



# MIRBUD CAPITAL GROUP

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 01/01/2023 to 31/03/2023

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

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**I. BASIC FINANCIAL DATA**

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
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 =			4.7005	4.6472
Sales revenue	515,328	501,790	109,633	107,977
Profit (loss) on operating activities	25,620	24,892	5,451	5,356
Pre-tax profit (loss)	16,554	20,149	3,522	4,336
Net profit (loss)	13,118	15,180	2,791	3,266
Total income for the net financial year	13,118	15,180	2,791	3,266
Net cash flows from operating activities	-202,513	-120,092	-43,084	-25,842
Net cash flows from investment activities	-1,469	-547	-313	-118
Net cash flows from financial activities	-1,420	-18,848	-302	-4,056
Total net cash flows	-205,403	-139,487	-43,698	-30,015
Net profit (loss) per share in PLN/EUR	0.14	0.17	0.03	0.04
Net profit (loss) diluted per share in PLN/EUR	0.14	0.17	0.03	0.04

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2023	31/12/2022
Asset and liability items according to the average exchange rate determined by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6755	4.6899
Total assets	2,097,272	2,248,046	448,566	479,338
Liabilities and provisions for liabilities	1,402,166	1,566,056	299,897	333,921
Long-term liabilities	566,124	648,599	121,083	138,297
Short-term liabilities	836,042	917,457	178,813	195,624
Equity	695,107	681,990	148,670	145,417
Share capital	9,174	9,174	1,962	1,956
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	7.58	7.43	1.62	1.59
Diluted book value per share in PLN/EUR	7.58	7.43	1.62	1.59

Selected separate financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
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 =			4.7005	4.6472
Sales revenue	384,496	365,753	81,799	78,704
Profit (loss) on operating activities	18,674	18,504	3,973	3,982
Pre-tax profit (loss)	15,619	20,502	3,323	4,412
Net profit (loss)	12,713	16,228	2,705	3,492
Total income for the net financial year	12,713	16,228	2,705	3,492
Net cash flows from operating activities	-148,457	-123,624	-31,583	-26,602
Net cash flows from investment activities	-137	2,752	-29	592
Net cash flows from financial activities	-9,349	-2,393	-1,989	-515
Total net cash flows	-157,942	-123,265	-33,601	-26,525
Net profit (loss) per share in PLN/EUR	0.14	0.18	0.03	0.04
Net profit (loss) diluted per share in PLN/EUR	0.14	0.18	0.03	0.04

Selected separate financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2023	31/12/2022
Asset and liability items according to the average exchange rate determined by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6755	4.6899
Total assets	1,293,858	1,426,132	276,732	304,086
Liabilities and provisions for liabilities	813,785	958,771	174,053	204,433
Long-term liabilities	217,904	256,547	46,605	54,702
Short-term liabilities	595,881	702,225	127,448	149,731
Equity	480,074	467,361	102,679	99,653
Share capital	9,174	9,174	1,962	1,956
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	5.23	5.09	1.12	1.09
Diluted book value per share in PLN/EUR	5.23	5.09	1.12	1.09

## II. GENERAL INFORMATION ABOUT THE ENTITY

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

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

Country of registration: Poland

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

Skierniewice Explanation of changes in the name of the reporting entity:

not applicable Legal form of the entity: limited liability company

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

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

Primary place of business: Poland

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

### Core business

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

### Duration

The duration of the Issuer shall be unlimited.

## Management Board and Supervisory Board

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

  

Supervisory Board	
Wiesław Kosonóg	Chairman of the Supervisory Board
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board
Agnieszka Maria Bujnowska	Secretary of the Supervisory Board
Stanisław Lipiec	Member of the Supervisory Board
Artur Sociński	Member of the Supervisory Board
Jacek Tucharz	Member of the Supervisory Board

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

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

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

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

Capital group structure as at 31/03/2023



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

### Subsidiaries and consolidation method

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

Consolidated using the full method

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

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

Consolidated using the full method

Operates in the construction and assembly activities segment

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

Consolidated using the full method

Operates in the investment property segment

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

Consolidated using the full method

Operates in the investment property segment

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

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

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

ТОВ «МІРБУД» was registered in the Unified State Register of Enterprises and Organisations of Ukraine on 25 January 2018 under number: 41887344.

The Company conducts business activities in Ukraine. The core activity of

the subsidiary is:

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

The share capital of ТОВ «МІРБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 31/03/2023, PLN 299,121.30). The sole partner of the company is MIRBUD S.A. As at 31/03/2023, the value of the contributed capital amounted to PLN 315,877.09. The entity is not consolidated due to its immaterial character.

On 24/07/2021, JHM Development Sp. z o.o. purchased shares in the company HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw from the Official Receiver of the Company under the business name STAL - MET Nieczaj Sp. z o. o. w upadłości with its registered office in Słupsk. On 08/10/2021, by decision of the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, JHM Development S.A. was entered as a shareholder of HAKAMORE Sp. z o.o. w upadłości. As of 31/03/2023, the newly acquired company has not been consolidated. The company is in bankruptcy, therefore the Group does not exercise control over the entity. Authority over the newly acquired company will be obtained when the bankruptcy proceedings discontinuation petition is approved.

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

#### **Basis of preparation**

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

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

The Management Board represents that, to the best of its knowledge, the interim consolidated financial statements for the period from 01/01/2023 to 31/03/2023 and comparatives have been prepared in accordance with the applicable accounting policies, which give a true, fair and clear view of the financial and asset position of the Issuer's capital group and its financial result.

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

These consolidated financial statements are subject to audit by a statutory auditor.

#### **Going concern**

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

#### **Functional currency**

The items included in the Group's consolidated financial statements are measured in the currency of the basic business environment in which the Company carries out its operations ("functional currency"). The reporting currency for the financial statements is the Polish zloty (PLN). The financial statements have been prepared in zloty thousand (PLN thousand), and all values, unless indicated otherwise, are given in PLN thousand. Any differences between the total amount and the sum of their components are due to rounding.

Transactions expressed in foreign currencies are converted into functional currency according to the exchange rate applicable on the day of transaction. Exchange profits 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 profit and loss account.

Exchange differences on monetary items, such as financial assets at fair value by financial result, are reported within profits and losses on changes in fair value.

Interim Consolidated Financial Statements in accordance with International Financial Reporting Standards (in PLN thousand) 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. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit and loss account	Note No.	in PLN thousand	
		For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
<b>Continued operations</b>			
Sales revenue	17	515,328	501,790
Own cost of sales	18	-471,943	-460,257
<b>Gross profit from sales</b>		<b>43,384</b>	<b>41,533</b>
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19		
Other operating and investment activity revenue	20	6,405	3,425
Other costs of operating and investment activities	20	-24,169	-20,067
<b>EBIT</b>		<b>25,620</b>	<b>24,891</b>
Financial revenue		1,848	3,289
Financial expenses	21	-10,914	-8,032
<b>Pre-tax activity profit (loss)</b>		<b>16,554</b>	<b>20,148</b>
Income tax attributable to continuing operations	22	-3,436	-4,969
<b>Profit (loss) on continuing operations</b>		<b>13,118</b>	<b>15,179</b>
<b>Discontinued operations</b>			
Revenue from discontinued operations	23		
Costs of discontinued operations			
<b>Pre-tax profit (loss) on discontinued operations</b>			
Income tax attributable to discontinued operations			
<b>Profit (loss) on discontinued operations</b>			
<b>NET PROFIT (LOSS)</b>		<b>13,118</b>	<b>15,179</b>
Assigned to non-controlling shares			
<b>Assigned to the owners of the parent</b>	-	<b>13,118</b>	<b>15,179</b>

Other comprehensive income	Note No.	in PLN thousand	
		For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Components which will not be subsequently reclassified to the profit and loss account			
Components which will be reclassified to profit or loss when certain conditions are met			
<b>Other comprehensive net income</b>	24		
Assigned to non-controlling shares			
<b>Assigned to the owners of the parent</b>	-	-	-

  

Total comprehensive income	Note No.	in PLN thousand	
		For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Total comprehensive income		13,118	15,179
Assigned to non-controlling shares			
<b>Assigned to the owners of the parent</b>	-	<b>13,118</b>	<b>15,179</b>

### Profit per share, in PLN

Profit per share	in PLN thousand	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
<b>Basic profit per share, including:</b>	<b>0.14</b>	<b>0.17</b>
From continuing operations	0.14	0.17
From discontinued operations		
<b>Diluted profit per share, including:</b>	<b>0.14</b>	<b>0.17</b>
From continuing operations	0.14	0.17

**V. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Assets	Note No.	in PLN thousand		
		As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
<b>Fixed assets</b>		<b>725,313</b>	<b>729,719</b>	<b>727,491</b>
Tangible fixed assets	1	170,545	170,466	158,496
Investment property	2	483,857	489,014	505,449
Intangible assets	3	5,150	5,261	5,670
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	10,969	10,969	10,439
Investments measured using the equity method.	5			
Long-term trading and other receivables, including: prepayments and accruals	6	3,141 47	3,996 419	5,196 47
Biological assets	7			
Deferred income tax assets	22	51,651	50,014	42,241
<b>Current assets</b>		<b>1,371,959</b>	<b>1,518,326</b>	<b>1,302,691</b>
Inventory	9	416,986	392,911	356,269
Receivables on account of the income tax	22	559		
Trade and other receivables, including: prepayments and accruals	6	612,097 7,424	577,694 2,234	578,061 7,522
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	40,161	40,161	40,073
Cash and cash equivalents	10	302,157	507,560	328,289
Fixed assets held for sale	11			
<b>Total assets</b>	-	<b>2,097,272</b>	<b>2,248,046</b>	<b>2,030,182</b>

Capitals and liabilities	Note No.	in PLN thousand		
		As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
<b>Equity</b>	<b>12</b>	<b>695,107</b>	<b>681,990</b>	<b>597,460</b>
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		220,499	220,499	220,499
Retained profit, including:		465,434	452,316	367,787
<i>Profit/loss in the reporting period</i>		<i>13,118</i>	<i>119,195</i>	<i>15,179</i>
Equity attributable to shareholders of the parent		695,107	681,990	597,460
Equity attributable to non-controlling shares				
<b>Total liabilities</b>		<b>1,402,166</b>	<b>1,566,056</b>	<b>1,432,722</b>
<b>Long-term liabilities and provisions for liabilities</b>		<b>566,124</b>	<b>648,599</b>	<b>662,845</b>
Deferred income tax provision	22	36,170	34,497	22,452
Other provisions for long-term liabilities	13	7,434	7,434	6,134
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	358,974	395,325	354,097
Long-term trading and other liabilities, including: prepayments and accruals	15	163,545	211,344	280,161
<b>Short-term liabilities and provisions for liabilities</b>		<b>836,042</b>	<b>917,457</b>	<b>769,878</b>
Provisions for short-term liabilities	13	4,384	4,596	4,301
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	94,488	53,012	99,467
Trade and other liabilities, including: prepayments and accruals	15	726,808	848,220	649,275
Liabilities under deferred income tax	22	10,361	11,629	16,834
Liabilities directly related to fixed assets classified as held for sale	11			
<b>Total capitals and liabilities</b>	-	<b>2,097,272</b>	<b>2,248,046</b>	<b>2,030,182</b>

## VI. CONSOLIDATED STATEMENT OF CASH FLOWS

Statement of cash flows	in PLN thousand	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
<b>Pre-tax profit</b>	<b>16,554</b>	<b>20,148</b>
<b>Total adjustments</b>	<b>-214,400</b>	<b>-123,053</b>
Amortisation	4,472	3,692
Profit / loss under exchange rate differences	1,513	
Profit / loss on investing activities	-1,006	-9
Borrowing costs	7,406	5,056
Change in liabilities with the exclusion of financial liabilities	-169,211	-17,675
Change in receivables	-33,176	-71,730
Change in inventories	-24,075	-40,114
Change in provisions	-212	-1,197
Profit / loss on other financial instruments	-29	2,565
Other changes in working capital	-83	-3,641
<b>Cash from operating activities</b>	<b>-197,847</b>	<b>-102,905</b>
Income tax paid	-4,667	-17,187
<b>Net cash from operating activities</b>	<b>-202,513</b>	<b>-120,092</b>
Sale of property, plant and equipment	1,095	742
Purchase of property, plant and equipment	-2,934	-1,444
Sale of intangible assets		
Purchase of intangible assets	35	
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		
Acquisition of financial instruments classified as investing activity		
Received dividends		
Received interest	335	145
Other inflows (expenditure) from investment activity		10
<b>Net cash from investment activity</b>	<b>-1,469</b>	<b>-547</b>
Inflows from shareholders		
Payments to owners		
Commitment of liabilities under loans and credits	31,820	21,463
Repayment of liabilities under loans and credits	-16,130	-29,796
Repayment of liabilities under leasing	-6,353	-5,459

Receipt under issue of debt instruments		
Expenditure on redemption of debt instruments	-3,017	
Interest paid and other debt service expenditure	-7,741	-5,056
Other financial receipts/expenditures		
<b>Cash from financial activity</b>	<b>-1,420</b>	<b>-18,848</b>
<b>Net increases (decreases) in cash and cash equivalents</b>	<b><u>-205,403</u></b>	<b><u>-139,487</u></b>
The effect of changes in exchange rates on cash expressed in foreign currencies		
Change in cash and cash equivalents, net of foreign exchange differences	<b>-205,403</b>	<b>-139,487</b>
Cash and cash equivalents at the beginning of the period	507,560	467,776
<b>Cash closing balance</b>	<b>302,157</b>	<b>328,289</b>
including cash and cash equivalents with restricted availability	88,610	89,089

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

Changes in equity	Revaluation capital	Issue price surplus over nominal value of shares	Other capitals reserves	Retained profit attributable to the shareholders of the parent/supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2023</b>	<b>9,174</b>		<b>220,499</b>	<b>452,316</b>	<b>681,990</b>		<b>681,990</b>
Total profits (losses) for the period				13,118	13,118		<u>13,118</u>
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>13,118</b>	<b>13,118</b>		<b><u>13,118</u></b>
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>13,118</b>	<b>13,118</b>		<b>13,118</b>
<b>As at 31/03/2023</b>	<b>9,174</b>		<b>220,499</b>	<b>465,434</b>	<b>695,107</b>		<b>695,107</b>

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2022</b>	<b>9,174</b>		<b>220,499</b>	<b>352,608</b>	<b>582,281</b>		<b>582,281</b>
Total profits (losses) for the period				119,195	119,195		<u>119,195</u>
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>119,195</b>	<b>119,195</b>		<b><u>119,195</u></b>
Owner contributions							
Payments to owners				-18,349	-18,349		<u>-18,349</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				-1,138	-1,138		<u>-1,138</u>
<b>Changes in equity during the period</b>				<b>99,708</b>	<b>99,708</b>		<b><u>99,708</u></b>
<b>As at 31/12/2022</b>	<b>9,174</b>		<b>220,499</b>	<b>452,316</b>	<b>681,990</b>		<b>681,990</b>

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other capitals reserves	Retained profit attributable to the shareholders of the parent/supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2022</b>	<b>9,174</b>		<b>220,499</b>	<b>352,608</b>	<b>582,281</b>		<b>582,281</b>
Total profits (losses) for the period				15,179	15,179		15,179
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>15,179</b>	<b>15,179</b>		<b>15,179</b>
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>15,179</b>	<b>15,179</b>		<b>15,179</b>
<b>As at 31/03/2022</b>	<b>9,174</b>		<b>220,499</b>	<b>367,787</b>	<b>597,460</b>		<b>597,460</b>

## VIII. ACCOUNTING POLICIES APPLIED BY THE GROUP

### Intangible assets

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

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

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

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

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

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

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of assets may not be recoverable, the assets are reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the 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 profit and loss account.

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

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

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

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

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

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

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

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

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

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

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

### **Goodwill**

Goodwill under the acquisition of a business entity is initially recognised at acquisition cost, being the excess of the cost of business entities' merger over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

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

### **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 profit and loss account at the moment they are incurred.

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

After initial recognition, property, plant & 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 property, plant and equipment are as follows:

Item	Annual amortisation rate
Land (right of perpetual usufruct)	is not amortised
Buildings and structures	1.5% – 2.5%
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 property, plant and equipment may not be recoverable, these 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 profit and loss account under “other operating expenses”.

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. Projects may be suspended if there is a justified intention to continue such projects in subsequent periods. The project 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.

Advances made for the purchase of property, plant and equipment are presented in the financial statements under other short-term receivables item.

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

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

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

The 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 at the date of the inception of lease according to the lower of the following two values: the fair value of the subject of lease, or the current value of minimum lease charges. The minimum lease charges are apportioned between the financial expenses and reduction of the liability under leasing, so as to produce a constant interest rate in relation to the remaining liability. Contingent lease payments are recognised as an expense in the period in which they are incurred.

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

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

Assets leased under financial leases are presented in the balance sheet as receivables in the amount equal to the net investment. The net investment is the sum of the minimum lease payments due to the lessor under the finance lease agreement and any unguaranteed residual value attributed to the lessor discounted at the interest rate of the lease. 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 production 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 profit and loss account 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 profit and loss account under "other operating expenses".

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

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

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

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

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

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

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

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

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

### **Investment 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 Group.

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

### **Inventories**

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

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

Land and 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 Group from the tax authorities), transport, loading and unloading costs, and other costs directly attributable to the acquisition of finished goods, materials and services. Discounts, rebates and other similar items shall be deducted in determining purchase costs.

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

As at the balance-sheet date, inventories are measured at acquisition or purchase prices or production cost, however, not higher than their net 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 at the balance-sheet date are charged to other operating expenses. If the reason for making a revaluation write-down ceases to exist, the value of tangible current assets is credited to other operating income. Circumstances indicating the need to make a revaluation write-down on inventories include in particular:

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

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

## **Receivables**

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

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

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

- receivables not transferred to full factoring: at amortised cost including write-downs for expected credit losses (whereby receivables from

- customers with a maturity date of less than 12 months from the date of creation are not discounted);
- receivables transferred to full factoring: at fair value through financial result, but due to the short period of time between recognition of the receivables and their transfer to the factor and the low credit risk of the business partner (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 "Cash and cash equivalents" item 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 Group's restricted cash primarily includes:

- providing hedging for bank guarantees;
- cash accumulated in open housing trust accounts;
- held in split payment accounts, funds in escrow
- accounts.

The Group reports restricted cash in the statement of financial position within cash and cash equivalents, while for the purposes of the statement of cash flows, the opening and closing cash balances are separated into a separate line item without deducting cash.

### **Prepayments and accruals**

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

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

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

### **Revenue prepayments and accruals**

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

### **Financial instruments**

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

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

- financial assets or financial liabilities measured at fair value through profit or loss account – assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term or as part of a portfolio of identified financial instruments that 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 that the Capital Group 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; available-for-sale financial assets – non-derivative financial
- assets that are designated as available for sale or that are not loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

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

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

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

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

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

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

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

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

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

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

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

### **Hedge accounting**

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

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

Derivatives 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 profit and loss account.

### **Discontinuation of hedge accounting**

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

- the hedging instrument expires, is sold, terminated or exercised. In such a case, the cumulative profit or loss on the hedging instrument which is recognised directly in equity shall remain separately recognised in equity until the planned transaction occurs;
- the hedge no longer meets the criteria for hedge accounting. In this case, the cumulative profit or loss on the hedging instrument is recognised directly in equity until the forecast transaction occurs; the forecast transaction is no longer expected to occur, so any cumulative profit or
- loss on the hedging instrument, taken directly to 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 profit or loss on measurement of the instruments is recognised immediately in financial result.

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 within

more than one year from the end of the reporting period, such an instrument or part of it is classified as a long-term 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 Group.

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

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

A separate equity item is non-controlling shares.

### **Bank credits and loans**

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

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

### **Liabilities**

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

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

Liabilities are presented in the financial statements divided into long-term and short-term liabilities. Moreover, liabilities towards related parties and liabilities towards other parties 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 profit and loss account, less all reimbursements.

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

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

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

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

### **Provisions for employee benefits**

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

Provisions for unused leave costs are calculated on the basis of the actual number of days

unused leave in the current period plus the number of days of unused leave from 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 stage of completion of the transaction as at the balance sheet date can be measured
- reliably, the costs incurred in connection with the transaction and the costs to complete the transaction can be measured reliably.

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

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

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses incurred that are expected to be recoverable. If the outcome of the transaction cannot be estimated reliably and it is not probable that the costs incurred will be recovered, revenue is not recognised and expenditure incurred is recognised as an expense. If the uncertainties that prevented a reliable estimate of the outcome of the contract

has been removed, revenue from the transaction should be recognised based on the stage of completion of the transaction at the balance sheet date.

Interest revenue arising from an entity transferring an asset to another party 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 subsidies**

Subsidies are recognised if there is reasonable certainty that the subsidy will be obtained and all related conditions will be met.

Subsidies 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 asset subject to amortisation.

Subsidies relating to cost items are recognised as a reduction in expenses as they are incurred and the excess of the subsidy received over the value of the relevant expenses is recognised in other operating revenue.

### **Costs**

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

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

Costs are accounted for by cost centres and by nature, with the basic cost reporting format used in 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 expenses, related indirectly to the operating activity, including in particular:

- overhead
- selling 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 expenses 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 at the transaction date.

Exchange differences resulting from such translation are disclosed under financial revenue or expenses or, in cases provided for in the accounting policies, capitalised in the value of assets, except for cash items constituting a hedge of exchange risk, which are recognised directly in capital in accordance with the cash flows hedge accounting policies.

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

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

### **Income tax**

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

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

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

An item of assets or a tax liability does not arise if the temporary difference results from goodwill or from the initial recognition of another asset component or liability in a transaction which does not affect either the tax result or the accounting result. Deferred tax liabilities

are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, unless the entity is able to control the timing of the reversal and it is probable that the reversal will not occur in the foreseeable future.

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

### **Other taxes**

Revenue, 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 vehicles, real estate tax, personal tax, are recognised in the operating expenses of the Group's business.

### **Profit per share**

Profit per share is calculated by dividing the net profit for the period attributable to ordinary share holders 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. Profits or losses on sale of non-controlling interests are also recognised in equity.

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

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

At each reporting date the Group determines whether there is objective evidence that an investment in an associate is impaired. If an impairment loss has been incurred, the Group

calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its balance sheet value, and recognises that amount, in addition to its “share in the associate’s profit/(loss)”, in the result report.

A business merger under common control is a business 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 Group applies the pooling of interests method to account for the effects of combinations 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.

Revenue 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 Group:

- profits and losses on the sale of fixed assets, including investments and assets used in operating activities, are recognised in the amount of the difference between the revenue earned on the sale and the balance sheet value of a given asset component plus 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 tax assets and provisions are recognised as a surplus of 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;
- profits and losses arising from a group of similar transactions are recognised in the net amount, e.g. foreign exchange difference profits and losses or profits and losses arising from the measurement of financial instruments held for trading and hedging recognised in the financial result, profits or losses arising from the discounting of long-term settlements;
- and liabilities under settlement of input VAT and due VAT, concerning future settlement periods.

### **Cash-flow statement**

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

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

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

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

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

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

### Exceptional items

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

### Business segments

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

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

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

Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other
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Other ancillary activities are assigned to the "Other" group 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 affiliates

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

### **Items based on estimates and professional judgement**

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

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

The Compiler of financial statements assesses whether there is any indication that shares (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 at the balance-sheet date, related to the pending court disputes. The assessment is based on an estimate of the amount the entity would be required to pay to settle the obligation at the balance-sheet date.

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

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

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

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

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

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

## X. IMPACT OF CURRENT AND FUTURE CHANGES IN THE ACCOUNTING REGULATIONS 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 2021	Impact on financial statements / charge
Amendments to IFRS 4 "Insurance Contracts" - postponed application of IFRS 9 "Financial Instruments" until 2021.	will not have a 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 a 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 / charge
Amendments to IFRS 3 "Business Combinations" - updated references to the Framework	will not have a 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 a 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 a 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 a 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 / charge
IFRS 17 "Insurance Contracts" and amendments to IFRS 17	will not have a significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short- or long-term	will not have a 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 a 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 a significant impact on the financial statements
Amendments to IAS 12 "Income Taxes" - the obligation to recognise deferred tax on transactions, i.e. leasing	will not have a significant impact on the financial statements
IFRS 17 "Insurance Contracts", first-time adoption of IFRS 17 and IFRS 9, comparative information,	will not have a 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 a significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short-term and long-term	will not have a significant impact on the financial statements

**XI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Tangible fixed assets**

Ownership structure of fixed assets	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Own property, plant and equipment	93,669	92,446	91,496
Property, plant and equipment used under operating lease, rent, hire or similar	76,876	78,020	66,999
<b>Total</b>	<b>170,545</b>	<b>170,466</b>	<b>158,495</b>
Fixed assets pledged as hedging for liabilities	31,503	51,579	53,184

Costs of external financing capitalised in the value of fixed assets	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Interest			
Foreign exchange differences			
Other borrowing costs			
<b>Total</b>			

Fixed assets used under a finance lease agreement	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Costs	112,152	110,696	94,025
Depreciation	-35,276	-32,676	-27,026
<b>Total</b>	<b>76,876</b>	<b>78,020</b>	<b>66,999</b>

Fixed assets by types	land	buildings and structures	technical equipment and machinery	vehicles	other fixed assets	Fixed assets in progress	Advances on fixed assets in progress	Fixed assets held for sale	TOTAL
<b>As at 01/01/2022</b>									
Costs	23,122	67,035	104,439	41,754	6,714	1,339			244,403
Depreciation and revaluation write-downs		-20,275	-55,279	-18,541	-6,577	-20,051			-120,722
<b>Net book value</b>	<b><u>23,122</u></b>	<b><u>46,760</u></b>	<b><u>49,160</u></b>	<b><u>23,213</u></b>	<b><u>137</u></b>	<b><u>-18,712</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>123,681</u></b>
Increases including revaluation surplus		1,633	26,752	23,703	2,370	21,344			75,802
Decreases including changes in the accumulated amortisation	-656	-1,949	-13,821	-9,888	-647	-2,055			-29,016
Differences foreign exchange		-1,949	-7,983	-3,811	-423				-14,166
<b>As at 31/12/2022</b>									
<b>Net book value</b>	<b><u>22,466</u></b>	<b><u>46,444</u></b>	<b><u>62,091</u></b>	<b><u>37,028</u></b>	<b><u>1,860</u></b>	<b><u>577</u></b>			<b><u>170,466</u></b>
<b>As at 01/01/2023.</b>									
<b>Costs</b>	22,418	66,719	117,837	58,394	8,437	20,632			294,436
Depreciation		-20,758	-57,492	-18,885		-20,051			-117,186
Revaluation write-downs									
<b>Net book value</b>	<b><u>22,418</u></b>	<b><u>45,961</u></b>	<b><u>60,344</u></b>	<b><u>39,509</u></b>	<b><u>8,437</u></b>	<b><u>581</u></b>			<b><u>177,251</u></b>
<b>As at 31/03/2023</b>									
<b>Costs</b>	<b><u>-48</u></b>		<b><u>467</u></b>	<b><u>2,825</u></b>		<b><u>4</u></b>			<b><u>294,436</u></b>
Increases, including:			792	3,871		4			4,667
- acquisition			792	2,142					2,934
- acquisition on subsidiaries									
-revaluation surplus									
-carry-over									
- other				1,729		4			1,733
Decreases, including:	-48		-325	-1,047					-1,420
-sale	-48			-1,047					-1,095
-reallocation to the held for sale group									

- other				-325					-325
<b>Depreciation</b>				<b>-483</b>	<b>-2,213</b>	<b>-344</b>	<b>-129</b>		<b>-3,168</b>
Increases, including:				-483	-2,213	-344	-129		-3,168
- amortisation				-483	-2,213	-344	-129		-3,168
-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									
Differences foreign exchange									
<b>Net value</b>	<b>22,418</b>	<b>45,961</b>	<b>60,344</b>	<b>39,509</b>	<b>1,732</b>	<b>581</b>			<b>170,545</b>
Fixed assets by types	land	buildings and structures	technical equipment and machinery	vehicles	other fixed assets	Fixed assets in progress	Advances on fixed assets in progress	Fixed assets held for sale	TOTAL

No oversized 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 property

Investment property measured according to the fair value model	undeveloped land	buildings and structures	TOTAL
<b>As at 01/01/2022</b>	<b>15,138</b>	<b>491,115</b>	<b>506,253</b>
New property acquisitions		784	784
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		-16,406	-16,406
Carry-overs to investments for lease			
Carry-overs to and from inventories Sales		-560	-560
Carry-overs to and from owner-occupied property		-1,057	-1,057
Other changes			
<b>As at 31/12/2022</b>	<b>15,138</b>	<b>473,876</b>	<b>489,014</b>
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		-1,297	-1,297
Carry-overs to investments for lease			
Carry-overs to and from inventories Sales			
Carry-overs to and from owner-occupied property			
Change in the value of property in use under lease contract		-3,860	-3,860
Other changes			
<b>As at 31/03/2023</b>	<b>15,138</b>	<b>468,718</b>	<b>483,856</b>

Neither in the current nor in the previous reporting period did MIRBUD S.A. have 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 value of investment properties consists of:

- a) the remaining property purchased by Marywilka 44 sp. z o.o. from Expo Mazury S.A. w likwidacji located in Ostróda, at ul. Grunwaldzka 55 and 55A, covering halls with a total area of 27.099 sq. m. intended for warehousing and logistic operations. The property includes halls which previously constituted investment real properties (with a value of PLN 3,128 thousand), property constituting fixed assets (with a value of PLN 62,835 thousand) and other fixed assets (with a value of PLN 11,162 thousand).
- b) a retail pavilion with lease area of 4,071 sq.m. located in Starachowice, purchased by Marywilka 44 sp. z o.o. from JHM 1 sp. z o.o., with a total value of PLN 15,809 thousand;
- c) a retail park, together with the necessary infrastructure and car park, located in Rumia at ul. Dębogórska 132 with lease area of 2982 sq. m., purchased by Marywilka 44 sp. z o.o. from JHM 2 sp. z o.o., with a total value of PLN 15,010 thousand;
- d) developed property in Skierniewice at ul. Sobieskiego, with a value of PLN 3,757 thousand;
- e) the property purchased by Marywilka 44 sp. z o.o. from Expo Mazury S.A. w likwidacji located in Ostróda, at ul. Grunwaldzka 55 covering halls with a total area of 29.625 sq.m. intended for warehousing and logistic operations. The property includes halls which previously constituted investment real properties (with a value of PLN 36,637 thousand) and fixed assets (with a value of PLN 32,497 thousand);
- f) recognition of an asset under the right to use land property located in Warsaw at ul. Marywilka 44 used on the basis of long-term lease contracts - recognition in accordance with IFRS 16 "Leases" as at 31/03/2023 - PLN 131,179 thousand;
- g) the amount of PLN 14.9 million disclosed in the consolidated financial statements relates to undeveloped land properties situated in Wola Pękoszewska, Skierniewice, at ul. Unii Europejskiej, and Rawa Mazowiecka, at ul. Biała.
- h) Shopping Centre building with a value of PLN 125 million
- i) Park Handlowy Marywilka 44 building completed on 31/12/2017, with a value of PLN 28 million

As of 31/12/2022, Marywilka 44 Sp. z o.o. has carried out a valuation of its investment properties. The fair value of the Ostróda property has been reduced by an amount of PLN 10,068 thousand. Considering the above, as at 31/12/2022, the fair value of the Marywilka 44 shopping complex was PLN 309,515 thousand, and of the complex in Ostróda - PLN 149,899.

Ownership structure of investment property value	in PLN thousand		
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
Own	352,678	352,678	362,522
Used under operating lease, rent, hire and similar	131,179	136,336	142,927
<b>Total</b>	<b>483,856</b>	<b>489,014</b>	<b>505,449</b>

Investment property used under financial lease contracts	in PLN thousand		
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
Capitalised leasing costs	-1,297	-16,406	-1,540
Fair value changes	-3,860	-1,057	736
<b>Total</b>	<b>-5,157</b>	<b>-17,463</b>	<b>-804</b>

Data on investment property measured at fair value carried out by the entity	in PLN thousand		
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2021 to 31/12/2021	For the period: from 01/01/2022 to 31/03/2022
Book value	483,856	489,014	505,449
Revenue from rent	14,819	54,898	13,473
Direct operating expenses for investment property yielding rent income	-6,359	-20,829	-4,202
Direct operating expenses for investment property not yielding rental income	-1,297	-6,338	-1,540
<b>Total:</b>	<b><u>7,162</u></b>	<b><u>27,731</u></b>	<b><u>7,731</u></b>
Amounts of restrictions on the realisation of economic benefits			
Contractual purchase, construction or adaptation amounts			

Investment property according to the fair value hierarchy	in PLN thousand		
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
I			
II	483,856	489,014	505,449
III			
<b>Total</b>	<b>483,856</b>	<b>489,014</b>	<b>505,449</b>

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

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

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

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

### Note 3. Intangible assets

Intangible asset ownership structure	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Own intangible assets	5,150	5,261	5,670
Intangible assets used under operating lease, rent, hire or similar			
<b>Total</b>	<b>5,150</b>	<b>5,261</b>	<b>5,670</b>
Intangible assets pledged as hedging for liabilities			

Borrowing costs capitalised in the value of fixed assets	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Interest			
Foreign exchange differences			
Other borrowing costs			
<b>Total</b>			

Data does not exist.

Intangible assets used under a lease agreement statements	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Costs	4,281	4,281	4,281
Depreciation	-3,729	-3,604	-3,226
<b>Total</b>	<b>552</b>	<b>677</b>	<b>1,055</b>

Data does not exist.

Intangible and legal assets	Costs of research and development	Goodwill	Plans and licenses	Other intangible assets	Advances for intangible assets	TOTAL
<b>As at 01/01/2022</b>						
Costs		13,026	6,756		34	19,816
Depreciation and revaluation write-downs		-8,517	-5,345			-13,862
Net book value		4,509	1,411		34	5,954
Increases			312			312
including revaluation surplus						
Decreases			-971		-34	-1,005
including changes in the accumulated amortisation			-971			-971
Foreign exchange differences						
<b>As at 31/12/2022</b>						
<b>Net book value</b>		<b>4,509</b>	<b>752</b>			<b>5,261</b>
<b>as at 01/01/2023</b>						
Costs		4,509	6,132			10,641
Depreciation			-5,491			-5,491
Revaluation write-downs						
<b>Net book value</b>		<b>4,509</b>	<b>641</b>			<b>5,150</b>
<b>as at 31/03/2023</b>						
<b>Costs</b>		<b>4,509</b>	<b>6,132</b>			<b>10,641</b>
Increases, including:			35			35
- acquisition			35			35
-acquisition subsidiaries						
-revaluation surplus						
-carry-over						
- other						
Decreases, including:						
-sale						
-reallocation to the group held for sale						
- other						
<b>Depreciation</b>			<b>-5,491</b>			<b>-5,491</b>
Increases, including:			-146			-146
- amortisation			-146			-146
-acquisition subsidiaries						
- other						
Decreases						
-sale						
-reallocation to the group held for sale						
-carry-over						
- other						
<b>Revaluation write-downs</b>						
-revaluation write-downs						

-reversals of revaluation write-downs

Foreign exchange differences

**Net value** **4,509** **641** **5,150**

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.

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

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

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

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

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

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

Financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Capital investments in subsidiaries	316	316	316
Other	10,741	10,741	10,123
<b>Total</b>	<b>11,057</b>	<b>11,057</b>	<b>10,439</b>

Other financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand			As at: 31/03/2023
	As at: 31/12/2022	Increases from 01/01/2023 to 31/03/2023	Decreases from 01/01/2023 to 31/03/2023	
<b>Long-term financial assets</b>	<b>10,969</b>	<b>530</b>		<b>10,969</b>
<b>in related parties</b>	<b>316</b>			<b>316</b>
- shares	316			316
- loans granted				
- other long-term financial assets				
<b>in other parties</b>	<b>10,653</b>	<b>530</b>		<b>10,653</b>
- shares	10,123			10,123
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other long-term financial assets	530	530		530
<b>Short-term financial assets</b>	<b>40,161</b>			<b>40,161</b>
<b>in subsidiaries and jointly controlled entities</b>				
- shares available for trade				
- other securities				
- loans granted				
- other short-term financial assets				
<b>in associates</b>	<b>40,073</b>			<b>40,073</b>
- shares available for trade				
- other securities	40,073			40,073
- loans granted				
- other short-term financial assets				
<b>in other parties</b>	<b>88</b>			<b>88</b>
- shares (listed)				
- other shares				
- financial assets measured at fair value through financial result				
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other short-term financial assets	88			88
<b>Total</b>	<b>51,130</b>	<b>530</b>		<b>51,130</b>

On 24/07/2021, JHM DEVELOPMENT S.A. purchased shares in HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw (currently - Skierniewice) from the Official Receiver of the Company under the business name STAL-MET Nieczaj Sp. z o.o. w upadłości with its registered office in Słupsk. In the following months, the Company acquired most of the receivables of HAKAMORE Sp. z o.o., including, among others, the bonds issued by HAKAMORE Sp. z o.o. w upadłości.

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

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

Due to the fact that HAKAMORE Sp. z o. o. is currently in bankruptcy, JHM DEVELOPMENT S.A. does not exercise control over HAKAMORE Sp. z o.o. w upadłości as at the balance sheet date. Accordingly, the financial statements of HAKAMORE Sp. z o.o. w upadłości will not be consolidated as at 31/03/2023.

JHM DEVELOPMENT shall undertake all factual and legal actions aiming at legally ending the bankruptcy proceedings, and thus taking control over the financial and operating activities of HAKAMORE Sp. z o.o. w upadłości. The Management Board of the Company expects that the acquisition of control over HAKAMORE Sp. z o. o. w upadłości will take place in 2023.

Until the date of assuming control over HAKAMORE Sp. z o. o. w upadłości, the shares in the Company will be carried at cost. To verify the value of the shares as at the balance sheet date, an impairment test of these shares was performed. This primarily involved an assessment of the market value of the properties owned by HAKAMORE sp. z o.o. w upadłości. The impairment test did not show a decrease in the value of the Company's shares below the purchase price.

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

As of 28/02/2022, the net market value of the property owned by HAKAMORE has been estimated by an appraiser at PLN 61,420 thousand. Taking into account the above estimation, the value of the property in question should be updated, and thus the net equity value of HAKAMORE should be higher by PLN 27,920 thousand, i.e. should amount to PLN 25,156 thousand.

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

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

To the best knowledge of the Company's Management Board, the bankruptcy proceedings of HAKAMORE sp. z o. o. w upadłości will be discontinued in 2023. This will make it possible to execute a significant investment project on the land owned by HAKAMORE Sp. z o.o. w upadłości and thus to utilise the full potential of the property in question. Thus, in order to assess the value of assets and net capital of HAKAMORE Sp. z o. o. w upadłości, the Management Board of the Company relies on the market value of the property.

Under a bond sale agreement dated 08/10/2021, JHM DEVELOPMENT S.A. purchased bonds issued and outstanding at maturity issued by HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The cost of purchasing the bonds amounted to PLN 40,073 thousand.

The Company purchased private market instruments representing 26,754 (twenty-six thousand, seven hundred and fifty-four) A series bonds issued by HAKAMORE Sp. z o.o. w upadłości with a nominal value of PLN 1,000.00 (one thousand).

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

HAKAMORE is the owner of 19.87 ha of land properties located in Łódź at ul. Politechniki, Wróblewskiego and Różana. As at 28/02/2022, the net market value of these properties was estimated by the appraiser at PLN 61,420 thousand, and PLN 49,136 thousand for the forced sale, estimated in the same report. In an appraisal report prepared by a property valuer as at 15/03/2023 the total market value of the property was determined at PLN 71,008 thousand.

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

Thus, in the event of the sale of the assets of HAKAMORE Sp. z o. o. w upadłości, the Company will have cash to cover all claims recognised on the list of claims, as well as all claims which JHM DEVELOPMENT S.A. has acquired.

The economic point of the above-described transactions was intended by the Company not to acquire shares or financial instruments in order to derive future economic benefits from their ownership, but to realise the business objective of acquiring ownership of a land property and expanding the land bank for the Company's main operational activities.

Therefore, the resulting difference between the value of the acquired bonds, shares in HAKAMORE Sp. z o.o. w upadłości and other receivables and the market value of the property are not subject to write-down as at the balance sheet date.

Basic financial data of 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	674,262	333,734	505,263	
Long-term liabilities	102,771	88,435	165,626	
Short-term liabilities	164,546	142,816	19,040	
Equity	406,685	102,483	320,597	
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	10,720	124,629	14,678	
Net profit (loss)	-360	1,175	1,189	
Total income for the financial year value	-360	1,175	1,189	
Total net cash flows	18,747	-66,677	469	

Basic financial data of main, indirectly controlled subsidiaries	JHM 1 Sp. z o.o. w likwidacji
Total assets	10,243
Long-term liabilities	
Short-term liabilities	3
Equity	10,240
Share in equity (direct and indirect)	100.00%
Sales revenue	
Net profit (loss)	55
Total income for the net financial year	55
Total net cash flows	

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

Pursuant to the above resolution, the capital of Marywilska 44 sp. z o.o. was increased by PLN 78,250,000 by increasing the number of shares by 1,565,000. The shares in the increased share capital were fully covered with a cash contribution in the amount of PLN 156,500,000.00. The surplus over the total nominal value of the shares, in the amount of PLN 78,250 thousand, was transferred to the supplementary capital of Marywilska 44 Sp. z o.o. The share capital increase was registered in the National Court Register on 10/06/2021 in an incorrect manner, inconsistently with the Company's request and the actual state of affairs regarding the amount of the share capital, the amount of capital contributed by individual shareholders. The Company's Management Board has filed appropriate petitions to correct the error.

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

- **1,565,000 shares with a nominal value of PLN 50 each**, making a total of PLN 78,250,000 - shares owned by MIRBUD S.A. Share of MIRBUD S.A. in the Company's share capital will be: 53.88%.
- **1,339,800 shares with a nominal value of PLN 50 each**, making a total of PLN 66,990,000 - shares owned by JHM DEVELOPMENT S.A. Share of JHM DEVELOPMENT S.A. in the Company's share capital will be: 46.12%.

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

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

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

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

- reduction of the Company's share capital to PLN 145,240,000, i.e. by PLN 3,010,000, which corresponds to the value of the aforementioned redeemed shares,
- and a subsequent increase in the Company's share capital to PLN 157,500,000, i.e. by PLN 12,260,000, through creating 245,200 new shares of nominal value of PLN 50 each. The newly created shares were fully covered with a cash contribution of PLN 24,520,000, with the surplus over the nominal value of shares in the amount of PLN 12,260,000 transferred in full to the Company's share capital. The new shares were acquired entirely by MIRBUD S.A. The capital for the capital increase was fully contributed and an application was submitted on 28 December 2021 to register the above-described capital increase.

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

in the share capital of Marywilska 44 Sp. z o.o. with a total value of PLN 90,510,000.00, which constitutes 57.47% of the share capital of Marywilska 44 Sp. z o.o.

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

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

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

**Note 6. Trade and other receivables**

Trade and other receivables	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Long-term receivables</b>	<b>3,095</b>	<b>3,576</b>	<b>5,149</b>
trade receivables from related parties			
trade receivables from other parties			
other receivables from related parties			
other receivables from other parties	3,095	3,576	5,149
<b>Short-term receivables</b>	<b>604,673</b>	<b>575,460</b>	<b>570,538</b>
trade receivables from related parties			
trade receivables from other parties	451,948	438,975	474,393
retained amounts under execution of contracts from related parties			
retained amounts under execution of contracts from other parties	63,560	55,556	44,529
other receivables from related parties			
other receivables from other parties	2,358	2,640	15,036
amounts transferred for deliveries	22,574	22,884	29,848
budget receivables except for corporate income tax settlements			
	1,264	1,046	1,650
disputed receivables brought before the court	3,012	3,996	5,083
accrual of receivables under settlement of long-term contracts	59,957	50,364	
<b>Total</b>	<b>607,768</b>	<b>579,037</b>	<b>575,687</b>

Age structure of receivables	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Gross trade receivables</b>	<b>631,982</b>	<b>603,592</b>	<b>599,242</b>
<b>not past due, including:</b>	<b>430,833</b>	<b>393,334</b>	<b>385,069</b>
payable up to 1 month	338,360	256,269	208,880
payable from 1 to 3 months	25,818	77,932	126,511
payable from 3 to 12 months	63,560	55,556	44,529
payable from 1 to 5 years	3,095	3,576	5,149
<b>past due, including:</b>	<b>201,148</b>	<b>210,258</b>	<b>214,173</b>
past due up to 1 month	15,510	32,391	43,623
past due from 1 to 3 months	50,821	25,631	77,391
past due from 3 to 6 months	13,129	87,584	56,455
past due from 6 to 12 months	95,563	37,980	13,405
past due over 12 months	26,126	26,672	23,299
receivables in respect of which credit risk has significantly increased	-2,087	-2,087	-1,413
receivables revaluation write-down	-22,127	-22,468	-22,142
<b>Net trade receivables</b>	<b>607,768</b>	<b>579,037</b>	<b>575,687</b>

With reference to the table above, as at the date of publication of the financial statements, PLN 6,724 thousand was settled out of the range of overdue receivables.

Receivables revaluation write-downs	Receivables Companies	Disputed receivables	Other	Total
<b>As at 01/01/2022</b>	<b>-21,439</b>		<b>-2,229</b>	<b>-23,668</b>
Increases	-403		-1,443	-1,847
Releases	401		380	781
Utilisation	179			179
<b>As at 31/12/2022</b>	<b>-21,262</b>		<b>-3,292</b>	<b>-24,555</b>
Increases				
Releases	329			329
Utilisation	12			12
<b>as at 31/03/2023</b>	<b>-20,921</b>		<b>-3,292</b>	<b>-24,214</b>

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

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

The liability default rate was established on the basis of historical data from 2020 to 2022.

The recoverability is estimated on the basis of historical data as the balance includes a group of dispersed items grouped according to the probability of credit risk and customer behaviour in the past. A further adjustment is then made to take account of the impact of future factors not reflected in the historical data.

The liability default rate established as at 31/12/2022 is: 2

- for receivables not due - 0.02%;
- for receivables overdue up to 1 month - 0.03%;
- for receivables overdue between 1 month and 3 months - 0.07%;
- for receivables overdue between 3 and 6 months - 0.23%;
- for receivables overdue between 6 and 12 months - 0.69%;
- for receivables overdue over 12 months - 97.20%.

As at 31/03/2023, the Group has recognised a write-down for potential credit risk in the amount of PLN 2,087 thousand.

### Note 7. Biological assets

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

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

Other assets	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Other long-term assets</b>	<b>47</b>	<b>419</b>	<b>47</b>
Long-term cost prepayments	47	419	47
Other long-term assets not elsewhere classified			
<b>Other short-term assets</b>	<b>7,424</b>	<b>2,234</b>	<b>7,522</b>
Short-term cost prepayments	7,424	2,234	7,522
Other short-term assets not elsewhere classified			
<b>Total</b>	<b>7,471</b>	<b>2,654</b>	<b>7,570</b>

**Note 9. Inventories**

Inventories	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Materials	11,569	9,511	15,990
Semi-finished products and work in progress	250,030	221,963	204,094
Finished products			
Goods	105,066	105,591	105,260
Completed property development contracts	50,320	55,845	30,926
<b>Total</b>	<b>416,986</b>	<b>392,911</b>	<b>356,269</b>

Inventory revaluation write-downs	Materials	Semi-finished products work in progress	Finished products	Goods	Completed property development contracts
<b>As at 01/01/2022</b>					
Increases					
Releases					
Utilisation					
<b>As at 31/12/2022</b>					
Increases					
Releases					
Utilisation					
<b>as at 31/03/2023</b>					

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 at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Cash on hand and with banks	213,547	435,587	239,200
Term deposits	69,165	59,026	47,623
Other monetary assets	19,445	12,947	41,465
<b>Total</b>	<b>302,157</b>	<b>507,560</b>	<b>328,289</b>

Term deposits in the amount of PLN 40,931 thousand are interest-bearing cash constituting a hedge for proper execution of construction contracts, obtained from advances of MIRBUD S.A. investors.

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

Term deposits in the amount of PLN 27,133 thousand represent cash of JHM Development S.A., of which PLN 10,300 thousand from the return of cash contributions to shareholders from the liquidated JHM 2 Sp. z o.o.

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

As a result, they are limited in their use.

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

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

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

## Note 12. Capitals

Capitals and liabilities	in PLN thousand		
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
Share capital	9,174	9,174	9,174
Issue price surplus over nominal value of shares			
Other reserve capitals	220,499	220,499	220,499
Retained profits attributable to shareholders of the parent/supplementary capital, including:			
<i>Profit/loss in the reporting period</i>	13,118	119,195	15,179
<b>Equity attributable to shareholders of the parent/supplementary capital</b>	<b>695,107</b>	<b>681,990</b>	<b>597,460</b>
Equity attributable to non-controlling shares			
<b>Total</b>	<b>695,107</b>	<b>681,990</b>	<b>597,460</b>

## Reserve capital

Other reserve capitals	in PLN thousand		
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
Other capital attributable to equity holders of the parent entity, including:	220,499	220,499	220,499
<i>Total other comprehensive income - issue of shares</i>	220,499	220,499	220,499
<b>Total</b>	<b>220,499</b>	<b>220,499</b>	<b>220,499</b>

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	
Ordinary D series shares	3,611	361	0.10	22/12/2006	Contribution in cash
Ordinary E series shares	5,000	500	0.10	11/12/2019	Contribution in cash
Ordinary F series shares	10,000	1,000	0.10	03/03/2010	Contribution in cash
Ordinary G series shares	10,000	1,000	0.10	19/05/2010	Contribution in cash
Ordinary H series shares	10,000	1,000	0.10	18/08/2010	Contribution in cash
Ordinary I series shares	7,493	749	0.10	25/06/2014	Contribution in cash
Ordinary J series shares	2,874	287	0.10	11/09/2019	Contribution in cash
Ordinary K series shares	6,378	638	0.10	30/09/2019	Contribution in cash
<b>Total opening balance</b>	<b>91,744</b>	<b>9,174</b>	-	-	-
<b>Total closing balance</b>	<b>91,744</b>	<b>9,174</b>	-	-	-
<b>Total as at the date of approval of the financial statements for publication</b>	<b>91,744</b>	<b>9,174</b>	-	-	-

Share capital structure	Jerzy Mirgos	Nationale-Nederlanden OFE	Other shareholders
<b>As at 31/12/2022</b>			
Owned ordinary shares	41,271,064	10,281,000	40,192,136
Preference shares held			
Share in capital	44.99%	11.21%	43.81%
Share in profit	44.99%	11.21%	43.81%
Share in voting	44.99%	11.21%	43.81%
<b>As at 31/03/2023</b>			
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%
<b>Balance as at the date of approval of financial statements for publication</b>			
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 at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Long-term provisions</b>	<b>7,434</b>	<b>7,434</b>	<b>6,134</b>
provisions for retirement benefits	673	673	588
other long-term provisions	6,761	6,761	5,546
<b>Short-term provisions</b>	<b>4,384</b>	<b>4,596</b>	<b>4,301</b>
provisions for retirement benefits	435	435	1,183
provisions for warranty repairs	2,081	2,081	1,054
provisions for losses under settlements of long-term contracts			
other short-term provisions	1,869	2,081	2,064
<b>Total</b>	<b>11,818</b>	<b>12,030</b>	<b>10,435</b>

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

Bank loans and credits and other debt instruments	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Long-term financial liabilities, except for provisions, trading liabilities and other liabilities</b>	<b>358,974</b>	<b>395,325</b>	<b>354,097</b>
Financial liabilities towards related parties			
Loans and credits from other parties	144,354	161,294	111,667
Liabilities under derivative instruments			
Issued debt securities	50,000	62,070	62,070
Liabilities under financial lease	38,197	40,860	36,664
Other	126,423	131,101	143,696
<i>including liability arising from the measurement of long-term lease contracts in accordance with IFRS 16</i>	<i>125,674</i>	<i>130,813</i>	<i>142,927</i>
<b>Short-term financial liabilities, except for provisions, trading liabilities and other liabilities</b>	<b>94,488</b>	<b>53,012</b>	<b>99,467</b>
Financial liabilities towards related parties			
Loans and credits from other parties	62,539	29,928	85,812
Liabilities under derivative instruments			
Issued debt securities	9,286	233	144
Liabilities under financial lease	17,159	17,103	13,511
Other	5,504	5,748	
<i>including liability arising from the measurement of long-term lease contracts in accordance with IFRS 16</i>	<i>5,504</i>	<i>5,523</i>	
<b>Total</b>	<b>453,462</b>	<b>448,337</b>	<b>453,564</b>

Debt instruments structure	in PLN thousand					Total
	loans and credits	Liabilities under derivative instruments	Issued debt securities	Liabilities under financial lease	Other	
<b>as at 01/01/2022</b>	<b>191,223</b>		<b>62,303</b>	<b>57,963</b>	<b>136,849</b>	<b>448,337</b>
Accrued interest	3,045		7,344	-5,126	9,449	14,712
Interest paid	-3,045		-6,862	5,126	-9,449	-14,230
Drawdown	78,917		41	28,059		107,017
Repayment	-96,636			-15,500	-6,338	-118,474
Average liability level	199,058		60,606	56,660	133,880	450,203
Real interest rate	1.53%		12.12%	-9.05%	7.06%	3.27%
<b>as at 31/12/2022</b>	<b>206,893</b>		<b>59,286</b>	<b>55,356</b>	<b>131,927</b>	<b>448,337</b>
minimum payments up to 1 month	1,521			1,565	441	3,085
minimum payments from 1 to 3 months	4,327		3,017	4,691	892	12,035
minimum payments from 3 to 12 months	12,777		9,053	11,805	4,190	33,635
minimum payments within 1 year	18,625		12,070	18,061	5,523	54,279
minimum payments within 1 to 5 years	188,268		50,000	37,296	28,061	303,625
minimum payments over 5 years	9,440				102,752	112,192
interest due up to 1 year	3,165		32,466	-5,008	12,429	43,052
interest due from 1 to 5 years	12,659		11,334	-20,033	43,608	47,568
interest due over 5 years	285				44,425	44,710
Approximate fair value	216,333		103,603	55,356	136,336	475,395
<b>as at 01/01/2023</b>	<b>191,223</b>		<b>62,303</b>	<b>57,963</b>	<b>136,849</b>	<b>448,337</b>
Accrued interest	3,045		617	1,135	3,188	7,985
Interest paid	-3,045		-373	-1,135	-3,188	-7,741
Drawdown	31,820			1,729		33,550
Repayment	-16,130		-3,017	-5,020	-1,333	-25,500
Average liability level	199,058		60,562	56,660	133,757	450,036
Real interest rate	1.53%		1.02%	2.00%	2.38%	1.77%
<b>as at 31/03/2023</b>	<b>206,893</b>		<b>59,286</b>	<b>55,356</b>	<b>131,927</b>	<b>453,462</b>

minimum payments up to 1 month	1,400		1,565	439	2,964
minimum payments from 1 to 3 months	3,937	3,017	4,691	889	11,645
minimum payments from 3 to 12 months	17,715	6,036	11,805	1,360	35,556
minimum payments within 1 year	23,052	9,053	18,061	2,688	52,854
minimum payments within 1 to 5 years	183,841	50,000	37,296	27,964	299,101
minimum payments over 5 years	7,850			97,711	105,561
interest due up to 1 year	3,165	7,638	1,109	11,947	23,859
interest due from 1 to 5 years	12,659	10,574	4,435	41,698	69,366
interest due over 5 years	353			41,028	41,381
Approximate fair value	214,743	60,960	56,592	131,179	461,218

## **B series bonds**

On 14/08/2018, following the reduction of the subscriptions, the Management Board of JHM DEVELOPMENT S.A., by virtue of Resolution No. XVI/2018, allotted 10,500 B series ordinary bearer Bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 10.5 million. The issue price of the Bonds was equal to the nominal value. The Issue Day was 14/08/2018.

The Bonds were issued pursuant to the procedure specified in Article 33(2) of the Bond Act of 15 January 2015 and were addressed to no more than 149 individually designated addressees in a manner which does not constitute a public offering of bonds or a public bond offering referred to in Article 3 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. Therefore, there was no requirement to draw up or make available to the public a prospectus or an information memorandum.

In order to hedge the Bonds, on 14/08/2018 the Issuer submitted a declaration on the establishment of hedging for the receivables under the Bonds in the form of a mortgage on the constructed premises, and the joint mortgage was registered by the court in the land and mortgage registers of the real properties hedging the Bonds.

The interest rate on the Bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. The Bonds redemption date was set at 14/08/2021. The transferability of Bonds is not subject to any restrictions.

On 08/11/2018, the Issuer introduced B series Bonds to trading in the alternative trading system on the Catalyst market organised by the Warsaw Stock Exchange and BondSpot S.A.

The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned property development projects of the Issuer, including financing of land purchase for new property development projects of the Issuer.

PLN 9.0 million was allocated for a property development project in Łódź at ul. Jugosłowska, for the purchase of a building plot in Żyrardów at ul. Ks. J. Popiełuszki: PLN 914 thousand, and for payment for construction works in Katowice at ul. Pułaskiego: PLN 282 thousand.

As of 31/12/2020, the Issuer made an early partial redemption of 9,059 B series bonds as part of the Bond Periodic Amortisation.

## **C series bonds**

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

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned property development projects of the Issuer, including financing of land purchase for new property development projects of the Issuer.

The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling in the 11th, 12th and 13th interest periods, the Issuer will be required to unconditionally partially redeem 25% of the total number of issued Bonds.

The final redemption date was set for 30/12/2023. The transferability of the bonds is not subject to any restrictions.

### **D series bonds**

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

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned property development projects of the Issuer, including financing of land purchase for new property development projects of the Issuer.

The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling in the 10th, 11th and 12th interest periods, the Issuer will be required to each time unconditionally partially redeem 25% of the total number of issued Bonds.

The final redemption date was set for 30/12/2023. The transferability of the bonds is not subject to any restrictions.

## E series bonds

On 26 November 2021, the Management Board of JHM DEVELOPMENT S.A. with its registered office in Skierniewice, by way of Resolution No. XXV/2021 concerning the allocation of 50,000 E series secured bearer coupon bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 50.0 million, made a conditional allocation of E series bonds. The condition for the effective allocation of the Bonds to investors was the settlement of the Bonds purchase transaction by the National Depository for Securities in the delivery versus payment mode. The issue price of the Bonds is equal to the nominal value. The Issue Day is 17/12/2021.

The Bonds were offered in the manner provided for in Article 33(1) of the Bond Act, i.e. by way of a public offering, the conduct of which does not involve the obligation to draw up a prospectus pursuant to Article 1(4)(a) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the offering was addressed solely to qualified investors). Funds from the issue shall be earmarked for execution of new residential projects, including purchase of land and for financing and/or refinancing of a Permitted Transaction, where a Permitted Transaction means actual and legal actions taken by the Issuer which are intended to lead, directly or indirectly, to the purchase by the Issuer of the perpetual usufruct right to property situated in Łódź and the ownership right to property situated in Łódź, including in particular:

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

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

On 30 March 2023 JHM Development S.A. redeemed 25% of the total number of issued Series C and D Bonds, i.e. 3,017 pcs. The redemption of the Bonds and the payment of the interest due took place in accordance with the Terms of Issue.

**Liabilities under credits and loans owned by MIRBUD S.A. as at 31/03/2023**

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	10,299		WIBOR 1M+margin	24/06/2024	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	16,800	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		34,994	WIBOR 1M+margin	17/10/2023	assignment of a business receivable, mortgage
<b>Total credits and loans</b>				<b>72,299</b>	<b>49,394</b>	<b>121,693</b>		

As at 31/03/2023, 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 of the Companies from the MIRBUD S.A. Group as at 31/03/2023**

Name of the entity	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	6,895	352	WIBOR 3M+margin	31/12/2034	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	28,445	PLN	16,793		WIBOR 3M+margin	30/06/2025	mortgage on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN	4,790	7,993	WIBOR 1M+margin	30/06/2024	mortgages on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	39,095	PLN	13,523		WIBOR 1M+margin	31/03/2025	mortgages on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	2,000	PLN			WIBOR 1M+margin	31/03/2025	mortgages on property
WARSZAWSKI BANK SPÓŁDZIELCZY	JHM Development S.A.	13,110	PLN	2,704		WIBOR 3M+margin	30/12/2024	mortgages on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	PLN	14,235	3,486	WIBOR 3M+margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	1,342	EUR	4,961	690	EURIBOR 3M+margin	30/10/2030	assignment of receivables, registered pledge on bank account, mortgage
BGK	Kobylarnia S.A.	6,212	PLN	3,727	621	WIBOR 1M+margin	31/12/2029	mortgage, surety of MIRBUD
<b>Total credits and loans</b>				<b>67,628</b>	<b>13,142</b>	<b>80,770</b>		

**Liabilities under credits and loans owned by MIRBUD S.A. as at 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+margi n	24/06/2024	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN		366	WIBOR 1M+margi n	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	15,200	PLN	15,200		WIBOR 1M+margi n	27/06/2025	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	PLN		10,000	WIBOR 1M+margi n	31/10/2024	assignment of a business receivable
Industrial Development Agency S.A.	MIRBUD S.A.	40,000	PLN	19,800	14,400	WIBOR 1M+margi n	29/12/2025	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN	20,000		WIBOR 1M+margi n	03/08/2024	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	33,821		WIBOR 1M+margi n	17/10/2023	assignment of a business receivable, mortgage
<b>Total credits and loans</b>				<b>99,490</b>	<b>24,766</b>	<b>124,256</b>		

As at 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 reduced by PLN 4,426 .

**Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 31/12/2022**

Name of the entity	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	6,992	365	WIBOR 3M+margin	31/12/2034	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	28,445	PLN	14,760		WIBOR 3M+margin	30/06/2025	mortgage on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN	11,290		WIBOR 1M+margin	30/06/2024	mortgages on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	PLN	15,397	3,486	WIBOR 3M+margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	1,342	EUR	5,213	687	EURIBOR 3M+margin	30/10/2030	assignment of receivables, registered pledge on bank account, mortgage
BGK	Kobylarnia S.A.	6,212	PLN	3,727	621	WIBOR 1M+margin	31/12/2029	mortgage, surety MIRBUD
<b>Total credits and loans</b>				<b>57,379</b>	<b>5,159</b>	<b>62,538</b>		

**Note 15. Trade and other liabilities**

Trade and other liabilities	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Long-term liabilities</b>	<b>163,545</b>	<b>211,344</b>	<b>280,161</b>
Trade liabilities to related parties			
retained amounts to related parties			
Other liabilities due to related parties			
Trade liabilities to other parties			
Retained amounts to other parties	89,033	91,217	104,151
Advances received	74,513	120,127	176,010
Other liabilities due to other parties			
<b>Short-term liabilities</b>	<b>725,719</b>	<b>847,200</b>	<b>641,849</b>
Trade liabilities to related parties			
retained amounts to related parties			
Other liabilities due to related parties			
Trade liabilities to other parties	169,137	351,540	279,251
Liabilities under settlement of long-term contracts	164,849	136,300	122,393
Advances received	226,754	187,977	141,893
Bills of exchange liabilities			
Budget liabilities except for corporate income tax settlements	11,812	22,879	24,204
Remuneration settlements	7,005	6,640	5,937
Retained amounts to other parties	144,768	141,104	65,067
Other liabilities due to other parties	1,395	759	3,103
<b>Total</b>	<b>889,264</b>	<b>1,058,544</b>	<b>922,010</b>

As at 31/03/2023, the amount of the liability in respect of advances received for ongoing road contracts amounted to PLN 150,405 thousand .

Age structure of liabilities	in PLN thousand		
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
<b>Trade liabilities</b>	<b>889,264</b>	<b>1,058,544</b>	<b>922,010</b>
<b>not overdue</b>	<b>877,147</b>	<b>1,032,021</b>	<b>915,788</b>
payable up to 1 month	304,675	402,467	345,424
payable from 1 to 3 months	37,405	89,129	83,243
payable from 3 to 12 months	371,522	329,081	206,960
payable from 1 to 5 years	163,545	211,344	280,161
past due up to 1 month	8,763	25,160	6,192
past due from 1 to 3 months	3,353	1,363	30
past due from 3 to 6 months			
past due from 6 to 12 months			
past due over 12 months			
<b>Total overdue</b>	<b>12,117</b>	<b>26,523</b>	<b>6,222</b>

PLN 8,794 thousand of overdue liabilities were repaid as at the date of publication of the consolidated financial statements.

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

Other liabilities and provisions not classified, including prepayments and accruals	in PLN thousand		
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
<b>Long-term</b>			
Revenue settled in time			
Cost prepayments			
Other items			
<b>Short-term</b>	<b>1,089</b>	<b>1,020</b>	<b>1,148</b>
Revenue settled in time			
Cost prepayments	1,089	1,020	1,148
Other items			
<b>Total</b>	<b>1,089</b>	<b>1,020</b>	<b>1,148</b>

**Note 17. Sales revenue**

Structure of sales revenue	in PLN thousand	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Net revenue from sales of products and services	<b>511,087</b>	<b>497,960</b>
- to related parties		
- to other parties	511,087	497,960
<b>Net revenue from sales of goods</b>	<b>754</b>	<b>2,127</b>
- to related parties		
- to other parties	754	2,127
<b>Net revenue from sales of materials</b>	<b>3,487</b>	<b>1,702</b>
- to related parties		
- to other parties	3,487	1,702
<b>Total</b>	<b>515,328</b>	<b>501,790</b>

Geographical structure of sales revenue	in PLN thousand	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Net revenue from sales of products and services	<b>511,087</b>	<b>497,960</b>
- domestic sales	511,087	497,960
- export sale		
<b>Net revenue from sales of goods</b>	<b>754</b>	<b>2,127</b>
- domestic sales	754	2,127
- export sale		
<b>Net revenue from sales of materials</b>	<b>3,487</b>	<b>1,702</b>
- domestic sales	3,487	1,702
- export sale		
<b>Total</b>	<b>515,328</b>	<b>501,790</b>

Settlement of profits or losses on long-term services in progress	in PLN thousand	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Revenue invoiced for services in progress	615,978	620,353
Adjustment of revenue under the settlement of progress of construction services	-104,892	-122,393
<b>Total</b>	<b>511,087</b>	<b>497,960</b>
Costs incurred for services in progress	-467,826	-458,153
Adjustment of costs under the settlement of the progress of construction services		
<b>Total</b>	<b>-467,826</b>	<b>-458,153</b>
Losses on contracts in progress		
<b>Impact on the current financial result</b>	<b>-104,892</b>	<b>-122,393</b>
<b>Impact on the accumulated results of contracts unfinished as at the balance-sheet date</b>	<b>43,260</b>	<b>39,807</b>

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

#### Note 18. Own cost of sales

Own costs of sales	in PLN thousand	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
<b>Production cost of products sold</b>	<b>-467,826</b>	<b>-458,153</b>
- to related parties		
- to other parties	-467,826	-458,153
<b>Value of goods sold</b>	<b>-754</b>	<b>-1,697</b>
- to related parties		
- to other parties	-754	-1,697
<b>Value of materials sold</b>	<b>-3,362</b>	<b>-407</b>
- to related parties		
- to other parties	-3,362	-407
<b>Total</b>	<b>-471,943</b>	<b>-460,257</b>

Own costs of sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
<b>Production cost of products sold</b>	<b>-467,826</b>	<b>-458,153</b>
- own costs of domestic sales	-467,826	-458,153
- own costs of export sales		
<b>Value of goods sold</b>	<b>-754</b>	<b>-1,697</b>
- own costs of domestic sales	-754	-1,697
- own costs of export sales		
<b>Value of materials sold</b>	<b>-3,362</b>	<b>-407</b>
- own costs of domestic sales	-3,362	-407
- own costs of export sales		
<b>Total</b>	<b>-471,943</b>	<b>-460,257</b>

Cost structure by types	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Amortisation	-4,472	-3,692
Consumption of materials and energy	-85,880	-121,618
Outsourced services	-373,058	-341,428
Taxes and fees, including:	-2,226	-1,747
Remunerations	-26,202	-24,208
Social insurance and other benefits	-4,964	-4,603
Other costs by type	-7,548	-5,908
Value of goods and materials sold	-4,241	-1,586
Manufacturing cost of products for internal purposes		
<b>Total</b>	<b>-508,591</b>	<b>-504,790</b>

Recognition of costs by type in the financial statements	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
In own costs of sales	-471,943	-460,257
In the change of balance of assets	-18,192	-28,496
In costs of sales	-1,369	-1,415
In general overheads	-17,087	-14,622
In other items		
<b>Total:</b>	<b>-508,591</b>	<b>-504,790</b>

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

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

**Note 20. Other revenue and costs**

Other revenue and costs of operating and investment activities	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Selling costs	-1,369	-1,415
Overheads	-17,087	-14,622
Revaluation write-downs of non-investment assets		
Reversal of revaluation write-downs of non-investment assets	1	
Restructuring costs		
Court proceedings settlement result	-29	-201
Result of sale of non-investment fixed assets	1,006	9
Revenue from revaluation of investment property		
Costs under revaluation of investment property	-1,297	-1,540
Result of sale of investment property		
Result of sale of all or part of subordinate entities		
Result of sale of other financial investments		
Dividends		
Interest	335	145
Result of revaluation of other financial investments measured at fair value through financial result		
Result of measurement of investments recognised using the equity method		
Revaluation write-downs of other financial assets		
Reversal of revaluation write-downs of other financial assets		
Foreign exchange differences of operating and investment activities	1,513	3,144
Other revenue	5,398	3,416
Other costs	-4,387	-2,290
<b>Total revenue</b>	<b>8,253</b>	<b>6,715</b>
<b>Total costs</b>	<b>-24,169</b>	<b>-20,067</b>

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

Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Revenue from increase in the value of investments measured according to the equity method		
Costs under decrease in the value of investments measured under the equity method		
<b>Total</b>		

The above items did not occur.

Structure of revaluation write-downs of non-investment assets	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
<b>Tangible fixed assets</b>		
-revaluation write-down created		
-revaluation write-down reversal		
<b>Intangible assets</b>		
-revaluation write-down created		
-revaluation write-down reversal		
<b>Receivables</b>		<b>1</b>
-revaluation write-down created		
-revaluation write-down reversal		<b>1</b>
<b>Inventory</b>		
-revaluation write-down created		
-revaluation write-down reversal		
<b>Fixed assets held for sale</b>		
-revaluation write-down created		
-revaluation write-down reversal		
<b>Other</b>		
-revaluation write-down created		
-revaluation write-down reversal		
<b>Total asset revaluation write-downs</b>		
<b>Total reversal of revaluation write-downs</b>		<b>1</b>

Revenue and costs from investment property	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Revenue from sales to related parties		
Revenue from sales to other parties		
Own costs of sales for related parties		
Own costs of sales for other parties		
Increase of fair value of investment property		
Decrease of fair value of investment property	-1,297	-1,540
<b>Result on investments in property</b>	<b>-1,297</b>	<b>-1,540</b>

Revenue and costs from financial investments	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Dividends to related parties		
Dividends to other parties		
Interest to related parties		
Interest to other parties	335	145
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 revaluation write-downs of other financial assets		
Revaluation write-downs of other financial assets		
Revenue under increase in investments measured at fair value through financial result		
Costs of decrease in the value of investments measured at fair value through financial result		
Foreign exchange profits	1,513	3,144
Foreign exchange losses		
<b>Results of financial investment activities</b>	<b>1,847</b>	<b>3,289</b>

Other revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Subsidies received	2	2
Other revenue from other parties - re-invoices	3,786	1,482
Other revenue from other parties	1,610	1,933
<b>Total</b>	<b>5,398</b>	<b>3,416</b>

Other costs	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Donations	-15	-452
Other costs from other parties - re-invoices	-3,786	-1,482
Other costs from other parties	-586	-356
<b>Total</b>	<b>-4,387</b>	<b>-2,290</b>

## Note 21. Financial expenses

Financial expenses	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Interest on credits	-3,045	-2,091
Interest on loans from related parties		
Interest on loans from other parties		
Interest on bonds for related parties		
Interest on bonds for other parties	-373	-18
Interest on liabilities under finance lease contracts from related parties		
Interest on liabilities under finance lease contracts from other entities	-4,323	-2,947
Other interest for related parties		
Other interest for other parties	-19	-33
Measurement of equity instruments		
Interest under factoring contracts		
Foreign exchange differences on financial liabilities		-66
Other financial expenses for related parties		
Other financial expenses for other parties	-3,155	-2,877
<b>Total financial expenses</b>	<b>-10,915</b>	<b>-8,032</b>

The increase in the value of interest on liabilities under finance lease agreements from other parties, as compared to the previous year, results from recognition in financial expenses of the interest part of the lease payments incurred under long-term land lease agreements (recognition in accordance with IFRS 16) in the amount of PLN 3,098 .

**Note 22. Income tax**

Income tax	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Income tax current part	-3,399	-14,358
Income tax deferred part	-37	9,389
Other tax burdens on the financial result		
Adjustments relating to previous years		
<b>Total income tax</b>	<b>-3,436</b>	<b>-4,969</b>

Reconciliation of the effective tax rate	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Pre-tax profit (loss)	16,554	20,148
Statutory rate of tax in %	19%	19%
Tax at the statutory rate (normative)	-3,145	-3,828
Tax effect of the received dividend		
Tax exemptions		
Assets under tax loss for the reporting period not recognised in deferred tax		
Tax effect of other revenue and costs permanently not constituting revenue and tax costs	-291	-1,141
Other		
<b>Income tax in the result account</b>	<b>-3,436</b>	<b>-4,969</b>

Deferred tax	in PLN thousand	
	As at:	As at:
	31/03/2023	31/12/2022
<b>Deferred tax asset</b>	<b>51,651</b>	<b>50,014</b>
- for provisions for employee benefits	743	743
- for other provisions	2,344	1,516
- on account of accrued interest	375	422
- for write-downs on current assets	287	602
- on account of investment measurement		
- for settlement of construction contracts	33,049	30,303
- for losses from previous years	1,301	1,255
- under tax and balance sheet differences in the value of fixed assets and lease contracts	7,497	8,859
- under foreign exchange differences		68
- other	6,054	6,246
<b>Deferred tax liability</b>	<b>36,170</b>	<b>34,497</b>
- on account of accrued interest	4	269
- on account of investment measurement	117	117
- for settlement of construction contracts	14,105	9,569
- under tax and balance sheet differences in the value of fixed assets and lease contracts	21,551	22,050
- under foreign exchange differences		338
- for goodwill		
- other	393	2,154
<b>Deferred net tax assets (provision)</b>	<b>15,480</b>	<b>15,517</b>

Net deferred tax assets (provision)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
<b>Opening balance of deferred net tax assets (provision)</b>	<b>15,517</b>	<b>10,400</b>
Reference to financial result	-37	9,389
Reference to other total income		
Other charge to equity		
Subsidiaries		
<b>Closing balance of deferred net tax assets (provision)</b>	<b>15,480</b>	<b>19,789</b>

Receivables (income tax liabilities)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
<b>Opening balance of receivables (income tax liabilities)</b>	<b>-11,629</b>	<b>-19,662</b>
Payment (refund) of income tax	5,225	10,908
Current income tax accrual	-3,399	-14,359
<b>Closing balance receivables (income tax liabilities)</b>	<b>-9,803</b>	<b>-23,113</b>

### Note 23. Other comprehensive income

Other comprehensive income	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
<b>Components which will not be subsequently reclassified to the profit and loss account</b>		
Exchange differences on translation of foreign entities		
Actuarial profits and losses		
Income tax on items not be carried forward in later periods		
<b>Components which will be reclassified to profit or loss when certain conditions are met</b>		
Effects of measurement of financial instruments by other comprehensive income		
Effective part of hedge accounting		
Effects of revaluation of fixed assets		
Carry-over to the report on profit and loss account		
Income tax related to the items presented in other comprehensive income		
<b>Other comprehensive net income</b>		
Assigned to non-controlling shares	-	-
<b>Assigned to the owners of the parent</b>		

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

## Note 24. Profit per share

Profit per share	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Profit (loss) on continuing operations attributable to owners of the parent	13,118	15,180
Profit (loss) on discontinued operations attributable to owners of the parent		
<b>Total</b>	<b>13,118</b>	<b>15,180</b>
<b>Weighted average number of ordinary shares in thousands of pieces</b>	<b>91,744</b>	<b>91,744</b>
<b>Basic profit per share</b>	<b><u>0.14</u></b>	<b><u>0.17</u></b>
Costs of interest on convertible bonds (net of tax)		
<b>Profit (loss) to determine diluted profit per share</b>	<b>13,118</b>	<b>15,180</b>
Share options issued in thousands of pieces		
Theoretical conversion of convertible bonds in thousands of pieces		
<b>Weighted average number of ordinary shares for the diluted profit per share in thousands of pieces</b>	<b>91,744</b>	<b>91,744</b>
<b>Diluted profit per share</b>	<b><u>0.14</u></b>	<b><u>0.17</u></b>

## Note 25. Operating segments

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

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

Selected items of the profit and loss account for segments in PLN thousand in the reporting period	Constructio n 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 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023
<b>Continued operations</b>							
Sales revenue	<b>502,551</b>	<b>10,720</b>	<b>14,678</b>	<b>6,574</b>	<b>534,523</b>	<b>-19,195</b>	<b>515,328</b>
Own cost of sales	-470,770	-7,021	-6,343	-6,097	-490,231	<b>18,288</b>	-471,943
Gross profit from sales	<b>31,781</b>	<b>3,699</b>	<b>8,335</b>	<b>477</b>	<b>44,291</b>	<b>-907</b>	<b>43,384</b>
EBIT	20,444	1,524	5,495	477	27,940	<b>-2,320</b>	25,620
Pre-tax activity profit (loss)	<b>16,612</b>	<b>-423</b>	<b>1,755</b>	<b>477</b>	<b>18,421</b>	<b>-1,867</b>	<b>16,554</b>
Income tax attributable to continuing operations	-3,111	63	-566	-91	-3,705	<b>269</b>	-3,436
Profit (loss) on continuing operations	<b>13,501</b>	<b>-360</b>	<b>1,189</b>	<b>386</b>	<b>14,716</b>	<b>-1,598</b>	<b>13,118</b>
<b>Discontinued operations</b>							
Profit (loss) on discontinued operations							
<b>NET PROFIT (LOSS)</b>	<b><u>13,501</u></b>	<b><u>-360</u></b>	<b><u>1,189</u></b>	<b><u>386</u></b>	<b><u>14,716</u></b>	<b><u>-1,598</u></b>	<b><u>13,118</u></b>
<b>Assigned to the owners of the parent</b>	<b><u>13,501</u></b>	<b><u>-360</u></b>	<b><u>1,189</u></b>	<b><u>386</u></b>	<b><u>14,716</u></b>	<b><u>-1,598</u></b>	<b><u>13,118</u></b>

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:
	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023	from 01/01/2023 to 31/03/2023
Customer 1	<b>280,692</b>				<b>280,692</b>		<b>280,692</b>
Customer 2	70,503				70,503		70,503
Customer 3	<b>28,066</b>				<b>28,066</b>		<b>28,066</b>
<b>TOTAL</b>	<b>379,261</b>				<b>379,261</b>		<b>379,261</b>

Selected items concerning the statement of financial position for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Fixed assets	675,132	180,608	489,580		1,345,320	-620,007	725,313
Current assets	952,460	493,654	15,683		1,461,797	-89,838	1,371,959
<b>Total assets</b>	<b>1,627,592</b>	<b>674,262</b>	<b>505,263</b>		<b>2,807,117</b>	<b>-709,844</b>	<b>2,097,272</b>
Equity	<b>582,557</b>	<b>406,685</b>	<b>320,597</b>		<b>1,309,839</b>	<b>-614,732</b>	<b>695,107</b>
Long-term liabilities and provisions for liabilities	306,339	102,804	165,626		574,769	-8,645	566,124
Short-term liabilities and provisions for liabilities	<b>738,696</b>	<b>164,773</b>	<b>19,040</b>		<b>922,509</b>	<b>-86,467</b>	<b>836,042</b>
<b>Total capitals and liabilities</b>	<b>1,627,592</b>	<b>674,262</b>	<b>505,263</b>		<b>2,807,117</b>	<b>-709,844</b>	<b>2,097,272</b>

Other segment data 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 at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Goodwill allocated to a segment	<b>4,509</b>						<b>4,509</b>
Risk-free rate	6.94%	6.94%	6.94%	6.94%	6.94%		
General risk acc. to Damodoran	7.19%	7.19%	7.19%	7.19%	7.19%		
Beta coefficient for the industry acc. to Damodoran	0.88	0.50	0.37	0.81	0.86		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
<b>Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method</b>	<b>14.43%</b>	<b>9.06%</b>	<b>7.23%</b>	<b>13.44%</b>	<b>14.11%</b>		<b>14.11%</b>

Selected items of the profit and loss account for segments in PLN thousand in the comparative period	Constructio n 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 01/01/2022 to 31/03/2022	from 01/01/2022 to 31/03/2022	from 01/01/2022 to 31/03/2022	from 01/01/2022 to 31/03/2022	from 01/01/2022 to 31/03/2022	from 01/01/2022 to 31/03/2022	from 01/01/2022 to 31/03/2022
<b>Continued operations</b>							
Sales revenue	<b>495,812</b>	<b>12,129</b>	<b>13,473</b>	<b>4,134</b>	<b>525,548</b>	<b>-23,758</b>	<b>501,790</b>
Own cost of sales	-465,082	-9,260	-5,742	-2,840	-482,924	22,667	-460,257
Gross profit from sales	<b>30,730</b>	<b>2,869</b>	<b>7,731</b>	<b>1,294</b>	<b>42,624</b>	<b>-1,091</b>	<b>41,533</b>
EBIT	19,432	1,213	5,209	2,135	27,989	-3,098	24,891
Pre-tax activity profit (loss)	<b>21,011</b>	<b>932</b>	<b>2,336</b>	<b>2,135</b>	<b>26,414</b>	<b>-6,266</b>	<b>20,148</b>
Income tax attributable to continuing operations	-4,594	9	-454	-210	-5,249	280	-4,969
Profit (loss) on continuing operations	<b>16,417</b>	<b>941</b>	<b>1,882</b>	<b>1,925</b>	<b>21,165</b>	<b>-5,986</b>	<b>15,179</b>
<b>Discontinued operations</b>							
Profit (loss) on discontinued operations							
<b>NET PROFIT (LOSS)</b>	<b>16,417</b>	<b>941</b>	<b>1,882</b>	<b>1,925</b>	<b>21,165</b>	<b>-5,986</b>	<b>15,179</b>
<b>Assigned to the owners of the parent</b>	<b>16,417</b>	<b>941</b>	<b>1,882</b>	<b>1,925</b>	<b>21,165</b>	<b>-5,986</b>	<b>15,179</b>

Selected items concerning the statement of financial position for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022
Fixed assets	648,200	184,297	510,725	-	1,343,222	-615,731	727,491
Current assets	860,333	484,804	10,752	-	1,355,889	-53,198	1,302,691
<b>Total assets</b>	<b>1,508,533</b>	<b>669,101</b>	<b>521,477</b>	<b>-</b>	<b>2,699,111</b>	<b>-668,929</b>	<b>2,030,182</b>
Equity	491,726	395,726	321,635	-	1,209,087	-611,627	597,460
Long-term liabilities and provisions for liabilities	383,806	112,308	171,655	-	667,769	-4,924	662,845
Short-term liabilities and provisions for liabilities	633,001	161,067	28,187	-	822,255	-52,377	769,878
<b>Total capitals and liabilities</b>	<b>1,508,533</b>	<b>669,101</b>	<b>521,477</b>	<b>-</b>	<b>2,699,111</b>	<b>-668,929</b>	<b>2,030,182</b>

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 at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022
Goodwill allocated to a segment	<b>4,509</b>						<b>4,509</b>
Risk-free rate	3.10%	3.10%	3.10%	3.10%	3.10%		
General risk acc. to Damodoran	6.90%	6.90%	6.90%	6.90%	6.90%		
Beta coefficient for the industry acc. to Damodoran	0.72	0.58	0.36	0.37	0.58		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
<b>Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method</b>	<b>9.20%</b>	<b>7.80%</b>	<b>5.60%</b>	<b>5.70%</b>	<b>7.80%</b>		<b>7.80%</b>

**Note 26. Transactions with related parties**

Transactions with related parties	in PLN thousand							
	Subsidiaries		Jointly controlled entities and associates		Other related parties without equity links		Members of the Management Board and Supervisory Board and key personnel	
	31/03/2023	31/12/2022	31/03/2023	31/12/2022	31/03/2023	31/12/2022	31/03/2023	31/12/2022
Sales revenue	19,583	107,159						
Revenue from the sale of fixed assets								
Revenue from interest	286	1,237						
Other revenue	506							
Acquisition of inventories and other costs capitalised at the value of current assets								
Acquisition of services and other operating costs	-17,391							
Acquisition of fixed assets								
Cost of interest	-499	-2,086						
Other costs								
Loans received								
Loans granted								
Costs of remuneration							1,595	1,394
Loan receivables								
Trade and other receivables	24,022	19,368						
Liabilities on account of loans								
Trade and other liabilities	-79,550	-88,985						

Remuneration of key personnel of subsidiaries	Entity	Position	Remunerations		Loans granted to key personnel		Additional information
			in PLN thousand		in PLN thousand		
			from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022	
The Management Board	MIRBUD S.A.		1,513	1,314			
Supervisory Board	MIRBUD S.A.		82	80			
The Management Board	Kobylarnia S.A.		663	455			
Supervisory Board	Kobylarnia S.A.		13	13			
The Management Board	JHM Development S.A.		351	356			
Supervisory Board	JHM Development S.A.		14	18			
The Management Board	Marywilska 44 Sp. z o.o.		454	351			
Supervisory Board	Marywilska 44 Sp. z o.o.		20	20			
<b>Total</b>			<b>3,110</b>	<b>2,607</b>			

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

Statutory Auditor's remuneration	in PLN thousand	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Fees for the audit of separate and consolidated financial statements		34
Fees for the audit of interim separate and consolidated financial statements		
Other services		
<b>Total</b>		<b>34</b>

**Note 28. Financial instruments**

Financial assets according to IAS 39	Available for sale		Measured at fair value by financial result		Loans and receivables		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2023	31/12/2022	31/03/2023	31/12/2022	31/03/2023	31/12/2022
Loans granted								
Derivative financial instruments								
Other financial instruments measured at value hierarchy								
Trade and other receivables					607,768	579,037		
Cash and cash equivalents					302,157	507,560		
Other financial assets					530	618		
<b>Total financial assets</b>					<b>910,455</b>	<b>1,087,215</b>		
Revenue from dividends								
Revenue from interest					335	145		
Exchange profits (losses)					1,513	3,144		
Reversal (creation) of write-downs					1			
Profits (losses) on measurement and implementation								
Profits (losses) on derivative instruments								
<b>Total impact of financial assets on the profit and loss account</b>	-	-	-	-	<b>1,849</b>	<b>3,289</b>	-	-

Financial liabilities according to IAS 39	Equity instruments		Measured at fair value by financial result		Measured at amortised cost		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2023	31/12/2022	31/03/2023	31/12/2022	31/03/2023	31/12/2022
Credits	-	-	-	-	453,462	448,337	-	-
Derivative financial instruments								
Other financial instruments measured at value hierarchy								
Trade and other liabilities					889,264	1,058,544		
Other financial liabilities								
<b>Total financial liabilities</b>					<b>1,342,726</b>	<b>1,506,881</b>		
Interest	-	-	-	-	-7,368	-5,038	-	-
Exchange profits (losses)						-66		
Profits (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Profits (losses) on derivative instruments								
<b>Total impact on the profit and loss account of financial liabilities</b>	-	-	-	-	<b>-7,368</b>	<b>-5,104</b>	-	-

Financial instruments according to the fair value hierarchy	Level I		Level II		Level III	
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2023	As at: 31/12/2022
<b>Assets</b>						
Derivative financial instruments in assets	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial assets	-	-	-	-	-	-
<b>Liabilities</b>						
Derivative financial instruments	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial liabilities	-	-	-	-	-	-

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

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

No material errors were found in the previous reporting period.

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

This item does not exist.

**Note 31. Business combinations**

There were no business mergers in the current period.

**Note 32. Significant planned capital expenditures**

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

KOBYLARNIA S.A. plans to replenish its machinery fleet by the end of 2023. The main investment intentions are the purchase of new transport vehicles amounting to PLN 4 million and the construction machinery totalling PLN 10 million, which will significantly improve the efficiency and scope of services provided at all locations.

The investment plans of KOBYLARNIA S.A. also include the purchase of a new asphalt mixing plant, which will be located in Kobylarnia. The estimated cost of the investment will be PLN 25 million.

**Note 33. Significant events after the balance sheet date**

In the period between the end of the reporting period and the date of approval of these financial statements for publication, there were no significant events that would not be included in these financial statements.

**Note 34. Employment structure**

Employment structure	full-time equivalent	
	For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Non-production employees	513	497
Production employees	314	288
Employees under contractual agreements	253	241
<b>Total</b>	<b>1,080</b>	<b>1026</b>

### **Note 35. Dividends declared and paid**

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

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

3 June 2022 was adopted as the dividend payment date. The dividend was paid on the date indicated.

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

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

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

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

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

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

### **Note 36. Effects of de-mergers, restructuring and discontinued operations**

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

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

Hedge title	Hedge type	Value of debt	Hedge value in PLN thousand			The carrying amount of the object securities in thousands thousand		expiry date dd/mm/yyyy
		As at: 31/03/2023	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2023	As at: 31/12/2022		
Credit hedge 202-129/3/II/2/2008	mortgage			26,700		20,487	01/03/2023	
Hedge for the ARP loan	mortgage	31,200	60,000	60,000	70,115	77,869	30/11/2025	
Hedge for the KIN 173850 credit	cash deposit, assignment of receivables, registered pledge of a bank account, surety	17,721	60,868	60,868	106,699	105,801	02/05/2028	
Hedge for a working capital, developer credit, pursuant to contract 3472510/88/K/OB/22, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			69,105		32,492	30/06/2025	
Hedge for a working capital, developer credit 3472510/112/K/OB/21, granted by Bank Polskiej Spółdzielczości S.A.	mortgage	16,793	48,360	48,360	35,907	32,723	30/06/2025	
Investment credit K00593/22 in EUR	assignment of receivables, registered pledge on bank account	5,651	9,682	9,682	15,809	15,809	30/10/2030	
Hedge for an investment credit, pursuant to contract 22/KG110/19, granted by Bank Spółdzielczy	mortgage	7,247	17,645	17,645	11,002	11,119	31/12/2034	
Hedge for the WK14-000016 credit	mortgage		20,635	20,804	5,635	5,804	30/11/2023	

Hedge for the 19/5066 credit	mortgage	4,348	24,183	24,281	14,866	14,964	31/12/2029
Hedge for a developer credit, pursuant to contract K01786/2, granted by Santander Bank Polska	mortgage	13,523	61,643		35,466		30/03/2025
Hedge for VAT credit, pursuant to contract K01786/2, granted by Santander Bank Polska	mortgage		64,643		35,466		30/03/2025
Hedge for a working capital, developer facility, pursuant to contract S/10/07/2021/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage	12,783	47,850	47,850	41,628	38,305	30/06/2024
Hedge for a working capital, developer credit, pursuant to contract 050/22/22/K, granted by Warszawski Bank Spółdzielczy	mortgage	2,704	19,665	19,665	6,757	4,806	30/12/2024
Hedge for a working capital, developer facility, pursuant to contract S/49/05/2022/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage		34,500	34,500	14,006	8,096	30/12/2025
Hedge for the benefit of a hedging administrator for E series bonds issued by JHM Development S.A.	hedge in kind - mortgage entry on real estate	50,000	55,000	55,000	15,010	15,010	31/12/2026
<b>Total</b>		<b>161,970</b>	<b>524,674</b>	<b>494,460</b>	<b>408,366</b>	<b>383,285</b>	

Assets as security of liabilities	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
Tangible fixed assets	31,503	51,579	53,184
Investment property	180,456	180,448	175,287
Financial assets			
Intangible assets			
Other assets	145,133	126,899	138,954
<b>Total</b>	<b>357,092</b>	<b>358,926</b>	<b>367,425</b>

### **Note 38. Litigation**

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

As of 31/03/2023, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 6,627 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 31/03/2023, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 3,012 thousand.

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

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the General Directorate for National Roads and Motorways for the value of the object of dispute of PLN 67.422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S-5 expressway. The total value of disputes between KOBYLARNIA S.A. and the General Directorate for National Roads and Motorways as at 31/12/2020 amounted to PLN 71,820 thousand.

On 22/02/2023 the Company signed a contract with the State Treasury, the General Directorate of National Roads and Motorways for the amount of PLN 1,031 thousand gross plus half of the statutory interest on the aforementioned amount calculated in the period from 31/03/2020 until the date of payment - the contract concerns the compensation for the costs incurred on account of the delivery of materials along the extended routes and the costs on account of the performance of works on the Jaroszewo interchange not covered by the agreement "Design and construction of the S-5 dual carriageway on the section from the Jaroszewo interchange (without the interchange) to the voivodeship border with a length of approx. 25.1 km" (S-5, section 7)

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

**Note 39. Contingent liabilities**

List of sureties granted to other parties by entity type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability in PLN thousand		
		As at:	As at:	As at:	As at:	surety expiry date
		31/03/2023	31/12/2022	31/03/2023	31/12/2022	
<b><u>To related parties</u></b>						
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit	49,500	49,500	18,883	18,883	02/05/2028
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	15,000	15,000			30/11/2023
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	9,318	9,318	4,348	4,348	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
<b><u>To other parties</u></b>						
<b><u>Total</u></b>		-	-	<b>128,818</b>	<b>128,818</b>	<b>73,231</b>

Other contingent liabilities	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	
Under proper performance guarantee	653,960	667,223	583,738
Under rectifying faults and defects	283,300	260,087	249,794
Under advance return	168,675	192,718	122,827
<b><u>Total</u></b>	<b>1,105,935</b>	<b>1,120,028</b>	<b>956,359</b>

**Note 40. Risk management objectives and principles**

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
<i>Risks related to armed conflict in Ukraine</i>	<b>Administrative restrictions on carrying out construction and assembly activities</b>	average	high	high	high
	<b>Workforce availability and supply chain disruptions</b>	high	high	high	average
<i>Epidemiological risk</i>	<b>Administrative restrictions on carrying out construction and assembly activities</b>	average	high	high	high
	<b>Manpower availability and supply chain disruption</b>	average	average	high	average
<i>External risks submitted</i>	<b>change in interest rates</b>	high	average	average	average
	<b>changes in exchange rates</b>	high	average	high	high
	<b>related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits</b>	high	high	average	average
<i>Economic situation risk</i>	<b>change in the macroeconomic situation and economic situation in Poland</b>	high	high	high	average
	<b>in the construction industry</b>	high	high	high	average
<i>Risks related to competition</i>	<b>in the construction industry</b>	high	high	high	high
<i>External risks assets</i>	<b>changes in provisions of law, in particular tax law</b>	average	average	average	average
	<b>related to non-compliance with legal requirements envisaged for the commencement of the investment and with the legal status of the property</b>	low	high	high	average

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
<i>Risks associated with day-to-day operations</i>	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 Group's financial results.

- There are no delays in the execution of construction contracts in the construction and assembly services area due to conflict. However, it cannot be ruled out that, if this state continues, the financial result of the contracts under execution may worsen and delays in the execution of contracts may occur due to so-called force majeure events, including delays connected with:
  - reduced availability and increased prices of building materials, fuels, services, equipment;
  - disruption of supply chains;
  - the dynamic increase in the price of key energy carriers, i.e. 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 a significant impact of this risk on the financial result and does not anticipate an impact on the Issuer's equity.

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

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

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

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

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

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

## **Epidemiological risk**

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

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

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

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

In the area of property development activity, there are neither delays in the execution of contracts nor a significant decrease in the dynamics of sales of premises. However, if the state of epidemic threat continues, there may be negative financial consequences caused by:

- the drop in demand for premises,
- disruptions to projects' financing,
- general contractors' and subcontractors' delays.

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

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

With regard to the current settlement period, the Management Board of the Issuer expects a possible impact of this

risk on the financial result - reduction of approximately 10%, and does not expect an impact on the 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 and the Group is stable.

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

## **External financial risks**

### **Financial risk management**

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

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

The Companies make efforts to diversify their third-party financing, both in terms of the financing institution and the financial products used. The Group's strategy provides for a further gradual exchange of short-term debt financing individual construction contracts for long-term debt financing in the coming years, and for a gradual reduction of debt in the long-term perspective.

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

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

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

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

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

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

### **Credit risk management**

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

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

With regard to retail 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 the Group's financial resources and liquidity management are as follows:

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

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

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

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

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

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

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

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

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### Risk of significant changes in interest rates

The Group Companies to a large extent use bank credits to finance their investment activities. The costs of interest on credits are affected by the amount of the WIBOR base rate for credits taken out in Polish 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 31/03/2023, Kobylarnia S.A. entered into interest rate hedging transactions for long-term credits in PLN within the MIRBUD Capital Group.

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

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2023	As at: 31/12/2022
Liabilities under credits and loans	206,893	191,223		
Loans granted	88	88		
Other financial assets				
Other financial liabilities	181,779	189,064		
<b>Total</b>	<b>388,761</b>	<b>380,375</b>		

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

In order to carry out a sensitivity analysis for interest rate changes, on the basis of historical changes in value and on the basis of the Company's knowledge and experience of financial markets, reasonably possible interest rate changes were estimated as at 31 March 2023 and 31 December 2021 at the level of - 1.0/+1.0 percentage point (as at 31 December 2021 at the same level) for the Polish zloty and the Euro.

The effect of the change in interest rates on the net result and the balance sheet total as at 31 March 2023 and 31 December 2022 is presented below.

Sensitivity analysis for items exposed to change in interest rates	As at: 31/03/2023	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	206,893	-1,676	1,676	2,069	-2,069
Loans granted	88	1	-1		
Other financial assets					
Other financial liabilities	181,779	-1,472	1,472	1,818	-1,818
<b>Total</b>	<b>388,761</b>	<b>-3,148</b>	<b>3,148</b>	<b>3,887</b>	<b>-3,887</b>

Sensitivity analysis for items exposed to change in interest rates	As at: 31/12/2022	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities under credits and loans	191,223	-1,549	1,549	1,912	-1,912
Loans granted	88	1	-1		
Other financial assets					
Other financial liabilities	189,064	-1,531	1,531	1,891	-1,891
<b>Total</b>	<b>380,375</b>	<b>-3,080</b>	<b>3,080</b>	<b>3,803</b>	<b>-3,803</b>

## Risk of changes in foreign exchange rates

Within the MIRBUD Group, only MIRBUD S.A. generates revenue in foreign currency. In 2023 MIRBUD S.A. generated approximately 20% 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 2023, the Issuer hedged on average approx. 10% of its foreign currency revenue with forward currency sales transactions.

Items exposed to change in foreign exchange rates	EUR		USD		Other	
	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2023	31/12/2022	31/03/2023	31/12/2022
Liabilities under credits and loans	1,209	1,258				
Loans granted						
Trade receivables other	55,733	75,308				
Trade and other liabilities						
Cash	13,584	20,408				
Other financial assets						
<b>Total</b>	<b>70,526</b>	<b>96,974</b>				

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

In order to carry out the analysis of sensitivity to changes in exchange rates, based on historical changes in value and on the Company's knowledge and experience of financial markets, the changes in exchange rates which are "realistically possible" were estimated at the level of -10%/+10% as at 31 March 2023 and as at 31 December 2022.

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

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 31/03/2023	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
Liabilities under credits and loans	1,209	98	-98	121	-121
Loans granted					
Trade and other receivables	55,733	4,514	-4,514	5,573	-5,573
Trade and other liabilities					
Cash	13,584	1,100	-1,100	1,358	-1,358
Other financial assets					
<b>Total</b>	<b>70,526</b>	<b>5,713</b>	<b>-5,713</b>	<b>7,053</b>	<b>-7,053</b>

Sensitivity analysis for items exposed to exchange rate changes (Euro)	Effect on net profit/(loss)		Effect on the balance sheet total		
	As at:	increase by	decrease by	increase by	decrease by
	31/12/2022	10%	10%	10%	10%
Liabilities under credits and loans	1,258	102	-102	126	-126
Loans granted					
Trade and other receivables	75,308	6,100	-6,100	7,531	-7,531
Trade and other liabilities					
Cash	20,408	1,653	-1,653	2,041	-2,041
Other financial assets					
<b>Total</b>	<b>96,974</b>	<b>7,855</b>	<b>-7,855</b>	<b>9,697</b>	<b>-9,697</b>

The Issuer's Management Board estimates that in 2023 the share of revenue in euro will decrease by approximately 30% (it will gradually decrease in the second half of 2023). As at 31/03/2023, the Issuer did not have any foreign exchange hedging transactions in place.

**- 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 of the conflict in Ukraine, financial institutions are further tightening their credit policies.

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

**Economic situation risk:**

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

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

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

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

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

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

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

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

The very good business climate in the property development industry over the past few years has been influenced by low mortgage rates. The situation changed in the last quarter of 2021, when interest rates rose sharply and remained at very high levels going into 2022. This has been accompanied by a tightening of banks' mortgage lending policies, taking into account the requirements of Recommendation S 2022 issued by the Financial Supervision Commission. The recommendation increased the buffer against changes in the WIBOR index, reduced the maximum loan term from 35 years to 25 years and tightened the requirements for the ratio of credit charges to the total annual income of a retail customer. This has resulted in a drastic reduction in customers' creditworthiness. As a result of this approach, many potential customers of the developers are not able to obtain mortgage to purchase an apartment on reasonable financial terms.

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

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

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

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

- the existence of local land-use plans, the ability to finance the purchase of
- plots of land and to commence the investment process;
- the possibility of obtaining the required administrative approvals to start implementation of the projects (development conditions, architectural design approval),

- the possibility of ensuring the required own contribution and obtaining bank financing for the implementation of projects.

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

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

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

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

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

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

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

### **Risks related to competition:**

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

The economic situation in Poland, the conflict in Ukraine 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 Boards of the Companies, based on many years of experience, try to build a portfolio of contracts that will enable them to achieve an appropriate financial result.

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

The regions of the country in which the Group operates are characterised by a high degree of competition in the property development industry. JHM DEVELOPMENT S.A. takes into account the intensity of competition on local markets where the start of property development activities or the implementation of further projects is considered. As a rule, the Company focuses on locations where competition is limited. The existence of limited competition at the time commencing the project is contemplated does not mean that competitors will not begin projects in the same local market as the

Company in the not too distant future after the Company has commenced preparations or works. Both relatively small local companies and larger developers competing with the Company are capable of comprehensive implementation of large projects.

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

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

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

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

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

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

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

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

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

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

### **External legal risks**

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

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

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

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

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

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

**Risks related to the current activities**

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

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

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

Such factors include:

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

- other operational risks described in these statements.

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

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

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

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

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

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

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

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

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

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

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

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 Group's activities, financial position or its development prospects.

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

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

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

- insured contracts, including activities of subcontractors, have implemented and apply
- a Management System in accordance with EN ISO 9001:2000 in the following scope:
  - a) general construction, civil engineering, road and motorway construction;
  - b) industrial facilities construction;
  - c) installation works;
- transfers risks to cooperation contracts concluded by the Company with manufacturers, suppliers and subcontractors (product liability, liability for services, differences between the ordered and delivered products, price increases, etc.).

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

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

To execute numerous projects, the Company has concluded and will continue to conclude construction contracts with contractors for construction and finishing works. It should be noted that obligations incurred by contractors in connection with the execution of projects (e.g. towards subcontractors)

may consequently, due to joint and several liability of the investor and the contractor for payment of remuneration, involve claims against the Companies, which may affect the timeliness of project execution. 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<sup>1</sup> – 649<sup>5</sup> 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.

#### **- 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 profitability 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 following can serve as tools to maintain and adjust the capital structure:

- changing the amount of dividends declared to be paid;
- return of capital to shareholders;
- issuing shares and other equity instruments;
- selling assets to reduce debt.

Capital monitoring is carried out by means of the debt ratio. This indicator is calculated as the ratio of net debt to total capital. Net debt is calculated as the sum of

financial debt (comprising current and long-term credits and loans and other financial debts as shown in the consolidated balance sheet) less cash and cash equivalents. The total value of capital is calculated as equity disclosed in the consolidated balance sheet, together with net debt.

Debt ratio calculation	in PLN thousand	
	As at:	As at:
	31/03/2023	31/12/2022
Total credits	453,462	448,337
Cash and cash equivalents	-302,157	-507,560
<b>Net debt Equity Total</b>	<b>151,305</b>	<b>-59,224</b>
<b>equity Debt ratio</b>	695,107	681,990
	<b>846,412</b>	<b>622,766</b>
	<b>18%</b>	<b>-10%</b>

Financial liquidity security ratios	in PLN thousand	
	As at:	As at:
	31/03/2023	31/12/2022
Net debt		
EBITDA	192,659	194,438
Equity	695,107	681,990
Total assets	2,097,272	2,248,046
<b>net debt/EBITDA</b>	<b>0.0</b>	<b>0.0</b>
<b>equity/total assets</b>	<b>0.3</b>	<b>0.3</b>

EBIT for the last 12 months accepted.

## XII. SEPARATE FINANCIAL INFORMATION OF MIRBUD S.A. FOR Q1 2023

### 1. Separate statement of comprehensive income

Profit and loss account	Note No.	in PLN thousand	
		For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
<b>Continued operations</b>			
Sales revenue	17	384,496	365,753
Own cost of sales	18	-358,933	-340,767
<b>Gross profit from sales</b>		<b>25,562</b>	<b>24,986</b>
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19		
Other operating and investment activity revenue	20	3,641	2,366
Other costs of operating and investment activities	20	-10,529	-8,848
<b>EBIT</b>		<b>18,674</b>	<b>18,504</b>
Financial revenue		1,861	6,984
Financial expenses	21	-4,916	-4,986
<b>Pre-tax activity profit (loss)</b>		<b>15,619</b>	<b>20,502</b>
Income tax attributable to continuing operations	22	-2,906	-4,274
<b>Profit (loss) on continuing operations</b>		<b>12,713</b>	<b>16,228</b>
<b>Discontinued operations</b>			
Revenue from discontinued operations	23		
Costs of discontinued operations			
<b>Pre-tax profit (loss) from discontinued operations</b>			
Income tax attributable to discontinued operations			
<b>Profit (loss) on discontinued operations</b>			
<b>NET PROFIT (LOSS)</b>		<b>12,713</b>	<b>16,228</b>
Assigned to non-controlling shares			
<b>Assigned to the owners of the parent</b>	-	<b>12,713</b>	<b>16,228</b>

Other comprehensive income	Note No.	in PLN thousand	
		For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Components which will not be subsequently reclassified to the profit and loss account			
Components which will be reclassified to profit or loss when certain conditions are met			
<b>Other comprehensive net income</b>	24		
Assigned to non-controlling shares			
<b>Assigned to the owners of the parent</b>	-	-	-
Total comprehensive income	Note No.	in PLN thousand	
		For the period: from 01/01/2023 to 31/03/2023	For the period: from 01/01/2022 to 31/03/2022
Total comprehensive income		12,713	16,228
Assigned to non-controlling shares			
<b>Assigned to the owners of the parent</b>	-	<b>12,713</b>	<b>16,228</b>

## 2. Separate statement of financial position

Assets	Note No.	in PLN thousand		
		As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
<b>Fixed assets</b>		<b>586,946</b>	<b>582,228</b>	<b>566,734</b>
Tangible fixed assets	1	69,325	69,538	65,535
Investment property	2			
Intangible assets	3	295	389	638
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	472,108	472,108	472,108
Investments measured using the equity method.	5			
Long-term trading and other receivables, including:	6	5,804	5,958	47
prepayments and accruals		47	419	47
Biological assets	7			
Deferred income tax assets	22	39,415	34,235	28,406
<b>Current assets</b>		<b>706,912</b>	<b>843,904</b>	<b>645,640</b>
Inventory	9	1,767	1,267	2,520
Receivables on account of the income tax	22			
Trade and other receivables, including:	6	569,287	548,836	542,203
prepayments and accruals		1,175	802	2,205
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4			
Cash and cash equivalents	10	135,858	293,801	100,917
Fixed assets held for sale	11			
<b>Total assets</b>	-	<b>1,293,858</b>	<b>1,426,132</b>	<b>1,212,374</b>

Capitals and liabilities	Note No.	in PLN thousand		
		As at: 31/03/2023	As at: 31/12/2022	As at: 31/03/2022
<b>Equity</b>	<b>12</b>	<b>480,074</b>	<b>467,361</b>	<b>381,716</b>
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		115,103	115,103	115,103
Retained profit, including:		355,796	343,083	257,439
<i>Profit/loss in the reporting period</i>		12,713	120,221	16,228
Equity attributable to shareholders of the parent		480,074	467,361	381,716
Equity attributable to non-controlling shares				
<b>Total liabilities</b>		<b>813,785</b>	<b>958,771</b>	<b>830,657</b>
<b>Long-term liabilities and provisions for liabilities</b>		<b>217,904</b>	<b>256,547</b>	<b>307,265</b>
Deferred income tax provision	22	26,908	22,991	8,711
Other provisions for long-term liabilities	13	61	61	95
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	93,632	122,002	67,186
Long-term trading and other liabilities, including: prepayments and accruals	15	97,303	111,493	231,273
<b>Short-term liabilities and provisions for liabilities</b>		<b>595,881</b>	<b>702,225</b>	<b>523,393</b>
Provisions for short-term liabilities	13	2,176	2,176	2,349
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	58,955	34,355	81,559
Trade and other liabilities, including: prepayments and accruals	15	524,465	654,464	428,770
Liabilities under deferred income tax	22	10,285	11,230	10,714
Liabilities directly related to fixed assets classified as held for sale	11			
<b>Total capitals and liabilities</b>	-	<b>1,293,858</b>	<b>1,426,132</b>	<b>1,212,374</b>

### 3. Separate statement of cash flows

Statement of cash flows	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
<b>Pre-tax profit</b>	<b>15,619</b>	<b>20,502</b>
<b>Total adjustments</b>	<b>-158,962</b>	<b>-123,766</b>
Amortisation	2,114	1,850
Profit / loss under exchange rate differences	1,513	
Profit / loss on investing activities	-55	-17
Borrowing costs	2,448	-1,644
Change in liabilities with the exclusion of financial liabilities	-144,189	-16,836
Change in receivables	-20,298	-103,552
Change in inventories	-501	-1,445
Change in provisions		-1,331
Profit / loss on other financial instruments		-1,279
Other changes in working capital	5	488
<b>Cash from operating activities</b>	<b>-143,342</b>	<b>-103,263</b>
Income tax paid	-5,114	-20,361
<b>Net cash from operating activities</b>	<b>-148,457</b>	<b>-123,624</b>
Sale of property, plant and equipment	144	95
Purchase of property, plant and equipment	-629	-1,183
Sale of intangible assets		
Purchase of intangible assets		
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		
Acquisition of financial instruments classified as investing activity		
Received dividends		3,460
Received interest	348	380
Other inflows (expenditure) from investment activity		
<b>Net cash from investment activity</b>	<b>-137</b>	<b>2,752</b>
Inflows from shareholders		
Payments to owners		5,472
Commitment of liabilities under loans and credits	1,173	-4,004
Repayment of liabilities under loans and credits	-3,736	-2,044
Repayment of liabilities under leasing	-2,477	
Receipt under issue of debt instruments		

Expenditure on redemption of debt instruments		
Interest paid and other debt service expenditure	-2,796	-1,817
Other financial receipts/expenditures	-1,513	
<b>Cash from financial activity</b>	<b>-9,349</b>	<b>-2,393</b>
<b>Net increases (decreases) in cash and cash equivalents</b>	<b>-157,942</b>	<b>-123,265</b>
Effect of changes in foreign exchange rates on cash denominated in foreign currencies		
Change in cash and cash equivalents, net of foreign exchange differences		
Cash and cash equivalents at the beginning of the period	293,801	224,182
<b>Cash closing balance</b>	<b>135,858</b>	<b>100,917</b>
including cash and cash equivalents with restricted availability	40,931	36,003

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

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2023</b>	<b>9,174</b>		<b>115,103</b>	<b>343,083</b>	<b>467,361</b>		<b>467,361</b>
Total profits (losses) for the period				12,713	12,713		12,713
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>12,713</b>	<b>12,713</b>		<b>12,713</b>
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>12,713</b>	<b>12,713</b>		<b>12,713</b>
<b>As at 31/03/2023</b>	<b>9,174</b>		<b>115,103</b>	<b>355,796</b>	<b>480,074</b>		<b>480,074</b>

Changes in equity	Revaluation capital	Issue price surplus over nominal value of shares	Other capitals reserves	Retained profit attributable to the shareholders of the parent/supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2022</b>	<b>9,174</b>		<b>115,103</b>	<b>241,211</b>	<b>365,488</b>		<b>365,488</b>
Total profits (losses) for the period				120,221	120,221		<u>120,221</u>
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>120,221</b>	<b>120,221</b>		<b><u>120,221</u></b>
Owner contributions							
Payments to owners				-18,349	-18,349		<u>-18,349</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>101,872</b>	<b>101,872</b>		<b>101,872</b>
<b>As at 31/12/2022</b>	<b>9,174</b>		<b>115,103</b>	<b>343,083</b>	<b>467,361</b>		<b>467,361</b>

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
<b>As at 01/01/2022</b>	<b>9,174</b>		<b>115,103</b>	<b>241,211</b>	<b>365,488</b>		<b>365,488</b>
Total profits (losses) for the period				16,228	16,228		<u>16,228</u>
Other comprehensive income							
<b>Comprehensive income for the period</b>				<b>16,228</b>	<b>16,228</b>		<b><u>16,228</u></b>
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>Changes in equity during the period</b>				<b>16,228</b>	<b>16,228</b>		<b>16,228</b>
<b>As at 31/03/2022</b>	<b>9,174</b>		<b>115,103</b>	<b>257,439</b>	<b>381,716</b>		<b>381,716</b>

## 5. Other revenue and operating expenses

Other revenue and costs of operating and investment activities	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Selling costs		
Overheads	-8,279	-7,126
Revaluation write-downs of non-investment assets		
Reversal of revaluation write-downs of non-investment assets		
Restructuring costs		
Court proceedings settlement result	-29	-201
Result of sale of non-investment fixed assets	55	17
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		3,460
Interest	348	380
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 impairment losses on other assets liabilities		
Foreign exchange differences of operating and investment activities	1,513	3,144
Other revenue	3,587	2,349
Other costs	-2,221	-1,522
<b>Total revenue</b>	<b>5,503</b>	<b>9,351</b>
<b>Total costs</b>	<b>-10,529</b>	<b>-8,848</b>

## 6. Financial

Financial expenses	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Interest on credits	-2,255	-1,498
Interest on loans from related parties		
Interest on loans from other parties		
Interest on bonds for related parties		
Interest on bonds for other parties		
Interest on liabilities under finance lease contracts from related parties		
Interest on liabilities under finance lease contracts from other parties	-541	-318
Other interest for related parties	-499	-408
Other interest for other parties	-19	-32
Measurement of equity instruments		
Interest under factoring contracts		
Foreign exchange differences on financial liabilities		
Other financial expenses for related parties		
Other financial expenses for other parties	-1,602	-2,730
<b>Total financial expenses</b>	<b>-4,916</b>	<b>-4,986</b>

## 7. Costs by type

Cost structure by types	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/03/2023	from 01/01/2022 to 31/03/2022
Amortisation	-2,114	-1,850
Consumption of materials and energy	-50,624	-79,378
Outsourced services	-289,699	-248,267
Taxes and fees, including:		
Remunerations	-13,686	-12,747
Social insurance and other benefits	-2,616	-2,485
Other costs by type	-4,558	-2,671
Value of goods and materials sold	-3,428	-387
Manufacturing cost of products for internal purposes		
<b>Total</b>	<b>-367,213</b>	<b>-347,893</b>

## 8. Trade and other receivables

Trade and other receivables	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Long-term receivables</b>	<b>5,757</b>	<b>5,538</b>	
trade receivables from related parties			
trade receivables from other parties			
other receivables from related parties	5,757	5,538	
other receivables from other parties			
<b>Short-term receivables</b>	<b>568,112</b>	<b>548,034</b>	<b>539,998</b>
trade receivables from related parties	3,987	4,529	14,184
trade receivables from other parties	401,143	409,908	448,253
retained amounts under execution of contracts from related parties			
retained amounts under execution of contracts from other parties	63,380	55,376	44,350
other receivables from related parties			
other receivables from other parties	1	5	107
amounts transferred for deliveries	22,355	22,671	28,023
budget receivables except for corporate income tax settlements			
disputed receivables brought before the court	3,012	3,996	5,083
accrual of receivables under settlement of long-term contracts	74,234	51,549	
<b>Total</b>	<b>573,870</b>	<b>553,572</b>	<b>539,998</b>

Age structure of receivables	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b>Gross trade receivables</b>	<b>597,071</b>	<b>577,101</b>	<b>562,118</b>
<b>not past due, including:</b>	<b>397,175</b>	<b>370,283</b>	<b>352,138</b>
payable up to 1 month	309,176	246,015	189,700
payable from 1 to 3 months	24,619	68,892	118,089
payable from 3 to 12 months	63,380	55,376	44,350
payable from 1 to 5 years			
<b>past due, including:</b>	<b>199,895</b>	<b>206,818</b>	<b>209,980</b>
past due up to 1 month	15,193	32,188	43,367
past due from 1 to 3 months	50,715	24,640	75,402
past due from 3 to 6 months	13,095	87,427	55,653
past due from 6 to 12 months	96,645	37,885	13,357
past due over 12 months	24,248	24,678	22,201
receivables in respect of which credit risk has significantly increased	-1,644	-1,644	-563
receivables revaluation write-down	-21,557	-21,885	-21,557
<b>Net trade receivables</b>	<b>573,870</b>	<b>553,572</b>	<b>539,998</b>

**9. Trade and other liabilities**

Trade and other liabilities	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b><u>Long-term liabilities</u></b>	<b><u>97,303</u></b>	<b><u>111,493</u></b>	<b><u>231,273</u></b>
Trade liabilities to related parties			
retained amounts to related parties			
Other liabilities due to related parties			
Trade liabilities to other parties			
Retained amounts to other parties	26,252	25,082	63,272
Advances received	71,051	86,410	168,002
Other liabilities due to other parties			
<b><u>Short-term liabilities</u></b>	<b><u>523,971</u></b>	<b><u>653,980</u></b>	<b><u>428,198</u></b>
Trade liabilities to related parties	64,294	63,364	2,652
retained amounts to related parties			
Other liabilities due to related parties	13,635	13,635	13,635
Trade liabilities to other parties	108,738	260,218	197,787
Liabilities under settlement of long-term contracts	161,449	136,300	112,393
Advances received	24,992	32,053	18,523
Bills of exchange liabilities			
Budget liabilities except for corporate income tax settlements	4,076	6,332	27,771
Remuneration settlements	3,808	3,469	2,954
Retained amounts to other parties	142,978	138,607	52,484
Other liabilities due to other parties			
<b><u>Total</u></b>	<b><u>621,273</u></b>	<b><u>765,472</u></b>	<b><u>659,471</u></b>

Age structure of liabilities	in PLN thousand		
	As at:	As at:	As at:
	31/03/2023	31/12/2022	31/03/2022
<b><u>Trade liabilities</u></b>	<b><u>621,273</u></b>	<b><u>765,472</u></b>	<b><u>659,471</u></b>
<b><u>not overdue</u></b>	<b><u>609,264</u></b>	<b><u>739,644</u></b>	<b><u>653,466</u></b>
payable up to 1 month	313,369	377,088	283,602
payable from 1 to 3 months	30,621	80,403	67,584
payable from 3 to 12 months	167,971	170,661	71,007
payable from 1 to 5 years	97,303	111,493	231,273
past due up to 1 month	8,661	24,465	5,975
past due from 1 to 3 months	3,348	1,363	30
past due from 3 to 6 months			
past due from 6 to 12 months			
past due over 12 months			
<b><u>Total overdue</u></b>	<b><u>12,010</u></b>	<b><u>25,828</u></b>	<b><u>6,005</u></b>

### XIII. DESCRIPTION OF SIGNIFICANT EVENTS OR FAILURES OF THE ISSUER DURING THE PERIOD COVERED BY THE REPORT TOGETHER WITH A LIST OF THE MOST SIGNIFICANT EVENTS CONCERNING THEM

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

- Further supplementation of the order portfolio of the Issuer's Capital Group, which as at 31/03/2023 amounted to approx. PLN 5,250 million between 2023 and 2026.
- On time completion of the "Design and construction of the A-1 Tuszyn motorway (without interchange) – Łódź/Silesian voivodeship border, from km 335+937.65 to km 399+742.51. Section B – Bełchatów interchange (without interchange) – Kamieńsk interchange (with interchange) from km 351+800.00 to km 376+000.00
- Conclusion of an annex to the contract with the Olsztyn Municipality for the project titled "Reconstruction and extension of the Urania Sports and Entertainment Hall in Olsztyn" due to the awarded indexation amount of PLN 25,000 net, which is 15 percent of the original contractual remuneration.

The list of contracts concluded in the reporting period is presented in the table below.

Contract conclusion date	Contract value (net) in PLN thousand	Business partner	Subject of the contract
12/01/2023	57,607	Pomorskie Voivodeship - Voivodship Roads Authority in Gdańsk	Construction of the Chojnice western road bypass. Consortium of companies composed of: <ul style="list-style-type: none"> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Leader),</li> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).</li> </ul>
06/03/2023	84,726	Development Concept One DM Sp. z o.o.	construction works for the erection of two warehouse, production and service buildings with rest and refreshment and office facilities, with the leading production plant function, buildings accompanying in the scope and accompanying technical infrastructure, as well as with the road project necessary to connect the project with public roads. The buildings will be located at ul. Rzeczna 6 in Warsaw (Targówek District).
15/03/2023	25,000	Olsztyn Municipality	an increase in the Issuer's remuneration for the implementation of the task entitled "Reconstruction and extension of the Urania Sports and Entertainment Hall in Olsztyn" due to the awarded indexation amount of PLN 25.000 net, which is 15 percent of the original contractual remuneration. Construction works for the project in question are scheduled to be completed on 16 October 2023.
18/04/2023	31,596	Grodzisk Mazowiecki Municipality	execution of the investment task entitled "Construction of a primary school with pre-school department in the village of Szczęsne, Grodzisk Mazowiecki Municipality – STAGE II".

17/05/2023	-	General Directorate for National Roads and Motorways	<p>Conclusion by the consortium of</p> <ul style="list-style-type: none"> <li>• MIRBUD S.A. with its registered office in Skierniewice, ul. Unii Europejskiej 18, 96-100 Skierniewice;</li> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia, ul. Zakole 1, 86-061 Brzoza;</li> <li>• PRYWATNA SPÓŁKA AKCYJNA [PRIVATE JOINT STOCK COMPANY] "ZRZESZENIE BUDOWLANE INTERBUDMONTAŻ" with its registered office in Kyiv at T. Strokacza, building 1, 03148 Kyiv, Ukraine</li> </ul> <p>of an annex to the contract dated 19/10/2019 for the execution of the task titled "Construction of the S-1 (formerly S-69) Bielsko-Biała-Żywiec-Zwardoń expressway, Przybędza-Milówka section (Węgierska Górka bypass)" postponing the contract completion date by 171 days, i.e. until 28</p>
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On 16/05/2023 the Issuer received information from the Employer, Zarząd Infrastruktury Miejskiej w Słupsku (address: ul. Artura Grotgера 13, 76-200 Słupsk), that the bid selected as the most advantageous one in the tender procedure, conducted in the open tender procedure, titled **"Construction and reconstruction of existing road sections in line of the southern bypass of the City of Słupsk as part of the project 'Continuation of the construction of the City Ring in Słupsk'"** was the bid by a consortium (hereinafter referred to as the "Consortium") of companies composed of:

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

Bid value: PLN 128,781,000.00 gross.

The Issuer did not record any significant failures during the reporting period.

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

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

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

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

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

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

Other factors and events, especially of extraordinary nature, having effect on the achieved financial

result are described in Note 40.

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

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

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

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

**Events subsequent to the date of the consolidated extended financial statements for Q1 2023 which have not been included in these statements but may have a significant effect on the Issuer's future financial results.**

Contract conclusion date	Contract value (net) in PLN thousand	Business partner	Subject of the contract
18/04/2023	31,596	Grodzisk Mazowiecki Municipality	execution of the investment task entitled "Construction of a primary school with pre-school department in the village of Szczęsne, Grodzisk Mazowiecki Municipality – STAGE II".
17/05/2023	-	General Directorate for National Roads and Motorways	<p>Conclusion by the consortium of</p> <ul style="list-style-type: none"> <li>MIRBUD S.A. with its registered office in Skierniewice, ul. Unii Europejskiej 18, 96-100 Skierniewice;</li> <li>KOBYLARNIA S.A. with its registered office in Kobylarnia, ul. Zakole 1, 86-061 Brzoza;</li> <li>PRYWATNA SPÓŁKA AKCYJNA [PRIVATE JOINT STOCK COMPANY] "ZRZESZENIE BUDOWLANE INTERBUDMONTAŻ" with its registered office in Kiev, ul. T. Strokacza, building 1, 03148 Kyiv, Ukraine</li> </ul> <p>of an annex to the contract dated 19/10/2019 for the execution of the task titled "Construction of the S-1 (formerly S-69) Bielsko-Biała-Żywiec-Zwardoń expressway, Przybędza-Milówka section (Węgierska Górka bypass)" postponing the contract completion date by 171 days, i.e. until 28</p>

On 16/05/2023 the Issuer received information from the Employer, Zarząd Infrastruktury Miejskiej w Słupsku (address: ul. Artura Grottera 13, 76-200 Słupsk), that the bid selected as the most advantageous one in the tender procedure, conducted in the open tender procedure, titled **"Construction and reconstruction of existing road sections in line of the southern bypass of the City of Słupsk as part of the project 'Continuation of the construction of the City Ring in Słupsk'"** was the bid by a consortium (hereinafter referred to as the "Consortium") of companies composed of:

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

Bid value: PLN 128,781,000.00 gross.

**The effects of changes in the structure of the economic entity, including as a result of merging entities, gaining or loss of control over subsidiaries and long-term investments, as well as division, restructuring or discontinuation of operations, and indication of entities subject to consolidation.**

There were no changes in the Group's organisational structure during the reporting period.

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

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

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

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

Information is presented in Note 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2023 to 31/03/2023.

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

Information is presented in Note 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2023 to 31/03/2023.

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

Information is presented in Note 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2023 to 31/03/2023.

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

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

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

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the General Directorate for National Roads and Motorways for the value of the object of dispute of PLN 67,422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S-5 expressway. The total value of disputes between KOBYLARNIA S.A. and General Directorate for National Roads and Motorways as at 30/09/2022 amounted to PLN 71,820 thousand.

Information on court proceedings is presented in Note 38 - Litigation to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2023 to 31/03/2023.

**Information on material settlements under litigation**

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

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

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

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

Information is presented in Note 39 - Contingent liabilities to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2023 to 31/03/2023.

**Information on factors which, in the opinion of the Issuer, would affect its results in the perspective of at least the next quarter.**

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

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

External factors

- further execution of projects from EU funds, the economic situation in the
- European Union countries;
- government policy on construction, especially housing, monetary policy (interest
- rate policy and its impact on the cost of credit), the situation in the financial
- markets,
- availability and costs of bank credits and guarantees;
- trends in preferences of potential buyers of apartments;
- the level and conditions of competition;
- the rate of growth of investments in the public sector (in particular in road construction);
- development of the price level of construction materials as well as construction
- services, the availability of skilled workers on the market and their wage levels,
- demand in housing construction;
- the course and consequences of the military conflict in Ukraine.

Internal factors:

- financial condition of the Group Companies, in particular MIRBUD S.A.,
- established position in the industrial building construction sector, systematic
- development of the Group in the engineering and road construction sector,
- systematic filling of the order portfolio for 2023 - 2026, diversified order portfolio
- for 2023 - 2026;
- further growth of property development activities through projects in Łódź, Poznań, Gdańsk, Konin, Bydgoszcz, Jastrzębia Góra;
- commercialisation and rent collection in CH MARYWILASKA 44 sp. z o.o. after the period of trade suspension due to the coronavirus pandemic;

- the level of margin on the execution of contracts achieved by optimising production costs and improving technical solutions for the implementation of construction, also thanks to the implementation of the process of developing and implementing an IT management system (according to the Issuer, the modern management system will improve control over operations through detailed current analyses of individual projects, improve financial records, have a positive impact on work efficiency and reduce the risk of core operations), the level of sales of
- residential units in ongoing development projects, further investments in modern machinery, the
- level of sales of residential units in ongoing development projects, further investment in modern
- machinery;
- expanding construction and assembly services in a new sector through acquisition;
- achieving financial results consistent with the planned results by the Group's subsidiaries.

#### XIV. APPROVAL FOR PUBLICATION

The financial statements were approved for publication and signed by the Management Board on 25 May 2023.

Signature Not Verified

Document signed by JERZY  
MIRGOS  
Date: 2023.05.25 11:35:18 CEST

Signature Not Verified

Document signed by Sławomir Nowak  
Date: 2023.05.25 11:36:39 CEST

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

Signature Not Verified

Document signed by PAWEŁ  
KORZENIOWSKI  
Date: 2023.05.25 11:39:06 CEST

Signature Not Verified

Document signed by TOMASZ SAŁATA  
Date: 2023.05.25 11:37:23 CEST

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

Signature Not Verified

Document signed by ANNA ZUCHORA  
Date: 2023.05.25 11:40:10 CEST

Anna Zuchora
Person entrusted with bookkeeping