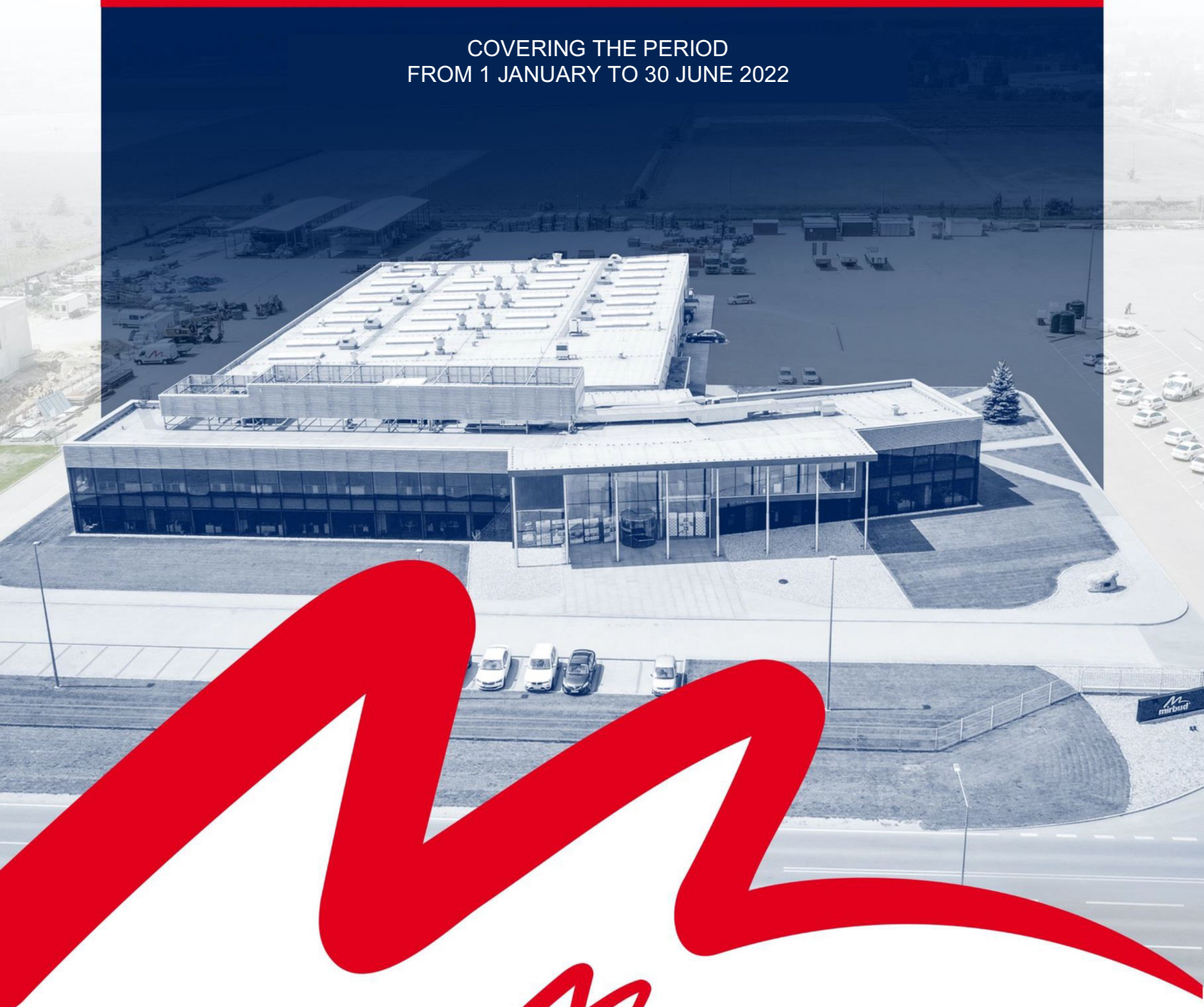


# MIRBUD CAPITAL GROUP

## REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES

COVERING THE PERIOD  
FROM 1 JANUARY TO 30 JUNE 2022



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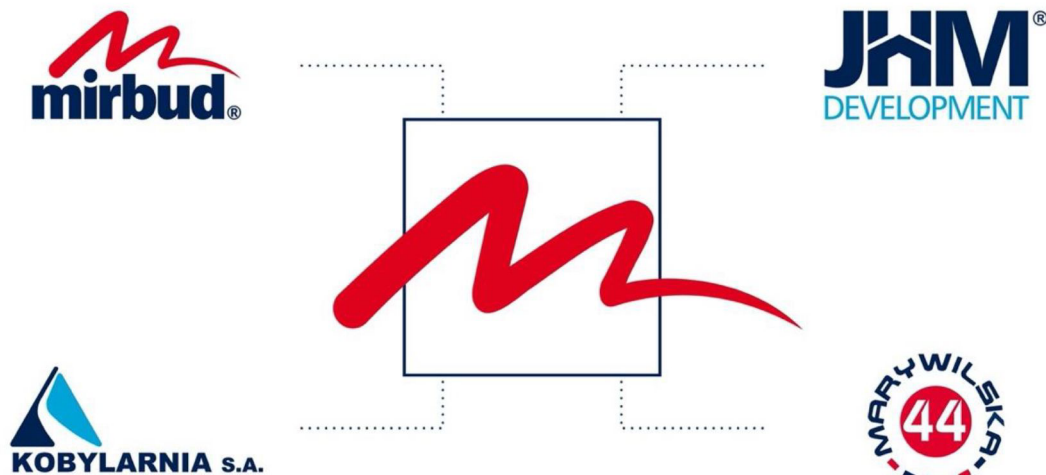
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## 1. PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS



The presented financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), in particular in compliance with IAS 27 “Consolidated and Separate Financial Statements” and with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by the issuers of securities, and in accordance with the appropriate accounting standards applicable to the annual financial reporting, as adopted by the European Union, published and binding at the time of preparation of the annual financial statements.

The consolidated financial statements were drawn up on the assumption of continuation of business activities by MIRBUD S.A. and the companies belonging to the Capital Group in the foreseeable future. As of the day of these financial statements’ approval there are no circumstances indicating a threat to the continuation of the Group’s Companies’ activities.



The financial statements have been prepared in PLN thousand (thousands of zloty), and all values, unless indicated otherwise, are given in PLN thousand. Any differences between the total amounts and the sum of their components are due to rounding.

The accounting policies adopted in the preparation of the financial statements have been presented in detail in the introduction to the financial statements for the period from 01/01/2022 to 30/06/2022.



## 2. ACTIVITIES OF THE MIRBUD CAPITAL GROUP

### 2.1. Description of the Capital Group and its core activities

The MIRBUD Capital Group employs over 1000 employees, including highly qualified engineering staff with various specialisations in the construction industry. The Company's advantage is also a well-developed machine park which ensures performance of most of the work on the basis of its own facilities.

Since 2008, **MIRBUD S.A.** has been successively building a stable Capital Group with a diversified range of activities. JHM DEVELOPMENT S.A. carries out investment tasks in the field of housing construction in a development system, while KOBYLARNIA S.A., a company located in Kobylarnia near Bydgoszcz, extends the scope of the Group's activities by road and bridge works, as well as the production of bituminous masses.

Moreover, the MIRBUD Capital Group includes MARYWILSKA 44 Sp. z o.o., the owner and manager of the largest shopping centre in Warsaw. Starting from 2021, the company is also the owner and manager of the Warehouse and Logistics Park in Ostróda as well as retail facilities in Starachowice and Rumia. MARYWILSKA 44 Sp. z o.o. has been appointed as the managing entity for all commercial properties owned by the MIRBUD Capital Group.

In November 2017 the Management Board of MIRBUD S.A. made a decision concerning the establishment of a sole proprietorship company under the name of: МІРБУД Limited liability company (abbreviated name: ТОВ «МІРБУД») with its registered office in Kyiv. The company was registered on 25 January 2018. Currently, the company has no operations in Ukraine.

**MIRBUD S.A.** is the parent company and prepares consolidated financial statements which include statements of the parent company and subsidiaries - JHM DEVELOPMENT S.A., KOBYLARNIA S.A. and MARYWILSKA 44 Sp. z o.o.

## Basic data of the parent company

**MIRBUD S.A.** was established as a result of transformation of a limited liability company under the name of MIRBUD Spółka z o.o. into a joint-stock company, pursuant to Article 551 et seq. of the Code of Commercial Companies. The Company was registered by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, under the KRS number 0000270385 on 22 December 2006. The Company is established for indefinite term.



<b>Name of the issuer:</b>	<b>MIRBUD S.A.</b>
<b>Issuer's registered office:</b>	Skierniewice
<b>Legal form:</b>	Joint stock company
<b>Country of registered office:</b>	Poland
<b>NIP (tax identification number):</b>	836-170-22-07
<b>REGON:</b>	750772302
<b>Address details:</b>	ul. Unii Europejskiej 18, 96-100 Skierniewice
<b>Telephone - headquarters:</b>	+ 48 (46) 833 98 65
<b>Fax:</b>	+ 48 (46) 833 97 32
<b>E-mail:</b>	sekretariat@mirbud.pl
<b>Website:</b>	www.mirbud.pl

## Subsidiary of MIRBUD S.A. - KOBYLARNIA S.A. (formerly: Przedsiębiorstwo Budowy Dróg i Mostów KOBYLARNIA S.A. [Construction Company For Roads and Bridges KOBYLARNIA S.A.]

On 03/10/2011, the District Court in Bydgoszcz, 13th Commercial Division of the National Court Register entered the transformation of Przedsiębiorstwo Budowy Dróg i Mostów Spółki z o.o. [Road and Bridge Construction Enterprise] – a subsidiary of MIRBUD S.A., into Przedsiębiorstwo Budowy Dróg i Mostów KOBYLARNIA S.A. [Construction Company For Roads and Bridges KOBYLARNIA S.A.] to the Register of Entrepreneurs of the National Court Register, under the KRS number 0000396760 On 01/07/2020, the name of the Company was changed. Since that date, the Company has operated under the following business name: Kobyłarnia Spółka Akcyjna.



<b>Full name of the entity:</b>	<b>KOBYLARNIA S.A.</b>
<b>Entity's registered office:</b>	Kobyłarnia
<b>Legal form:</b>	Joint stock company
<b>NIP (tax identification number):</b>	953-22-34-789
<b>REGON:</b>	091631706

<b>Address details:</b>	ul. Zakole 1, 86-051 Brzoza
<b>phone/fax</b>	+48(52) 381-06-10
<b>E-mail:</b>	sekretariat@kobylarnia.pl
<b>Website:</b>	www.kobylarnia.pl
<b>Country of registered office:</b>	Poland

### Subsidiary of MIRBUD S.A. - JHM DEVELOPMENT S.A.

The company was established on 27/05/2008 on the basis of the notarial deed Repertory "A" No. 3299/2008, and then transformed on 10/12/2010 into a joint-stock company. JHM DEVELOPMENT S.A. was registered in the Register of Entrepreneurs of the National Court Register under the KRS number 0000372753.



<b>Full name of the entity:</b>	<b>JHM DEVELOPMENT S.A.</b>
<b>Entity's registered office:</b>	Skierniewice
<b>Legal form:</b>	Joint stock company
<b>NIP (tax identification number):</b>	836-181-24-27
<b>REGON:</b>	100522155
<b>Address details:</b>	ul. Unii Europejskiej 18A, 96-100 Skierniewice
<b>phone/fax</b>	+48 (46) 833-61-28
<b>E-mail:</b>	sekretariat@jhmdevelopment.pl
<b>Website:</b>	www.jhmdevelopment.pl
<b>Country of registered office:</b>	Poland

### Subsidiary of MIRBUD S.A. and JHM DEVELOPMENT S.A. - MARYWILSKA 44 Sp. z o.o.

The Company was established on 15/06/2010 based on the notarial deed Repertory "A" No. 6480/2010. The Company was entered in the National Court Register kept by the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under the KRS number 0000359265, on 23/06/2010.

In 2021, as a result of issuing 1,565,000 new shares by MARYWILSKA 44 Sp. z o.o. with a nominal value of PLN 78,250 thousand and their acquisition by MIRBUD S.A., the share of JHM DEVELOPMENT S.A. in the share capital of MARYWILSKA 44 Sp. z o.o. declined to 46.12%. As a result, as of 01/07/2021, JHM DEVELOPMENT S.A. lost control over MARYWILSKA 44, while MIRBUD S.A. took direct control over that entity. It was agreed that the date on which JHM DEVELOPMENT S.A. loses direct control over Marywilaska 44 Sp. z o.o. shall be 30 June 2021.



<b>Full name of the entity:</b>	<b>MARYWILSKA 44 Sp. z o.o.</b>
<b>Entity's registered office:</b>	Warsaw
<b>Legal form:</b>	limited liability company
<b>NIP (tax identification number):</b>	524-271-14-28
<b>REGON:</b>	142434636
<b>Address details:</b>	ul. Marywilska 44, 03-042 Warsaw
<b>phone/fax</b>	+48(22) 423-10-00
<b>E-mail:</b>	sekretariat@marywilska44.waw.pl
<b>Website:</b>	www.marywilska44.waw.pl
<b>Country of registered office:</b>	Poland

### Subsidiary of JHM DEVELOPMENT S.A. - JHM 1 Sp. z o.o. in liquidation

The Company was established on 13/09/2011 based on the notarial deed Repertory "A" No. 4812/2011. The Company was entered in the National Court Register kept by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, under the KRS number 0000396588, on 20/09/2011. With effect from 1 July 2022, the Extraordinary Meeting of Shareholders of the Company adopted a resolution to put JHM 1 Sp. z o.o. into liquidation. From this date, the company is named JHM 1 Sp. z o.o. w likwidacji. Liquidation of the subsidiary, JHM 1 Sp. z o.o., is part of the process of reorganisation of the MIRBUD Capital Group, about which the Issuer informed in Current Reports No. 36/2020 and 41/2021. The commercial property in Rumia, previously owned by the Company, is now managed by MARYWILSKA 44 Sp. z o.o.

<b>Full name of the entity:</b>	<b>JHM 1 Sp. z o.o. w likwidacji</b>
<b>Entity's registered office:</b>	Skierniewice
<b>Legal form:</b>	limited liability company
<b>NIP (tax identification number):</b>	836-185-59-68
<b>REGON:</b>	101288135
<b>Address details:</b>	ul. Unii Europejskiej 18, 96-100 Skierniewice
<b>Country of registered office:</b>	Poland
<b>Phone/fax</b>	+ 48 (46) 833 95 89

### Subsidiary of JHM DEVELOPMENT S.A. - JHM 2 Sp. z o.o. w likwidacji

The Company was established on 16/02/2012 based on the notarial deed Repertory "A" No. 785/2012. The Company was entered in the National Court Register kept by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, under the KRS number 0000415335, on 22/03/2012.

By way of Resolution No. 1 dated 01/02/2022, the Extraordinary Meeting of Shareholders of JHM 2 Spółka z ograniczoną odpowiedzialnością, the Company was dissolved and put into liquidation as of 01 February 2022.

Pursuant to Resolution No. 1/2022 dated 14/07/2022, the Extraordinary Meeting of Shareholders of JHM 2 Sp. z o.o. w likwidacji resolved that the liquidation activities were completed on 30/06/2022. As at the balance sheet date, the Company had not been deleted from the National Court Register.

<b>Full name of the entity:</b>	<b>JHM 2 Sp. z o.o. w likwidacji</b>
<b>Entity's registered office:</b>	Skierniewice
<b>Legal form:</b>	limited liability company
<b>NIP (tax identification number):</b>	836-185-64-65
<b>REGON:</b>	101387140
<b>Address details:</b>	ul. Unii Europejskiej 18, 96-100 Skierniewice
<b>Country of registered office:</b>	Poland
<b>Phone/fax</b>	+ 48 (46) 833 95 89

### Subsidiary of MIRBUD S.A. - ТОВ «МІРБУД»

ТОВ «МІРБУД» was entered into the Uniform National Register of Enterprises and Organisations of Ukraine on 25 January 2018 under number 41887344.

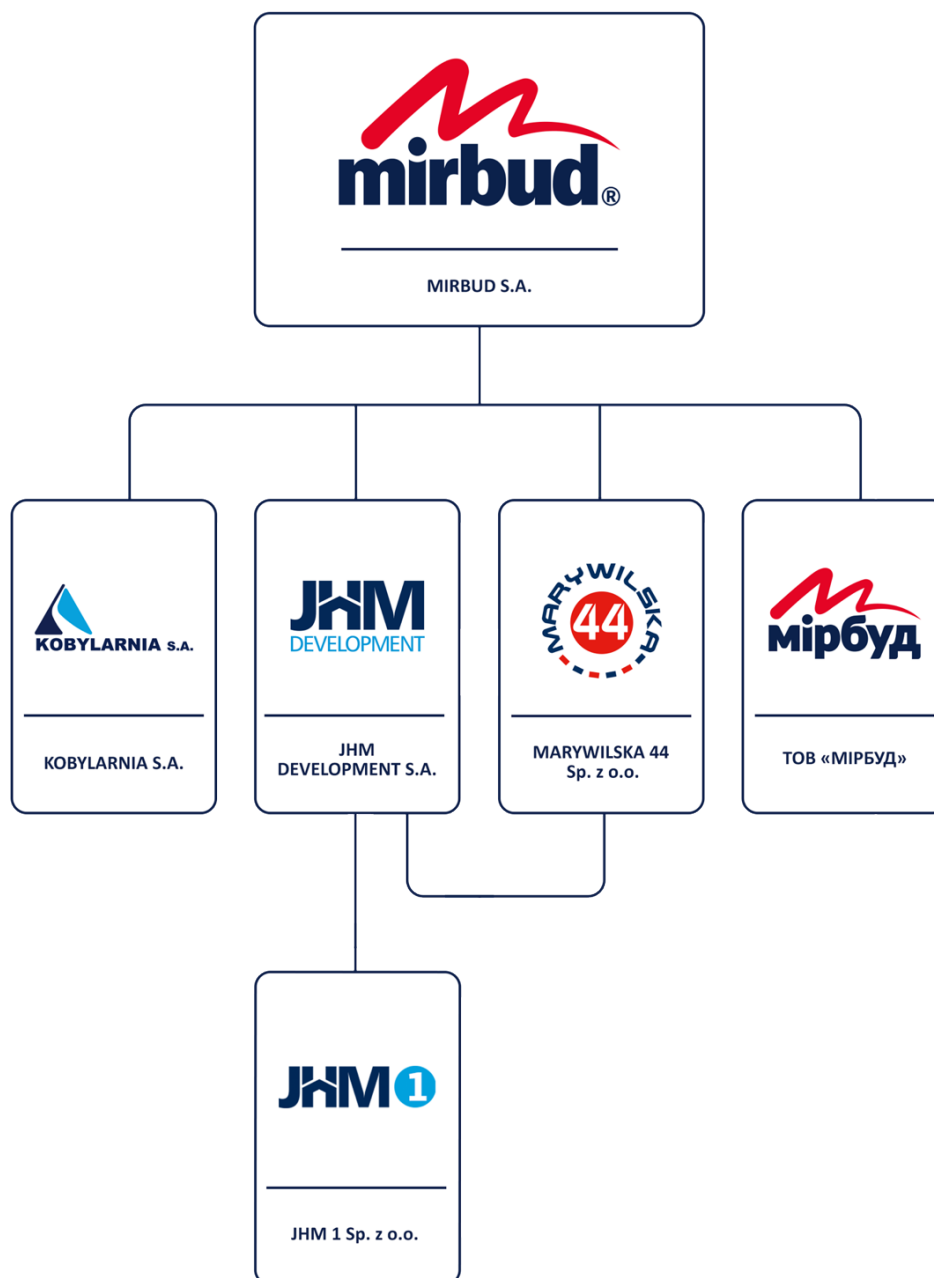
The Company conducts business activities in Ukraine in the area of, among others, construction of residential and non-residential buildings, construction of roads, performance of specialist construction works, finishing and architectural works. Currently, the Company has no active operations in Ukraine.



<b>Full name of the entity:</b>	<b>ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «МІРБУД» (MIRBUD sp. z o.o.)</b>
<b>Entity's registered office:</b>	Kiev
<b>Legal form:</b>	limited liability company
<b>NIP (tax identification number):</b>	418873426552
<b>REGON (ЄДРПОУ Code):</b>	41887344
<b>Address details:</b>	ul. 6 Oleny Telihy street, building 8, room 302, 04112 Kiev,
<b>Country of registered office:</b>	Ukraine



Diagram: The MIRBUD Capital Group structure as at 30/06/2022



MIRBUD S.A. is not affiliated with other entities in terms of organisation or capital..

Table: Structure of shares of MIRBUD S.A. in subsidiaries as at 30/06/2022

Name of the entity	Share capital	Share of MIRBUD S.A. in the share capital
<b>JHM DEVELOPMENT S.A.</b>	PLN 173,000,000	<b>100%</b>
<b>KOBYLARNIA S.A.</b>	PLN 30,000,000	<b>100%</b>
<b>MARYWILSKA 44 Sp. z o.o.</b>	PLN 157,500,000	<b>57.47%</b>
<b>TOB «MIPBYD»</b>	UAH 2.377.752.81	<b>100%</b>

On 17 November 2021, the Extraordinary Meeting of Shareholders of Marywilka 44 Sp. z o. o. adopted a resolution concerning:

- reduction of the Company's share capital to PLN 145,240,000, i.e. by PLN 3,010,000, which corresponds to the value of the aforementioned redeemed shares;
- and then increasing the Company's share capital to PLN 157,500,000, i.e. by PLN 12,260,000, through the creation of 245,200 new shares with a nominal value of PLN 50 each. The newly issued shares were fully paid up in cash in the amount of PLN 24,520,000, with the surplus over the nominal value of the shares, i.e. PLN 12,260,000, being transferred in full to the Company's share capital. The new shares were acquired entirely by MIRBUD S.A.

On 24 May 2022, the decision of the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division of the National Court Register, was delivered to the Issuer regarding registering the value of the share capital increase to PLN 157,500,000.00 of the Issuer's subsidiary - Marywilka 44 Sp. z o.o. The entry was made on 5 April 2022. The Issuer acquired 1,810,200 shares in the share capital of Marywilka 44 Sp. z o.o. with a total value of PLN 90,510,000.00, which constitutes 57.47% of the share capital of Marywilka 44 Sp. z o.o.

The share capital of ТОВ «МІРБУД» amounted to UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 31/12/2021 this amounted to PLN 353,571.84, and according to the average exchange rate of the National Bank of Poland as at 30/06/2022 this amounted to PLN 348,816.34). The sole shareholder of the company is MIRBUD S.A. As at 30/06/2022, the value of the contributed capital amounted to PLN 315,877.09. The entity is not consolidated due to its immaterial character.

Table: Structure of shares of JHM DEVELOPMENT S.A. in subsidiaries and related entities as at 30/06/2022

Name of the entity	Share capital	Nominal value of shares	Share of JHM DEVELOPMENT S.A. in the share capital
MARYWILSKA 44 Spółka z o.o.	PLN 157,500,000	*PLN 66,990,000	42.53%
JHM 1 Spółka z o.o.	PLN 9,001,000	PLN 9,001,000	100.0%

## Subject of activity

### MIRBUD S.A.



**MIRBUD S.A.** operates primarily as a general contractor in all segments of construction.

The Company's trademark is its thirty years' experience and over 500 completed investment projects, most of which are prestigious construction contracts in the field of:

- **industrial construction** (manufacturing, commercial and service buildings);
- public utilities construction (sports halls, stadiums, hospitals, public administration offices);
- **commercial construction** (shopping centres, large-area shops, exhibition and fair halls);
- **engineering and road infrastructure construction** (motorways, national, voivodship and county roads, elements of the urban transport infrastructure, bridges and railway sidings);
- housing construction (single-family, terraced and multi-family residential buildings).

**MIRBUD S.A.** guarantees the highest quality of services, efficient organisation, fast pace of work based on the highest standards and professional technical staff. The entity's core business in accordance with its Articles of Association and the entry in the National Court Register is as follows:

- general construction and civil engineering, road freight transport;
- lease of construction and demolition equipment with operator services, advertising and publishing activities;
- lease of premises for own account, wholesale of construction materials.

## KOBYLARNIA S.A.



**KOBYLARNIA S.A. (formerly: Przedsiębiorstwo Budowy Dróg i Mostów KOBYLARNIA S.A. [Construction Company For Roads and Bridges KOBYLARNIA S.A.]** is a subsidiary of MIRBUD S.A., specialising in comprehensive road and bridge construction. It is also a producer of mineral-bituminous and concrete masses, owning modern bitumen mass factories in:

- Kobyłarnia near Bydgoszcz - the Teltomat production plant with the capacity of 240 Mg/h and the Teltomat 120 production plant with the capacity of 160 Mg/h;
- Bogusławice near Włocławek - the Teltomat 160 production plant with the capacity of 200 Mg/h;
- Miękinia near Wrocław - the Amman Uniwersal production plant with a capacity of 240 mg/h.

The company provides services also in the scope of leasing construction equipment and specialised means of transport.

According to the Polish Classification of Businesses, the core activities of **KOBYLARNIA S.A.** are:

- execution of road and bridge works;
- production of mineral-bituminous and concrete masses;
- construction equipment lease.



## JHM DEVELOPMENT S.A.



**JHM DEVELOPMENT S.A.** carries out investments in the construction and sale of single-family and multi-family residential buildings. The Company's activities also include purchase and sale of property on its own account, as well as the rental and management of property. The establishment of the Company in 2008 initiated the process of building the MIRBUD Capital Group.

According to the Polish Classification of Businesses, the core activities of the subsidiary **JHM DEVELOPMENT S.A.** are:

- the implementation of building projects related to erection of buildings;
- construction works related to erection of residential and non-residential buildings;
- buying and selling of property on own account;
- lease and management of property.



## MARYWILSKA 44 Sp. z o.o.



According to the Polish Classification of Businesses, the core activities of the subsidiary Marywilaska 44 Sp. z o.o. are:

- the implementation of building projects related to erection of buildings;
- lease and management of own or leased property.

According to the Polish Classification of Businesses, the core activities of the subsidiary **JHM 1 Sp. z o.o. w likwidacji** are:

- lease and management of own or leased property.

Currently, the Company has no active operations. As a result of the sale of the Company's assets to MARYWILSKA 44 sp. z o.o., the management of the commercial property in Rumia previously owned by the Company was taken over by MARYWILSKA 44 Sp. z o.o. in 2021.

## ТОВ «МІРБУД»

According to the Polish Classification of Businesses, the core activities of the subsidiary **ТОВ «МІРБУД»** are:

- general construction and civil engineering.

The Company was established for the purpose of conducting business activity in Ukraine. The Company analysed the market potential, participated in tenders and recognised the possibility of establishing cooperation with potential subcontractors and suppliers of materials for works carried out in Poland and Ukraine. At present, due to the military conflict, the Company's operations are suspended. Not subject to consolidation. The Company had no active operations in Ukraine in the first half of 2022.

Figure: Geographical structure of the MIRBUD Capital Group in Poland.



### 3. FINANCIAL SITUATION OF THE MIRBUD CAPITAL GROUP

#### 3.1. Discussion of selected items of the consolidated financial statements of the MIRBUD Capital Group as at 30/06/2022 and 31/12/2021.

Table: Selected items of the Group's assets as at 30 June 2022 and 31 December 2021 in PLN thousand.

Specification	30/06/2022	% share in total assets	31/12/2021	% share in total assets	Change in PLN thousand	Change in %
<b>Fixed assets, including:</b>	<b>748,093</b>	<b>32%</b>	<b>714,745</b>	<b>35%</b>	<b>33,348</b>	<b>5%</b>
Property, plant and equipment	161,172	7%	152,997	7%	8,175	5%
Investment property	504,101	22%	506,252	25%	- 2,151	0%
Intangible assets	5,520	0%	5,822	0%	- 302	-5%
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	10,439	0%	10,439	1%	-	0%
Investments measured using the equity method		0%		0%	-	0%
Long-term trading and other receivables	4,495	0%	6,009	0%	- 1,514	-25%
biological assets		0%		0%	-	0%
Deferred income tax assets	62,366	3%	33,226	2%	29,140	88%
Other fixed assets not elsewhere classified (including prepayments and accruals)		0%		0%	-	0%
<b>Current assets, including:</b>	<b>1,559,514</b>	<b>68%</b>	<b>1,325,860</b>	<b>65%</b>	<b>233,654</b>	<b>18%</b>
Inventories	392,432	17%	316,155	15%	76,277	24%
Receivables on account of the income tax		0%		0%	-	0%
Trading receivables and other receivables	920,721	40%	501,856	25%	418,865	83%
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	40,083	2%	40,073	2%	10	0%
Cash and cash equivalents	206,278	9%	467,776	23%	- 261,498	-56%
Other current assets n.e.c.		0%		0%	0	0%
fixed assets held for sale		0%		0%	0	0%
<b>Total assets</b>	<b>2,307,607</b>	<b>100%</b>	<b>2,040,605</b>	<b>100%</b>	<b>267,002</b>	<b>13%</b>

As at 30/06/2022, compared to the end of 2021, the value of the balance sheet total and the structure of assets of the MIRBUD Group changed.

Current assets which, as at 30/06/2022, comprise 68% of the Group's total assets (increase in the share of current assets in the balance sheet total by 3 p.p. compared to the end of 2021) constitute the dominating value.

The following remain significant items of current assets: trade receivables and other receivables accounting for 40% of total assets (an increase in the share of total assets by 15 p.p. compared to 2021), inventories (mainly land and residential premises at JHM DEVELOPMENT S.A.), whose share in total assets increased by 2 p.p. compared to 2021 and accounts for 17% of total assets, and cash and cash equivalents accounting for 9% of the Group's assets (a decrease in the Group's assets by 14 p.p.).

As at 30/06/2022, fixed assets constitute 32% of the total assets of the MIRBUD Group (a decrease by 3 p.p. compared to the end of 2021).

Fixed assets comprise mainly property, plant and equipment constituting 7% of the assets (unchanged share in the balance sheet total) and investment property (which constitute mainly property of Centrum Targowe [Market Centre] Marywilska 44, NOMI market and Shopping Centre together with Biedronka in Rumia and warehouse and logistics facilities in Ostróda constituting 22% of the total assets (a decrease in the share by 3 p.p. compared to 2021).

The changes in the structure of assets were mainly caused by:

- purchase by MIRBUD S.A. of leased vehicles and machinery and equipment for the amount of over PLN 13 million;
- a significant increase in the settlement period of contracts in the industrial and warehousing segment concluded with companies from the Panattoni Group, which, together with an increase in the value of revenue from construction and assembly services for this segment by approx. 45% compared with the same period of the previous year, resulted in a visible increase in receivables;
- an increase of approx. PLN 76.0 million in inventories, mainly due to the progress of construction work on development projects under construction by JHM DEVELOPMENT S.A. companies (the value of semi-finished products and work-in-progress increased in H1 2022 by over PLN 86 million) and the sale of finished residential units (a decrease in finished products of approx. PLN 18 million);
- MIRBUD S.A. and KOBYLARNIA S.A. partially settling advances received for execution of road contracts, including construction of a part of the S1 expressway, so-called Węgierska Górka bypass, construction of a part of the A1 motorway; construction of the A18 motorway, section 2, construction of Poręba and Zawiercie bypass, design and construction of S11 Koszalin-Szczecinek (the amount of advances not settled is PLN 159 million);
- an increase in trade receivables caused by the doubling of the scale of operations in the construction and assembly segment (large road projects entering the advanced stage of execution).

Table: Selected items of liabilities as at 30 June 2022 and 31 December 2021 in PLN thousand.

Specification	30/06/2022	% share in total liabilities	31/12/2021	% share in total liabilities	Change in PLN thousand	Change in %
<b>Equity</b>	<b>603,432</b>	<b>26%</b>	<b>582,281</b>	<b>29%</b>	<b>21,150</b>	<b>4%</b>
Issued share capital	9,174	0%	9,174	0%	0	0%
Profit (loss) attributable to owners of the entity	39,500	2%	128,010	6%	-88,510	-69%
Other capitals	554,758	24%	445,097	22%	109,660	25%
Equity attributable to non-controlling shares	0	0%	0	0%	0	0%
<b>Long-term liabilities and provisions for liabilities</b>	<b>671,968</b>	<b>29%</b>	<b>668,359</b>	<b>33%</b>	<b>3,609</b>	<b>1%</b>
- Provisions under deferred income tax	35,808	2%	22,826	1%	12,982	57%
- other provisions for long-term liabilities	6,447	0%	6,134	0%	314	5%
- long-term financial liabilities for trading liabilities and other liabilities	396,504	17%	366,721	18%	29,783	8%
- long-term trading and other liabilities	233,209	10%	272,678	13%	-39,469	-17%
- other long-term liabilities and provisions n.e.c.		0%		0%	0	0%
<b>Short-term liabilities and provisions for liabilities</b>	<b>1,032,206</b>	<b>45%</b>	<b>789,965</b>	<b>39%</b>	<b>242,241</b>	<b>23%</b>
- Provisions for short-term liabilities	4,623	0%	5,497	0%	-874	-16%
- short-term financial liabilities, except for provisions, trading liabilities and other liabilities	45,880	2%	90,391	4%	-44,511	-49%
- trade and other liabilities	941,775	41%	673,288	33%	268,487	28%
- liabilities under deferred income tax	38,780	2%	19,662	1%	19,118	97%
other long-term liabilities and provisions n.e.c.	1,148	0%	1,127	0%	22	0%
Liabilities directly related to fixed assets classified as held for sale	0	0%	0	0%	0	0%
<b>Total liabilities</b>	<b>2,307,607</b>	<b>100%</b>	<b>2,040,605</b>	<b>100%</b>	<b>267,001</b>	<b>13.1%</b>

The structure of liabilities changed significantly in the first half of 2022. The activity of the MIRBUD Capital Group is financed in 26% from own funds, and in 74% from external capital. The share of long-term liabilities in financing amounted to 29% (a decrease in the share of financing by 4 p.p. compared to 2021), while the share of short-term liabilities increased by 6 p.p. compared to 2021 and stood at 45%.

The change in the structure of liabilities resulted mainly from:



- partial repayment of a loan in ARP S.A.;
- partial repayment of other long-term credits;
- reduction of balances of developer credits by PLN 17.5 million (in the long-term part) and PLN 1.2 million (in the short-term part) as a result of advances paid by purchasers in the course of construction projects;
- purchase of leased machinery and equipment and means of transport by MIRBUD S.A. and KOBYLARNIA S.A. for a total of approx. PLN 13 million - increase in long-term and short-term financial liabilities;
- successive settlement by MIRBUD S.A. and KOBYLARNIA S.A. of advances received from the General Directorate for National Roads and Motorways for execution of road contracts (balance of not settled advances - PLN 158 million);
- an increase in trade liabilities due to a more than 50% increase in the scale of operations in the construction and assembly segment (transition of major road projects to the advanced stage of execution, significantly increased value of projects in the industrial and warehouse construction segment);
- rollover of working capital credits taken out by MIRBUD S.A. at PKO BP, BOŚ S.A., mBank S.A. for approx. PLN 50 million for successive periods of 24 to 36 months.

Table: Selected items of the Group's statements of comprehensive income for the period from 01/01/2022 to 30/06/2022 and 01/01/2021 to 30/06/2021 in PLN thousand

Specification	Period from 01/01/2022 to 30/06/2022	Profitability	Period from 01/01/2021 to 30/06/2021	Profitability	Change in PLN thousand	Change in %
<b>Sales revenue</b>	1,351,089	-----	872,561	-----	478,528	55%
<b>Gain from sales</b>	102,846	7.61%	89,229	10.23%	13,617	15%
<b>Operating profit EBIT</b>	65,432	4.84%	70,192	8.04%	-4,760	-7%
<b>Pre-tax profit</b>	54,437	4.03%	61,005	6.99%	-6,568	-11%
<b>Net profit</b>	39,500	2.92%	49,728	5.70%	-10,228	-21%

In the first half of 2022, the MIRBUD Group achieved revenue 55% higher than in the same period of 2021, which was mainly due to a significant increase in sales revenue from construction and assembly activities especially in the engineering and road works segment and the industrial and service building segment. Profitability on sales in this period decreased by 2.62 p.p. compared to 2021, while net profitability was 2.78 p.p. lower.

The real decrease in profitability at the operating level or net profit resulting from the business activity in the first half of 2022 was much lower than indicated above, due to the fact that in the same period of the previous year, the financial result was significantly affected by non-recurring events, such as partial settlement of the subsidy received for the construction of the facility in the amount of approx. PLN 9.4 million; (in connection with the sale of the second part of the Ostróda property), a revaluation, due to the market price of the transaction, of the value of the Ostróda facility sold in the amount of approx. PLN 2.9 million, and subsidies received by Marywilska 44 Sp. z o.o. in connection with the outbreak of the COVID-19 pandemic resulting from a reduction in the lease rent for land real estate located in Warsaw in the total amount of approx. PLN 2.7 million. Excluding non-recurring events, profitability at the operating level in the first half of 2021 would be around 5.26% and around 3.97% at the net profit level.

The Group Companies achieved a positive financial result generated mainly on the basis of newly executed construction contracts, as well as increasing sales and profitability from activities in the segment of lease of commercial spaces.

The profitability of the Group's Companies in the first half of 2022 was influenced by the following factors:

- a decline in profitability of road contracts;
- a decline in profitability in the manufacturing and service and public utility buildings segments;
- a 53% reduction in sales revenue and a 44% reduction in net profit (despite a higher margin) in the developer segment resulting from the schedule of ongoing property development projects, and changes in the housing market downturn (in Q4 2022, approximately 410 residential units located in Bydgoszcz, Gdańsk and Zakopane will be completed and their ownership will be transferred);
- an improvement in the profitability of MARYWILSKA 44 Sp. z o.o. as a result of lifting the COVID restrictions in Poland, which enabled a return to contractual rent rates for lessees of the MARYWILSKA 44 Shopping Complex and an improvement in the level of commercialisation in managed facilities.

### 3.2. Assessment of financial resources and liquidity management

The management of the MIRBUD Group's financial resources assumes basing the Group's financing structure on long-term sources of financing. The Group Companies finance their operations in 74% based on foreign capital through:

- credits;
- loans;
- advances;
- leasing;
- factoring.

The Companies make efforts to diversify their third-party financing, both in terms of the financing institution and the financial products used.

The Parent Management Board is responsible for managing financial liquidity in the Group. The main objectives of the Group's financial resources and liquidity management are as follows:

- ensuring stable and effective financing of the Group's operations,
- continuous monitoring of the Group's debt level,
- effective management of working capital,
- the Parent's coordination of liquidity management processes at the Group Companies.

They are implemented in response to changing economic and business conditions through effective management of credit, interest rate and currency risks.

In the coming years the Group's strategy provides for a further gradual exchange of short-term debt financing individual construction contracts for long-term debt financing with particular consideration of advances from the Contracting Authority for infrastructural contracts and for a gradual reduction of debt in the long-term perspective.

Monitoring of the effectiveness of financial resources management is carried out, among others, using the following ratios:

Table: MIRBUD Group debt ratios

Specification	30/06/2022	31/12/2021
<b>Total debt ratio</b> <i>Total liabilities / Assets</i>	<b>0.74</b>	<b>0.71</b>
<b>Long-term debt ratio</b> <i>Long-term liabilities / Assets</i>	<b>0.30</b>	<b>0.33</b>
<b>Short-term debt ratio</b> <i>Short-term liabilities / Assets</i>	<b>0.44</b>	<b>0.39</b>
<b>Debt to equity ratio</b> <i>Liabilities / Equity</i>	<b>2.82</b>	<b>2.50</b>

In the reporting period, the level of debt increase by 3% and its structure changed (the share of long-term debt decreased by 3 p.p. and the share of short-term debt increased), which was the result of:

- an increase in trade liabilities due to an increase in the scale of operations in the construction and assembly segment (transition of major road projects to the advanced stage of execution, increased number and value of contracts in the industrial and warehouse construction segment);
- rollover of working capital credits taken out by MIRBUD S.A. at PKO BP, BOŚ S.A., mBank S.A. for approx. PLN 50 million for successive periods of 24 to 36 months.
- changes in market conditions for the supply of materials forcing early payment or advances, which resulted in increased use of available working capital credits.
- purchase of leased machinery and equipment and means of transport by MIRBUD S.A. and KOBYLARNIA S.A. for a total of approx. PLN 3.2 million - increase in long-term and short-term financial liabilities;

The Group's debt level and structure in the perspective of 2022 will be influenced by the deadline for payment of receivables of the Panattoni Group Companies, the scale of new development investments (e.g. investments in Bydgoszcz, Łódź or Zakopane) and the implemented strategy of financing large road contracts with advances from the Contracting Authority.

Table: Company liquidity ratios

Specification	30/06/2022	31/12/2021
<b>Current liquidity ratio</b> <i>Current assets / Short-term liabilities</i>	<b>1.52</b>	<b>1.68</b>
<b>Accelerated liquidity ratio</b> <i>(Current assets - Inventories - Short-term prepayments)/Current liabilities</i>	<b>1.14</b>	<b>1.28</b>
<b>Cash liquidity ratio</b> <i>Cash / Short-term liabilities</i>	<b>0.20</b>	<b>0.59</b>

As at 30/06/2022, the liquidity of the MIRBUD Capital Group has decreased but is still at a high level.

## 4. ACTIVITIES OF THE MIRBUD CAPITAL GROUP AND PROSPECTS FOR DEVELOPMENT

### 4.1. Specificity of the market

According to the latest figures released by the Central Statistical Office, the second quarter of 2022 saw a 2.3 percent decline in GDP compared to the first quarter, while year-on-year our economy expanded by 5.3 percent. The economy declined quarter-on-quarter by as much as 2.3 percent, which, as experts point out, is the third worst performance on record. However, it should be remembered that the increase is due to the fact of comparing to the previous year, which was dominated by the COVID-19 pandemic.

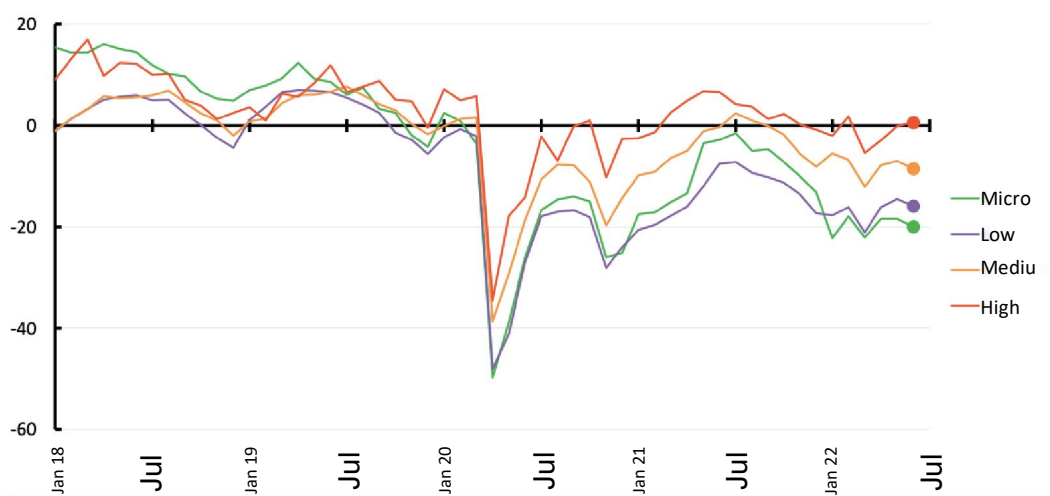
It is worrying that GDP growth in the first half of the year was mainly driven by inventory growth. Companies increased inventories on a large scale, for fear of component shortages and further price increases, which also fuelled inflation in Poland. Economic growth in the next six months will therefore be determined by investments (low at present), exports (mainly realised through broken value chains) and domestic consumption which will be dragged down strongly by rising prices. A deceleration in growth is therefore inevitable.

### Construction and assembly segment

The economic situation has had a significant impact on both the infrastructure and building construction sector. In the first half of 2022, the construction and assembly production executed domestically was higher than in the same period last year (when a decrease was recorded). Annual production growth continued throughout the period, with the highest growth in the first three months of the year. In June this year, the growth rate weakened and was the lowest since the beginning of the year. Construction and assembly production in the first half of this year increased by 12.0% on an annual basis (compared with an increase of 23.3% in the first quarter of this year and a decrease of 2.8% in the first half of the previous year). Growth was observed in all construction divisions, with a high increase in those mainly involved in the construction of buildings (by 24.6%, after a significant decrease in the previous year). To a much lesser extent, production increased in units specialising in civil engineering construction and specialised construction work (5.9% each). In the first half of this year, among enterprises specialising in the construction of buildings, construction and assembly production was much higher than in the previous year in entities specialising in the construction of residential and non-residential buildings, namely 31.2% higher. In contrast, it decreased by 10.3% in entities mainly involved in the construction of projects related to the erection of buildings.

The overall economic climate index for the construction industry remained at a significantly lower level in the period under review compared to the same period in 2021. The poor situation mainly affected micro, small and medium-sized enterprises, while it was observed less in large construction companies. However, the declines in the economic climate index for the construction industry were not as deep as after the outbreak of the COVID-19 pandemic in March 2020.

Chart: Overall economic climate index for the construction industry for the period from January 2018 to June 2022 [points] (source: PZPB report based on CSO data)



In July this year, assessments for the overall economic climate in the construction industry are as negative as they were a month ago. The unfavourable diagnoses of the order portfolio and construction and assembly production in the domestic market persist, as do the current assessments and forecasts of the financial situation of companies. The unfavourable outlook for the order portfolio and construction and assembly production in the domestic market has worsened; the negative forecast for work orders in foreign markets persists. Entrepreneurs continue to anticipate that employment in their companies will be reduced in the next three months and that the price of construction and assembly works will increase.

### Developer segment

More residential units were completed in the first half of this year than in the previous year. In contrast, there were fewer residential units for which building permits had been issued or an application with a construction project had been submitted, and residential units for which construction had begun (after a large increase in the first half of the previous year). The number of residential units handed over for occupation increased year-on-year in June this year. Yet, it is still lower than a year ago.

According to preliminary data from the Central Statistical Office, 109,400 residential units were completed between January and June this year, i.e. 3.8% more than a year ago (when the increase was 8.6%). There was an increase in the number of residential units in both private construction (by 6.0%) and construction for sale or rent (by 3.7%). A total of 35.0% fewer residential units were completed in the other forms of construction than in the first half of the previous year.

In the period under review, building permits were issued or applications with a construction project were submitted for the construction of 170,800 residential units and construction started on 119,700 residential units, i.e. 0.5% and 17.2% less than a year earlier, respectively. In June this year, there was an annual increase in the number of residential units for which permits were issued or applications with a construction project were submitted (by 15.4%, i.e. to 34.8 thousand), and a decrease in the number of residential units for which construction had begun (by 6.7%, i.e. to 24.0 thousand).

An estimated 881,600 residential units were under construction at the end of June this year, i.e. 1.6% more than at the end of June last year.



## Commercial space lease segment

The MIRBUD Capital Group operates in the commercial space lease segment through the activity of its subsidiary, MARYWILSKA 44 Sp. z o.o. The activity of this company is characterised by a twofold administration of the lease space due to the customer type. The company-owned shopping complex located at ul. Marywilska 44 in Warsaw is aimed at individual customers, so when analysing the market for this type of space, it should be considered in terms of its attractiveness for retail, and therefore the demand for space for shops and market stalls. The same is true of the shopping centre spaces managed by the Company in Rumia and Starachowice. The conditions of the warehouse space lease market in the Company's Logistics and Warehouse Park in Ostróda should be considered slightly differently.

In the first half of this year, the warehouse space lease market continued its very good run associated with the rapid development of e-commerce services in Poland. At the end of the first quarter, the total stock of warehouse space in the country reached a record level of 25 million sq. m. of space with a record low vacancy rate (3.1%). The unrelenting demand for warehouse space is estimated to be driven not only by the growth of e-commerce following the outbreak of the COVID-19 pandemic, but also by an increasing trend towards renting warehouse space by companies who, having learned from the experience of the occurrence of supply chain disruptions caused by the war in Ukraine, are willing to store products and semi-finished products to ensure continuity of supply to their factories. Due to its well-developed road infrastructure, Poland is, in a way, becoming a logistics hub for products which are manufactured in Asia, but secure production continuity in Central and Eastern European factories.

## 4.2. Market prospects

### Construction and assembly segment

The prospects for the construction market in Poland will be affected mainly by geopolitical conditions related to the beginning of the war in Ukraine. As a result of the economic sanctions imposed on Russia by EU and the USA, the supply of basic raw materials necessary for the production of construction materials decreased sharply in the first quarter of this year. The resulting above-average increase in raw material prices, the outflow of Ukrainian workers from construction sites and steadily rising inflation - these are the most important factors shaping the prices of construction materials and services in the first half of 2022.

As of the date of this report, the dynamics of military, political and economic events related to the state of war in Ukraine make it difficult to formulate long-term forecasts for construction. The unfavourable diagnoses of the order portfolio and construction and assembly production in the domestic market persist, as do the current assessments and forecasts of the financial situation of companies. The unfavourable outlook for the order portfolio and construction and assembly production in the domestic market has worsened; the negative forecast for work orders in foreign markets persists. Entrepreneurs continue to anticipate that employment in their companies will be reduced in the next three months and that the price of construction and assembly works will increase.

The barriers to construction business most frequently pointed to continue to be the cost of materials, the cost of employment and the uncertainty of the overall economic situation. Compared to June this year, the severity of the heavy burden on the budget has slightly decreased. On an annual basis, the strain of high material costs has increased the most. Uncertainty of the overall economic situation and unclear, inconsistent and unstable legislation are also pointed to much more frequently than in July last year, while too high competition in the market – less frequently. Construction companies estimate the current utilisation of their capacity at approx. 83%, i.e. the same as one month ago and slightly higher than in July last year (by approx. 1 p.p.). In July this year, 44% of construction companies expect price increases for services, materials and raw materials to slow down in the next three months, while 40% expect them to accelerate. A stabilisation of these prices is expected by 15% of companies and a decrease by 1%. The surveyed entities report that the increase in the company's operating costs in the coming quarter will be mainly influenced by energy and fuel prices, prices of components and services, employment costs and financing costs (credits, loans, etc.). More than half of companies (54%) are

concerned that changes in financing conditions will result in the postponement of investment decisions planned by them over the next 12 months. There is also a significant proportion of entities indicating that these changes will cause them to reduce employment (41%), as well as production or sales (39%).

The reduced supply of new bids in the construction market, although unfavourable for small and medium-sized companies, will have a positive impact on the operational activities of those general contractors with a filled order portfolio in the coming quarters. The release of subcontractor capacity and the observed stabilisation and even the increasingly pronounced drops in the prices of construction materials in the coming quarters will make it easier to maintain the profitability of contracts already in progress.

When discussing the prospects for the Polish construction industry, one should also pay attention to the opportunities. In the following months, the condition of the Polish construction market may also be positively affected by:

1. further development of the e-commerce market and the related demand for warehouse projects;
2. increased demand for residential projects due to the influx of war refugees to Poland;
3. the inflow of EU funds under the National Reconstruction Plan;
4. the opportunity to participate in the reconstruction of infrastructure in Ukraine destroyed during the war.

As at the date of this report, we are seeing a slight slowdown in demand for warehouse project investments, no real prospect of the investment market being injected with the National Reconstruction Plan funds in the near future and no expected increase in demand for residential project investments due to the influx of refugees from the east. After six months of war in Ukraine, it is also impossible to forecast an imminent end to the conflict. It is increasingly likely that it will continue for the next quarters or even years.

In the coming quarters, the outlook for the construction market in Poland will depend primarily on the supply of new public contracts (both building construction and line contracts) at central level.

### **Developer segment**

The housing market is highly correlated with the mortgage market. As a result of the systematic rise in interest rates in Poland and the increased cost of living, the creditworthiness of households has dropped significantly. For this reason, some people are postponing decisions to buy their own home or are backtracking on decisions already made.

In June this year, the adjustment in the housing credit market, which had been ongoing since the beginning of the year, intensified. That month saw a further decline of 52% in terms of value year-on-year and 55% in terms of the number of mortgages granted, compared to June 2021. In the following quarters, market analysts expect deep declines to continue. The deteriorating outlook for the coming months is also evidenced by the demand index for new housing credits which stood at -60% in June.

## Commercial space lease segment

According to an analysis prepared by BOŚ Bank, in the following quarters of this year and in 2023, the growth rate of demand for warehouse space rental is expected to weaken, the main reason for this being the slowdown in economic growth in Poland, including, in particular, a downturn in the e-commerce sector. In the longer term, however, the warehouse market in Poland has favourable growth prospects. This is supported by a favourable macroeconomic outlook, the still high development potential of the e-commerce industry, the growing importance of Poland as a logistics centre, the continuation of strategy implemented by commercial and industrial companies to maintain increased stocks in case of unpredicted disruptions to supply chains and the long-term trend of relocating warehouses and production close to sales markets (so-called nearshoring).

### 4.3. Description of activities of the MIRBUD Group companies in the first half of 2022

#### 4.3.1 Description of material achievements and failures of the Issuer during the period covered by the report, along with information on related key events

#### Construction and assembly works segment

At the end of July this year, the value of the order portfolio of the MIRBUD Capital Group amounted to approx. PLN 5.8 billion net, with prevailing exposure (approx. 75%) to road infrastructure construction contracts, hence the prospects of this market in Poland are important for further development of the Group.

The feasibility and profitability of road contracts will be significantly affected by the decision taken by the Council of Ministers on 24 May to increase the financial limit of the National Roads Construction Programme by PLN 2.6 billion and the Programme for the Construction of 100 Bypasses by PLN 115 million. The decision also includes an increase to 10 percent of the indexation limit for contracts executed under these programmes. It should be noted here that the indexation mechanism includes the so-called half-and-half risk. This means that one half of the risk associated with increased contract execution costs is assumed by the contractors, and the other half by the contracting authority (General Directorate for National Roads and Motorways).

The most important achievements of the companies from the MIRBUD Capital Group in the reporting period include:

- an unprecedented further increase in the volume of business compared to previous years;
- achieving a satisfactory financial result from operations in the construction and assembly segment despite rising prices for raw materials and construction materials;
- filling and maintaining the value of the MIRBUD Capital Group order portfolio at over PLN 5.8 billion for the years 2020-2026;
- development of construction activities in the military infrastructure market; acquisition and execution of numerous warehouse construction contracts;
- reaching an agreement with the General Directorate for National Roads and Motorways (GDDKiA) on the indexation of road contracts up to 10% of the contract value, signing the first annexes to existing contracts in this respect.

The most important failures of the companies from the MIRBUD Capital Group the reporting period include:

- a decrease in the profitability of ongoing construction contracts due to an above-normal increase in the prices of raw materials and construction materials as a result of the armed conflict in Ukraine.

Construction is one of the strategic sectors of the Polish economy. Despite the economic restrictions caused by the pandemic condition remaining in force, 2021 was one of the record years in terms of financial results and scale of operations in the history of the MIRBUD Capital Group. In the first half, the MIRBUD CG continued to further increase the scale of its operations. In terms of revenue, the Group achieved a level higher than that achieved in the corresponding periods in previous years.

Chart: Revenue of the MIRBUD CG between 2017 and H1 2022 (in PLN thousand)

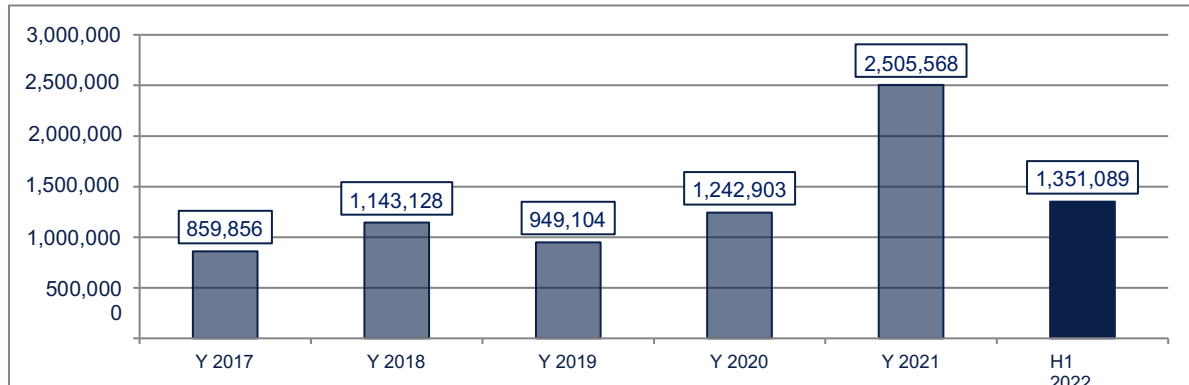
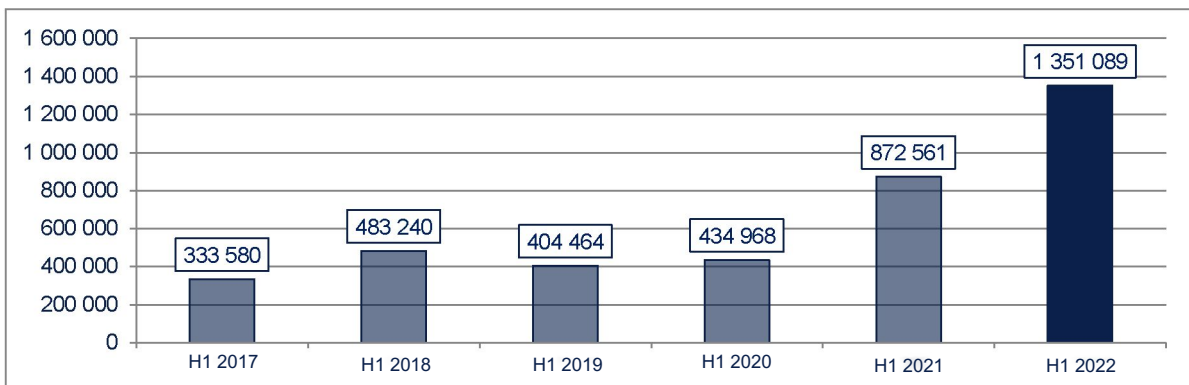
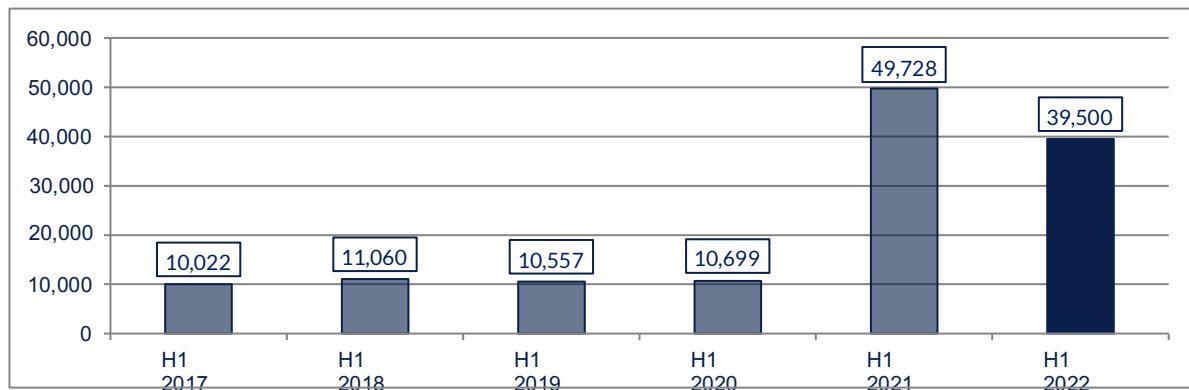


Chart: Revenue of the MIRBUD Group between 2017 in 2022 relative to the comparative periods (in PLN thousand)



As previously announced, in the first half of 2022 the Group increased its revenue generation while operating in an unfavourable macroeconomic environment. As a result of the sharp increases in the prices of raw materials and construction materials, the profitability of the construction contracts held declined; however, a satisfactory consolidated net profit was achieved due to the increase in the scale of operations and the appropriate management of the ongoing projects.

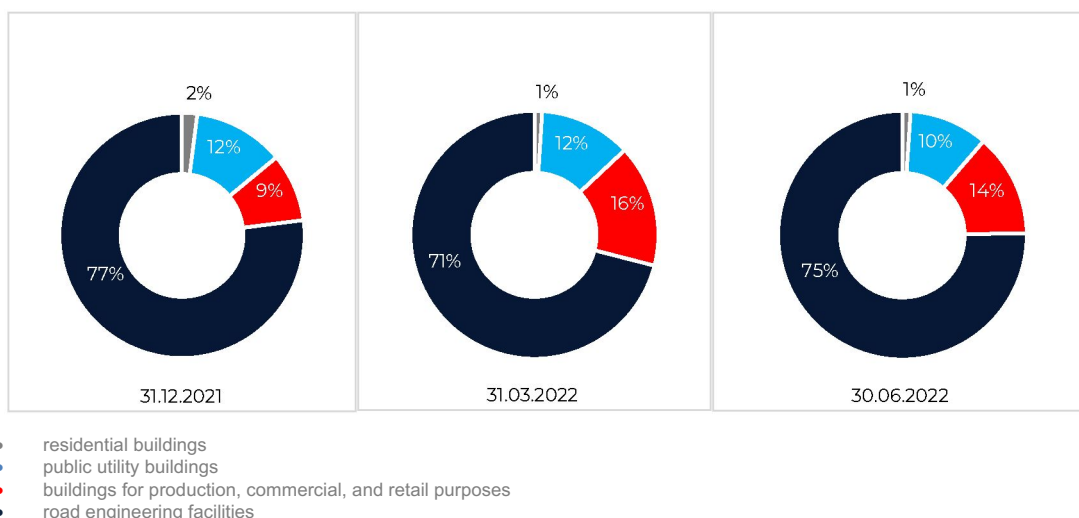
Chart: Net profit of the MIRBUD CG by comparative periods between 2017 and 2022 (in PLN thousand)



It should be noted that in the corresponding period of 2021, the net result was affected by non-recurring events, including the partial settlement of the subsidy received for the construction of the Ostróda facility in the amount of approx. PLN 9.4 million (in connection with the sale of the second part of the Ostróda property), the revaluation due to the market price of the transaction of the value of the Ostróda facility sold in the amount of approx. PLN 2.9 million, as well as subsidies received by Marywilka 44 Sp. z o.o. in connection with the COVID-19 pandemic resulting from a reduction in the rent for the lease of land property located in Warsaw in the total amount of approx. PLN 2.7 million.

During the period under review, the structure of the MIRBUD Capital Group's portfolio of orders to be executed by 2026 changed slightly in favour of road infrastructure contracts. The share of industrial construction contracts decreased slightly due to the observed gradual slowdown in the supply of new orders of this type. There was also a slight decrease in the share of public utility and commercial construction contracts.

Chart: Change in the structure of the MIRBUD CG order portfolio



In previous years, MIRBUD S.A. was a company recognised primarily on the market of general contractors executing industrial construction investments. As of 2019, the scope of activities has expanded significantly. The Company, acting in consortium with its subsidiary, KOBYLARNIA S.A., executes road construction contracts throughout the country. The value of the contracts remaining to be executed as at 30 June this year amounted to PLN 5.8 billion and the execution period extends to 2026. The combination of the dominant share of long-term road contracts, prestigious public utility building construction contracts and short-term, high-return industrial construction contracts ensures that the



Group's revenue will remain at a stable, comparable level in the coming years.

### **MIRBUD S.A.**

The Company invariably provides a wide range of construction and assembly services in the area of industrial, construction, housing and engineering and road projects, performed in the general contracting system. In addition, publishing operations constitute a marginal area of the company's activities.

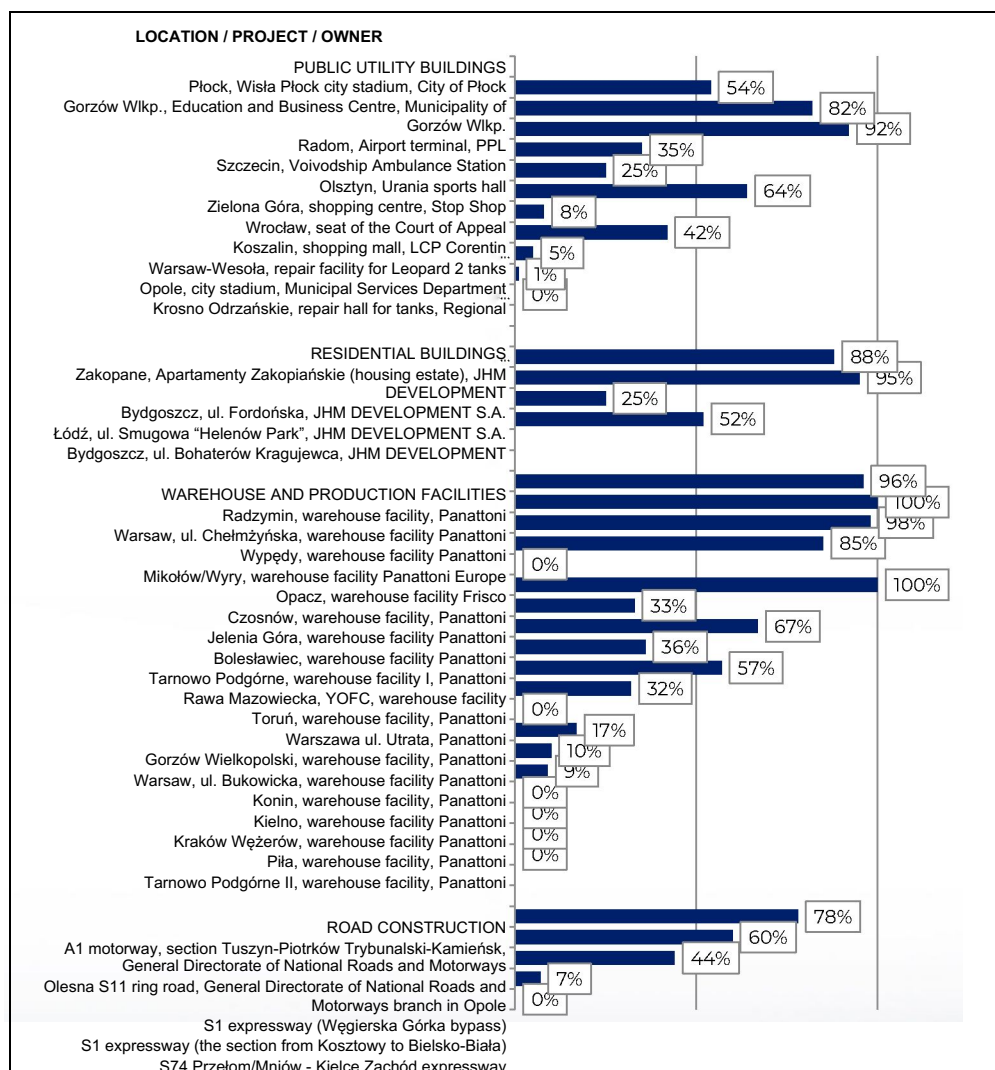
The company's biggest achievements in the first half of 2022 include signing contracts for the following projects:

- the design and execution of construction works for the S74 Przełom/Mniów - Kielce expressway section (S7 Kielce Zachód interchange) with a net value of PLN 437.14 million;
- construction of repair hall W-10 in Krosno Odrzańskie with accompanying infrastructure for maintenance and repair of armour and armoured equipment as well as demolition of existing buildings with a net value of PLN 39.47 million;
- construction of five residential buildings (buildings A, B, C, D and E) together with the necessary infrastructure at ul. Armii Krajowej in Skierniewice with a net value of PLN 80.14 million;
- reconstruction/refurbishment of the Skierniewice City Stadium with a gross value of PLN 40.21 million.

In addition, during the period under review, the Company secured contracts for the construction of warehouse facilities located in various parts of the country with a total value of approx. EUR 253 million net (i.e. approx. PLN 1,186 billion), while after the end of the reporting period, a contract was signed for the execution of a task titled "Construction of a multi-purpose building (teaching, training, accommodation, catering) with the necessary technical infrastructure and landscaping on the grounds of the Polish Naval Academy of the Heroes of Westerplatte in Gdynia" with a net value of PLN 93.25 million.

As at 30/06/2022, the Company has been in the process of executing a total of 34 building construction project contracts and 4 road construction contracts on its own or as a consortium leader with its subsidiary, KOBYLARNIA S.A.

The progress of work on construction sites at the end of June 2022 is shown in the chart below:



In accordance with the Dividend Policy adopted in 2020, in 2022 the Company paid a dividend of PLN 0.20 per share on its standalone profit for 2021 which constituted a 150% increase on the previous year.

From January to August this year, the Company has submitted bids in 132 non-public and 20 public tenders. The value of the bids submitted was PLN 11,699 thousand net. During this period, 17 contracts were signed for an amount of PLN 1,465,333 thousand.

### KOBYLARNIA S.A.

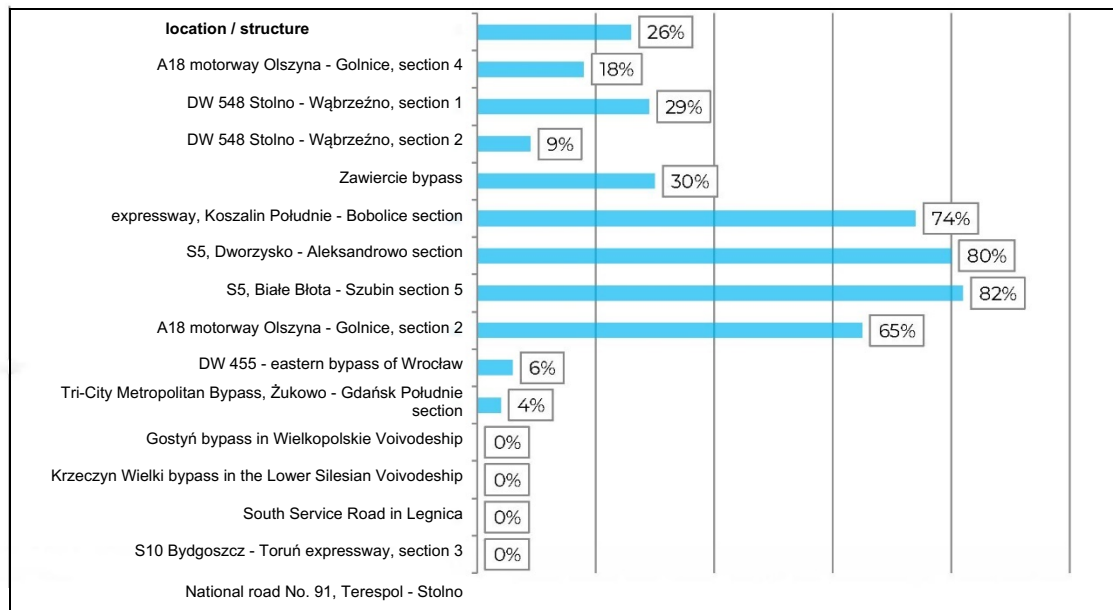
The Company invariably provides services in the area of road and engineering construction, executing road contracts in consortium with MIRBUD S.A. In addition to this, the Company executes smaller road contracts on its own and, to a small extent, manufactures bituminous masses for third parties using its own production facilities in Bydgoszcz, Miękinia near Wrocław and a plant near Włocławek.

In 2021, the number of tenders organised by the General Directorate for National Roads and Motorways decreased, while in 2022, as part of the implementation of the government's National Road and Motorway Construction Plan for 2021 - 2030 (with an outlook until 2035), tenders are planned to be announced for road projects mainly in the eastern part of the country, where the Company does not have its own logistics facilities. Significant successes for the Company in the first half of 2022 include the signing of the contract for the task titled "Design and construction of the S10 Bydgoszcz – Toruń expressway, section 3 from the Solec interchange to the Toruń Zachód interchange" with a net value of PLN 346.22 million.

In the first half of 2022, the Company executed the following contracts, acting as a leader in a consortium with MIRBUD S.A.:

- Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 2 from km 11+860 to km 33+760.
- Construction of a bypass road for Poręba and Zawiercie within the national road No. 78, Siewierz - Poręba - Zawiercie (Kromolów) section, from km 105+836 to km 122+500";
- Continuation of the design and construction of the S5 expressway Part 2 - Continuation of the design and construction of the S5 expressway on the section from Dworzysko interchange (without interchange) to Aleksandrowo interchange (with interchange) with a length of approximately 22.4 km.
- Continuation of the design and construction of the S5 expressway on the section Nowe Marzy - Bydgoszcz - border of the Kujawsko-Pomorskie and Wielkopolskie voivodeships on the section from the "Białe Błota" interchange (without interchange) to "Szubin" interchange (without interchange) with a length of approximately 9.7 km;
- Design and construction of the S11 road Koszalin - Szczecinek, section Koszalin West interchange (without interchange) - Bobolice interchange. Section 3. Koszalin Południe interchange (without interchange) – Bobolice interchange (with interchange);
- Construction of a voivodship road from voivodship road No. 455 to national road No. 98 - under the "design and build" formula;
- Extension of voivodship road No. 548 Stolno - Wąbrzeźno from km 0+005 to km 29+619, excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146, part 2 - stage II from km 15+146 to km 29+619;
- Extension of voivodship road No. 548 Stolno - Wąbrzeźno from km 0+005 to km 29+619, excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146, part 1 - stage I from km 0+005 to km 14+14;
- Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533.
- Design and construction of the Gostyń bypass within the national road No. 12; Construction of the Tri-city Metropolitan Bypass, task 2: Żukowo interchange (with interchange) – Gdańsk Południe interchange (with interchange);
- Construction of the South Service Road in Legnica – Stage III from al. Rzeczypospolitej to ul. Sikorskiego;
- Construction of the Krzeczyn Wielki bypass on voivodship road No. 335;
- Design and construction of the S10 Bydgoszcz - Toruń expressway, section 3 from the Solec interchange to the Toruń Zachód interchange;
- Reconstruction of national road No. 91 on the Terespol - Stolno section (excluding the bridge over the Vistula).

The progress of works on construction projects as of the end of June 2022 is presented in the chart below:



## ТОВ «МІРБУД»

The Company was established for the purpose of conducting business activity in Ukraine. It currently has no material operations in that country.

## Developer segment

### JHM DEVELOPMENT S.A.

JHM DEVELOPMENT S.A. primarily develops residential buildings. In the first half of 2022, the Company's development activities focused mainly on the execution of development projects in the following locations: Bydgoszcz, Gdańsk, Żyrardów, Zakopane, Łódź, Skierniewice and Katowice. No new projects were completed in the first half of the year.

The sale of finished residential units was carried out in projects completed in previous years in Konin, Żyrardów, Łódź, Katowice and Skierniewice.

From the beginning of its activities, the Company has operated in medium-sized cities of central Poland, located in the vicinity of large urban agglomerations, and selectively in other regions with high potential, where it is possible to realise attractive margins.

Without abandoning its current markets, for several years JHM DEVELOPMENT has been pursuing a modified development strategy, focusing on property development investments located in large cities with over 300 thousand citizens. The markets where the company gained experience were Katowice, where the *Twoja Dolina* housing estate comprising 324 units was completed, and Łódź, where the *Osiedle Leśne* housing estate comprising 81 single-family houses was completed. The experience gained in these markets is used in operations in other agglomerations: Gdańsk, Bydgoszcz, Łódź and Katowice.

When selecting locations for new investments, the key factors for the Company include:

- strong demand,
- the financial capacity of the inhabitants of the city in question;

- availability of land for construction.

The projects are carried out in stages as the appropriate level of sales is achieved. The construction of further buildings in the ongoing investments starts after a minimum level of 60% of the sales of residential units is achieved.

In 2021, by way of notarial deeds of ownership transfer, the Company sold 393 residential units with an area of 26.4 thousand sq. m. PUM, as compared to 331 units with an area of 18.1 thousand sq. m. PUM in 2020.

The Company's portfolio also includes 1,326 residential units in multi-family housing construction with a total usable residential area of 65.0 thousand sq. m. PUM in 7 projects currently under construction. As part of this, development contracts or preliminary contracts have been signed for 365 units under construction. The table below presents details of these investments.

As at 30/06/2022, the sales of finished residential units took place in 6 locations, comprising 7 multi-family residential buildings and 17 single-family houses (a total of 50 units with usable space of 4.6 thousand sq. m. PUM).

The estate of single-family detached and semi-detached houses, *Osiedle Leśne (housing estate) Stage I*, is a development project in Łódź completed in 2021. Other projects are facilities completed in previous years.

The Company sold 63 residential units and single-family houses by way of notarial deeds of ownership transfer in the first half of 2022.

As at 30/06/2022, the Company had 50 completed residential units for sale - 33 flats in multi-family buildings and 17 single-family houses.

At the end of June this year, the Company had 496 developer contracts active. Details of property development projects in progress as at 30/06/2022 are set out below.

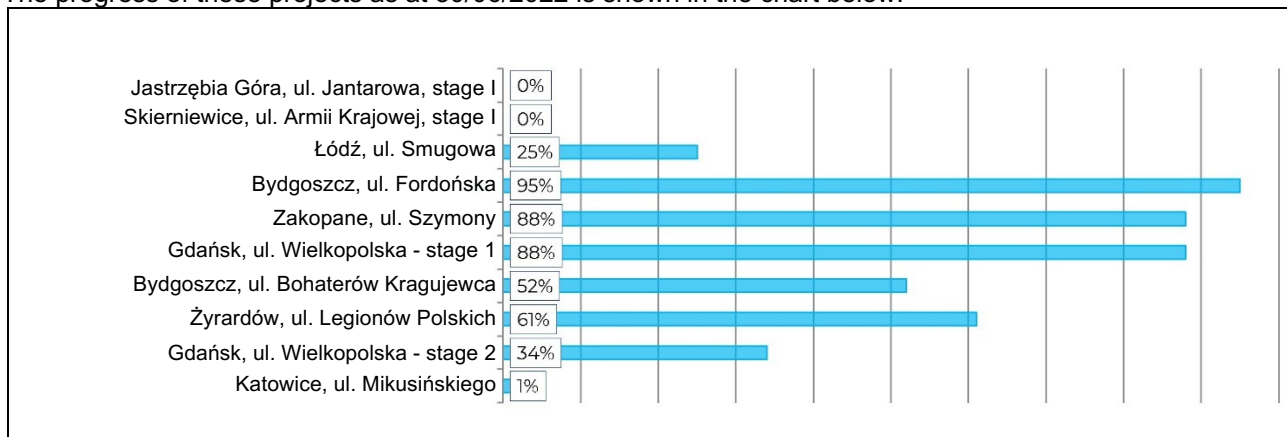
Table: List of development projects under construction as at 30/06/2022

Item No.	Location	The plot of land area [ha]	Housing type	PUM [sq. m.]	Number of premises
1	BYDGOSZCZ ul. Fordońska	0.9519	housing and services	15,493	311
2	ZAKOPANE ul. Szymony	0.9860	housing and services	8,705	241
3	GDAŃSK ul. Wielkopolska Stage I	0.7649	multi-family	5,756	108
4	BYDGOSZCZ ul. Bohaterów Kragujewca	0.4137	multi-family	6,426	119
5	ŻYRARDÓW ul. Legionów Polskich	0.5476	multi-family	9,282	179
6	ŁÓDŹ ul. Źródłowa	0.6916	multi-family	9,735	180
7	GDAŃSK ul. Wielkopolska Stage II	0.9401	multi-family	9,642	188

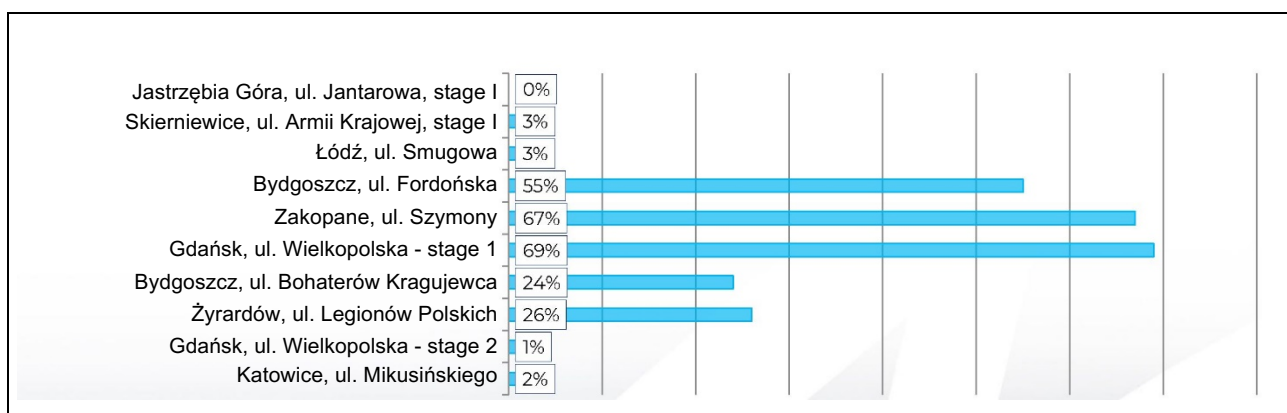


8	KATOWICE, ul. Mikusińskiego	0.2968	multi-family	2,466	43
9	SKIERNIEWICE ul. Armii Krajowej Stage I	0.4629	multi-family	6,733	144
<b>TOTAL</b>		<b>6.0555</b>		<b>74,238</b>	<b>1,513</b>

The progress of these projects as at 30/06/2022 is shown in the chart below.



The sales level of units (number of preliminary/development contracts signed) in projects currently under construction is presented in the chart below.



## Commercial space lease segment

### Marywilska 44 Sp. z o.o.

Marywilska 44 Sp. z o.o. is a company operating in the sector of management and lease of commercial space, belonging to the MIRBUD Capital Group. At the end of 2021, the Company's reorganisation process involving the acquisition by this entity of significant commercial properties previously operating within the other MIRBUD Capital Group Companies was completed. The acquisition of these properties was mainly financed through an increase in the equity of the Marywilska Company.

From the beginning of 2022, the Company has been managing a portfolio of investment properties comprising:

- the MARYWILSKA 44 Shopping Complex located in Warsaw (Białoleka District) at ul.

Marywilska 44, which includes: Centrum Handlowe (Shopping Centre) MARYWILSKA 44 with a usable area of 62.126 sq. m. and Park Handlowy (Shopping Park) MARYWILSKA 44 with a usable area of 12.084 sq. m. The total usable area of the shopping complex covers 74,210 sq. m. of usable area and above-ground parking spaces.

- - A complex of properties for logistic and warehouse purposes located in Ostróda, ul. Grunwaldzka 55 directly at the exit from the S5 expressway connecting Gdańsk and Warsaw. The usable area of the properties is 56,800 sq. m. and the leasable area is 44,919 sq. m. The property was acquired in part by the end of 2020 and in early 2021. The purpose of acquiring the property was to expand the business by lease of warehouse and logistics space.
- - Commercial property located in Starachowice to be rented to a well-known House and Garden chain. The total internal lease area of the property is 4,071 sq. m. The property also includes a 428 sq. m. outdoor garden/storage area and outdoor car park. The property was acquired in November 2021.
- - Property constituting a shopping park with the necessary infrastructure and car park located in Rumia. The property comprises 6 retail and service units with a total lease area of 2,982 sq. m. The property was acquired in December 2021.

### The Company's activities in the commercial property leasing segment.

The Company's core business is leasing space in commercial and service buildings. The Company manages the shopping complex located in Warsaw at ul. Marywilska which includes:

- **MARYWILSKA 44 Shopping Centre with 1,348 commercial units ranging in size from 20 sq. m. to 1,870 sq. m.**

MARYWILSKA 44 Shopping Centre is a project which has been present on the commercial map of Warsaw for 11 years. It is characterised by a large number of relatively small traders, many with very specialised commercial offerings. By locating all small businesses under one roof of a large shopping centre, the Company achieves scale effect which allows it to engage adequate funds not only for the maintenance of the facility, but also for joint advertising, customer transport, etc. Currently, fashion industry lessees account for the largest group of lessees of the MARYWILSKA 44 Shopping Centre (65%), followed by services (8%), catering (11%), groceries (9%), interior design (3%) and leisure (4%).

- **MARYWILSKA 44 Shopping Park with 17 commercial units ranging in size from 80 sq. m. to 1,173 sq. m.**

The **MARYWILSKA 44 Shopping Park**, which opened in 2017, diversified the existing fashion portfolio by promoting items for the home and garden, and also expanded the existing leisure and sports zone. The lessees include: PSB Mrówka, JYSK, DYWANELLA, Black Red White, MediaEkspert, JETA Łazienki, Galeria Dobrych Mebli, JUMP ARENA Park Trampolin, LONIA Papugarnia, PRO Rowery, PRESTIŻOWY DOM, ROMAX Podłogi, Żabka, and BIG SALE.

The commercial property leasing market in which the Company operates was heavily impacted by the outbreak of the COVID-19 virus pandemic and the associated restrictions on business in 2020 and 2021. As COVID restrictions were gradually being lifted in 2021, the Company could operate at full scale. As a result, from the beginning of 2022, the Company reported an increase in the number of visitors to the Shopping Complex to pre-pandemic levels. This enabled return to contractual rent rates. The Company is currently experiencing record levels of visits to the Shopping Complex, influenced primarily by factors such as:

- the absence of COVID restrictions and the increased willingness of consumers to make purchases in person rather than online;
- the influx of a significant number of refugees from Ukraine into Warsaw who are now a growing group of Shopping Complex customers;
- high levels of inflation contributing to consumers seeking goods and services at prices lower than in traditional shopping centres.

The above factors resulted in the Company being able to maintain high levels of commercialisation of its retail facilities in the first half of 2022, which as at 30/06/2022 were as follows:

- the commercialisation level of the Marywilska 44 Shopping Centre was 94%;
- the commercialisation level of the Marywilska 44 Shopping Park was 99%;
- the commercialisation level of the Shopping Park in Rumia was 100%;
- the commercialisation level of the retail facility in Starachowice is 100%.

In the first half of 2022, the Company managed to attract new lessees in sectors such as clothing and textiles, footwear, beauty salons, and interior design - the Black Red White chain.

#### **The Company's activities in the warehouse and logistics property leasing segment.**

The leasing of real estate for warehousing and logistics purposes is a relatively new business segment for the Company. The expansion of the business to include this segment was mainly aimed at expanding revenue sources to streams resistant to the COVID-19 virus situation. As a result, partly in December 2020 and partly in February 2021, the Company acquired a complex of 6 halls located in Ostróda by the S7 expressway between Warsaw and Gdańsk from an entity of the MIRBUD Capital Group.

The total area of the property is 12.8 hectares, while the total area of the development including halls, conference and trade fair facilities and technical facilities is more than 56,700 sq. m. of usable area, with 49,300 sq. m. of rental area.

Warehousing, production, exhibition and conference activities are possible within the halls. At the end of June 2022, the commercialisation level of the facility was 84% (an increase of 8 p.p. compared to 31/12/2021). The facility's main lessees are companies operating in the furniture and retail sector, as well as leisure and retail operators.

#### **JHM 1 Sp. z o.o. w likwidacji**

Currently, the Company has no active operations. As part of the ongoing reorganisation of the MIRBUD Capital Group, the property in Starachowice owned by the Company was sold to Marywilska 44 Sp. z o.o. in 2021.

#### **4.4. Corporate Social Responsibility**

The MIRBUD Capital Group implements a strategy regarding environmental protection, occupational health and safety and campaigns for the benefit of local communities, as described in the report on non-financial activities published with the Annual Report for 2021. The Group's strategy in this respect is available at: <https://mirbud.pl/media/asset/8fb2334c5cc4ff348daae341d680b1c666e36df0e44591229aac5395095169b5.pdf>

#### 4.5. Information on the Group's basic products, services or goods

The structure of revenue from sales, costs of sales and profitability by business segments for the MIRBUD Capital Group for the first half of 2022 as compared to the first half of 2021 are presented in the tables below:

Table: Sales realised by the MIRBUD Capital Group in the periods from 01/01/2022 to 30/06/2022 and 01/01/2021 to 30/06/2021 by segments

Specification	Sales revenue	Structure of revenue	Sales revenue	Structure of revenue
	01 January 2022 – 30 June 2022	in %	01 January 2021 – 30 June 2021	in %
<b>Sale of construction and assembly services:</b>	<b>1,279,807</b>	<b>94.7%</b>	<b>772,821</b>	<b>88.6%</b>
- residential buildings				
- public buildings	168,756	13.2%	161,677	20.9%
- production and service buildings	416,359	32.5%	144,424	18.7%
- road-engineering works	694,692	54.3%	466,721	60.4%
<b>Property development activity</b>	<b>29,843</b>	<b>2.2%</b>	<b>64,040</b>	<b>7.3%</b>
<b>Activities connected with lease of investment property</b>	<b>27,146</b>	<b>2.0%</b>	<b>17,039</b>	<b>2.0%</b>
<b>Other</b>	<b>14,293</b>	<b>1.1%</b>	<b>18,660</b>	<b>2.1%</b>
<b>TOTAL</b>	<b>1,351,089</b>	<b>100%</b>	<b>872,560</b>	<b>100%</b>

The value of the Group's revenue in H1 2022 relative to H1 2020 has increased by 55%. This was mainly due to the fact that the Group achieved significantly higher revenue from the sale of construction and assembly services (increase by 60% y/y), mainly in the segment of production and service buildings (increase by 188% y/y) and engineering and road works (increase in sales revenue by approx. 49% y/y).

This also affected the Group's sales structure, which changed compared to the analogous period in the previous year. The main share in the Group's sales structure was still represented by construction and assembly services, accounting for approx. 95% of total sales (an increase in the share of the Group's total revenue by 6.1 p.p.).

Among the revenue from construction and assembly services, the highest revenue was generated by the sale of services in the segment of engineering and road works, accounting for approx. 54% of those services (an increase in share in the revenue by 6.1 p.p.) and production and service buildings generating approx. 32.5% of revenue from the sale of those services (an increase in share by approx. 13.8 p.p. year-on-year).

Revenue from development activities decreased by 53%. Additionally, due to the increase in the scale of the Group's operations, the share of this revenue in total revenue decreased by approx. 5.1 p.p.

In the first half of 2022, JHM DEVELOPMENT S.A. sold 63 residential units and single-family houses by way of notarial deeds of ownership transfer.

The reduction in sales revenue in the development segment was due to the schedule of ongoing development projects and a change in the housing market's economic situation. As at 30/06/2022, the Company had 50 completed residential units for sale - 33 flats in multi-family buildings and 17 single-family houses.

In Q4 2022, approximately 410 residential units located in Bydgoszcz, Gdańsk and Zakopane will be completed and their ownership will be transferred.

From the first half of 2022 onwards, the activities connected with lease of investment property are carried out almost entirely by Marywilska 44. The Group's revenue from lease of investment properties in the first half of 2022 increased by approx. 59% and remained unchanged as a proportion of total sales revenue. This change was mainly due to the lifting of the COVID-19 virus restrictions.

The retail property lease market where the Company operates was heavily affected by the outbreak of

the COVID-19 pandemic last year, which translated into lower revenue and weak segment performance during the period. However, the first half of 2021 saw a significant increase in the number of visitors to shopping centres. Thus, the number of customers in the facilities managed by Marywilska 44, including above all the facility in Warsaw, returned to and even exceeded the results from before the pandemic broke out. This made it possible to invoice lessees according to contractual rates, without providing rent discounts, which translated positively into the segment's sales revenue. In addition, the high visit level at the Warsaw shopping complex has made it possible to increase the level of commercialisation and further diversify the lessee base.

The warehouse property lease segment, implemented within the Ostróda property, is a new area of activity for Marywilska 44. The Company has carried out a number of measures in the past year to adapt the Ostróda facility for this type of activity, which enabled it to achieve a commercialisation rate of 84% at the end of the current half-year. Proceeds from the lease of warehouse properties represent a new revenue stream for the Company (approx. 12% of the revenue of the investment property lease segment comes from the lease of properties for warehouse purposes).

The change in the sales structure in the Group resulted mainly from:

- the advanced stage of execution of road construction contracts, e.g. construction of a fragment of the A1 motorway, a fragment of the S1 expressway (Węgierska Górka bypass), Olesno bypass;
- significant growth in the number and value of short-term warehouse and logistics projects executed mainly for companies from the Panattoni Group (in the first half of 2022 the Company has secured 19 contracts in the aforementioned segment for a total value of approx. PLN 1.2 billion);
- the lifting of restrictions related to the COVID-19 pandemic causing reduced revenue in the investment property lease segments;
- execution by MIRBUD S.A., commissioned by JHM DEVELOPMENT S.A., of new development projects in Łódź, Bydgoszcz and Zakopane (approx. PLN 41 million revenue, subject to consolidation exclusion);
- concentration of MIRBUD S.A. on the implementation of the most profitable, prestigious projects.

Table: Profitability for MIRBUD S.A. Capital Group in the periods from 01/01/2022 to 30/06/2022 and 01/01/2021 to 30/06/2021 by segments

Specification	Profit/loss on sales	Sales	Profit/loss on sales	Sales
	01 January 2022 – 30 June 2022	profitability in %	01/01/2021 - 30/06/2021	profitability in %
<b>Sale of construction and assembly services:</b>	<b>76,864</b>	<b>6.0%</b>	<b>66,419</b>	<b>8.6%</b>
- residential buildings				
- public buildings	5,880	3.5%	13,269	8.2%
- production and service buildings	27,875	6.7%	19,825	13.7%
- road-engineering works	43,109	6.2%	33,325	7.1%
<b>Property development activity</b>	<b>8,565</b>	<b>28.7%</b>	<b>15,372</b>	<b>24.0%</b>
<b>Activities connected with lease of investment property</b>	<b>16,811</b>	<b>61.9%</b>	<b>7,314</b>	<b>42.9%</b>
<b>Other</b>	<b>606</b>	<b>4%</b>	<b>124</b>	<b>0.7%</b>
<b>TOTAL</b>	<b>102,846</b>	<b>7.61%</b>	<b>89,229</b>	<b>10.2%</b>

The Group achieved a positive financial result on sales in all its segments of activity. The Group's profitability on sales in the first half of 2022, compared to the first half of 2021, decreased by 2.6 p.p., which was mainly due to a decrease in profitability in the Group's core business segment, i.e. construction and assembly services (2.6 p.p. decrease in profitability levels).

It is noteworthy that, despite the progressive increase in the price of materials and subcontracting services in 2022 resulting from the conflict in Ukraine, the Company managed to maintain a high level of profitability in the engineering and road works and production and service buildings segments. The decrease in profitability in the public utility buildings segment was due to the market situation and the lack of indexation provisions in contracts with public Contracting Authorities.

The increase in the indexation threshold for road contracts performed on commission by the General Directorate for National Roads and Motorways (GDDKiA) to 10% of the contract price, as well as the possibility of introducing indexation clauses into construction work contracts negotiated with public Contracting Authorities for building facilities, will have a positive impact on the Group's results in future periods.

Stabilisation of the results of the Group operating mainly in the construction market is achieved through diversification of its activities, in particular through high profitability of sales in the property development segment and gradually increasing profitability of the property lease business after the pandemic.

## 4.6. Information on sales and supply markets

### 4.6.1 Recipients

#### MIRBUD S.A.

In the reporting period, the customers of the Company's services were domestic entities. The customers of products and services provided by MIRBUD S.A. can be divided into two groups:

- commercial entities,
- entities subject to the provisions of the Public Procurement Law.

In the first half of 2022, significant market volatility was felt mainly due to the conflict in Ukraine and the withholding of funds from the European Union under the National Reconstruction Plan.

The unstable level of prices for materials and services, as well as the increase in aggressive competition between contractors in the medium and long term, may adversely affect the profitability of contracts executed in 2022 and beyond, and concluded on the basis of price levels which do not take into account increases in execution costs.

The Issuer seeks to minimise this risk by diversifying its order portfolio, e.g. the Company also executes short-term, high-margin contracts for the construction of warehousing and industrial facilities and contracts in the residential segment for its subsidiary, JHM DEVELOPMENT S.A., while hedging the prices of materials and services at the initial stage of execution of long-term contracts with entities from the public sector.

The ongoing contracts for the construction of public utility facilities and roads are characterised by long execution deadlines, and the margins for these contracts were calculated before the COVID-19 pandemic outbreak and the conflict in Ukraine. Also then the Company concluded contracts with key subcontractors and material suppliers.

On 22 July, the Issuer concluded annexes to contracts with the State Treasury - General Directorate of National Roads and Motorways in Warsaw. The subject of the signed annexes is to increase the maximum indexation limit for contract works from 5 to 10 percent of the Accepted Contract Amount. The annexes concern the following contracts:

- Construction of the S1 Kosztowy – Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange);
- Design and construction of the S10 Bydgoszcz – Toruń expressway, section 3 from the Solec interchange to the Toruń Zachód interchange;



- Construction of the Tri-city Metropolitan Bypass divided into 2 parts: Part No. 2: Construction of the Tri-city Metropolitan Bypass. Task 2: Żukowo interchange (with interchange) – Gdańsk Południe interchange (with interchange);
- Design and construction of the Gostyń bypass within the national road No. 12; Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section.

The Company is also currently negotiating the introduction of indexation provisions in the contract with three public Contracting Authorities, and will enter into negotiations with further three in the near future. The Management Board assesses the chances of obtaining indexation of public contracts for the construction of public utility buildings as high.

According to the opinion of the General Attorney of the Treasury of the Republic of Poland of July 2022, “rapid and unpredictable changes in prices of materials and construction works, far exceeding previous market trends, currently observed in Poland as a result of the war in Ukraine make it possible to amend the contract on the basis of Article 455(1)(4) of the new Public Procurement Law Act (Article 144(1)(3) of the previous Public Procurement Law Act). (...)

(...) An amendment to the contract may take the form of a change in the amount of the contractor’s remuneration, the introduction of an indexation clause into the contract (specifying an indexation limit), or an amendment to the existing clause, e.g. by increasing the previously adopted indexation limit. A change in remuneration is also possible if the contracting authority has provided for an indexation clause and this is insufficient to offset unforeseeable effects caused by a change in the circumstances of the contract”

A full order portfolio, a high share of public contracts, partial hedging of material and service prices and the long-term nature of these contracts mean that MIRBUD S.A. is in a fairly safe position in the prevailing turbulent macroeconomic environment.

From January to August this year, the Company has submitted bids in 132 non-public and 20 public tenders. The value of the bids submitted was PLN 11,699 thousand net. During this period, 17 contracts were signed for an amount of PLN 1,465,333 thousand.

The Company achieved more than 10% of its sales revenue in the first half of 2022 with the following customers: General Directorate for National Roads and Motorways (43%), entities from the Panattoni Europe Capital Group (approx. 52% in total).

## **KOBYLARNIA S.A.**

In the reporting period, the customers of the Company’s services were domestic entities. The customers of products and services provided by KOBYLARNIA S.A. can be divided into two groups:

- public sector entities - subject to the provisions of the Public Procurement Law,
- private sector entities.

The vast portion of the Company’s revenue was generated from construction services performed for public sector entities (mainly the General Directorate for National Roads and Motorways).

At the end of the reporting period, Kobyłarnia S.A. holds a filled order portfolio for the years 2022-2025 with a total value of over approximately PLN 2 billion net.

By the end of June 2022, the Company had participated in 25 tenders and signed five contracts.

### **JHM DEVELOPEMENT S.A.**

Due to the area of operations of JHM DEVELOPEMENT S.A., it can be said that the Company has a greatly diversified group of customers. Residential unit buyers form a diverse group of unrelated entities and individuals.

Due to the large number of customers, there is no dependence on any Customers of the Group companies' services.

### **MARYWILSKA 44 sp. z o.o.**

#### **Retail property lease segment**

In terms of leasing for retail and service purposes, the Company's main activities included the management of the MARYWILSKA 44 shopping complex and smaller retail facilities in Starachowice and Rumia.

Due to the size of the facility in Warsaw, compared to other commercial properties, Warsaw and its surroundings remain the main market for the Company's business. However, the Company's development strategy provides for cooperation with entities operating both in the capital city market and on a nationwide scale. Customers of services provided by the Company, i.e. lease services, can be divided into two groups:

- small business operators;
- retail chain operators, active nationally or regionally.

Due to the large number of potential lessees in both the MARYWILSKA 44 Shopping Complex and the shopping park in Rumia, as well as the diversity of goods and services they offer, the Company is not directly dependent on any of its customers.

In the case of the retail pavilion in Starachowice, the lease is addressed exclusively to one lessee from the home and garden sector. However, if the agreement with this lessee is terminated, there is no obstacle to concluding an agreement with another large retail chain operating in this or another industry (e.g. in the area of food or electronic products sales).

To sum up, as part of its portfolio, the Company provides services of lease of utility premises for retail, catering, service and entertainment activities. The Company's objective is to successfully attract and meet the growing needs of potential customers.

At the same time, despite the definite improvement in the situation as a result of the COVID-19 virus pandemic, the Company is carrying out a number of measures to maintain good long-term relationships with its lessees. This is to ensure minimal lessee rotation by responding earlier to lessee needs and market changes, thereby ensuring the highest possible level of commercialisation in the long term.

#### **Warehouse property lease segment**

In connection with the acquisition of a warehouse property located in Ostróda by the S7 expressway, as of December 2020 the Company has become a participant of the new warehouse property lease market. The Company's customers have thus become such entities as:

- industrial operators looking for space for warehousing purposes;

- logistics and transport service providers looking for space to carry out their core activities: sorting, storage, warehousing;
- retail operators looking for space to store and stock goods;
- other entities looking for space to provide entertainment and leisure, light manufacturing and other services, among others.

Currently, the commercialisation level of the Ostróda property has reached 84%. The main lessee of the Ostróda property is a company operating in the field of furniture and interior design. The company in question uses the leased space for the purpose of storing its products. The other main lessees operate in the entertainment, sports and manufacturing sectors.

Marywilska 44 Sp. z o.o. is currently conducting operations to commercialise the remaining area within the facility. The available spaces can be used for logistics and warehousing, and retail and entertainment activities. The Company also has office and leisure spaces.

Attracting new lessees is difficult due to the current economic situation. As a result, the Company has a flexible approach to the possibility of leasing the indicated space, adapting the facility to the required technical parameters or to the contractual terms.

The Company's objective remains to secure long-term, reliable lessees for the entire area available within the facility located in Ostróda.

#### Other companies of the MIRBUD Group

There is no dependence on any customers of services.

## 4.6.2 Suppliers

### MIRBUD S.A. and KOBYLARNIA S.A.



The Company, acting in accordance with the adopted procedures of the Quality Management System ISO 9001:2000, establishes and maintains cooperation with suppliers who, after meeting the strictly defined requirements, are placed on the list of qualified suppliers. On its basis, the Procurement Department conducts commercial negotiations on the supply of building materials for the performance of particular tasks. For the purpose of additional cost control on key projects (ultimately on all projects), the Management Board of the Company appoints the so-called Tender Committees, which in cooperation with the Contract Manager and Industry Managers select the most advantageous tender.

The Tender Committees shall be responsible for the identification, selection and qualification of subcontractors for services and for the suppliers of materials, in particular for:

- the price level of supplies of materials/goods/services and negotiated payment terms;
- an assessment of the supplier's ability to deliver to the extent and within the timeframe required by the material requirements;

- an assessment of the subcontractor's ability to perform the service to the extent and within the timeframe required by the client;
- a precise definition of the requirements for the material/goods/services to be procured.

The Company has at least three suppliers for each significant product (material, service, product). This guarantees the highest standards of service and continuity of supply.

The Company concludes long-term contracts with key material suppliers (asphalt, steel, cement) ensuring the supply of materials at favourable fixed prices or with partial participation in their possible increase for the most important infrastructural contracts.

Similarly, contracts with key subcontractors are concluded at the initial stage of contract execution while maintaining the bid prices obtained during the contract valuation and bidding process.

Cooperation with both long-term and new suppliers of construction materials and services in the presented period was smooth. The Company did not have any significant problems with the supply of construction materials or services on its investments in the new regions.

In the reporting period, the Company's suppliers were mainly domestic market suppliers.

In the analysed period, the Company has not become reliant on any of its suppliers of materials and services.

## **JHM DEVELOPMENT**

The Company does not have any suppliers in the traditional sense of the word. It cooperates with a number of entities on the Polish market on development and commercial projects. These entities are banks providing design financing, construction companies performing construction and finishing works and architectural companies and entities providing additional services, e.g. marketing. In each of the above mentioned activities there is considerable competition on the Polish market.

## **MARYWILSKA 44 Sp. z o.o.**

In the course of its business, the Company uses services of an external entity to provide maintenance services of its properties, i.e. security services, cleaning services, technical and maintenance services, additional services supporting marketing activities and construction services. Thanks to a thorough analysis, and sensible, proven and consistent implementation, we were able to develop a solid cooperation with well-established suppliers who meet strict requirements set by the Company.

In selecting suppliers for the aforementioned services, the Company's representatives conduct commercial negotiations for the delivery of individual services and the purchase of materials and services necessary to conduct the Company's operations. The Company cooperates with a number of entities on the Polish market under long-term contracts.

On the other hand, the main suppliers of utilities, including gas and electricity, are evaluated in particular according to the criterion of price level and payment term, and the supplier's ability to meet the required demand (including network availability).

Due to significant competition in the Polish market among the aforementioned suppliers, there is no dependence on any of them. There is significant competition in the Polish market for the services used by the Company. In the opinion of the Company's Management Board, none of the suppliers is able to adversely affect, directly or indirectly, the Company's economic development. This ensures that the services provided are delivered to the highest standards, with guaranteed continuity of supply.

### **Other companies of the MIRBUD Group**

Other companies of the MIRBUD Capital Group use procedures for selection of suppliers based on solutions provided by MIRBUD S.A. The Companies' suppliers are from the domestic market and there is no dependence on any one supplier.

### **4.7. The impact of the COVID-19 pandemic on the operations of the MIRBUD Capital Group companies**

As of 16 May 2022, in accordance with the Regulation of the Minister of Health of 12 May 2022 (Journal of Laws of 2022, item 1027), the epidemic state connected with SARS-CoV-2 infections is lifted in the territory of the Republic of Poland. At the same time, the state of epidemic threat is declared, which will remain in place until further notice. The government justifies the lifting of the epidemic state by improvement of the epidemiological situation in Poland, reducing the rapid spread of infections and reducing the number of hospitalised individuals.

#### **MIRBUD S.A. and KOBYLARNIA S.A.**

The breakout of the COVID-19 coronavirus pandemic did not significantly affect the operations of MIRBUD S.A. and KOBYLARNIA S.A. Despite the economic downturn in the industrial and service sectors, the government has chosen not to impose stringent restrictions on the construction industry, characterised by a lower risk of transmitting the virus among outdoor construction workers. The economic collapse following the introduction of restrictions has meant that the construction sector has been identified as the branch of the economy retaining the position of the flywheel nullifying the effects of the crisis.

As a result of the pandemic, both companies experienced slight delays in the supply chain on some construction sites, but these did not affect the postponement of the deadlines set in the work schedules.

#### **JHM DEVELOPMENT S.A.**

The introduction of the state of epidemic threat did not necessitate limiting the operations of JHM DEVELOPMENT S.A., however, it affected the Company's operations and its customers' behaviour, including primarily the sale of products from the Company's portfolio. The credit procedures related to mortgage lending and the periods required for issuing administrative decisions by state authorities to commence and carry out development project processes were extended. Despite these impediments, the favourable buying trend in the housing market continued throughout 2021.

As of the date of this report, no direct threat to the operations of JHM DEVELOPMENT S.A. is perceptible, and the indirect impact is currently very difficult to assess. The Company's Management Board monitors and analyses the market situation on an ongoing basis, adapting its operating strategy to external conditions.

#### **Marywilka 44 Sp. z o.o.**

2020 and 2021 were a special period in the history of this Company's operations due to the development of the COVID-19 virus pandemic and related business restrictions which translated into the Company's financial results in that period.

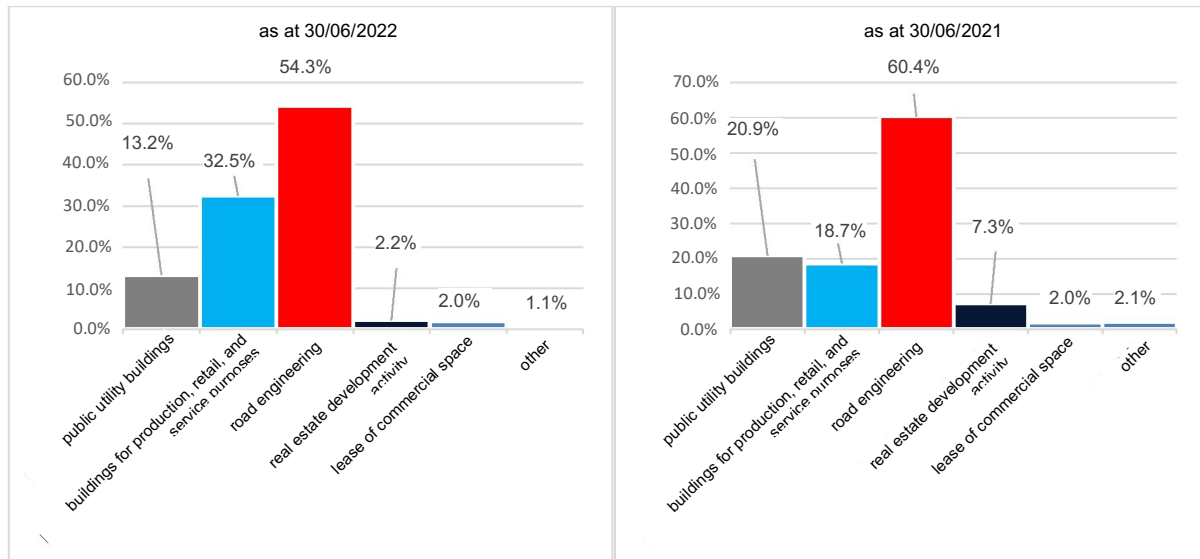
The first half of 2022 was the first period since the outbreak of the pandemic free of pandemic-related restrictions. At the same time, the low level of infections has translated positively into the number of visitors to the retail facilities managed by the Company. This has enabled the full execution of lease contracts to which the Company is a party and the cancellation of discounts granted in previous years to lessees of retail and leisure space. This has translated positively into both the level of revenue realised by the Company and its profitability.

In contrast, the COVID-19 virus in previous years and in this half-year did not affect the Company's warehouse area lease operations. These operations have not been subject to restrictions and thus the lease contracts for this segment are being executed without interruption.

As of the date of this report, the Company's Management Board is continuously monitoring the number of infections and the legislative activities related to a potential new wave of the pandemic. The increasing number of infections could translate into both government restrictions on shopping centre operations and a decrease in the number of people visiting these facilities due to fears of infection. At this point, it is impossible to predict the impact of the pandemic on the Company's commercial property business. The Company, on the other hand, is prepared to take a number of measures to mitigate the effects of possible restrictions as well as recommendations related to COVID-19.

#### 4.8. Prospects for the development of the activities of the MIRBUD Capital Group

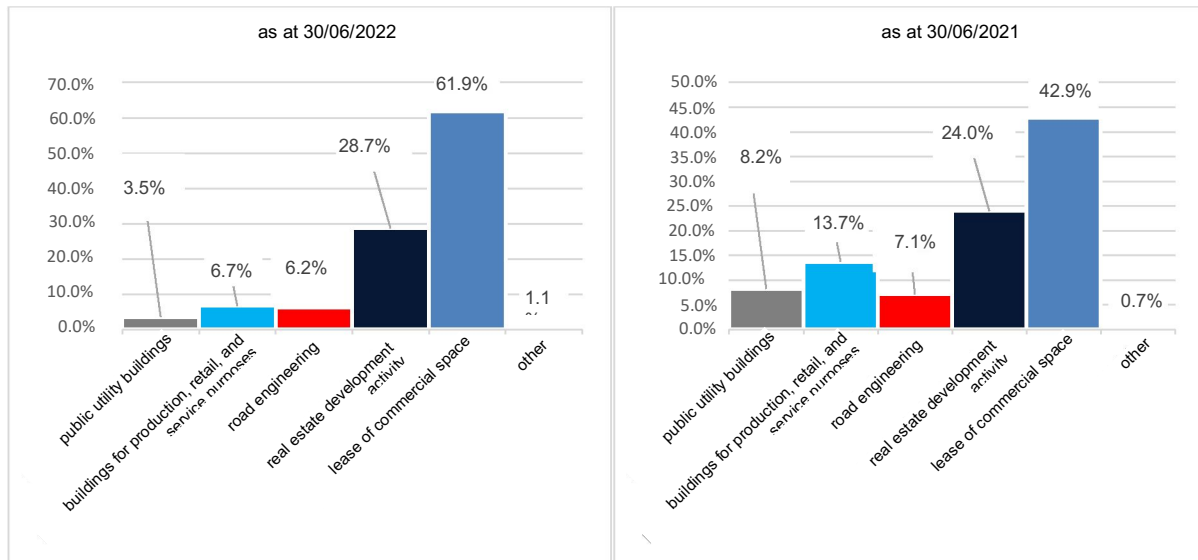
In the first half of 2022, the sales of engineering and road works (approx. 54% of revenue) dominated the revenue of the MIRBUD Capital Group, followed by works related to the construction of warehouse and production buildings (32% of revenue), public utility buildings and, marginally, residential buildings constructed exclusively for the subsidiary, JHM DEVELOPMENT S.A. (excluded from consolidation in the statements). The Group's other business segments, i.e. developer and commercial lease segment, each accounted for a 2% share of revenue. Overall, sales of construction and assembly services account for 94.7% of the revenue share. In this respect, the revenue structure of the MIRBUD Group has changed compared to the first half of 2021.



The Group's primary objective remains to develop the scale of its activities while maintaining attractive EBITDA and net profit margins.

In the first half of this year, as a result of the increase in the prices of raw materials and construction materials, the profitability of sales of the Group's construction and assembly services decreased to 6% compared to 8.6% in the same period of 2021. However, the profitability of operations in the developer and commercial lease segments increased.





## Construction and assembly segment

### MIRBUD S.A.

In previous years, MIRBUD S.A. was a company recognised primarily on the market of general contractors executing industrial construction investments. As of 2019, the scope of activities has expanded significantly. The Company, acting in consortium with its subsidiary, KOBYLARNIA S.A., executes road construction contracts throughout the country. The value of the contracts remaining to be executed as at 30 June this year amounted to PLN 5.8 billion and the execution period extends to 2026. The combination of the dominant share of long-term road contracts, prestigious public utility building construction contracts and short-term, high-return industrial construction contracts ensures that the Group's revenue will remain at a stable, comparable level in the coming years.

From 1 January to the date of this report, the Company has taken part in 132 non-public and 20 public tenders. Value of bids submitted: PLN 11,698,653,940.03 net. During this period, 17 contracts were signed for the amount of PLN 1,465,332,909.91.

In the coming years, the Company will continue to operate in all major sectors of the construction market throughout the country. As at the date of the report, the value of contracts in the MIRBUD S.A. portfolio to be executed in 2022 and beyond is approximately PLN 3.4 billion.

### KOBYLARNIA S.A.

The Company has a stable and secure order portfolio for 2022-2026. Until the date of this report, Kobylarnia S.A. has signed construction contracts with their value of remaining sales amounting to over PLN 2.4 billion net. The Company's portfolio includes contracts in the build and design & build formula throughout Poland, with the General Directorate for National Roads and Motorways and Voivodship Roads Authority as the principal contracting authority. Currently, the majority of projects are under construction.

The Company also actively seeks new contracts by participating in tenders. In the implementation of the planned strategy and the extension of the scope of activities, as well as strengthening its position on the market, it is particularly important to create a consortium of companies in order to participate in tenders for construction and assembly services. By the end of June 2022, the Company had participated in 25 tenders and signed five contracts.

Factors building the Company's value will include increased effectiveness of executed construction contracts and acquisition of new competencies in prospective areas of the construction market. In addition to market activities, the Company will continue activities aimed at reducing costs through effective use of the integrated management system.

## Developer segment

### JHM DEVELOPMENT S.A.

The Company intends to achieve its development goals by further increasing the scale of its property development activities - further development of its property development activities in medium-sized cities, especially those located near larger urban agglomerations, which enables the Company to benefit from its stable position and experience in these markets. Such locations allow for profitable execution of property development projects with a reduced level of risk. In medium-sized cities, land prices are moderate, so the Company can more easily accumulate its own contribution to the purchase of land and to the commencement of the investment. There is often limited competition in such locations. Examples of the implementation of this concept are the projects completed last year and currently underway in cities such as Konin, Skierniewice and Żyrardów.

At the same time, the Company aims to carry out property development projects in large cities with more than 300,000 inhabitants, characterised by higher demand and higher unit selling prices for residential space. Projects implemented in large cities offer the greatest potential for the Company to increase the scale of its operations. These types of projects have already been completed in Katowice - two stages of *Osiedle Twoja Dolina*, and in Łódź - *Osiedle Leśne*, a single-family housing estate. Projects are currently underway in Bydgoszcz, Łódź, Gdańsk and Katowice.

The Company's portfolio, in investments currently under construction, also included 1,513 units in multi-family construction projects, with a total usable residential area of 74.2 thousand sq. m. PUM.

As at 30/06/2022, the Company had 496 active developer contracts under these projects, while the land bank held by the Company comprises more than 58.1 hectares of land for multi-family and commercial development. In order to supplement the land bank, the Company is systematically looking for new land for multi-family housing in locations consistent with its long-term development strategy. For the years 2022 - 2024, on the basis of the owned and continuously developed land bank, the Company plans to start the implementation of another 12 projects in the investment area covering multi-family and apartment-type housing, in total 2,201 premises with a usable area of 107.1 thousand sq. m. PUM.

Continuation of subsequent stages of housing estates on the markets where the developer has been present for years, as well as the launch of activities in new locations, including large cities, will enable to gradually increase the unit sales level in the coming years.

In the coming years, based on its land bank, the Company plans to implement a further 12 investment projects. Details are provided in the table below.

Table: List of developer projects planned for execution between 2022 and 2024

Item No.	Location	The plot of land area [ha]	Housing type	PUM [sq. m.]	Number of premises
1	JASTRZĘBIA GÓRA, ul. Jantarowa Stage I	0.8726	apartments	6,365	164
2	KONIN, ul. Nefrytowa	0.8497	multi-family	7,800	158
3	POZNAŃ, ul. Smoluchowskiego Stage I	1.3219	multi-family	14,371	258
4	JASTRZĘBIA GÓRA, ul. Jantarowa Stage II	0.4416	apartments	2,249	83
5	SKIERNIEWICE ul. Armii Krajowej Stage II	0.7624	multi-family	7,600	165
6	KATOWICE, ul. Piaskowa	1.1438	multi-family	15,000	320
7	SKIERNIEWICE, ul. Sobieskiego	0.2071	multi-family	6,971	117
8	ŁÓDŹ, ul. Harcerska	0.8537	multi-family	8,300	173
9	SKIERNIEWICE ul. Nowobielańska	0.3803	multi-family	4,500	90
10	ŁÓDŹ, Al. Politechniki Stage I	1.8335	multi-family	12,506	250
11	POZNAŃ, ul. Smoluchowskiego Stage II	0.4364	multi-family	6,320	121
12	ŁÓDŹ, Al. Politechniki Stage II	2.2144	multi-family	15,104	302
<b>TOTAL</b>		<b>11.3174</b>		<b>107,086</b>	<b>2,201</b>

By observing customer behaviour and the actions of the competition, the Company flexibly adjusts its sales methods to market expectations. When planning new development projects, it is assumed that there is a wide range of already completed projects ready for sale, a sufficient number of development projects under construction and land to allow new projects to be launched at the next stage of development.

## Commercial space lease segment

### MARYWILSKA 44 sp. z o.o.

In the opinion of the Company's Management Board, the main factors which will affect the development of operations and the results achieved between 2022 and 2024 and beyond are:

- the course of the COVID-19 pandemic in Poland and worldwide;
- the introduced restrictions on conducting business by centre lessees as a result of the COVID pandemic;
- consumer behaviour - potential change in shopping trends by reducing time spent in shopping centres;
- maintaining the high commercialisation rate of the MARYWILSKA 44 shopping complex; effective commercialisation of the warehouse centre in Ostróda;
- the influx of immigrants from Ukraine and other eastern countries primarily to Warsaw and the surrounding areas, translating into higher numbers of visitors to the MARYWILSKA 44 shopping complex;
- the economic situation on the Polish market - including the economic situation in the sector of lease of retail and warehouse space;

- the level of industrial production and economic activity of the population which translates into demand for warehouse space.

The Company's strategy for the coming years is to maintain a high level of commercialisation of the shopping complex and to maintain a lessee structure which ensures the broadest possible base of goods and services available at the complex. The Company is taking and will continue to take a number of steps to attract new lessees, primarily from industries such as Home and Garden, services, leisure and entertainment, wellness and beauty, and food. This will allow the centre to further enhance its range and reach a wider group of potential customers.

At the same time, the Company is continuously monitoring the situation related to the COVID-19 virus pandemic. A further increase in infections could affect both the number of visitors to commercial facilities and the government-imposed closure or reduction of their operations. To limit the impact of such potential events, the Company has developed procedures for handling and communicating with its lessees which minimise the negative effects of such events. At the same time, the Company is prepared to comply with the restrictions imposed due to the pandemic.

In the area of the new business segment involving the lease of space for warehousing purposes, the Company's objective remains the full commercialisation of the facility and its related full adaptation to the requirements of lessees.

The Company will continue to actively manage its current and future portfolio of revenue-generating commercial properties to maximise operational efficiency and effectiveness, diversify lessee risk and increase lease revenue. The Company intends to increase the value of its property portfolio through the management of its assets.

These activities include:

- improving the ratio of leased areas in the MARYWILSKA 44 shopping complex, while maintaining the best possible lease conditions on the market; achieving higher, and, ultimately, full commercialisation of the purchased warehouse facility, located in Ostróda by the S7 expressway;
- improving debt collection by maintaining good relations with tenants and working with them to improve their performance;
- making efforts to ensure low and efficient costs through the use of energy-efficient technologies and optimising property repair and maintenance costs; optimising administrative costs wherever possible;
- optimising financing costs by reducing the scale of debt and its refinancing, if possible;
- systematically carrying out promotional and advertising activities in line with the internal marketing plan, the main goal of which is to promote the rental of commercial premises and maintain a high customer response rate;
- strengthening the leading position in the Warsaw commercial property market.

The Management Board believes that active management of properties is an extremely important element of the Company's strategy. The Company will also pursue other opportunities to add value to its business as such opportunities arise. The Company finances its development and current activities with own assets and with the use of bank credits. The amount of funds raised is sufficient to realise the Company's set and planned objectives and ensure the Company's financial security in the near future.

## 4.9. Identification of the Issuer's main domestic and foreign investments

Information on the Issuer's investments, including equity investments in related parties is presented in Notes 2 to 4 to the Consolidated Statements of the MIRBUD Capital Group for the period from 01/01/2022 to 30/06/2022.

## 4.10. Assessment of potential for achieving investment objectives

### Construction and assembly activity

The Company's Management Board analyses and updates the financing structure on an ongoing basis in order to ensure an optimal and safe model for the use of financial resources. Within the available sources of financing, both own funds and bank credits, leasing and loans are used.

MIRBUD S.A. will continue to implement investment projects aimed at its development and increase in value in 2022 and in the following years. The nearest investment plans involve strengthening the Company's business base and competitiveness in the road segment, which will enable the Company to achieve higher profitability in the coming years. The Group Companies providing construction and assembly services plan to renew the machinery park and means of transport, which will significantly improve the effectiveness and scope of services provided in all locations, as part of the increase in the equipment potential.

### Property development activity

In the years 2022 - 2023, JHM DEVELOPMENT S.A. will continue with the commenced projects and begin execution of new property development projects located on the land owned in the land bank (including projects in Katowice, Łódź, Gdańsk, Konin, Żyrardów, Sochaczew, Bydgoszcz and Zakopane), as well as on the plots of land purchased in 2021, located in Gdańsk, Żyrardów, and then in Skierniewice, Katowice and Poznań, for which preparation of the documentation necessary to launch the development project is currently underway.

The date of commencement of new projects always depends on the assessment of the market situation in the developer segment and the availability of financing for the execution of these projects with bank credits or loans. These plans are carried out in accordance with the adopted strategy in many locations, which will allow to supplement the attractive market offer of the Company and will give the possibility of further increase of the sales volume.

### Retail space lease activity

In view of the introduced state of epidemiological threat, the Company's investment plans concerning the modernisation of the MARYWILSKA shopping complex have been spread over a longer period of time to enable their implementation without excessive financial burdens. In accordance with the adopted development strategy, the Company has been and will be implementing the following investment tasks:

- continuation of replacement of the existing interior lighting of the MARYWILSKA 44 Shopping Centre building with LED lighting;
- continuation of replacement of the existing interior lighting of the MARYWILSKA 44 Shopping Centre building with LED lighting;
- continuation of current repairs in common areas of the MARYWILSKA 44 Shopping Centre (current repairs of walls, ceilings, painting);
- renovation of the roof, including replacement of the roof thermal insulation layer with mineral wool over the catering part of the MARYWILSKA 44 Shopping Centre;
- current maintenance and repair of air conditioning equipment as recommended and requested by periodic inspections;

- providing equipment and labelling and personal protective equipment in accordance with the guidelines of the Chief Sanitary Inspector.

In addition, depending on the economic and financial situation influenced mainly by COVID-19 restrictions, the following tasks within the retail complex can be carried out:

- modernisation of emergency lighting of the MARYWILSKA 44 Shopping Centre;
- continuation of current repairs in the common areas of the MARYWILSKA 44 Shopping Centre (replacing floors in hall B, painting);
- CCTV modernisation, repair of the surface of the eco car park at the level of halls A, B and C, construction of a fence for the outdoor area;
- continuation of repair of linear drainage in the MARYWILSKA 44 shopping complex car park.

The acquisition of the property in Ostróda for the purpose of leasing warehouse space involves the need to adapt to this function. It is a high-class facility, in a very good technical condition, but its primary and original purpose was trade fair and exhibition activities. Accordingly, in the first half of 2021 the Company incurred expenses related to the adaptation of the facility for warehousing purposes.

The remaining expenditure on adapting the purchased properties to warehousing operations is no longer as high and will be covered by revenue from the lease of space within the property located in Ostróda. Currently, the Company will focus on projects concerning the functioning of the retail complex and cost optimisation of activities.

#### 4.11. Risk Factors

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
<i>Risks related to military conflict in Ukraine</i>	<b>Administrative restrictions on carrying out construction and assembly activities</b>	average	high	high	high
	<b>Manpower availability and supply chain disruption</b>	high	high	high	average
<i>Epidemiological risk</i>	<b>Administrative restrictions on carrying out construction and assembly activities</b>	average	high	high	high
	<b>Manpower availability and supply chain disruption</b>	average	average	high	average
<i>External financial risks</i>	<b>changes in interest rates</b>	high	average	average	average
	<b>changes in exchange rates</b>	high	average	high	high



	related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits	high	high	average	average
<b>Downturn risk</b>	change in the macroeconomic situation and economic situation in Poland	high	high	high	average
	in the construction industry	high	high	high	average
<b>Risks related to competition</b>	in the construction industry	high	high	high	high
<b>External legal risks</b>	changes in provisions of law, in particular tax law	average	average	average	average
	related to non-compliance with legal requirements envisaged for the commencement of the investment and with the legal status of the property	low	high	high	average
<b>Risks related to the current activities</b>	related to the implementation of the development strategy	average	high	average	average
	related to financing development with bank credits	high	high	average	high
	related to the building infrastructure	low	average	low	low
	related to liability for breach of environmental regulations	low	average	average	low
	related to penalties for non-performance or untimely performance of orders	average	average	average	low
	related to claims against the Companies on account of construction of flats and retail and service facilities, sale of flats, and granting a guarantee of payment for construction works	low	average	average	low
	related to the production process	low	high	average	low

As of the date of this report, to the best knowledge of the Management Board, it is not possible to precisely determine the effect of the military conflict in Ukraine on the Company's operations in the medium and long term.

In the short term, it is possible that the conflict will continue or spread, which could affect the Group's financial results.

- There are no delays in the execution of construction contracts in the construction and assembly services area due to conflict. However, it cannot be ruled out that, if this state continues, the financial result of the contracts under execution may worsen and delays in the execution of contracts may occur due to so-called force majeure events, including delays connected with:

- reduced availability and increased prices of building materials, fuels, services, equipment;
- disruption of supply chains;
- dynamic growth of prices of key energy sources, i.e. crude oil, natural gas;
- delays on the part of subcontractors employing workers from Ukraine and Belarus;
- extraordinary drop of PLN value - increase of material and service prices in foreign currencies.

With regard to the current settlement period, the Management Board of the Issuer predicts a possible effect of this risk on the financial result - a decrease by approx. 30%, no effect predicted on the Issuer's equity.

- No delays in the execution of contracts in the area of property development operations. The company observes a significant decrease in the dynamics of sales of units. If the conflict continues, there may be negative financial consequences caused by:
  - drop in demand for premises associated with the unstable economic situation,
  - disruptions to projects' financing,
  - general contractors' and subcontractors' delays.

With regard to the current settlement period, the Management Board of the Issuer does not expect a possible impact of this risk on the financial result and equity of the Issuer.

- As at the report date, in the area of commercial space lease, there is no significant, unfavourable impact of the conflict in Ukraine, which affects the financial results of MARYWILSKA 44 Sp. z o.o.

With regard to the current settlement period, the Management Board of the Issuer does not expect a possible negative impact of this risk on the financial result and equity of the Issuer.

The Issuer reports that operations are, as a rule, conducted under continuous supervision. To the best knowledge of the Management Board of the Issuer, on the basis of the conducted analyses, the financial situation of the Issuer and the Group is stable.

The Management Board of the Company monitors the economic situation in Poland and worldwide on an ongoing basis, as well as the risks associated with the activities of the Issuer and individual companies in the Group. The Issuer indicates that, to the extent required by law, it will inform about new conditions having a significant impact on its operations, financial results and prospects of the Issuer and the group of the Issuer.

## **Epidemiological risk**

As at the date of publication of this report, according to the best knowledge of the Management Board of the Issuer, it is not possible to precisely determine the impact of the coronavirus epidemic or other epidemics on the activity of the Issuer and the group of the Issuer in the medium- and long-term perspective.

As of the date of publication of the report, the state of epidemic and most COVID restrictions including mandatory quarantine have been lifted in Poland. The level of population immunisation, the low number of disease cases, and the low number of disease cases ending in hospitalisation suggest that pandemic restrictions and economic disruptions will not recur in the foreseeable short-term future. However, should the coronavirus or other epidemic return and continue to spread, it is possible that the financial results of the Issuer and the Group could be adversely affected by the following circumstances:

- In the area of construction and assembly services, there are no delays in the execution of construction contracts due to the state of epidemic threat. However, it cannot be ruled out that, if this state continues, delays in the execution of contracts may occur due to so-called force majeure events, including delays connected with:
  - lack of continuity in the supply chains for construction sites,
  - disruptions to the continuity of projects' financing,

- absence of employees,
- subcontractors' delays,
- restrictions on the functioning of public authorities,
- decisions of the Contracting Authority or state administration to suspend the works,
- other events which are difficult to predict.

With regard to the current settlement period, the Management Board does not expect a significant effect of this risk on the financial result and equity of the Issuer.

- In the area of property development activity, there are neither delays in the execution of contracts nor a significant decrease in the dynamics of sales of premises. However, if the state of epidemic threat continues, there may be negative financial consequences caused by:
  - the drop in demand for premises,
  - disruptions to projects' financing,
  - general contractors' and subcontractors' delays.

With regard to the current settlement period, the Management Board of the Issuer does not expect a possible impact of this risk on the financial result and equity of the Issuer.

- As at the report date, in the area of retail space lease, there is no significant, unfavourable impact of the state of epidemic threat, which affects the financial results of MARYWILSKA 44 Sp. z o.o.

With regard to the current settlement period, the Management Board of the Issuer predicts a possible effect of this risk on the financial result - a decrease by approx. 10%, no effect predicted on the Issuer's equity.

The Issuer reports that operations in all segments are, as a rule, conducted under continuous supervision. To the best knowledge of the Management Board of the Issuer, on the basis of the conducted analyses, the financial situation of the Issuer and the Group is stable.

The Management Board of the Issuer monitors the economic situation in Poland and worldwide on an ongoing basis, as well as the risks associated with the activities of the Issuer and individual companies in the Group. The Issuer indicates that, to the extent required by law, it will inform about new conditions having a significant impact on its operations, financial results and prospects of the Issuer and the group of the Issuer.

## Liquidity risk management

The Parent Management Board is responsible for managing financial liquidity in the Group. The main objectives of the Group's financial resources and liquidity management are as follows:

- ensuring stable and effective financing of the Group's operations,
- continuous monitoring of the Group's debt level,
- effective management of working capital,

- the Parent's coordination of liquidity management processes at the Group Companies.

The Company manages the liquidity risk by maintaining sufficient cash, the possibility of financing with bank credits and maintaining sufficient credit lines to repay liabilities as they become due.

The Company's liquidity management includes projecting cash flows for all currencies and analysing what level of liquid assets is needed to repay liabilities.

Note 14 contains an analysis of the Company's (Group's) liabilities, in relevant age brackets, based on the contractual maturity date.

Monitoring of the effectiveness of liquidity management is carried out, among others, using the following ratios:

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**Current liquidity ratio = Current assets / Short-term liabilities**

**Accelerated liquidity ratio = (Current assets - Inventories - Short-term prepayments) / Short-term liabilities**

**Cash liquidity ratio = Cash / Short-term liabilities**

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## Risk of significant changes in interest rates

The Group Companies to a large extent use bank credits to finance their investment activities. The costs of interest on credits are affected by the amount of the WIBOR base rate for credits taken out in Polish zlotys and EURIBOR for credits in EURO. An increase in the value of WIBOR/EURIBOR indices through an increase in interest on loans may have an adverse effect on the Company's financial situation. If a risk of changes in interest rates is identified. In the case of long-term financing, the Company's Management Board always considers the possibility of concluding interest rate hedging transactions (interest rate swaps - IRS strategy, CIRS).

As at 30/06/2022, Kobyłarnia S.A. entered into interest rate hedging transactions for long-term credits in PLN within the MIRBUD Capital Group.

The hedged level of the WIBOR rate is at 1.80 p.p.

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As at: 30/06/2022	As at: 31/12/2021	As at: 30/06/2022	As at: 31/12/2021
Liabilities under credits and loans	184,606	205,260		
Loans granted				
Other financial assets				
Other financial liabilities	195,708	189,638		
<b>Total</b>	<b>380,314</b>	<b>394,898</b>		

## Risk of changes in interest rates - *sensitivity to changes*

In order to carry out a sensitivity analysis for interest rate changes, on the basis of historical changes in value and on the basis of the Company's knowledge and experience of financial markets, reasonably possible interest rate changes were estimated as at 30 June 2022 and 31 December 2021 at the level of - 1.0/+1.0 percentage point (as at 31 December 2021 at the same level) for the Polish zloty and the Euro.

The effect of the change in interest rates on the net result and the balance sheet total as at 30 June 2022 and 31 December 2021 is presented below.

Sensitivity analysis for items exposed to change in interest rates	Effect on net profit/(loss)		Effect on the balance sheet total		
	As at:		As at:		
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	
	As at:	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities under credits and loans	184,606	-1,495	1,495	1,846	-1,846
Loans granted					
Other financial assets					
Other financial liabilities					
<b>Total</b>	<b>184,606</b>	<b>-1,495</b>	<b>1,495</b>	<b>1,846</b>	<b>-1,846</b>

Sensitivity analysis for items exposed to change in interest rates	Effect on net profit/(loss)		Effect on the balance sheet total		
	As at:		As at:		
	31/12/2021	30/06/2022	31/12/2021	30/06/2022	
	As at:	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities under credits and loans	205,260	-1,663	1,663	2,053	-2,053
Loans granted					
Other financial assets					
Other financial liabilities	189,638	-1,536	1,536	1,896	-1,896
<b>Total</b>	<b>394,898</b>	<b>-3,199</b>	<b>3,199</b>	<b>3,949</b>	<b>-3,949</b>

## Risk of changes in foreign exchange rates

Within the MIRBUD Group, only MIRBUD S.A. generates revenue in foreign currency. In Q1 2022, MIRBUD S.A. generated over 49% of revenue in EUR and was exposed to the exchange rate risk, which could reduce the effectiveness of construction contracts and may affect the amount of revenue and profits. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In the first half of 2022, the Issuer hedged on average approx. 10% of its foreign currency revenue with forward currency sales transactions.

Items exposed to change in foreign exchange rates	EUR		USD		Other	
	As at:		As at:		As at:	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Liabilities under credits and loans	1,087	1,388				
Loans granted						
Trading and other receivables	510,905	48,128				

Trading and other liabilities

Cash	2,229	5,538
Other financial assets		
<b>Total</b>	<b>514,221</b>	<b>55,054</b>

**Risk of changes in exchange rates - sensitivity to changes**

In order to carry out the analysis of sensitivity to changes in exchange rates, based on historical changes in value and on the Company's knowledge and experience of financial markets, the changes in exchange rates which are "realistically possible" were estimated at the level of -10%/+10% as at 30 June 2022 and as at 31 December 2021.

The table below shows the sensitivity of the net financial result to reasonably possible changes in exchange rates, assuming that other factors remain unchanged.

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 30/06/2022	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
		Liabilities under credits and loans	1,087	88	-88
Loans granted					
Trading and other receivables	510,905	41,383	-41,383	51,091	-51,091
Trading and other liabilities					
Cash	2,229	181	-181	223	-223
Other financial assets					
<b>Total</b>	<b>514,221</b>	<b>41,652</b>	<b>-41,652</b>	<b>51,422</b>	<b>-51,422</b>

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 31/12/2021	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
		Liabilities under credits and loans	1,388	112	-112
Loans granted					
Trading and other receivables	48,128	3,898	-3,898	4,813	-4,813
Trading and other liabilities					
Cash	5,538	449	-449	554	-554
Other financial assets					
<b>Total</b>	<b>55,054</b>	<b>4,459</b>	<b>-4,459</b>	<b>5,505</b>	<b>-5,505</b>

The Issuer's Management Board estimates that there will be no changes in Euro revenue share in the second half of 2022. As at 30/06/2021, the Issuer had approx. 25% of its estimated foreign currency revenue hedged against exchange risk.

**- related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits**

Currently, banks in Poland maintain a tight credit policy both for companies operating in the construction sector and for individuals seeking to obtain mortgage loans.

Due to the unstable economic situation resulting from the COVID-19 virus pandemic and the conflict in Ukraine, financial institutions are further tightening credit policies.



When planning subsequent projects, the Group Companies try to take into account the market situation by adapting their portfolio to the expected financial and credit capabilities of potential customers. The introduction of any restrictions towards the availability of credits may have a material and adverse effect on the Companies' activities, financial situation and their development prospects.

### **Economic situation risk:**

#### **- change in the macroeconomic situation and economic situation in Poland**

Revenue of the MIRBUD Group Companies are earned entirely on account of conducting business activity on the Polish market. Therefore, the financial results achieved depend on factors such as the stability of the macroeconomic situation in Poland and the overall economic situation in the country in a given period. In particular, the development of the following macroeconomic and economic indicators has or may have an effect on the financial results achieved by the Group Companies and the entire property development industry: the level of GDP growth rate, unemployment rate, inflation rate, real remuneration growth rate, investment level, household income level, reference interest rates, exchange rates and budget deficit.

Possible negative changes in the stability of the macroeconomic situation and overall economic situation of Poland may have a negative impact on the activity, financial situation or development prospects of the Group Companies.

#### **- in the construction industry**

The activities of the Group companies are closely correlated with the overall economic situation in Poland. The financial results achieved by the Company are most affected by the level of investments in enterprises, GDP growth rate, inflation rate, value of construction and assembly production, tax policy and increase in interest rates. There is a risk that negative changes in the above mentioned ratios, in particular the slowdown in the economic growth rate, the increase in the inflation rate caused by the increase in the prices of materials or the increase in interest rates, may have a negative impact on the activity and results of the Group Companies.

In order to minimise downturn fluctuations, the Issuer enters into long-term construction contracts with public Contracting Authorities in order to ensure stable sources of revenue over a period of 2 to 3 years.

#### **- in the property development industry**

The situation on the property development market in Poland in the period covered by these financial statements affects the operations and financial results of the Group, however, it should be remembered that the economic situation in the property development industry is characterised by cyclicity.

The economic situation of the property development industry is influenced by the level of mortgage interest rates. Currently, interest rates are rising sharply. This is accompanied by the continuation of many banks' stricter mortgage lending policies. These factors result in many people lacking creditworthiness. As a result of this approach, many potential customers of the developers are not able to obtain the necessary credit to purchase an apartment on reasonable terms.

The downturn in the property development industry is influenced by the costs of materials and labour in the construction industry. The recent increase in prices of materials and costs of general contracting services may translate into such a level of increase in apartment prices that it will cause a downturn cooling on the primary market.

The occurrence in the future of financial and economic crises, recessions or periods of economic slowdown or other factors adversely affecting the property development industry may have a material and adverse impact on the Group's activities, results, financial situation or development prospects.

## **- purchase of land for new property development projects and investment projects for lease of commercial space**

The further successful development of property development activities and the construction and letting of commercial premises depend on the ability to purchase plots of land in attractive locations and at prices which enable satisfactory margins to be realised. Due to the limited number of attractive plots available with the desired design parameters, the Companies cannot guarantee that in the future it will be possible to purchase a sufficient number of attractive plots to implement the assumed development plans. Moreover, the possibility to purchase attractive plots of land for new development projects and commercial and service projects depends on a number of factors, such as:

- the existence of local land-use plans,
- the ability to finance the purchase of plots and start the investment process,
- the possibility of obtaining the required administrative approvals to start implementation of the projects (development conditions, architectural design approval),
- the possibility of ensuring the required own contribution and obtaining bank financing for the implementation of projects.

The above factors depend to a large extent on the overall situation on the property market in Poland and on local markets, as well as on the overall economic situation of the country.

## **- sudden changes in housing prices**

JHM DEVELOPMENT S.A. derives its revenue from property development activities from the sale of flats and single-family houses. Due to the fact that property development projects are carried out in a long-term perspective and it is often necessary to assume sale prices of constructed property several years in advance, there is a risk that during the project implementation significant changes will occur in the prices of flats and houses on a given market, including significant drops in the prices of residential units and houses. Property prices in a given market depend on a number of factors, such as the overall economic situation of a region, the level of unemployment, the number of residential units available for sale by other developers in that market, the availability of mortgage loans to potential customers, etc. In the event of a significant fall in property prices, the Company may not be able to sell the constructed apartments and houses at the planned prices within a specified period of time.

The occurrence of any factors which will cause the prices of apartments or houses to fall on the markets where the Companies execute projects, may have a material and adverse effect on their operations, financial situation or the Group's development prospects.

## **- in the sector of shopping hall management and lease of commercial space**

Apart from property development activities, an important additional area of the Group's activity is management of shopping halls and lease of retail space. This activity is carried out by a subsidiary, Marywilaska 44. The level of commercial activity and the demand for lease of retail space in the given shopping halls depends on the general macroeconomic situation in a given market, the level of competition and the level of consumption, and in particular the demand for products from the popular segment in a given market.

The occurrence in the future of factors negatively affecting the economic situation of the sector of shopping hall management and retail space lease may have a material and adverse impact on the Group's activities, results, financial situation or development prospects.

## **Risks related to competition:**

### **- in the construction industry**

The economic situation in Poland, the conflict in Ukraine and the accumulation of many construction projects at the same time, both infrastructural and building, translates into limited availability of materials and services of subcontractors, which causes an increase in prices and intensifies competition by offering the most convenient payment terms for suppliers and subcontractors.

Further intensification of competition on the markets where the Company operates may have a material adverse effect on the Company's operations, results and financial position as well as on its future development outlook.

The Management Boards of the Companies, based on many years of experience, try to build a portfolio of contracts that will enable them to achieve an appropriate financial result.

### **- in the property development industry**

The regions of the country in which the Group operates are characterised by a high degree of competition in the property development industry. JHM DEVELOPMENT S.A. takes into account the intensity of competition on local markets where the start of property development activities or the implementation of further projects is considered. As a rule, the Company focuses on locations where competition is limited. The existence of limited competition at the time when the investment is considered to commence does not mean, however, that competitive entities will not undertake investments in the same local market as the Company in the near future, after the commencement of preparations or work by the Company. Both relatively small local companies and larger developers competing with the Company are capable of comprehensive implementation of large projects.

In line with the adopted strategy of the Company, gradual entry into the large cities' housing markets is associated with the struggle with much stronger competition operating in these markets.

The intensification of competition may translate into an increase in the supply of finished apartments offered on the local market, which may result in price pressure when selling premises, a reduction in rent rates of premises, as well as an extension of the period of their sale.

The existence or intensification of competition on the markets where the Companies operate may also translate into difficulties in obtaining attractive plots of land for new property development and commercial projects at the assumed prices.

The intensification of competition in the markets where the Company operates may have a material and adverse effect on its operations, results, financial situation or its future development outlook.

### **- for the activity of managed shopping halls and lease of commercial space**

The shopping halls managed by the subsidiary Marywilka 44 are one of the largest shopping hall complexes in Poland and the largest in the capital city of Warsaw.

The basic assortment offered to customers in shopping halls at ul. Marywilka 44 consists of clothes, footwear, leather goods and toys in the popular segment. Traders specialising in the sale of the above articles in the popular segment can choose from a wide range of entities offering lease of retail space in Warsaw and its vicinity, including large shopping halls located in the vicinity of Nadarzyn and in Wólka Kosowska. Additionally, it cannot be excluded that in the future other entities will not build large shopping hall complexes, which will compete directly with the halls at ul. Marywilka 44 within the Capital City of Warsaw.

The operations of Marywilka 44 are exposed to the same risk in respect of management of retail facilities in Rumia and Starachowice purchased in 2021 from JHM 1 Sp. z o.o. and JHM 2 Sp. z o.o. w likwidacji.

The risk of retail space lease activity in the field of warehouses and logistics halls located in Ostróda managed by Marywilka 44 depends on the stability of the macroeconomic situation and the overall economic situation in Poland, as well as competition in the industry.

The intensification of competition in the markets where the Group operates may have a material and adverse effect on the Group's activities, results, financial situation and future development outlook.

## **External legal risks**

### **- changes in provisions of law, in particular tax law**

The Polish legal system is characterised by a considerable degree of variability and ambiguity of provisions, which applies in particular to tax law. In practice, there are often problems with interpretation, inconsistent court rulings occur, as well as situations when public administration bodies adopt interpretations of legal provision which are unfavourable for the taxpayer and different from the interpretations previously adopted by these bodies.

The occurrence of changes in legal regulations, including those concerning environmental protection, labour law, social security law, commercial law, and in particular tax law, may have an adverse effect on the Group's Companies' operations, financial situation or its development prospects.

### **- related to non-compliance with legal requirements envisaged for the commencement of the investment and with the legal status of the property**

The implementation of each of the investment projects by the Company requires the fulfilment of the requirements set forth in the law. In most cases, the Company is obliged to obtain various types of permits, which are issued by public administration bodies. Obtaining these administrative acts is a necessary condition for the commencement of the investment process. It should be noted that obtaining all permits and consents requires considerable effort and time. Public administration bodies issuing permits and consents operate on the basis of the provisions of the Code of Administrative Procedure and special acts. In these proceedings, the interest of local communities is taken into account in the first place and a number of planning issues are subject to wide public consultation (e.g. environmental issues). Additionally, lack of even a part of the documentation makes it impossible to commence the investment process. Moreover, the discovery of any misstatements, either on the part of the Company or in the administrative files, and in particular the existence of any contradictions between them may lead to the delay in the commencement of the investment process. There is also a risk that the already valid administrative decisions will be challenged by resuming proceedings or annulling decisions. Administrative decisions may also be challenged, in whole or in part, and consequently there is a risk that they will be annulled. In areas where local land-use plans have not been adopted, there is also a risk that the Companies will not be able to implement their plans due to difficulties related to the possibility of obtaining a development conditions' decision.

The occurrence of any of the aforementioned factors may have an adverse effect on the Group's activities, financial position or its development prospects.

## **Risks related to the current activities**

### **- risk associated with the implementation of the development strategy**

The Polish market and the situation on local markets where the Group operates are subject to constant changes, the direction and intensity of which depend on a number of factors. Therefore, the Companies' future financial performance, development and market position depend on its ability to develop and implement a long-term strategy in an uncertain and changing market environment.

In particular, the implementation of the Group's strategy depends on the occurrence of a number of factors, the occurrence of which is often independent of the decisions of the Group's governing bodies, and which cannot always be predicted.

Such factors also include those of a general nature, such as:

- unpredictable market events, such as the occurrence of an economic crisis or recession in Poland or other European Union countries;
- radical and sudden changes in legal regulations or the methods of their interpretation (e.g. influencing the issuance of development conditions);
- natural disasters, epidemics in the areas where the Company operates, as well as a number of specific factors, such as:
- restrictions on the possibility of JHM DEVELOPMENT acquiring plots of land in attractive locations for housing development;
- reduced availability of bank financing for development and commercial projects;
- failure to implement property development projects and retail and service projects in accordance with the assumed schedule and cost estimate;
- changes in government programmes supporting the purchase of residential units by persons with average and below-average income;
- other operational risks described in these statements.

The Group Companies make every effort to ensure that the assumed strategy is implemented and try to analyse on an ongoing basis all market and industry factors which have and may have an impact on the implementation of the strategy,

The factors described above may cause that the Group will not be able to implement the assumed development strategy, including the planned property development projects, and therefore these factors may have a significant negative impact on the Company's activities, financial position, results or its development prospects.

### **- related to financing development with bank credits**

The Group Companies finance their development and current activities with the use of bank credits and leasing. In the future, the Companies intend to use bank credits to finance the demand for working capital related to the increase in the scale of activities. However, there is a risk that in the future, in the event of adverse changes in the Companies activity markets or financial markets, or as a result of a change in the banks' approach to credit risk assessment, they will have difficult access to financing using credits, their cost will be higher than the current one, or they will be forced to repay or refinance their existing debt on worse terms. This may contribute to a slower than planned growth rate and deterioration of the financial results obtained.

The Management Board considers the current level of debt to be safe and does not see any threats to its timely service. Despite the good financial standing of most of the Group's companies, it cannot be ruled out that in the future, as a result of unfavourable market processes, they will be unable to meet all their obligations resulting from credit contracts and loans. In the event of a situation where the Company of the Group is not able to settle its debts under credit contracts and loans on an ongoing basis, repayments may become due and payable immediately. As a result, in order to satisfy its creditors, the Company will be forced to sell a part of its assets. The strategies of the Companies provide for a gradual exchange of short-term debt for long-term financing and that the newly acquired credit financing will be appropriate for the implementation of specific construction contracts and property development investments.

The occurrence of the aforementioned factors may have an adverse effect on the Group's activities, financial position or its development prospects. In order to limit the risk, the Company performs on an ongoing basis an analysis of debt and the possibility of settling liabilities.

#### **- related to the building infrastructure**

The completion of the project depends on the provision of the infrastructure required by the regulations, such as access to public roads, access to utilities, designation of appropriate internal roads, etc. There may be situations where the provision of the necessary infrastructure depends on factors beyond the Company's control. Often the provision of access to the right road or utilities depends on the decision of the appropriate municipal or local authority. In some cases, the status of the roads needed for the investment may be unregulated or unforeseen complications may arise during project implementation, resulting in delays and additional costs. It may also happen that the relevant administrative bodies require the Company to perform additional infrastructure works as part of the investment project. The authorities may also expect or even demand that the investor performs infrastructure works which are not necessary from the perspective of the project implementation, but which may be expected by the authorities as an investor's contribution to the development of the local community in connection with the investment.

The occurrence of any of the above factors, translating into delays in the implementation of projects or additional project costs, may have a material and adverse effect on the Group's activities, financial situation or its development prospects.

#### **- related to liability for breach of environmental regulations**

Pursuant to the applicable environmental protection regulations, entities which are owners or users of plots where hazardous substances are present, or where there has been an adverse transformation of the natural configuration of the land, may be required to remove them, or bear the cost of land reclamation or pay a fine. In order to minimise the risk of breaching environmental regulations, the Companies carry out technical analyses of future projects in terms of the risk related to liability for breach of environmental regulations. Until the date of preparing the statements, the Companies were not obliged to bear the costs of land reclamation or to pay any administrative penalties for this. However, it cannot be precluded that in the future the Group Companies will be obliged to bear the costs of land reclamation, pay a fine for breach of environmental protection regulations, or pay damages.

The occurrence of any of the aforementioned factors may have an adverse effect on the Group's activities, financial position or its development prospects.

#### **- related to penalties for non-performance or untimely performance of orders**

Entities act as a general contractor in contracts with investors. The signed and executed contracts impose a number of obligations on the Companies and determine the consequences of non-performance of the assumed obligations. Such contracts, first of all, very precisely specify the deadlines - both for the performance of the ordered works, as well as the performance of other activities, e.g. removal of possible defects during the warranty period. If these deadlines are not met, the Companies may be at risk of paying contractual penalties.

In order to limit the risk of investors making a claim for payment for non-performance or improper performance of the Company's orders, the Company has taken the following actions:

- provision of insurance coverage for contracts, including activities of the subcontractors,
- implementation and application of the Management System according to EN ISO 9001:2000 in the scope of:

a) general construction, civil engineering, road and motorway construction,



- b) industrial facilities construction,
- c) installation works.

- transfer of risks to cooperation contracts concluded by the Company with producers, suppliers and subcontractors (product responsibility, responsibility for services, differences between the ordered and delivered assortment, price increases, etc.).

Irrespective of the above, the payment of unforeseen contractual penalties or indemnities may have a negative impact on the Companies' financial results. It should be noted, however, that in the years 2005-2021, the Companies did not incur any significant charges due to the risk related to penalties for non-performance, improper performance or untimely performance of the order.

### **- related to claims against the Companies on account of construction of flats and retail and service facilities, sale of flats, and granting a guarantee of payment for construction works**

In order to implement numerous investments, the Company has concluded and will continue to conclude construction contracts with contractors for construction and finishing works. It should be noted that the obligations incurred by the contractors in connection with the execution of the investment (e.g. in relation to subcontractors) may consequently, due to the joint liability of the investor and the contractor for the payment of remuneration, be associated with the creation of claims against the Companies, which may affect the timeliness of the execution of the investment. As a result, the Company, which is accountable to its customers, may incur significant costs of non-performance or improper performance of the contract. It cannot be precluded that in the future customers and business partners of the Companies will also not make claims against them due to hidden defects of the building arising at the stage of construction or finishing works, although according to the standard contracts concluded by the Companies, the costs of repairs of this type of defects are covered by the contractor or its subcontractors. The Companies are also liable to purchasers of apartments under the statutory warranty for physical and legal defects of buildings. The period covered by these claims is 5 years.

Moreover, pursuant to Articles 6491 – 6495 of the Civil Code, at the request of the contractor, the Company acting as an investor (general contractor) is obliged to grant a guarantee of payment to the contractor (general contractor) for construction works in the form of a bank or insurance guarantee, as well as a bank letter of credit or bank surety granted at the investor's request. The occurrence of any of the above factors, which translate into claims against the Companies, may have an adverse effect on the Group's activities, financial position or its development prospects.

### **- related to the production process**

Construction contracts contain a number of clauses concerning proper and timely performance of the contract, proper removal of defects and faults, which involves the provision of a guarantee deposit or securing the contract with an insurance or bank guarantee. The security is usually provided in the form of an insurance guarantee, bank deposit or cash deposit within a specific period of time after the contract is signed and settled after the contract completion. The amount of the security depends on the type of contract. Typically, it is between 5% and 10% of the contract price.

As the necessity to lodge a security in the form of a deposit may have an impact on the limitation of the Company's financial liquidity, the Company prefers to lodge the security in the form of an insurance guarantee. If access to insurance or bank guarantees is restricted and the cost of obtaining them increases, the Company bears the risk of increasing the costs and freezing financial resources, which in turn may lead to a decrease in the Company's earning capacity or financial liquidity.

In order to minimise the risk, the Companies' contracts with subcontractors require subcontractors to secure proper performance of the contract in the form of an insurance guarantee, bank guarantee or cash deposit and contain contractual penalties for exceeding the contractual deadlines.

## Capital risk management

The objective of capital risk management is to protect the ability to continue with the activities, so that returns for shareholders and benefits for other stakeholders can be performed, and to maintain an optimal capital structure in order to reduce the cost of capital.

The tools used to maintain and correct the capital structure may include:

- change in the amount of declared dividends to be paid;
- return of capital to shareholders;
- issue of shares and other capital instruments;
- the sale of assets in order to reduce debt.

Capital monitoring is carried out by means of the debt ratio. This ratio is calculated as the ratio of net debt to total capital. Net debt is calculated as the sum of financial debt (including current and long-term credits and loans and other financial debt disclosed in the consolidated balance sheet), less cash and cash equivalents. The total value of capital is calculated as equity disclosed in the consolidated balance sheet, together with net debt.

Calculation of the debt ratio	in PLN thousand	
	As at:	As at:
	30/06/2022	31/12/2021
Total credits	442,384	457,112
Cash and cash equivalents	-206,278	-467,776
<b>Net debt</b>	<b>236,106</b>	<b>-10,663</b>
Equity	603,432	582,281
<b>Total capital</b>	<b>839,538</b>	<b>571,618</b>
<b>Debt ratio</b>	<b>30%</b>	<b>-2%</b>

Financial liquidity hedging ratios	in PLN thousand	
	As at:	As at:
	30/06/2022	31/12/2021
Net debt	236,106	
EBITDA	192,777	192,417
Equity	603,432	582,281
Total assets	2,307,607	2,040,605
<b>net debt/EBITDA</b>	<b>1.2</b>	<b>0.0</b>
<b>equity/total assets</b>	<b>0.3</b>	<b>0.3</b>

EBIT for the last 12 months accepted.

## **4.12. Information on credits, loans, guarantees and sureties**

### **4.12.1 Credits and loans**

Detailed information on credits and loans taken out by the Company Groups in the first half of 2022 and in previous years is presented in the table below.

: Liabilities under credits and loans of MIRBUD S.A. as at 30 June 2022 in PLN thousand.

the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long- term part	Outstanding amount - short- term part	Interest rate conditions	Repayment date	Se
	MIRBUD S.A.	15,000	PLN	13,247		WIBOR 1M + margin	24/06/2024	capped mortg
	MIRBUD S.A.	21,000	PLN		1,098	WIBOR 1M + margin	01/03/2023	ordinary mortgage on p
	MIRBUD S.A.	15,200	PLN	15,200		WIBOR 1M + margin	27/06/2025	assignment of a
	MIRBUD S.A.	10,000	PLN		10,000	WIBOR 1M + margin	31/10/2022	assignment of a
oju Przemysłu	MIRBUD S.A.	40,000	PLN	6,600	14,400	WIBOR 1M + margin	29/12/2023	mortgage
	MIRBUD S.A.	20,000	PLN	19,622		WIBOR 1M + margin	03/08/2024	BGK guarantee
	MIRBUD S.A.	35,000	PLN	35,000		WIBOR 1M + margin	17/10/2023	assignment of a mo
<b>ts and loans</b>				<b>89,669</b>	<b>25,498</b>	<b>115,167</b>		

Liabilities under credits and loans of the Companies from the MIRBUD Group as at 30 June 2022 in PLN thousand.

Name of the entity	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date
ANDER BANK POLSKA	JHM Development S.A.	48,291	PLN	311,796		WIBOR 1M + margin	04/11/2023
Spółdzielczy	JHM Development S.A.	8,823	PLN	7,154	335	WIBOR 3M + margin	31/12/2034
Polskiej Spółdzielczości	JHM Development S.A.	19,580	PLN	4,693		WIBOR 3M + margin	30/12/2023
Polskiej Spółdzielczości	JHM Development S.A.	25,466	PLN	9 4520	6.384	WIBOR 3M + margin	30/06/2024
Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN	3,219		WIBOR 1M + margin	30/06/2024
ANDER BANK POLSKA	MARYWILSKA 44 sp. z o.o.	33,000	PLN	16,850	3,486	WIBOR 3M + margin	02/05/2028
ANDER BANK POLSKA	MARYWILSKA 44 sp. z o.o.	1,342	EUR	5,479	679	EURIBOR 3M + margin	30/10/2030
	Kobylarnia S.A.	15,000	PLN			WIBOR 3M + margin	30/11/2022
	Kobylarnia S.A.	6,212	PLN	4,141	621	WIBOR 1M + margin	31/12/2029
<b>credits and loans</b>				<b>62,784</b>	<b>5,121</b>	<b>67,905</b>	

MIRBUD Capital Group | Detailed information on credits and loans taken out by the Group Companies in the first half of 2022 and in previous years is presented in the table below.

Liabilities under credits and loans of MIRBUD S.A. as at 31 December 2021 in PLN thousand.

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	
MIRBUD S.A.	MIRBUD S.A.	10,000	PLN		6,395	WIBOR 1M + margin	22/06/2022	capped m
MIRBUD S.A.	MIRBUD S.A.	5,000	PLN		5,000	WIBOR 1M + margin	22/06/2022	capped m
MIRBUD S.A.	MIRBUD S.A.	21,000	PLN	366	1,464	WIBOR 1M + margin	01/03/2023	ordinary mortga
MIRBUD S.A.	MIRBUD S.A.	20,000	PLN		15,200	WIBOR 1M + margin	30/06/2022	assignment o
MIRBUD S.A.	MIRBUD S.A.	10,000	PLN		9,291	WIBOR 1M + margin	31/10/2022	assignment o
MIRBUD S.A.	MIRBUD S.A.	40,000	PLN	13,800	14,400	WIBOR 1M + margin	29/12/2023	mortg
MIRBUD S.A.	MIRBUD S.A.	20,000	PLN		17,801	WIBOR 1M + margin	25/08/2022	BGK guaran
MIRBUD S.A.	MIRBUD S.A.	35,000	PLN	34,944		WIBOR 1M + margin	17/10/2023	assignment o
MIRBUD S.A.	MIRBUD S.A.	5,000	PLN					
<b>Credits and loans</b>				<b>49,110</b>	<b>69,551</b>	<b>118,661</b>		

MIRBUD Capital Group | Detailed information on credits and loans taken out by the Group Companies in the first half of 2022 and in previous years is presented in the table below.



Liabilities under credits and loans of the Companies from the MIRBUD Group as at 31 December 2021 in PLN thousand.

Name of the entity	Obligor entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date
ANDER BANK POLSKA	JHM Development S.A.	48,291	PLN	38,762		WIBOR 1M + margin	04/11/2023
Spółdzielczy	JHM Development S.A.	8,823	PLN	7,470	401	WIBOR 3M + margin	31/12/2034
ANDER BANK POLSKA	JHM Development S.A.	2,000	PLN	388		WIBOR 1M + margin	04/11/2023
Spółdzielczej	JHM Development S.A.	19,580	PLN	3,288		WIBOR 3M + margin	30/12/2023
ANDER BANK POLSKA	JHM 1 Sp. z o.o.	2,350	EUR	0	6,384	EURIBOR + margin	31/10/2030
ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN	319		WIBOR 3M + margin	30/06/2024
owski Bank Spółdzielczy	JHM Development S.A.	7,800	PLN	1,790		WIBOR 3M + margin	30/06/2023
ANDER BANK POLSKA	MARYWILSKA 44 sp. z o.o.	33,000	PLN	18,593	3,486	WIBOR 3M + margin	02/05/2028
ANDER BANK POLSKA	MARYWILSKA 44 sp. z o.o.	1,400	PLN			WIBOR 1M + margin	30/12/2022
	Kobylarnia S.A.	15,000	PLN			WIBOR 3M + margin	30/11/2022
	Kobylarnia S.A.	6,212	PLN	4,348	621	WIBOR 1M + margin	31/12/2029
<b>credits and loans</b>				<b>74,958</b>	<b>10,892</b>	<b>85,850</b>	

MIRBUD Capital Group | Detailed information on credits and loans taken out by the Group Companies in the first half of 2022 and in previous years is presented in the table below.

On 23 February 2021, Expo Mazury S.A. w likwidacji made full repayment of the credit taken up in ALIOR BANK S.A.

In the period covered by the report, there were no cases of termination of loans or credit contracts or breach of their terms and conditions, which would result in disruption of financing of activities of Companies of the MIRBUD Group.

As at 30/06/2022, the Companies of the MIRBUD Group did not show any debts due to loans, except for loans indicated in the above tables.

#### **4.12.2 Long-term financial liabilities under issuance of bonds**

##### **B series bonds**

JHM DEVELOPMENT S.A. made an early redemption of all B series bonds, which was confirmed in the Communiqué of the Warsaw Stock Exchange dated 17/02/2021 informing about the end of trading in these bonds in the alternative trading system on Catalyst.

##### **C series bonds**

On 30 June 2020, the Management Board of JHM DEVELOPMENT S.A. with its registered office in Skierniewice passed resolution No. X/2020 on the allocation of 7,000 C series unsecured bearer rate bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 7.0 million. The issue price of the Bonds is equal to the nominal value. The Issue Day was 30/06/2020.

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus. The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned property development projects of the Issuer, including financing of land purchase for new property development projects of the Issuer. The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling in the 11th, 12th and 13th interest periods, the Issuer will be required to unconditionally partially redeem 25% of the total number of issued Bonds. The final redemption date was set at 30/12/2023. The transferability of bonds is not subject to any restrictions.

##### **D series Bonds**

On 14 October 2020, the Management Board of JHM DEVELOPMENT S.A. with its registered office in Skierniewice passed resolution No. XIV/2020 on the allocation of 5,070 D series unsecured bearer rate bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 5.07 million. The issue price of the Bonds is equal to the nominal value. The Issue Day was 16/10/2020.

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus. The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned property development projects of the Issuer, including financing of land purchase for new property development projects of the Issuer. The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling in the 10th, 11th and 12th interest periods, the Issuer will be required to each time unconditionally partially redeem 25% of the total number of issued Bonds. The final redemption date was set at 30/12/2023. The transferability of bonds is not subject to any restrictions.

##### **E series bonds**

On 26 November 2021, the Management Board of JHM DEVELOPMENT S.A. with its registered office in Skierniewice, by way of Resolution No. XXV/2021 concerning the allocation of 50,000 E series secured bearer coupon bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 50.0 million, made a

conditional allocation of E series bonds. The condition for the effective allocation of the Bonds to investors was the settlement of the Bonds purchase transaction by the National Depository for Securities in the delivery versus payment mode. The issue price of the Bonds is equal to the nominal value. The Issue Day was 17/12/2021.

The Bonds were offered in the manner provided for in Article 33(1) of the Bond Act, i.e. by way of a public offering, the conduct of which does not involve the obligation to draw up a prospectus pursuant to Article 1(4)(a) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the offering was addressed solely to qualified investors).

According to the Terms and Conditions of Issue of E Series Bonds, funds from the issue shall be earmarked for execution of new residential projects, including purchase of land and for financing and/or refinancing of a Permitted Transaction, where a Permitted Transaction means actual and legal actions taken by the Issuer which are intended to lead, directly or indirectly, to the purchase by the Issuer of the perpetual usufruct right to property situated in Łódź and the ownership right to property situated in Łódź, including in particular:

- a) purchase of shares in Hakamore sp. z o.o. w upadłości;
- b) purchase from Hakamore creditors the claims of such creditors against the company, including bonds, or cause the funds necessary to satisfy all creditors to be made available to Hakamore; and
- c) causing the discontinuation of bankruptcy proceedings against Hakamore; and then
- d) concluding with Hakamore, after the end of bankruptcy proceedings, a contract for the sale of property pursuant to which the sales price or a part of the sales price of property may be settled by contractual deduction of the Issuer's receivables due to Hakamore and acquired from previous creditors with HKM's receivables due to the Issuer for payment of the sales price of property.

Funds from issuing this series of bonds were used to finance and refinance the Permitted Transaction.

The interest rate on the bonds is variable, based on WIBOR 6M plus margin. Interest will be paid on a semi-annual basis. On the interest payment dates falling on 17/12/2024 and 17/06/2025, the Issuer will be required to each time unconditionally partially redeem 10% of the total number of issued Bonds. The final redemption date was set at 17/12/2025. The transferability of bonds is not subject to any restrictions.

#### **4.12.3 Loans granted**

On 06/07/2020, MIRBUD S.A. granted a loan to the subsidiary EXPO MAZURY S.A. in the amount of PLN 4 million for the current activities of the company with the repayment deadline of 31/08/2021. The loan was repaid in full.

As at 30 June 2022, the Companies of the MIRBUD Group did not have receivables under granted loans.

#### **4.12.4 Sureties and guarantees**

##### **MIRBUD S.A.**

In the MIRBUD Capital Group the leading entity is the parent MIRBUD S.A. and, if necessary, it was this company that granted sureties for subsidiaries, which first of all constitute the security for credits taken out by:

- JHM DEVELOPMENT or related Special Purpose Vehicles - for execution of development projects
- Marywilka 44 Sp. z o.o. for refinancing capital expenditures
- Kobyłarnia S.A. for execution of construction contracts

As at 30/06/2022, the balance of sureties is presented in the table below:

Table: Sureties granted by MIRBUD S.A. as at 30/06/2022

List of sureties granted to other entities by entity type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability	
		As at:	As at:	As at:	As at:
		30/06/2022	31/12/2021	30/06/2022	31/12/2021
<b>related parties</b>					
MIRBUD S.A.	Hedge for the SANTANDER BANK S.A. credit	49,500	49,500	20,336	
MIRBUD S.A.	Hedge for the SANTANDER BANK POLSKA S.A. credit		4,500		
MIRBUD S.A.	Hedge for the SANTANDER BANK POLSKA S.A. credit	11,000	10,809		
MIRBUD S.A.	Hedge for the BGK S.A. credit	15,000	15,000		
MIRBUD S.A.	Hedge for bank guarantee of BANK S.A		24,150		
MIRBUD S.A.	Hedge for the BGK S.A. credit	9,318	9,318	4,762	
MIRBUD S.A.	Hedge for the issue of E series bonds	55,000	55,000	50,000	
<b>other parties</b>	-				
<b>Total</b>	-	<b>139,818</b>	<b>168,277</b>	<b>75,098</b>	

On 23 February 2021, Expo Mazury S.A. w likwidacji made full repayment of the loan taken up in ALIOR BANK S.A. and therefore the surety granted by MIRBUD S.A. expired.

On 15 February 2022, the guarantee granted by BGK upon order of KOBYLARNIA S.A. in the amount of PLN 24,150 thousand expired, and therefore the surety granted by MIRBUD S.A. expired.

## JHM DEVELOPMENT

The summary of contingent liabilities of JHM DEVELOPMENT Group companies as at 30/06/2022 is presented in the table below.

Table: Contingent liabilities as at 30/06/2022

No.	Liability granted to the company	Title of liability	Value of the surety as at 30/06/2022	Value of the liability as at 30/06/2022	Expiry of the liability
1	Marywilka 44	Surety for the obligations of Marywilka 44 under the lease agreement concluded with Jysk Sp. z o.o.	650	650	05/07/2033
2	MIRBUD S.A.	Asset surety - hedge for the credit in PKO BP bank	90,000		22/06/2023

The other companies of the JHM DEVELOPMENT Group did not grant any sureties or guarantees.

## Marywilka 44 Sp. z o.o.

A summary of contingent liabilities of Marywilka 44 sp. z o.o. as at 30/06/2022 is presented in the table below.

Table: Contingent liabilities as at 30/06/2022

No.	Liability granted to the company	Title of liability	Value of the surety as at 31/12/2021	Value of the liability as at 31/12/2021	Expiry of the liability
1	MIRBUD S.A.	Asset hedge for the loan in Agencja Rozwoju Przemysłu S.A.	60,000	28,200	29/12/2023
2	JHM DEVELOPMENT S.A.	Asset hedge for mortgage in favour of E series bonds hedging administrator	55,000	50,000	31/12/2025

## KOBYLARNIA S.A.

As at 30/06/2022, Kobylarnia S.A. has granted the following sureties.

Table: Sureties granted by Kobylarnia S.A. as at 30/06/2021, in PLN thousand

No.	Entity for which the surety was granted	Claim for which surety was granted	Value of the surety as at 31/12/2021	Value of the liability as at 30/06/2021	Expiry date of the surety
1	MIRBUD S.A.	Guarantee facility	50,000	-	31/05/2022
2	MIRBUD S.A.	Guarantee BGK/190427/DGL	42,758		31/12/2023

On 29 December 2012, the Issuer together with other Companies of the MIRBUD Capital Group, concluded a contract for the provision of services, the subject of which are mutual sureties, guarantees, mortgage encumbrance (hereinafter referred to as the "Hedging") of credit liabilities towards financial and insurance institutions against remuneration. The contract is aimed at increasing the financial security of individual companies of the Group and increasing their creditworthiness.



In accordance with the terms of the contract:

- the remuneration and title of the Hedging was determined at the level of market prices applied between related entities in the amount of 0.9% of the amount of the Hedging of repayment granted on an annual basis, regardless of the hedging method;
- the remuneration is payable within 30 days after the end of each quarter;
- in the event of payment of the amount of debt towards the company's creditor, the company granting the Hedging is entitled to return the equivalent of the amount paid within 7 days from the date of the call for repayment;
- after 7 days from the date of the call, the company granting the Hedging shall be entitled to statutory interest on amounts not repaid on time;
- the contract was concluded for an indefinite period of time.

Implementation of construction projects requires the payment of guarantee deposits or bank or insurance guarantees to secure the quality of the performed construction works.

Contingent liabilities under sureties and guarantees in favour of other entities are primarily guarantees issued by insurance companies and banks in favour of the Company's contractors to secure their claims against the Company, mainly under construction contracts. Insurance companies and banks have a right of recourse against the Company on this account.

Changes in the scope of guarantees in the period since the end of the previous financial year result from the completion of works commenced in previous years. In the opinion of the Management Board of the Company, due to the nature of the potential liability and the history of the liabilities (occasional cases over a period of several years), it is not possible to reliably estimate the contingent liabilities on this account. Nevertheless, the Management Board is aware of such risk and, as a result, a provision is created for warranty repairs.

Contingent liabilities under the guarantee of removal of defects and faults granted by the Companies of the MIRBUD Group to investors, created, lasting from 01/01/2022 to 30/06/2022, are as follows:

Other contingent liabilities	in PLN thousand	
	As at:	As at:
	30/06/2022	30/12/2021
Under proper performance guarantee	602,969	556,815
Under rectifying faults and defects	237,800	330,001
Under payment of receivables	132,551	130,142
<b>Total</b>	<b>973,320</b>	<b>1,016,958</b>

#### 4.13. Description of use of inflows from issuing by the Company

The Issuer did not issue shares during the reported period.

##### **MARYWILSKA 44 Sp. z o.o.**

On 17 November 2021, the Extraordinary Meeting of Shareholders of Marywilaska 44 Sp. z o. o. adopted a resolution concerning:

- a reduction in the Company's share capital to PLN 145,240,000, i.e. by PLN 3,010,000, which corresponds to the value of the shares redeemed in previous years (shares acquired against remuneration);
- and then increasing the Company's share capital to PLN 157,500,000, i.e. by PLN 12,260,000, through the creation of 245,200 new shares with a nominal value of PLN 50 each. The newly issued shares were fully paid up in cash in the amount of PLN 24,520,000, with the surplus over the nominal value of the shares, i.e. PLN 12,260,000, being transferred in full to the Company's share capital. The new shares were acquired entirely by MIRBUD S.A. The capital for the capital increase was fully contributed and the newly created shares were taken up by MIRBUD S.A. On 05 April 2022, the share capital increase was registered with the National Court Register. The funds from the capital increase were used to purchase retail and service properties located in Starachowice and Rumia from MIRBUD Capital Group entities.

The funds from the capital increase were used to purchase retail and service properties located in Starachowice and Rumia from MIRBUD Capital Group entities.

In the reporting period, other companies of the Group did not issue any shares.

#### 4.14. Position of the Management Board with respect to the possibility of delivery of forecast results published earlier for a given year, in the light of the results presented in the report for the previous period in relation to the forecast results.

In the period covered by this report, the companies of the Capital Group did not publish forecasts, and the indicated period was not covered by forecasts published in previous periods.

## 5. MAIN CONTRACTS

### 5.1. Insurance contracts

From 01/04/2021 to 31/03/2022, MIRBUD S.A. was covered by insurance on the basis of a framework contract concluded with Sopot Insurance Company Ergo-Hestia S.A. on 29/03/2021 "Contract for the Comprehensive Insurance of the Enterprise Group against all risks No. 15/MIRBUD/2021".

From 01/04/2022 to 31/03/2023, MIRBUD S.A. was covered by insurance on the basis of a framework contract concluded with Sopot Insurance Company Ergo-Hestia S.A. on 21/03/2022 "Contract for the Comprehensive Insurance of the Enterprise Group against all risks No. 16/MIRBUD/2022".

Under the terms of the above Comprehensive Insurance Contract, the MIRBUD S.A., KOBYLARNIA S.A., Marywilaska 44 sp. z o.o. (with respect to property located in Ostróda, Starachowice and Rumia), JHM DEVELOPMENT S.A. and its subsidiaries, JHM 1 Sp. z o.o. and JHM 2 Sp. z o.o. w likwidacji, concluded detailed insurance contracts which directly concern their operations.

The aforementioned contract was extended for another period, i.e. from 05/09/2021 to 04/09/2022 and confirmed by the following policies:

- policy No. 350011915494842 against all risks and insurance of loss of gross profit as a result of interruption or disruption of business resulting from insured property damage
- Third party business liability insurance policy

## 5.2. Main contracts for construction and other works related to operating activities concluded by the Capital Group Companies

### MIRBUD S.A.

Table: Main contracts concluded by MIRBUD S.A. in the period from 01/01/2022 to 30/06/2022 in PLN thousand

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
03/03/2022	61,600	GINGERINA sp. z o.o. with its registered office in Warsaw	Construction of two warehouse buildings (Building A and Building B) together with the accompanying infrastructure in the town of Wry, Mikołów County, Silesian Voivodeship.
09/03/2022	437,154	General Directorate for National Roads and Motorways	Design and execution of construction works for the S74 Przełom/Mniów - Kielce (S7 Kielce Zachód interchange) expressway section. Consortium of companies composed of: <ul style="list-style-type: none"> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader),</li> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium partner),</li> </ul>
17/03/2022	47,520	PDC Industrial Center 171 Sp. z o.o. with its registered office in Warsaw	Construction of a manufacturing and warehouse complex with staff and office facilities and accompanying infrastructure in the village of Cząstków Mazowiecki, municipality of Czosnów, Nowy Dwór county, Mazowieckie voivodship
29/03/2022	39,471	District Infrastructure Department in Zielona Góra.	Construction of repair hall W-10 in Krosno Odrzańskie with accompanying infrastructure for maintenance and repair of armour and armoured equipment as well as demolition of existing buildings.
29/03/2022	72,110	Legnica Municipality	Construction of the South Service Road in Legnica – Stage III from al. Rzeczypospolitej to ul. Sikorskiego. Consortium of companies composed of: <ul style="list-style-type: none"> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),</li> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).</li> </ul>
29/04/2022 (return of signed contract)	80,148	JHM DEVELOPMENT S.A. with its registered office in Skierniewice	Construction of five residential buildings (buildings A, B, C, D and E) together with the necessary infrastructure at ul. Armii Krajowej in Skierniewice
06/05/2022	346,235	General Directorate for National Roads and Motorways	“Design and construction of the S10 Bydgoszcz – Toruń expressway, section 3 from the Solec interchange to the Toruń Zachód interchange”, a consortium of companies comprising:

			<ul style="list-style-type: none"> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),</li> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).</li> </ul>
<b>23/05/2022</b> (return of signed contract)	122,452	PDC Industrial Center 195 Sp. z o.o. with its registered office in Warsaw	Construction of warehouse halls with a usable area of 58,823.5 sq. m. together with the accompanying infrastructure.
<b>31/05/2022</b>	52,370	General Directorate for National Roads and Motorways	<p>"Reconstruction of national road No. 91 on the Terespol-Stolno section (excluding the bridge over the Vistula)"; a consortium of companies comprising:</p> <ul style="list-style-type: none"> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),</li> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).</li> </ul>
<b>21/06/2022</b>	40,301	LBM Polska T. Lis, G. Burtan, D. Markiewicz	Signing of a subcontract for earthworks in connection with the construction of the S1 Kosztowy - Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange).
<b>21/06/2022</b>	34,655	PRUCHNIK Spółka z ograniczoną odpowiedzialnością Limited partnership	Signing of a subcontract for earthworks in connection with the construction of the S1 Kosztowy - Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange).
<b>29/06/2022</b>	40,219	City of Skierniewice	Reconstruction/refurbishment of the City Stadium in Skierniewice

## KOBYLARNIA S.A.

Table: Main contracts for construction works concluded by KOBYLARNIA S.A. in the period from 01/01/2022 to 30/06/2022.

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
<b>09/03/2022</b>	437,154	General Directorate for National Roads and Motorways	<p>Design and execution of construction works for the S74 Przełom/Mniów - Kielce (S7 Kielce Zachód interchange) expressway section. Consortium of companies composed of:</p> <ul style="list-style-type: none"> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader),</li> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium partner),</li> </ul>
<b>06/05/2022</b>	346,235	General Directorate for National Roads and Motorways	<p>"Design and construction of the S10 Bydgoszcz – Toruń expressway, section 3 from the Solec interchange to the Toruń Zachód interchange", a consortium of companies comprising:</p> <ul style="list-style-type: none"> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),</li> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).</li> </ul>
<b>29/03/2022</b>	72,110	Legnica Municipality	<p>Construction of the South Service Road in Legnica – Stage III from al. Rzeczypospolitej to ul. Sikorskiego. Consortium of companies composed of:</p> <ul style="list-style-type: none"> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),</li> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).</li> </ul>

Detailed terms and conditions of the above contracts do not differ from those commonly used in the market.

## JHM DEVELOPMENT

During the period covered by the report, the company concluded the following significant contracts:

Table: The most important contracts concluded by JHM DEVELOPMENT S.A. in the period from 01/01/2022 to 30/06/2022.

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
29/04/2022	80,148	JHM DEVELOPMENT S.A. with its registered office in Skierniewice	Construction of five residential buildings (buildings A, B, C, D and E) together with the necessary infrastructure at ul. Armii Krajowej in Skierniewice
14/06/2022	77,240	WAMA Construction Sp. z o.o. with its registered office in Gdańsk	Construction of four tourist accommodation buildings with an underground garage and landscaping and technical infrastructure located in Jastrzębia Góra at ul. Jantarowa 3 and obtaining a final and unconditional occupancy permit. The development project concerns two phases of the <i>Apartamenty Bałtyk</i> housing estate.

Detailed terms and conditions of the above contracts do not differ from those commonly used in the market.

In the period covered by the report, the other Group Companies did not conclude any significant contracts.

### 5.3. Events and contracts concluded after the date of preparation of financial statements, which may have significant impact on the future financial results

#### MIRBUD S.A. and KOBYLARNIA S.A.

Table: Key contracts concluded by MIRBUD S.A. after the date of preparation of financial statements

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
08/07/2022 (return of signed contract)	142,618	ACCOLADE PL XXXV Sp. z o.o. with its registered office in Warsaw	Construction of warehouse halls A, B and C in Gorzów Wielkopolski, together with the execution of all associated works included in the contract as commissioned options.
08/07/2022 (return of signed contract)	77,107	ACCOLADE PL XXXVI Sp. z o.o. with its registered office in Warsaw	Construction of two warehouse buildings located at ul. Konstytucji 3-go Maja in Jelenia Góra.
14/07/2022 (return of signed contract)	42,253	TORUŃ II LOGISTICS Sp. z o.o.	Construction of warehouse hall A with technical infrastructure at ul. Przelot in Toruń.
18/07/2022	93,252	The Polish Naval Academy of the Heroes of Westerplatte in Gdynia	Construction of a multi-purpose building (teaching, training, accommodation, catering) with the necessary technical infrastructure and landscaping on the grounds of the Polish Naval Academy of the Heroes of Westerplatte in Gdynia.
22/07/2022	119,168	Accolade PL 44 Sp. z o.o. with its registered office in Warsaw	Construction of warehouse halls (A and B) with the necessary infrastructure in Piła
26/08/2022	15,826	Wałcz Municipality	Public-private partnership contract for the construction of internal roads and rainwater drainage system in Wałcz in the following streets: Bursztynowa and Brylantowa, and part of the streets Szmaragdowa and Chrząstkowo and Wilcza street, together with the construction of technical infrastructure facilities, and the maintenance of these roads and infrastructure for a period of 9 years.

On 22 July, the Issuer concluded annexes to contracts with the State Treasury - General Directorate of National Roads and Motorways in Warsaw. The subject of the signed annexes is to increase the maximum indexation limit for contract works from 5 to 10 percent of the Accepted Contract Amount. The annexes concern the following contracts:

- Construction of the S1 Kosztowy – Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange);
- Design and construction of the S10 Bydgoszcz – Toruń expressway, section 3 from the Solec interchange to the Toruń Zachód interchange;
- Construction of the Tri-city Metropolitan Bypass divided into 2 parts: Part No. 2: Construction of the Tri-city Metropolitan Bypass. Task 2: Żukowo interchange (with interchange) – Gdańsk Południe interchange (with interchange);
- Design and construction of the Gostyń bypass within the national road No. 12;
- Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section.

On 22 August 2022, the Issuer received information from the Contracting Authority, the Medical University of Łódź (Al. Kościuszki 4, 90-419 Łódź), that the Issuer's bid was selected as the most advantageous one in the tender procedure, conducted in the open tender procedure, titled "Construction of the Radiotherapy Building as part of the Second Stage of the Clinical and Didactic Centre of the Medical University of Łódź with the Academic Oncology Centre – building shell including landscaping". **Bid value:** PLN 32,191 thousand

On 26 August this year, the Issuer concluded annexes to contracts with the State Treasury - General Directorate of National Roads and Motorways in Warsaw. The subject of the signed annexes is to increase the maximum indexation limit for contract works from 5 to 10 percent of the Accepted Contract Amount. The annexes concern the following contracts:

- "Construction of the A18 Olszyna – Golnice motorway (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533";
- "Construction of the A18 Olszyna – Golnice motorway (reconstruction of the southern roadway) section 2 from km 11+860 to km 33+760";
- "Construction of a bypass road for Poręba and Zawiercie within the national road No. 78, Siewierz – Poręba – Zawiercie (Kromolów) section, from km 105+836 to km 122+500";
- "Design and construction of the S11 Koszalin – Szczecinek expressway, Koszalin Zachód interchange section (without interchange) - Bobolice interchange. Section 3. Koszalin Południe interchange (without interchange) – Bobolice interchange (with interchange)";
- "Design and construction of the Olesno bypass within the national road No. 11 (S11)".

## OTHER COMPANIES IN THE GROUP

After the date of financial statements, no events occurred and no contracts were concluded in other Group Companies which could have a significant effect on the future financial results.

## 6. INFORMATION ON ENTERING BY THE ISSUER OR ITS SUBSIDIARY INTO ONE OR MORE TRANSACTIONS WITH RELATED PARTIES IF THEY WERE CONCLUDED ON NON-ARM'S LENGTH CONDITIONS

In the reporting period, there were no significant transactions with related entities concluded on non-market terms by the Company or its subsidiary.



## 7. THE EFFECTS OF CHANGES IN THE STRUCTURE OF THE ECONOMIC ENTITY, INCLUDING AS A RESULT OF MERGING ENTITIES, GAINING OR LOSS OF CONTROL OVER SUBSIDIARIES AND LONG-TERM INVESTMENTS, AS WELL AS DIVISION, RESTRUCTURING OR DISCONTINUATION OF OPERATIONS, AND INDICATION OF ENTITIES SUBJECT TO CONSOLIDATION

There were no changes in the structure of the business entity during the reporting period.

The Issuer prepares consolidated financial statements. The entities subject to consolidation have been indicated by the Issuer in this report under "Subsidiaries and consolidation methods"

By Resolution of the General Meeting of Shareholders of 1 July 2020 No. 3/2020 (Rep. A No. 6401/2020) the liquidation process of Expo Mazury S.A. commenced. This is the second stage of reorganisation of the MIRBUD Capital Group. The purpose of reorganisation is to strengthen the Group by concentrating the entities operating within it around the parent company which is MIRBUD S.A. The reorganisation will result in simplification of the Group's structure, streamlining of the Group's business processes and optimisation of the operating costs of the Group's companies, in particular those operating in similar market areas. In practice, this means the planned transfer of assets of companies operating in the area of retail lease to MARYWILSKA 44 Sp. z o.o.

With effect from 1 July 2022, the Extraordinary Meeting of Shareholders of the Company adopted a resolution to put JHM 1 Sp. z o.o. into liquidation. From this date, the company is named JHM 1 Sp. z o.o. w likwidacji. Liquidation of the subsidiary, JHM 1 Sp. z o.o., is part of the process of reorganisation of the MIRBUD Capital Group, about which the Issuer informed in Current Reports No. 36/2020 and 41/2021. The commercial property in Rumia, previously owned by the Company, is now managed by MARYWILSKA 44 Sp. z o.o.

The Issuer prepares consolidated financial statements. The entities subject to consolidation have been indicated by the Issuer in this report under "Subsidiaries and consolidation methods".

## 8. ACHIEVED AND FORECAST FINANCIAL RESULTS

The MIRBUD Capital Group Companies did not publish forecasts on financial results for 2022.

## 9. CHARACTERISTICS OF EXTERNAL AND INTERNAL FACTORS MATERIAL FOR THE DEVELOPMENT OF THE ISSUER AND DESCRIPTION OF THE ISSUER'S ACTIVITY PROSPECTS IN THE PERSPECTIVE OF AT LEAST ONE QUARTER

Revenue of the MIRBUD Group are earned entirely on account of conducting business activity on the Polish market. Therefore, the financial results achieved depend on factors such as the stability of the macroeconomic situation in Poland and the overall economic situation in the country in a given period.

The most important factor influencing the development is the situation in the domestic construction sector, which directly depends on the rate of GDP growth, the level of domestic investments, or the competitive position of Companies from the MIRBUD Group determining their ability to win contracts and customers. This, in the opinion of the Management Board of the parent, will in turn primarily depend on:

External factors:

- further implementation of the investment using the EU funds;
- the economic situation in the countries of the European Union;
- the government's policy on construction, especially housing;
- monetary policy (interest rate policy and its impact on the cost of credits);
- situation on financial markets;
- availability and costs of bank credits and guarantees;
- trends in the preferences of potential residential unit buyers, the level and conditions of competition;
- the rate of growth of investments in the public sector (in particular in road construction);
- price levels for construction materials and services;
- the availability on the market of qualified staff and the level of their salaries;
- demand in housing construction;
- the further course of the coronavirus pandemic and the related economic effects, including a slowdown in the economy, increased unemployment, higher inflation, and an impact on the trade sector;
- the course and consequences of the military conflict in Ukraine.

Internal factors:

- financial standing of the Companies of the Group, in particular MIRBUD S.A.;
- a well-established position in the industrial building construction sector;
- systematic development of the Group in the engineering and road sector;
- systematic filling of the portfolio for the years 2022 - 2025;
- diversified order portfolio for the years 2022 - 2025;
- further development of property development activity through implementation of projects in Łódź, Poznań, Konin, Bydgoszcz, and Zakopane;
- commercialisation and rent collection in CH MARYWILASKA 44 sp. z o.o. after the period of trade suspension due to the coronavirus pandemic;
- the level of margin on the execution of contracts achieved through optimisation of production costs and improvement of technical solutions for the execution of construction, also thanks to the implementation of the process of development and implementation of the IT management system (a modern management system, in the Issuer's opinion, will improve control over operating activities through detailed ongoing analyses of individual projects, improve financial records, positively affect work efficiency and reduce the risk of core activities);
- the level of sales of residential units in ongoing development projects;
- further investments in modern machinery park;
- achieving financial results consistent with the planned results by the Group's subsidiaries.

Development prospects of the Issuer's activity are presented in item 4.4 of this report.

## 10. CHANGES IN BASIC PRINCIPLES GOVERNING THE MANAGEMENT OF THE MANAGEMENT OF THE ISSUER'S ENTERPRISE AND ITS CAPITAL GROUP

In the reporting period there were no significant changes in the principles of management of the Group's Companies.

## 11. DESCRIPTION OF KEY FEATURES OF INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE PROCESS PREPARING FINANCIAL STATEMENTS

The Management Board of MIRBUD S.A., as the parent, is responsible for the preparation of the consolidated financial statements of the Capital Group. It is also responsible for the internal control system and its effectiveness in the process of preparing consolidated financial statements which are prepared and published by the parent, in accordance with the rules of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by the issuers of securities and on conditions under which information required by legal regulations of a country not being a Member State may be recognised as equivalent.

The assumption of an effective internal control system in financial reporting is to ensure that the financial information contained in the financial statements and periodical reports is adequate and correct. The consolidated financial statements of the Capital Group are prepared by the Chief Accountant. One of the basic elements of control in the process of preparing consolidated financial statements of the Capital Group is to audit the annual financial statements and review the semi-annual financial statements by an independent auditor in order to express in his opinion and report whether the financial statements are correct and whether they present fairly and clearly the property and financial situation of the Capital Group, as well as its financial result. The annual consolidated financial statements of the Capital Group, together with the auditor's opinion, shall be submitted to the General Meeting of Shareholders for approval.

The financial and accounting section headed by the Director of Economic and Financial Affairs shall be responsible for the preparation of the consolidated financial statements and periodical financial reporting of the Capital Group. The preparation of consolidated financial statements and periodical reports begins after the approval of the periodical statements of the Companies by the Chief Accountant and the Company's Management Board.

The Capital Group manages the risk in relation to the process of preparing financial statements also by following the changes required by external regulations and regulations concerning the reporting requirements of listed companies on an ongoing basis and preparing for their introduction well in advance.

The Management Board of the Company states that as at 31 December 2021 there neither were nor are at present factors which could affect the reliability and correctness of the consolidated financial statements prepared.

On 23 October 2009 the Extraordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 24/2009 adopting the International Accounting Standards (IAS) as the basis for preparing the financial statement of the Company and the consolidated financial statement of the capital group of MIRBUD S.A. for 2010, and the financial statements for subsequent reporting periods, respectively. The Resolution came into force on the day of its adoption and has effect from 01/01/2010.

## 12. ADDITIONAL INFORMATION

### 12.1. Shareholder structure

#### 12.1.1. Information about the dividend paid in the period from 01/01/2022 to 30/06/2022

MIRBUD S.A. made dividend payments in the period from 01/01/ to 30/06/2022.

On 11 May 2022 the Issuer's Management Board applied to the General Meeting of Shareholders of MIRBUD S.A. to distribute the net unconsolidated profit generated in 2021 in the amount of PLN 80,354,978.36 for the payment of a dividend in the amount of PLN 18,348,840.00, i.e. PLN 0.20 gross per share, and to exclude the remaining part of the profit in the amount of PLN 62,006,138.36 from distribution and allocate it to the Company's supplementary capital.

The Issuer informs that the Supervisory Board of MIRBUD S.A., at the meeting on 11 May this year, gave a unanimous positive opinion on the motion.

On 14 June 2022, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 9/2022 concerning the distribution of the Company's net profit for 2021. Pursuant to the Resolution adopted, the General Meeting decided to allocate a portion of the profit for the financial year 2021 in the amount of PLN 18,348,840.00 to the payment of dividends to the Issuer's shareholders, i.e. PLN 0.20 gross per share, and to exclude from distribution the remaining portion of the profit in the amount of PLN 62,006,138.36 and to allocate it to the Company's supplementary capital.

On 14 June 2022, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 10/2022 concerning the payment of dividends to shareholders of the Issuer. 20 June 2022 was adopted as the dividend date and 21 June 2022 as the dividend payment date. The dividend was paid on the date specified.

On 12 May 2022, the Ordinary General Meeting of Shareholders of Kobylarnia S.A. adopted Resolution No. 5/2022 on the distribution of profit for the financial year 2021. Pursuant to the adopted Resolution, the Ordinary General Meeting of Shareholders of Kobylarnia S.A. decided to allocate the amount of PLN 20,000,000.00 for the payment of dividends to the sole shareholder of the Company, while the amount of PLN 1,161,804.00 was allocated to supplementary capital. 3 June 2022 was adopted as the dividend payment date. The dividend was paid on the date indicated.

On 12 May 2022, the Ordinary General Meeting of Shareholders of JHM Development S.A. adopted Resolution No. 9/2022 on the distribution of profit for the financial year 2021. In accordance with the Resolution, the Company's Ordinary General Meeting decided to allocate the amount of PLN 4,844,000.00 for the payment of dividends, while the amount of PLN 11,925,245.86 was allocated to the Company's supplementary capital.

On the basis of Resolution No. XXVII/2021, the Management Board of JHM Development S.A., with the consent of the Supervisory Board expressed in Resolution No. XXIII/2021 of 20 December 2021, paid an advance for the expected dividend to the sole shareholder of the Company in the amount of PLN 3,460,000. The remaining dividend to be paid represents an amount of PLN 1,384,000.00. 26 May 2022 was adopted as the remaining dividend payment date. On the date indicated, the remaining amount was paid.

### **12.1.2. Information on the purchase and sale of own shares**

In the discussed period MIRBUD S.A. did not purchase or sell own shares.

### **12.1.3. Shares and stocks of the**

#### **MIRBUD S.A.**

As at 30/06/2022, the share capital is divided into 91,744,200 fully paid bearer shares with a nominal value of PLN 0.10 each.

*Table: Share capital structure*

No.	Series of shares	Number of shares	Nominal value per one share	Share capital registered in PLN thousand	Manner of capital coverage	Registration date
1	A	19,500,000	PLN 0.10	1,950	cash	22/12/2006
2	B	14,625,000	PLN 0.10	1,462	cash	22/12/2006
3	C	2,264,000	PLN 0.10	226	cash	22/12/2006
4	D	3,611,000	PLN 0.10	361	cash	22/12/2006
5	E	5,000,000	PLN 0.10	500,0	cash	11/12/2009
6	F	10,000,000	PLN 0.10	1,000	cash	03/03/2010
7	G	10,000,000	PLN 0.10	1,000	cash	19/05/2010
8	H	10,000,000	PLN 0.10	1,000	cash	18/08/2010
9	I	7,492,500	PLN 0.10	749	cash	26/05/2014
10	J	2,873,947	PLN 0.10	287	cash	11/09/2019
11	K	6,377,753	PLN 0.10	638	cash	30/09/2019
<b>Total</b>		<b>91,744,200</b>		<b>9,174</b>		

Table: Ownership structure of the share capital as at 30 June 2022

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
<b>Jerzy Mirgos</b>	41,473,071	<b>45.21%</b>	41,473,071	<b>45.21%</b>
<b>Nationale-Nederlanden Open Pension Fund</b>	9,171,837	<b>9.99%</b>	9,171,837	<b>9.99%</b>
<b>Other shareholders</b>	41,100,129	<b>44.80%</b>	41,100,129	<b>44.80%</b>
<b>Total</b>	<b>91,744,200</b>	<b>100.00%</b>	<b>91,744,200</b>	<b>100.00%</b>

Table: Ownership structure of the share capital as at 31/12/2021

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
<b>Jerzy Mirgos</b>	41,371,064	<b>45.1%</b>	41,371,064	<b>45.1%</b>
<b>Nationale-Nederlanden Open Pension Fund</b>	9,171,837	<b>9.99%</b>	9,171,837	<b>9.99%</b>
<b>Other shareholders</b>	41,201,299	<b>44.91%</b>	41,201,299	<b>44.91%</b>
<b>Total</b>	<b>91,744,200</b>	<b>100.00%</b>	<b>91,744,200</b>	<b>100.00%</b>

Table: Ownership structure of the share capital as at the date of approval of the statements for publication

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
<b>Jerzy Mirgos</b>	41,600,000	<b>45.34%</b>	41,600,000	<b>45.34%</b>
<b>Nationale-Nederlanden Open Pension Fund</b>	9,171,837	<b>9.99%</b>	9,171,837	<b>9.99%</b>
<b>Other shareholders</b>	40,973,200	<b>44.67%</b>	40,973,200	<b>44.67%</b>
<b>Total</b>	<b>91,744,200</b>	<b>100.00%</b>	<b>91,744,200</b>	<b>100.00%</b>

## KOBYLARNIA S.A.

As at 30 June 2022, the share capital of KOBYLARNIA S.A. amounted to PLN 30,000,000 (thirty million zloty) and was divided into 300,000,000 shares with a nominal value of PLN 0.10 each.

Table: Structure of the share capital of KOBYLARNIA S.A. as at 30/06/2022

Item No.	Series of shares	Number of shares held	Nominal value of shares in PLN	Registered capital in PLN	Registration date	Method of coverage
1.	A	2,002,000.00	0.1	200,200.00	03/10/2011	cash
2.	B	7,998,000.00	0.1	799,800.00	26/06/2014	cash
3.	C	50,000,000.00	0.1	5,000,000.00	31/07/2019	cash
4.	D	50,000,000.00	0.1	5,000,000.00	27/08/2019	cash
5.	E	50,000,000.00	0.1	5,000,000.00	11/10/2019	cash
6.	F	50,000,000.00	0.1	5,000,000.00	20/12/2019	cash
7.	G	40,000,000.00	0.1	4,000,000.00	19/02/2020	cash
8.	H	50,000,000.00	0.1	5,000,000.00	02/04/2020	cash
	<b>Total</b>	<b>300,000,000.00</b>	<b>0.1</b>	<b>30,000,000.00</b>		

Table: Structure of shares held as at 30 June 2022

Shareholder	Number of shares held	Share in the Company's share capital	Number of votes	% share in the total number of votes of votes
<b>MIRBUD</b>	300,000,000	100%	300,000,000	100%
<b>Total</b>	<b>300,000,000</b>	<b>100%</b>	<b>300,000,000</b>	<b>100%</b>

The amount of share capital in the period covered by the report has not changed.

## JHM DEVELOPMENT S.A.

As at 30 June 2022, the share capital of JHM DEVELOPMENT S.A. amounted to PLN 173,000,000 (one hundred and seventy-three million zloty) and was divided into 69,200,000 shares with a nominal value of PLN 2.50 each.

Table: Structure of the share capital of JHM DEVELOPMENT S.A. as at 30/06/2022

Item No.	Series of shares	Number of shares	Nominal price [PLN]	Registered capital [PLN]	Registration date	Method of coverage
1	A1	27,497,500	2.50	68,743,750	21/11/2014	cash
2	A2	41,702,500	2.50	104,256,250	21/11/2014	cash
	<b>TOTAL</b>	<b>69,200,000</b>		<b>173,000,000</b>		

The amount of share capital in the period covered by the report has not changed.

Table: Ownership structure of the share capital as at 30/06/2022

Shareholder	Number of shares held	Share in the share capital of JHM DEVELOPMENT S.A.	Number of votes	% share in the total number of votes
<b>MIRBUD</b>	69,200,000	100%	69,200,000	100%
<b>Total</b>	<b>69,200,000</b>	<b>100%</b>	<b>69,200,000</b>	<b>100%</b>

As at the date of approval of the statements, the ownership structure of the share capital has not changed.



## Marywilka 44 Sp. z o.o.

The share capital of Marywilka 44 Sp. z o.o. comprises 3,150,000 shares. The Company's share capital as at 30/06/2022 was PLN 157,500 thousand, and the structure of shareholders was as follows

Table: Ownership structure of the share capital of Marywilka Sp. z o.o. as at 30/06/2022

Name	Number of shares	Nominal price	Registered capital in PLN thousand	Registration date	Method of coverage
MIRBUD S.A.	1,810,200	PLN 50.00	90,510	05/04/2022	cash
JHM DEVELOPMENT S.A.	1,339,800	PLN 50.00	66,900	24/11/2014	cash
<b>Total</b>	<b>3,150,000</b>		<b>157,500</b>		

Table: Ownership structure of the share capital of Marywilka Sp. z o.o. as at 31/12/2021

Name	Number of shares	Share in the share capital	Number of votes	% share in the total number of votes
MIRBUD S.A.	1,565,000	53.88%		
JHM DEVELOPMENT S.A.	1,339,800	46.12%	1,339,800	100%
<b>Total</b>	<b>1,339,800</b>	<b>100%</b>	<b>1,339,800</b>	<b>100%</b>

On 17 November 2021, the Extraordinary Meeting of Shareholders of Marywilka 44 Sp. z o. o. adopted a resolution concerning:

- a reduction in the Company's share capital to PLN 145,240,000, i.e. by PLN 3,010,000, which corresponds to the value of the shares redeemed in previous years (shares acquired against remuneration);
- and then increasing the Company's share capital to PLN 157,500,000, i.e. by PLN 12,260,000, through the creation of 245,200 new shares with a nominal value of PLN 50 each. The newly issued shares were fully paid up in cash in the amount of PLN 24,520,000, with the surplus over the nominal value of the shares, i.e. PLN 12,260,000, being transferred in full to the Company's supplementary capital. The new shares were acquired entirely by MIRBUD S.A. The capital for the capital increase was fully contributed and the newly created shares were taken up by MIRBUD S.A. On 05 April 2022, the share capital increase was registered with the National Court Register.

Following the Court's registration, the Company's share capital amounts to PLN 157,500.00. This value consists of:

- **1,810,200 shares with a nominal value of PLN 50 each**, making a total of PLN 90,510,000 - shares owned by MIRBUD S.A. Share of MIRBUD S.A. in the Company's share capital is: 57.47%.
- **1,339,800 shares with a nominal value of PLN 50 each**, making a total of PLN 66,990,000 - shares owned by JHM DEVELOPMENT S.A. Share of JHM DEVELOPMENT S.A. in the Company's share capital will be: 42.53%.

The funds from the capital increase were used to purchase retail and service properties located in Starachowice and Rumia from MIRBUD Capital Group entities.

As at the date of approval of the statements, the ownership structure of the share capital has not changed.

### JHM 1 Sp. z o.o.

As at 30/06/2022 the share capital of JHM 1 amounted to PLN 9,000,065 (nine million and sixty five zloty) and was divided into 180,013 shares with a nominal value of PLN 50.00 each. The shares were fully paid up in cash.

Table: Ownership structure of the share capital of JHM 1 Sp. z o.o. as at 30/06/2022

Name	Number of shares	Share in the share capital	Number of votes	% share in the total number of votes
JHM DEVELOPMENT S.A.	180,013	100%	180,013	100%
<b>Total</b>	<b>180,013</b>	<b>100.0%</b>		

Table: Ownership structure of the share capital of JHM 1 Sp. z o.o. as at 31/12/2021

Name	Number of shares	Share in the share capital	Number of votes	% share in the total number of votes
JHM DEVELOPMENT S.A.	180,013	100%	180,013	100%
<b>Total</b>	<b>180,013</b>	<b>100.0%</b>		

Ownership structure of the share capital as at the date of approval of the statements has not changed.

### JHM 2 Sp. z o.o. w likwidacji

The Extraordinary Meeting of Shareholders of the subsidiary, JHM 2 Sp. z o.o., adopted a resolution on dissolution and placing this Company in liquidation as of 1 February 2022.

Pursuant to Resolution No. 1/2022 dated 14/07/2022, the Extraordinary Meeting of Shareholders of JHM 2 Sp. z o.o. w likwidacji resolved that the liquidation activities were completed on 30/06/2022.

As at the date of publication of the report, the Company has not been deleted from the National Court Register.

At the same time the Issuer informs that liquidation of the subsidiary, JHM 2 Sp. z o.o., is part of the process of reorganisation of the MIRBUD Capital Group, about which the Issuer informed in Current Reports No. 36/2020 and 41/2021.

### HAKAMORE Sp. z o.o. w upadłości

JHM DEVELOPMENT S.A. owns 100% of the shares in the Company as at the date of publication of the report, but due to the Company's bankruptcy does not exercise control over it.

By decision dated 1 July 2022, the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division for Bankruptcy and Restructuring Proceedings, announced in proceedings file reference number XVIII GUp 168/20, the bankruptcy proceedings of Hakamore spółka z ograniczoną odpowiedzialnością w upadłości with its registered office in Skierniewice (KRS number 0000643506) were discontinued. The decision is not final.

## ТОВ «МІРБУД»

The share capital of ТОВ «МІРБУД» amounted to UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 31/12/2021 this amounted to PLN 353,571.84, and according to the average exchange rate of the National Bank of Poland as at 30/06/2022 this amounted to PLN 348,816.34). The sole shareholder of the company is MIRBUD S.A. As at 30/06/2022, the value of the contributed capital amounted to PLN 315,877.09. The entity is not consolidated due to its immaterial character.

### 12.1.4. Information on the Issuer's shares or the rights thereto held by members of the management and supervisory bodies

#### MIRBUD S.A.

The total number of shares of MIRBUD S.A. held by members of the management and supervisory bodies as at 30/06/2022 and 31/12/2021 and the date of preparation of the report is as follows:

Table. Shares of the Company held by members of management and supervisory bodies as at the date of submitting these statements

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
<b>Jerzy Mirgos</b>	President of the Management Board	41,600,000 shares with a nominal value of PLN 0.10 with a total value of PLN 4,137,106.4	<b>45.34%</b>
<b>TOTAL</b>		41,600,000 shares	45.34%

Table. Shares of the Company held by members of management and supervisory bodies as at 30/06/2022

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
<b>Jerzy Mirgos</b>	President of the Management Board	41,473,071 shares with a nominal value of PLN 0.10 with a total value of PLN 4,127,106.4	<b>45.21%</b>
<b>TOTAL</b>		41,473,071 shares	45.21%

Table. Shares of the Company held by members of management and supervisory bodies as at 31/12/2021

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
<b>Jerzy Mirgos</b>	President of the Management Board	41,371,064 shares with a nominal value of PLN 0.10 with a total value of PLN 4,137,106.4	<b>45.1%</b>
<b>TOTAL</b>		41,371,064 shares	45.1%

None of the members of the Management Board or Supervisory Board hold any options for the Company's shares.

## **JHM DEVELOPMENT S.A.**

During the period covered by these statements all shares in JHM DEVELOPMENT S.A. were held by MIRBUD S.A. and none of the management or supervisory bodies' members held any shares in the Company. Also none of the members of the Management Board or Supervisory Board hold any options for the Company's shares.

In other companies of the Capital Group, members of the Management Board and Supervisory Board do not hold any shares or options for shares of the Companies.

As at 30/06/2022, MIRBUD S.A. remains the sole shareholder of JHM DEVELOPMENT S.A.

### **12.1.5. Information on contracts known to the issuer, including those concluded after the balance sheet date, which may result in future changes in proportions of shares held by the existing shareholders and bondholders**

As at 30/06/2022 and after the balance sheet date until the date of preparation of the report, apart from the information disclosed in these statements and in current reports, the issuer did not have any information about contracts which may result in future changes in the proportions of shares held by the Issuer's existing shareholders.

### **12.1.6. Information on the system of control over employee stock ownership plans**

There are no employee stock ownership plans in the Company

## **12.2. Influence of factors and unusual events on the financial result for the first half of 2022**

In the first half of 2022, there were no factors or events unusual from the point of view of the specific nature of the Companies' business activities which could influence the financial result, apart from the factors related to the armed conflict in Ukraine and the COVID-19 pandemic which are described in this report.

## **12.3. Changes in the basic principles of managing an enterprise**

In the reporting period there were no significant changes in the principles of management of the Group's Companies.

## **12.4. The Management Board and the Supervisory Board and the changes in supervisory and management bodies of the Group's Companies**

### **MIRBUD S.A.**

In the period from 01/01/2022 to 30/06/2022, the composition of the Management Board of MIRBUD S.A. did not change and performed the duties with the following composition:

*Table: Composition of the Management Board of MIRBUD S.A. in the period from 01/01/2022 to 30/06/2022*

Name and surname	Position
Jerzy Mirgos	President of the Management Board

<b>Sławomir Nowak</b>	Vice-President of the Management Board
<b>Paweł Korzeniowski</b>	Member of the Management Board
<b>Tomasz Sałata</b>	Member of the Management Board

On 11 May 2022, the Issuer's Supervisory Board, in connection with the expiry of the term of office of the President of the Management Board of MIRBUD S.A., appointed Mr. Jerzy Mirgos to the Management Board for another five-year term, entrusting him with the position of President of the Company's Management Board.

On 11 May 2022, the Issuer's Supervisory Board, in connection with the expiry of the term of office of the Vice-President of the Management Board of MIRBUD S.A., appointed Mr. Sławomir Nowak to the Management Board for another five-year term, entrusting him with the position of Vice-President of the Company's Management Board.

On 14 June 2022, the term of office of Mr. Hubert Bojdo as a member of the Supervisory Board expired. The composition of the Issuer's Supervisory Board in the period from 01/01/2022 to 30/06/2022 changed and was as follows:

Table: Composition of the MIRBUD S.A. Supervisory Board in the period from 01/01/2021 - 31/12/2021

Name and surname	Position
<b>Wiesław Kosonóg</b>	Chairman of the Supervisory Board
<b>Radosław Niewiadomski</b>	Member of the Supervisory Board
<b>Agnieszka Bujnowska</b>	Secretary of the Supervisory Board
<b>Hubert Bojdo</b>	Member of the Supervisory Board (until 14/06/2022)
<b>Andrzej Zakrzewski</b>	Member of the Supervisory Board
<b>Wiktoria Braun</b>	Member of the Supervisory Board
<b>Artur Sociński</b>	Member of the Supervisory Board

On 14 June 2022, the term of office of Mr. Hubert Bojdo as a member of the Supervisory Board expired.

## JHM DEVELOPMENT S.A.

In the period from 01/01/2022 to 30/06/2022, the Management Board of JHM DEVELOPMENT S.A. did not change and performed the duties with the following composition:

Table: Composition of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2022 to 30/06/2022

Management Board	
Biskupska Regina	President of the Management Board
Mirgos Jerzy	Vice-President of the Management Board
Siedlarski Sławomir	Member of the Management Board
Kaja Mirgos-Kwiatkowska	Member of the Management Board

The composition of the Company's Supervisory Board is shown in the table below:

Table: Composition of the Supervisory Board of JHM DEVELOPMENT S.A. in the period from 01/01/2022 to 30/06/2022

Supervisory Board	
Kosonóg Wiesław	Chairman of the Supervisory Board
Niewiadomski Radosław	Deputy Chairman of the Supervisory Board

Bujnowska Agnieszka	Secretary of the Supervisory Board
Zakrzewski Andrzej	Member of the Supervisory Board
Niewiadomski Radosław	Member of the Supervisory Board

## KOBYLARNIA S.A.

The composition of the Company's Management Board in the period from 01/01/2022 to 30/06/2022 was as follows:

*Table: Composition of the Management Board of KOBYLARNIA S.A. in the period from 01/01/2022 to 30/06/2022*

Management Board	
Michał Niemyt	Vice-President of the Management Board
Jerzy Mirgos	Member of the Management Board
Karolina Lewandowska	Member of the Management Board
Sławomir Nowak	Member of the Management Board

The composition of the Company's Supervisory Board in the period from 01/01/2022 to 30/06/2022 was as follows:

*Table: Composition of the KOBYLARNIA S.A. Supervisory Board in the period from 01/01/2022 to 30/06/2022*

Supervisory Board	
Paweł Korzeniowski	Chairman of the Supervisory Board
Anna Więzowska	Member of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board

## Marywilka 44 Sp. z o.o.

The composition of the Management Board of the subsidiary Marywilka 44 Sp. z o.o. did not change in the period from 01/01/2022 to 30/06/2022.

*Table: Composition of the Management Board of Marywilka 44 Sp. z o.o. in the period from 01/01/2022 to 30/06/2022*

Management Board	
Małgorzata Konarska	President of the Management Board
Kaja Mirgos-Kwiatkowska	Member of the Management Board
Beata Mały-Kaczanowska	Member of the Management Board
Piotr Taras	Member of the Management Board

The composition and changes in the composition of the Supervisory Board of the subsidiary Marywilka 44 Sp. z o.o. in the period from 01/01/2022 to 30/06/2022 are set out below:

*Table: Composition of the Supervisory Board of Marywilka 44 Sp. z o.o. in the period from 01/01/2022 to 30/06/2022*

Supervisory Board	
Agnieszka Bujnowska	Secretary of the Supervisory Board
Paweł Korzeniowski	Chairman of the Supervisory Board



Anna Więzowska

Member of the Supervisory Board

As at the date of the report, the composition of the Supervisory Board of Marywilka 44 Sp. z o.o. has not changed.

### **JHM 1 Sp. z o.o.**

In the period from 01/01/2021 to 30/06/2022, the Management Board of JHM 1 Sp. z o.o. performed its duties with an unchanged, one-person composition: Mr. Sławomir Siedlarski - President of the Management Board. Pursuant to the Company's contract, the supervisory board was not appointed.

### **JHM 2 Sp. z o.o. w likwidacji**

In the period from 01/01 to 31/01/2022, the Management Board of the subsidiary, JHM 2 Sp. z o.o. w likwidacji, was composed of one person, with Ms. Regina Biskupska acting as the President of the Management Board.

The Extraordinary Meeting of Shareholders of JHM 2 Spółka z ograniczoną odpowiedzialnością resolved to dissolve the Company and place it into liquidation as of 01 February 2022. Mr. Waclaw Jankowski was appointed as liquidator of the Company.

Pursuant to the Company's contract, the supervisory board was not appointed.

## **12.5. Information on personal, factual and organisational relations between members of the Management Board and Supervisory Board and certain shareholders with at least 5% of votes at the General Meeting of Shareholders of MIRBUD S.A.**

Mrs. Kaja Mirgos-Kwiatkowska, who has been a member of the Management Board of JHM DEVELOPMENT S.A. from 02/01/2020 and a member of the Management Board of Marywilka 44 sp. z o.o., from 01/08/2020 is the daughter of Mr. Jerzy Mirgos who, as at 30/06/2022, held 45.21% of the Issuer's shares.

## Remuneration of members of the management and supervisory bodies

### A.

Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2022 to 30/06/2022

Body	Position	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	From sureties granted	Remuneration in subsidiaries
	President of the Management Board	819	0	0	0	0	0	425
	Vice-President of the Management Board	750	0	0	0	0	0	225
ski	Member of the Management Board	710	0	0	0	0	0	25
	Member of the Management Board	690	0	0	0	0	0	0
	Proxy	174	0	0	0	0	0	0
	Proxy	314						21
	Member of the Supervisory Board	21	0	0	0	0	0	0
vska	Secretary of the Supervisory Board	24	0	0	0	0	0	30
ski	Member of the Supervisory Board	21	0	0	0	0	0	8
owski	Member of the Supervisory Board	-	0	0	0	0	0	0
	Member of the Supervisory Board	21	0	0	0	0	0	0
	Chairman of the Supervisory Board	24	0	0	0	0	0	11
domski	Deputy Chairman of the Supervisory Board	24						8
	Member of the Supervisory Board	22	0	0	0	0	0	0

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Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2021 to 30/06/2021

Body	Position	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	From sureties granted	Remuneration in subsidiaries
s	President of the Management Board	766	0	0	0	0	221	310
ak	Vice-President of the Management Board	700	0	0	0	0	0	155
wski	Member of the Management Board	550	0	0	0	0	0	24
a	Member of the Management Board	550	0	0	0	0	0	0
t	Proxy	220	0	0	0	0	0	0
b	Member of the Supervisory Board	30	0	0	0	0	0	0
wska	Secretary of the Supervisory Board	36	0	0	0	0	0	38
wski	Member of the Supervisory Board	30	0	0	0	0	0	7.5
owski	Member of the Supervisory Board	36	0	0	0	0	0	7.3
i	Member of the Supervisory Board	24	0	0	0	0	0	0
óg	Chairman of the Supervisory Board	37	0	0	0	0	0	12
n	Member of the Supervisory Board	31	0	0	0	0	0	0
owski	Member of the Supervisory Board	31	0	0	0	0	0	7.5
		<b>3041</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>221</b>	<b>561.3</b>

In the period from 01/01/2022 to 30/06/2022 members of the Issuer's management, supervisory and administrative bodies did not receive any awards or benefits for their functions, prizes or benefits except for the remuneration indicated in the table above.

## JHM DEVELOPMENT S.A.

The value of remuneration received by the members of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2021 to 31/12/2021 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2022 to 30/06/2022

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	795	0	0	0	0	795
Supervisory Board	36	0	0	0	0	36
<b>Total</b>	<b>831</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>831</b>

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2021 to 30/06/2021

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	795	0	0	0	0	795
Supervisory Board	43	0	0	0	0	43
<b>Total</b>	<b>838</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>838</b>

## KOBYLARNIA S.A.

The value of remuneration received by the members of the Management Board of KOBYLARNIA S.A. in the period from 01/01/2022 to 30/06/2022 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2022 to 30/06/2022

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	1,190	0	0	0	0	1,190
Supervisory Board	58	0	0	0	0	58
<b>Total</b>	<b>1,248</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,248</b>

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2022 to 30/06/2022

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	805	0	0	0	0	805
Supervisory Board	27	0	0	0	0	27
<b>Total</b>	<b>832</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>832</b>

## MARYWILSKA sp. z o.o.

The value of remuneration of the Management Board members of Marywilka 44 Sp. z o.o. obtained in the period from 01/01/2022 to 30/06/2022 is presented in the table below.

*Table: Remuneration of members of the management and supervisory bodies of Marywilka Sp. z o.o. in the period from 01/01/2022 to 30/06/2022*

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	804	0	0	0	0	804
Supervisory Board	40	0	0	0	0	40
<b>Total</b>	<b>844</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>844</b>

*Table: Remuneration of members of the management and supervisory bodies of Marywilka Sp. z o.o. in the period from 01/01/2021 to 30/06/2021*

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	436	0	0	0	0	436
Supervisory Board	40	0	0	0	0	40
<b>Total</b>	<b>476</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>476</b>

## OTHER COMPANIES OF THE GROUP

The Management Board did not receive any remuneration in the special purpose vehicle JHM 1 Sp. z o.o. in the period from 01/01/2022 to 30/06/2022.

The Management Board did not receive any remuneration in the special purpose vehicle JHM 2 Sp. z o.o. in the period from 01/01/2022 to 31/01/2022.

### 12.6.1. Contracts concluded between the issuer and the members of management bodies providing for compensation in the case of their resignation or termination of employment on a particular position without an important reason, or when they are recalled or have their employment terminated as a result of the merger of the issuer by acquisition;

The Group Companies did not conclude any contracts with the management body members providing for compensation in the case of their resignation or termination of employment on a particular position without an important reason, or when they are recalled or have their employment terminated as a result of the merger of the Company by acquisition.

### 12.6.2. Information on any liabilities arising from pensions and benefits of a similar nature for former members of the management, supervisory or administrative bodies, and on liabilities incurred in connection with those pensions,

As at 30/06/2022, the Group Companies did not have any liabilities resulting from pensions and benefits of a similar nature for former members of the management, supervisory and administrative bodies, and liabilities related to those pensions.

## 12.7. Information on employee shares and limitations on the assignment of the rights to securities of MIRBUD S.A.

No such events occurred in the reporting period.

## 12.8. All limitations concerning the assignment of the rights to the Company's securities and all limitations concerning the execution of the voting right vested in the Company's shares

No such events occurred in the reporting period.

## 12.9. Employees

The employment figures in the Companies of the MIRBUD Group as at 30/06/2022 and as at 30/06/2021 are presented in the tables below.

Table: Employment in the MIRBUD Group Companies as at 31/12/2021

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	437	157
KOBYLARNIA S.A.	338	69
JHM DEVELOPMENT S.A.	32	15
Marywilska 44 Sp. z o.o.	11	-
JHM 1 Sp. z o.o.	1	-
TOB «МІРБУД»	-	-

Table: Employment in the MIRBUD Group Companies as at 30/06/2021

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	399	149
KOBYLARNIA S.A.	286	64
JHM DEVELOPMENT S.A.	28	15
Marywilska 44 Sp. z o.o.	12	-
JHM 1 Sp. z o.o.	1	-
JHM 2 Sp. z o.o.	1	-
EXPO MAZURY S.A.	1	-
TOB «МІРБУД»	-	-

There are no trade unions in the Group Companies and there are no company collective agreements in force.

## 12.10. Diversity policy

On 01/07/2021, the Group adopted a diversity policy. The diversity policy is available on the Company's website at: <https://mirbud.pl/strony/kodeks-etyki-zawodowej-2>

## 12.11. Information on contracts with entities authorised to audit financial statements

On /07/2022, MIRBUD S.A. concluded contracts with BGGM AUDYT spółka z ograniczoną odpowiedzialnością in Warsaw, address: 03-450 Warsaw, ul. Ratuszowa 11, registered under KRS number 0000327377 in the National Court Register - Register of Entrepreneurs, kept by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, entered under number 3489 on the list of entities authorised to audit financial statements maintained by the National Council of Statutory Auditors, to conduct the following:

- review of the interim financial statements of MIRBUD S.A. for the period from 01/01/2022 to 30/06/2022 - remuneration amounting to PLN 12.5 thousand net;
- review of the interim financial statements of MIRBUD S.A. for the period from 01/01/2023 to 30/06/2023 - remuneration amounting to PLN 13.75 thousand net;
- review of the interim consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2022 to 30/06/2022 - remuneration amounting to PLN 12.5 thousand net;
- review of the interim consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2023 to 30/06/2023 - remuneration amounting to PLN 13.75 thousand net;
- audit of the annual financial statements of MIRBUD S.A. for the period from 01/01/2022 to 31/12/2022 - remuneration amounting to PLN 20.0 thousand net;
- audit of the annual financial statements of MIRBUD S.A. for the period from 01/01/2023 to 31/12/2023 - remuneration amounting to PLN 22.0 thousand net;
- audit of the annual consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2022 to 31/12/2022 - remuneration amounting to PLN 20.0 thousand net;
- audit of the annual consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2023 to 31/12/2023 - remuneration amounting to PLN 22.0 thousand net.

The audit firm was selected from among the firms recommended by the audit committee by the Supervisory Board pursuant to Resolution XIII/2020 of 11 May June 2022.

In the period from 01/01/2022 to 30/06/2022, the remuneration paid by the Issuer to the statutory auditor amounted to PLN 85 thousand.

In the period from 01/01/2022 to 30/06/2022, the entity authorised to audit the financial statements did not provide any other services to the Company.

## 12.12. Information on pending significant litigation before courts, arbitration bodies or public administration bodies with regard to liabilities or receivables of the issuer or its entity with regard to liabilities or receivables of the issuer or its entity

In the period covered by this report, no significant litigation concerning liabilities or receivables of the Issuer were pending.

In the period covered by this report, no significant litigation concerning liabilities or receivables of the Issuer were pending.

As at 30/06/2022, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 4,447 thousand.

Provisions for future liabilities which may arise from pending court proceedings are created by way of a detailed analysis of the risk of their occurrence.



As at 30/06/2022, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 4,920 thousand.

In the period covered by this report, there were significant litigation pending concerning receivables of Kobylarnia S.A. - a subsidiary of the Issuer.

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the GDDKiA for the value of the object of dispute of PLN 67,422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S5 expressway. The total value of disputes between KOBYLARNIA S.A. and GDDKiA as at 30/06/2021 amounted to PLN 71,820 thousand.

Revaluation write-downs on receivables are created by means of a detailed analysis of the receivables repayment risk.

### 13. STATEMENT OF THE CAPITAL GROUP ON NON-FINANCIAL INFORMATION

MIRBUD Capital Group has prepared a separate report on non-financial information published together with the 2021 financial statements.

In an addendum to the 2021 report on non-financial information, the Issuer informs that it has not observed cases of reported discrimination, due to the absence of such reports from potentially aggrieved persons outside the formal process. The Company has not received any official notification, as it has only received information that a lawsuit has been filed in the Skierniewice District Court by one of its employees. Accordingly, the Company has placed such information in a location appropriate for the posting of information on pending legal proceedings involving employees. The Company in no way agrees with the plaintiff's arguments; there has been no final ruling in the case.

### 14. STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE OF THE MIRBUD S.A. COMPANY

In the period from 01/01/2022 to 30/06/2022 the Company applied the rules of corporate governance of companies listed on the WSE Main Market - "Best Practice for WSE Listed Companies 2021" (Best Practice 2021, DPSN2021) with deviations about which the Issuer informed in the report of 28/07/2021 transferred via the EBI system. MIRBUD S.A has also posted online <https://relacje.mirbud.pl/lad-korporacyjny>

Jerzy Mirgos	Sławomir Nowak
President of the Management Board	Vice-President of the Management Board

Paweł Korzeniowski	Tomasz Sałata
Member of the Management Board	Member of the Management Board