Financial Statements

for the period from 01/01/2022 to 31/12/2022

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

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I. Basic financial data.

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 31/12/2022	from 01/01/2021 to 31/12/2021	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
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 =			4.6883	4.5775
Sales revenue	2,325,180	1,747,862	495,955	381,838
Profit (loss) on operating activities	128,569	104,466	27,424	22,822
Pre-tax profit (loss)	146,227	99,210	31,190	21,673
Net profit (loss)	120,221	80,354	25,643	17,554
Total income for the net financial year	120,221	80,354	25,643	17,554
Net cash flows from operating activities	78,341	48,259	16,710	10,543
Net cash flows from investing activity	24,356	-40,440	5,195	-8,835
Net cash flows from financial activities	-33,077	2,438	-7,055	533
Total net cash flows	69,620	10,258	14,850	2,241
Net profit (loss) per share in PLN/EUR	1.31	0.88	0.28	0.19
Net profit (loss) diluted per share in PLN/EUR	1.31	0.88	0.28	0.19

Selected separate financial data	in PLN thousand		in EUR thousand	
	As of:	As of:	As of:	As of:
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Asset and liability items according to the average exchange rate determined by the National Bank of Poland as of the reporting date, respectively: EUR 1 =			4.6899	4.5994
Total assets	1,426,132	1,221,892	304,086	265,663
Liabilities and provisions for liabilities	958,771	856,404	204,433	186,199
Long-term liabilities	256,547	304,488	54,702	66,202
Short-term liabilities	702,225	551,916	149,731	119,997
Equity	467,360	365,488	99,652	79,464
Share capital	9,174	9,174	1,956	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	5.09	3.98	1.09	0.87
Diluted book value per share in PLN/EUR	5.09	3.98	1.09	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 (tax identification number)	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.com.pl
Website	www.mirbud.com.pl

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 Art. 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 as follows:

- General construction and civil engineering
- Freight transport by road
- Lease of construction and demolition equipment with operator service
- Advertising and publishing activities
- Lease of premises for own account
- Wholesale of materials for the construction industry

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
Stanisław Lipiec	Member of the Supervisory Board
Artur Sociński	Member of the Supervisory Board
Jacek Tucharz	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.

On 7 December 2022, the term of office of Mr. Hubert Bojdo as a Member of the Supervisory Board expired.

On 19 December 2022, Mrs. Wiktoria Braun submitted a declaration of resignation from her position as Member of the Supervisory Board of MIRBUD S.A. as of 31 December 2022.

On 30 January 2023, the Extraordinary General Meeting of Shareholders adopted a resolution on the appointment of Mr. Stanisław Lipec and Mr. Jacek Tucharz to the Supervisory Board of MIRBUD S.A.

III. Basic information on the financial statements

Basis of preparation

The Financial Statements have been prepared pursuant to Art. 4 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 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 annual financial statements for the period from 01/01/2022 to 31/12/2022 and comparatives have been prepared in accordance with the applicable accounting policies, which give a true, fair and clear view of the Company's financial and asset position. The Management Board's report on business activities presents a comprehensive view of the development, achievements and the financial and asset situation, including a detailed description of fundamental threats and risk. The Management Board's report on activities is a development of the data contained in these statements and is published together with them.

The entity entitled to audit financial statements which carried out the annual audit of the financial statements, was selected in accordance with the provisions of law. This entity and the expert auditors who carried out the audit met the requirements allowing them to issue an unbiased and independent opinion, in accordance with the applicable provisions and professional standards.

Going concern

These financial statements have been prepared based on the assumption that the business activity will continue in the foreseeable future. As of the day of presentation of these financial statements there are no circumstances indicating a threat to the continuation of the activity.

Functional currency

The functional 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.
Transactions expressed in foreign currencies are converted into functional currency according to the exchange rate applicable on the day of transaction. Exchange gains and losses on the settlement of these transactions and on the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
Exchange differences on monetary items, such as financial assets at fair value by financial result, are reported within gains and losses on changes in fair value.
Financial Statements in accordance with International Financial Reporting Standards (in thousands of PLN) fair value expressed in a foreign currency is translated using the exchange rates prevailing at the date at which the fair value was measured.

IV. Statement of comprehensive income.

Profit and loss account	Note No.	in PLN thousand	
		For the period:	For the period:
		from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Continued operations			
Sales revenue	17	2,325,180	1,747,862
Own cost of sales	18	-2,164,601	-1,613,743
Gross profit from sales		**160,579**	**134,119**
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	18,789	11,644
Other costs of operating and investment activities	20	-50,799	-41,298
EBIT		**128,569**	**104,466**
Financial revenue		35,146	7,029
Financial expenses	21	-17,489	-12,285
Pre-tax activity profit (loss)		**146,227**	**99,210**
Income tax attributable to continuing operations	22	-26,006	-18,855
Profit (loss) on continuing operations		**120,221**	**80,354**
Discontinued operations	23		
Revenue from discontinued operations			
Costs of discontinued operations			
Pre-tax profit (loss) on discontinued operations			
Income tax attributable to discontinued activities			
Profit (loss) on discontinued operations			
NET PROFIT (LOSS)		**120,221**	**80,354**
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	**120,221**	**80,354**

Other comprehensive income	Note No.	in PLN thousand	
		For the period:	For the period:
		from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Components which will not be subsequently reclassified to the income statement			
Components which will be reclassified into profit or loss when certain conditions are met			
Other total net income	24		
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	-	-

Total comprehensive income	Note No.	in PLN thousand	
		For the period:	For the period:
		from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Total comprehensive income		120,221	80,354
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	**120,221**	**80,354**

V. Statement of financial situation.

Assets	Note No.	in PLN thousand	
		As of:	As of:
		31/12/2022	31/12/2021
Fixed assets		**582,228**	**557,475**
Tangible fixed assets	1	69,538	65,465
Investment property	2		
Intangible assets	3	389	733
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	472,108	472,108
Investments measured using the equity method.	5		
Long-term trading and other receivables, including:	6	5,958	47
prepayments and accruals		419	47
Biological assets	7		
Deferred income tax assets	22	34,235	19,122
Current assets		**843,904**	**664,417**
Inventory	9	1,267	1,075
Receivables on account of the income tax	22		
Trading and other receivables, including:	6	548,836	439,160
prepayments and accruals		802	2,714
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4		
Cash and cash equivalents	10	293,801	224,182
Fixed assets held for sale	11		
Total assets	-	**1,426,132**	**1,221,892**

Capitals and liabilities	Note No.	in PLN thousand	
		As of:	As of:
		31/12/2022	31/12/2021
Equity	**12**	**467,360**	**365,488**
Issued share capital		9,174	9,174
Issue price surplus over nominal value of shares			
Other reserve capitals		115,103	115,103
Retained profit, including:		343,082	241,210
Profit/loss in the reporting period		*120,221*	*80,354*
Equity attributable to shareholders of the parent		467,360	365,488
Capital attributable to non-controlling shares			
Total liabilities		**958,771**	**856,404**
Long-term liabilities and provisions for liabilities		**256,547**	**304,488**
Deferred income tax provision	22	22,991	8,705
Other provisions for long-term liabilities	13	61	95
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	122,002	68,765
Long-term trading and other liabilities, including:	15	111,493	226,923
prepayments and accruals			
Short-term liabilities and provisions for liabilities		**702,225**	**551,916**
Provisions for short-term liabilities	13	2,176	3,680
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	34,355	79,836
Trading and other liabilities, including:	15	654,464	450,877
prepayments and accruals		484	593
Liabilities under deferred income tax	22	11,230	17,524
Liabilities directly related to fixed assets classified as held for sale	11		
Total capitals and liabilities	-	**1,426,132**	**1,221,892**

VI. Statement of cash flows.

Statement of cash flows	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Pre-tax profit	**146,227**	**99,210**
Total adjustments	**-34,760**	-31,015
Amortisation	7,859	6,698
Profit / loss under exchange rate differences		
Profit / loss on investment activities		-1,028
Borrowing costs	9,845	5,461
Change in liabilities with the exclusion of financial liabilities	88,157	191,886
Change in receivables	-114,046	-242,566
Change in inventories	-192	6,745
Change in provisions	-1,538	1,858
Profit / loss on other financial instruments	-26,271	900
Other changes in working capital	1,427	-969
Cash from operating activity	**111,467**	**68,194**
Income tax paid	-33,127	-19,935
Net cash from operating activities	**78,341**	**48,259**
Sale of tangible fixed assets	1,568	1,205
Purchase of property, plant and equipment	-3,450	-1,197
Sale of intangible assets		
Purchase of intangible assets	-33	
Sale of investment property		
Purchase of investment 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		62,165
Acquisition of financial instruments classified as investing activity		-104,330
Received dividends	24,844	1,717
Received interest	1,427	
Other inflows (expenditure) from investment activity		
Net cash from investment activity	**24,356**	**-40,440**
Inflows from shareholders		
Payments to owners	-18,349	-7,340
Commitment of liabilities under loans and credits	13,182	32,713
Repayment of liabilities under loans and credits	-7,588	-10,165
Repayment of liabilities under leasing	-9,050	-7,309
Receipt under issue of debt instruments		
Expenditure on redemption of debt instruments		

Interest paid and other debt service expenditure	-11,272	-5,461
Other financial receipts/expenditures		
Cash from financial activity	**-33,077**	**2,438**
Net increases (decreases) in cash and cash equivalents	**69,620**	**10,258**
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	224,182	213,924
Cash closing balance	**293,801**	**224,182**
including cash and cash equivalents with restricted availability	42,584	110,166

VII. Statement of changes in equity.

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
As of 01-01-2022	**9,174**		**115,103**	**241,210**	**365,488**		**365,488**
Total profits (losses) for the period				120,221	120,221		120,221
Other comprehensive income							
Comprehensive income for the period				**120,221**	**120,221**		**120,221**
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							-
Changes in equity during the period				**101,872**	**101,872**		**101,872**
As of 31-12-2022	**9,174**		**115,103**	**343,082**	**467,360**		**467,360**

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
As of 01-01-2021	**9,174**		**115,103**	**168,195**	**292,473**		**292,473**
Total profits (losses) for the period				80,354	80,354		80,354
Other comprehensive income							
Comprehensive income for the period				**80,354**	**80,354**		**80,354**
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							-
Changes in equity during the period				**73,015**	**73,015**		**73,015**
As of 31-12-2021	**9,174**		**115,103**	**241,210**	**365,488**		**365,488**

VIII. Accounting principles applied by the Group.

Intangible assets

The Company 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 of 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 use value. When determining the use 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 income statement.

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:

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. Gains 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 income statement 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 of 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.

Tangible fixed assets

Tangible fixed assets 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 income statement 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 is disclosed at acquisition cost or production price less 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 tangible fixed assets are as follows:

Item	Annual amortisation rate
Land (right of perpetual usufruct)	is not amortised
Buildings and structures	1.5% – 2.5%
Machines and technical equipment	7% – 30%
Means of transport	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 tangible fixed 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 use value. When determining the use 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 income statement 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 under construction or assembly are disclosed at acquisition price or production cost. Fixed assets under construction 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 of 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.

Advance payments paid for the purchase of Tangible Fixed Assets 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 in the "profit from previous years".

The right of perpetual usufruct of land acquired on the secondary market is measured at acquisition price 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 of 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 income statement 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. Finance income 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 of including non-renewable natural resources in the records (use) are recognised in the income statement at the time 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 use value. When determining the use 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 income statement 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 Company 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 Company 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 property

Investment 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 Company.

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. Gains or losses arising from changes in the fair value of investment property are recognised in the income statement in the period in which they arise. The fair value of investment property reflects market conditions as of 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 property intended for resale, treated as goods, are recorded and spent according to the principle of detailed identification.

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 Company 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 of the balance-sheet date, inventories are measured at acquisition or purchase prices or production cost, however, not higher than their net selling price (net realisable value). Net realisable value is the difference between the estimated selling 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 of 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 income. Circumstances indicating the need to make a revaluation write-down on inventories include in particular:

- impairment of the value in use of inventories (destruction, overdue inventories),
- the balance of inventories exceeds the demand and the possibility of sale by the Company,
- low inventory turnover;
- the loss of market value due to lower sales prices of competitors.

As of 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 Company 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 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 counterparty (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.

Cash and cash equivalents, including restricted cash

The reported item 'Cash and cash equivalents' consists of cash on hand, demand deposits and those deposits that are readily convertible to a specific amount of cash and that are exposed to an insignificant risk of changes in value.

The Company's restricted cash primarily includes:

- providing security for bank guarantees,
- cash accumulated in open housing trust accounts,
- cash accumulated in split payment accounts,

- funds in escrow accounts

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 deferrals 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 accruals and prepayments 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 contributions,
- lease 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 accruals and prepayments

Revenue accruals and prepayments 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 asset components or financial liabilities measured at fair value through profit and loss account - assets and liabilities acquired or incurred mainly for the purpose of selling or repurchasing them in the near term or being part of a portfolio of specific 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 Company has the positive intention and ability to hold to maturity.

- loans and receivables - non-derivative financial assets with fixed or determinable payments that are not traded on an active market.

- financial assets available for sale - non-derivative financial assets which have been designated as available for sale or which are not loans and receivables, held-to-maturity investment developments 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 of the day of their creation

As of the date of acquisition, financial assets and liabilities are measured by the Company 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 Company 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 of the balance-sheet date

The measurement of financial instruments as of 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 income statement.

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 such a case, the cumulative profit or loss on the hedging instrument is recognised directly in equity until the planned transaction occurs;
- the planned transaction is no longer expected to be executed, therefore all accumulated profit

or loss related to the hedging instrument, recognised directly in equity, is recognised in the profit and loss account.

Derivatives

Derivatives are recognised at fair value at the date the contract is entered into and subsequently remeasured to fair value at each reporting period end date. Derivatives are reported as assets when their value is positive and as liabilities when their value is negative, and the gain or loss on valuation of the instruments is recognised immediately in profit or loss.

A derivative financial instrument is classified as a short-term financial instrument if the settlement date for that instrument or part of it is within one year of the end of the reporting period. If the settlement date of a financial instrument is more than one year from the end of the reporting period, such an instrument or part of it is classified as a non-current financial instrument.

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 Company.

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 from previous years, 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 entities and liabilities towards other entities are separated.
Advances received from contractors for the provision of services are presented in the financial statements under 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.

The identified contingent liabilities are subject to presentation in the financial statements in additional notes and explanations.

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 income statement, less all reimbursements.
The Company 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 of 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 selling 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 the economic benefits associated with the transaction will flow to the entity,
- the degree of execution of the transaction at the balance-sheet date can be determined reliably,
- the costs incurred in connection with the transaction and the costs of completing 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 income 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 an economic substance.

Accounting in terms of grants

Subsidies are recognized if there is reasonable certainty that the subsidy will be obtained and all related conditions will be met.
Grants relating to items of property, plant and equipment are recognised as deferred income and are accounted for systematically in other operating income over the useful life of the depreciable asset.
Subsidies related to cost items are recognized as a reduction of costs when incurred, and the surplus of the subsidy received over the value of the relevant costs is recognized in other operating income.

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 of 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 the profit and loss account being the cost accounting format.

The total cost of products, goods and materials sold includes:
production cost of products sold,
production 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 of 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 of the transaction date. Foreign 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 foreign exchange risk, which are recognised directly in capital in accordance with the cash flows hedge accounting principles.

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 of the balance sheet date shall be the average exchange rate of the NBP announced as of 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 of 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 off. 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.

Other taxes

Revenues, expenses, and assets are recognised net of the amount of value added tax, except:

- where the value added tax paid on the purchase of assets or services is not recoverable from the tax authorities, in which case it is recognised as part of the cost of acquiring the asset or as an expense, as appropriate,
- receivables and liabilities, which are stated including the amount of value added tax.

The net amount of value added tax recoverable from, or payable to, the tax authorities is included in the balance sheet as part of receivables or liabilities.

Other taxes, i.e. tax on means of transport, real estate tax, personal tax, are recognised in operating expenses of the business run by the Company.

Profit per share

Earnings per share are calculated by dividing the net gain 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 mergers 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 merger are initially measured at their acquisition-date fair values. As of 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 merger achieved 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. Gains 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 of 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 of 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 merger 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 undertakings between Group entities or the merger of a parent and its subsidiary.

The Company applies the pooling of shares method to settle the effects of mergers between entities under common control.

Principle of no-offsetting

This principle applies to the prohibition of offsetting assets and liabilities, unless IFRS requires or permits offsetting.
Income and expense items may be offset only when:

- offset 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 Company:

- 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 selling 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 liabilities are disclosed as surplus assets or provisions;

- advances 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;
- gains and losses arising from a group of similar transactions are recognised in the net amount, e.g. foreign exchange difference gains and losses or gains and losses arising from the measurement of financial instruments held for trading and hedging recognised in the financial result, gains or losses arising from the discounting of long-term settlements;
- 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 income 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 Company 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 property	Exhibition and trade fair activity	Other reserves

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.

Transactions with related parties

The accounting policies and the significant estimates and assumptions presented in the accounting policy also apply to transactions with related parties.

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 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 of 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 (stocks) 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 of 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 property at fair value using the DCF method based on estimation of future discounted cash flows.

IX. Changes in accounting principles 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 “Leasing” - 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 and approved for application after 1 January 2022	**Impact on financial statements / reference**
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
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2024.	**Impact on financial statements / charge**
Amendments to IFRS 16 "Leases" - lease obligations in sale and leaseback transactions	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

XI. Notes to the separate financial statements.

Note 1 Property, plant and equipment

Ownership structure of fixed assets	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Own tangible fixed assets	27,511	25,915
Property, plant and equipment used under operating lease, rent, hire or similar	42,027	39,550
Total	**69,538**	**65,465**
Fixed assets pledged as hedging for liabilities	19,692	20,487

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

There were no borrowing costs activated in tangible fixed assets.

Fixed assets used under a finance lease agreement	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Costs	67,864	94,822
Depreciation	-25,837	-55,272
Total	**42,027**	**39,550**

Fixed assets by types	land	buildings and structures	technical equipment and machinery	means of transport	other fixed assets	Fixed assets in progress	Advances on fixed assets in progress	Fixed assets held for sale	TOTAL
As of 01-01-2021									
Costs	1,982	29,943	40,112	23,219	1,150	145			96,550
Depreciation and revaluation write-downs		-8,661	-18,522	-9,951	-1,120				-38,253
Net book value	**1,982**	**21,283**	**21,589**	**13,268**	**30**	**145**	-	-	**58,297**
Increases			7,925	3,045	22	214			11,206
including revaluation surplus									
Decreases		-796	-1,357	-1,886					-4,039
including changes in the accumulated amortisation									
Foreign exchange differences									
As of 31-12-2021									
Net book value	**1,982**	**20,487**	**28,157**	**14,428**	**52**	**359**	-	-	**65,465**
As of 01-01-2022									
Costs	1,982	29,148	50,970	30,421	1,265	552			114,338
Depreciation		-9,456	-22,131	-11,699	-1,154	-359			-44,800
Revaluation write-downs									
Net book value	**1,982**	**19,692**	**28,839**	**18,722**	**110**	**193**	-	-	**69,538**
As of 31-12-2022									
Costs	-	-	**4,290**	**6,043**	**93**	**193**	-	-	**114,338**
Increases, including:			4,997	7,115	93	193			12,398
- acquisition			1,917	1,440	93				3,450
-acquisition subsidiaries									
-revaluation surplus									
-carry-over				359					359
- other			3,080	5,316		193			8,589
Decreases, including:			-706	-1,072					-1,778
-sale			-550	-1,018					-1,568
-reallocation to the group held for sale									
- other			-156	-54					-210
Depreciation	-	**-796**	**-3,609**	**-1,748**	**-35**	**-359**	-	-	**-6,546**
Increases, including:		-796	-3,609	-1,748	-35				-6,187
- amortisation		-796	-3,609	-1,748	-35				-6,187

-acquisition subsidiaries									
- other									
Decreases						-359			-359
-sale									
-reallocation to the group held for sale									
-carry-over						-359			-359
- other									
Revaluation write-downs									
-revaluation write-downs									
-reversals of revaluation write-downs									
Foreign exchange differences									
Net value	**1,982**	**19,692**	**28,839**	**18,722**	**110**	**193**	-	-	**69,538**
Fixed assets by types	land	buildings and structures	technical equipment and machinery	means of transport	other fixed assets	Fixed assets in progress	Advances on fixed assets in progress	Fixed assets held for sale	TOTAL

No oversize expenditures on fixed assets are planned for the upcoming reporting periods under the approved investment plans.

MIRBUD S.A. has started the expansion of its premises in Skierniewice at ul. Unii Europejskiej 18. The planned costs associated with the investment will amount to approximately PLN 6.5 million and will be successively recognised under fixed assets under construction, while upon completion of the works, they will increase the value of fixed assets in the buildings and structures group.

Note 2 Investment real property

Investment property measured according to the fair value model	undeveloped land	buildings and structures	TOTAL
As of 01-01-2021			
New property acquisitions			
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity merger			
Net amount of profits or losses resulting from fair value measurement adjustments			
Carry-overs to investments for lease			
Carry-overs to and from inventories			
Sales			
Carry-overs to and from owner-occupied property			
Other changes			
As of 31-12-2021			
New property acquisitions			
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity merger			
Net amount of profits or losses resulting from fair value measurement adjustments			
Carry-overs to investments for lease			
Carry-overs to and from inventories			
Sales			
Carry-overs to and from owner-occupied property			
Other changes			
As of 31-12-2022			

Neither in the current nor in the previous reporting period, the entity had any investments in property.
However, the Company has a capital commitment in subsidiaries for which property investment is a significant part of the activities.
Estimated cash flows from these properties were part of the impairment test for capital investments in subsidiaries.

The Consolidated Financial Statements of the MIRBUD Group provide more detailed information on this item.

Note 3 Intangible assets

Intangible asset ownership structure	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Own intangible assets	389	733
Intangible assets used under operating lease, rent, hire or similar		
Total	**389**	**733**
Intangible assets pledged as hedging for liabilities		

Costs of external financing capitalised in the value of intangible assets	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Interest		
Foreign exchange differences		
Other borrowing costs		
Total	-	-

Intangible assets used under financial lease contracts	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Costs	2,885	2,885
Depreciation	-2,532	-2,178
Total	**353**	**706**

Intangible assets	Costs of research and development	Goodwill	Plans and licenses	Other intangible assets	Advances for intangible assets	TOTAL
As of 01-01-2021						
Costs			3,441			3,441
Depreciation and revaluation write-downs			-2,707			-2,707
Net book value			733			733
Increases						
including revaluation surplus						
Decreases						
including changes in the accumulated amortisation						
Foreign exchange differences						
As of 31-12-2021						
Net book value	-	-	**733**	-	-	**733**
as of 01/01/2022						
Costs			3,474			3,474
Depreciation			-3,084			-3,084
Revaluation write-downs						
Net book value	-	-	**389**	-	-	**389**
as of 31/12/2022						
Costs			**3,474**			**3,474**
Increases, including:			33			33
- acquisition			33			33
-acquisition subsidiaries						
-revaluation surplus						
-carry-over						
- other						
Decreases, including:						
-sale						
-reallocation to the group held for sale						
- other						
Depreciation			**-3,084**			**-3,084**
Increases, including:			-377			-377
- amortisation			-377			-377
-acquisition subsidiaries						
- other						
Decreases						
-sale						
-reallocation to the group held for sale						
-carry-over						
- other						
Revaluation write-downs						
-revaluation write-downs						
-reversals of revaluation write-downs						

Foreign exchange differences						
Net value	-	-	**389**	-	-	**389**

The main component of intangible assets is the SAP system. The plan has a useful life of 20 years and its residual value is PLN 0.00.

Note 4 Long-term financial assets (excluding trading receivables, assets measured using the equity method and cash and cash equivalents)

Financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Capital investments in subsidiaries	472,108	472,108
Other		
Total	**472,108**	**472,108**

The following events contributed to the increase in capital investments in subsidiaries:

a) Payment to increase the share capital in Marywilska 44 Sp. z o.o. made on 28/02/2021 in the amount of PLN 80,000 thousand;

b) Payment to increase the share capital in Marywilska 44 Sp. z o.o. made on 17/11/2021 in the amount of PLN 24,520 . As of 31/12/2021 the capital increase has not been registered by the National Court Register;

c) Reimbursement of advance on account of bankruptcy estate in Expo Mazury S.A. in the amount of PLN 62,355 . On 19 November 2021 by a decision of the District Court in Olsztyn, 8th Commercial Division of the National Court Register, Expo Mazury S.A. was deleted from the Register of Entrepreneurs.

Basic financial data of the main directly controlled subsidiaries	JHM Development S.A	Kobylarnia S.A.	Marywilska 44 Sp. z o.o.	Mirbud Ukraina Sp. z o.o.
Total assets	641,542	390,244	506,171	
Long-term liabilities	91,795	125,775	171,584	
Short-term liabilities	142,355	163,161	15,178	
Equity	407,045	101,308	319,408	
Direct share in capital	100.00%	100.00%	57.47%	100.00%
Share in equity	100.00%	100.00%	57.47% (direct and indirect share 100%)	
Sales revenue	131,534	985,642	54,368	
Net profit (loss)	12,823	13,413	-404	
Total income for the net financial year	12,823	13,413	-404	
Total net cash flows	-51,362	15,699	5,909	

Basic financial data of main, indirectly controlled subsidiaries	JHM 1 Sp. z o.o. w likwidacji
Total assets	10,201
Long-term liabilities	
Short-term liabilities	961
Equity	9,240
Share in equity (direct and indirect)	100.00%
Sales revenue	
Net profit (loss)	46
Total income for the net financial year	46
Total net cash flows	-13,712

Note 5 Investments measured using the equity method.

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

Note 6 Trading and other receivables.

Trading and other receivables	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Long-term receivables	**5,538**	-
trade receivables from related entities		
trade receivables from other entities		
other receivables from related entities	5,538	
other receivables from other entities		
Short-term receivables	**548,034**	**436,446**
trade receivables from related entities	4,529	17,788
trade receivables from other entities	409,908	337,541
retained amounts under execution of contracts from related entities		
retained amounts under execution of contracts from other entities	55,376	47,127
other receivables from related entities		
other receivables from other entities	5	4
amounts transferred for deliveries	22,671	29,104
budget receivables except for corporate income tax settlements		
disputed receivables brought before the court	3,996	4,883
accrual of receivables under settlement of long-term contracts	51,549	
Total	**553,572**	**436,446**

Age structure of receivables	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Gross trade receivables	**577,101**	**458,566**
not past due, including:	**370,282**	**310,015**
payable up to 1 month	246,015	176,718
payable from 1 to 3 months	68,892	86,171
payable from 3 to 12 months	55,376	47,127
payable from 1 to 5 years		
past due, including:	**206,819**	**148,551**
past due up to 1 month	32,188	56,408
past due from 1 to 3 months	24,640	45,790
past due from 3 to 6 months	87,427	22,164
past due from 6 to 12 months	37,885	2,761
past due over 12 months	24,678	21,428
receivables in respect of which credit risk has significantly increased	-1,644	-563
receivables revaluation write-down	-21,885	-21,557
Net trade receivables	**553,572**	**436,446**

As of the date of publication of this report, PLN 66,978 thousand of the overdue receivables range had been settled.

Receivables revaluation write-downs	Trade receivables	Disputed receivables	Other	Total
As of 01-01-2021	**-20,740**	-	**-1,671**	**-8,580**
Increases				
Releases			291	291
Utilisation				
As of 31-12-2021	**-20,740**	-	**-1,380**	**-22,120**
Increases			-1,409	-1,409
Releases				
Utilisation				
as of 31-12-2022	**-20,740**	-	**-2,789**	**-23,529**

Revaluation write-downs in respect of credit losses.

Historical data indicates that the company has credit losses on receivables of approx. 1% of their gross value.

Revaluation write-downs in respect of items to which the credit risk has significantly increased.
The following are qualified for this item:

- receivables from counterparties at risk of bankruptcy;
- receivables overdue more than 12 months, unless there are circumstances indicating high

probability of recovery.

In 2020, the Company made a revaluation write-down for receivables of PLN 20,740 thousand. All trade receivables which were unlikely to be recovered as of the balance sheet date were included in the write-down.
As a result of a pending inspection by the Tax Inspection Office regarding the correctness of corporate income tax settlement for 2011, MIRBUD S.A. received a decision from the Łódź Tax Office, in which the amount of tax arrears amounted to PLN 1,108 thousand, together with interest due for that period. MIRBUD S.A. appealed against the decision of the Łódź Tax Office, and due to the uncertainty of the final outcome of the appeal proceedings, a revaluation write-down was created for the above amount. On 15/04/2021 the Company received a refund of PLN 291,841.00, partially settling the write-down, however the proceedings are still pending.

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 accruals and prepayments).

Other assets	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Other long-term assets	**419**	**47**
Long-term cost prepayments	419	47
Other long-term assets not elsewhere classified		
Other short-term assets	**802**	**2,714**
Short-term cost prepayments	802	2,714
Other short-term assets not elsewhere classified		
Total	**1,222**	**2,761**

Note 9 Inventories.

Inventory	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Materials	555	360
Semi-finished products and work in progress		
Finished products	11	15
Goods	700	700
Completed development contracts		
Total	**1,267**	**1,075**

On 15/12/2021, by way of a notarial deed No. 13668/2021, MIRBUD S.A. sold the land in Jastrzębia Góra to JHM Development S.A.

Inventory revaluation write-downs	Materials	Semi-finished products and work in progress	Finished products	Goods	Completed property development contracts
As of 01-01-2021	-	-	-	-	-
Increases					
Releases					
Utilisation					
As of 31-12-2021	-	-	-	-	-
Increases					
Releases					
Utilisation					
as of 31-12-2022	-	-	-	-	-

There were no circumstances indicating the need to make revaluation write-downs on inventories.

Note 10 Cash and cash equivalents.

Cash and cash equivalents	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Cash on hand and with banks	251,217	114,016
Term deposits	42,584	110,166
Other monetary assets		
Total	**293,801**	**224,182**

Term deposits in the amount of PLN 40,803 thousand represent interest-bearing funds used as construction contract performance security and as security for the repayment of advances received from investors.

As a result, they are limited in their use.

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 of:	As of:
	31/12/2022	31/12/2021
Share capital	9,174	9,174
Issue price surplus over nominal value of shares		
Other reserve capitals	115,103	115,103
Retained profit attributable to the shareholders of the parent/supplementary capital, including:	343,082	241,210
Profit/loss in the reporting period	*120,221*	*80,354*
Equity attributable to shareholders of the parent company/supplementary capital	**467,360**	**365,488**
Capital attributable to non-controlling shares		
Total	**467,360**	**365,488**

Other reserves	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Other capital attributable to equity holders of the parent entity, including:	115,103	115,103
Total other comprehensive income - issue of shares	*115,103*	*115,103*
Total	**115,103**	**115,103**

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	11/12/2009	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
Total at the beginning of the period	**91,744**	**9,174**	-	-	-
Total at the end of the period	**91,744**	**9,174**	-	-	-
Total as of the date of approval of financial statements for publication	**91,744**	**9,174**	-	-	-

Share capital structure	Jerzy Mirgos	Nationale-Nederlanden OFE	Other shareholders
As of 31-12-2021			
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%
As of 31-12-2022			
Owned ordinary shares	41,600,000	9,171,000	40,973,000
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%
Balance as of the date of approval of financial statements for publication			
Owned ordinary shares	41,600,000	9,221,837	40,922,363
Preference shares held			
Share in capital	45.34%	10.05%	44.61%
Share in profit	45.34%	10.05%	44.61%
Share in voting	45.34%	10.05%	44.61%

Note 13 Provisions.

Provisions	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Long-term provisions	**61**	**95**
provisions for retirement benefits	61	95
other long-term provisions		
Short-term provisions	**2,176**	**3,680**
provisions for retirement benefits	176	1,185
provisions for warranty repairs	2,000	1,000
provisions for losses under settlements of long-term contracts		
other short-term provisions		1,495
Total	**2,237**	**3,775**

Note 14 Financial liabilities, except for provisions, trading liabilities and other liabilities.

Bank loans and credits and other debt instruments	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	**122,002**	**68,765**
Financial liabilities due to related entities		
Loans and credits from other entities	103,916	49,110
Liabilities under derivative instruments		
Issued debt securities		
Liabilities under financial lease	18,086	19,654
Other		
including liability resulting from measurement of long-term lease agreements in accordance with IFRS 16		
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	**34,355**	**79,836**
Financial liabilities due to related entities		
Loans and credits from other entities	24,769	71,122
Liabilities under derivative instruments		
Issued debt securities		
Liabilities under financial lease	9,587	8,714
Other		
Total	**156,357**	**148,601**

Debt instruments structure	in PLN thousand					
	loans and credits	Liabilities under derivative instruments	Issued debt securities	Liabilities under financial lease	Other	Total
as of 01/01/2021	183,594	-	13,519	37,352	138,330	372,795
Accrued interest	4,703			758		5,461
Interest paid	-4,703			-758		-5,461
Drawdown	32,713			12,149		44,862
Repayment	-10,165			-7,310		-17,475
Average liability level	107,204			26,220		133,424
Real interest rate	4.39%		0.00%	2.89%	0.00%	4.09%
as of 31/12/2021	**120,233**			**28,368**		**148,601**
minimum payments up to 1 month	1,422			794		2,216
minimum payments from 1 to 3 months	4,266			2,350		6,616
minimum payments from 3 to 12 months	10,776			6,058		16,834
minimum payments within 1 year	16,464			9,201		25,665
minimum payments within 1 to 5 years	103,769			19,166		122,935
minimum payments over 5 years						
interest due up to 1 year	5,275			820		6,094
interest due from 1 to 5 years	21,098			3,280		24,378
interest due over 5 years	722					723
Approximate fair value	120,233			28,368		145,589
as of 01/01/2022	**120,233**			**28,368**		**148,601**
Accrued interest	9,417			1,855		11,272
Interest paid	-9,417			-1,855		-11,272
Drawdown	13,182			8,355		21,537
Repayment	-7,588			-9,050		-16,638
Average liability level	124,459			28,020		152,479
Real interest rate	7.57%			6.62%		7.39%
as of 31/12/2022	**128,685**	-	-	**27,672**	-	**156,357**
minimum payments up to 1 month	1,122			938		2,060
minimum payments from 1 to 3 months	3,366			2,812		6,178
minimum payments from 3 to 12 months	8,976			6,795		15,771
minimum payments within 1 year	13,464			10,545		24,009
minimum payments within 1 to 5 years	115,221			17,128		132,348
minimum payments over 5 years						
interest due up to 1 year	9,012			1,832		10,844
interest due from 1 to 5 years	5,053			7,328		12,381
interest due over 5 years						
Approximate fair value	133,111			27,672		160,783

Liabilities under credits and loans owned by MIRBUD S.A. as of 31/12/2022

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
PKO BP S.A.	MIRBUD S.A.	15,000	PLN	10,669		WIBOR 1M + margin	24/06/2024	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN		366	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
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	PLN	19,800	14,400	WIBOR 1M + margin	29/12/2025	mortgages 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	33,821		WIBOR 1M + margin	17/10/2023	assignment of a business receivable, mortgage
Total credits and loans				**99,490**	**24,766**	**124,256**		

As of 31/12/2022, 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 4,426 thousand.

Liabilities under credits and loans owned by MIRBUD S.A. as of 31/12/2021

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
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
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	PLN	13,800	14,400	WIBOR 1M + margin	29/12/2023	mortgages 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
Total credits and loans				**49,110**	**69,551**	**118,661**		

As of 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.

Note 15 Trading liabilities and other liabilities.

Trade and other liabilities	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Long-term liabilities	**111,493**	**226,923**
Trade liabilities to related entities		
retained amounts to related entities		
Other liabilities due to related entities		
Trade liabilities to other entities		
Retained amounts to other entities	25,082	58,921
Advance payments received	86,410	168,002
Other liabilities due to other entities		
Short-term liabilities	**653,980**	**450,283**
Trade liabilities to related entities	63,364	7,454
retained amounts to related entities		
Other liabilities due to related entities	13,635	13,635
Trade liabilities to other entities	260,218	274,888
Liabilities under settlement of long-term contracts	136,300	62,511
Advance payments received	32,053	31,414
Bills of exchange liabilities		
Budget liabilities except for corporate income tax settlements	6,332	6,990
Remuneration settlements	3,469	2,703
Retained amounts to other entities	138,607	50,688
Other liabilities due to other entities		
Total	**765,472**	**677,207**

Age structure of liabilities	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Trade liabilities	**765,472**	**677,207**
not overdue	**739,644**	**668,726**
payable up to 1 month	377,088	291,908
payable from 1 to 3 months	80,403	67,792
payable from 3 to 12 months	170,661	82,102
payable from 1 to 5 years	111,493	226,923
past due up to 1 month	24,465	8,132
past due from 1 to 3 months	1,363	349
past due from 3 to 6 months		
past due from 6 to 12 months		
past due over 12 months		
Total overdue	**25,828**	**8,481**

Note 16 Other current liabilities and reserves not elsewhere classified (including accruals and prepayments)

Other liabilities and provisions not classified, including accruals and prepayments	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Long-term	-	-
Revenue settled in time		
Cost prepayments		
Other items		
Short-term	**484**	**593**
Revenue settled in time		
Cost prepayments	484	593
Other items		
Total	**484**	**593**

Note 17 Sales revenue

Structure of sales revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Net revenue from sales of products and services	**2,303,913**	**1,711,824**
- to related entities	105,743	92,005
- to other entities	2,198,169	1,619,819
Net revenue from sales of goods		**8,000**
- to related entities		
- to other entities		8,000
Net revenue from sales of materials	**21,267**	**28,037**
- to related entities		
- to other entities	21,267	28,037
Total	**2,325,180**	**1,747,862**

Geographical structure of sales revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Net revenue from sales of products and services	**2,303,913**	**1,711,824**
- domestic sales	2,303,913	1,711,824
- export sale		
Net revenue from sales of goods		**8,000**
- domestic sales		8,000
- export sale		
Net revenue from sales of materials	**21,267**	**28,037**
- domestic sales	21,267	28,037
- export sale		
Total	**2,325,180**	**1,747,862**

Settlement of profits or losses on long-term services in progress	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Revenue invoiced for services in progress	2,388,664	1,774,335
Adjustment of revenue under the settlement of the progress of construction services	-84,751	-62,511
Total	**2,303,913**	**1,711,824**
Costs incurred for services in progress	-2,145,016	-1,578,628
Adjustment of costs under the settlement of the progress of construction services		
Total	**-2,145,016**	**-1,578,628**
Losses on contracts in progress		
Impact on the current financial result	**-84,751**	**-62,511**
Impact on the accumulated results of contracts unfinished as of the balance-sheet date	**158,897**	**133,196**

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:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Production cost of products sold	**-2,145,016**	**-1,578,628**
- to related entities	-99,245	-90,722
- to other entities	-2,045,771	-1,487,906
Value of goods sold		**-7,075**
- to related entities		
- to other entities		-7,075
Value of materials sold	**-19,585**	**-28,040**
- to related entities		
- to other entities	-19,585	-28,040
Total	**-2,164,601**	**-1,613,743**

Own costs of sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Production cost of products sold	**-2,145,016**	**-1,578,628**
- own costs of domestic sales	-2,145,016	-1,578,628
- own costs of export sales		
Value of goods sold		**-7,075**
- own costs of domestic sales		-7,075
- own costs of export sales		
Value of materials sold	**-19,585**	**-28,040**
- own costs of domestic sales	-19,585	-28,040
- own costs of export sales		
Total	**-2,164,601**	**-1,613,743**

Cost structure by types	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Amortisation	-7,859.4	-6,698
Consumption of materials and energy	-364,696.9	-211,751
Outsourced services	-1,716,199.0	-1,316,616
Taxes and fees, including:	-793.5	-839
Remunerations	-55,860.9	-46,876
Social insurance and other benefits	-11,343.0	-9,282
Other costs by type	-21,733.3	-17,550
Value of goods and materials sold	-19,585.1	-35,399
Manufacturing cost of products for internal purposes		
Total	**-2,198,071**	**-1,645,012**

Recognition of costs by type in the financial statements	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
In own costs of sales	-2,164,601	-1,613,743
In the change of balance of assets		
In costs of sales		
In general overheads	-33,470	-31,269
In other items		
Total:	-2,198,071	-1,645,012

Note 19 Shares 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:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Selling costs		
Overheads	-33,470	-31,269
Revaluation write-downs of non-investment assets		
Reversal of revaluation write-downs of non-investment assets		291
Restructuring costs		
Court proceedings settlement result	-262	-234
Result of sale of non-investment fixed assets		1,028
Revenue from revaluation of investment property		
Costs under revaluation of investment property		
Result of sale of investment property		
Result of sale of all or part of subordinate entities		
Result of sale of other financial investments		
Dividends	24,844	1,717
Interest	1,427	1,325
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 write-downs on other financial assets		
Foreign exchange differences of operating and investment activities	8,875	3,987
Other revenue	18,789	10,325
Other costs	-17,067	-9,794
Total revenue	**53,935**	**18,674**
Total costs	**-50,799**	**-41,298**

Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
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		
Total		

The above items did not occur.

Structure of revaluation write-downs of non-investment assets	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Property, plant and equipment		
-revaluation write-down created		
-revaluation write-down reversal		
Intangible assets		
-revaluation write-down created		
-revaluation write-down reversal		
Receivables		**291**
-revaluation write-down created		
-revaluation write-down reversal		291
Inventory		
-revaluation write-down created		
-revaluation write-down reversal		
Fixed assets held for sale		
-revaluation write-down created		
-revaluation write-down reversal		
Other		
-revaluation write-down created		
-revaluation write-down reversal		
Total asset revaluation write-downs	-	-
Total reversal of revaluation write-downs	-	**291**

Revenue and costs from investment property	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Revenue from sales to related entities		
Revenue from sales to other entities		
Own costs of sales for related entities		
Own costs of sales for other entities		
Increase of fair value of investment property		
Decrease of fair value of investment property		
Result on investments in property		

The above items did not occur.

Revenue and costs from financial investments	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Dividends to related entities	24,844	1,717
Dividends to other entities		
Interest to related entities	1,237	1,135
Interest to other entities	1,427	1,325
Revenue from the sale of all or part of subordinate entities		
Own cost of sales of all or part of subordinate entities		
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 write-downs on 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	8,875	3,987
Foreign exchange losses		
Results of financial investment activities	**36,383**	**8,164**

Other revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Subsidies received		37
Other revenue from other entities - re-invoices	11,810	6,450
Other revenue from other entities	6,979	3,838
Total	**18,789**	**10,325**

Other costs	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Donations	-305	-450
Other costs from other entities - re-invoices	-11,810	-6,450
Other costs from other entities	-4,952	-2,894
Total	**-17,067**	**-9,794**

Note 21 Financial costs.

Financial expenses	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Interest on credits	-9,417	-4,684
Interest on loans from related entities		
Interest on loans from other entities		
Interest on bonds for related entities		
Interest on bonds for other entities		
Interest on liabilities under finance lease agreements from related entities		
Interest on liabilities under finance lease agreements from other entities	-1,855	-758
Other interest for related entities	-2,086	-2,648
Other interest for other entities	-269	-145
Measurement of equity instruments		
Interest under factoring contracts		-19
Foreign exchange differences on financial liabilities	-426	
Other financial costs for related entities		
Other financial costs for other entities	-3,435	-4,031
Total financial costs	**-17,489**	**-12,285**

Note 22 Income tax.

Income tax	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Income tax current part	-26,833	-22,585
Income tax deferred part	827	3,730
Other tax burdens on the financial result		
Adjustments relating to previous years		
Total income tax	**-26,006**	**-18,855**

Reconciliation of the effective tax rate	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Pre-tax profit (loss)	146,227	99,210
Statutory rate of tax in %	19%	19%
Tax at the statutory rate (normative)	-27,783	-18,850
Tax effect of the received dividend	4,720	326
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	-2,943	-332
Other		
Income tax in the profit and loss account	**-26,006**	**-18,855**

Deferred tax	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Deferred tax asset	**34,235**	**19,122**
- for provisions for employee benefits	45	243
- for other provisions	388	196
- on account of accrued interest		37
- for write-downs on current assets	468	107
- on account of investment measurement		291
- for settlement of construction contracts	26,274	11,877
- for losses from previous years		
- under tax and balance sheet differences in the value of fixed assets and lease contracts	5,258	5,390
- under foreign exchange differences	62	
- other	1,741	981
Deferred tax liability	**22,991**	**8,705**
- on account of accrued interest	262	159
- on account of investment measurement		402
- for settlement of construction contracts	9,794	260
- under tax and balance sheet differences in the value of fixed assets and lease contracts	8,568	7,867
- under foreign exchange differences	338	
- for goodwill		
- other	4,029	17
Net deferred income tax assets (Provision)	**11,244**	**10,417**

Net deferred income tax assets (Provision)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Deferred net income tax assets (provisions) at the beginning of the period	**10,417**	**6,687**
Reference to financial result	827	3,730
Reference to other total income		
Other charge to equity		
Subsidiaries		
Deferred net income tax assets (provision) at the end of the period	**11,244**	**10,417**

Receivables (income tax liabilities)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Opening balance of receivables (income tax liabilities)	**-17,524**	**-14,873**
Payment (refund) of income tax	33,127	19,935
Current income tax accrual	-26,833	-22,586
Receivables (liabilities under deferred income tax) at the end of the period	**-11,230**	**-17,524**

Note 23 Other comprehensive income.

Other comprehensive income	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Components which will not be subsequently reclassified to the income statement		
Exchange differences on translation of foreign entities		
Actuarial profits and losses		
Income tax on items not be carried forward in later periods		
Components which will be reclassified into profit or loss when certain conditions are met		
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		
Other total net income	-	-
Assigned to non-controlling shares		
Assigned to the owners of the parent	-	-

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

Note 24 Profit per share

Earnings per share	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Gain (loss) on continued operations attributable to owners of the parent	120,221	80,354
Profit (loss) on discontinued activities attributable to owners of the parent		
Total	**120,221**	**80,354**
Weighted average number of ordinary shares in thousands of pieces	**91,744**	**91,744**
Basic profit per share	**1.31**	**0.88**
Costs of interest on convertible bonds (net of tax)		
Profit (loss) to determine diluted profit per share	**120,221**	**80,354**
Share options issued in thousands of pieces		
Theoretical conversion of convertible bonds in thousands of pieces		
Weighted average number of ordinary shares for diluted earnings per share in thousands of pieces	**91,744**	**91,744**
Diluted earnings per share	**1.31**	**0.88**

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. The Issuer's activity focuses on the provision of construction and assembly services, therefore, for the purposes of these financial statements, operating segments are not presented. In the Capital 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 income statement for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment 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 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022
Continued operations	-	-	-	-	-	-	-
Sales revenue	**2,298,821**			**26,359**	**2,325,180**		**2,325,180**
Own cost of sales	-2,137,860			-26,742	-2,164,602		-2,164,601
Gross profit from sales	**160,961**			**-382**	**160,578**		**160,579**
EBIT	128,952			-382	128,569		128,569
Pre-tax activity profit (loss)	**146,609**			**-382**	**146,227**		**146,227**
Income tax attributable to continuing operations	-26,006				-26,006		-26,006
Profit (loss) on continuing operations	**120,603**			**-382**	**120,221**		**120,221**
Discontinued operations	-	-	-	-	-	-	-
Profit (loss) on discontinued activities							
NET PROFIT (LOSS)	**120,603**	-	-	**-382**	**120,221**	-	**120,221**
Assigned to the owners of the parent	**120,603**	-	-	**-382**	**120,221**	-	**120,221**

Concentration of recipients by business activity segments	Construction and assembly activity	Property development activity	Activity connected with lease of investment 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 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022
Recipient 1	**894,060**				**894,060**		**894,060**
Recipient 2	871,094				871,094		871,094
Recipient 3	**95,123**				**95,123**		**95,123**
TOTAL	**1,860,278**				**1,860,278**		**1,860,278**

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 property	Other	Total	Exclusions	Total after interlinking
	As of:	As of:	As of:	As of:	As of:	As of:	As of:
	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022
Fixed assets	582,228				582,228		582,228
Current assets	843,904				843,904		843,904
Total assets	**1,426,132**	-	-	-	**1,426,132**	-	**1,426,132**
Equity	**467,360**				**467,360**		**467,360**
Long-term liabilities and provisions for liabilities	256,547				256,547		256,547
Short-term liabilities and provisions for liabilities	**702,225**				**702,225**		**702,225**
Total capitals and liabilities	**1,426,132**	-	-	-	**1,426,132**	-	**1,426,132**

Other data on operating segments in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As of:	As of:	As of:	As of:	As of:	As of:	As of:
	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022
Goodwill allocated to a segment							
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	0.88		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	**14.43%**	**9.06%**	**7.23%**	**13.44%**	**14.42%**		**14.42%**

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 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 31/12/2021	from 01/01/2021 to 31/12/2021	from 01/01/2021 to 31/12/2021	from 01/01/2021 to 31/12/2021	from 01/01/2021 to 31/12/2021	from 01/01/2021 to 31/12/2021	from 01/01/2021 to 31/12/2021
Continued operations	-	-	-	-	-	-	-
Sales revenue	**1,708,523**			**39,339**	**1,747,862**		**1,747,862**
Own cost of sales	-1,573,644			-40,099	-1,613,743		-1,613,743
Gross profit from sales	**134,879**			**-760**	**134,119**		**134,119**
EBIT	105,226			-760	104,466		104,466
Pre-tax activity profit (loss)	**99,970**			**-760**	**99,210**		**99,210**
Income tax attributable to continuing operations	-18,856				-18,856		-18,856
Profit (loss) on continuing operations	**81,114**			**-760**	**80,354**		**80,354**
Discontinued operations	-	-	-	-	-	-	-
Profit (loss) on discontinued activities							
NET PROFIT (LOSS)	**81,114**	-	-	**-760**	**80,354**	-	**80,354**
Assigned to the owners of the parent	**81,114**	-	-	**-760**	**80,354**	-	**80,354**

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 property	Other	Total	Exclusions	Total after interlinking
	As of:	As of:	As of:	As of:	As of:	As of:	As of:
	31/12/2021	31/12/2021	31/12/2021	31/12/2021	31/12/2021	31/12/2021	31/12/2021
Fixed assets	557,475				557,475		557,475
Current assets	664,417				664,417		664,417
Total assets	**1,221,892**	-	-	-	**1,221,892**	-	**1,221,892**
Equity	365,488				365,488		365,488
Long-term liabilities and provisions for liabilities	304,488				304,488		304,488
Short-term liabilities and provisions for liabilities	551,916				551,916		551,916
Total capitals and liabilities	**1,221,892**	-	-	-	**1,221,892**	-	**1,221,892**

Other segment data in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As of:	As of:	As of:	As of:	As of:	As of:	As of:
	31/12/2021	31/12/2021	31/12/2021	31/12/2021	31/12/2021	31/12/2021	31/12/2021
Goodwill allocated to a segment							
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 according to Damodoran	0.72	0.58	0.36	0.37	0.58		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	**9.20%**	**7.80%**	**5.60%**	**5.70%**	**7.80%**		**7.80%**

Note 24 Transactions with related entities.

Transactions with related entities	in PLN thousand							
	Subsidiaries		Jointly controlled entities and associates		Other related entities without capital connections		Members of the Management Board and Supervisory Board and key personnel	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Sales revenue	105,743	84,005						
Revenue from the sale of fixed assets								
Revenue from interest	1,237	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	-2,086	-2,648						
Other costs								
Loans received								
Loans granted								
Costs of remuneration							6,825	6,147
Loan receivables								
Trading and other receivables	4,529	17,788						
Liabilities on account of loans								
Trading and other liabilities	-77,000	-21,090						

Remuneration of key personnel of subsidiaries	Entity	Position	Remunerations in PLN thousand		Loans granted to key personnel in PLN thousand		Additional information
			from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021	
Management Board	MIRBUD S.A.		6,470	5,791			
Supervisory Board	MIRBUD S.A.		355	356			
Total			**6,825**	**6,147**			

Note 26 The auditor's remuneration.

Statutory Auditor's remuneration	in PLN thousand	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Remuneration for the audit of the individual and consolidated financial statements	40	31
Remuneration for the interim review of the separate and consolidated financial statements	25	26
Other services	6	
Total	**71**	**57**

Note 27 Financial instruments.

Financial assets according to IAS 39	Available for sale		Measured at fair value by financial result		Loans and receivables		Hedging instruments	
	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021
Loans granted	-	-	-	-			-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other receivables					553,572	436,446		
Cash and cash equivalents					293,801	224,182		
Other financial assets								
Total financial assets	-	-	-	-	**847,373**	**660,628**	-	-
Revenue from dividends								
Revenue from interest	-	-	-	-	1,427	1,325	-	-
Exchange profits (losses)					8,875	3,987		
Reversal (creation) of write-downs	-	-	-	-		291	-	-
Profits (losses) on measurement and implementation								
Profits (losses) on derivative instruments	-	-	-	-			-	-
Total impact of financial assets on the profit and loss account	-	-	-	-	**10,302**	**5,603**	-	-

Financial liabilities according to IAS 39	Equity instruments		Measured at fair value by financial result		Measured at amortised cost		Hedging instruments	
	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021
Credits	-	-	-	-	156,357	148,601	-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other liabilities					765,472	677,207		
Other financial liabilities								
Total financial liabilities	-	-	-	-	**921,829**	**825,807**	-	-
Interest	-	-	-	-	-13,359	-8,109	-	-
Exchange profits (losses)					**-426**			
Profits (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Profits (losses) on derivative instruments								
Total impact of financial liabilities on the profit or loss account	-	-	-	-	**-13,785**	**-8,109**	-	-

Financial instruments according to the fair value hierarchy	Level I		Level II		Level III	
	As of:	As of:	As of:	As of:	As of:	As of:
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Assets	-	-	-	-	-	-
Derivative financial instruments in assets	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial assets	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-
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 28 Errors related to previous reporting periods.

No material errors were found in the previous reporting period.

Note 29 Transactions with non-controlling shareholders.

This item does not exist

Note 30 Business mergers.

There were no business mergers in the current period.

Note 31: Significant planned capital expenditures.

As of the date of the report for publication, MIRBUD S.A. has started the expansion of its premises in Skierniewice, at ul. Unii Europejskiej 18. The planned value of the investment is PLN 6.5 million.

Note 32 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 39.

Note 33 Employment structure.

Employment structure	full-time equivalent	
	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2021 to 31/12/2021
Non-production employees	264	263
Production employees	172	164
Employees under contractual agreements	171	137
Total	**607**	**564**

Note 34 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 of the balance-sheet date, there were no dividend restrictions.

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 35 Effects of de-mergers, restructuring and discontinued activities

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 activity.

Note 36 Limitations on disposition and collaterals 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 of:	As of:	As of:	As of:	As of:	
		31/12/2022	31/12/2022	31/12/2021	31/12/2022	31/12/2021	dd/mm/yyyy
Credit hedge 202-129/3/II/2/2008	mortgage	366	26,700	26,700	19,692	20,487	01/03/2023
Total	-	**366**	**26,700**	**26,700**	**19,692**	**20,487**	-

Assets as security of liabilities	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Property, plant and equipment	19,692	20,487
Investment property		
Financial assets		
Intangible assets		
Other assets		
Total	**19,692**	**20,487**

Note 37 Judicial cases.

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

As of 31/12/2022, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 5,792 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 of 31/12/2022, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 3,996 thousand.

Note 38 Contingent liabilities.

List of sureties granted to other entities by entity type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability in PLN thousand		
		As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021	surety expiry date
To related parties	-	-	-	-	-	-
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit	49,500	49,500	18,883	22,079	02/05/2028
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit		4,500			30/06/2022
JHM 1 Sp. z o. o. w likwidacji	Hedge for the SANTANDER BANK POLSKA S.A. credit		10,809		6,384	30/06/2022
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	15,000	15,000			30/11/2023
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	4,348	4,969	31/12/2029
JHM Development S.A.	Hedge for the issue of E series bonds	55,000	55,000	50,000	50,000	31/12/2026
To other parties	-	-	-	-	-	-
Total -	-	**128,818**	**168,277**	**73,231**	**99,532**	-

Other contingent liabilities	in PLN thousand	
	As of: 31/12/2022	As of: 31/12/2021
Under proper performance guarantee	463,627	401,996
Under rectifying faults and defects	220,785	298,071
Under advance return	118,464	110,764
Total	**802,876**	**810,831**

Note 39 Objectives and principles of risk management.

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
Risks related to military conflict in Ukraine	**Administrative restrictions on carrying out construction and assembly activities**	average	high	high	high
	Manpower availability and supply chain disruption	high	high	high	average
Epidemiological risk	**Administrative restrictions on carrying out construction and assembly activities**	average	high	high	high
	Manpower availability and supply chain disruption	average	average	high	average
External financial risks	**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
Downturn risk	**change in the macroeconomic situation and economic situation in Poland**	high	high	high	average
	in the construction industry	high	high	high	average
Risks related to competition	**in the construction industry**	high	high	high	high
External legal risks	**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
Risks related to the current activities	**related to the implementation of the development strategy**	average	high	average	average
	related to financing development with bank credits	high	high	average	high
	related to the building infrastructure	low	average	low	low

related to liability for breach of environmental regulations	low	average	average	low
related to penalties for non-performance or untimely performance of orders	average	average	average	low
related to claims against the Companies on account of construction of flats and retail and service facilities, sale of flats, and granting a guarantee of payment for construction works	low	average	average	low
related to the production process	low	high	average	low

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 Company'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.

Looking ahead to 2023 the Issuer's Management Board does not anticipate any impact of this risk on the Issuer's financial result and equity.

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. The Company 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.

Epidemiological risk

As of 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 pandemic is officially over in Poland, there was no mandatory quarantine. The level of population immunisation, the low number of disease cases, and the low number of disease cases ending in hospitalisation suggest that pandemic restrictions and economic disruptions will not recur in the foreseeable short-term future. However, should the coronavirus or other epidemic return and continue to spread, it is possible that the financial results of the Issuer and the Group could be adversely affected by the following circumstances:

- In the area of construction and assembly services, there are no delays in the execution of construction contracts due to the state of epidemic threat. However, it cannot be ruled out that, if this state continues, delays in the execution of contracts may occur due to so-called force majeure events, including delays connected with:
  - lack of continuity in the supply chains for construction sites,
  - disruptions to the continuity of projects' financing,
  - absence of employees,
  - subcontractors' delays,
  - restrictions on the functioning of public authorities,
  - decisions of the Contracting Authority or state administration to suspend the works,
  - other events which are difficult to predict.

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

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 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. The Company 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.

External financial risks

Financial risk management

The management of financial resources of MIRBUD S.A. assumes basing the Group's financing structure on long-term sources of financing. The Company finances its operations in 70% based on foreign capital through:

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

The Company makes efforts to diversify their third-party financing both in terms of the financing institution and the financial products used. The Company'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:

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*

While conducting business activity, the Company 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,
- entities 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 entities subject to the provisions of the Public Procurement Law (e.g. the General Directorate for National Roads and Motorways, local governments), due to the obligation of these entities 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 - deposits in financial institutions, which have a high credit rating.

Liquidity risk management

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

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

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

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

Note 14 contains an analysis of the Company's 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:

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

Risk of significant changes in interest rates

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

As of 31/12/2022, MIRBUD S.A. has not entered into interest rate hedging transactions for long-term borrowings.

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021
Liabilities under credits and loans	128,685	120,233		
Loans granted				
Other financial assets				
Other financial liabilities	27,672	28,368		
Total	**156,357**	**148,601**	-	-

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 of 31 December 2022 and 31 December 2021 at the level of - 1.0/+1.0 percentage point (as of 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 profit and the balance sheet total as of 31 December 2022 and 31 December 2021 is presented below.

Sensitivity analysis for items exposed to change in interest rates		Effect on net profit/(loss)		Effect on the balance sheet total	
	As of: 31/12/2022	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities under credits and loans	128,685	-1,042	1,042	1,287	-1,287
Loans granted					
Other financial assets					
Other financial liabilities					
Total	**128,685**	**-1,042**	**1,042**	**1,287**	**-1,287**

Sensitivity analysis for items exposed to change in interest rates	As of: 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	120,233	-974	974	1,202	-1,202
Loans granted					
Other financial assets					
Other financial liabilities	28,368	-230	230	284	-284
Total	**148,601**	**-1,204**	**1,204**	**1,486**	**-1,486**

Risk of changes in foreign exchange rates

MIRBUD S.A. generates revenue in foreign currencies. In 2021, the Company generated over 49% of revenue in EUR and was exposed to the exchange rate risk, which could reduce the effectiveness of construction contracts and may affect the amount of revenue and profits. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In 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 of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021	As of: 31/12/2022	As of: 31/12/2021
Liabilities under credits and loans						
Loans granted						
Trading and other receivables	75,308	48,109				
Trading and other liabilities						
Cash	20,290	5,538				
Other financial assets						
Total	**95,598**	**53,647**	-	-	-	-

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 of 31 December 2022 and as of 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 of: 31/12/2022	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					
Trading and other receivables	75,308	6,100	-6,100	7,531	-7,531
Trading and other liabilities					
Cash	20,290	1,643	-1,643	2,029	-2,029
Other financial assets					
Total	**95,598**	**7,743**	**-7,743**	**9,560**	**-9,560**

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As of: 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					
Loans granted					
Trading and other receivables	48,109	3,897	-3,897	4,811	-4,811
Trading and other liabilities					
Cash	5,538	449	-449	554	-554
Other financial assets					
Total	**53,647**	**4,345**	**-4,345**	**5,365**	**-5,365**

The Issuer's Management Board estimates that the share of revenues in euro will decrease by approximately 30% in 2023 (it will gradually decrease in the second half of 2023) As of 31.12.2022, the Issuer did not have any foreign exchange hedging transactions in place.

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, financial institutions are further tightening credit policies.

When planning subsequent projects, the Company tries to take into account the market situation by adapting its 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 Company's activities, financial situation and its development prospects.

Economic situation risk:

Risk related to the change in macroeconomic situation and economic situation in Poland

Revenue of MIRBUD S.A. is earned in full 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.

In particular, the development of the following macroeconomic and economic indicators has or may have an impact on the financial results achieved by the Company: 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 general economic situation of Poland may have a negative impact on the activity, financial situation or development prospects of the Company.

Risk related to the economic situation in the construction industry

The activities of the Company 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 Company.
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.

Risks related to competition in the construction industry

The economic situation in Poland, the conflict in Ukraine as well as a significant reduction in the number of tenders for construction works and the further deepening of the recession in Poland are intensifying competition by offering the most favourable prices and extending guarantee periods.

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 Board of the Company, based on many years of experience, tries to build a portfolio of contracts that will enable it to achieve an appropriate profit or loss.

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.

External legal risks

Risk of 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 Company's operations, financial situation or its development prospects.

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

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

The occurrence of any of the aforementioned factors may have an adverse effect on the Company'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 Company operates are subject to constant changes, the direction and intensity of which depend on a number of factors. Therefore, the Company's future financial performance, development and market position depend on its ability to develop and implement a long-term strategy in an uncertain and changing market environment.

In particular, the implementation of the Company's strategy depends on the occurrence of a number of factors, the occurrence of which is often independent of the decisions of the Companies' 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:
- reduced availability of bank financing for development and commercial projects;
- failure to implement property development projects and retail and service projects in accordance with the assumed schedule and cost estimate;
- other operational risks described in these statements.

The Company makes every effort to ensure that the assumed strategy is implemented and tries to analyse on an ongoing basis all market and industry factors which have and may have an effect on the implementation of the strategy.

The factors described above may cause that the Company 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.

Risk related to financing development with bank credits

The Company finances its development and current activities with the use of bank credits and leasing. In the future, the Company intends 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 Company's activity markets or financial markets, or as a result of a change in the banks' approach to credit risk assessment, it will have difficult access to financing using credits, their cost will be higher than the current one, or it will be forced to repay or refinance its 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 Company's good financial standing, it cannot be ruled out that in the future, as a result of unfavourable market processes, it will be unable to meet all their obligations resulting from credit contracts and loans. In the event of a situation where the Company 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 strategy of the Company 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 Company'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.

Risk 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 Company's activities, financial situation or its development prospects.

Risk 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 Company will be obliged to bear the costs of land reclamation, pay a fine for breach of environmental protection regulations, or pay damages.

In order to mitigate the risk of environmental liability, the Issuer has taken the following measures:

- implementing and applying the Sustainable Development Strategy 2022-2026
- implementing and applying an Environmental Management System according to EN ISO 14001:2015 in the field of general construction, civil engineering, road and motorway construction, industrial building construction

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

Risk of penalties for non-performance or untimely performance of orders

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

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

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

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

b) industrial facilities construction,

c) installation works.

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

Irrespective of the above, the payment of unforeseen contractual penalties or indemnities may have a negative impact on the Company's profit or loss. It should be noted, however, that in the years 2005-2022, the Company did not incur any significant charges due to the risk related to penalties for non-performance, improper performance or untimely performance of the order.

Risk related to claims against the Company on account of construction of flats and retail and service facilities, 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 649^1 – 649^5 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 Company, may have an adverse effect on the Company's activities, financial position or its development prospects.

Risk related to the production process

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

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

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

Capital risk management

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

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

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

Calculation of the debt ratio	in PLN thousand

	As of: 31/12/2022	As of: 31/12/2021
Total credits	156,357	148,601
Cash and cash equivalents	-293,801	-224,182
Net debt	**-137,444**	**-75,581**
Equity	467,360	365,488
Total capital	**329,916**	**289,907**
Debt ratio	**-42%**	**-26%**

Financial liquidity hedging ratios	in PLN thousand	
	As of:	As of:
	31/12/2022	31/12/2021
Net debt	-137,444	-75,581
EBITDA	136,429	110,263
Equity	467,360	365,488
Total assets	1,426,132	1,221,892
net debt/EBITDA	**-1.0**	**-0.7**
equity/total assets	**0.3**	**0.3**

XII. Approval for publication

The financial statements were approved for publication and signed by the Management Board on 21/04/2023

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

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

Anna Zuchora
Person entrusted with bookkeeping