

August 30th, 2022.

*In the first half of 2022, we have come to face business conditions the likes of which we have never experienced before. Inflation gaining momentum, rising interest rates and a slowdown in the economy – these macroeconomic phenomena have verified the quality of management of many entities. Changing economic conditions which are the result of the conflict in Ukraine have presented every organisation in every industry with difficult challenges of unpredictable increases in the cost of raw materials, materials and services, disrupted supply chains or staff shortages.*

*Despite these adversities, the MIRBUD Capital Group continued its growth in the first half of 2022, achieving revenue of PLN 1.35 billion, an increase of 55% compared to the first half of the previous year, and a net profit generated mainly in the construction and assembly services segment of PLN 39 million. The results achieved should be regarded as fully satisfactory.*

*The Group executed nearly 70 construction contracts during this period, including 16 major road contracts, the construction of stadiums in Łódź, Płock and Opole, educational facilities and sports halls in Warsaw and Olsztyn. Group entities took part in 177 tender procedures and concluded 22 contracts. As at 30 June this year, the Group had construction contracts worth PLN 5.8 billion with a completion deadline until 2026 in its order portfolio. Although the General Directorate for National Roads and Motorways is still the Group's main customer for construction and assembly services, the share of services in the warehouse and industrial construction segment continues to increase. In the first half of the year, the Group's parent company, MIRBUD S.A., secured new industrial and warehouse construction contracts with a total net value of approximately PLN 1.2 billion.*

*The first half of 2022 in the property development segment of the MIRBUD Capital Group was marked by the continuation of construction works on property development projects in Gdańsk, Bydgoszcz, Zakopane, Łódź and Żyrardów, among others. Construction has also begun on development projects in Jastrzębia Góra, Skierniewice, Katowice and stage 2 of the Osiedle Skandinavia (housing estate) in Gdańsk. Despite a 53% decrease in sales revenue in the property development segment and a 44% decrease in net result compared to the same period of the previous year, we are optimistic about 2022, as the decrease is mainly due to the schedules of ongoing property development projects. No new development projects were completed in the first half of the year, and sales of finished flats were*



conducted in development projects completed in previous years. From January to June this year, JHM DEVELOPMENT S.A. sold 63 residential units and houses, while in Q4 2022 it plans to deliver and start transferring ownership of more than 400 residential units located in Bydgoszcz, Gdańsk and Zakopane.

Looking ahead to next year, this segment of the Group's business will be impacted by the economic situation in the housing market weakened by rising interest rates and the consequent decline in customers' creditworthiness. However, we believe that the well thought-out placement of development projects in selected major cities across the country and their location in these cities will allow us to maintain sales levels similar to previous years. An improvement in the current economic situation should take place in the perspective of a few quarters, and the period of weakened economy will create additional opportunities for JHM DEVELOPMENT S.A. to purchase land for future development projects.

An area of the Group's business which clearly improved its financial results in the first half of this year is the commercial property rental sector. During this period, not only did the Company's revenue increase, but also its net profitability rose to over 13 percent. Assuming that the high commercialisation of the MARYWILSKA 44 shopping complex in Warsaw and the facilities in Rumia, Starachowice and the Warehouse and Logistics Park in Ostróda is maintained in the near future, the rental sector will provide significant support to the financial results generated by the Group.

From the point of view of the MIRBUD Capital Group's operations, the market conditions for construction services are the most important for its further development. We are currently observing stabilisation and even a decrease in the prices of some raw materials and construction materials, which may have a beneficial effect on improving the profitability of contracts already held. On the other hand, the clearly visible decline in the supply of new contracts on the market, the threat of economic recession and rising unemployment mean that the situation in the construction industry should be forecast with caution in the coming quarters. The primary task of the MIRBUD Capital Group in the short and medium term will be to execute the contracts in the order portfolio, which is filled to its historical value, while maintaining the current profitability of the contracts. At the same time, we remain steadfast in our efforts to propose new contracts, with margins at satisfactory levels taken into account.

*Jerzy Mirgos,*

*President of the Management Board of  
MIRBUD S.A.*



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