fixed assets	138	151
Total impact	**108,502**	**93,464**

6.1.1. AMOUNTS OF CONTRACTUAL OBLIGATIONS TAKEN TO ACQUIRE TANGIBLE FIXED ASSETS

As at 31 December 2024 and 31 December 2023, the Group has no contractual liabilities in respect of capital asset purchase agreements and has entered into lease contracts where the lease term has not yet commenced and is therefore not included in lease liabilities.

6.2. GOODWILL

Goodwill arises as a result of accounting for the acquisition of projects using the acquisition method - details are provided below.

Accounting principles concerning goodwill impairment are described in Note 6.3.

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Opening balance of goodwill	**40,217**	**41,588**
Additions	2,909	349
Decreases:	(78)	(409)
Foreign exchange gains and losses from translation	(288)	(1,311)
Closing balance of goodwill	**42,760**	**40,217**
Including acquisitions:		
ONDE S.A.	18,274	18,274
Erbud Holding GmbH	16,390	16,678
Other	8,096	5,265

6.3. FIXED ASSETS IMPAIRMENT

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

Tangible fixed assets impairment

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

Goodwill impairment

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

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

The goodwill impairment test, which was carried out as of 31 December 2024, did not indicate any need to make an impairment write-off.

6.4. INVENTORY

The following items are mainly recognized in individual inventory categories:

- Materials – items kept at storage sites to be used in manufacturing processes, especially for the application in the construction activities;
- Merchandise;
- Work in progress;
- Finished goods;
- RES projects.

Materials are valued at the purchase price, and their expenditure is accounted for using the FIFO ("first in-first out") method. Work in progress and finished goods are valued at the direct cost of materials and labour, together with an appropriate mark-up of indirect production costs determined assuming regular capacity utilization, excluding borrowing costs. At the balancing date the inventory is priced taking lower of the two values: purchasing price or the cost of manufacturing and net selling price.

Under materials the Group posts construction site stored inventories for general purposes, low processing degree that could be used in a straightforward manner and without incurring material costs for other contracts or sold (if they turn out to be redundant in case of execution of a certain contract). The inventory items are not items stored on construction sites with a specific use on a certain construction site or processed on the company own or by the subcontractor, generally these are items where it is not certain whether they could be used for other contracts or sold. Such items are charged directly to the cost of the contract and are thus included in the valuation of the contract by completion degree (details are provided for in Note 2.1.).

As renewable energy projects, the Group identifies a separate category of finished products, which are wind farm and photovoltaic projects developed in-house. RES projects are valued at the lower of cost and net achievable price from sales. The net selling price is the estimated selling price evaluated by management based on market data.

	2024	2023
Materials	49,557	34,063
Work in progress	5,885	2,192
Finished goods	4,231	366
Merchandise	2,858	1,421
RES projects	111,364	102,250
Gross value of inventory	**173,895**	**140,292**
Impairment write-offs for inventory	1,556	628
Net value of inventory	**172,339**	**139,664**

6.5. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

Trade receivables, which generally have a term of between 30 and 180 days, are carried at their nominal value, i.e. at the amount originally invoiced. Trade receivables are held for collection and meet the SPPI test, therefore, as of the balance sheet date, these items are measured at amortized cost, including a contingent impairment loss calculated using the expected loss model.

Receivables from the State budget are recognised at the amount due to the Group pursuant to applicable laws and regulations.

IFRS 9 requires the estimation of expected loss for trade receivables, regardless of whether there was any indication of impairment or not. For trade receivables, the Group uses the simplified approach and measures impairment losses at the amount of credit losses expected over the life of the receivable from moment of initial recognition.

For trade receivables that have been assessed as not impaired based on the portfolio analysis performed, the estimation of impairment losses, if any, is based on the use of an write-off matrix where write-offs are calculated for trade receivables classified into different aging categories (past due periods) using a default rate. The default rate is determined based on historical data (calculated on the basis of the last 5 years) adjusted for the impact of future factors.

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

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

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

	2024			2023		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	510,560	52,122	458,438	538,677	59,144	479,533
Receivables from corporate income tax	3,958	-	3,958	82	-	82
VAT tax receivables	18,970	-	18,970	23,633	-	23,633
Other budget receivables	1,616	-	1,616	-	-	-
Other receivables	25,474	82	25,392	43,828	1,210	42,618
Total	**560,578**	**52,204**	**508,374**	**606,220**	**60,354**	**545,866**

Other receivables mainly include receivables from the sale of fixed assets, paid deposits and bid bonds.

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

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Opening balance of write-downs	**60,354**	**49,176**
Setting up/(reversal)of individual write-offs	5,396	5,733
Setting up of write-offs according to write-off matrix	3,994	7,316
Use of individual write-offs	(17,909)	(1,168)
Other	724	98
FX gains and losses from translation	(355)	(801)
Closing write-offs, of which:	**52,204**	**60,354**
Matrix-based calculated write-off	22,415	18,421
Individual write-off	29,789	41,933

	2024	2023
Non-past due receivables:	**278,382**	**321,801**
Past due receivables:	**180,056**	**157,732**
below 1 month	78,631	37,580
1-3 months	38,635	37,362
3-6 months	2,502	32,600
6 months - 1 year	16,590	14,777
Above 1 year	43,698	35,413
Total trade receivables, net	**458,438**	**479,533**

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

The Group is exposed to credit risk and foreign currency risk arising from trade receivables. However, there is no concentration of credit risk related to trade receivables since the Group has a large number of domestic customers. All receivables, except for those individually written off, are rated by the Group as having the highest internal credit rating. For all receivables except those written-off individually, the Group estimates a write off for expected credit losses in an amount equal to 12 months expected credit losses.

6.6. OTHER ASSETS

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

In the "Prepayments" line the Group recognises amounts paid on account of concluded preliminary agreements for the acquisition of shares in Companies which do not meet the definition of derivatives under IFRS 9.

	2024	2023
Insurance	5,285	3,776
Other	4,359	4,220
Total	**9,644**	**7,996**

6.7. PROVISIONS

The Provisions category mainly comprises provisions for warranty repairs, provisions for employee benefits and post-employment benefits, and provisions for litigations and disputes.

Provisions for warranty repairs

Provisions for warranty repair costs result from the Company's warranty extended for construction services. Provisions are set up in the amount determined with percentage rate, which is a quotient of historically incurred costs for warranty repairs and historically posted revenues generated by the execution of building contracts. The costs of provision for warranty repairs are posted into costs of services sold. In the case of non-construction services, mainly maintenance services, the provision for the costs of warranty repairs is set up on the basis of historical data and a reliable estimate of the amount of the related obligation. The assumptions used to calculate the provision for warranty repairs as of 31 December 2024 were based on the records of warranty repairs between 2019 and 2024 and as of 31 December -2023 - between 2019 and 2023 respectively.

Provision for benefits in the post-employment period

This category comprises provisions for retirement and pension severance pays, to be paid by the Group under the effective law and the remuneration rules and regulations. The amount of the provision is determined at the present value using actuarial techniques requiring the adoption of certain assumptions. Assumptions vital to pricing include the levels of discount rates, projected rates of return on assets (ROA), forecast wage increases. Due to pricing complexity, the assumptions made, its long-term nature, the liabilities related to the above mentioned benefits are very sensitive to assumption changes. All the above assumptions are verified and updated at the end of each reporting period.

Provisions for litigation and disputes

Detailed analysis of potential risks related to litigation, making decisions about a need to reflect the impact of such litigation in the Group's financial statements and the amount of the provision are made by the legal departments and the Management Board.

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. 2023	**35,765**	**12,801**	**1,432**	**6,404**	**56,402**
Increase	781	4,096	134	19,055	24,066
Release	346	3,702	634	729	5,411
Increase due to merger	23	(15)	-	353	361
Utilisation	-	431	-	2,823	3,254
FX gains and losses from translation	(139)	(730)	-	(750)	(1,619)
As of 31 Dec. 2023	**36,084**	**12,019**	**932**	**21,509**	**70,544**
short-term	27,046	152	896	20,529	48,623
long-term	9,038	11,867	36	980	21,921
As of 1 Jan. 2024	**36,084**	**12,019**	**932**	**21,509**	**70,544**
Increase	16,501	6,409	-	3,954	26,864
Release	13	6,277	-	15,782	22,072
Increase due to acquisition	21	211	-	-	232
Utilisation	10,916	221	-	3,436	14,573
FX gains and losses from translation	(30)	(158)	-	(195)	(383)
As of 31 December 2024	**41,647**	**11,983**	**932**	**6,050**	**60,612**
short-term	28,365	104	896	5,530	34,895
long-term	13,282	11,879	36	520	25,717

6.8. DISPUTES

Both in cases where the Erbud S.A. Group is the plaintiff (cases for receivables) and in cases where the Erbud S.A. Group is the defendant (cases for liabilities), the position of the Erbud S.A. Group and its legal advisers indicates that the cases will be resolved in favour of the Erbud S.A. Group.

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

Party to the Dispute	Description of the Subject of the Dispute
Defendant: BEST Deweloper Sp. z o.o. Court: District Court in Szczecin Date of filing a lawsuit: 6 February 2023 Value of the dispute: PLN 6.050.337,37	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 basis 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. District Court ordered exchange of pleadings, without establishing the date for first hearing. Upon the amicable request of the Parties, the Court, by virtue of order of 15 July 2024, referred the Parties to mediation. During the mediation process, the parties reached a partial settlement under which Best Developer paid PLN 739,152 plus interest of PLN 219,943.30. No date for the first hearing. The Management Board expects a positive outcome. The receivable (PLN 4.892.278,61) has been written off in accordance with the write-off matrix.
Defendant: Independent Public Clinical Hospital No. 2 of the Pomeranian Medical University in Szczecin Court: District Court in Szczecin, 8th Commercial Division 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 "PUM" 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 Defendant filed a response to the lawsuit. The first hearing was set for 24 October 2024. The case was adjourned without a date, and the court stayed the proceedings at the joint request of the parties. A meeting with the parties has been scheduled for 14 March 2025 to discuss the terms of the settlement. Estimated date for dispute settlement before the Court of First Instance: 2027 The Management Board expects a positive outcome.
	The value of other litigations where ERBUD S.A. is the Plaintiff totals PLN 24.055.539,99.

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

Party to the Dispute	Description of the Subject of the Dispute
Defendant: Platinum Resort Sp. z o.o. Date of filing a lawsuit: 3 December 2018 Value of the litigation: PLN 16.301.236,97 Counterclaim: Defendant: ERBUD S.A. Date of filing a lawsuit: 27 April 2019 Value of the litigation: PLN 13.516.629,86	ERBUD filed a request with the District 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 with land development in Żeromskiego Street in the City of Świnoujście" by encumbering the properties belonging to Platinum Resort Sp. z o.o. with a joint compulsory mortgage. By virtue of Decision of 19 November 2018, the court granted security through the registration of a tacit mortgage in the land and mortgage registers of the aforementioned property. The court heard the oral evidence provided by the witnesses. Expert evidence concerning this case will be heard by the court . The court decided to admit expert evidence involving his opinion. The content of expert's opinion is advantageous for the Company. On 17 April 2024, the Court awarded Erbud S.A. with the following: • PLN 14,600,577.00 with statutory default interest charged on the amounts of PLN 5,455,851.09 from 1 June 2018 and on the amount of PLN 9,144,725.89 from 25 October 2018 the amount of PLN 19.311,00 for the costs of the security proceedings;

Party to the Dispute	Description of the Subject of the Dispute
	• dismissed the remaining scope of the claim. • dismissed the counterclaim of the Platinum Resort. An appeal hearing was held. The Court of Appeal's decision is expected to be announced on 11 March 2025. The Management Board believes that the Company's position is justified.
Plaintiff: Silesia Property sp. z o.o. Date of filing a lawsuit: 23 December 2024 Value of the dispute: PLN 52.686.247,51	By statement of claim dated 23 December 2024, Silesia Property Sp. z o.o. claims payment of PLN 52,686,247.51 from Erbud S.A. for reimbursement of the costs of roof replacement (under warranty repair) performed by Erbud S.A. in connection with the performance of the contract dated 25 August 2010 for the design and construction of the Silesia City Centre shopping centre at 107 Chorzowska Street in Katowice. On 25 February 2025 Erbud S.A. filed a response to the lawsuit requesting that the lawsuit be dismissed in its entirety. In the opinion of Erbud S.A., there are no grounds for the Arbitration Court to grant Silesia Property Sp. z o.o.'s claims in their entirety due to the lack of a valid arbitration clause, the nature of the claims asserted (legal basis), the factual circumstances of the case and, finally, the plea of limitation. The parties are currently in the process of finalising the composition of the Arbitral Tribunal and the timing of the proceedings. Estimated date for concluding the dispute before the Arbitral Tribunal: 2027 The Management Board believes that the Company's position is justified. No provision has been made for litigation.
Plaintiff: The Wielkopolskie Province Date of filing a lawsuit: 15 October 2024 Value of the dispute: PLN 7.700.000	The Wielkopolskie Province with the seat of the Marshal's Office of the Wielkopolskie Province in Poznań, by action of 15 October 2024, claims that ERBUD S.A. to pay in its favour the sum of PLN 7,700,000, together with statutory default interest calculated on the amount of PLN 5,790,000 for the period from 5 December 2023 to the date of payment and on the amount of PLN 1,980,000 for the period from 5 December 2023 to the date of payment and PLN 1,980,000 for the period from the day following the delivery of the statement of claim to the date of payment) for a contractual penalty for delay in the removal of ceiling defects discovered during the warranty period under the contract for the construction of an office building for the Marshal of the Wielkopolskie Province in Poznań at 34 Niepodległości Avenue. On 4 December 2024 Erbud S.A. filed a response to the lawsuit requesting that the lawsuit be dismissed in its entirety. In the opinion of Erbud S.A., the nature of the claims asserted (legal grounds) and the factual circumstances of the case do not provide grounds for accepting the claims of the Wielkopolskie Province in their entirety. A first hearing date has been set for 27 March 2025 to hear witnesses. Estimated date for dispute settlement before the Court of First Instance: 2027 The Management Board believes that the Company's position is justified. No provision has been made for litigation.
Plaintiff: The Wielkopolskie Province Date of filing a lawsuit: 11 December 2024 Value of the dispute: PLN 12.670.000	The Wielkopolskie Province with the registered office of the Office of the Marshal of the Wielkopolskie Province in Poznań requests that the Court authorise Erbud S.A. to carry out, at the expense of Erbud S.A., a repair project and replacement of the defective façade in the building which is the registered office of the Office in Poznań, located at 34 Niepodległości Avenue in Poznań, on the K-0 storey, i.e. in the main lobby, as part of maintenance bond.. Erbud S.A. is currently preparing a defence strategy and a response to the lawsuit, which must be submitted by 31 March 2025. In the opinion of Erbud S.A., the nature of the claims asserted (legal grounds) as well as the factual circumstances of the case do not provide grounds for accepting the claims of the Wielkopolskie Province in their entirety. Proceedings for the taking of evidence are underway - expert opinions are being prepared. Estimated date for dispute settlement before the Court of First Instance: 2027 The Management Board believes that the Company's position is justified. No provision has been made for litigation.
Plaintiff – Puławy S.A. Nitrogen Fertilizer Plant	Status of the case: the court refused to issue an order for payment and referred the case for trial. The claim covers the Plaintiff's contractual penalty for failure to complete the stage of the works on time, i.e. the milestone - Signing of the Boiler Handover Certificate,

Party to the Dispute	Description of the Subject of the Dispute
Date of filing a lawsuit: 9 October 2024 Value of the dispute: PLN 18,132,376.00	the subject of which was the obligation of the Plaintiffs' as Contractors to complete, on a turnkey basis, all supplies, civil works and services necessary for the design, construction, commissioning and handover for operation and use of the K2 Steam Boiler). The Defendants filed a response to the lawsuit. The Management Board's position on the case: the Board sees opportunities for an amicable settlement. Estimated date for dispute settlement before the Court of First Instance: 2027 The Management Board believes that the Company's position is justified. No provision has been made for litigation.
	Total value of other proceedings where ERBUD S.A. is the defendant: PLN 13.428.163,62

6.9. TRADE PAYABLES, OTHER LIABILITIES

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

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

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

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

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

Short-term employee benefit liabilities

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

	2024	2023
Trade payables	**312,199**	**280,620**
Liabilities vis-à-vis budget in relation to:	**26,014**	**51,358**
VAT tax	10,568	28,073
corporate income tax	15,446	23,285
Other liabilities	**83,758**	**88,417**
wages and salaries	16,244	14,189
accruals	2,389	1,017
short-term employee benefit liabilities	33,318	35,826
other taxes	21,800	18,861
other	10,007	18,524
Total	**421,971**	**420,395**

6.10. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January 2024 to 31 December 2024 and for the period from 1 January 2023 to 31 December 2023.

	Change in balance of Cash Flow Statement in the period from January 2024 to December 2024	Change in balance of Cash Flow Statement in the period from January 2023 to December 2023
Change in provision balance	**(9,932)**	16,850
Change in inventory balance	**(32,675)**	(61,321)
Change of receivables balance	**26,681**	142,489
Change in balances of short-term liabilities, excluding credits and loans	**31,297**	(53,191)
Change in balance of prepayments and accruals	**(1,648)**	23,027
Change in settlement of assets and liabilities under building contracts	**148,025**	117,437
Change of working capital balance	**161,748**	**185,291**

6.11. GROUP STRUCTURE

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

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

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

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

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

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

Investments in associates are accounted for in the consolidated financial statements using the equity method. In compliance with the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost, and then adjusted to reflect the Group's contribution to the financial result and to other comprehensive income of the associate. An investment in an associate is accounted for using the equity method from the date on which the entity becomes an associate.

When evaluating a need to recognise an impairment of the Group's investment in an associated entity, the requirements of IAS 28 apply. If necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, Impairment of Assets, as a single asset by comparing its recoverable amount with its carrying amount. The impairment recognized represents a portion of the carried value of the investment. The reversal of this impairment is recognised in accordance with IAS 36 to the extent of any subsequent increase in the recoverable amount of the investment.

7. OTHER NOTES

Group Structure

As of 31 December 2024, the Group comprises the Parent Company Erbud S.A. along with its subsidiaries, consolidated using the full method, and entities not controlled by Erbud S.A., but consolidated using the equity method.

				Parent Company's share in equity (equal to the voting rights held)	
#	Name of entity	Registered office	Scope of activities	2024	2023
	Shares held directly				
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.67%**	60.67%
2	Erbud International Sp. z o.o.	Rzeszów	Construction services	**100.00%**	100.00%
3	Erbud Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
4	MOD21 GmbH	Düsseldorf, Germany	Construction services	**100.00%**	100.00%
5	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	100.00%
6	Erbud Holding Deutschland GmbH	Düsseldorf, Germany	Management services	**100.00%**	100.00%
7	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	Construction services	**100.00%**	100.00%
8	JV WMER Matoc Poland Sp.z o.o	Warsaw	Construction services	**100.00%**	50.00%
9	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	100.00%
10	MOD21 Sp.z o.o.	Ostaszewo	Modular timber construction	**98.00%**	98.00%
11	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**0.00%**	43.00%
12	Erbud Industry Centrum Sp. z o.o.	Łódź	Maintenance services in the industrial segment	**99.00%**	99.00%
13	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.00%**	4.00%
	TOTAL				

#	Name of entity	Registered office	Scope of activities	Shares in Parent Company held indirectly (corresponding to the voting rights held) 2024	2023
	Shares held indirectly				
1	IVT Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
2	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
3	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
4	WTL20 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
5	WTL40 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
6	WTL80 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
7	WTL100 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
8	WTL120 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
9	WTL130 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
10	WTL140 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
11	WTL150 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
12	WTL160 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
13	WTL170 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
14	IDE Projekt Sp. z o.o.	Toruń	Design services	**100.00%**	100.00%
15	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	100.00%
16	Solar Serby Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
17	DEPVPL sp. z o.o. Power Plant	Toruń	Renewable energy sources	**100.00%**	100.00%
18	KWE Spółka z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
19	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	100.00%
20	WTL50 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
21	WTL210 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
22	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
23	Park Słoneczny Ciechanów Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
24	Park Lewałd Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
25	FW Gumienice Sp. z o.o. wind farm	Toruń	Renewable energy sources	**100.00%**	100.00%
26	Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	Warsaw	Renewable energy sources	**0.00%**	50.00%
27	DEVOZE Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
28	Solar Kazimierz Biskupi Sp. z o.o.	Warsaw	Renewable energy sources	**50.00%**	50.00%
29	PV KADŁUBIA 2 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
30	PV SZCZEPANÓW Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	100.00%
31	ONDE GmbH	Germany, Dusseldorf	Development of contracting activities in the RES business segment	**100.00%**	100.00%
32	Invest PV Sp. z o.o.	Toruń	Renewable energy sources	**0.00%**	100.00%
33	SPV Czerwona Woda Sp. z o.o.	Toruń	Renewable energy sources	**0.00%**	100.00%
34	ONDE DEV 1 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
35	ONDE DEV 2 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
36	ONDE DEV 3 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
37	ONDE DEV 4 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
38	ONDE DEV 5 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
39	ONDE DEV 6 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
40	ONDE DEV 7 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
41	ONDE DEV 8 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
42	Żabów Photovoltaic Farm Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%

43	CKTiS Sp. z o.o.	Biała	Maintenance services in the industrial segment	**100.00%**	0.00%

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

Long-term financial assets	**31 Dec. 2024**	**31 Dec. 2023**
Azuryt 6 Inwestments Sp. z o.o.	13,004	13,904
KWE Sp. z o.o.	10,133	10,619
Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	-	4,891
Tauron Serwis Sp. z o.o.	490	490
Sanssouci Karpacz Sp. z o.o.	-	1,557
Neo Solar Kazimierz Biskupi Sp. z o.o.	22,084	22,421
ONDE GmbH	-	116
Total	**45,711**	**53,998**

For major investment projects consolidated using the equity method, the key financial figures for the period ended on 31 December 2024 are presented below:

	Solar Serby Sp. z o.o.	KWE SP. Z O.O.	Neo Solar Kazimierz Biskupi Sp. z o.o.
Balance Sheet highlights:			
ASSETS, of which:	**11,097**	**5,651**	**13,559**
Fixed assets	9,111	4,649	8,041
Current assets, of which:	1,986	1,002	5,518
Cash assets	3	4	148
LIABILITIES, of which:	**11,097**	**5,651**	**13,559**
Shareholders' equity	(2,221)	(1,926)	**1,691**
Other provisions	-	24	-
Long-term liabilities of which:	10,292	7,455	11,502
Financial liabilities	10,292	7,455	11,502
Short-term liabilities of which:	3,026	98	366
Financial liabilities	2,338	-	-
Abridged Profit and Loss Account:			
Net profit for the accounting period	(1,799)	(971)	(674)
Other P&L items:			
Financial activity gains/losses	(233)	349	(602)

The accounting period of jointly controlled companies is the same as that of the parent company in the Erbud Capital Group. These companies have no restrictions on the cash allocation to potential dividend payments and loan repayments.

The remaining companies reported a financial result with marginal importance.

In the financial statements, the Group has presented acquisitions of entities comprising a group of assets that do not represent a business, acquisitions of interests in jointly controlled entities and acquisitions of entities that represent a business.

Disposal of stakes in subsidiaries

On 15 March 2024, 100% of the shares in PV Invest Sp. z o.o. and SPV Czerwona Woda Sp. z o.o., which are the owners of photovoltaic farms with a total capacity of 23.1 MW, were sold to a non-related entity. The transaction price was approximately PLN 20.7 million, comprising a fixed component (approximately PLN 19 million) and a variable component (approximately PLN 1.7 million), the payment of which depends on the fulfilment of certain conditions. Net profit/loss from the sale of on-going photovoltaic power plant projects is presented in two lines: revenue from the Sale of Goods and Services and Cost of Goods and Services Sold.

Sale of shares in a jointly-controlled entity

On 8 March 2024, 50% shareholding in Szybowice Sp. z o.o. Wind Farm was sold to a non-related entity. The deal price totalled approximately to PLN 30 million and was adjusted with the value of the net working capital and net debt of the Szybowice Wind Farm as at the date of the Share Sales Agreement. The result on the sale of shares is presented in the statement of profit or loss and other comprehensive income in the line 'Profit/loss on the sale of shares in subsidiaries and jointly-controlled entities'.

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

ONDE S.A. signed a contract on 21 May for the acquisition of 100% shareholding in Żabów Photovoltaic Farm, the owner of a photovoltaic power plant project with a connection capacity of 63 MW in the West Pomeranian Province. The photovoltaic project is in an advanced development phase and has been issued with conditions for connection to the power grid.

The acquisition price of the shares was determined following an arm's length principle, totalled PLN 38.2 million and was settled in cash. Transaction costs were negligible. The company's assets include a land lease contract specifying the construction site of a photovoltaic farm, environmental decisions, development conditions, connection conditions and cash. According to the Management Board, the deal involves an acquisition of assets and not a business, hence the value of the excess of the cash paid over the book value of the net assets was allocated to the company's assets - i.e. stock - of the RES projects.

Acquisition of a business constituting a venture

On 1 January 2024, Erbud Industry Centrum Sp. z o.o. acquired 145,850 A-series registered shares accounting for 100% of the share capital of CKTiS SA, headquartered in Stara Biała, from an non-related party. The total price paid for the shares was PLN 14,990,463.00, i.e. the amount per share was PLN 102.78. CKTiS SA provides comprehensive mechanical and construction services for the energy, chemical, refining and petrochemical sectors involving overhauls, modernisations, investments and on-going maintenance. Transaction costs related to this equity investment were immaterial. The acquisition of CKTIS SA has boosted the Erbud Group capacity to offer an even wider range of maintenance services.

7. OTHER NOTES

Since 1 January 2024 CKTiS SA is consolidated like the other companies in the industry segment and is also presented in the domestic industry segment. The transaction represents an acquisition of a business within the meaning of IFRS3.

	1 Jan. 2024	Pricing at fair value	1 Jan. 2024
Tangible fixed assets	7,161	537	7,698
Intangible assets	4	2,300	2,304
Shares and interests	-		
Investment properties	-		
Cash and cash equivalents	1,148	-	1,148
Inventory	536	(273)	263
Receivables	7,222	-	7,222
Prepayments	112	-	112
Deferred tax assets	268	-	268
Assets (A)	**16,451**	**2,564**	**19,015**
Liabilities and accruals	3,565	-	3,565
Provisions	830	2,539	3,369
Liabilities (B)	**4,395**	**2,539**	**6,934**
Fair value of net assets (A-B)	**12,056**	**25**	**12,081**
Interest of non-controlling shareholders valued at proportionate share of net assets held (C)	-		
Acquisition price (paid with money transfer) (D)			14,990
Total acquisition price			**14,990**
Profit on acquisition			
GOODWILL			**2,909**

The revaluation of assets to fair value relates to the valuation of customer interactions included in intangible assets. Land and buildings were valued on the grounds of a valuation report prepared by an independent appraiser. On the other hand, an analysis of the liabilities and risks of the company identified risks that were unknown at the time of the acquisition, which were covered by appropriate inventory write-downs and provisions.

6.12. Transactions with related entities

Transactions with related entities

The following tables show the totals of transactions made by the Erbud S.A. Group with its member companies in the period ended on 31 December 2024 and in the period ended on 31 December 2023.

	2024	2023
	Subsidiaries not consolidated by full method	Subsidiaries not consolidated by full method
Trade receivables	279	6,464
Loans extended	29,753	22,417
Trade payables	24	-
Sales revenues	11,385	20,373
Interest income on loans extended	1,900	1,231

Transactions with key members of management staff

The remuneration accrued for the members of the Management Board of the Parent Company and for the members of the Supervisory Board paid by the Group in the accounting year is presented in the table below:

	2024	2023
Management Board		
Short-term employee benefits (wages & salaries)	5,926	10,591
Supervisory Board		
Short-term employee benefits (wages & salaries)	1,083	819
Total	**7,009**	**11,410**

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):

	2024		2023	
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 (holds directly and indirectly)	2,553,460	21.40%	2,553,460	21.40%
Jacek Leczkowski	5,112	0.04%	5,112	0.04%
Agnieszka Głowacka	3,938	0.03%	3,938	0.03%
Albert Dürr	26,354	0.22%	26,354	0.22%
Roland Bosch	10,000	0.08%	10,000	0.08%
Total	**2,598,864**	**21.77%**	**2,598,864**	**21.77%**

As of the date of submission of these financial statements, the Management Board members and proxies do not hold any share-based benefits.

6.13. EMPOYMENT STRUCTURE

	2024	2023
Blue collar workers	1,450	1,402
White collar workers	1,359	1,294
All personnel members	**2,809**	**2,696**

6.14. POST-ACCOUNTING PERIOD EVENTS

On 4 February 2025, the Management Board of ERBUD S.A. adopted a resolution on the intention to issue unsecured E-series bearer bonds (the "Bonds") with the following terms and conditions

1) The number of bonds on offer will be no more than 75,000 (seventy-five thousand) units;

2) The par value and issue price of one bond will be PLN 1,000.00 (one thousand);

3) After deduction of the costs of issue, the proceeds from the issue of the Bonds will be used to refinance debt on account

of the Issuer's D-series bonds;

4) The Bonds will bear interest at a rate equal to WIBOR 6M (Warsaw Interbank Offered Rate) plus a margin based on the margin determined as a result of the book-building process;

5) The Bonds will be issued as unsecured securities;

6) The Bonds will be issued not later than at the end of Q1 2025;

7) The maturity of the Bonds will not exceed 4 years;

8) The bonds give only entitlement to cash benefits;

On 20 February 2025, following a road show and on the basis of a demand book, the Management Board of ERBUD S.A. decided to issue up to 75,000 E-series unsecured bearer bonds with a par value of PLN 1,000 each and a maximum total par value of up to PLN 75,000,000.00 and an issue date of 27 February 2025 (the 'Bonds').

The issue price of the Bonds will be equal to their par value. The bonds will bear interest at a floating rate of WIBOR 6M plus a margin of 3% per annum.

The redemption date of the Bonds is 27 February 2029, subject to an option of early redemption in accordance with the terms and conditions of the issue of the Bonds.

On the same day, i.e. 20 February 2025, the Management Board of ERBUD S.A. decided on the early redemption of D-series bonds (ISIN code: PLERBUD00079).

Pursuant to the terms of the Bonds issue, the early redemption of the Bonds was made on 23 March 2025. On that date, the Issuer paid for each single Bond: (i) an amount equal to the par value per Bond plus (ii) the amount of accrued and unpaid interest.

The Record Date for the early redemption of the Bonds was 17 March 2025.

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/	Tomasz Wojak /A Management Board member/

Warsaw, 24 March 2025