ERBUD S.A.

Separate 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



SEPARATE STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		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	1,437,972	1,351,260
Note 4.2.4.4	Cost of products and services sold	1,333,548	1,305,635
	Gross sales profit/(loss)	**104,424**	**45,625**
Note 4.4.	Cost of sales	11,145	8,125
Note 4.4.	General and administrative (G&A) costs	75,731	72,438
	incl.: Millennium Bank compensation-related expenses	-	*13,067*
Note 4.6.	Other operating income - Millennium Bank compensation	-	51,384
Note 4.6.	Other operating income	2,739	10,344
Note 4.6.	Other operating expenses - Modlin Airport compensation	-	16,698
Note 4.6.	Other operating expenses	2,056	3,057
Note 4.2.	Impairment of financial assets and contract valuation assets	(7,190)	(13,347)
Note 4.2.	**Operating profit /loss**	**11,041**	**(6,312)**
Note 4.7.	Financial income - Millennium Bank compensation-related interest income	-	60,929
Note 4.7.	Financial income	31,604	19,205
Note 4.7.	Financial expenses	17,094	30,921
Note 4.2.	**Gross profit**	**25,551**	**42,901**
Note 4.8.	Corporate income tax	8,313	14,554
	Net profit for the accounting period	**17,238**	**28,347**
	Comprehensive income	**17,238**	**28,347**
	Basic and diluted earnings per share (in PLN)	**1.44**	**2.38**

SEPARATE STATEMENT OF FINANCIAL POSITION

		2024	2023
	ASSETS	**1,035,523**	**1,022,412**
Note 6.1.	Investment properties	26,772	30,394
Note 6.1.	Intangible assets	2,366	2,724
Note 6.1.	Tangible fixed assets	37,413	32,872
Note 5.1.1.	Financial assets	152,531	124,051
Note 6.10.	Investments into subsidiaries and jointly owned entities	174,661	144,546
Note 4.8.	Deferred tax assets	47,002	43,850
Note 2.2.	Receivables under building contracts - bid bonds	2,658	8,362
	Fixed assets	**443,403**	**386,799**
Note 6.3.	Inventory	2,857	1,415
Note 2.2.	Receivables under building contracts - bid bonds	36,319	24,717
Note 2.3.	Pricing of building contracts - assets	164,630	156,567
Note 6.4.	Trade receivables	249,041	270,311
Note 6.4.	Income tax & VAT receivables	6,713	11,538
Note 6.4.	Other receivables	2,067	3,125
Note 5.1.1.	Financial assets	10,990	19,765
Note 3.8.	Cash and cash equivalents	97,736	123,560
Note 3.8.	Cash assets in VAT account	18,248	21,204
Note 6.5.	Short-term prepayments	3,519	3,411
	Current assets	**592,120**	**635,613**
	LIABILITIES	**1,035,523**	**1,022,412**
Note 3.1.	Share capital	1,193	1,193
	Supplementary capital	287,725	279,420
	Reserve capital	75,323	75,323
	Retained earnings	(16,841)	(5,731)
	Equity	**347,400**	**350,205**
Note 3.2.-3.5.	Debt	38,037	112,782
Note 6.6.	Provisions	770	796
	Long-term liabilities	**38,807**	**113,578**
Note 3.2.-3.5.	Debt	101,490	33,728
Note 6.6.	Provisions	29,363	28,888
Note 2.2.	Liabilities vis-à-vis subcontractors - bid bonds	112,136	127,093
Note 2.3.	Pricing of building contracts - liabilities	219,570	197,916
Note 6.8.	Trade payables	163,546	139,253
Note 6.8.	Income tax & VAT liabilities	-	3,338
Note 6.8.	Other liabilities	23,211	28,413
	Short-term liabilities	**649,316**	**558,629**

SEPARATE STATEMENT OF CHANGES IN EQUITY

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

	Share capital	Own shares	Supplementary capital	Reserve capital	Retained earnings/(losses)	Equity
As of 1 Jan. 2023	**1,210**	**(20,000)**	**260,141**	**95,306**	**2,267**	**338,924**
Net profit/loss in the accounting period	-	-	-	-	28,347	**28,347**
Comprehensive income	**-**	**-**	**-**	**-**	**28,347**	**28,347**
Dividend	-	-	-	-	(10,021)	**(10,021)**
Net retained earnings carried forward	-	-	19,279	-	(19,279)	**-**
Registration of redemption of own shares	(17)	20,000	-	(19,983)	-	**-**
Merger capital	-	-	-	-	(7,045)	**(7,045)**
As of 31 Dec. 2023	**1,193**	**-**	**279,420**	**75,323**	**(5,731)**	**350,205**
As of 1 Jan. 2024	**1,193**	**-**	**279,420**	**75,323**	**(5,731)**	**350,205**
Net profit/loss in the accounting period	-	-	-	-	17,238	17,238
Comprehensive income	**-**	**-**	**-**	**-**	**17,238**	**17,238**
Dividend	-	-	-	-	(20,043)	**(20,043)**
Net retained earnings carried forward	-	-	8,305	-	(8,305)	**-**
As of 31 Dec. 2024	**1,193**	**-**	**287,725**	**75,323**	**(16,841)**	**347,400**

SEPARATE 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	25,551	42,901
Note 6.1.	Amortization and depreciation	11,947	10,895
Note 4.7.	Foreign exchange gains/losses	694	(1,656)
Note 4.7.	Dividends and interests	(12,840)	(50,676)
Note 6.9.	Other non-cash adjustments	(1,208)	(875)
	Interest income from Millennium Bank contribution received	-	60,929
	Income tax paid	(16,082)	(31,686)
Note 6.9.	Change of working capital balance	39,888	91,770
	Operational cash flows, net	**47,950**	**121,602**
	INVESTMENT ACTIVITY CASH FLOWS		
Note 5.1.2	Inflows from credits/loans extended	29,225	20,122
	Dividend income	13,886	3,609
	Other inflows	2,199	1,714
Note 6.1.	Expenditures on the acquisition of tangible fixed assets	(2,438)	(2,747)
Note 5.1.2.	Loans extended expense	(39,368)	(56,500)
	Expenditure on capital injection into companies and acquisition of shares	(31,252)	(25,188)
	Investment activity cash flows, net	**(27,748)**	**(58,990)**
	FINANCIAL ACTIVITY CASH FLOWS		
Note 3.2	Income from credits and loans taken	31,996	3,536
Note 3.2.	Debt (principal) repayment expense - principal	(40,112)	(5,371)
Note 3.2.	Lease debt repayment expense - principal	(5,055)	(3,387)
Note 3.2.	Debt (interest) repayment expense	(12,812)	(17,758)
	Dividend payment	(20,043)	(10,021)
	Financial activity cash flows, net	**(46,026)**	**(33,001)**
	NET CASH FLOWS	**(25,824)**	**29,611**
	Opening cash balance	**123,560**	**93,949**
	Closing cash balance	**97,736**	**123,560**

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1. BACKGROUND INFORMATION

1.1. INTRODUCTION

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

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

General civil engineering services concerning buildings (Polish Classification of Activities 41.20.Z) delivered to other companies and public institutions are the core business of the Company.

The Company's duration is unlimited.

As of 31 December 2024 and as of the date of the Separate Financial Statements the 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 Separate Financial Statement the Supervisory Board consisted of:

Gabriel Główka

Albert Dürr

Michał Otto

Janusz Reiter

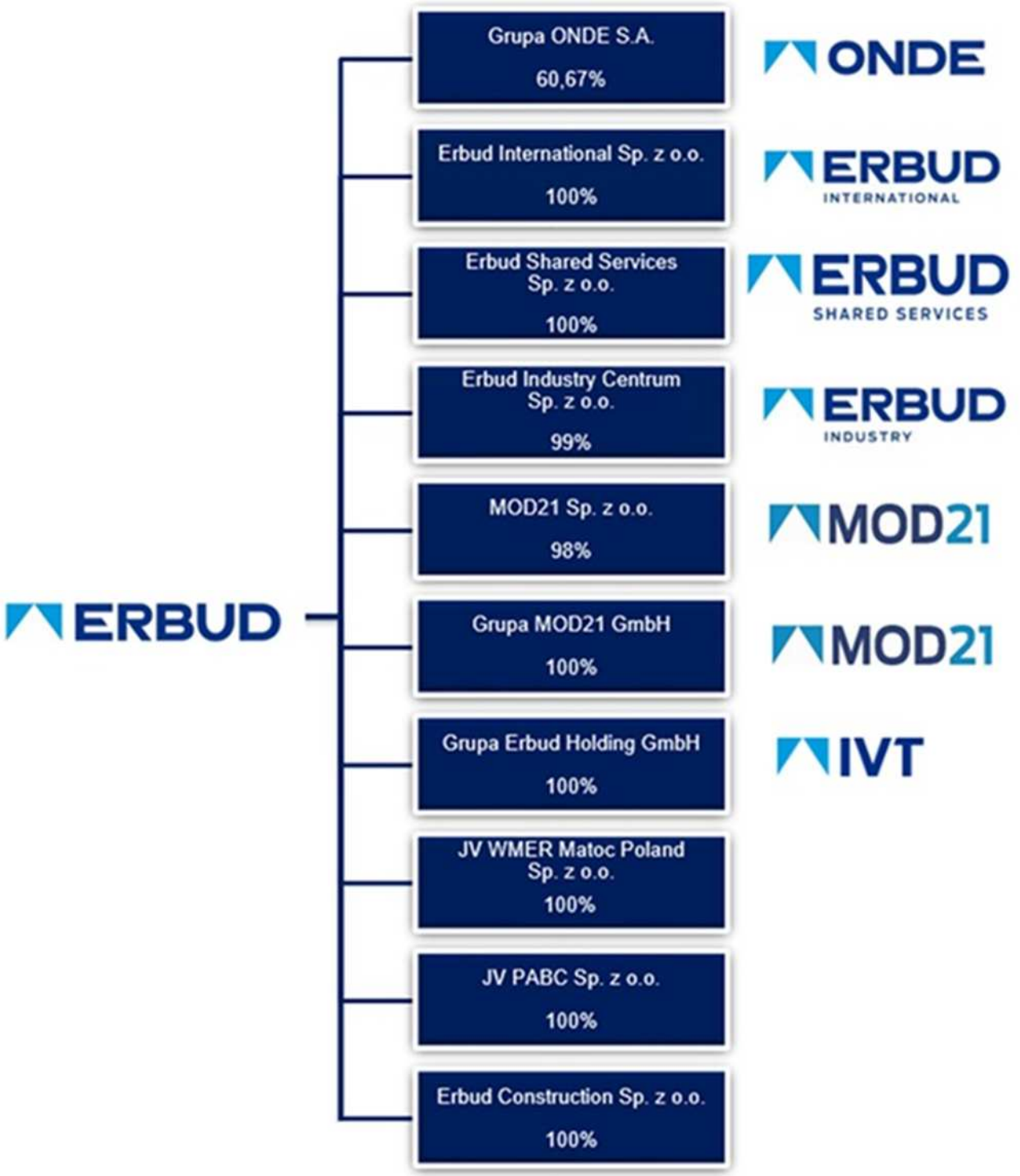
Michał Wosik

Roland Bosch

Beata Jarosz

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

1. BACKGROUND INFORMATION



Detailed organisational structure of the Group is presented in the Note 6.10. The above graph shows shareholding of Erbud S.A. held in the individual member companies of the Erbud S.A. Capital Group as of 31 December 2024.

1. BACKGROUND INFORMATION

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IFRS Compliance Statement

The Separate 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 Separate Financial Statement is presented in the Polish currency (Polish zloty, "PLN"), and all values are specified given in thousands of Polish zlotys.

The Separate Financial Statements have been drawn up on the historical cost basis.

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

Going concern

These Separate Financial Statements have been drawn up following going concern principle applicable to the Company in the foreseeable future. As of the date of approval of these separate financial statements, there are no circumstances indicating a threat to the Company's going concern, despite the fact that current liabilities exceed current assets. This is due to the fact that bond liabilities have been reclassified and are now reported as current liabilities, whereas previously they were reported as non-current liabilities. At the date of signing the financial statements, the new series E bonds are presented in the line of non-current liabilities.

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 company 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 Company 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 Company takes into consideration the properties of a certain asset or liability, if the market players take into consideration these characteristics when measuring the assets or liabilities at the measurement date. In accordance with IFRS No. 13, the Company classifies its fair value measurements using a fair value hierarchy that reflects the weight of the inputs used in the fair value measurements. As of the individual balance sheet dates, the Company has no items measured at fair value but discloses fair value for items measured at amortized cost.

Conversion of items into foreign currencies

The items specified in the Financial Statements are measured in the currency of the core business environment where the entity carries out its operations ("functional currency"). The functional currency of the Parent Company and the currency used for the presentation of the consolidated financial statement is the Polish zloty (PLN).

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

At the balancing date cash assets and liabilities denominated in currencies other than Polish zloty are converted into Polish zlotys using the appropriate average exchange rate, effective at the end of the accounting period, determined for a certain currency by the National Bank of Poland. The foreign exchange gains/losses are posted respectively into the line "financial gains (losses)" or in cases defined by accounting principles (policy), are capitalised in the assets value.

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

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

The application of new and amended standards, and their interpretations

In these Separate Financial Statements, the following new and amended standards that entered into force in 2024 were applied for the first time:

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 Financial 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 Company before.

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

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

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

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

Revenues and expenses on account of performed building contracts are recognized by the Company in time as the progress of works is made. The Company measures contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of building contracts in the period from the Contract Date to the balance-sheet date proportionally to the progress rate of a certain contract performance by way of evaluation of the achieved results and milestones. From thus determined figures the Company deducts revenues and expenses, which affected the financial result in previous years, generating revenues and costs under building contracts executed in the current period. A change of the estimated progress rate of contract execution is treated as a change in estimate and affects the amount of revenues recognized in the period in which the change in estimate was made. If it is not possible to determine progress rate of non-finished service (including construction service) or expected total cost of service delivery in a reliable manner, then the revenues are determined at the level of costs born in a certain accounting period, however, not higher than costs, which are expected to be covered by the employer in the future.

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All above mentioned building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on 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 Company recognizes invoiced revenues in the line "Trade and other receivables" (Note 6.4) The Contractors under building contracts signed with the Company retain part of the payments as contract performance bond. These figures are recognized as "Building contract receivables - bid bonds" and are refundable most often after project completion or after the end of the guarantee period.

The Company engages subcontractors to carry out work related to the implementation of building contracts. The company acts in the capacity of a general contractor. The invoiced costs related to subcontractors' employment are recognized as "Trade payables" (Note 6.8). 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 Company sets up provisions for contracts with negative margins when it has found out grounds to claim that a given building contract in progress will end with a loss. Provisions are charged into the costs of a given period at the full value of the expected loss on a given contract and are disclosed in the balance sheet under "Provisions" (Note 6.6.).

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

For certain building contracts executed under joint contractual arrangements in which the Company is the consortium or assignment leader, the Company has assessed that it acts as an intermediary with respect to the work performed by the other partner and which the Company as leader invoices the Employer. The Company defines its role as that of an intermediary under

a certain contract where it identifies specific goods and services to be delivered and the Company has no control over them before they have been transferred to the customer. When the Company acts as an intermediary, it recognizes revenue upon the 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 Company acts as a leader, there are no fees and commissions as described above, hence no revenues are generated in the Company from commissions for invoicing to a customer work performed by another consortium member. The Company recognizes as revenues only the amount of remuneration due for the execution of its scope of work for the customer in adherence to the policy described above.

Payment date for the services delivered by the Company under building contracts range from 30 to 180 days from the invoice date and for other sales transactions are usually 30 days from the date of invoice. Accordingly, the contracts under implementation do not contain a significant financing component except for amounts invoiced for building contracts, which are repaid at a later date as they represent deposits retained by the customer. The amounts retained under individual invoices represent a maximum of 10% of the remuneration for the contract execution and are subject to release for a period of up to 5 years once the contract has been completed. Revenues under the building contracts for the portion that is retained as a bid bond is recognized at a discounted amount. Accounting policy concerning bid bond receivables is presented in Note 2.2.

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

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

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

The Company keeps track of projects under implementation - 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 Company's internal system immediately after they are negotiated by the Company 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, YTD	1,426,157	1,343,146
Costs under building contracts,	1,328,460	1,305,562
Net income before recognition and settlement of provisions for the contracts generating liabilities	**97,697**	**37,584**
Setting up provisions for the contracts generating liabilities	-	1,147
Release /utilization of provisions set up in previous periods	847	-
Gross profit/loss	**98,544**	**36,437**
Gross profit margin		
excluding provisions for the contracts generating liabilities	7%	3%
including provisions for the contracts generating net liabilities	7%	3%

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

2. BUILDING CONTRACTS

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 6.4. The value of bid bonds receivable is updated by the Company with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.4. and presented under "Impairment losses on financial assets" in the Statement of profit or loss.

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

Bid bond liabilities are presented as short-term due to the fact that, according to the Company's standard terms and conditions, it is possible to convert bid bonds into bank or insurance guarantees. The Company intends to hold bank guarantees from subcontractors instead of bid bonds, which means that bid bond liabilities can be converted into a guarantee at any time and that these liabilities are presented as current. On a case-by-case basis, some bid bond liabilities may be analysed individually and recognised as long-term ones.

	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	**36,424**	**5,183**	**41,607**	**25,146**	**11,863**	**37,009**
Discounted bid bonds	(105)	(2,525)	**(2,630)**	(429)	(3,501)	**(3,930)**
Receivables under building contracts - bid bonds	**36,319**	**2,658**	**38,977**	**24,717**	**8,362**	**33,079**
Liabilities vis-à-vis subcontractors - bid bonds in nominal terms	**112,136**	**-**	**112,136**	**127,093**	**-**	**127,093**

For all customer bid bond 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	1,857,067	2,348,292
Invoiced receivables from customers, YTD (excl. advances)	1,814,118	2,353,776
Balance of payments under non-completed building contracts	**42,949**	**(5,484)**
of which:		
(1) Assets for completed, non-invoiced construction works, gross	103,893	72,241
Asset impairment write-off under building contracts	(4,025)	(2,490)
(1a) Assets for completed, non-invoiced construction works, net	99,868	69,751
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	56,920	75,235
Costs related to building contracts, YTD	1,691,295	2,243,907
Subcontractor expense and own expenses on a YTD basis.	1,619,902	2,267,567
Balance of payments under building contracts	**(71,393)**	**23,660**
of which:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	64,761	86,816
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	136,154	63,156
Balance of payments under building contracts	**(28,444)**	**18,176**
of which:		
Pricing of building contracts - assets	**164,630**	**156,567**
Pricing of building contracts - balance settlement (2)+(4)	193,074	138,391
Building contract liabilities - advanced paid	26,496	59,525
Pricing of building contracts - liabilities - TOTAL	**219,570**	**197,916**

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. The remaining part of change of balance building contract liabilities is due to the excess revenues invoiced in the period over revenues recognised in the performance reports. Due to the nature of its business, i.e. the execution of building contracts, the Company is unable to segregate accumulated changes in the revenues recognised that would result from changes in the estimate of the work progress or changes in the estimate of the transaction price in terms of the occurrence of estimated penalties.

The impairment loss on assets under contract is calculated using the write-down matrix as for trade receivables. The entire balance of assets under contract in all periods presented is not past due. The write-down ratio calculated according to the ECL method for contractual assets was 4.03% as of 31 December 2024, 3.57% as of 31 December 2023. The write-down amounts and movements on the impairment allowance for building contract assets in the financial statements presented are marginal, hence not presented.

The changes in the value of contract valuation assets and liabilities are due to the specific nature of the settlement of building contracts and the invoicing schedules applicable to individual contracts, i.e. there are contracts with various payment schedules, hence there is no typical relationship between the payment deadline and the performance of the service obligation.

In 2024, the value of revenue recognition under the performance-based method was higher than the value of invoiced revenue.

3. CAPITAL AND DEBT MANAGEMENT

3.1. CAPITAL MANAGEMENT

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

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

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

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

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

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

Return of Equity - ROE

	2024	2023
(1) Gross profit / (loss)	25,551	42,901
(2) Equity	347,400	350,205
ROE [(1)/(2) * 100%]	**7.36%**	**12.25%**

Total debt ratio

	2024	2023
(1) Liabilities and provisions for liabilities	688,123	672,207
(2) Total assets	1,035,523	1,022,412
Total debt ratio [(1)/(2) * 100%]	**66.45%**	**65.75%**

Debt-to-equity ratio

	2024	2023
(1) Liabilities and provisions for liabilities	688,123	672,207
(2) Equity	347,400	350,205
Debt-to-equity ratio [(1)/(2)]	**198.08%**	**191.95%**

3. CAPITAL AND DEBT MANAGEMENT

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, Supervisory Boards or 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 of neither Company's Management nor Supervisory Boards.

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

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

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

As of 31 December 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.

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

Basic earnings per share are calculated by dividing net profit /(loss) for the period, allocated to ordinary shareholders of the Company, by the weighted average number of the issued ordinary shares over the accounting period.

Own shares bought back by the Company for redemption are excluded from the calculation of the weighted average number of shares for the periods presented.

For purposes of calculating diluted earnings per share (EPS), net income/(loss) for the reporting period attributable to ordinary shareholders and the weighted average number of ordinary shares for the accounting period are adjusted for the effect of all diluting potential ordinary shares. Diluted earnings per share is equal to basic earnings per share as the Company 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.

3. CAPITAL AND DEBT MANAGEMENT

Below basic and diluted earnings per share are presented.

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
Gross profit/loss	17,238	28,347
Average weighted number of ordinary shares (in pcs.)	11,929,836	11,929,836
Basic and diluted earnings per share (in PLN)	**1.44**	**2.38**

3.2. NET DEBT

		2024	2023
Note 3.8.	**Cash and cash equivalents**	**97,736**	**123,560**
Note 3.3.	Credit and loan liabilities	14,802	16,325
Note 3.4.	Debt related to issued bonds	-	75,000
Note 3.5.	Lease liabilities	23,235	21,457
	Long-term debt	**38,037**	**112,782**
Note 3.3.	Credit and loan liabilities	15,301	23,759
Note 3.4.	Debt related to issued bonds	76,720	1,679
Note 3.5.	Lease liabilities	9,469	8,290
	Short-term debt	**101,490**	**33,728**
	Total debt (B)	**139,527**	**146,510**
	(Net debt)/Net cash and cash equivalents ((A)-(B))	**(41,791)**	**(22,950)**

The Company defines net debt as the balance of loans, borrowings and leases less cash and cash equivalents (including restricted cash posted into short-term assets). In case of cash and cash equivalents over debt, the net amount is referred to by the Company as 'net cash and cash equivalents'.

3. CAPITAL AND DEBT MANAGEMENT

Changes in debt balance during the accounting periods presented were as follows:

:

Debt in relation to:	Loans and borrowings	Bonds issued	Lease	Total debt
Debt balance as of 1 January 2023	33,569	75,586	27,510	**136,665**
Increase due to acquisition	107	-	1,575	**1,682**
Debt-related income - financing granted	3,536	-	5,464	**9,000**
Accrued interest on debt	8,964	8,400	2,144	**19,508**
Debt (principal) repayment expense	5,371	-	3,387	**8,758**
Expenses related to debt taken out - interest repayment	8,847	7,307	1,604	**17,758**
FX gains/losses related to debt in foreign currency	(2,028)	-	-	**(2,028)**
Other non-cash changes	10,154	-	(1,955)	**8,199**
Change in debt balance during the period	**6,515**	**1,093**	**2,237**	**9,845**
Debt balance as of 31 December 2023	**40,084**	**76,679**	**29,747**	**146,510**
Debt-related income - financing granted	31,996	-	11,318	**43,314**
Accrued interest on debt	3,671	6,325	2,227	**12,223**
Debt (principal) repayment expense	40,112	-	5,055	**45,167**
Expenses related to debt taken out - interest repayment	4,791	6,284	1,737	**12,812**
FX gains/losses related to debt in foreign currency	(531)	-	(110)	**(641)**
Other non-cash changes - merger effect	(214)	-	(3,686)	**(3,900)**
Change of debt in the accounting period	**(9,981)**	**41**	**2,957**	**(6,982)**
Debt balance as of 31 December 2024	**30,103**	**76,720**	**32,704**	**139,527**

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	11,231	16,000
Loans	3,571	325
	14,802	**16,325**
Short-term		
Overdraft facilities	10,482	13,690
Bank loans	4,494	4,571
Loans	325	5,498
	15,301	**23,759**
Total credit and loan liabilities	**30,103**	**40,084**

3. CAPITAL AND DEBT MANAGEMENT

	2024		2023	
	In the functional currency	In foreign currency EUR	In the functional currency	In foreign currency EUR
Loans and borrowings				
Long-term	3,571	11,231	325	16,000
Short-term	10,808	4,493	19,008	4,751
Total	**14,379**	**15,724**	**19,333**	**20,751**

The short-term loans bear interest at WIBOR 3M +2.2% and a fixed rate of 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.

Covenants

During the year, as of 31 December 2024 and up to the date of approval of the financial statement, all covenants have been met.

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 Company had the following outstanding debt in relation to issued bonds posted into short-term liabilities.

Issue date	Type of issued bonds	Currency	Interest rate	Maturity date	Purpose of financing	Debt related to issued bonds	
						2024	2023
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6 M + 2.6% margin	23 Sept. 2025	to finance core business and/or acquisitions from the industrial maintenance sector in Poland and Germany	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

3. CAPITAL AND DEBT MANAGEMENT

3.5. LEASE LIABILITIES

Period		2024 Nominal value of minimum payments	2023 Nominal value of minimum payments
Below 1 year	Short-term	11,047	9,530
Above 1 year	Long-term	24,872	22,462
Nominal value of minimum payments		**35,919**	**31,992**
Future lease-related financial costs		3,215	2,245
Present value of minimum payments		**32,704**	**29,747**
Below 1 year	Short-term	9,469	8,290
Above 1 year	Long-term	23,235	21,457

Major items of fixed assets under lease are buildings and means of transport.

3.6. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 31 December 2024 and 31 December 2023, there were no liabilities secured with tangible fixed assets.

For information on credit and loan related debt, see Note 3.3.

3.7. CONTINGENT ASSETS AND LIABILITIES

	Contingent assets		Contingent liabilities	
	2024	2023	2024	2023
Related entities				
Guarantees and sureties	70,000	70,000	380,367	320,681
Total	**70,000**	**70,000**	**380,367**	**320,681**
Other items				
Guarantees and sureties	96,362	71,581	565,718	531,357
Total	**96,362**	**71,581**	**565,718**	**531,357**

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

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

3. CAPITAL AND DEBT MANAGEMENT

3.8. CASH AND CASH EQUIVALENTS

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

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

The Company posts restricted cash in a separate line in the Statement of Financial Position as it does not meet the definition of cash and cash equivalents due to its inability to be used in the short term for the Company's requirements.

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

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

Cash and cash equivalents and cash in VAT and bank accounts meet the SPPI test and the "held for collection" business model test, and are therefore measured at amortized cost with an impairment charge determined in accordance with the expected loss model (in compliance with the policy referred to in Note 6.4)

	2024	2023
Cash in hand	4	3
Cash at bank	97,732	123,557
Total cash and cash equivalents	**97,736**	**123,560**

The amount of the impairment loss on cash is marginal.

As of 31 December 2024 cash on VAT bank accounts totalled PLN 18,248 thousand (as of 31 December 2024 totalled PLN 21,204 thousand). These funds are presented in a separate line in the balance sheet.

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

4.1. ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

	31 Dec. 2024	31 Dec. 2023
Net profit for the accounting period	**17,238**	**28,347**
Corporate income tax	8,313	14,554
Gross profit	**25,551**	**42,901**
Financial expenses	17,094	30,921
Financial income	31,604	19,205
Financial income - compensation-related interest income	-	60,929
EBIT	**11,041**	**(6,312)**
One-off compensation-related gain	**-**	**21,619**
EBIT, adjusted	**11,041**	**(27,931)**
Amortization and depreciation	**11,947**	10,895
EBITDA	**22,988**	**4,583**
EBITDA, adjusted	**22,988**	**(17,036)**
Revenues from sales of products and services	1,437,972	1,351,260
EBIT margin	1%	0%
Adjusted EBIT margin	1%	(2%)

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

4.2. ACCOUNTING SEGMENTS

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

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

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

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

The Company has a counterparty that generates more than 10% of total revenue.

Key information on segments in the accounting periods January 2024 - December 2024 and January 2023 - December 2023.

The Company operates in Poland and abroad (in Germany, Belgium). Revenues from foreign customers and assets in any country other than Poland are not significant, therefore they were aggregated in the total line and disclosed as "Foreign operations".
The Company's operations do not show signs of strong seasonal impact.

	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:	1,418,375	19,597	**1,437,972**	1,332,771	18,489	**1,351,260**
Accrued and deferred income	1,406,560	19,597	**1,426,157**	1,324,657	18,489	**1,343,146**
Income recognized at a certain point in time	11,815	-	**11,815**	8,114	-	**8,114**
Fixed assets other than financial instruments and deferred tax assets	366,971	-	**366,971**	304,193	-	**304,193**

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	Other segments	Total continued activities
Total income				
Sales to third party customers	1,414,000	19,597	4,375	**1,437,972**
Total sales revenues	**1,414,000**	**19,597**	**4,375**	**1,437,972**
Segments' performance and reconciliation with Company's gross profit				
Cost of goods sold (COGS)	1,310,472	18,720	4,356	**1,333,548**
Sales margin	103,528	877	19	**104,424**
Sales margin %	7%	4%	0%	**7%**
Other operating profit/loss	(90,993)	(84)	(2,306)	**(93,383)**
Segment performance – EBIT	**12,535**	**793**	**(2,287)**	**11,041**
EBIT margin	1%	4%	(52%)	**1%**
Profit (loss) on financial activities (financial income less financial expenses)				**14,510**
Gross profit/loss				**25,551**
Corporate income tax				**8,313**
Net profit/loss				**17,238**
Amortization and depreciation	8,260	-	3,687	**11,947**
Segment performance – EBITDA	**20,795**	**793**	**1,400**	**22,988**
Assets and liabilities				
Pricing of building contracts - assets	**164,616**	**14**	**-**	**164,630**
Other assets			-	**870,893**
Total assets				**1,035,523**
Pricing of building contracts - liabilities	**219,559**	**11**	**-**	**219,570**
Other liabilities				**815,953**
Total liabilities				**1,035,523**
Other material items				
Impairment of financial assets and contract valuation assets	(7,190)	-	-	**(7,190)**
Capital expenditures on tangible fixed and intangible assets	2,438	-	-	**2,438**
Interest income	14,087	-	-	**14,087**
Interest expenses	12,382	-	-	**12,382**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

	For a 12-month period, ended on 31 Dec. 2023			
	Building construction in domestic market	Building construction in foreign countries	Other segments	Total continued activities
Total income				
Sales to third party customers	1,329,639	18,489	3,132	**1,351,260**
Total sales revenues	**1,329,639**	**18,489**	**3,132**	**1,351,260**
Segments' performance and reconciliation with Company's gross profit				
Cost of goods sold (COGS)	1,282,992	18,334	4,309	**1,305,635**
Sales margin	46,647	155	(1,177)	**45,625**
Sales margin %	4%	1%	(38%)	**3%**
Other operating profit/loss	(71,450)	184	(2,290)	**(73,556)**
One-off compensation-related gain	-	-	21,619	**21,619**
Segment performance – EBIT	**(24,803)**	**339**	**18,152**	**(6,312)**
Segment performance - EBIT adjusted	**(24,803)**	**339**	**(3,467)**	**(27,931)**
EBIT margin	(2%)	2%	580%	**0%**
EBIT margin, adjusted	(2%)	2%	(111%)	**(2%)**
Profit (loss) on financial activities (financial income less financial expenses)				**49,213**
Gross profit/loss				**42,901**
Corporate income tax				**14,554**
Net profit/loss				**28,347**
Amortization and depreciation	7,204	-	3,691	**10,895**
Segment performance – EBITDA	**(17,599)**	**339**	**21,843**	**4,583**
Segment performance - adjusted EBITDA	**(17,599)**	**339**	**224**	**(17,036)**
Assets and liabilities				
Pricing of building contracts - assets	**156,478**	**89**	**-**	**156,567**
Other assets				**865,845**
Total assets				**1,022,412**
Pricing of building contracts - liabilities	**197,916**	**-**	**-**	**197,916**
Other liabilities				**824,496**
Total liabilities				**1,022,412**
Pricing of building contracts - liabilities				
Other material items				
Impairment of financial assets and contract valuation assets	(13,347)	-	-	**(13,347)**
Capital expenditures on tangible fixed and intangible assets	2,747	-	-	**2,747**
Interest income	73,324	-	-	**73,324**
Interest expenses	20,158	-	-	**20,158**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

4.3. SALES REVENUES

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:

	2024	2023
Total value of open building contracts	3,524,367	3,396,232
- the fixed part of the remuneration	3,524,367	3,396,232
Aggregate revenues in value terms from open contracts recognised up to the accounting date	1,857,067	2,348,292
Aggregate revenues in value terms from open contracts to be recognised in future periods	1,667,300	1,047,940
Long-term (income to be generated in the period from 1 to 3 years from the balance sheet date)	172,461	194,263
Short-term (income to be generated below one year from the balance sheet date)	1,494,839	853,677

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

Total revenues generated by the Company comes from construction activities run in Poland, Belgium and Germany 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	972,507	1,048,356
including third party services from subcontractors	*779,385*	*915,778*
Material and energy consumption	182,106	171,792
Employee benefit expenses	136,145	128,098
Amortization and depreciation	11,947	10,895
Taxes and charges	6,348	5,651
Other cost categories	8,905	7,643
Total costs by category	**1,317,958**	**1,372,435**
Change in contract pricing balances	102,466	13,763
Cost of sale (negative value)	(11,145)	(8,125)
General management and administration costs (negative value)	(75,731)	(72,438)
Manufacturing costs of products sold	**1,333,548**	**1,305,635**

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	111,066	104,156
Costs of post-employment defined benefit plans	355	155
Social insurance and other employee benefits	24,724	23,787
Total	**136,145**	**128,098**

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	1,158	915
Penalties, fines and damages	325	989
Writing off liabilities	129	6,942
Receipt of written-off receivables	-	35
Refund of taxes and charges	823	885
Millennium Bank compensation income	-	51,384
Other	304	578
	2,739	**61,728**

		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.	Litigation costs	107	84
	Accrued penalties	348	608
	Modlin airport-related compensation expense	-	16,698
	Other	1,601	2,365
		2,056	**19,755**

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

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		
Interest expenses		
Loans extended expense	9,758	7,280
Millennium Bank's one-off late payment income	-	60,929
Other	4,329	5,115
FX gains	1	-
Dividend income	13,886	3,609
Financial transaction income	3,445	2,916
Other	185	285
	31,604	**80,134**

		For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
	Financial expenses		
	Interest expenses		
Note 3.4.	Issued bond expense	6,325	8,400
Note 3.3.	List of credits and loans	3,671	8,672
Note 3.5.	Lease liabilities	2,227	2,144
	Other	159	942
	Overdraft facility arrangement fee	2,325	1,456
	FX gains	-	7,391
	Other	2,387	1,916
		17,094	**30,921**

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 Company 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 Company financial statements.

The Company 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.

The balance sheet value of an deferred tax asset is verified at each balance-sheet 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. An element of judgement in the recoverability of deferred tax assets is the Company's projected future financial performance and its impact on the recoverability of the assets.

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

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	**25,551**	**42,901**
Tax according to the statutory tax rate applicable in Poland - 19%	**4,855**	**8,151**
Surplus of non-deductible expenses over non-taxable income	3,458	6,403
Tax recognized in the financial net profit/loss	**8,313**	**14,554**
Current tax	11,465	21,100
Deferred tax	(3,152)	(6,546)
Effective tax rate	**32.53%**	**33.92%**

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	51,601	(2,787)	-	48,814	7,696	-	56,510
Provisions	7,117	791	-	7,908	203	-	8,111
Tax loss	1,289	721	-	2,010	468	-	2,478
Accrued wages and salaries, and charges	117	(46)	-	71	315	-	386
Receivables revaluation write-downs	2,378	4,092	-	6,470	(1,672)	-	4,798
Other financial liabilities	-	5,871	-	5,871	1,760	-	7,631
Deferred expenses	-	485	-	485	154	-	639
Other	-	(681)	1,534	853	636	-	1,489
Total	**62,502**	**8,446**	**1,534**	**72,482**	**9,560**	**-**	**82,042**
Deferred tax liabilities							
Pricing of building contracts - assets	23,385	3,238	-	26,623	1,092	-	27,715
Asset revaluation	7	(7)	-	-	-	-	-
Balance sheet pricing and liabilities discount	1,022	(1,022)	-	-	-	-	-
Accrued interest on debt	939	1,069	-	2,008	(214)	-	1,794
Other	1,379	(1,378)	-	1	5,530	-	5,531
Total	**26,732**	**1,900**	**-**	**28,632**	**6,408**	**-**	**35,040**
Assets and liabilities set off	26,732	-	-	28,632	-	-	35,040
Post-set-off balance	**35,770**	**-**	**-**	**43,850**	**-**	**-**	**47,002**
Assets	35,770	-	-	43,850	-	-	47,002
Net impact of changes in the period		**6,546**	**1,534**		**3,152**	**-**	

Owing to the fact that historically speaking the Company has been able to realize tax losses incurred in the previous periods and is projecting tax gains in the years to come, the recoverability of the deferred tax asset on tax losses is not considered as a part of significant judgment when drawing up the financial statements.

4. EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS

As of 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	62,332	29,510	55,839	28,632
Long-term	19,710	5,530	16,643	-
Total	**82,042**	**35,040**	**72,482**	**28,632**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

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

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

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

Financial assets priced at amortized cost include primarily:

Note 5.1.2.	Financial Assets - Loans Extended
Note 2.2.	Receivables under building contracts - bid bonds
Note 6.4.	Trade receivables
Note 6.4.	Other receivables
Note 2.3.	Assets under building contracts
Note 3.8.	Cash and cash equivalents
Note 3.8.	Cash assets on the VAT account
Note 3.8.	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 6.8.	Trade payables
Note 6.8.	Other liabilities
Note 3.2.-3.5.	Debt

The table below shows the balance sheet value of significant financial assets and financial liabilities by category. The balance sheet value of the Group's financial assets and financial liabilities shown in the tables below did not differ significantly from their fair value in all periods presented.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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		Financial instrument classes			
	A line in the Statement of financial position	**Assets priced at amortized cost**	**Financial liabilities measured at amortized cost**	**Lease liabilities**	**Total significant categories**
	2024				
Notes 5.1.2	Financial assets - loans extended	158,789	-	-	**158,789**
	Financial assets - Other	985	-	-	**985**
Note 2.2.	Receivables under building contracts - bid bonds	38,977	-	-	**38,977**
Note 6.4.	Trade receivables	249,041	-	-	**249,041**
Note 6.4.	Income tax & VAT receivables	6,713	-	-	**6,713**
Note 6.4.	Other receivables	2,067	-	-	**2,067**
Note 2.3.	Pricing of building contracts - assets	164,630	-	-	**164,630**
Note 3.8.	Cash and cash equivalents	97,736	-	-	**97,736**
Note 3.8.	Cash on VAT accounts	18,248	-	-	**18,248**
Note 2.2.	Liabilities vis-à-vis subcontractors - bid bonds	-	112,136	-	**112,136**
Note 2.3.	Liabilities vis-à-vis subcontractors - bid bonds	-	219,570	-	**219,570**
Note 6.8.	Trade payables	-	163,546	-	**163,546**
Note 6.8.	Other liabilities	-	23,211	-	**23,211**
Note 3.2.-3.5	Debt	-	106,823	32,704	**139,527**
	Total	**737,186**	**625,286**	**32,704**	**1,395,176**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

		Financial instrument classes			
	A line in the Statement of financial position	**Assets priced at amortized cost**	**Financial liabilities measured at amortized cost**	**Lease liabilities**	**Total significant categories**
	2023				
Notes 5.1.2	Financial assets - loans extended	140,011	-	-	**140,011**
	Financial assets - Other	8,407	-	-	**8,407**
Note 2.2.	Receivables under building contracts - bid bonds	33,079	-	-	**33,079**
Note 6.4.	Trade receivables	270,311	-	-	**270,311**
Note 6.4.	Income tax & VAT receivables	11,538	-	-	**11,538**
Note 6.4.	Other receivables	3,125	-	-	**3,125**
Note 2.3.	Pricing of building contracts - assets	156,567	-	-	**156,567**
Note 3.8.	Cash and cash equivalents	123,560	-	-	**123,560**
Note 3.8.	Cash on VAT accounts	21,204	-	-	**21,204**
Note 2.2.	Liabilities vis-à-vis subcontractors - bid bonds	-	127,093	-	**127,093**
Note 2.3.	Liabilities vis-à-vis subcontractors - bid bonds	-	197,916	-	**197,916**
Note 6.8.	Trade payables	-	139,253	-	**139,253**
Note 6.8.	Other liabilities	-	28,413	-	**28,413**
Note 3.2.-3.5	Debt	-	116,765	29,747	**146,512**
	Total	**767,802**	**609,440**	**29,745**	**1,406,987**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

		Financial instrument classes			
		Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Lease liabilities	Total significant categories
	2024				
	Impact on the financial result				
Note 4.7.	Financial income /(financial expenses) – interest	14,087	(10,155)	(2,227)	**1,705**
Note 4.7.	Financial income/(financial expenses) - FX gains/losses	1	-	-	**1**
Note 4.2.	Loss reversal/(impairment) of financial assets and customer contract valuation assets	7,190	-	-	**7,190**
	Total	**21,278**	**(10,155)**	**(2,227)**	**8,896**

		Financial instrument classes			
		Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Lease liabilities	Total significant categories
	2023				
	Impact on the financial result				
Note 4.7.	Financial income /(financial expenses) – interest	73,324	(18,014)	(2,144)	**53,166**
Note 4.7.	Financial income/(financial expenses) - FX gains/losses	-	(7,391)	-	**(7,391)**
Note 4.2.	Loss reversal/(impairment) of financial assets and customer contract valuation assets	13,347	-	-	**13,347**
	Total	**86,671**	**(25,405)**	**(2,144)**	**59,122**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1.1.FINANCIAL ASSETS

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

		2024	2023
Note 5.1.2.	Loans extended	158,789	140,011
	Other	4,732	3,805
	Total	**163,521**	**143,816**
	Long-term	152,531	124,051
	Short-term	10,990	19,765

5.1.2.FINANCIAL ASSETS – LOANS EXTENDED

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

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

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

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

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

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

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

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

Loans are classified at Level 1 of the impairment model at all balance sheet dates presented. All loans granted as of the respective balance sheet dates were considered to be instruments with low credit risk and therefore the allowance for expected credit losses recognized during the period is limited to 12-month expected credit losses. The expected credit loss

was calculated based on the probability of default, the repayment profile agreed to in the loan agreement and an assessment of recoveries from the collateral.

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

Borrower	Loan currency	Interest rate	Maturity date	2024	2023
MOD21 Sp. z o.o.	PLN	3M WIBOR +1.35%	31 Dec. 2028	3,824	5,541
MOD21 Sp. z o.o.	PLN	3M WIBOR +1.35%	31 Mar. 2028	21,368	319
JV PABC Sp. z o.o.	PLN	3M WIBOR +3.5%	31 Dec. 2026	65	3,140
Erbud Holding Deutschland GmbH	EUR	3M EURIBOR+2.2%	on demand	3,031	-
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.9%	23 Jul. 2028	993	3,537
JV PABC Sp. z o.o.	PLN	3M WIBOR +2.2%	31 Dec. 2026	395	19,871
Sanssouci	PLN	10.00%	31 Dec. 2024	5,974	1,012
Sanssouci	PLN	10.00%	31 Dec. 2024	344	47,150
MOD21 Sp. z o.o.	PLN	3M WIBOR +2.5%	31 Mar. 2028	51,110	3,672
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.9%	31 Mar. 2028	3,657	959
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.9%	31 Mar. 2028	960	3,811
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.9%	31 Mar. 2028	3,832	3,716
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	3,766	3,666
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	3,744	1,036
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	1,064	2,687
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	2,764	1,791
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	1,843	6,584
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	6,787	62
Erbud Industry Centrum Sp. z o.o.	PLN	6M WIBOR+3.00%	31 Dec. 2024	1,641	270
Erbud Industry Centrum Sp. z o.o.	PLN	6M WIBOR+3.00%	31 Dec. 2028	4,500	7,516
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	13,731	6,216
MOD21 GmbH	EUR	3M EURIBOR+1.35%	31 Dec. 2028	8,634	467
MOD21 Sp. z o.o.	PLN	3M WIBOR +1.9%	31 Dec. 2028	10,391	2,199
MOD21 Sp. z o.o.	EUR	3M EURIBOR+1.35%	31 Dec. 2028	4,371	4,356
ONDE Sp. z o.o.	PLN	3M WIBOR +3%	30 Jun. 2024	-	10,433
Total, of which:				**158,789**	**140,011**
Long-term				147,799	120,246
Short-term				10,990	19,765

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

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

5.2.1. MARKET RISK – CURRENCY RISK

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

No impairment was identified in respect of loans extended. Loans are not past due at the balance sheet date. Loans granted are burdened with credit risk and interest rate risk, which are described respectively.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

	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 3.8.	Cash and cash equivalents	23,435	2,344	(2,344)
Note 6.4.	Trade receivables	30,593	3,059	(3,059)
Note 6.4.	Other receivables	855	86	(86)
Note 2.2.	Receivables under building contracts - bid bonds	14,324	1,432	(1,432)
Note 5.1.2.	Financial assets - loans extended	59,176	5,918	(5,918)
	Liabilities			
Note 3.2.-3.5	Debt	(15,724)	(1,572)	1,572
Note 6.8.	Trade payables	(615)	(62)	62
Note 6.8.	Other liabilities	(173)	(17)	17
Note 2.2.	Building contract liabilities - bid bonds	(110)	(11)	11
	Impact of exchange rate changes - total assets and liabilities	**111,761**	**11,177**	**(11,177)**

	2023	Exposure to currency risk ('000 PLN)	Impact on the Statement of Profit/Loss PLN	
			Exchange rate change +10%	Exchange rate change -10%
	Assets			
Note 3.8.	Cash and cash equivalents	18,454	1,845	(1,845)
Note 6.4.	Trade receivables	31,525	3,153	(3,153)
Note 6.4.	Other receivables	870	87	(87)
Note 2.2.	Receivables under building contracts - bid bonds	10,532	1,053	(1,053)
Note 5.1.2.	Financial assets - loans extended	45,312	4,531	(4,531)
	Liabilities			
Note 3.2.-3.5	Debt	(20,572)	(2,057)	2,057
Note 6.8.	Trade payables	(1,803)	(180)	180
Note 6.8.	Other liabilities	(59)	(6)	6
Note 2.2.	Building contract liabilities - bid bonds	(136)	(14)	14
	Impact of exchange rate changes - total assets and liabilities	**84,123**	**8,412**	**(8,412)**

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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), issued bonds (Note 3.5) and financial lease products (Note 3.4), used by the Company.

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

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

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

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/Loss		Balance sheet value of items bearing variable interest rates	Impact on the Statement of Profit/Loss	
		+100 bp	-100 bp		+100 bp	-100 bp
Financial assets - loans extended	152,471	1,525	(1,525)	134,151	1,342	(1,342)
Credit and loan liabilities	30,103	(301)	301	40,084	(401)	401
Debt related to issued bonds	76,720	(767)	767	76,679	(767)	767
Lease liabilities	32,704	(327)	327	29,747	(297)	297
Total impact		**130**	**(130)**		**(123)**	**123**

The table below shows items bearing a fixed interest rate:

	2024	2023
	Balance sheet value	Balance sheet value
Cash and cash equivalents	97,736	123,560
Financial assets - loans extended	6,318	5,860
	104,054	**129,420**

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:

		Maximum credit risk exposure corresponding to the carrying amount of the balance sheet item	
		2024	2023
Note 3.8.	Cash and cash equivalents	97,736	123,560
Note 3.8.	Cash on VAT accounts	18,248	21,204
Note 5.1.2.	Financial Assets - Loans Extended	158,789	140,011
Note 6.4.	Trade receivables	249,041	270,311
Note 2.2.	Receivables under building contracts - bid bonds	38,977	33,079
Note 2.3.	Pricing of building contracts - assets	164,630	156,567
	Total	**727,421**	**744,732**

Cash and cash equivalents

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 Company 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. The BB grade is beyond investment grade, but still the amount of cash in these institutions is marginal.

According to the Euro Rating agency	2024	2023
Banks with AA- grade	13.96%	0.00%
Banks with A+ grade	37.44%	0.00%
Banks with A- grade	11.57%	23.4%
Banks with BBB+ grade	3.56%	0.00%
Banks with BBB grade	0.00%	60.0%
Banks with BBB- grade	33.27%	12.40%
Banks with BB+ grade	0.20%	4.20%
	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 37% 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 60% of the total balance.

The total balance of cash and cash equivalents as of the respective balance sheet dates is categorised at Level 1 of the impairment model (i.e. balances for which credit risk has not increased significantly since initial recognition).

Impairment losses on cash and cash equivalents were determined individually for each balance related to individual 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 a low credit risk at the reporting date. The Group took advantage of the simplification permitted by the standard and the impairment write-off was determined on the basis of 12-month credit losses. The write-off calculation showed a marginal amount of impairment in all periods presented, hence the Company does not present movements concerning this write-off.

Trade receivables and building contract assets

The Company has a policy to assess and review the credit risk associated with all contracts, both at the pre-bid stage and during contract execution, in order to hedge against the credit risk arising from building contract receivables (i.e. trade receivables, building contract receivables - deposits and building contract valuation). Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

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

Changes in the write-down of receivables and the age structure of past due receivables are presented in Note 6.4.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.2.4.LIQUIDITY RISK

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

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

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

The table below shows the Company's financial liabilities as of 30 December 2024 by maturity date based on contractual non-discounted payments.

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					2024
	Below 3 months	3-12 months	1-5 years	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	12,140	3,828	15,483	**31,451**	**30,103**
Debt related to issued bonds	-	76,720	-	**76,720**	**76,720**
Lease liabilities	2,762	8,286	24,871	**35,919**	**32,704**
Liabilities vis-à-vis subcontractors - bid bonds	28,920	86,758	-	**115,678**	**112,136**
Trade payables	163,546	-	-	**163,546**	**163,546**
Total	**207,368**	**175,592**	**40,354**	**423,314**	**415,209**

The table below shows the Company's financial liabilities as of 31 December 2023 by maturity date based on contractual non-discounted payments.

					2023
	Below 3 months	3-12 months	1-5 years	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	20,134	4,574	17,755	**42,463**	**40,084**
Debt related to issued bonds	-	1,678	75,000	**76,678**	**76,678**
Lease liabilities	2,384	7,147	22,461	**31,992**	**29,747**
Liabilities vis-à-vis subcontractors - bid bonds	36,554	94,980	-	**131,534**	**127,093**
Trade payables	139,253	-	-	**139,253**	**139,253**
Total	**198,325**	**108,380**	**115,216**	**421,921**	**412,856**

5.2.5.CLIMATE RISK

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

6. OTHER NOTES

6.1. TANGIBLE FIXED ASSETS

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

Tangible fixed assets are carried at purchasing price /manufacturing cost less depreciation and all impairment write-offs. When the Company identifies indications that the tangible fixed assets may be impaired, it performs an impairment test based on an estimate of the recoverable amount of the property, plant and equipment. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, which is determined based on the discounted cash flows expected to be generated by the asset or cash-generating unit, if the asset does not generate cash inflows independently.

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

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

The Company 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 Company, depreciation rates coincide with depreciation rates for its own assets belonging to the same category because the lease term corresponds to the economic useful life of the asset (including renewal options) or the contract includes an option to purchase the asset and it is reasonably certain that the Company will exercise the option.

Fixed assets under construction are valued at the cost directly attributable to the acquisition or production of the asset, including financing costs, less any 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 Company. Right-of-use assets are presented in Note 6.1.

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

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

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

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

6. OTHER NOTES

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 Company held the following categories of tangible fixed assets including right to use assets:

	2024			2023		
Tangible fixed asset category	**Gross value**	**Depreciation and write-offs**	**Net value**	**Gross value**	**Depreciation and write-offs**	**Net value**
Buildings and structures	30,269	15,112	15,157	28,253	12,624	15,629
including lease contracts	26,047	14,352	11,695	24,032	12,041	11,991
Technical appliances and machinery	4,904	4,571	333	4,634	4,270	364
Means of transport	29,452	11,799	17,653	25,151	10,752	14,399
including lease contracts	26,816	9,408	17,408	22,595	8,243	14,352
Other fixed assets	1,539	1,449	90	1,539	1,429	110
Fixed assets under construction	4,180	-	4,180	2,370	-	2,370
Total	**70,344**	**32,931**	**37,413**	61,947	29,075	32,872

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	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	**17,087**	**186**	**12,291**	**114**	**1,425**	**2,590**	**33,693**
Increases:							
Acquisition	-	585	-	26	2,021	115	**2,747**
Lease	-	-	5,464	-	-	-	**5,464**
Acceptance of fixed assets	-	16	1,293	-	-	442	**1,751**
Other, including reclassification adjustments	945	-	-	-	(945)	-	**-**
Decreases:							
Amortization and depreciation	2,297	418	4,105	30	-	423	**7,273**
Disposal and liquidation	-	5	544	-	-	-	**549**
Other	106	-	-	-	131	-	**237**
Net value as of 31 December 2023	**15,629**	**364**	**14,399**	**110**	**2,370**	**2,724**	**35,596**
Net value as of 1 January 2024	**15,629**	**364**	**14,399**	**110**	**2,370**	**2,724**	**35,596**
Increases:							
Acquisition	-	534	-	-	1,810	94	**2,438**
Lease	2,016	-	9,302	-	-	-	**11,318**
Decreases:							
Amortization and depreciation	2,488	565	4,800	20	-	452	**8,325**
Disposal and liquidation	-	-	1,248	-	-	-	**1,248**
Net value as of 31 December 2024	**15,157**	**333**	**17,653**	**90**	**4,180**	**2,366**	**39,779**

In 2022, MOD21 Sp. z o.o., that leases manufacturing and other infrastructure facilities from ERBUD S.A., to carry out its operations, started its statutory activities. The value of these investment properties is presented below.

6. OTHER NOTES

Investment property is property treated as a source of rental income or held for capital appreciation, or both, and not used in the ordinary course of business or held for sale.

Investment properties are initially recognised at cost of acquisition plus transaction costs. After initial recognition, they are carried at cost of acquisition (cost of production) less depreciation or amortisation allowances and write-offs for impairment losses. If reasons causing permanent impairment of the above-mentioned investments have occurred, an appropriate write-down is made. This write-off is posted into Other operating expenses. If the reason for the impairment loss ceases to exist, the equivalent of all or an appropriate part of the previously recognised impairment loss boosts the value of the investment and is included in Other operating income

Investment properties

	2024	2023
Opening balance of goodwill	**30,394**	**33,909**
Amortization and depreciation	3,622	3,515
Closing balance of capital	**26,772**	**30,394**

Investment properties are buildings and structures that ERBUD SA leases out to MOD21 Sp. z o.o. to enable it to run its statutory activities.

Amortization and depreciation

	For a 12-month period, ended on 31 Dec. 2024	For a 12-month period, ended on 31 Dec. 2023
General administrative expenses	8,604	8,194
Cost of products and services sold	3,343	2,700
Total	**11,947**	**10,894**

Right to use assets under lease, lease liabilities

The following simplifications permitted by IFRS16 have been adopted:

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

During the periods covered by these financial statements, the Company did not enter into any lease contracts for a period shorter than 12 months.

6. OTHER NOTES

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

	BUILDINGS AND STRUCTURES	MEANS OF TRANSPORT	TOTAL
Net value as of 1 Jan. 2023	**14,182**	**12,108**	**26,290**
Increase due to acquisition	-	1,293	**1,293**
Increase due to opened lease contracts	-	5,464	**5,464**
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	(1,485)	**(1,485)**
Amortization and depreciation	(2,191)	(3,998)	**(6,189)**
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	1,201	**1,201**
Other	-	(230)	**(230)**
Net value as of 31 Dec. 2023	**11,991**	**14,353**	**26,344**
Net value as of 1 Jan. 2024	**11,991**	**14,353**	**26,344**
Increase due to opened lease contracts	-	9,302	9,302
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	-	(4,598)	(4,598)
Amortization and depreciation	(2,312)	(4,679)	(6,990)
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	3,349	3,349
Other	-	(319)	(319)
Net value as of 31 Dec. 2024	**11,695**	**17,408**	**29,103**

	Net values	
	2024	2023
Buildings and structures	11,695	11,991
Means of transport	17,408	14,353
Total impact	**29,103**	**26,344**

6.1.1. AMOUNTS OF CONTRACTUAL OBLIGATIONS TAKEN FOR THE ACQUISITION OF TANGIBLE FIXED ASSETS

As of 31 December 2024 and 31 December 2023, the Company had no contractual obligations related to fixed asset purchase agreements and concluded lease contracts for which the lease term had not yet commenced and were not shown in the lease liabilities to this extent.

6.2. FIXED ASSETS IMPAIRMENT

Fixed assets impairment

The Company did not identify any factors that could indicate grounds for impairment of fixed assets, therefore no impairment test was performed as of 31 December 2024.

6. OTHER NOTES

6.3. INVENTORY

	2024	2023
Merchandise	2,857	1,415
Inventory value, net	**2,857**	**1,415**

6.4. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

Receivables from the State budget are recognised at the amount due to the Company in accordance with applicable laws and regulations.

	2024			2023		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	274,299	25,258	249,041	304,143	33,832	270,311
Corporate income tax receivables	1,283	-	1,283	-	-	-
VAT tax receivables	5,430	-	5,430	11,538	-	11,538
Other receivables	2,067	-	2,067	4,335	1,210	3,125
Total	**283,079**	**25,258**	**257,821**	**320,016**	**35,042**	**284,974**

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	**35,042**	**26,562**
Setting up of individual write-offs	2,030	724
Setting up of write-offs according to write-off matrix	3,625	6,751
Use of individual write-offs	(15,439)	-
Taken-over during merger with a subsidiary	-	1,005
Closing write-offs, of which:	**25,258**	**35,042**
Matrix-based calculated write-off	20,217	16,592
Individual write-off	5,041	18,450

	2024	2023
Non-past due receivables:	181,461	191,675
Past due receivables:	**67,580**	**78,636**
Below 1 month	27,368	11,537
1-3 months	6,475	11,881
3-6 months	320	15,213
6 months - 1 year	7,655	12,234
Above 1 year	25,762	27,771
Total trade receivables, net	**249,041**	**270,311**

6. OTHER NOTES

6.5. OTHER ASSETS

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

	2024	2023
Insurance	2,553	2,286
Other	966	1,125
Total	**3,519**	**3,411**

6.6. 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 2020 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 Company under the effective law and the remuneration rules and regulations. The amount of the provision is determined at the present value using actuarial techniques requiring the adoption of certain assumptions. Assumptions vital to pricing include the levels of discount rates, projected rates of return on assets (ROA), forecast wage increases. Due to pricing complexity, the assumptions made, its long-term nature, the liabilities related to the above mentioned benefits are very sensitive to assumption changes. All the above assumptions are verified and updated at the end of each reporting period.

Provisions for litigation and disputes

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

Categorized provisions are presented in table below:

	Provisions for warranty repairs	Provision for employee benefits in the post-employment period	Provisions for litigations and disputes	Other	Total
As of 1 Jan. 2023	**23,226**	**696**	**896**	**1,907**	**26,725**
Increase	10,823	89	-	946	11,858
Increase due to merger	1,667	11	-	-	1,678
Utilisation	8,670	-	-	1,907	10,577
As of 31 Dec. 2023	**27,046**	**796**	**896**	**946**	**29,684**
short-term	27,046	-	896	946	28,888
long-term	-	796	-	-	796
As of 1 Jan. 2024	**27,046**	**796**	**896**	**946**	**29,684**
Increase	9,679	-	-	-	9,679
Release	-	26	-	847	873
Utilisation	8,357	-	-	-	8,357
As of 31 December 2024	**28,368**	**770**	**896**	**99**	**30,133**
short-term	28,368	-	896	99	29,363
long-term	-	770	-	-	770

6.7. DISPUTES

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

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

Party to the Dispute	Description of the 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. The District Court ordered the exchange of pleadings. 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 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; • dismissed the remaining scope of the claim. • dismissed the counterclaim of the Platinum Resort.

Party to the Dispute	Description of the dispute
	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 Date of filing a lawsuit: 9 October 2024	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, 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,

6. OTHER NOTES

Party to the Dispute	Description of the dispute
Value of the dispute: PLN 18.132.376,00	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

6.8. 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, calculated in accordance with the concluded contracts.

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

Short-term employee benefit liabilities

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

	2024	2023
Trade payables	**163,546**	**139,253**
including from related entities	10,172	2,555
Liabilities vis-à-vis budget in relation to:	**-**	**3,338**
corporate income tax	-	3,338
Other liabilities	**23,211**	**28,413**
wages and salaries	1,506	1,614
short-term employee benefit liabilities	9,564	10,759
other	12,141	16,040
incl.: Modlin airport compensation-related liabilities	-	*7,500*
Total	**186,757**	**171,004**

6.9. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 31 January to 31 December 2024 and for the period from 1 January 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	449	(351)
Change in inventory balance	(1,442)	-
Change of receivables balance	15,551	156,755
Change in balances of short-term liabilities, excluding credits and loans	11,847	(100,713)
Change in settlement of assets and liabilities under building contracts	13,591	58,315
Change in balance of prepayments and accruals	(108)	(22,236)
Change of working capital balance	**39,888**	**91,770**

6.10. GROUP STRUCTURE

Interests and shares in subsidiaries and jointly controlled entities

Shares, interests in subsidiaries and jointly-controlled entities are carried at historical cost less any impairment losses recognised.

Non-financial fixed assets impairment

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

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

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

6. OTHER NOTES

Group Structure

As of 31 December 2024, the Group comprised the Parent Company Erbud S.A. and fully consolidated subsidiaries and subsidiaries consolidated on the equity method basis

#	Name of entity	Registered office	Scope of activities	% share in share capital 2024	value of shares carried in the balance sheet 2024	% share in share capital 2023	value of shares carried in the balance sheet 2023
	Shares held directly						
1	ONDE S.A.	Toruń	Road engineering and renewable energy sources	**60.67%**	**39,871**	60.67%	39,871
2	Erbud International Sp. z o.o.	Rzeszów	Construction services	**100.00%**	**431**	100.00%	431
3	ERBUD Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	**-**	100.00%	-
4	MOD21 GmbH	Düsseldorf, Germany	Construction services	**100.00%**	**75,657**	100.00%	45,541
5	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	**12,000**	100.00%	12,000
6	Erbud Holding Deutschland GmbH	Düsseldorf, Germany	Management services	**100.00%**	**21,162**	100.00%	21,162
7	Hebud Sp. z o.o. in liquidation	Minsk, Byelorussia	Construction services	**100.00%**	**-**	100.00%	-
8	JV WMER Matoc Poland Sp. z o.o	Warsaw	Construction services	**100.00%**	**5**	50.00%	3
9	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	**5**	100.00%	5
10	MOD21 Sp. z o.o.	Ostaszewo	Timber modular construction	**98.00%**	**5**	98.00%	5
11	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services, hotel-related activities	**0.00%**	**-**	43.00%	3
12	Erbud Industry Centrum Sp. z o.o.	The City of Łódź	Maintenance services in the industrial segment	**99.00%**	**25,035**	99.00%	25,035
13	Tauron Serwis Sp. z o.o.	Jaworzno	Maintenance services in the industrial segment	**4.14%**	**490**	4.14%	490
	TOTAL				**174,661**		144,546

As of 31 December 2024, there were no grounds for impairment.

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

#	Name of entity	Registered office	Scope of activities	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 in the RES segment	**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 Sp. 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	WTL270 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	WTL50 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	Düsseldorf, Germany	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%

As of 31 December 2024, there were no grounds for impairment recognition of shares in subsidiaries and associated companies.

6. OTHER NOTES

6.11. Transactions with related entities

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

	2024			2023		
	Related companies in the Erbud Group	Other relation	Total	Related companies in the Erbud Group	Other relation	Total
Trade receivables	28,102	36	**28,138**	21,577	6,130	**27,707**
Loans extended	152,011	6,778	**158,789**	133,819	6,192	**140,011**
Trade payables	10,148	24	**10,172**	2,555	-	**2,555**
Sales revenues	22,609	65	**22,674**	33,005	20,231	**53,236**
Interest income on loans extended	8,815	485	**9,300**	6,806	474	**7,280**
Purchase of goods and services	37,881	-	**37,881**	21,691	-	**21,691**

Transactions with key executives

The remuneration accrued for the financial year for the members of the Management Board and members of the Supervisory Board received from ERBUD S.A. is presented in the table below:

	2024	2023
Management Board		
Short-term employee benefits (remuneration)	5,926	7,861
Supervisory Board		
Short-term employee benefits (wages & salaries)	1,083	819
Total	**7,009**	**8,680**

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 directly and indirectly (Dariusz Grzeszczak, DGI Family Foundation) including:	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%**

There were no significant transactions with members of the Management Board or supervisors.

6. OTHER NOTES

6.12. EMPOYMENT STRUCTURE

	2024	2023
Blue collar workers	171	183
White collar workers	513	526
All personnel members	**684**	**709**

6.13. 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