



# MIRBUD CAPITAL GROUP

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 01/01/2022 to 30/09/2022

according to IFRS, in the form approved by the European Union

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**I. BASIC FINANCIAL DATA**

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.6880	4.5585
Sales revenue	2,302,875	1,647,175	491,225	361,342
Profit (loss) on operating activities	127,425	126,642	27,181	27,782
Pre-tax profit (loss)	114,698	113,420	24,466	24,881
Net profit (loss)	87,661	92,438	18,699	20,278
Comprehensive income for the net financial year	87,661	92,438	18,699	20,278
Net cash flows from operating activities	-202,950	24,876	-43,291	5,457
Net cash flows from investing activities	-2,089	-15,850	-446	-3,477
Net cash flows from financial activities	-91,691	-12,514	-19,559	-2,745
Total net cash flows	-296,731	-3,488	-63,296	-765
Net profit (loss) per share in PLN/EUR	0.96	1.01	0.20	0.22
Net profit (loss) diluted per share in PLN/EUR	0.96	1.01	0.20	0.21

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Asset and liability items according to the average exchange rate set by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6806	4.5994
Total assets	2,353,236	2,040,605	502,764	443,668
Liabilities and provisions for liabilities	1,701,642	1,458,324	363,552	317,068
Long-term liabilities	681,117	668,359	145,519	145,314
Short-term liabilities	1,020,525	789,965	218,033	171,754
Equity	651,594	582,281	139,212	126,599
Share capital	9,174	9,174	1,960	1,995
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	7.10	6.35	1.52	1.38
Diluted book value per share in PLN/EUR	7.10	6.35	1.52	1.38

Selected separate financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.6880	4.5585
Sales revenue	1,631,893	1,158,873	348,098	254,223
Profit (loss) on operating activities	95,053	90,736	20,276	19,905
Pre-tax profit (loss)	117,250	88,406	25,010	19,394
Net profit (loss)	94,806	70,230	20,223	15,407
Comprehensive income for the net financial year	94,806	70,230	20,223	15,407
Net cash flows from operating activities	-110,059	-66,236	-23,477	-14,530
Net cash flows from investing activities	22,062	-14,687	4,706	-3,222
Net cash flows from financial activities	-44,465	-6,592	-9,485	-1,446
Total net cash flows	-132,461	-87,515	-28,255	-19,198
Net profit (loss) per share in PLN/EUR	1.03	0.77	0.22	0.17
Net profit (loss) diluted per share in PLN/EUR	1.03	0.77	0.22	0.16

Selected separate financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Asset and liability items according to the average exchange rate set by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6806	4.5994
Total assets	1,524,323	1,221,892	325,668	265,663
Liabilities and provisions for liabilities	1,082,377	856,404	231,247	186,199
Long-term liabilities	327,633	304,488	69,998	66,202
Short-term liabilities	754,745	551,916	161,250	119,997
Equity	441,946	365,488	94,421	79,464
Share capital	9,174	9,174	1,960	1,995
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	4.82	3.98	1.03	0.87
Diluted book value per share in PLN/EUR	4.82	3.98	1.03	0.87



## II. GENERAL INFORMATION ABOUT THE ENTITY

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

Address of the registered office of the entity: ul. Unii Europejskiej 18, 96-100 Skierniewice

Country of registration: Poland

Entity's registered office: ul. Unii Europejskiej 18, 96-100 Skierniewice

Explanation of changes to the name of the reporting entity: not applicable

Legal form of the entity: limited liability company

Parent name: MIRBUD S.A. Name of the reporting entity: MIRBUD S.A.

Name of the group's top level parent: MIRBUD S.A.

Primary place of business: Poland

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 Commercial Companies Code. 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.

### Core activities

The Issuer's core business in accordance with its Articles of Association and the entry in the National Court Register is general construction and civil engineering, road freight transport, lease of construction and demolition equipment with operator services, advertising and publishing activities, lease of premises on own account, wholesale of construction materials.

### Duration

The duration of the Issuer shall be unlimited.

## Management Board and Supervisory Board

Management Board	
Jerzy Mirgos	President of the Management Board
Sławomir Nowak	Vice-President of the Management Board
Paweł Korzeniowski	Member of the Management Board
Tomasz Sałata	Member of the Management Board

  

Supervisory Board	
Wiesław Kosonóg	Chairman of the Supervisory Board
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board
Agnieszka Maria Bujnowska	Secretary of the Supervisory Board
Andrzej Zakrzewski	Member of the Supervisory Board
Wiktoria Braun	Member of the Supervisory Board
Artur Sociński	Member of the Supervisory 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.

**Capital group structure as at 30/09/2022**



The Extraordinary Meeting of Shareholders of JHM 2 Sp. z o.o. adopted a resolution on dissolution and placing this Company in liquidation as of 01/02/2022.

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 the report publication, the Company has not been deleted from the National Court Register.

The Extraordinary Meeting of Shareholders of JHM 1 Sp. z o.o. adopted Resolution No. 1 dated 01/07/2022 on the dissolution of the Company. By way of Resolution No. 2 dated 01/07/2022, Mr. Waław Jankowski was appointed as liquidator of the Company. From this date, the Company is named JHM 1 Sp. z o.o. w likwidacji.

### Subsidiaries and consolidation method

Name of the entity	JHM DEVELOPMENT S.A.
Registered office	Skierniewice
Legal form	joint-stock company
Country of registered office:	Poland
NIP	836-181-24-27
REGON	100522155
Address details	ul. Unii Europejskiej 18A; 96-100 Skierniewice
Telephone	+48 (46) 833-61-28
Fax	+48 (46) 833-61-28
E-mail	sekretariat@jhmdevelopment.pl
Website	www.jhmdevelopment.pl

Consolidated using the full method

Operates in the segment of property development service activities and investment real property

Name of the entity	KOBYLARNIA S.A.
Registered office	Kobylarnia
Legal form	joint-stock company
Country of registered office:	Poland
NIP	953-22-34-789
REGON	091631706
Address details	ul. Zakole 1; 86-061 Brzoza
Telephone	+48(52) 381-06-10
Fax	+48(52) 381-06-10
E-mail	sekretariat@kobylarnia.pl
Website	www.kobylarnia.pl

Consolidated using the full method

Operates in the construction and assembly activities segment

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

Consolidated using the full method

Operates in the investment real property segment

As of 01/07/2021, MIRBUD spółka akcyjna took control over Marywilska 44 spółka z ograniczoną odpowiedzialnością. As of 01/07/2021, Marywilska 44 Sp. z o.o. is subject to consolidation by MIRBUD S.A.

<b>Name of the entity</b>	<b>JHM 1 Sp. z o.o. w likwidacji</b>
Registered office	Skierniewice
Legal form	limited liability company
Country of registered office:	Poland
NIP	8361855968
REGON	101288135
Address details	ul. Unii Europejskiej 18A; 96-100 Skierniewice
Telephone	+ 48 (46) 833 95 89
Fax:	+ 48 (46) 833 61 28
E-mail	sekretariat@jhmdevelopment.pl
Website	www.jhmdevelopment.pl

Consolidated using the full method

Operates in the investment real property segment

The Extraordinary Meeting of Shareholders of JHM 1 Sp. z o.o. adopted Resolution No. 1 dated 01/07/2022 on the dissolution of the Company.

By way of Resolution No. 2 dated 01/07/2022, Mr. Wacław Jankowski was appointed as liquidator of the Company. From this date, the Company is named JHM 1 Sp. z o.o. w likwidacji.

<b>Name of the entity:</b>	<b>ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «МІРБУД» (MIRBUD sp. z o.o.)</b>
Entity's registered office:	Kyiv
Legal form:	limited liability company
NIP:	418873426552
REGON (ЄДРПОУ Code):	41887344
Address details:	13-15 Bolsunovska Street, 8th floor, room 812
<b>Country of registered office:</b>	Ukraine

TOB «MIRBUD» was registered in the Unified State Register of Companies and Organisations of Ukraine on 25 January 2018 under number 41887344.

The Company conducts business activities in Ukraine. The core activity of the subsidiary is:

- the construction of residential and non-residential buildings, construction of roads and railways, performance of specialist construction works, finishing and architectural works.

The share capital of TOB «MIRBUD» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 30/09/2022, PLN 299,121.30). The sole partner of the company is MIRBUD S.A. As at 30/09/2022, the value of the contributed capital amounted to PLN 315,877.09. The entity is not consolidated due to its immaterial character.

On 24/07/2021, JHM Development Sp. z o.o. purchased shares in the company HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw from the Official Receiver of the Company under the business name STAL - MET Nieczaj Sp. z o. o. w upadłości with its registered office in Słupsk. On 08/10/2021, by decision of the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, JHM Development S.A. was entered as a shareholder of HAKAMORE Sp. z o.o. w upadłości. As at 30/09/2022, the acquired company has not been consolidated. The company is in bankruptcy, therefore the Group does not exercise control over the Entity. Authority over the newly acquired company will be obtained when the bankruptcy proceedings discontinuation petition is approved.

### **III. BASIC INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **Basis of preparation**

The interim consolidated financial statements have been prepared pursuant to Article 55(5) of the Accounting Act of 29 September 1994, in accordance with the International Financial Reporting Standards (IFRS) approved for use by the European Union. The interim financial statements were prepared on the basis of the adopted accounting policies which were relevant to the conducted business activity and in accordance with International Financial Reporting Standards.

#### **Representations of the Management Board**

The Management Board represents that, to the best of its knowledge, the interim consolidated financial statements for the period from 01/01/2022 to 30/09/2022 and comparatives have been prepared in accordance with the applicable accounting policies, which give a true, fair and clear view of the financial and asset position of the Issuer's capital group and its financial result.

The report on the activity of the Issuer's capital group presents a true view of the development, achievements and situation of the Issuer's capital group, including a description of the main threats and risks.

These consolidated interim financial statements are not subject to audit by a statutory auditor.

#### **Going concern**

These interim consolidated financial statements have been prepared based on the assumption of continuing as a going concern in the foreseeable future. As at the date of presentation of these financial statements, there are no circumstances indicating a threat to the ability to continue as a going concern.

#### **Functional currency**

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

#### IV. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit and loss account	Note No.	in PLN thousand			
		For the period: from 01/07/2022 to 30/09/2022	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/07/2021 to 30/09/2021	For the period: from 01/01/2021 to 30/09/2021
<b>Continued operations</b>					
Sales revenue	17	951,786	2,302,875	774,615	1,647,175
Own cost of sales	18	-869,292	-2,117,535	-703,487	-1,486,819
<b>Gross profit from sales</b>		<b>82,493</b>	<b>185,340</b>	<b>71,128</b>	<b>160,357</b>
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19				
Other operating and investment activity revenue	20	5,502	13,924	7,150	30,046
Other costs of operating and investment activities	20	-26,003	-71,838	-22,339	-63,760
<b>EBIT</b>		<b>61,993</b>	<b>127,425</b>	<b>55,939</b>	<b>126,642</b>
Financial revenue		5,964	9,850	1	86
Financial expenses	21	-7,696	-22,578	-3,525	-13,308
<b>Pre-tax activity profit (loss)</b>		<b>60,260</b>	<b>114,698</b>	<b>52,415</b>	<b>113,420</b>
Income tax attributable to continued operations	22	-12,099	-27,036	-9,705	-20,982
<b>Profit (loss) on continued operations</b>		<b>48,161</b>	<b>87,661</b>	<b>42,710</b>	<b>92,438</b>
<b>Discontinued operations</b>					
Revenue from discontinued operations	23				
Costs of discontinued operations					
<b>Pre-tax profit (loss) on discontinued operations</b>					
Income tax attributable to discontinued operations					
<b>Profit (loss) on discontinued operations</b>					
<b>NET PROFIT (LOSS)</b>		<b>48,161</b>	<b>87,661</b>	<b>42,710</b>	<b>92,438</b>
Assigned to non-controlling shares					
<b>Assigned to the owners of the parent</b>	-	<b>48,161</b>	<b>87,661</b>	<b>42,710</b>	<b>92,438</b>



Other comprehensive income	Note No.	in PLN thousand			
		For the period: from 01/07/2022 to 30/09/2022	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/07/2021 to 30/09/2021	For the period: from 01/01/2021 to 30/09/2021
Components which will not be subsequently reclassified to the profit and loss account					
Components which will be reclassified into profit or loss when certain conditions are met					
<b>Other net comprehensive income</b>	24				
Assigned to non-controlling shares					
<b><u>Assigned to the owners of the parent</u></b>	-	-	-	-	-

  

Total comprehensive income	Note No.	in PLN thousand			
		For the period: from 01/07/2022 to 30/09/2022	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/07/2021 to 30/09/2021	For the period: from 01/01/2021 to 30/09/2021
Total comprehensive income		48,161	87,661	42,710	92,438
Assigned to non-controlling shares					
<b><u>Assigned to the owners of the parent</u></b>	-	<b><u>48,161</u></b>	<b><u>87,661</u></b>	<b><u>42,710</u></b>	<b><u>92,438</u></b>

## V. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Note No.	in PLN thousand		
		As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
<b>Fixed assets</b>		<b>757,369</b>	<b>714,745</b>	<b>712,104</b>
Property, plant and equipment	1	165,505	152,997	151,825
Investment real property	2	502,501	506,252	497,359
Intangible assets	3	5,408	5,822	5,902
Long-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4	10,439	10,439	10,675
Investments measured using the equity method.	5			
Long-term trade and other receivables, including: prepayments and accruals	6	4,407 398	6,009 47	6,878 22
Biological assets	7			
Deferred income tax assets	22	69,109	33,226	39,465
<b>Current assets</b>		<b>1,595,868</b>	<b>1,325,860</b>	<b>1,208,804</b>
Inventories	9	406,498	316,155	315,814
Receivables on account of the income tax	22	451		
Trade and other receivables, including: prepayments and accruals	6	977,801 4,055	501,856 3,860	607,481 6,223
Short-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4	40,073	40,073	
Cash and cash equivalents	10	171,045	467,776	285,509
Fixed assets held for sale	11			
<b>Total assets</b>	-	<b>2,353,236</b>	<b>2,040,605</b>	<b>1,920,909</b>

Capitals and liabilities	Note No.	in PLN thousand		
		As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
<b>Equity</b>	<b>12</b>	<b>651,594</b>	<b>582,281</b>	<b>546,709</b>
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		220,499	220,499	220,499
Retained profit, including:		421,920	352,608	317,036
<i>Profit/loss in the reporting period</i>		<i>87,661</i>	<i>128,010</i>	<i>92,438</i>
Equity attributable to shareholders of the parent		651,594	582,281	546,709
Capital attributable to non-controlling shares				
<b>Total liabilities</b>		<b>1,701,642</b>	<b>1,458,324</b>	<b>1,374,201</b>
<b>Long-term liabilities and provisions for liabilities</b>		<b>681,117</b>	<b>668,359</b>	<b>673,681</b>
Deferred income tax provision	22	33,218	22,826	27,112
Other provisions for long-term liabilities	13	6,447	6,134	7,265
Long-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	381,224	366,721	324,032
Long-term trade and other liabilities, including: prepayments and accruals	15	260,228	272,678	315,273
<b>Short-term liabilities and provisions for liabilities</b>		<b>1,020,525</b>	<b>789,965</b>	<b>700,520</b>
Provisions for short-term liabilities	13	4,572	5,497	1,922
Short-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	46,572	90,391	72,860
Trade and other liabilities, including: prepayments and accruals	15	937,946	674,414	596,692
Liabilities under deferred income tax	22	31,436	19,662	29,046
Liabilities directly related to fixed assets classified as held for sale	11			
<b>Total capitals and liabilities</b>	-	<b>2,353,236</b>	<b>2,040,605</b>	<b>1,920,909</b>

**VI. CONSOLIDATED STATEMENT OF CASH FLOWS**

Statement of cash flows	in PLN thousand			
	For the period: from 01/07/2022 to 30/09/2022	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/07/2021 to 30/09/2021	For the period: from 01/01/2021 to 30/09/2021
<b>Pre-tax profit</b>	<b>60,260</b>	<b>114,698</b>	<b>52,415</b>	<b>113,420</b>
<b>Total adjustments</b>	<b>-37,622</b>	<b>-276,894</b>	<b>15,101</b>	<b>-65,634</b>
Amortisation	4,096	11,716	3,489	9,874
Profit / loss under exchange rate differences	5,717	9,299		
Profit / loss on investment activities	-161	-455	-399	2,552
Borrowing costs	7,475	18,709	3,948	12,613
Change in liabilities with the exclusion of financial liabilities	22,008	251,029	50,615	268,812
Change in receivables	-62,876	-474,889	-26,095	-311,022
Change in inventories	-14,065	-90,342	-16,915	-32,992
Change in provisions	-51	-613	982	-2,586
Profit / loss on other financial instruments	-3,419	-748	-544	513
Other changes in working capital	3,655	-600	20	-13,398
<b>Cash from operating activities</b>	<b>22,639</b>	<b>-162,196</b>	<b>67,516</b>	<b>47,786</b>
Income tax paid	-28,777	-40,754	-1,310	-22,910
<b>Net cash from operating activities</b>	<b>-6,139</b>	<b>-202,950</b>	<b>66,206</b>	<b>24,876</b>
Sale of property, plant and equipment	282	1,608	399	1,697
Purchase of property, plant and equipment	-737	-4,025	-472	-5,232
Sale of intangible assets				
Purchase of intangible assets				-179
Sale of investment real property		560	226	1,658
Purchase of investment real property		-784	-3,757	-3,757
Repayment of loans granted to related parties				
Granting loans to related parties				
Repayment of loans granted to other parties				
Granting loans to other parties				
Sales of financial instruments classified as investing activity				
Acquisition of financial instruments classified as investing activity				
Received dividends				
Received interest	247	551		
Other inflows (expenditure) from investment activities			-10,121	-10,037
<b>Net cash from investment activities</b>	<b>-208</b>	<b>-2,089</b>	<b>-13,725</b>	<b>-15,850</b>
Inflows from shareholders				

Payments to owners		-18,349		-7,340
Commitment of liabilities under loans and credits	16,257	66,098	25,635	39,592
Repayment of liabilities under loans and credits	-31,443	-102,423	-6,654	-18,908
Repayment of liabilities under leasing	-5,979	-17,258	-1,712	-11,797
Receipt under issue of debt instruments				
Expenditure on redemption of debt instruments				-1,449
Interest paid and other debt service expenditure	-7,721	-19,260	-3,948	-12,612
Other financial receipts/expenditures		-499		
<b>Cash from financial activity</b>	<b>-28,887</b>	<b>-91,691</b>	<b>13,321</b>	<b>-12,514</b>
<b>Net increases (decreases) in cash and cash equivalents</b>	<b><u>-35,234</u></b>	<b><u>-296,731</u></b>	<b><u>65,802</u></b>	<b><u>-3,488</u></b>
Effect of changes in foreign exchange rates on cash denominated in foreign currencies				
Change in cash and cash equivalents, net of foreign exchange differences				
Opening balance of cash and cash equivalents	206,278	467,776	58,932	288,997
<b>Cash closing balance</b>	<b>171,045</b>	<b>171,045</b>	<b>285,509</b>	<b>285,509</b>
including cash and cash equivalents with restricted availability	77,658	77,658	62,475	62,475

**VII. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2022</b>	<b>9,174</b>		<b>220,499</b>	<b>352,608</b>	<b>582,281</b>		<b>582,281</b>
Total profits (losses) for the period				87,661	87,661		<u>87,661</u>
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>87,661</b>	<b>87,661</b>		<b><u>87,661</u></b>
Owner contributions							
Payments to owners				-18,349	-18,349		<u>-18,349</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>69,313</b>	<b>69,313</b>		<b>69,313</b>
<b>As at 30/09/2022</b>	<b>9,174</b>		<b>220,499</b>	<b>421,920</b>	<b>651,594</b>		<b>651,594</b>

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other capitals power supply	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/10/2021</b>	<b>9,174</b>		<b>220,499</b>	<b>231,936</b>	<b>461,610</b>		<b>461,610</b>
Total profits (losses) for the period				128,010	128,010		<u>128,010</u>
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>128,010</b>	<b>128,010</b>		<b><u>128,010</u></b>
Owner contributions							
Payments to owners				-7,339	-7,339		<u>-7,339</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>120,671</b>	<b>120,671</b>		<b>120,671</b>
<b>As at 31/12/2021</b>	<b>9,174</b>		<b>220,499</b>	<b>352,608</b>	<b>582,281</b>		<b>582,281</b>

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/10/2021</b>	<b>9,174</b>		<b>220,499</b>	<b>231,936</b>	<b>461,610</b>		<b>461,610</b>
Total profits (losses) for the period				92,438	92,438		<u>92,438</u>
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>92,438</b>	<b>92,438</b>		<b><u>92,438</u></b>
Owner contributions							
Payments to owners				-7,339	-7,339		<u>-7,339</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>85,099</b>	<b>85,099</b>		<b>85,099</b>
<b>As at 30/09/2021</b>	<b>9,174</b>		<b>220,499</b>	<b>317,036</b>	<b>546,709</b>		<b>546,709</b>



## VIII. ACCOUNTING POLICIES APPLIED BY THE GROUP

### Intangible assets

The Capital Group includes in intangible assets the assets which meet the following criteria: they may be excluded or separated from the business entity and sold, transferred, licensed or put to use for consideration to third parties, both individually and together with related contracts, components of assets or liabilities, or arise from contractual or other legal rights, regardless of whether they are transferable or separable from the business entity or from other rights or liabilities.

The initial recognition of a component of intangible assets is made according to their acquisition prices or cost of production.

The acquisition price includes the purchase price of an asset component (i.e. the amount due to the seller less deductible value added tax and excise tax), public and legal charges (in the case of imports) and expenditures directly attributable to the purchase and adaptation of the asset component for its intended use. Rebates and discounts granted by the seller and other similar reductions and recoveries reduce the acquisition price of an asset component.

If an intangible asset component is acquired in exchange for capital instruments of the Company preparing the financial statements, the acquisition price of an asset component corresponds to the fair value of the issued capital instruments, which equals the fair value of a given asset component.

In accordance with IAS, borrowing costs which are directly attributable to the acquisition, construction or production of an asset component are included in the acquisition price or production cost of that asset component.

At least as at the balance sheet date, intangible assets are measured at acquisition price or production cost less amortisation write-downs, as well as impairment losses.

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of assets may not be recoverable, the assets are reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the useful value. When determining the useful value, the estimated future cash flows are discounted to their present value using a gross discount rate which reflects current market assessments of the time value of money and the risks specific to the asset component. In the case of an asset component which does not generate cash inflows in a significantly independent manner, the recoverable value is determined for the cash-generating unit to which the component belongs. The revaluation write-downs under impairment losses are recognised in the profit and loss account.

Amortisation write-downs of intangible assets are done by spreading their initial value over their estimated economic useful lives. Amortisation is made beginning from the first day of the month in which the intangible assets are accepted for use. Amortisation is interrupted at the end of the month in which the accumulated amortisation amount equals the initial amount or in which the intangible and legal asset component is to be liquidated, sold or found to be in short supply.

Amortisation write-downs of intangible assets components are done on a straight-line basis at the following rates:

Item	Annual amortisation rate
software	5%-50%
other intangible assets	20%-50%

The correctness of the amortisation rates applied to individual intangible asset components shall be verified at least annually. Any changes resulting from the verification of amortisation rates affect (as a change of estimated values) the appropriate adjustment made in the amortisation write-downs for the current financial year and in subsequent financial years.

Intangible assets with indefinite useful lives and those not yet in use (in progress) are tested for impairment on an annual basis in relation to individual assets or at the level of a cash-generating unit. In the case of other intangible assets, an annual assessment is carried out whether there is any indication that their value may be impaired. Any possible revaluation write-downs are recognised in the profit and loss account.

Except for development works, intangible assets generated by the entity itself are not included in assets, and expenditures incurred for their production are included in costs of the period in which they were incurred.

The cost of an intangible asset component (development works) comprises all costs incurred by the entity in the period in which it was constructed or adapted for use until its date of acceptance for use (or until the balance sheet date if the component is not yet available for use), including non-deductible VAT and excise taxes.

A given intangible asset item may be de-recognised from the balance sheet upon disposal or when no economic benefits are expected from the further use of such asset component. Profits or losses resulting from sale/liquidation or cessation of use of intangible assets are defined as the difference between sales revenue and the net value of these assets, and are recognised in the profit and loss account.

### **Cost of research and development works**

Research costs are recognised in the profit and loss account when incurred. Expenditures incurred on development works performed as part of a given project are carried forward to the next period if it can be deemed that they will be recovered in the future. After the initial recognition of development expenditures, the historical cost model is applied, according to which asset components are recognised at acquisition prices less accumulated amortisation and accumulated revaluation write-downs on impairment losses. Any expenditure carried forward is amortised over the estimated period in which it will generate revenue from the sale of a given project.

The costs of development works are assessed for possible impairment annually - if an asset has not yet been put into use, or more frequently - if during the reporting period there is an indication of impairment indicating that its balance sheet value may not be recoverable.

### **Goodwill**

Goodwill under the acquisition of a business entity is initially recognised at acquisition cost, being the excess of the cost of business entities' merger over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is disclosed at acquisition cost less any accumulated impairment losses. Testing for impairment is carried out once a year or more frequently if there are indications of impairment. Goodwill is not subject to amortisation. As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units which may benefit from the merger synergy. Impairment is determined by estimating the recoverable amount of a cash-generating unit to which goodwill relates. If the recoverable amount of a cash-generating unit is lower than its balance-sheet value, an impairment loss is recognised. An impairment loss is not reversed in a subsequent period. If goodwill forms part of a cash-generating unit and part of the operations within that unit is sold, then when determining the profit or loss on the sale of such operations, goodwill related to the operations sold is included in its balance-sheet value; in such circumstances, the goodwill sold is determined on the basis of the relative value of the activities sold and the value of the retained part of the cash-generating unit.

### **Property, plant and equipment**

Property, plant and equipment are initially recognised at acquisition price or production cost. The acquisition price is increased by all costs directly related to the purchase and adjustment of the asset component to its usable condition. Costs incurred after the date of commissioning of a fixed asset, such as maintenance and repair costs, are recognised in the profit and loss account at the moment they are incurred.

Fixed assets at the time of their acquisition are divided into components being items of significant value to which separate useful lives can be assigned. The costs of general overhauls, as well as significant spare parts and equipment, if used for a period longer than one year, are also included.

After initial recognition, property, plant and equipment are carried at acquisition price or production cost less any depreciation and any revaluation write-downs under impairment losses.

In accordance with IAS 23, borrowing costs which are directly attributable to the acquisition, construction or production of an asset component are included in the acquisition price or production cost of that asset component.

Amortisation is calculated on a straight-line basis over the estimated useful life of a given asset component, and the amortisation rates for particular groups of property, plant and equipment are as follows:

Item	Annual amortisation rate
Land (right of perpetual usufruct)	is not amortised
Buildings and structures	1.5% – 2.5%
Plant and machinery	7% – 30%
Vehicles	10 – 20%
Investments in third-party fixed assets	in proportion to the useful life of the main asset

Amortisation commences in the first monthly period following the month in which the asset is brought into use. The correctness of the applied amortisation rates is periodically verified (once a year), causing the adjustment of amortisation write-downs in subsequent years.

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of property, plant and equipment may not be recoverable, the assets are reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the useful value. When determining the useful value, the estimated future cash flows are discounted to their present value using a gross discount rate which reflects current market assessments of the time value of money and the risks specific to the asset component. In the case of an asset component which does not generate cash inflows in a significantly independent manner, the recoverable value is determined for the cash-generating unit to which the component belongs. Revaluation write-downs under impairment losses are recognised in the profit and loss account under "other operating costs".

An item of property, plant and equipment may be de-recognised from the balance sheet upon disposal or when no future economic benefits are expected from the further use of such asset component. Profits or losses resulting from sale/liquidation or cessation of use of fixed assets are defined as the difference between revenue from sale and the net value of these fixed assets and are recognised in the profit and loss account.

Fixed assets in progress or assembly are disclosed at acquisition price or production cost. Fixed assets in progress are not amortised until their construction is completed and they are put to use.

In the case of permanent abandonment of expenditures for fixed assets under construction, all costs incurred in relation to the works performed so far shall be charged to the costs of the period. Investments may be suspended if there is a justified intention to continue such investments in subsequent periods. The investment is suspended based on the decision of the Company's Management Board. As at each balance-sheet date, expenditures on fixed assets under construction are subject to analysis regarding impairment and the necessity to make possible impairment write-downs.

Advances made for the purchase of Property, Plant and Equipment are presented in the financial statements under other short-term receivables.

### **The right of perpetual usufruct of land**

The right of perpetual usufruct of land acquired by way of an administrative decision is recognised in the balance sheet at fair value. The fair value of a right is deemed to be one of two values: its market value, if the Company has such information, or the value determined by an expert.

The excess of the fair value determined in this manner over the costs incurred to acquire the right of perpetual usufruct of land by way of an administrative decision is disclosed correspondingly in the "profit brought forward".

The perpetual usufruct of land acquired on the secondary market is measured at acquisition cost and is not subject to revaluation.

The right of perpetual usufruct of land is amortised proportionally to the period for which it was granted.

### **Leasing**

Financial lease contracts under which the carry-over takes place of substantially the entire risk and practically all benefits arising from the ownership of the subject of lease onto the lessee, are activated as at the date of the inception of lease according to the lower of the following two values: the fair value of the subject of lease, or the current value of minimum lease charges. The minimum lease charges are apportioned between the financial costs and reduction of the liability under leasing, so as to produce a constant interest rate in relation to the remaining liability. Contingent lease payments are recognised as an expense in the period in which they are incurred.

Fixed assets used under finance lease agreements are amortised according to the same rules as those applied to own assets. However, if it is not reasonably certain that the entity will obtain ownership by the end of the lease term, the asset is amortised over the shorter of the estimated useful life of the asset and the lease term.

Lease contracts under which the lessor keeps substantially the entire risk and all benefits arising from the ownership of the subject of lease are classified as operating lease contracts. Lease rents under operating lease are recognised as the costs in the profit and loss account with the straight-line method throughout the term of lease.

Assets leased under financial leases are presented in the balance sheet as receivables in the amount equal to the net investment. The net investment is the sum of the minimum lease payments due to the lessor under the finance lease agreement and any unguaranteed residual value attributed to the lessor discounted at the interest rate of the lease. Financial revenue arising from a finance lease of an asset is recognised in a manner that reflects a constant periodic rate of return on the net investment in the lease.

### **Non-renewable natural resources**

Non-renewable natural resources are initially recognised at cost.

The purchase price is increased by all costs directly related to the purchase or adaptation of the asset for use.

Costs incurred after the date on which the non-renewable natural resources were taken into account (use) are recognised in the profit and loss account at the moment they are incurred.

After initial recognition, non-renewable natural resources are carried at acquisition price or production cost less any depreciation and any revaluation write-downs under impairment losses. Amortisation is calculated naturally.

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of non-renewable natural resources may not be recoverable, the asset is reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the useful value. When determining the useful value, the estimated future cash flows are discounted to their present value using a gross discount rate which reflects current market assessments of the time value of money and the risks specific to the asset component. In the case of an asset component which does not generate cash inflows in a significantly independent manner, the recoverable value is determined for the cash-generating unit to which the component belongs. Revaluation write-downs under impairment losses are recognised in the profit and loss account under "other operating costs".

An item of non-renewable natural resources may be de-recognised on disposal or when no future economic benefits are expected from further use of such asset component. Profits or losses resulting from sale/ liquidation or cessation of use of non-renewable natural resources are defined as the difference between revenue from sale and the net value of these assets and are recognised in the profit and loss account.

### **Fixed assets and groups of assets held for sale**

Fixed assets and groups of net assets are classified as held for sale if their balance sheet value will be recovered primarily as a result of a sale transaction and not as a result of their further use. This condition is considered to be met only if the asset component (or a group of net assets held for sale) is available for immediate sale in its present condition and a sale transaction is highly probable within one year from the moment of reclassification.

Fixed assets classified as held for sale and groups of net assets held for sale are measured at the lower of the two values: balance-sheet value or fair value less sale costs.

### **Simplifications applied to non-investment fixed assets**

Depreciation (amortisation) of fixed assets and intangible assets with a low initial value (not exceeding PLN 10,000) is carried out in a simplified manner by making one-off write-downs of the entire initial value of such fixed assets.

The Group applies a simplification, according to which the moment of acceptance of a fixed asset for use, determined for the purpose of amortisation commencement, is assumed to be the first day of the month following the month in which the actual moment of acceptance of the fixed asset for use took place.

The Group applies simplification, according to which the moment of acceptance of an intangible asset for use, determined for the purpose of amortisation commencement, is assumed to be the first day of the month following the month in which the actual moment of acceptance of the intangible asset for use took place.

The verification of amortisation rates is considered to have been carried out when all fixed asset components with a net value exceeding PLN 50 thousand are included in the verification.

### **Investment real property**

Investment real property means land and buildings and structures acquired for the purpose of deriving economic benefits from the increase in the value of these assets or from other benefits, e.g., revenue from rent. These assets are not used by the Group.

Investment real properties are initially measured at acquisition cost or production cost, including transaction costs. After initial recognition, investment real properties are measured at fair value. Profits or losses arising from changes in the fair value of investment real property are recognised in the profit and loss account in the period in which they arise. The fair value of investment real property reflects market conditions as at the balance-sheet date.

### **Inventories**

During the financial year, direct and indirect materials are recognised at acquisition price or purchase cost. Direct and indirect materials are distributed according to the FIFO method. The adopted purchase price may constitute the purchase price, provided that the costs incurred in connection with the purchase of materials constitute insignificant value in relation to the purchase cost. The purchase price of materials processed also includes storage costs necessary during the production process.

During the financial year, goods are recognised at acquisition price or purchase cost. The goods are distributed according to FIFO prices.

Land and real property held for resale treated as goods are recorded and released according to the principle of detailed calculation.

Finished products, semi-finished products and products in progress are measured according to actual costs incurred for the production of finished products.

In the case of property development activities, all expenditures related to the execution of the task are capitalised in inventories as work in progress.



The acquisition price or production cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The inventory acquisition costs comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, loading and unloading costs, and other costs directly attributable to the acquisition of finished goods, materials and services. Discounts, rebates and other similar items shall be deducted in determining purchase costs.

The expenditures incurred to complete the construction contract before the contract is entered into, provided that it is probable that they will be recovered, are also recognised as work in progress.

As at the balance-sheet date, inventories are measured at acquisition or purchase prices or production cost, however, not higher than their net sales price (net realisable value). Net realisable value is the difference between the estimated sales price in the ordinary course of business and the estimated costs of completion and the costs necessary to make the sale.

Revaluation write-downs of tangible current asset components, related to impairment or measurement as at the balance-sheet date are charged to other operating expenses. If the reason for making a revaluation write-down ceases to exist, the value of tangible current assets is credited to other operating revenue. Circumstances indicating the need to make a revaluation write-down on inventories include in particular:

- loss of useful value of inventories (destruction, overdue inventories), inventory
- levels exceed the Company's demand and ability to sell, low turnover of
- inventories,
- the loss of market value due to lower sales prices of competitors.

As at the date, an ageing analysis of inventories is prepared, broken down by assortment, and the amount of revaluation write-downs is determined.



## Receivables

Trade receivables and other receivables are recognised and disclosed at initially invoiced amounts. After the initial recognition, receivables are measured at amortised cost using the effective interest rate, taking into account revaluation write-downs on the value of receivables.

For trade receivables measured at amortised cost, the Group applies a simplified model to determine the expected impairment over the entire life cycle, using matrices of payment delays based on historical data, taking into account the requirements of the standard in relation to current and forecast economic conditions.

Receivables from customers are initially recognised at the transaction price. After the initial recognition, receivables are measured as follows:

- receivables not transferred to full factoring: in the amount of amortised cost including write-downs for expected credit loss (however, receivables from customers with maturity below 12 months from the date of origin are not discounted);
- receivables transferred to full factoring: at fair value through financial result, but due to the short period of time between recognition of the receivables and their transfer to the factor and the low credit risk of the business party (factor), the fair value of these receivables is close to their carrying amount.

Receivables also include the un-invoiced portion of revenue which will arise from the estimation of the value of revenue under unfinished construction contracts and other long-term contracts.

## Prepayments and accruals

In order to maintain matching of revenue and costs related to their achievement, costs and revenue related to particular reporting periods are separated. Prepaid expenses and costs, i.e. those related to future periods, are disclosed under prepayments, whereas accruals include amounts classified as costs of the current period, even though they will be covered in the future reporting period. Write-downs of prepayments or accruals of expenses are made on the time basis or on the basis of the amount of benefits. The time and the method of prepayments and accruals should depend on the nature of the accrued costs and subject to the prudence principle. The scope of typical expenditures settled over time includes in particular:

- prepaid press subscriptions, property
- insurance premiums, rental costs (rents);
- fees for occupation of roadway.

Items in the amount of probable liabilities related to the current reporting period are recognised in the accrual item.

### **Revenue prepayments and accruals**

Revenue prepayments and accruals include mainly cash received to finance the acquisition of fixed assets under construction and intangible assets, which are accounted for in parallel with amortisation write-downs on fixed assets financed from such sources.

### **Financial instruments**

Any contract that gives rise to a financial asset component of one party and a financial liability or capital instrument of the other party simultaneously is a financial instrument, provided that the contract between two or more parties has a clear economic effect.

The entity preparing the financial statements classifies the financial instruments into the following categories:

- financial assets or financial liabilities measured at fair value through profit and loss account – assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term or as part of a portfolio of identified financial instruments which are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; held-to-maturity investments – non-derivative financial assets with fixed or
- determinable payments and fixed maturities which the Group has the positive intention and ability to hold to maturity;
- loans and receivables – non-derivative financial assets with fixed or determinable payments which are not traded on an active market; available-for-sale financial assets – non-derivative
- financial assets which are designated as available for sale or which are not loans and receivables, held-to-maturity investments or financial assets measured at fair value through financial result.

### **Recognition and de-recognition of a financial asset component and a financial liability**

A financial asset or financial liability is disclosed on the balance sheet when it becomes a party to the contractual provisions of that instrument. Regular-way purchase and sale transactions of financial assets and financial liabilities are recognised on the date of the transaction.

A financial asset is de-recognised from the balance sheet when the rights to economic benefits and risks arising from the contract have been exercised, cancelled or have expired.

### **Measurement of financial instruments as at the day of their creation**

As at the date of acquisition, financial assets and liabilities are measured by the Group at fair value, i.e. most often at the fair value of the payment made in the case of an asset component or the amount received in the case of a liability.

The Group includes the transaction costs in the initial measurement value of all financial assets and liabilities, except for the category of assets and liabilities measured at fair value through profit and loss account.

### **Measurement of financial instruments as at the balance-sheet date**

The measurement of financial instruments as at the balance-sheet date is carried out as follows:

- at amortised cost, taking into account the effective interest rate: held-to-maturity investments, loans and receivables and other financial liabilities; measurement may also be performed at the value requiring payment if the discount effects are not significant;
- at fair value: financial assets and liabilities of the category measured at fair value through profit and loss account and the category of financial assets available for sale.

The effects of measurement of financial assets available for sale are recognised in equity.

The effects of measurement of financial assets and liabilities classified into other categories are recognised in the profit and loss account.

### **Hedge accounting**

Derivative instruments hedging cash flows with a highly probable planned transaction are recognised at fair value taking into account changes in such value:

- in the part deemed to be an effective hedge - directly in the equity;
- in the part deemed ineffective - in the profit and loss account.

Derivative instruments hedging the fair value of assets and liabilities are recognised at fair value. The effects of a change in the fair value of these instruments are recognised in the income statement.

### **Discontinuation of hedge accounting**

The person preparing financial statements ceases to apply hedge accounting to cash flows if:

- the hedging instrument expires, is sold, terminated or exercised. In such a case, the cumulative profit or loss on the hedging instrument which is recognised directly in equity shall remain separately recognised in equity until the planned transaction occurs;
- the hedge no longer meets the criteria for hedge accounting. In this case, the cumulative profit or loss on the hedging instrument is recognised directly in equity until the forecast transaction occurs; the expectation of a forecast transaction has been discontinued, so all cumulative profit or loss on the hedging instrument, recognised directly in equity, is recognised in the profit and loss account.

## **Equity**

Equity is recognised in the accounting books with the division into types and according to the principles determined by the provisions of law and the provisions of the articles of association of the Group.

Capital from the sale of shares above their nominal value is created from the surplus of the issue price of shares, above their nominal value reduced by the costs of the issue. The costs of shares issue incurred at the establishment of a joint-stock company or increase in the initial capital reduce capital of the issue of shares above the nominal value of the surplus of the issue value over the nominal value of shares.

Undistributed financial result includes: amounts resulting from profit distribution, undistributed result brought forward, effects of errors from previous periods.

Minority capitals are a separate item of equity.

## **Bank credits and loans**

All bank credits, loans and debt securities are initially recognised at their purchase price corresponding to the fair value of cash received, less costs related to obtaining a given credit or loan.

After initial recognition, interest-bearing credits, loans and debt securities are subsequently measured at adjusted acquisition price in the form of amortised cost, using the effective interest rate method. When calculating the adjusted purchase price, the costs related to obtaining a credit or loan, as well as discounts or premiums obtained at the settlement of the liability, shall be taken into account.

## **Liabilities**

After initial recognition, all liabilities, except those measured at fair value, are measured, as a rule, at adjusted acquisition price using the effective interest rate method.

However, liabilities with a maturity of no more than 12 months after the balance-sheet date are not discounted.

Liabilities are presented in the financial statements divided into long-term and short-term liabilities. Moreover, liabilities towards related parties and liabilities towards other entities are separated.

Advances received from business partners for the provision of services are presented in the financial statements in the balance sheet item – short-term liabilities as advances received for deliveries. The liabilities also include amounts relating to the settlement of construction and other long-term services.

Amounts retained by suppliers are disclosed separately in the financial statements.

## Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised in the financial statements because:

- it is not probable that an outflow of resources containing economic benefits will be required to settle the obligations, or
- the amount of the obligation cannot be measured with sufficient reliability.

Identified contingent liabilities are subject to presentation in notes in the financial statements.

## Provisions

Provisions are created when the person preparing the financial statements has a present obligation (legal or constructive) arising from past events and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of that liability.

If the reporting entity expects that the costs covered by the provision will be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset component, but only if there is a sufficient assurance that the reimbursement will actually be made.

Costs related to a given provision are disclosed in the profit and loss account, less all reimbursements.

The Group creates provisions for future warranty repairs by way of estimations based on past events related to expenses incurred on this account.

If the effect of the time value of money is material, the amount of provision is determined by discounting the forecast future cash flows to their present value using a gross discount rate reflecting current market estimates of the time value of money and the possible risks specific to the liability. If the discounting method is applied, an increase in the provision due to the passage of time is recognised as borrowing costs.

Reversal of unused provisions takes place on the day on which they turned out to be unnecessary. The liability for which the provision was created previously shall result in the use of the provision.

The entity creates provisions for losses under construction contracts or similar contracts at the time of estimation of loss.

### **Provisions for employee benefits**

The reporting entity creates a provision for the costs of accumulating paid absences, which it will have to incur as a result of the entitlement unused by the employees, and which accrued as at the balance-sheet date, as well as for retirement severance pay.

Provisions for unused leave are calculated on the basis of the actual number of days of unused leave in the current period, increased by the number of days of unused leave in previous periods. The provision for the cost of accumulating compensated absences is recognised after deducting any amounts already paid. The leave reserve is not discounted.

The provision for retirement severance pays is created on the basis of the number of employees and the number of years remaining until the date of retirement. The provision for retirement severance pays is subject to discounting.

### **Revenue**

The amount of revenue is determined by the Entity according to the fair value of the payment received or due. The fair value of the consideration is determined by discounting all future cash inflows using the imputed interest rate. The imputed interest rate is most simply set at the interest rate for a similar financial instrument issued by an issuer of similar creditworthiness, or at the rate that discounts the nominal value of the financial instrument to the current cash sales price of the goods or service.

The difference between the nominal and fair value of receivables (discount) is recognised as costs of the activity to which the receivables relate.

The amount of revenue arising from a transaction is usually determined by contract between the Entity and the buyer or user of the asset component. It is measured at the fair value of the consideration paid, taking into account the amount of trade discounts and wholesale rebates granted by the Entity. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the transaction is recognised based on the stage of completion of the transaction at the balance-sheet date. The result of a transaction can be reliably estimated if all of the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that economic benefits will flow to the entity from the transaction;
- the stage of completion of the transaction as at the balance sheet date can be measured
- reliably, the costs incurred in connection with the transaction and the costs to complete the transaction can be measured reliably.

The recognition of revenue by reference to the stage of completion of a transaction is often referred to as the percentage of completion method. Under this method, revenue is recognised in the periods in which the services are rendered. Revenue recognition based on this method provides useful information about the extent of service activities and their results for a given period. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. When there is uncertainty about the recoverability of an amount already included in revenue, the entity recognises the unrecoverable amount or the amount for which recovery has ceased to be probable as an expense, rather than as an adjustment of the amount of revenue originally recognised.

The person preparing the financial statements applies the completion method based on the ratio of costs incurred to total costs expected for the performance of a given service.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses incurred that are expected to be recoverable. If the outcome of the transaction cannot be estimated reliably and it is not probable that the costs incurred will be recovered, revenue is not recognised and expenditure incurred is recognised as an expense. When the uncertainty which prevented the outcome of the contract from being estimated reliably has been removed, revenue from transactions shall be recognised on the basis of the stage of completion of the transaction at the balance-sheet date.

Interest revenue arising from an entity transferring an asset to another entity for use (e.g. a loan, financial lease) is recognised taking into account the effective interest rate.

Royalties (e.g. under licences or similar entitlements) are recognised on an accrual basis in accordance with the substance of the contracts entered into.

Dividends are recognised at the moment the entity's right to obtain them is established. Revenue from barter transactions is recognised only if it has economic substance.

### **Costs**

The entity preparing the financial statements recognises costs in accordance with the principle of matching revenue and costs and the precautionary principle.

Own cost of sales as at the balance-sheet date is adjusted by the change in the fair value of financial instruments which hedge cash flows when the transaction is no longer effective and when the hedged item is realised.

Costs are accounted for by cost centres and by nature, with the basic cost reporting format used in profit and loss account being the cost accounting format.

The total cost of products, goods and materials sold includes: production

- cost of products sold,
- cost of services sold, value of goods and
- materials sold;

In addition, the costs of the reporting period, which affect the financial result, are other operating costs, related indirectly to the operating activity, including in particular:

- overheads;
- sales costs;
- loss on sale of property, plant and equipment and intangible assets;
- donations made;
- established provisions for disputes, penalties, damages and other costs indirectly related to operating activities, as well as financial costs related to financing the activity.



### **Transactions in foreign currencies**

Transactions expressed in currencies other than the Polish zloty are converted into Polish zloty using the exchange rate in force on the date of the transaction or the exchange rate defined in the forward-type contract accompanying a given transaction.

As at the balance sheet date, monetary items expressed in currencies other than the Polish zloty are converted into the Polish zloty at the closing rate (spot rate) applicable at the end of the reporting period, i.e. the spot rate of exchange applicable at the balance-sheet date. Non-monetary balance sheet items denominated in foreign currencies are disclosed at the historical exchange rate as at the transaction date. Exchange differences resulting from such translation are disclosed under financial revenue or expenses or, in cases provided for in the accounting policies, capitalised in the value of assets, except for cash items constituting a hedge of exchange risk, which are recognised directly in capital in accordance with the cash flows hedge accounting policies.

The exchange rate applicable on the transaction date shall be the average exchange rate of the National Bank of Poland (NBP) announced on the day preceding the transaction date.

Immediate realisation rate as at the balance sheet date shall be the average exchange rate of the NBP announced as at the balance-sheet date.

### **Income tax**

Obligatory encumbrances on the result include: current tax and deferred tax. Current tax encumbrance is calculated based on the tax result (tax base) of a given financial year. The tax profit (loss) differs from the net book profit (loss) due to exemption of taxable revenue and costs constituting costs of obtaining revenue in subsequent years and cost and revenue items which will never be subject to taxation. Tax encumbrances are calculated using tax rates applicable for a given financial year.

Deferred tax is calculated using the balance sheet method as tax payable or refundable in the future. Deferred tax is calculated on the basis of differences between the balance-sheet values of assets and liabilities and the corresponding tax values used to calculate the tax base. Deferred tax provisions are created for all taxable temporary differences, whereas deferred tax asset components are recognised to the extent that it is probable that they will be available, against which the deductible temporary differences can be utilised against recognised future taxable profits. An asset component is also created on the basis of tax losses which can be settled and are carried forward, as well as unused tax exemptions.

The deferred income tax asset component and provisions may be offset when it is expected that the deferred tax asset component and provision will be realised in the same tax period.

An item of assets or a tax liability does not arise if the temporary difference results from goodwill or from the initial recognition of another asset component or liability in a transaction which does not affect either the tax result or the accounting result. Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, unless the entity is able to control the timing of the reversal and it is probable that the reversal will not occur in the foreseeable future.



The value of a deferred tax asset is subject to analysis as at each balance-sheet date, and in the event that the expected future tax profits are not sufficient for the realisation of an asset component or a part thereof, it is written down. Deferred tax is calculated at tax rates which will apply at the moment when the asset item is realised or the liability becomes due. Deferred tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In the latter case, the deferred tax is also settled directly in equity.

### **Profit per share**

Profit per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during a given period.

Diluted profit per share for each period are calculated by dividing the net profit for a given period adjusted for possible changes in profit resulting from the change of potential ordinary shares into ordinary shares by the adjusted weighted average number of ordinary shares.

### **Mergers and consolidation**

Subsidiaries are all economic entities (including structured entities) controlled by the Compiler of financial statements. The Compiler of financial statements controls an entity when it is exposed to, or has the right to variable returns from, its involvement in that entity, and has the ability to influence those returns in its power over the entity. Subsidiaries are subject to full consolidation as of the date the control is transferred to the Group. Consolidation shall cease as from the date on which control ceases.

The Compiler of financial statements recognises business combinations using the purchase method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed from former owners of the acquiree and the capital interests issued by the group. The consideration transferred shall include the fair value of the asset or liability arising from the contingent consideration arrangement. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are initially measured at their acquisition-date fair values. As at the acquisition date, the Compiler of financial statements shall recognise all non-controlling interests in the acquiree, either at fair value or at the proportional share value (corresponding to the non-controlling share) in the acquiree's identifiable net assets. In the case of a business combination carried out in stages, the acquirer shall remeasure the balance sheet value of its previously held capital share in the acquiree at its acquisition-date fair value and recognise the resulting profit or loss. A contingent consideration that is classified as part of equity is not subject to a revaluation and its subsequent settlement is accounted for within equity. Intragroup transactions and settlements and unrealised profits arising from intragroup transactions shall be eliminated.

Changes in ownership interests in subsidiaries which do not result in a loss of control, transactions with non-controlling shareholders which do not cause the loss of control, are recognised as capital transactions, i.e. transactions with owners acting in their capacity as capital holders. The difference between the fair value of the consideration transferred and the share acquired in the balance sheet value of the subsidiary's net assets is recognised in equity. Profits or losses on sale of non-controlling interests are also recognised in equity.

Upon loss of control by the Group, any retained interest in the entity is measured at fair value as at the date of loss of control, with a change in the balance sheet value recognised in the financial result. Fair value constitutes the initial balance sheet value for the purpose of subsequent recognition of a retained interest as an associate, joint venture or financial asset component. In addition, any amounts previously recognised in other comprehensive income in respect of the entity are recognised as if the group had directly sold the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the financial result.

Associates are all entities on which the Compiler of financial statements has significant influence, but which it does not control, which is usually the case when holding between 20% and 50% of the voting rights. Investments in associates measured are recognised using the equity method. Under this method, the investment in the associate is initially recognised at cost and the balance sheet value is increased or decreased to recognise the investor's share in the associate's results after the date of acquisition. The Group's investment in associates includes goodwill as at the acquisition date. If the ownership share in an associate is reduced but significant influence is retained, only the proportionate share of the amounts previously recognised in other comprehensive income is appropriately reclassified to the result. The share of the Compiler of financial statements in the financial result after the acquisition is recognised in the result report and its share in other comprehensive income after the acquisition is recognised in other comprehensive income together with an appropriate adjustment to the balance sheet value of the investment. When the Compiler of financial statements share in losses of an associate becomes equal to or greater than its share in that associate, including any other unsecured receivables, the reporting Compiler of financial statements shall de-recognise further losses unless it has assumed legal obligations or constructive obligations or made payments on behalf of the associate.

At each reporting date the Group determines whether there is objective evidence that an investment in an associate is impaired. If an impairment loss has been incurred, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its balance sheet value, and recognises that amount, in addition to its "share in the associate's profit/(loss)", in the result report.

A business merger under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. This applies in particular to transactions such as the transfer of companies or enterprises between Group entities or the combination of a parent with its subsidiary.

To account for the effects of combinations between entities under common control, the Group applies the pooling of interests method.

### **Principle of no-offsetting**

This principle applies to the prohibition of offsetting assets and liabilities, unless IFRS requires or permits offsetting.

Revenue and expense items can be offset only if: offsetting is required by IFRS;

- profits, losses and related costs arising from the same or similar transactions or events are not material.

The following transactions, presented by way of offsetting, are accepted by the Group:

- profits and losses on the sale of fixed assets, including investments and assets used in operating activities, are recognised in the amount of the difference between the revenue earned on the sale and the balance sheet value of a given asset component plus sales expenses;
- expenditure related to the provision which is contractually reimbursed by a third party (e.g. supplier's guarantee) is offset against the corresponding amount of reimbursement;
- deferred income tax assets and provisions shall be recognised as asset or provision surplus;
- advance payments received for the performance of work under construction contracts are offset against the value of revenue due under those contracts, provided that compensation is possible under the terms of the contract;
- profits and losses arising from a group of similar transactions are recognised in the net amount, e.g. foreign exchange difference profits and losses or profits and losses arising from the measurement of financial instruments held for trading and hedging recognised in the financial result, profits or losses arising from the discounting of long-term settlements;
- receivables and liabilities under settlement of input VAT and due VAT, concerning future settlement periods.

### **Cash flow statement**

The cash flow statement is drawn up using the indirect method.

### **Changes in principles, changes in estimates, errors of previous years**

A change in accounting policies is made when the legal regulations concerning accounting are changed, and when this results in the increase of reliability of financial statements containing information on the impact of transactions, other events and conditions on the financial position, financial result or cash flows.

In the case of changes in the accounting policy, it is assumed that the new accounting policies have always been applied. Related adjustments are shown as equity adjustments - in the item of profit/loss brought forward. In order to ensure comparability of data, the financial statements (comparable data) for previous years should be amended accordingly, so that the statements also reflect the changes made to accounting policies.

The items of the financial statements determined on the basis of estimates are subject to verification in the event of changes in the circumstances on which the estimates were based or as a result of obtaining new information or gaining greater experience.

Adjustments caused by the removal of material errors from previous periods are charged to equity - in the item of profits/losses brought forward. In preparing the financial statements, it is assumed that the error has already been corrected at the time of the occurrence of the error. This means that the amount of the adjustment relating to a prior period shall be included in the profit and loss account for that period.

## Exceptional items

Exceptional items are disclosed separately in the financial statements when necessary for an understanding of the financial position and the results of the Compiler of financial statements. These are significant items of revenue or expense which have been separately disclosed because of the materiality of the amounts or the nature of the event.

## Business segments

In accordance with the requirements of IFRS 8, the Group identifies operating segments on the basis of internal reports which are regularly verified by the Management Board in order to allocate resources to particular segments and assess the results of their activities.

Segment activities are assessed mainly on the basis of revenue and results at the EBIT level.

The following segments are identified within the group within which the entity operates:

Construction and assembly activity	Property development activity	Activity connected with lease of investment real property	Exhibition and trade fair activity	Other reserves
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To the Other group other ancillary activities are assigned which do not affect the assessment of the financial position of the entity. All assets and liabilities are assigned to the main activity segments.

## Items based on estimates and professional judgment

Lease contract classification - The Compiler of financial statements classifies leasing as an operating or finance lease based on an assessment of the extent to which risks and rewards incidental to ownership of the leased item are attributable to the lessor, and to which to the lessee. This assessment is based on the economic substance of each transaction.

The Compiler of financial statements makes judgments as to whether the result of the construction contract can be estimated reliably. The assessment shall be based on an analysis of the likelihood of the economic benefits associated with a given contract. Revenue from the performance of construction contracts is determined proportionally to the degree of advancement, measured as the share of costs incurred from the date of contract conclusion to the date of revenue determination in the total costs of service provision. Contract budgets are subject to a formal updating process. If the stage of advancement of the service cannot be reliably determined as at the balance-sheet date, the revenue is determined at the amount of contract costs incurred, for which it is probable that they will be recovered.

The Compiler of financial statements assesses whether there is any indication that an asset is impaired. Impairment of an asset occurs when the balance sheet value of an asset or a cash-generating unit exceeds its recoverable amount, understood as the fair value less sales costs or the value in use of an asset component or cash-generating unit, whichever is higher. The assessment is based on the estimation of future cash inflows and outflows from the continuing use of the asset component and from its ultimate sale, and the application of an appropriate discount rate to these future cash inflows.

The Compiler of financial statements assesses whether there is any indication that shares in subsidiaries are impaired. The impairment test for a cash-generating unit is based on the estimation of future discounted cash flows (DCF method) generated by the company. Similarly, goodwill is tested for impairment.

The Compiler of financial statements assesses the probability of payment of receivables by taking into account their past due date, hedges established and the debtor's situation, on a transaction-by-transaction basis.

The entity preparing the financial statements makes judgements with respect to the expenditures necessary to fulfil a given obligation as at the balance-sheet date, related to the pending court disputes. The assessment is based on an estimate of the amount the entity would be required to pay to settle the obligation at the balance-sheet date.

The Compiler of financial statements recognises a deferred tax asset component on the basis of the assumption that taxable income shall be achieved in the future, against which it can be utilised. A decrease in tax income in the future could make this assumption unjustified.

The Compiler of financial statements applies the method of percentage advancement of works in the settlement of long-term contracts. Application of this method requires the Entity to estimate the proportion of contract costs incurred to date to total estimated contract costs. In justified cases, when this method would not reliably reflect the stage of completion of the contract, another method may be applied, reliably reflecting the stage of completion of the contract.

Amortisation rates are determined based on the anticipated useful economic life of property, plant and equipment components and intangible assets. The useful economic lives are reviewed annually by the Entity based on current estimates.

The entity measures investment real property at fair value using the DCF method based on estimation of future discounted cash flows.

## **IX. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS**

In the current financial year, the Compiler of financial statements did not make any significant changes in the accounting policy, other than those required by law (significant changes, if any, described in a separate part of the statements), mainly resulting from changes in IFRS approved for use by the European Union.

## X. IMPACT ON THE FINANCIAL STATEMENTS OF CURRENT AND FUTURE CHANGES IN THE ACCOUNTING REGULATIONS.

The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2021	Impact on financial statements / reference
Amendments to IFRS 4 "Insurance Contracts" - postponed application of IFRS 9 "Financial Instruments" until 2021.	will not have any significant impact on the financial statements
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" and IFRS 16 "Leases" - reform of the reference interest rate	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB, approved for use after 1 January 2022.	Impact on financial statements / charge
Amendments to IFRS 3 "Business Combinations" - updated references to the Framework	will not have any significant impact on the financial statements
IAS 16 "Property, Plant and Equipment" - revenue from products manufactured during the period of preparing property, plant and equipment to be put into operation	will not have any significant impact on the financial statements
IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - clarification on the costs recognised in the analysis of whether a contract is an onerous contract	will not have any significant impact on the financial statements
The 2018 - 2020 annual amendment programme - amendments contain clarifications and define the guidelines for standards on recognition and measurement: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to the illustrative examples for IFRS 16 "Leases".	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2023	Impact on financial statements / reference
IFRS 17 "Insurance Contracts" and amendments to IFRS 17	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short- or long-term liabilities	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Board Guidelines on Disclosure of Accounting Policies in Practice, the issue of materiality in relation to accounting policies,	will not have any significant impact on the financial statements
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the definition of accounting estimates,	will not have any significant impact on the financial statements
Amendments to IAS 12 "Income Taxes", obligation to recognise deferred tax on transactions, i.e. leases,	will not have any significant impact on the financial statements
IFRS 17 "Insurance Contracts", first-time adoption of IFRS 17 and IFRS 9, comparative information,	will not have any significant impact on the financial statements

**XI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**Note 1. Property, plant and equipment**

Ownership structure of fixed assets	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
Own property, plant and equipment	91,641	86,010	85,677
Property, plant and equipment used under operating lease, rent, hire or similar	73,864	66,988	66,148
<b>Total</b>	<b>165,505</b>	<b>152,998</b>	<b>151,825</b>
Fixed assets pledged as hedging for liabilities	52,114	53,672	52,249

Costs of external financing capitalised in the value of fixed assets	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
Interest			
Foreign exchange differences			
Other borrowing costs			
<b>Total</b>			

No such data.

Fixed assets used under a finance lease agreement	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Costs	97,124	94,822	92,215
Depreciation	-23,259	-27,834	-26,067
<b>Total</b>	<b>73,864</b>	<b>66,988</b>	<b>66,148</b>

Fixed assets by types	land	buildings and structures	plant and machinery	vehicles	other fixed assets	Fixed assets in progress	Advances on fixed assets in progress	Fixed assets held for sale	TOTAL
<b>As at 01/10/2021</b>									
Costs	23,122	67,035	104,439	41,754	6,714	1,339			244,403
Depreciation and revaluation write-downs		-20,275	-55,279	-18,541	-6,577	-20,051			-120,722
<b>Net book value</b>	<b><u>23,122</u></b>	<b><u>46,760</u></b>	<b><u>49,160</u></b>	<b><u>23,213</u></b>	<b><u>137</u></b>	<b><u>-18,712</u></b>	-	-	<b><u>123,681</u></b>
Increases		1,633	9,821	6,914	1,542	20,051			39,961
including revaluation surplus									
Decreases	-656		-4,910	-4,903	-175				-10,644
including changes in the accumulated amortisation	-656								-656
Foreign exchange differences									
<b>As at 31/12/2021</b>									
<b>Net book value</b>	<b><u>22,466</u></b>	<b><u>48,393</u></b>	<b><u>54,071</u></b>	<b><u>25,224</u></b>	<b><u>1,504</u></b>	<b><u>1,339</u></b>			<b><u>152,998</u></b>
<b>As at 01/01/2022</b>									
<b>Costs</b>	22,466	68,668	121,423	54,895	8,457	20,498			296,407
Depreciation		-21,740	-60,638	-21,592	-6,880	-20,051			-130,901
Revaluation write-downs									
<b>Net book value</b>	<b><u>22,466</u></b>	<b><u>46,928</u></b>	<b><u>60,785</u></b>	<b><u>33,303</u></b>	<b><u>1,577</u></b>	<b><u>447</u></b>			<b><u>165,506</u></b>
<b>As at 30/09/2022</b>									
<b>Costs</b>			<b><u>12,073</u></b>	<b><u>11,130</u></b>	<b><u>376</u></b>	<b><u>-892</u></b>			<b><u>296,407</u></b>
Increases, including:			13,002	12,803	376	1,058			27,238
- acquisition			13,002	12,803	376	1,058			27,238
- subsidiary acquisitions									
- revaluation surplus									
- carry-over									



- other

Decreases, including:			-929	-1,672		-1,950			-4,551
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- sale			-621	-1,672					-2,293
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- reallocation to the held-for-sale group

- other			-308			-1,950			-2,258
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<b>Depreciation</b>			<b>-1,466</b>	<b>-5,359</b>	<b>-3,051</b>	<b>-303</b>			<b>-10,179</b>
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Increases, including:			-1,466	-6,221	-3,613	-303			-11,602
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- amortisation			-1,466	-6,221	-3,613	-303			-11,602
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- acquisition, subsidiaries

- other

Decreases			862	562					1,424
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- sale			621	562					1,183
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- reallocation to the held-for-sale group

- carry-over

- other			241						241
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Revaluation write-downs

- revaluation write-downs

- reversals of revaluation write-downs

Foreign exchange differences

<b>Net value</b>	<b>22,466</b>	<b>46,928</b>	<b>60,784</b>	<b>33,303</b>	<b>1,577</b>	<b>447</b>			<b>165,505</b>
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Fixed assets by types	land	buildings and structures	plant and machinery	vehicles	other fixed assets	Fixed assets in progress	Advances on fixed assets in progress	Fixed assets held for sale	TOTAL
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No oversized expenditures on fixed assets are planned for the upcoming reporting periods under the approved investment plans.

## Note 2. Investment real property

Investment real property measured according to the fair value model	undeveloped land	buildings and structures	TOTAL
<b>As at 01/10/2021</b>	<b>15,138</b>	<b>407,208</b>	<b>422,346</b>
New real property acquisitions		3,757	3,757
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity combination			
Net amount of profits or losses resulting from fair value measurement adjustments		-5,461	-5,461
Carry-overs to investments for lease		110,875	110,875
Carry-overs to and from inventories		-123	-123
Sales		-36,003	-36,003
Carry-overs to and from owner-occupied real property			
Other changes		10,861	10,861
<b>As at 31/12/2021</b>	<b>15,138</b>	<b>491,115</b>	<b>506,253</b>
New real property acquisitions		784	784
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity combination			
Net amount of profits or losses resulting from fair value measurement adjustments		-3,975	-3,975
Carry-overs to investments for lease			
Carry-overs to and from inventories		-560	-560
Sales			
Carry-overs to and from owner-occupied real property			
Other changes			
<b>As at 30/09/2022</b>	<b>15,138</b>	<b>487,363</b>	<b>502,501</b>

Neither in the current nor in the previous reporting period did MIRBUD S.A. have any investments in real property. However, the company has a capital commitment in subsidiaries for which real property investment is a significant part of the activities.

Estimated cash flows from these real properties were part of the impairment test for capital investments in subsidiaries.

The value of investment real properties is based on the following events:

- a) transaction relating to the purchase by Marywilka 44 sp. z o.o. from Expo Mazury S.A. w likwidacji of the remaining real property located in Ostróda, at ul. Grunwaldzka 55 and 55A, covering halls with a total area of 27.099 sq. m. intended for warehousing and logistic operations. The property included halls which previously constituted investment real properties (with a value of PLN 3,128 thousand), property constituting fixed assets (with a value of PLN 62,835 thousand) and other fixed assets (with a value of PLN 11,162 thousand). The transaction increased the value of investment real properties by PLN 76,928 thousand;
- b) transaction concerning the purchase of a retail pavilion with a leasable area of 4,071 sq.m. located in Starachowice, by Marywilka 44 sp. z o.o. from JHM 1 sp. z o.o., with a total value of PLN 15,809 thousand;
- c) transaction concerning the purchase of a retail park, together with the necessary infrastructure and car park, located in Rumia at ul. Dębogórska 132 with lease area of 2982 sq. m., by Marywilka 44 sp. z o.o. from JHM 2 sp. z o.o., with a total value of PLN 15,010 thousand of liabilities overdue up to 1 month were repaid.
- d) Q3 2021 purchase of developed property in Skierniewice, ul. Sobieskiego, with a value of PLN 3,757 thousand of liabilities overdue up to 1 month were repaid.
- e) purchase of 31/12/2020 by Marywilka 44 sp. z o.o. from Expo Mazury S.A. w likwidacji of the property situated in Ostróda at ul. Grunwaldzka 55 covering halls with a total area of 29,625 sq. m. intended for warehousing and logistic operations. The property included halls which previously constituted investment real properties (with a value of PLN 36,637 thousand) and fixed assets (with a value of PLN 32,497 thousand). The transaction increased the value of investment real properties by PLN 43,336 thousand of liabilities overdue up to 1 month were repaid.
- f) recognition of an asset under the right to use land property located in Warsaw at ul. Marywilka 44 used on the basis of long-term lease contracts - recognition in accordance with IFRS 16 "Leases" as at 31/12/2021 - PLN 143,730 thousand,
- g) the amount of PLN 14.9 million disclosed in the consolidated financial statements relates to undeveloped land properties situated in Wola Pękoszewska, Skierniewice, at ul. Unii Europejskiej, and Rawa Mazowiecka, at ul. Biała.
- h) Shopping Centre building with a value of PLN 125 million
- i) Park Handlowy Marywilka 44 building completed on 31/12/2017, with a value of PLN 28 million

As at 30/09/2022, the fair value of the Marywilka 44 shopping complex was PLN 317,023 thousand, and the complex in Ostróda - PLN 159,967 thousand.

Ownership structure of investment real property value	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
Own	362,747	362,523	363,091
Used on the basis of operating leasing, rental, lease and similar	139,755	143,730	134,268
<b>Total</b>	<b>502,501</b>	<b>506,253</b>	<b>497,359</b>

Investment real property used under financial lease contract	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
Capitalised leasing costs	-3,975	-5,461	-4,061
Fair value changes	736	10,861	-61
<b>Total</b>	<b>-3,239</b>	<b>5,400</b>	<b>-4,122</b>

Data on investment real property measured at fair value carried out by the entity	in PLN thousand		
	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/01/2021 to 31/12/2021	For the period: from 01/01/2021 to 30/09/2021
Book value	502,501	506,253	497,359
Revenue from rent	40,937	42,104	29,447
Direct operating costs for investment real property yielding rent income	-20,210	-19,208	-18,437
Direct operating costs for investment real property not yielding rental income			
<b>Total:</b>	<b>20,727</b>	<b>22,896</b>	<b>11,010</b>
Amounts of restrictions on the realisation of economic benefits			
Contractual purchase, construction or adaptation amounts			

Investment real property according to the fair value hierarchy	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
I			
II	502,501	506,253	497,359
III			
<b>Total</b>	<b>502,501</b>	<b>506,253</b>	<b>497,359</b>

IFRS 13 introduces a fair value determination hierarchy, based on three levels of obtaining input information. Three levels of fair value determination hierarchy.

Level one (I) contains input information from an active market and is treated as the source of most reliable data. Data from this level should be used whenever possible.

Level two (II) contains input information other than from an active market, which are however observable (objective, measurable). This level includes the following possible sources of information and data: quotations for similar assets and liabilities from an active market; quotations for the same or similar assets and liabilities from markets which are not active; markets other than quoted markets which are nevertheless observable (interest rates, credit spreads, etc.); other market-based information.

Level three (III) contains unobservable data used when information from the first two measurement levels cannot be obtained. This includes any measurements with subjective input data. IFRS 13 distinguishes three main fair value measurement methods: market approach; cost approach; flow approach.

### Note 3. Intangible assets

Intangible asset ownership structure	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Own intangible assets	5,408	5,822	5,902
Intangible assets used under operating lease, rent, hire or similar			
<b>Total</b>	<b>5,408</b>	<b>5,822</b>	<b>5,902</b>
Intangible assets pledged as hedging for liabilities			

Costs of external financing capitalised in the value of intangible assets	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Interest			
Foreign exchange differences			
Other borrowing costs			
<b>Total</b>			

Data does not exist.

Intangible assets used under financial lease contracts	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Costs	4,281	4,281	4,281
Depreciation	-3,477	-3,100	-2,975
<b>Total</b>	<b>804</b>	<b>1,180</b>	<b>1,306</b>

Intangible assets	Costs of research and development	Goodwill	Programmes and licences	Other intangible assets	Advances for intangible assets	TOTAL
<b>As at 01/10/2021</b>						
Costs		4,509	5,274		34	9,817
Depreciation and revaluation write-downs			-3,995			-3,995
Net book value		4,509	1,279		34	5,822
Increases						
including revaluation surplus						
Decreases						
including changes in the accumulated amortisation						
Foreign exchange differences						
<b>As at 31/12/2021</b>						
<b>Net book value</b>		<b>4,509</b>	<b>1,279</b>		<b>34</b>	<b>5,822</b>
<b>as at 01/01/2022</b>						
Costs		4,509	5,342		34	9,884
Depreciation			-4,443		-34	-4,477
Revaluation write-downs						
<b>Net book value</b>		<b>4,509</b>	<b>899</b>			<b>5,408</b>
<b>as at 30/09/2022</b>						
<b>Costs</b>		<b>4,509</b>	<b>5,342</b>		<b>34</b>	<b>9,884</b>
Increases, including:						
- acquisition			33			33
- acquisition, subsidiaries						
- revaluation surplus						
- carry-over						
- other			34			34
Decreases, including:						
- sale						
- reallocation to the held-for-sale group						
- other						
<b>Depreciation</b>			<b>-4,443</b>		<b>-34</b>	<b>-4,477</b>
Increases, including:						
- amortisation			-447		-34	-481
- acquisition, subsidiaries						
- other					-34	-34
Decreases						
- sale						
- reallocation to the held-for-sale group						
- carry-over						

- other			
<b>Revaluation write-downs</b>			
- revaluation write-downs			
- reversals of revaluation write-downs			
Foreign exchange differences			
<b>Net value</b>	<b>4,509</b>	<b>899</b>	<b>5,408</b>

The main component of intangible assets is the SAP system. The useful life of the programme has been set at 20 years and its residual value at PLN 0.00.

Other goodwill has been allocated to the relevant activity segments as cash-generating units. The impairment tests carried out for these units, based on discounted cash flows, indicated that the recoverable value of these assets was higher than their book value.

Cash flows have been designed on the basis of historical data and the best Management Board forecasts. The discount factors were selected on the basis of external sources and presented in the note corresponding to the report on activity segments.

#### **Note 4. Long-term financial assets (excluding trade receivables, assets measured using the equity method and cash and cash equivalents) and financial data of subsidiaries**

Shares in other parties are initially recognised at fair value plus transaction costs. In later periods they are recognised at fair value.

After the initial recognition, the Group measures all investments in equity instruments at fair value. For all the investments being set, the Group chose the option to present profits and losses on changes in fair value of equity instruments in other comprehensive income. If such a choice is made, profits and losses on the change in fair value are not subsequently reclassified to financial result when the investment is no longer disclosed. Impairment write-downs (and reversals of write-downs) in respect of equity investments measured at fair value through other comprehensive income are not presented on other changes in fair value.

Dividends from such investments are recognised in profit or loss when the Company's right to receive payment is established.

Financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Capital investments in subsidiaries	316	316	316
Other	10,123	10,123	10,359
<b>Total</b>	<b>10,439</b>	<b>10,439</b>	<b>10,675</b>

Other financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	As at: 31/12/2021	in PLN thousand		As at: 30/09/2022
		Increases from 01/01/2022 to 30/09/2022	Decreases from 01/01/2022 to 30/09/2022	
<b>Long-term financial assets</b>	<b>10,439</b>		<b>10,123</b>	<b>10,439</b>
<b>in related parties</b>	<b>316</b>			<b>316</b>
- shares	316			316
- loans granted				
- other long-term financial assets				
<b>in other parties</b>	<b>10,123</b>		<b>10,123</b>	<b>10,123</b>
- shares	10,123		10,123	10,123
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other long-term financial assets				
<b>Short-term financial assets</b>	<b>40,073</b>			<b>40,073</b>
<b>in subsidiaries and jointly controlled parties</b>				
- shares available for trade				
- other securities				
- loans granted				
- other short-term financial assets				
<b>in associates</b>	<b>40,073</b>			<b>40,073</b>
- shares available for trade				
- other securities	40,073			40,073
- loans granted				
- other short-term financial assets				
<b>in other parties</b>				
- shares (listed)				
- other shares				
- financial assets measured at fair value through financial result				
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other short-term financial assets				
<b>Total</b>	<b>50,512</b>		<b>10,123</b>	<b>50,512</b>



On 24 July 2021, JHM DEVELOPMENT S.A. purchased shares in HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw (currently - Skierniewice) from the Official Receiver of the Company under the business name STAL-MET Nieczaj Sp. z o.o. w upadłości with its registered office in Słupsk. In the following months, the Company acquired most of the receivables of HAKAMORE Sp. z o.o., including, among others, the bonds issued by HAKAMORE Sp. z o.o. w upadłości.

HAKAMORE is the owner of 19.87 ha of land properties located in Łódź at ul. Politechniki, Wróblewskiego and Różana. The purpose of the purchase was to acquire attractive land for executing a development project.

On 8 October 2021, by decision of the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, JHM DEVELOPMENT S.A. was entered as a shareholder of HAKAMORE Sp. z o.o. w upadłości. In accordance with the decision, JHM DEVELOPMENT S.A. holds 60,100 shares with a total value of PLN 3,005,000.

Due to the fact that HAKAMORE Sp. z o.o. is currently in bankruptcy, JHM DEVELOPMENT S.A. does not control HAKAMORE Sp. z o.o. w upadłości as at the balance sheet date. Accordingly, the financial statements of HAKAMORE Sp. z o.o. w upadłości will not be consolidated as at 30 June 2022.

JHM DEVELOPMENT shall undertake all factual and legal actions aiming at legally ending the bankruptcy proceedings, and thus taking control over the financial and operating activities of HAKAMORE Sp. z o.o. w upadłości. The Management Board of the Company expects that the acquisition of control over HAKAMORE Sp. z o. o. w upadłości will take place before the end of 2022.

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. As at the date of publication of the report the decision is not final.

Until the date of assuming control over HAKAMORE Sp. z o. o. w upadłości, the shares in the Company will be carried at cost. To verify the value of the shares as at the balance sheet date, an impairment test of these shares was performed.

According to HAKAMORE's 2021 financial statements, the entity's net asset value is PLN -2,764 thousand. In this report, the value of property owned by HAKAMORE Sp. z o.o. w upadłości was determined to be PLN 33,500 thousand which does not reflect its current market value.

As at 28 February 2022, the net market value of the property owned by HAKAMORE has been estimated by an appraiser at PLN 61,420 thousand. Taking into account the above estimation, the value of the property in question should be updated, and thus the net equity value of HAKAMORE should be higher by PLN 27,920 thousand, i.e. should amount to PLN 25,156 thousand.

Taking into account even the net value of the property for forced sale, which in the same report was estimated at PLN 49,136 thousand, the net equity value of HAKAMORE Sp. z o. o. w upadłości should amount to PLN 12,872 thousand.

The acquisition price of the shares amounted to PLN 10,123 thousand and is thus lower than the net equity of HAKAMORE Sp. z o.o. after taking into account the increase in value of the property owned by the company (even for a forced sale).

To the best knowledge of the Company's Management Board, the bankruptcy proceedings of HAKAMORE sp. z o. o. w upadłości will be discontinued before the end of 2022. This will make it possible to execute a significant investment project on the land owned by HAKAMORE Sp. z o.o. w upadłości and thus to utilise the full potential of the property in question. Thus, in order to assess the value of assets and net capital of HAKAMORE Sp. z o. o. w upadłości, the Management Board of the Company relies on the market value of the property.

Under a bond sale agreement dated 8 October 2021, JHM DEVELOPMENT S.A. purchased bonds issued and outstanding at maturity issued by HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The cost of purchasing the bonds amounted to PLN 40,073 thousand. The Company purchased private market instruments representing 26,754 (twenty-six thousand, seven hundred and fifty-four) A series bonds issued by HAKAMORE Sp. z o.o. w upadłości with a nominal value of PLN 1,000.00 (one thousand).

The total value of the receivables from the bonds in question as at the date of their acquisition amounted to PLN 39,327 thousand, consisting of the nominal value of the bonds (PLN 26,754 thousand) and the value of interest accrued as at the day before the bankruptcy of HAKAMORE Sp. z o.o. in the amount of PLN 6,579 thousand and accrued interest on the bonds as at the date of the sales contract in the amount of PLN 5,994 thousand. In addition, the Company acquired other receivables of HAKAMORE Sp. z o.o. with a total value of PLN 2,156 thousand.

HAKAMORE is the owner of 19.87 ha of land properties located in Łódź at ul. Politechniki, Wróblewskiego and Różana. As at 28 February 2022, the net market value of these properties was estimated by the appraiser at PLN 61,420 thousand, and PLN 49,136 thousand for the forced sale, estimated in the same report.

The total value of receivables of HAKAMORE Sp. z o.o. recognised by the Official Receiver on the list of receivables which were not purchased by JHM DEVELOPMENT S.A. amounts to PLN 2,227 thousand. The list of receivables was not approved by the judge commissioner.

Basic financial data of main, directly controlled subsidiaries	JHM Development S.A	Kobylarnia S.A.	Marywilska 44 Sp. z o.o.
Total assets	673,719	348,142	518,905
Long-term liabilities	99,244	86,735	172,583
Short-term liabilities	170,652	162,834	20,982
Equity	403,500	98,573	325,340
Direct share in capital	100.00%	100.00%	57.47%
Share in equity	100.00%	100.00%	57.47% (direct and indirect share 100%)
Sales revenue	73,675	695,354	40,535
Net profit (loss)	9,278	10,679	5,528
Comprehensive income for the net financial year	9,278	10,679	5,528
Total net cash flows	-43,146	-124,935	3,858

Basic financial data of main, indirectly controlled subsidiaries	JHM 1 Sp. z o.o. w likwidacji	Mirbud Ukraina Sp. z o.o.
Total assets	9,950	
Long-term liabilities		
Short-term liabilities	3	
Equity	9,945	
Share in equity (direct and indirect)	100.00%	100.00%
Sales revenue		
Net profit (loss)	-194	
Comprehensive income for the net financial year	-194	
Total net cash flows	301	

Pursuant to a resolution of 02/12/2020 (Notarial Deed Repository A No. 11976/2020) of the Extraordinary General Meeting of Shareholders of Marywilka 44 sp. z o.o. share capital of Marywilka 44 sp. z o.o. was increased by a contribution made by the parent MIRBUD S.A.

Pursuant to the above resolution, the share capital of Marywilka 44 sp. z o.o. was increased by PLN 78,250 thousand, increasing the number of shares by 1,565,000 pcs. The shares in the increased share capital were fully covered with a cash contribution in the amount of PLN 156,500,000.00. The surplus over the total nominal value of the shares, in the amount of PLN 78,250 thousand, was transferred to the supplementary capital of Marywilka 44 Sp. z o.o.

The share capital increase was registered in the National Court Register on 10/06/2021 in an incorrect manner, inconsistently with the Company's request and the actual state of affairs regarding the amount of the share capital, the amount of capital contributed by individual shareholders. The Company's Management Board has filed appropriate petitions to correct the error.

On 31/08/2021, the Management Board was informed that the increased share capital was duly registered on 10/06/2021 by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register. The Company's share capital amounts to PLN 148,250,000.00. This value consists of:

- **1,565,000 shares with a nominal value of PLN 50 each**, making a total of PLN 78,250,000 - shares owned by MIRBUD S.A. Share of MIRBUD S.A. in the Company's share capital will be: 53.88%.
- **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: 46.12%.

The difference in the value of the shares results from the redemption of shares with a nominal value of PLN 3,010,000.00.

Accordingly, the Issuer assumed that the acquisition of control over Marywilka 44 sp. z o.o. took place on 1 July 2021.

Thus, as of 01/07/2021 JHM Development S.A. lost control over a directly controlled subsidiary.

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. The capital for the capital increase was fully contributed and an application was submitted on 28 December 2021 to register the above-described capital increase.

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

#### Note 5. Investments measured using the equity method

Neither in the current nor in the previous reporting period did the item occur.

#### Note 6. Trade and other receivables

Trade and other receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Long-term receivables</b>	<b>4,009</b>	<b>5,961</b>	<b>6,856</b>
trade receivables from related parties			
trade receivables from other parties			
other receivables from related parties			
other receivables from other parties	4,009	5,961	6,856
<b>Short-term receivables</b>	<b>973,746</b>	<b>497,997</b>	<b>601,258</b>
trade receivables from related parties			
trade receivables from other parties	858,278	397,512	423,849
retained amounts under execution of contracts from related parties			
retained amounts under execution of contracts from other parties	43,294	47,306	85,912
other receivables from related parties			
other receivables from other parties	7,472	5,772	5,742
amounts transferred for deliveries	26,150	34,132	40,549
budget receivables except for corporate income tax settlements	3,636	8,392	2,176
disputed receivables brought before the court	4,196	4,883	3,030
accrual of receivables under settlement of long-term contracts	30,720		40,000
<b>Total</b>	<b>977,755</b>	<b>503,958</b>	<b>608,115</b>

Age structure of receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Gross trade receivables</b>	<b>1,001,313</b>	<b>527,626</b>	<b>634,274</b>
<b>not past due, including:</b>	<b>603,492</b>	<b>372,964</b>	<b>550,739</b>
payable up to 1 month	438,647	225,923	380,856
payable from 1 to 3 months	117,542	93,774	77,114
payable from 3 to 12 months	43,294	47,306	85,912
payable from 1 to 5 years	4,009	5,961	6,856
<b>past due, including:</b>	<b>397,821</b>	<b>154,662</b>	<b>83,535</b>
overdue up to 1 month	130,876	59,529	37,212
overdue from 1 to 3 months	121,364	47,350	12,083
overdue from 3 to 6 months	94,377	22,485	7,883
overdue from 6 to 12 months	27,427	2,859	1,288
overdue over 12 months	23,777	22,439	25,069
receivables in respect of which credit risk has significantly increased	-1,413	-1,413	-1,487
receivables revaluation write-down	-22,145	-22,255	-24,672
<b>Net trade receivables</b>	<b>977,755</b>	<b>503,958</b>	<b>608,115</b>

As at the date of this report, PLN 166,865 thousand had been settled out of the range of overdue receivables.

Receivables revaluation write-downs	Receivables Companies	Disputed receivables	Other	Total
<b>As at 01/10/2021</b>	<b>-22,193</b>		<b>-2,594</b>	<b>-8,580</b>
Increases	-2,152		-242	-2,394
Releases	276		607	883
Utilisation	2,630			2,630
<b>As at 31/12/2021</b>	<b>-21,439</b>		<b>-2,229</b>	<b>-23,668</b>
Increases	-61			-61
Releases				
Utilisation	171			171
<b>As at 30/09/2022</b>	<b>-21,329</b>		<b>-2,229</b>	<b>-23,558</b>

### Revaluation write-downs in respect of credit losses.

The Company uses a simplified write-down matrix to calculate expected credit losses. In order to determine expected credit losses, trade receivables were grouped based on probability of credit risk characteristics and past due bands. The Company states that it has one hegemonic group of receivables.

The liability default rate was established on the basis of historical data from 2019 to 2021.

The recoverability is estimated on the basis of historical data as the balance includes a group of

dispersed items grouped according to the probability of credit risk and customer behaviour in the past. A further adjustment is then made to take account of the impact of future factors not reflected in the historical data.

The liability default rate established as at 31/12/2021 is:

- for receivables not due - 0.01%;
- for receivables overdue up to 1 month - 0.02%;
- for receivables overdue between 1 month and 3 months - 0.04%;
- for receivables overdue between 3 and 6 months - 0.07%;
- for receivables overdue between 6 and 12 months - 0.23%;
- for receivables overdue over 12 months - 0.47%.

As at 30/09/2022, the Group has recognised a write-down for potential credit risk in the amount of PLN 1,413 thousand.

### Note 7. Biological assets

Neither in the current nor in the previous reporting period did the item occur.

### Note 8. Other assets not elsewhere classified (including prepayments and accruals)

Other assets	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Other long-term assets</b>	<b>398</b>	<b>47</b>	<b>22</b>
Long-term cost prepayments	398	47	22
Other long-term assets not elsewhere classified			
<b>Other short-term assets</b>	<b>4,055</b>	<b>3,860</b>	<b>6,223</b>
Short-term cost prepayments	4,055	3,860	6,223
Other short-term assets not elsewhere classified			
<b>Total</b>	<b>4,453</b>	<b>3,907</b>	<b>6,244</b>

### Note 9. Inventories

Inventories	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Materials	16,678	9,073	16,338
Semi-finished products and work in progress	204,120	177,872	138,000
Finished products			
Goods	109,497	96,080	89,924
Completed development contracts	76,202	33,130	71,552
<b>Total</b>	<b>406,498</b>	<b>316,155</b>	<b>315,814</b>

Inventory revaluation write-downs	Materials	Semi-finished products and work in progress	Finished products	Goods	Completed property development contracts
<b>As at 01/10/2021</b>					
Increases					
Releases					
Utilisation					
<b>As at 31/12/2021</b>					
Increases					
Releases					
Utilisation					
<b>As at 30/09/2022</b>					

There were no circumstances indicating the need to create inventory revaluation write-downs.

#### Note 10. Cash and cash equivalents

Cash and cash equivalents	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Cash on hand and with banks	93,387	295,347	195,013
Term deposits	56,267	127,915	51,567
Other monetary assets	21,391	44,515	38,930
<b>Total</b>	<b>171,045</b>	<b>467,776</b>	<b>285,509</b>

Term deposits in the amount of PLN 40,774 thousand are interest-bearing cash constituting a hedge for proper execution of construction contracts, obtained from advances of MIRBUD S.A. investors.

The term deposit in the amount of PLN 1,100 thousand constitutes interest-bearing funds used as hedging for the Marywilska 44 company's credit contract.

Term deposits in the amount of PLN 14,393 thousand represent cash of JHM Development S.A., of which PLN 10,300 thousand comes from the return of cash contributions to shareholders from the liquidated company, JHM 2 Sp. z o.o.

Other cash assets are funds accumulated on individual housing accounts by purchasers of residential units for property development investments in the course of construction.

As a result, they are limited in their use.

write-downs for impairment of cash and cash equivalents have been determined individually for each balance relating to a given financial institution. External rankings of banks and publicly available information on the default rates for individual rankings were used to assess credit risk. The analysis showed that these assets have a low credit risk as at the reporting date. The Company used the simplification allowed by the standard and the impairment write-down determined on the basis of 12-months' credit losses.



## Note 11. Fixed assets held for sale and liabilities related to them

Neither in the current nor in the previous reporting period did the item occur.

## Note 12. Capitals

Capitals and liabilities	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
Share capital	9,174	9,174	9,174
Issue price surplus over nominal value of shares			
Other reserve capitals	220,499	220,499	220,499
Retained profit attributable to the shareholders of the parent/supplementary capital, including:	421,920	352,608	317,036
<i>Profit/loss in the reporting period</i>	<i>87,661</i>	<i>128,010</i>	<i>92,438</i>
<b>Equity attributable to shareholders of the parent/supplementary capital</b>	<b>651,594</b>	<b>582,281</b>	<b>546,709</b>
Equity attributable to non-controlling shares			
<b>Total</b>	<b>651,594</b>	<b>582,281</b>	<b>546,709</b>

Pursuant to a resolution of 02/12/2020 (Notarial Deed Repository A No. 11976/2020) of the Extraordinary General Meeting of Shareholders of Marywilka 44 sp. z o.o. share capital of Marywilka 44 sp. z o.o. was increased by a contribution made by the parent MIRBUD S.A.

Pursuant to the above resolution, the share capital of Marywilka 44 sp. z o.o. in 2021 was increased by PLN 78,250 thousand, increasing the number of shares by 1,565,000 pcs. The shares in the increased share capital were fully covered with a cash contribution in the amount of PLN 156,500,000.00. The surplus over the total nominal value of the shares, in the amount of PLN 78,250 thousand, was transferred to the supplementary capital of Marywilka 44 Sp. z o.o.

The share capital increase was registered in the National Court Register on 10/06/2021 in an incorrect manner, inconsistently with the Company's request and the actual state of affairs regarding the amount of the share capital, the amount of capital contributed by individual shareholders. The Company's Management Board has filed appropriate petitions to correct the error.

On 31/08/2021, the Management Board was informed that the increased share capital was duly registered on 10/06/2021 by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register. The Company's share capital amounts to PLN 148,250,000.00. This value consists of:

- **1,565,000 shares with a nominal value of PLN 50 each**, making a total of PLN 78,250,000 - shares owned by MIRBUD S.A. Share of MIRBUD S.A. in the Company's share capital will be: 53.88%.



- **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: 46.12%.

The difference in the value of the shares results from the redemption of shares with a nominal value of PLN 3,010,000.00.

Accordingly, the Issuer assumed that the acquisition of control over Marywilka 44 sp. z o.o. took place on 1 July 2021.

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. The capital for the capital increase was fully contributed and an application was submitted on 28 December 2021 to register the above-described capital increase.

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

Share capital structure	Number of shares	Value of capital	share nominal value	Registration date	Method of coverage
	thousand pieces	in PLN thousand	in PLN	dd/mm/yyyy	
Ordinary A series shares	19,500	1,950	0.10	22/12/2006	Contribution in cash
Ordinary B series shares	14,625	1,463	0.10	22/12/2006	Contribution in cash
Ordinary C series shares	2,264	226	0.10	22/12/2006	Contribution in cash
Ordinary D series shares	3,611	361	0.10	22/12/2006	Contribution in cash
Ordinary E series shares	5,000	500	0.10	11/12/2019	Contribution in cash
Ordinary F series shares	10,000	1,000	0.10	03/03/2010	Contribution in cash
Ordinary G series shares	10,000	1,000	0.10	19/05/2010	Contribution in cash
Ordinary H series shares	10,000	1,000	0.10	18/08/2010	Contribution in cash
Ordinary I series shares	7,493	749	0.10	25/06/2014	Contribution in cash
Ordinary J series shares	2,874	287	0.10	11/09/2019	Contribution in cash
Ordinary K series shares	6,378	638	0.10	30/09/2019	Contribution in cash
<b>Opening balance total</b>	<b>91,744</b>	<b>9,174</b>	-	-	-
<b>Closing balance total</b>	<b>91,744</b>	<b>9,174</b>			
<b>Total as at the date of approval of financial statements for publication</b>	<b>91,744</b>	<b>9,174</b>			

Share capital structure	Jerzy Mirgos	Nationale-Nederlanden OFE	Other shareholders
<b>As at 31/12/2021</b>			
Owned ordinary shares	41,271,064	10,281,000	40,192,136
Preference shares held			
Share in capital	44.99%	11.21%	43.81%
Share in profit	44.99%	11.21%	43.81%
Share in voting	44.99%	11.21%	43.81%
<b>As at 30/09/2022</b>			
Owned ordinary shares	41,473,071	9,171,000	41,100,129
Preference shares held			
Share in capital	45.21%	10.00%	44.80%
Share in profit	45.21%	10.00%	44.80%
Share in voting	45.21%	10.00%	44.80%
<b>Balance as at the date of approval of financial statements for publication</b>			
Owned ordinary shares	41,600,000	9,171,000	40,973,200
Preference shares held			
Share in capital	45.34%	10.00%	44.66%
Share in profit	45.34%	10.00%	44.66%
Share in voting	45.34%	10.00%	44.66%

### Note 13. Provisions

Provisions	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Long-term provisions</b>	<b>6,447</b>	<b>6,134</b>	<b>7,265</b>
provisions for retirement benefits	721	588	4,603
other long-term provisions	5,726	5,546	2,661
<b>Short-term provisions</b>	<b>4,572</b>	<b>5,497</b>	<b>1,922</b>
provisions for retirement benefits	1,433	1,183	922
provisions for warranty repairs	1,054	1,054	
provisions for losses under settlements of long-term contracts			
other short-term provisions	2,085	3,260	1,000
<b>Total</b>	<b>11,019</b>	<b>11,632</b>	<b>9,187</b>

### Note 14. Financial liabilities, except for provisions, trade liabilities and other liabilities

Bank loans and credits and other debt instruments	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Long-term financial liabilities, except for provisions, trade liabilities and other liabilities</b>	<b>381,224</b>	<b>366,721</b>	<b>324,032</b>
Financial liabilities due to related parties			
Loans and credits from other parties	139,931	128,705	145,680
Liabilities under derivative instruments			
Issued debt securities	62,070	62,070	11,941
Liabilities under financial lease	38,576	31,713	32,142
Other	140,647	144,233	134,268
<i>including liability resulting from measurement of long-term lease agreements in accordance with IFRS 16</i>	139,755	143,730	134,268
<b>Short-term financial liabilities, except for provisions, trade liabilities and other liabilities</b>	<b>46,572</b>	<b>90,391</b>	<b>72,860</b>
Financial liabilities due to related parties			
Loans and credits from other parties	30,253	76,555	59,060
Liabilities under derivative instruments			
Issued debt securities		144	
Liabilities under financial lease	16,319	13,693	13,800
Other			
<b>Total</b>	<b>427,797</b>	<b>457,112</b>	<b>396,891</b>

Debt instruments structure	in PLN thousand					Total
	loans and credits	Liabilities under derivative instruments	Issued debt securities	Liabilities under financial lease	Other	
<b>as at 01/01/2021</b>	<b>183,594</b>		<b>13,519</b>	<b>37,352</b>	<b>138,330</b>	<b>372,795</b>
Accrued interest	7,368		850	1,183	9,075	18,476
Interest paid	-7,368		-706	-1,183	-9,075	-18,332
Drawdown	146,542		49,959	22,069		218,571
Repayment	-123,108		-1,449	-13,640	-5,461	-143,657
Average liability level	194,427		37,867	41,379	141,532	415,205
Real interest rate	3.79%		2.24%	2.86%	6.41%	4.45%
<b>as at 31/12/2021</b>	<b>205,260</b>		<b>62,214</b>	<b>45,405</b>	<b>144,233</b>	<b>457,112</b>
minimum payments up to 1 month	2,309			1,202	510	3,510
minimum payments from 1 to 3 months	11,406			3,574	1,029	14,980
minimum payments from 3 to 12 months	14,098		144	9,322	1,566	23,564
minimum payments within 1 year	27,813		144	14,097	3,210	45,264
minimum payments within 1 to 5 years	177,447		61,885	31,308	29,924	300,564
minimum payments over 5 years	10,841			1,474	107,491	119,806
interest due up to 1 year	7,779			1,298	9,265	18,341
interest due from 1 to 5 years	31,115		11,930	5,192	37,058	85,295
interest due over 5 years	1,054				7,342	8,397
Approximate fair value	216,101		73,959	46,879	196,885	448,608
<b>as at 01/01/2022</b>	<b>205,260</b>		<b>62,214</b>	<b>45,405</b>	<b>144,233</b>	<b>457,112</b>
Accrued interest	9,205		3,184	2,511	7,124	22,024
Interest paid	-9,205		-2,934	-2,511	-7,124	-21,774
Drawdown	66,098		41	20,840		86,979
Repayment	-102,423			-12,546	-4,712	-119,681
Average liability level	187,722		62,142	50,150	141,743	441,758

Real interest rate	4.90%	5.12%	5.01%	5.03%	4.99%
<b>as at 30/09/2022</b>	<b>170,184</b>	<b>62,070</b>	<b>54,896</b>	<b>140,647</b>	<b>427,797</b>
minimum payments up to 1 month	1,823		1,429	539	3,252
minimum payments from 1 to 3 months	5,195		4,287	1,087	9,483
minimum payments from 3 to 12 months	15,010		11,401	1,653	26,411
minimum payments within 1 year	22,028		17,118	3,391	42,537
minimum payments within 1 to 5 years	148,156	62,070	37,778	31,604	279,608
minimum payments over 5 years	10,544			101,481	112,025
interest due up to 1 year	8,345	7,211	2,749	9,137	27,442
interest due from 1 to 5 years	33,380	15,587	10,994	31,623	91,585
interest due over 5 years	1,080			33,492	34,572
Approximate fair value	180,728	84,868	54,896	139,755	456,345

## **B series bonds**

JHM DEVELOPMENT S.A. made an early redemption of 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 for 30/12/2023. The transferability of the 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 for 30/12/2023. The transferability of the 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 is 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). 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.

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 for 17/12/2025. The transferability of the bonds is not subject to any restrictions.



**Liabilities under credits and loans of MIRBUD S.A. as at 30/09/2022**

Name of the party	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	Hedging
PKO BP S.A.	MIRBUD S.A.	15,000	PLN	14,116		WIBOR 1M+margin	24/06/2024	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN		732	WIBOR 1M+margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	15,200	PLN	15,200		WIBOR 1M+margin	27/06/2025	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	PLN		10,000	WIBOR 1M+margin	31/10/2024	assignment of a business receivable
Industrial Development Agency S.A.	MIRBUD S.A.	40,000	PLN	3,000	14,400	WIBOR 1M+margin	29/12/2023	mortgage on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN	20,000		WIBOR 1M+margin	03/08/2024	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	31,750		WIBOR 1M+margin	17/10/2023	assignment of a business receivable, mortgage
<b>Total credits and loans</b>				<b>84,066</b>	<b>25,132</b>	<b>109,198</b>		

As at 30/09/2022, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was increased by PLN 1,530 thousand.

**Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 30/09/2022**

Name of the party	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	Hedging
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	48,291	PLN			WIBOR 1M+margin	04/11/2023	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	7,078	332	WIBOR 3M+margin	31/12/2034	mortgage on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	2,000	PLN			WIBOR 1M+margin	04/11/2023	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	19,580	PLN			WIBOR 3M+margin	30/12/2023	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	28,445	PLN	10,212		WIBOR 3M+margin	30/06/2025	mortgage on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN	11,822		WIBOR 1M+margin	30/06/2024	mortgage on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o. o.	33,000	PLN	15,978	3,486	WIBOR 3M+margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o. o.	1,342	EUR	5,308	682	EURIBOR 3M+margin	30/10/2030	assignment of receivables, registered pledge on bank account, mortgage
BGK	Kobylarnia S.A.	15,000	PLN			WIBOR 3M+margin	30/11/2022	mortgage, surety MIRBUD
BGK	Kobylarnia S.A.	6,212	PLN	3,934	621	WIBOR 1M+margin	31/12/2029	mortgage, surety MIRBUD
<b>Total credits and loans</b>				<b>54,332</b>	<b>5,121</b>	<b>59,453</b>		

**Liabilities under credits and loans of MIRBUD S.A. as at 31/12/2021**

Name of the party	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	Hedging
PKO BP S.A.	MIRBUD S.A.	10,000	PLN		6,395	WIBOR 1M+margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	5,000	PLN		5,000	WIBOR 1M+margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN	366	1,464	WIBOR 1M+margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	20,000	PLN		15,200	WIBOR 1M+margin	30/06/2022	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	PLN		9,291	WIBOR 1M+margin	31/10/2022	assignment of a business receivable
Industrial Development Agency S.A.	MIRBUD S.A.	40,000	PLN	13,800	14,400	WIBOR 1M+margin	29/12/2023	mortgage on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN		17,801	WIBOR 1M+margin	25/08/2022	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	34,944		WIBOR 1M+margin	17/10/2023	assignment of a business receivable, mortgage
<b>Total credits and loans</b>				<b>49,110</b>	<b>69,551</b>	<b>118,661</b>		

As at 31/12/2021, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was increased by PLN 1,530 thousand.

**Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 31/12/2021**

Name of the party	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	Hedging
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	48,291	PLN	38,762		WIBOR 1M+margin	04/11/2023	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	7,470	401	WIBOR 3M+margin	31/12/2034	mortgage on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	2,000	PLN	388		WIBOR 1M+margin	04/11/2023	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	19,580	PLN	3,288		WIBOR 3M+margin	30/12/2023	mortgage on property
SANTANDER BANK POLSKA S.A.	JHM 1 Sp. z o.o.	2,350	EUR	0	6,384	EURIBOR + margin	31/10/2030	mortgage, sureties of MIRBUD
Bank Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN	319		WIBOR 3M+margin	30/06/2024	mortgages on property
Warszawski Bank Spółdzielczy	JHM Development S.A.	7,800	PLN	1,790		WIBOR 3M+margin	30/06/2023	mortgage on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	PLN	18,593	3,486	WIBOR 3M+margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	1,400	PLN			WIBOR 1M+margin	30/12/2022	assignment of receivables, registered pledge on bank account
BGK	Kobylarnia S.A.	15,000	PLN			WIBOR 3M+margin	30/11/2021	mortgage, surety of MIRBUD
BGK	Kobylarnia S.A.	6,212	PLN	4,348	621	WIBOR 1M+margin	31/12/2029	mortgage, surety of MIRBUD
<b>Total credits and loans</b>				<b>74,958</b>	<b>10,892</b>	<b>85,850</b>		

**Note 15. Trade and other liabilities**

Trade and other liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Long-term liabilities</b>	<b>260,228</b>	<b>272,678</b>	<b>315,273</b>
Trade liabilities to related parties			
retained amounts to related parties			
Other liabilities due to related parties			
Trade liabilities to other parties			
Retained amounts to other parties	154,957	97,646	109,106
Advance payments received	105,271	175,032	206,167
Other liabilities due to other parties			
<b>Short-term liabilities</b>	<b>936,872</b>	<b>673,286</b>	<b>596,186</b>
Trade liabilities to related parties			
retained amounts to related parties			
Other liabilities due to related parties			
Trade liabilities to other parties	407,367	376,350	295,413
Liabilities under settlement of long-term contracts	229,657	89,627	132,892
Advance payments received	199,039	107,514	101,294
Bills of exchange liabilities			
Budget liabilities except for corporate income tax settlements	47,439	29,808	26,126
Remuneration settlements	6,454	5,221	5,221
Retained amounts to other parties	46,263	62,661	32,614
Other liabilities due to other parties	653	2,106	2,627
<b>Total</b>	<b>1,197,100</b>	<b>945,964</b>	<b>911,459</b>

As at 30/09/2022, the amount of liability due to advances received on account of executed road contracts amounted to PLN 151,554 thousand, of which PLN 113,834 thousand relates to MIRBUD S.A., while the amount of PLN 37,720 thousand relates to Kobyłarnia S.A.

Age structure of liabilities	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
<b>Trade liabilities</b>	<b>1,197,100</b>	<b>945,964</b>	<b>911,459</b>
<b>not overdue</b>	<b>1,109,280</b>	<b>937,245</b>	<b>909,268</b>
payable up to 1 month	507,490	417,319	399,495
payable from 1 to 3 months	96,260	77,074	60,593
payable from 3 to 12 months	245,302	170,175	133,907
payable from 1 to 5 years	260,228	272,678	315,273
overdue up to 1 month	48,968	8,367	2,022
overdue from 1 to 3 months	38,852	352	169
overdue from 3 to 6 months			
overdue from 6 to 12 months			
overdue over 12 months			
<b>Total overdue</b>	<b>87,821</b>	<b>8,719</b>	<b>2,191</b>

As at the date of the report, the amount of PLN 71,987 thousand of liabilities overdue up to 1 month were repaid.

**Note 16. Other current liabilities and provisions not elsewhere classified (including prepayments and accruals)**

Other liabilities and provisions not classified, including prepayments and accruals	in PLN thousand		
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
<b>Long-term</b>			
Revenue settled in time			
Cost prepayments			
Other items			
<b>Short-term</b>	<b>1,073</b>	<b>1,127</b>	<b>505</b>
Revenue settled in time			
Cost prepayments	1,073	1,127	505
Other items			
<b>Total</b>	<b>1,073</b>	<b>1,127</b>	<b>505</b>

**Note 17. Sales revenue**

Structure of sales revenue	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Net revenue from sales of products and services	<b>938,846</b>	<b>2,277,615</b>	<b>757,272</b>	<b>1,607,881</b>
- to related parties				
- to other parties	938,846	2,277,615	757,272	1,607,881
<b>Net revenue from sales of goods</b>	<b>2,401</b>	<b>5,512</b>	<b>2,790</b>	<b>7,862</b>
- to related parties				
- to other parties	2,401	5,512	2,790	7,862
<b>Net revenue from sales of materials</b>	<b>10,539</b>	<b>19,748</b>	<b>14,552</b>	<b>31,433</b>
- to related parties				
- to other parties	10,539	19,748	14,552	31,433
<b>Total</b>	<b>951,786</b>	<b>2,302,875</b>	<b>774,615</b>	<b>1,647,175</b>

Geographical structure of sales revenue	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Net revenue from sales of products and services	<b>938,846</b>	<b>2,277,615</b>	<b>757,272</b>	<b>1,607,881</b>
- domestic sales	938,846	2,277,615	757,272	1,607,881
- export sale				
<b>Net revenue from sales of goods</b>	<b>2,401</b>	<b>5,512</b>	<b>2,790</b>	<b>7,862</b>
- domestic sales	2,401	5,512	2,790	7,862
- export sale				
<b>Net revenue from sales of materials</b>	<b>10,539</b>	<b>19,748</b>	<b>14,552</b>	<b>31,433</b>
- domestic sales	10,539	19,748	14,552	31,433
- export sale				
<b>Total</b>	<b>951,786</b>	<b>2,302,875</b>	<b>774,615</b>	<b>1,647,175</b>

Settlement of profits or losses on long-term services in progress	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Revenue invoiced for services in progress	1,137,783	2,476,552	890,164	1,740,772
Adjustment of revenue under the settlement of the progress of construction services	-198,937	-198,937	-132,892	-132,892
<b>Total</b>	<b>938,846</b>	<b>2,277,615</b>	<b>757,272</b>	<b>1,607,881</b>
Costs incurred for services in progress	-851,680	-2,094,565	-687,880	-1,450,191
Adjustment of costs under the settlement of the progress of construction services				
<b>Total</b>	<b>-851,680</b>	<b>-2,094,565</b>	<b>-687,880</b>	<b>-1,450,191</b>
Losses on contracts in progress				
<b>Impact on the current financial result</b>	<b>-198,937</b>	<b>-198,937</b>	<b>-132,892</b>	<b>-132,892</b>
<b>Impact on the accumulated results of contracts unfinished as at the balance-sheet date</b>	<b>87,166</b>	<b>183,050</b>	<b>69,392</b>	<b>157,690</b>

In the construction industry there is a seasonality of annual sales resulting from the production processes taking place in the construction industry and from the cycle on the construction and assembly services market. Due to technological and atmospheric conditions, the majority of construction works are carried out in the period from March to November. Possible delays resulting from atmospheric conditions are assumed in the investment implementation schedules and do not threaten their timely completion.

#### Note 18. Own cost of sales

Own costs of sales	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
<b>Production cost of products sold</b>	<b>-851,680</b>	<b>-2,094,565</b>	<b>-687,880</b>	<b>-1,450,191</b>
- to related parties				
- to other parties	-851,680	-2,094,565	-687,880	-1,450,191
<b>Value of goods sold</b>	<b>-2,382</b>	<b>-5,103</b>	<b>-3,043</b>	<b>-7,388</b>
- to related parties				
- to other parties	-2,382	-5,103	-3,043	-7,388
<b>Value of materials sold</b>	<b>-15,230</b>	<b>-17,867</b>	<b>-12,564</b>	<b>-29,239</b>
- to related parties				
- to other parties	-15,230	-17,867	-12,564	-29,239
<b>Total</b>	<b>-869,292</b>	<b>-2,117,535</b>	<b>-703,487</b>	<b>-1,486,819</b>

Own costs of sales	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
<b>Production cost of products sold</b>	<b>-851,680</b>	<b>-2,094,565</b>	<b>-687,880</b>	<b>-1,450,191</b>
- own costs of domestic sales	-851,680	-2,094,565	-687,880	-1,450,191
- own costs of export sales				
<b>Value of goods sold</b>	<b>-2,382</b>	<b>-5,103</b>	<b>-3,043</b>	<b>-7,388</b>
- own costs of domestic sales	-2,382	-5,103	-3,043	-7,388
- own costs of export sales				
<b>Value of materials sold</b>	<b>-15,230</b>	<b>-17,867</b>	<b>-12,564</b>	<b>-29,239</b>
- own costs of domestic sales	-15,230	-17,867	-12,564	-29,239
- own costs of export sales				
<b>Total</b>	<b>-869,292</b>	<b>-2,117,535</b>	<b>-703,487</b>	<b>-1,486,819</b>



Cost structure by types	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Amortisation	-4,096	-11,716	-3,489	-9,874
Consumption of materials and energy	-189,793	-541,240	-139,195	-274,283
Outsourced services	-638,602	-1,533,144	-530,818	-1,107,232
Taxes and fees, including:	-1,523	-5,171	-1,244	-4,676
Remuneration	-28,582	-81,938	-23,028	-63,175
Social insurance and other benefits	-5,883	-15,759	-4,933	-12,310
Other costs by type	-12,476	-37,950	-9,933	-29,243
Value of goods and materials sold	-17,829	-22,970	-15,628	-36,556
Costs of products manufactured for own needs unit				
<b>Total</b>	<b>-898,785</b>	<b>-2,249,889</b>	<b>-728,267</b>	<b>-1,537,349</b>

Recognition of costs by type in the financial statements	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
In own costs of sales	-869,292	-2,117,535	-703,487	-1,486,819
In the change of balance of assets	-10,785	-78,204	-7,763	-3,040
In costs of sales	-1,578	-4,569	-2,180	-4,786
In overheads	-17,129	-49,580	-14,837	-42,705
In other items				
<b>Total:</b>	<b>-898,785</b>	<b>-2,249,889</b>	<b>-728,267</b>	<b>-1,537,349</b>

**Note 19. Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method**

The item did not occur in the current and previous financial year.

**Note 20. Other revenue and costs**

Other revenue and costs of operating and investment activities	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Sales costs	-1,578	-4,569	-2,180	-4,786
Overheads	-17,129	-49,580	-14,837	-42,705
Revaluation write-downs of non-investment assets	-43	-61		-1,699
Reversal of revaluation write-downs of non-investment assets				291
Restructuring costs				
Court proceedings settlement result	63	-197	-120	-96
Result of sale of non-investment fixed assets	161	455	399	1,572
Revenue from revaluation of investment real property				
Costs under revaluation of investment property	-1,599	-4,712	-1,377	-4,123
Result of sale of investment real property				
Result of sale of all or part of subordinate parties				
Result of sale of other financial investments				
Dividends				
Interest	247	551	1	86
Result of revaluation of other financial investments measured at fair value through financial result				
Result of measurement of investments recognised using the equity method				
Revaluation write-downs of other financial assets				
Reversal of revaluation write-downs of other financial assets				
Foreign exchange differences of operating and investment activities	5,717	9,299		-307
Other revenue	5,279	13,469	6,751	28,183
Other costs	-5,653	-12,719	-3,824	-10,044
<b>Total revenue</b>	<b>11,466</b>	<b>23,774</b>	<b>7,151</b>	<b>30,131</b>
<b>Total costs</b>	<b>-26,003</b>	<b>-71,838</b>	<b>-22,339</b>	<b>-63,760</b>

The item of revenue and costs under revaluation of investment real property includes the result from the measurement of individual investment real properties and write-downs constituting depreciation of the asset under the right of use of the property under the long-term lease contract.

Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	in PLN thousand			
	For the period: from 01/07/2022 to 30/09/2022	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/07/2021 to 30/09/2021	For the period: from 01/01/2021 to 30/09/2021
Revenue from increase in the value of investments measured according to the equity method				
Costs under decrease in the value of investments measured under the equity method				
<b>Total</b>				

The above items did not occur.

Structure of revaluation write-downs of non-investment assets	in PLN thousand			
	For the period: from 01/07/2022 to 30/09/2022	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/07/2021 to 30/09/2021	For the period: from 01/01/2021 to 30/09/2021
<b>Property, plant and equipment</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Intangible assets</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Receivables</b>	<b>-43</b>	<b>-61</b>		<b>-1,408</b>
-revaluation write-down created	-43	-61		-1,699
-revaluation write-down reversal				291
<b>Inventories</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Fixed assets held for sale</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Other</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Total asset revaluation write-downs</b>	<b>-43</b>	<b>-61</b>		<b>-1,699</b>
<b>Total reversal of revaluation write-downs</b>				<b>291</b>

Revenue and costs from investment real property	in PLN thousand			
	For the period: from 01/07/2022 to 30/09/2022	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/07/2021 to 30/09/2021	For the period: from 01/01/2021 to 30/09/2021
Revenue from sales to related parties				
Revenue from sales to other parties				
Own costs of sales for related parties				
Own costs of sales for other parties				
Increase of fair value of investment real property				
Decrease of fair value of investment real property	-1,599	-4,712	-1,377	-4,123
<b>Result on investments in property</b>	<b>-1,599</b>	<b>-4,712</b>	<b>-1,377</b>	<b>-4,123</b>

Revenue and costs from financial investments	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Dividends to related parties				
Dividends to other parties				
Interest to related parties				
Interest to other parties	247	551	1	86
Revenue from the sale of all or part of subordinate parties				
Own cost of sales of all or part of subordinate parties				
Revenue from increase in the value of derivative instruments				
Costs under decrease of value of derivative instruments				
Revenue from ineffective hedging instruments				
Costs from ineffective hedging instruments				
Reversal of revaluation write-downs of other financial assets				
Revaluation write-downs of other financial assets				
Revenue from increase in investments measured at fair value through financial result				
Costs under decrease of investments measured at fair value through financial result				
Foreign exchange gains	5,717	9,299		
Foreign exchange losses			-1,981	-307
<b>Results of financial investment activities</b>	<b>5,964</b>	<b>9,850</b>	<b>-1,980</b>	<b>-222</b>

Other revenue	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Subsidies received	3	7	69	12,230
Other revenue from other parties - re-invoices	5,680	8,636	2,467	5,332
Other revenue from other parties	-404	4,826	4,215	10,621
<b>Total</b>	<b>5,279</b>	<b>13,469</b>	<b>6,751</b>	<b>28,183</b>

Other costs	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Donations	-30	-169		279
Other costs from other parties - re-invoices	-5,680	-8,636	2,467	-5,332
Other costs from other parties	57	-3,914	-6,291	-4,991
<b>Total</b>	<b>-5,653</b>	<b>-12,719</b>	<b>-3,824</b>	<b>-10,044</b>

**Note 21. Financial costs**

Financial costs	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Interest on credits	-3,888	-9,205	-1,381	-4,933
Interest on loans from related parties				
Interest on loans from other parties				
Interest on bonds for related parties				
Interest on bonds for other parties	-379	-420		
Interest on liabilities under finance lease agreements from related parties				
Interest on liabilities under finance lease agreements from other parties	-3,454	-9,635	-2,567	-7,660
Other interest for related parties				
Other interest for other parties	-38	-83	-13	-75
Measurement of equity instruments				
Interest under factoring contracts				-19
Foreign exchange differences on financial liabilities	8	-99		
Other financial costs for related parties				
Other financial costs for other parties	55	-3,136	436	-620
<b>Total financial costs</b>	<b>-7,696</b>	<b>-22,578</b>	<b>-3,525</b>	<b>-13,308</b>

The value of interest on liabilities under finance lease agreements from other parties results from recognition in financial expenses of the interest part of the lease payments incurred under long-term land lease agreements (recognition in accordance with IFRS 16) in the amount of PLN 7,124 thousand.

**Note 22. Income tax**

Income tax	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021
Income tax current part	-52,528	-35,814
Income tax deferred part	25,492	14,832
Other tax burdens on the financial result		
Adjustments relating to previous years		
<b>Total income tax</b>	<b>-27,036</b>	<b>-20,982</b>

Reconciliation of the effective tax rate	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021
Pre-tax profit (loss)	114,698	113,420
Statutory rate of tax in %	19%	19%
Tax at the statutory rate (normative)	-21,793	-21,550
Tax effect of the received dividend		
Tax exemptions		
Assets under tax loss for the reporting period not recognised in deferred tax		
Tax effect of other revenue and costs permanently not constituting revenue and tax costs	-5,244	568
Other		
<b>Income tax in the result account</b>	<b>-27,036</b>	<b>-20,982</b>

Deferred tax	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Deferred tax asset</b>	<b>69,109</b>	<b>33,226</b>	<b>39,465</b>
- for provisions for employee benefits	960	804	717
- for other provisions	1,128	1,127	828
- on account of accrued interest		37	
- for write-downs on current assets	148	269	592
- on account of investment measurement	291	291	125
- for settlement of construction contracts	45,976	16,247	24,467
- for losses from previous years	2,929	3,073	4,028
- under tax and balance sheet differences in the value of fixed assets and lease contracts	5,143	5,390	5,371
- under foreign exchange differences		38	43
- other	12,534	5,950	3,294
<b>Deferred tax liability</b>	<b>33,218</b>	<b>22,826</b>	<b>27,112</b>
- on account of accrued interest	314	159	1
- on account of investment measurement		425	891
- for settlement of construction contracts	5,837	260	7,184
- under tax and balance sheet differences in the value of fixed assets and lease contracts	23,239	21,923	18,024
- under foreign exchange differences		2	3
- for goodwill			
- other	3,829	57	1,009
<b>Deferred net income tax assets (provision)</b>	<b>35,891</b>	<b>10,400</b>	<b>12,353</b>

Net deferred income tax assets (Provision)	in PLN thousand		
	For the period:	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 31/12/2021	from 01/01/2021 to 30/09/2021
<b>Opening balance of deferred net income tax assets (provision)</b>	<b>10,400</b>	<b>-2,478</b>	<b>-2,478</b>
Charge to financial result	25,492	12,878	14,832
Charge to other comprehensive income			
Other charge to equity			
Subsidiaries			
<b>Closing balance of deferred net income tax assets (provision)</b>	<b>35,891</b>	<b>10,400</b>	<b>12,353</b>

Receivables (income tax liabilities)	in PLN thousand		
	For the period:	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 31/12/2021	from 01/01/2021 to 30/09/2021
<b>Opening balance of receivables (income tax liabilities)</b>	<b>-19,662</b>	<b>-16,142</b>	<b>-16,142</b>
Payment (refund) of income tax	41,206	37,405	28,843
Current income tax accrual	-52,528	-40,925	-35,814
<b>Receivables (liabilities under deferred income tax) at the end of the period</b>	<b>-30,985</b>	<b>-19,662</b>	<b>-23,113</b>

### Note 23. Other comprehensive income

Other comprehensive income	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
<b>Components which will not be subsequently reclassified to the profit and loss account</b>				
Exchange differences on translation of foreign parties				
Actuarial profits and losses				
Income tax on items not be carried forward in later periods				
<b>Components which will be reclassified into profit or loss when certain conditions are met</b>				
Effects of measurement of financial instruments by other comprehensive income				
Effective part of hedge accounting				
Effects of revaluation of fixed assets				
Carry-over to the report on income statement				
Income tax related to the items presented in other comprehensive income				
<b>Other net comprehensive income</b>				
Assigned to non-controlling shares			-	-
<b>Assigned to the owners of the parent</b>				

Neither in the current period nor in the comparative period did any items occur which affected other comprehensive income.



## Note 24. Profit per share

Profit per share	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Profit (loss) on continued operations attributable to owners of the parent	48,161	87,661	42,710	92,438
Profit (loss) on discontinued operations attributable to owners of the parent				
<b>Total</b>	<b>48,161</b>	<b>87,661</b>	<b>42,710</b>	<b>92,438</b>
<b>Weighted average number of ordinary shares in thousands of pieces</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>
<b>Basic profit per share</b>	<b>0.52</b>	<b>0.96</b>	<b>0.47</b>	<b>1.01</b>
Costs of interest on convertible bonds (net of tax)				
<b>Profit (loss) to determine diluted profit per share</b>	<b>48,161</b>	<b>87,661</b>	<b>42,710</b>	<b>92,438</b>
Share options issued in thousands of pieces				
Theoretical conversion of convertible bonds in thousands of pieces				
<b>Weighted average number of ordinary shares for diluted earnings per share in thousands of pieces</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>
<b>Diluted earnings per share</b>	<b>0.52</b>	<b>0.96</b>	<b>0.47</b>	<b>1.01</b>

## Note 25. Operating segments

The activity of the Compiler of the financial statements relates entirely to the territory of the country, therefore, no geographical segments are presented. In the Group, where the Issuer is a parent, operating segments are distinguished. Within this division, the Issuer's activity is assigned to the construction and assembly services segment.

Other activities, which do not have a significant effect on the financial and asset situation of the Compiler of the financial statements, have been assigned to other items.

Selected items of the profit and loss account for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment real property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022
<b><u>Continued operations</u></b>							
Sales revenue	<b>2,297,573</b>	<b>73,675</b>	<b>40,535</b>	<b>29,675</b>	<b>2,441,457</b>	<b>-138,582</b>	<b>2,302,875</b>
Own cost of sales	-2,153,280	-53,363	-15,411	-27,222	-2,249,277	<b>131,742</b>	-2,117,535
Gross profit from sales	<b>144,292</b>	<b>20,312</b>	<b>25,124</b>	<b>2,452</b>	<b>192,180</b>	<b>-6,840</b>	<b>185,340</b>
EBIT	106,203	10,034	15,672	4,699	136,608	<b>-9,182</b>	127,425
Pre-tax activity profit (loss)	<b>128,116</b>	<b>8,961</b>	<b>6,852</b>	<b>4,699</b>	<b>148,628</b>	<b>-33,930</b>	<b>114,698</b>
Income tax attributable to continued operations	-24,616	-1,929	-1,324	-466	-28,335	<b>1,298</b>	-27,036
Profit (loss) on continued operations	<b>103,500</b>	<b>7,032</b>	<b>5,528</b>	<b>4,233</b>	<b>120,293</b>	<b>-32,631</b>	<b>87,661</b>
<b><u>Discontinued operations</u></b>							
Profit (loss) on discontinued operations							
<b><u>NET PROFIT (LOSS)</u></b>	<b><u>103,500</u></b>	<b><u>7,032</u></b>	<b><u>5,528</u></b>	<b><u>4,233</u></b>	<b><u>120,293</u></b>	<b><u>-32,631</u></b>	<b><u>87,661</u></b>
<b><u>Assigned to the owners of the parent</u></b>	<b><u>103,500</u></b>	<b><u>7,032</u></b>	<b><u>5,528</u></b>	<b><u>4,233</u></b>	<b><u>120,293</u></b>	<b><u>-32,631</u></b>	<b><u>87,661</u></b>

Concentration of recipients by business activity segments	Construction and assembly activity	Property development activity	Activity connected with lease of investment real property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022
Customer 1	<b>1,145,052</b>				<b>1,145,052</b>		<b>1,145,052</b>
Customer 2	647,539				647,539		647,539
Customer 3	<b>56,388</b>				<b>56,388</b>		<b>56,388</b>
<b>TOTAL</b>	<b>1,848,979</b>				<b>1,848,979</b>		<b>1,848,979</b>

Selected items concerning the statement of financial position for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment real property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022
Fixed assets	679,490	183,746	508,191		1,371,427	-614,058	757,369
Current assets	1,192,976	489,973	10,714		1,693,663	-97,795	1,595,868
<b>Total assets</b>	<b>1,872,466</b>	<b>673,719</b>	<b>518,905</b>		<b>3,065,090</b>	<b>-711,854</b>	<b>2,353,236</b>
Equity	<b>540,519</b>	<b>403,500</b>	<b>325,340</b>		<b>1,269,359</b>	<b>-617,765</b>	<b>651,594</b>
Long-term liabilities and provisions for liabilities	414,368	99,346	172,583		686,297	-5,180	681,117
Short-term liabilities and provisions for liabilities	<b>917,579</b>	<b>170,873</b>	<b>20,982</b>		<b>1,109,434</b>	<b>-88,909</b>	<b>1,020,525</b>
<b>Total capitals and liabilities</b>	<b>1,872,466</b>	<b>673,719</b>	<b>518,905</b>		<b>3,065,090</b>	<b>-711,854</b>	<b>2,353,236</b>

Other segment data in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment real property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022	30/09/2022
Goodwill allocated to a segment	<b>4,509</b>						<b>4,509</b>
Risk-free rate	6.94%	6.94%	6.94%	6.94%	6.94%		
General risk acc. to Damodoran	7.19%	7.19%	7.19%	7.19%	7.19%		
Beta coefficient for the industry acc. to Damodoran	0.88	0.50	0.37	0.81	0.86		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
<b>Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method</b>	<b>14.43%</b>	<b>9.06%</b>	<b>7.23%</b>	<b>13.44%</b>	<b>14.14%</b>		<b>14.14%</b>

Selected items of the income statement for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment real property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
<b>Continued operations</b>							
Sales revenue	<b>1,551,391</b>	<b>96,952</b>	<b>29,447</b>	<b>33,308</b>	<b>1,711,098</b>	<b>-63,923</b>	<b>1,647,175</b>
Own cost of sales	-1,427,219	-74,018	-14,376	-31,391	-1,547,004	60,185	-1,486,819
Gross profit from sales	<b>124,172</b>	<b>22,934</b>	<b>15,071</b>	<b>1,917</b>	<b>164,094</b>	<b>-3,737</b>	<b>160,357</b>
EBIT	96,904	13,598	9,638	11,337	131,477	-4,835	126,642
Pre-tax activity profit (loss)	<b>92,855</b>	<b>13,757</b>	<b>1,164</b>	<b>11,834</b>	<b>119,610</b>	<b>-6,190</b>	<b>113,420</b>
Income tax attributable to continued operations	-19,062	-2,582	-55		-21,699	717	-20,982
Profit (loss) on continued operations	<b>73,793</b>	<b>11,175</b>	<b>1,109</b>	<b>11,834</b>	<b>97,911</b>	<b>-5,473</b>	<b>92,438</b>
<b>Discontinued operations</b>							
Profit (loss) on discontinued operations							
<b>NET PROFIT (LOSS)</b>	<b>73,793</b>	<b>11,175</b>	<b>1,109</b>	<b>11,834</b>	<b>97,911</b>	<b>-5,473</b>	<b>92,438</b>
<b>Assigned to the owners of the parent</b>	<b>73,793</b>	<b>11,175</b>	<b>1,109</b>	<b>11,834</b>	<b>97,911</b>	<b>-5,473</b>	<b>92,438</b>

Selected items concerning the statement of financial position for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment real property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021
Fixed assets	616,218	116,078	593,001		1,325,297	-613,193	712,104
Current assets	876,361	352,126	7,434	135,928	1,371,849	-163,045	1,208,804
<b>Total assets</b>	<b>1,492,579</b>	<b>468,204</b>	<b>600,435</b>	<b>135,928</b>	<b>2,697,146</b>	<b>-776,237</b>	<b>1,920,909</b>
Equity	445,660	301,686	406,091	135,928	1,289,365	-742,656	546,709
Long-term liabilities and provisions for liabilities	428,272	75,871	173,805		677,948	-4,267	673,681
Short-term liabilities and provisions for liabilities	618,647	90,647	20,539		729,833	-29,313	700,520
<b>Total capitals and liabilities</b>	<b>1,492,579</b>	<b>468,204</b>	<b>600,435</b>	<b>135,928</b>	<b>2,697,146</b>	<b>-776,238</b>	<b>1,920,909</b>

Other segment data in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment real property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021
Goodwill allocated to a segment	<b>4,509</b>						<b>4,509</b>
Risk-free rate	3.10%	3.10%	3.10%	3.10%	3.10%		
General risk acc. to Damodoran	6.90%	6.90%	6.90%	6.90%	6.90%		
Beta coefficient for the industry acc. to Damodoran	0.72	0.58	0.36	0.37	0.58		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
<b>Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method</b>	<b>9.20%</b>	<b>7.80%</b>	<b>5.60%</b>	<b>5.70%</b>	<b>7.80%</b>		<b>7.80%</b>

**Note 26. Transactions with related parties**

Transactions with related parties	in PLN thousand							
	Subsidiaries		Jointly controlled parties and associates		Other related parties without capital connections		Members of the Management Board and Supervisory Board and key personnel	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Sales revenue	78,286	84,005						
Revenue from the sale of fixed assets								
Revenue from interest	956	1,135						
Other revenue		8,000						
Acquisition of inventories and other costs capitalised at the value of current assets								
Acquisition of services and other operating costs								
Acquisition of fixed assets								
Cost of interest	-1,576	-2,648						
Other costs								
Loans received								
Loans granted								
Costs of remuneration							5,224	5,685
Loan receivables								
Trade and other receivables	8,593	17,788						
Liabilities on account of loans								
Trade and other liabilities	-74,052	-21,090						

Remuneration of key personnel of subsidiaries	Party	Position	Remuneration		Loans granted to key personnel		Additional information
			in PLN thousand		in PLN thousand		
			from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021	from 01/01/2022 to 30/09/2022	from 01/01/2021 to 30/09/2021	
The Management Board of	MIRBUD S.A.		4,976	5,357			
The Supervisory Board of	MIRBUD S.A.		248	328			
The Management Board of	Kobylarnia S.A.		1,824	1,260			
The Supervisory Board of	Kobylarnia S.A.		41	41			
The Management Board of	JHM Development S.A.		1,146	1,321			
The Supervisory Board of	JHM Development S.A.		53	61			
The Management Board of	Marywilska 44 Sp. z o.o.		1,073	771			
The Supervisory Board of	Marywilska 44 Sp. z o.o.		60	60			
<b>Total</b>			<b>9,421</b>	<b>9,199</b>			



**Note 27. Statutory Auditor's remuneration**

Statutory Auditor's remuneration	in PLN thousand	
	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/01/2021 to 30/09/2021
Remuneration for the audit of the individual and consolidated financial statements	120	96
Remuneration for the interim review of individual and consolidated financial statements	30	46
Other services	19	
<b>Total</b>	<b>169</b>	<b>142</b>

**Note 28. Financial instruments**

Financial assets according to IAS 39	Available for sale		Measured at fair value by financial result		Loans and receivables		Hedging instruments	
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2022	As at: 31/12/2021
Loans granted								
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other receivables					977,755	503,958		
Cash and cash equivalents					171,045	467,776		
Other financial assets								
<b>Total financial assets</b>					<b>1,148,800</b>	<b>971,733</b>		
Revenue from dividends								
Revenue from interest					551	86		
Exchange profits (losses)					9,299	-307		
Reversal (creation) of write-downs					-61	-1,408		
Profits (losses) on measurement and implementation								
Profits (losses) on derivative instruments								
<b>Total impact of financial assets on the profit and loss account</b>					<b>9,789</b>	<b>-1,630</b>		

Financial liabilities according to IAS 39	Equity instruments		Measured at fair value by financial result		Measured at amortised cost		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2022	31/12/2021	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Credits	-	-	-	-	427,797	457,112	-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other liabilities					1,197,100	945,964		
Other financial liabilities								
<b>Total financial liabilities</b>					<b>1,624,897</b>	<b>1,403,076</b>		
Interest	-	-	-	-	-18,840	-12,612	-	-
Exchange profits (losses)					<b>-99</b>			
Profits (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Profits (losses) on derivative instruments								
<b>Total impact on the income statement of financial liabilities</b>					<b>-18,939</b>	<b>-12,612</b>		

Financial instruments according to the fair value hierarchy	Level I		Level II		Level III	
	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2022	As at: 31/12/2021
<b>Assets</b>	-	-	-	-	-	-
Derivative financial instruments in assets	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial assets	-	-	-	-	-	-
<b>Liabilities</b>	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial liabilities	-	-	-	-	-	-

Both in the current and the comparative period, there were no financial instruments measured at fair value.

#### Note 29. Errors related to previous reporting periods

No material errors were found in the previous reporting period.

#### Note 30. Transactions with non-controlling shareholders

This item does not exist.

#### Note 31. Business combinations

There were no business combinations in the current period.

#### Note 32. Significant planned capital expenditures

The Group, as part of its capacity expansion, plans to supplement the machine park by the end of 2022. The planned investment assumptions will be implemented by Kobylarnia S.A. and concern the purchase of new vehicles worth PLN 2 million and construction machinery worth PLN 4 million in total, which will significantly improve the efficiency and scope of services provided at all locations.

#### Note 33. Material events after the balance-sheet date

In the period between the date of the end of the reporting period and the date of approval of these financial statements for publication, there were no significant events which have not been included in these financial statements, except for the military conflict in Ukraine, the impact of which on the Company's operations and future financial results is described in Note 40.

#### Note 34. Employment structure

Employment structure	full-time equivalent	
	For the period: from 01/01/2022 to 30/09/2022	For the period: from 01/01/2021 to 30/09/2021
Non-production employees	526	486
Production employees	301	289
Employees under contractual agreements	246	209
<b>Total</b>	<b>1,073</b>	<b>984</b>

#### Note 35. Dividends declared and paid

Shares of all series are ordinary shares, one share entitles to one vote at the General Meeting of Shareholders. Shares of all series carry the same right to dividend and return on capital. As at the balance-sheet date, there were no dividend restrictions.

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. passed 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.

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.

### **Note 36. Effects of division, restructuring and discontinued operations**

In the reporting period there were no changes regarding the merger of business entities, acquisition or sale of entities from the Issuer's group, long-term investments, division, restructuring or discontinuation of operations.

**Note 37. Limitations on disposition and hedging established on assets**

Hedge title	Hedge type	Value of debt			Hedge value in PLN thousand		Balance sheet value of the hedge object in PLN thousand		expiry date
		As at:			As at:		As at:		
		30/09/2022	30/09/2022	31/12/2021	30/09/2022	31/12/2021	30/09/2022	31/12/2021	
Credit hedge 202-129/3/II/2/2008	mortgage	732	26,700	26,700	19,891	20,487	01/03/2023		
Hedge for the ARP loan	mortgage	17,400	60,000	60,000	77,770	77,869	28/02/2023		
Hedge for the non-revolving credit facility, pursuant to contract dated 06/10/2021 granted by AION BANK SA/NV	mortgage			74,076		62,769	31/12/2023		
Hedge for the KIN 173850 credit	cash deposit, assignment of receivables, registered pledge of a bank account, surety	20,336	58,035	55,046	106,851	88,053	02/05/2028		
Hedge for a working capital, developer credit, pursuant to contract 3472510/88/K/OB/22, granted by Bank Polskiej Spółdzielczości S.A.	mortgage		69,105		26,567		30/06/2025		
Hedge for a working capital, developer credit 3472510/112/K/OB/21, granted by Bank Polskiej Spółdzielczości S.A.	mortgage	10,212	48,360	43,292	28,190	12,253	30/06/2025		
Investment credit K00593/22 in EUR	assignment of receivables, registered pledge on bank account	5,990	10,053		15,809		30/10/2030		
Hedge for an investment credit, pursuant to contract 22/KG110/19, granted by Bank Spółdzielczy	mortgage	7,410	17,645	17,645	11,188	11,348	31/12/2034		

Hedge for the WK14-000016 credit	mortgage		20,974	21,482	5,974	6,482	30/11/2022
Hedge for the 19/5066 credit	mortgage	4,555	24,378	24,672	15,061	15,355	31/12/2029
Guarantee Agreement No. 4620-04744	bill of exchange, registered pledge			27,131		2,981	15/02/2022
Hedge for a working capital, developer credit, pursuant to contract 050/21/7, granted by Warszawski Bank Spółdzielczy	mortgage			11,700		10,543	30/06/2023
Hedge for a working capital, developer credit, pursuant to contract K01311/20, granted by Santander Bank Polska	mortgage			75,436		81,696	04/11/2023
Hedge for a working capital, developer credit, pursuant to contract 3472510/30/K/OB/21, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			33,286		18,182	30/12/2023
Hedge for a working capital, developer facility, pursuant to contract S/10/07/2021/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage	11,822	47,850	47,850	32,811	11,807	30/06/2024
Hedge for a working capital facility, pursuant to contract KNK 1622269 granted by Deutsche Bank (currently Santander Bank Polska S.A.)	mortgage hedge, registered pledge on shares			1,388		3,525	31/10/2030
Hedge for a working capital, developer credit, pursuant to contract 050/22/22/K, granted by Warszawski Bank Spółdzielczy	mortgage		19,665		26,567		30/12/2024
Hedge for a working capital, developer facility, pursuant to contract S/49/05/2022/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage		34,500		4,372		30/06/2024



Hedge for the benefit of a hedging administrator for E series bonds issued by JHM Development S.A.	hedge in kind - mortgage entry on real estate	50,000	55,000	55,000	15,010	15,010	31/12/2026
<b>Total</b>		<b>128,457</b>	<b>492,265</b>	<b>574,704</b>	<b>386,061</b>	<b>438,360</b>	

Assets as security of liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Property, plant and equipment	52,114	53,672	52,249
Investment real property	182,561	175,386	227,913
Financial assets			
Intangible assets			
Other assets	127,041	202,796	110,336
<b>Total</b>	<b>361,716</b>	<b>431,854</b>	<b>390,498</b>

### **Note 38. Litigation**

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

As at 30/09/2022, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 7,747 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 30/09/2022, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 4,196 thousand.

In the period covered by this report, there were significant litigation pending concerning receivables of Kobyłarnia 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 S-5 expressway. The total value of disputes between KOBYLARNIA S.A. and GDDKiA as at 30/09/2022 amounted to PLN 71,820 thousand.

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

**Note 39. Contingent liabilities**

List of sureties granted to other entities by party type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability in PLN thousand		surety expiry date
		As at:	As at:	As at:	As at:	
		30/09/2022	31/12/2021	30/09/2022	31/12/2021	
<b>To related parties</b>						
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit	49,500	49,500	19,464	22,079	02/05/2028
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit		4,500			30/09/2022
JHM 1 Sp. z o.o. w likwidacji	Hedge for the SANTANDER BANK POLSKA S.A. credit	11,000	10,809		6,384	31/10/2030
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	15,000	15,000			30/11/2022
KOBYLARNIA S.A.	Hedge for bank guarantee of BANK S.A		24,150		16,100	15/02/2022
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	9,318	9,318	4,555	4,696	31/12/2029
JHM Development S.A.	Hedge for the issue of E series bonds	55,000	55,000	50,000	50,000	17/12/2025
<b>To other parties</b>						
-						
<b>Total</b>	-	-	<b>139,818</b>	<b>168,277</b>	<b>74,019</b>	<b>99,259</b>

Other contingent liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
Under proper performance guarantee	639,618	556,815	418,108
Under rectifying faults and defects	256,378	330,001	259,841
Under advance return	117,058	130,142	152,524
<b>Total</b>	<b>1,013,055</b>	<b>1,016,958</b>	<b>830,473</b>

**Note 40. Objectives and principles of risk management**

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	The impact of risk on financial result	Effect of risk on equity
<i>Risks related to military conflict in Ukraine</i>	Administrative restrictions on carrying out construction and assembly activities	average	high	high	high
	Manpower availability and supply chain disruption	high	high	high	average
<i>Epidemiological risk</i>	Administrative restrictions on carrying out construction and assembly activities	average	high	high	high
	Manpower availability and supply chain disruption	average	average	high	average
<i>External financial risks</i>	changes in interest rates	high	average	average	average
	changes in exchange rates	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
<i>Downturn risk</i>	change in the macroeconomic situation and economic situation in Poland	high	high	high	average
	in the construction industry	high	high	high	average
<i>Risks related to competition</i>	in the construction industry	high	high	high	high
<i>External legal risks</i>	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
<i>Risks related to the current activities</i>	associated with 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 commercial 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

### Risks related to military conflict in Ukraine

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 prices in foreign currencies.

In the perspective of the current settlement period, the Issuer's Management Board anticipates a possible impact of this risk on the financial result - a reduction of approx. 30%; the Board does not anticipate an impact 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.

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 this report, the majority of COVID restrictions, including the 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 of the Issuer does not expect a possible impact 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.

In the perspective of the current settlement period, the Issuer's Management Board anticipates a possible impact of this

risk on the financial result - a reduction of approx. 10%; the Board does not anticipate an impact 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.

## **External financial risks**

### **Financial risk management**

The management of the Group's financial resources assumes basing the Group's financing structure on long-term sources of financing. The Group Companies finance their operations in 72% based on foreign capital through:

- credits, loans,
- bonds,
- 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 Group's strategy provides for a further gradual exchange of short-term debt financing individual construction contracts for long-term debt financing in the coming years, 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:

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**Debt ratio = *Total liabilities / Assets***

**Long-term debt ratio = *Long-term liabilities / Assets***

**Short-term debt ratio = *Short-term liabilities / Assets***

**Debt to equity ratio = *Liabilities / Equity***

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While conducting business activity, the Group is exposed to the following risks: credit risk, currency risk, interest rate risk, liquidity risk.

### **Credit risk management**

Credit risk results from the balances of trade receivables of loans and cash and cash equivalents. The customers of the Company's services are domestic entities. The customers of products and services provided by MIRBUD S.A. can be divided into two groups:

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

With regard to commercial customers, the Company manages the credit risk and analyses it for each new customer before concluding a contract, among others, by using reports from business intelligence agencies and the contractor's documentation of the source of financing for the construction contract.

With respect to parties subject to the provisions of the Public Procurement Law (e.g. GDDKiA, Self-governments), due to the obligation of these parties to budget the costs of the concluded construction works contract in advance, the credit risk is, according to the Management Board, negligible. The Company maintains deposits in financial institutions with a high credit rating.

### Liquidity risk management

The Parent's 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 efficient financing of the Group's operations,
- continuously monitoring the Group's debt levels;
- 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 zloty 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 30/09/2022, 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:	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Liabilities under credits and loans	170,184	205,260		
Loans granted				
Other financial assets				
Other financial liabilities	195,542	189,638		
<b>Total</b>	<b>365,727</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 September 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 September 2022 and 31 December 2021 is presented below.

Sensitivity analysis for items exposed to change in interest rates	As at: 30/09/2022	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
		Liabilities under credits and loans	170,184	-1,378	1,378
Loans granted					
Other financial assets					
Other financial liabilities					
<b>Total</b>	<b>170,184</b>	<b>-1,378</b>	<b>1,378</b>	<b>1,702</b>	<b>-1,702</b>

Sensitivity analysis for items exposed to change in interest rates	As at: 31/12/2021	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
		Liabilities under credits and loans	205,260	-1,663	1,663
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 the three quarters of 2022, MIRBUD S.A. generated over 47% 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 gains. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In the three quarters 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:	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Liabilities under credits and loans		1,388				
Loans granted						
Trade and other receivables	534,428	48,128				
Trade and other liabilities						
Cash	4,183	5,538				
Other financial assets						
<b>Total</b>	<b>538,611</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 September 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: 30/09/2022	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			
Loans granted					
Trade and other receivables	534,428	43,289	-43,289	53,443	-53,443
Trade and other liabilities					
Cash	4,183	339	-339	418	-418
Other financial assets					
<b>Total</b>	<b>538,611</b>	<b>43,627</b>	<b>-43,627</b>	<b>53,861</b>	<b>-53,861</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					
Trade and other receivables	48,128	3,898	-3,898	4,813	-4,813
Trade 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 Q4 2022. As at 30 September 2022, 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 is 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 very good economic situation in the property development industry was influenced by low mortgage 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.

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

The further successful development of property development activities and the construction and letting of retail 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 property 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 of land and commence 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, Marywilska 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 Marywilska 44 are one of the largest shopping hall complexes in Poland and the largest in the capital city of Warsaw.

The basic range of products sold to customers in shopping halls at ul. Marywilska 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. Marywilska 44 within the Capital City of Warsaw.

The operations of Marywilska 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. w likwidacji and JHM 2 Sp.

z o.o. (liquidated company)

The risk of retail space lease activity in the field of warehouses and logistics facilities located in Ostróda managed by Marywilska 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 which is 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 results,



development and market position depend on its ability to create 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 property development and commercial projects;
- failure to implement property development projects and commercial 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**

Parties 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:

- provide insurance cover for contracts, including operations of subcontractors,
- implement and apply a Management System in accordance with EN ISO 9001:2000 in the following scope:

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 dividends declared to be paid;
- return of capital to shareholders;
- issuing shares and other equity instruments; selling
- assets 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:
	30/09/2022	31/12/2021
Total credits	427,797	457,112
Cash and cash equivalents	-171,045	-467,776
<b>Net debt</b>	<b>256,752</b>	<b>-10,663</b>
Equity	651,594	582,281
<b>Total capital</b>	<b>908,345</b>	<b>571,618</b>
<b>Debt ratio</b>	<b>30%</b>	<b>-2%</b>

Financial liquidity hedging ratio	in PLN thousand	
	As at:	As at:
	30/09/2022	31/12/2021
Net debt	256,752	
EBITDA	204,806	181,150
Equity	651,594	582,281
Total assets	2,353,236	2,040,605
<b>net debt/EBITDA</b>	<b>1.3</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.

## XII. NOTES TO THE CONSOLIDATED QUARTERLY REPORT

The most important achievements of the Issuer in the reporting period include:

Further supplementation of the order portfolio of the Issuer's Group, which as of 30/09/2022 amounted to approx. PLN 5,250 million for the years 2022-2025.

strengthening the competitive position in the sector of warehouse facilities and logistics centres (continuing cooperation with PANATTONI EUROPE and other international warehouse space developers);

- systematic increasing of the number of contracts for contracting authorities related to national defence
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The list of contracts concluded in the reporting period is presented in the table below.

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 facilities A, B and C in Gorzów Wielkopolski including all accompanying 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 facility A together with technical infrastructure at ul. Przelot in Toruń.
18/07/2022	93.252	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 facilities (A and B) together with the necessary infrastructure in Piła
26/07/2022 (return of signed contract)	66,571	Accolade PL VI Sp. z o.o. with its registered office in Warsaw	Construction of two warehouse buildings (A and B) together with the necessary infrastructure in Konin
29/08/2022	<b>15,825</b>	Wałcz Municipality	Public-private partnership contract. The subject of the contract is the execution of a project consisting of 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.
01/09/2022 (return of signed contract)	88,494	BCAP TAP 10 Sp. z o.o. with its registered office in Warsaw	The subject of the contract is the construction of a warehouse facility together with the necessary infrastructure at Panattoni Park WEST GATE II in Tarnowo Podgórne
21/09/2022	32,191	Medical University of Łódź	Construction of the Radiotherapy Building as part of the second stage of the Clinical and Didactic Centre of the Medical University of Łódź and the Academic Oncology Centre – building shell.
30/09/2022	534,907	General Directorate for National Roads and Motorways	Design and execution of the public task titled "Construction of the S6 Koszalin – Słupsk expressway, Section 1, End of the Koszalin and Sianów bypass /without the "Sianów Wschód" interchange/ - beginning of the Sławno bypass /with "Bobrowice" interchange/"; a consortium of companies consisting 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>
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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 S-1 Kosztowy – Bielsko-Biała expressway Section III – Dankowice – Suchy Potok interchange (with interchange);
- Design and construction of the S-10 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 expressway section (S7 Kielce Zachód interchange).

On 26 August this year, the Issuer concluded annexes to contracts with the State Treasury - General Director 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 (Kromołów) section, from km 105+836 to km 122+500”;
- “Design and construction of the S-11 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)”.

On 01/09/2022 the Issuer received information from the Contracting Authority, the Zachodniopomorskie Voivodship Road Authority in Koszalin (ul. Szczecińska 31, 75-122 Koszalin), that in the tender procedure, conducted in the open tender procedure, titled “Extension of voivodship road No. 203, section from Darłowo to the voivodeship border” the bid chosen as the most advantageous one was placed by the consortium (hereinafter referred to as the “Consortium”) of companies composed of:

- KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),
- MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).

**Bid value:** PLN 94,534 thousand

On 05/09/2022, the Issuer concluded annexes to contracts with the State Treasury - General Director of National Roads and Motorways in Warsaw. The subject of the annexes concluded is to increase the maximum indexation limit for contract works. The annexes concern the following contracts:

- “Design and construction of the A1 motorway Tuszyn (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Bełchatów interchange (without interchange) - Kamieński interchange (with interchange) from km 351+800.00 to km 376+000.00”;
- “Continuation of design and construction of the S5 expressway, section Nowe Marzy - Bydgoszcz

- - border of the Kujawsko-Pomorskie and Wielkopolskie voivodeships on the section from the “Białe Błota” interchange (without interchange) to the “Szubin” interchange (without interchange)
  - with a length of approx. 9.7 km”;
  - “Continuation of design and construction of the S5 expressway, section Nowe Marzy - Bydgoszcz - border of the Kujawsko-Pomorskie and Wielkopolskie voivodeships, divided into 2 parts: Part 2 - Continuation of design and construction of the S5 expressway from “Dworzysko” interchange (without interchange) to “Aleksandrowo” interchange (with interchange) with a length of approximately 22.4 km.”

In the reporting period, reduction in the profitability of ongoing construction contracts as a result of the economic situation related to the conflict in Ukraine constituted a significant setback for the Issuer.

#### **Information on changes in the economic situation and operating conditions having a material effect on the fair value of financial assets and liabilities**

In the reporting period there were no changes in the economic situation and operating conditions in the Group’s Companies having a material effect on the fair value of the Issuer’s financial assets and liabilities.

#### **Information on failure to repay a credit or loan or breach of material provisions of a loan or credit contract which has not been remedied by the end of the reporting period**

During the reporting period, there were no defaults in payment of credits or loans or breaches of material provisions of a credit or loan contract within the Group’s Companies in respect of which no remedial action had been taken by the end of the reporting period

#### **Description of factors and events, especially of extraordinary nature, having significant effect on the achieved financial results.**

The military conflict in Ukraine should be cited as an unusual factor occurring in the reporting period which had a significant impact on the achieved financial results. The impact of this factor is described in Note 40 Risk Factors - Risks related to the military conflict in Ukraine.

Other factors and events, especially of extraordinary nature, having effect on the achieved financial result are described in Note No. 40.

#### **Explanations regarding seasonality or cyclicity of the Issuer’s operations in the presented period.**

No seasonality or cyclicity with regard to the conducted operations occurred in the presented period.

#### **Information on issue, redemption and repayment of non-equity and equity securities.**

In the reporting period, the Issuer did not issue, redeem or repay any debt or equity securities.

#### **Events subsequent to the date of the consolidated extended financial statements for Q3 2022 which have not been included in these statements but may have a significant effect on the Issuer’s future financial results.**

The following events occurred after the date of the consolidated extended financial statements for Q3 2022 which have not been included in these statements but may have a significant effect on the Issuer’s future financial results:

- Signing of a contract with Makro Cash and Carry Polska S.A., with its registered office in Warsaw, on 04/10/2022, for the construction of an office building with parking spaces and infrastructure on a part of the property located in Warsaw at al. Jerozolimskie 184. **Contract value: PLN 45,870**

Signing of a contract on 03/11/2022 by a consortium of companies comprising:

- – KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),
- MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner)

with the Zachodniopomorskie Voivodship with its registered office in Szczecin for: “Extension of voivodship road No. 203 on the Darłowo - voivodeship border section”. **Contract value: PLN 94,534**

- Receipt on 10/11/2022 of information from the Contracting Authority, Agencja Rozwoju Miasta Krakowa Sp. z o.o. (address: ul. Kościuszki 57, 30-081 Kraków), 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 “Kraków Music Centre” utility building at ul. Piastowska in Kraków.” **Bid value: PLN 94,700**
- Signing of a contract with the Capital City of Warsaw, Bemowo District in Warsaw on 23/11/2022 for the execution of the task titled “Construction of a school building under the school and kindergarten complex project within the Chrzanów housing estate, Bemowo District of the capital city of Warsaw.” **Contract value: PLN 68,862**
- Signing of a contract with PIT-RADWAR SPÓŁKA AKCYJNA with its registered office in Warsaw on 23/11/2022 for the execution of the project titled “Extension of the plant consisting of the construction of a complex of production and assembly buildings with an office and social area, an internal road with accompanying technical infrastructure and including necessary demolition and coordination with other investment tasks.” **Contract value: PLN 96,605**

**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 Group’s organisational structure 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”

**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 Issuer did not publish forecasts, and the indicated period was not covered by forecasts published in previous periods.

**Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer’s General Meeting as at the date of submitting the consolidated quarterly report.**

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2022 to 30/09/2022.

**Information on changes in shareholders holding more than 5% of the Issuer’s shares.**

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2022 to 30/09/2022.



**Summary of number of shares of the Issuer or the rights to them held by managers and supervisors of the issuer as at the date of the report, together with an indication of changes in ownership during the period of the previous report, separately for each person.**

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2022 to 30/09/2022.

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

**Information about pending material proceedings regarding liabilities or receivables of the Issuer pending before court, competent arbitration authority or public administration authority.**

As at the date of the report, there were no material proceedings regarding liabilities or receivables of the Issuer pending before any court, competent arbitration authority or public administration authority.

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 S-5 expressway. As at 30/09/2022, the total value of disputes of KOBYLARNIA S.A. with GDDKiA amounted to PLN 71,820 thousand.

Information on court proceedings is presented in Note No. 38 - Litigation to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2022 to 30/09/2022.

**Information on material settlements under litigation**

There were no material settlements under litigation in the reporting period.

**Information about the conclusion by the Issuer or its subsidiary of one or more transactions with affiliates, if they are individually or jointly significant and were concluded pursuant to non-arm's length conditions.**

During the period covered by the report and until the report publication date, the Issuer and its subsidiaries did not conclude any transactions with affiliates which were individually or jointly significant and were concluded pursuant to non-arm's length conditions.

**Information on credit or loan sureties or guarantees granted by the Issuer or its subsidiary - jointly to one entity or its subsidiary.**

Information is presented in Note No. 39 - Contingent liabilities to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2022 to 30/09/2022.

**Information on factors which, in the opinion of the Issuer, would affect its results in the perspective of at least the next 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 general 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 investments using EU funds;

- the economic situation in the countries of the European Union;
- government policy on construction, especially housing, monetary policy (interest rate policy and its impact on the credit cost), the situation in the financial markets, availability and costs of bank credits and guarantees;
- trends in the preferences of potential home buyers, and the level and conditions of competition;
- the rate of growth of investments in the public sector (in particular in road construction);
- the development of the price level of construction materials as well as construction services, the availability of skilled workers on the market and their wage levels, 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 condition of the Group Companies, in particular MIRBUD S.A.,
- established position in the industrial building construction sector, systematic development of the Group in the engineering and road construction sector,
- systematic filling of the order portfolio for 2022 - 2025, diversified order portfolio for 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 investment in modern machinery;
- achieving financial results consistent with the planned results by the Group's subsidiaries.



### XIII. SEPARATE FINANCIAL INFORMATION OF MIRBUD S.A. FOR 3 QUARTERS OF 2022

#### 1. Separate statements of comprehensive income

Profit and loss account	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
<b>Continued operations</b>					
Sales revenue	17	665,413	1,631,893	556,651	1,158,873
Own cost of sales	18	-612,415	-1,513,784	-505,178	-1,047,856
<b>Gross profit from sales</b>		<b>52,998</b>	<b>118,109</b>	<b>51,474</b>	<b>111,017</b>
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19				
Other operating and investment activity revenue	20	5,837	10,811	4,410	10,246
Other costs of operating and investment activities	20	-13,158	-33,867	-11,072	-30,527
<b>EBIT</b>		<b>45,677</b>	<b>95,053</b>	<b>44,812</b>	<b>90,736</b>
Financial revenue		6,029	35,260	1,784	3,394
Financial expenses	21	-4,789	-13,064	-1,790	-5,723
<b>Pre-tax activity profit (loss)</b>		<b>46,917</b>	<b>117,250</b>	<b>44,806</b>	<b>88,406</b>
Income tax attributable to continued operations	22	-9,037	-22,443	-9,490	-18,176
<b>Profit (loss) on continued operations</b>		<b>37,880</b>	<b>94,806</b>	<b>35,316</b>	<b>70,230</b>
<b>Discontinued operations</b>					
Revenue from discontinued operations	23				
Costs of discontinued operations					
<b>Pre-tax profit (loss) on discontinued operations</b>					
Income tax attributable to discontinued operations					
<b>Profit (loss) on discontinued operations</b>					
<b>NET PROFIT (LOSS)</b>		<b>37,880</b>	<b>94,806</b>	<b>35,316</b>	<b>70,230</b>
Assigned to non-controlling shares					
<b>Assigned to the owners of the parent</b>	-	<b>37,880</b>	<b>94,806</b>	<b>35,316</b>	<b>70,230</b>

Other comprehensive income	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Components which will not be subsequently reclassified to the profit and loss account					
Components which will be reclassified into profit or loss when certain conditions are met					
<b>Other net comprehensive income</b>	24				
Assigned to non-controlling shares					
<b><u>Assigned to the owners of the parent</u></b>	-	-	-	-	-
Total comprehensive income	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Total comprehensive income		37,880	94,806	35,316	70,230
Assigned to non-controlling shares					
<b><u>Assigned to the owners of the parent</u></b>	-	<b><u>37,880</u></b>	<b><u>94,806</u></b>	<b><u>35,316</u></b>	<b><u>70,230</u></b>

## 2. Separate statement of financial position

Assets	Note No.	in PLN thousand		
		As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
<b>Fixed assets</b>		<b>591,371</b>	<b>557,475</b>	<b>543,244</b>
Property, plant and equipment	1	68,131	65,465	64,366
Investment real property	2			
Intangible assets	3	484	733	830
Long-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4	472,108	472,108	447,778
Investments measured using the equity method.	5			
Long-term trade and other receivables, including: prepayments and accruals	6	398	47	7
Biological assets	7			
Deferred income tax assets	22	50,250	19,122	30,262
<b>Current assets</b>		<b>932,953</b>	<b>664,417</b>	<b>651,557</b>
Inventories	9	4,734	1,075	13,849
Receivables on account of the income tax	22			
Trade and other receivables, including: prepayments and accruals	6	836,499	439,160	511,299
Short-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4	1,198	2,714	3,526
Cash and cash equivalents	10	91,720	224,182	126,409
Fixed assets held for sale	11			
<b>Total assets</b>	-	<b>1,524,323</b>	<b>1,221,892</b>	<b>1,194,801</b>

Capitals and liabilities	Note No.	in PLN thousand		
		As at: 30/09/2022	As at: 31/12/2021	As at: 30/09/2021
<b>Equity</b>	<b>12</b>	<b>441,946</b>	<b>365,488</b>	<b>355,364</b>
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		115,103	115,103	115,103
Retained profit, including:		317,668	241,211	231,086
<i>Profit/loss in the reporting period</i>		<i>94,806</i>	<i>80,355</i>	<i>70,230</i>
Equity attributable to shareholders of the parent		441,946	365,488	355,364
Capital attributable to non-controlling shares				
<b>Total liabilities</b>		<b>1,082,377</b>	<b>856,404</b>	<b>839,437</b>
<b>Long-term liabilities and provisions for liabilities</b>		<b>327,633</b>	<b>304,488</b>	<b>342,079</b>
Deferred income tax provision	22	14,066	8,705	8,565
Other provisions for long-term liabilities	13	95	95	103
Long-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	103,379	68,765	74,294
Long-term trade and other liabilities, including: prepayments and accruals	15	210,093	226,923	259,116
<b>Short-term liabilities and provisions for liabilities</b>		<b>754,745</b>	<b>551,916</b>	<b>497,358</b>
Provisions for short-term liabilities	13	2,247	3,680	1,814
Short-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	34,418	79,836	61,741
Trade and other liabilities, including: prepayments and accruals	15	686,722	450,877	405,195
Liabilities under deferred income tax	22	31,358	17,524	28,609
Liabilities directly related to fixed assets classified as held for sale	11			
<b>Total capitals and liabilities</b>	<b>-</b>	<b>1,524,323</b>	<b>1,221,892</b>	<b>1,194,801</b>

### 3. Separate statement of cash flows

Statement of cash flows	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
<b>Pre-tax profit</b>		<b>46,917</b>	<b>117,250</b>	<b>44,806</b>	<b>88,406</b>
<b>Total adjustments</b>		<b>12,423</b>	<b>-192,933</b>	<b>-42,098</b>	-135,192
Amortisation		2,017	5,813	1,730	4,920
Profit / loss under exchange rate differences					
Profit / loss on investment activities		20	27	-399	-1,003
Borrowing costs		5,942	9,835	1,047	3,255
Change in liabilities with the exclusion of financial liabilities		22,045	218,926	-6,698	178,955
Change in receivables		-22,894	-398,855	-32,218	-313,894
Change in inventories		2,850	-3,659	-5,469	-6,029
Change in provisions		-41	-1,433	797	685
Profit / loss on other financial instruments		-79	-24,665	-2	-118
Other changes in working capital		2,562	1,078	-886	-1,963
<b>Cash from operating activities</b>		<b>59,340</b>	<b>-75,684</b>	<b>2,708</b>	<b>-46,786</b>
Income tax paid		-26,917	-34,376	-4,578	-19,450
<b>Net cash from operating activities</b>		<b>32,423</b>	<b>-110,059</b>	<b>-1,870</b>	<b>-66,236</b>
Sale of property, plant and equipment		2	358	320	1,003
Purchase of property, plant and equipment		-564	-3,261	-457	-566
Sale of intangible assets					
Purchase of intangible assets					
Sale of investment real property					
Purchase of investment real property					
Repayment of loans granted to related parties					
Granting loans to related parties					
Repayment of loans granted to other parties					
Granting loans to other parties					
Sales of financial instruments classified as investing activity					
Acquisition of financial instruments classified as investing activity					
Received dividends			24,844		1,717
Received interest		-644	160		994
Other inflows (expenditure) from investment activity		-39	-39	-840	-17,835
<b>Net cash from investment activity</b>		<b>-1,246</b>	<b>22,062</b>	<b>-977</b>	<b>-14,687</b>
Inflows from shareholders					
Payments to owners			-18,349		-7,340

Commitment of liabilities under loans and credits	1,191	10,629	7,572	21,406
Repayment of liabilities under loans and credits	-7,160	-20,092	-4,134	-7,621
Repayment of liabilities under leasing	-2,288	-6,657	-2,811	-7,315
Receipt under issue of debt instruments				
Expenditure on redemption of debt instruments				
Interest paid and other debt service expenditure	-5,297	-9,995	-1,791	-5,722
Other financial receipts/expenditures				
<b>Cash from financial activity</b>	<b>-13,556</b>	<b>-44,465</b>	<b>-1,164</b>	<b>-6,592</b>
<b><u>Net increases (decreases) in cash and cash equivalents</u></b>	<b><u>17,622</u></b>	<b><u>-132,461</u></b>	<b><u>-4,011</u></b>	<b><u>-87,515</u></b>
Effect of changes in foreign exchange rates on cash denominated in foreign currencies				
Change in cash and cash equivalents, net of foreign exchange differences				
Opening balance of cash and cash equivalents	74,099	224,182	120,432	213,924
<b>Cash closing balance</b>	<b>91,721</b>	<b>91,721</b>	<b>126,409</b>	<b>126,409</b>
including cash and cash equivalents with restricted availability	40,774	40,774	50,230	50,230

#### 4. Separate statement of changes in equity

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other capitals power supply	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2022</b>	<b>9,174</b>		<b>115,103</b>	<b>241,211</b>	<b>365,488</b>		<b>365,488</b>
Total profits (losses) for the period				94,806	94,806		94,806
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>94,806</b>	<b>94,806</b>		<b>94,806</b>
Owner contributions							
Payments to owners				-18,349	-18,349		-18,349
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>76,457</b>	<b>76,457</b>		<b>76,457</b>
<b>As at 30/09/2022</b>	<b>9,174</b>		<b>115,103</b>	<b>317,668</b>	<b>441,946</b>		<b>441,946</b>

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/10/2021</b>	<b>9,174</b>		<b>115,103</b>	<b>168,195</b>	<b>292,473</b>		<b>292,473</b>
Total profits (losses) for the period				80,355	80,355		80,355
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>80,355</b>	<b>80,355</b>		<b>80,355</b>
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control				-7,340	-7,340		-7,340
Other changes in equity							
<b>Changes in equity during the period</b>				<b>73,015</b>	<b>73,015</b>		<b>73,015</b>
<b>As at 31/12/2021</b>	<b>9,174</b>		<b>115,103</b>	<b>241,211</b>	<b>365,488</b>		<b>365,488</b>



Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/10/2021</b>	<b>9,174</b>		<b>115,103</b>	<b>168,195</b>	<b>292,473</b>		<b>292,473</b>
Total profits (losses) for the period				70,230	70,230		70,230
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>70,230</b>	<b>70,230</b>		<b>70,230</b>
Owner contributions							
Payments to owners				-7,340	-7,340		-7,340
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>62,891</b>	<b>62,891</b>		<b>62,891</b>
<b>As at 30/09/2021</b>	<b>9,174</b>		<b>115,103</b>	<b>231,086</b>	<b>355,364</b>		<b>355,364</b>

## 5. Other revenue and operating costs

Other revenue and costs of operating and investment activities	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Sales costs				
Overheads	-8,905	-24,870	-8,036	-22,643
Revaluation write-downs of non-investment assets				
Reversal of revaluation write-downs of non-investment assets				291
Restructuring costs				
Court proceedings settlement result	79	-179	-120	-96
Result of sale of non-investment fixed assets	-20	-27	399	1,003
Revenue from revaluation of investment real property				
Costs under revaluation of investment real property				
Result of sale of investment real property				
Result of sale of all or part of subordinate parties				
Result of sale of other financial investments				
Dividends		24,844		1,717
Interest	312	1,117	200	994
Result of revaluation of other financial investments measured at fair value through financial result				
Result of measurement of investments recognised using the equity method				
Revaluation write-downs of other financial assets				
Reversal of revaluation write-downs of other financial assets				
Foreign exchange differences of operating and investment activities	5,717	9,299	1,584	683
Other revenue	5,758	10,811	4,011	8,952
Other costs	-4,232	-8,791	-2,916	-7,788
<b>Total revenue</b>	<b>11,866</b>	<b>46,071</b>	<b>6,194</b>	<b>13,640</b>
<b>Total costs</b>	<b>-13,158</b>	<b>-33,867</b>	<b>-11,072</b>	<b>-30,527</b>

## 6. Financial expenses

Financial costs	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Interest on credits	-3,089	-7,024	-750	-2,699
Interest on loans from related parties				
Interest on loans from other parties				
Interest on bonds for related parties				
Interest on bonds for other parties				
Interest on liabilities under finance lease agreements from related parties				
Interest on liabilities under finance lease agreements from other parties	-551	-1,314	-193	-537
Other interest for related parties	-900	-1,576	-700	-1,948
Other interest for other parties	-40	-82	-13	-75
Measurement of equity instruments				
Interest under factoring contracts				-19
Foreign exchange differences on financial liabilities				
Other financial costs for related parties				
Other financial costs for other parties	-209	-3,068	-135	-446
<b>Total financial costs</b>	<b>-4,789</b>	<b>-13,064</b>	<b>-1,790</b>	<b>-5,723</b>

## 7. Costs by type

Cost structure by types	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2022 to 30/09/2022	from 01/01/2022 to 30/09/2022	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Amortisation	-2,017	-5,813	-1,730	-4,920
Consumption of materials and energy	-94,812	-299,154	-73,762	-140,692
Outsourced services	-489,019	-1,154,068	-413,690	-855,305
Taxes and fees, including:	-65	-592	-82	-597
Remuneration	-14,852	-41,979	-11,944	-33,782
Social insurance and other benefits	-3,402	-8,551	-2,923	-6,972
Other costs by type	-6,366	-17,324	-4,293	-11,203
Value of goods and materials sold	-10,787	-11,174	-4,789	-17,028
Manufacturing cost of products for internal purposes				
<b>Total</b>	<b>-621,320</b>	<b>-1,538,654</b>	<b>-513,214</b>	<b>-1,070,499</b>

## 8. Trade and other receivables

Trade and other receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Long-term receivables</b>			
trade receivables from related parties			
trade receivables from other parties			
other receivables from related parties			
other receivables from other parties			
<b>Short-term receivables</b>	<b>835,301</b>	<b>436,446</b>	<b>507,774</b>
trade receivables from related parties	13,771	17,788	14,378
trade receivables from other parties	739,754	337,541	370,839
retained amounts under execution of contracts from related parties			
retained amounts under execution of contracts from other parties	43,115	47,127	85,732
other receivables from related parties			
other receivables from other parties	4	4	3
amounts transferred for deliveries	25,242	29,104	33,791
budget receivables except for corporate income tax settlements			
disputed receivables brought before the court	4,196	4,883	3,030
accrual of receivables under settlement of long-term contracts	9,220		
<b>Total</b>	<b>835,301</b>	<b>436,446</b>	<b>507,774</b>

Age structure of receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b>Gross trade receivables</b>	<b>857,421</b>	<b>458,566</b>	<b>529,894</b>
<b>not past due, including:</b>	<b>461,521</b>	<b>310,015</b>	<b>475,860</b>
payable up to 1 month	301,525	176,718	248,205
payable from 1 to 3 months	116,881	86,171	141,922
payable from 3 to 12 months	43,115	47,127	85,732
payable from 1 to 5 years			
<b>past due, including:</b>	<b>395,900</b>	<b>148,551</b>	<b>54,034</b>
overdue up to 1 month	130,643	56,408	19,906
overdue from 1 to 3 months	121,026	45,790	10,743
overdue from 3 to 6 months	93,938	22,164	2,359
overdue from 6 to 12 months	27,338	2,761	13
overdue over 12 months	22,955	21,428	21,013
receivables in respect of which credit risk has significantly increased	-563	-563	-563
receivables revaluation write-down	-21,557	-21,557	-21,557
<b>Net trade receivables</b>	<b>835,301</b>	<b>436,446</b>	<b>507,774</b>

## 9. Trade and other liabilities

Trade and other liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b><u>Long-term liabilities</u></b>	<b><u>210,093</u></b>	<b><u>226,923</u></b>	<b><u>259,116</u></b>
Trade liabilities to related parties			
retained amounts to related parties			
Other liabilities due to related parties			
Trade liabilities to other parties			
Retained amounts to other parties	104,822	58,921	74,718
Advance payments received	105,271	168,002	184,398
Other liabilities due to other parties			
<b><u>Short-term liabilities</u></b>	<b><u>686,217</u></b>	<b><u>450,283</u></b>	<b><u>404,823</u></b>
Trade liabilities to related parties	52,592	7,454	1,134
retained amounts to related parties			
Other liabilities due to related parties	21,460	13,635	13,635
Trade liabilities to other parties	299,750	274,888	321,716
Liabilities under settlement of long-term contracts	229,657	62,511	
Advance payments received	8,563	31,414	23,898
Bills of exchange liabilities			
Budget liabilities except for corporate income tax settlements	39,430	6,990	20,471
Remuneration settlements	3,333	2,703	2,708
Retained amounts to other parties	31,432	50,688	21,261
Other liabilities due to other parties			
<b><u>Total</u></b>	<b><u>896,309</u></b>	<b><u>677,207</u></b>	<b><u>663,939</u></b>

Age structure of liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2022	31/12/2021	30/09/2021
<b><u>Trade liabilities</u></b>	<b><u>896,309</u></b>	<b><u>677,207</u></b>	<b><u>663,939</u></b>
<b>not overdue</b>	<b>808,930</b>	<b>668,726</b>	<b>660,605</b>
payable up to 1 month	471,301	291,908	268,672
payable from 1 to 3 months	87,540	67,792	87,658
payable from 3 to 12 months	39,996	82,102	45,159
payable from 1 to 5 years	210,093	226,923	259,116
overdue up to 1 month	48,532	8,132	2,619
overdue from 1 to 3 months	38,847	349	715
overdue from 3 to 6 months			
overdue from 6 to 12 months			
overdue over 12 months			
<b><u>Total past due</u></b>	<b><u>87,380</u></b>	<b><u>8,481</u></b>	<b><u>3,334</u></b>

#### XIV. APPROVAL FOR PUBLICATION

The financial statements were approved for publication and signed by the Management Board on 29/11/2022.

Signature Not Verified  
Document signed by JERZY  
MIRGOS  
Date: 2022.11.29 12:16:20 CET

Signature Not Verified  
Document signed by Sławomir  
Nowak  
Date: 2022.11.29 12:17:18 CET

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

Signature Not Verified  
Document signed by PAWEŁ  
KORZENIOWSKI  
Date: 2022.11.29 12:19:42 CET

Signature Not Verified  
Document signed by  
TOMASZ SAŁATA  
Date: 2022.11.29 12:18:29 CET

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

Signature Not Verified  
Document signed by ANNA  
ZUCHORA  
Date: 2022.11.29 12:21:08 CET

Anna Zuchora
Person entrusted with bookkeeping