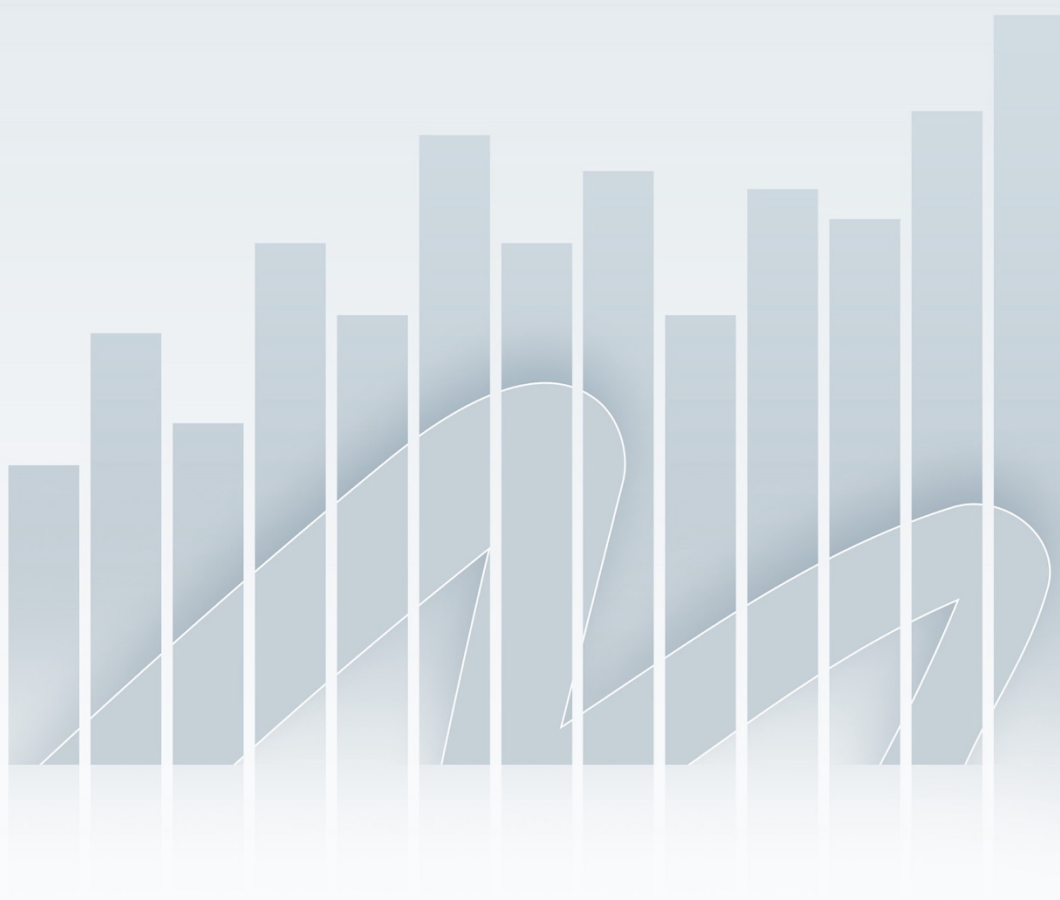




MANAGEMENT REPORT

2023

MIRBUD S.A.



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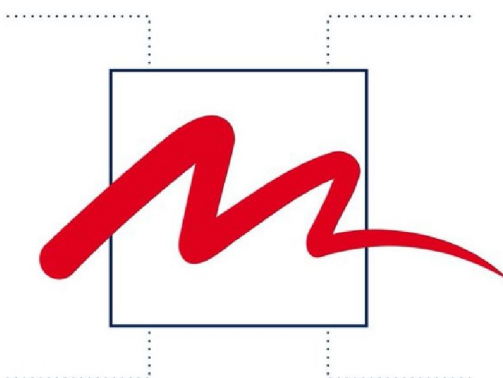


## 1. PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS



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

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



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

The accounting policies adopted in the preparation of the financial statements have been presented in detail in the introduction to the financial statements for the period from 01/01/2023 to 31/12/2023.

## 2. ACTIVITIES OF THE MIRBUD CAPITAL GROUP

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

The MIRBUD Capital Group employs over 1200 employees, including highly qualified engineering staff with various specialisations in the construction industry. The Company's advantage is also a well-developed machine park which ensures performance of most of the work on the basis of its own facilities.

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

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

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

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. As of 01/01/2024, the Company was put into liquidation.

In November 2023, the Group was joined by special purpose vehicle PDC Industrial Center 217 sp. z o.o., which owns a property located in Chościszowice, Bolesławiec Municipality, comprising plot No. 75 from section 0004 Chościszowice, with an area of 10.37 ha. On the property in question, the company is building a hall for lease for logistics and warehousing purposes with an area of approximately 50,000 sq. m. The acquisition of shares in PDC Industrial Center Sp. z o.o represents another area of the Company's activities in the warehouse and logistics property leasing market.

**MIRBUD S.A.** is the parent and prepares consolidated financial statements which include statements of the parent and subsidiaries - JHM DEVELOPMENT S.A., KOBYLARNIA S.A., MARYWILSKA 44 Sp. z o.o. and PDC IC 217.

## Basic data of the parent

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



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

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

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



<b>Full name of the entity:</b>	<b>KOBYLARNIA S.A.</b>
<b>Entity's registered office:</b>	Kobyłarnia
<b>Legal form:</b>	Joint stock company
<b>NIP:</b>	953-22-34-789
<b>REGON:</b>	091631706
<b>Address details:</b>	ul. Zakole 1, 86-051 Brzoza
<b>phone/fax</b>	+48(52) 381-06-10
<b>E-mail:</b>	sekretariat@kobyłarnia.pl
<b>Website:</b>	www.kobyłarnia.pl
<b>Country of registered office:</b>	Poland

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

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



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

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

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

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





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

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

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

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



<b>Full name of the entity:</b>	<b>ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «МІРБУД» (MIRBUD sp. z o.o.)</b>
<b>Entity's registered office:</b>	Kyiv
<b>Legal form:</b>	spółka z ograniczoną odpowiedzialnością [limited liability company]
<b>NIP:</b>	418873426552
<b>REGON (ЄДРПОУ Code):</b>	41887344
<b>Address details:</b>	Bratyslavska 14B, 02156 Kyiv
<b>Country of registered office:</b>	Ukraine

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. By decision of 1 July 2022, the District Court for the capital city of Warsaw, 16th Commercial Division for bankruptcy and restructuring cases, discontinued the bankruptcy proceedings of HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The District Court of Warsaw has declared this decision valid as of 17 November 2023.

As at 31/12/2023, the newly acquired company has not been consolidated. The Extraordinary Meeting of Shareholders of HAKAMORE Sp. z o.o. with its registered office in Skierniewice decided, by way of Resolution No. 1 of 28 December 2023, to dissolve the Company on 1 January 2024 and put it into liquidation.

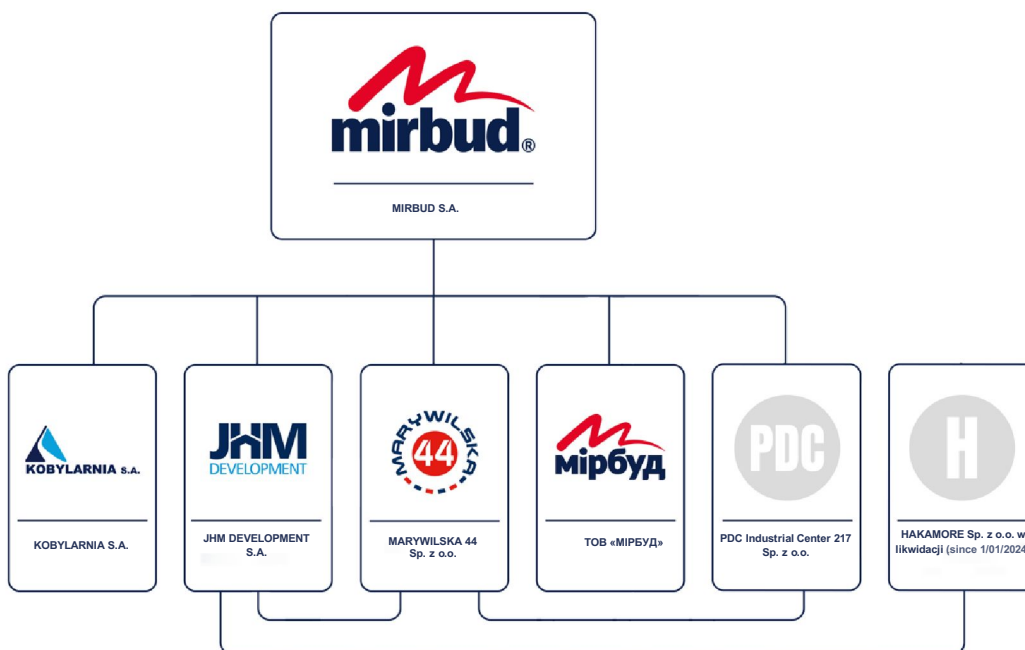
### **Subsidiary of MIRBUD S.A. and MARYWILSKA 44 Sp. z o.o. – PDC Industrial Center 217 sp. z o.o.**

<b>Full name of the entity:</b>	<b>PDC INDUSTRIAL CENTER 217 sp. z o.o.</b>
<b>Entity's registered office:</b>	Warsaw
<b>Legal form:</b>	spółka z ograniczoną odpowiedzialnością [limited liability company]
<b>NIP:</b>	525-286-46-71
<b>REGON:</b>	389097185
<b>Address details:</b>	ul. Marywilska 44, 03-042 Warsaw
<b>phone/fax</b>	+48(22) 423-10-00
<b>E-mail:</b>	sekretariat@marywilska44.com
<b>Website:</b>	www.marywilska44.com
<b>Country of registered office:</b>	Poland

The company was established on 08/04/2021 and on the basis of a notarial deed, Repertory A No. 10305/2021, was entered in the National Court Register kept by the District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register, under KRS number 0000359265, on 27/05/2021.

On 29 November 2023, Marywilska 44 sp. z o.o. acquired 50.12% of shares in the share capital of PDC Industrial Center 217 sp. z o.o. Under the same agreement, MIRBUD S.A. became the owner of 49.88% of shares in PDC Industrial Center 217 sp. z o.o.

Diagram: MIRBUD Capital Group structure as at 31/12/2023



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

Table: Structure of shares of MIRBUD S.A. in subsidiaries as at 31/12/2023

Name of the entity	Share capital	Share of MIRBUD S.A. in the share capital
<b>JHM DEVELOPMENT S.A.</b>	PLN 173,000,000	<b>100%</b>
<b>KOBYLARNIA S.A.</b>	PLN 30,000,000	<b>100%</b>
<b>MARYWILSKA 44 Sp. z o.o.</b>	PLN 157,500,000	<b>57.47%</b>
<b>TOB «МІРБУД»</b>	UAH 2,377,752.81	<b>100%</b>
<b>PDC INDUSTRIAL CENTER 217 sp. z o.o.</b>	PLN 2,075,000.00	<b>49.88%</b>

The share capital of TOB «МІРБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 31/12/2023 it amounted to PLN 246,572.97, according to the average exchange rate of the National Bank of Poland as at 31/12/2022 it amounted to PLN 299,121.30) The sole shareholder of the company is MIRBUD S.A. As at 31/12/2023, the value of the contributed capital amounted to PLN 315,877.09.

Table: Structure of shares of JHM DEVELOPMENT S.A. in subsidiaries and related entities as at 31/12/2023

Name of the entity	Share capital	Share of JHM DEVELOPMENT S.A. in the share capital
MARYWILSKA 44 Spółka z o.o.	PLN 157,500,000	42.53%
HAKAMORE Spółka z o.o. (from 01/01/2024 in liquidation)	PLN 3,005,000	100%

Table: Structure of shares of MARYWILSKA 44 sp. z o.o. in subsidiaries and related parties as at 31/12/2023

Entity name	Share capital	Share of Marywilaska 44 sp. z o.o. in the share capital
PDC INDUSTRIAL CENTER 217 sp. z o.o.	PLN 2,075,000	50.12%

## Subject of activity

### MIRBUD S.A.

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

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

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

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

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

### 3. FINANCIAL POSITION OF MIRBUD S.A.

#### 3.1. Discussion of selected items of the financial statements of MIRBUD S.A. as of 31/12/2023 and 31/12/2022

Table: Selected items of the Company's assets as of 31 December 2023 and 31 December 2022 in PLN thousand.

Item	31/12/2023	% share in total assets	31/12/2022	% share in total assets	Change in PLN thousand	Change in %
<b>Fixed assets, including:</b>	<b>706,995</b>	<b>49%</b>	<b>582,228</b>	<b>41%</b>	<b>124,767</b>	<b>21%</b>
Tangible fixed assets	73,610	5%	69,538	5%	4,072	6%
Investment property	0	0%	0	0%	0	0%
Intangible assets	17	0%	389	0%	-372	-96%
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	606,165	42%	472,108	33%	134,057	28%
Investments measured using the equity method	0	0%	0	0%	-	0%
Long-term trading and other receivables	0	0%	0	0%	0	0%
biological assets	0	0%	0	0%	0	0%
	24,932	2%	34,235	2%	-9,303	-27%
Deferred income tax assets						
	2,271	0%	5,958	0%	-3687	-62%
Other fixed assets not elsewhere classified (including prepayments and accruals)						
<b>Current assets, including:</b>	<b>727,226</b>	<b>51%</b>	<b>843,904</b>	<b>59%</b>	<b>-116,678</b>	<b>-14%</b>
Inventories	2,098	0%	1,267	0%	831	66%
	20,056	1%	0	0%	20,056	20,056%
Income tax receivables						
Trade receivables and other receivables	475,390	33%	548,836	38%	-73,446	-13%
	0	0%	0	0%	-	-
Short-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)						
Cash and cash equivalents	229,682	16%	293,801	21%	-64,119	-22%
	-	0%	-	0%	-	-
Other current assets n.e.c.						
fixed assets held for sale	-	0%	-	0%	-	-
<b>Total assets</b>	<b>1,434,222</b>	<b>100%</b>	<b>1,426,132</b>	<b>100%</b>	<b>8,090</b>	<b>1%</b>

As of 31/12/2023, compared to the end of 2022, the value of the balance sheet total and the structure of assets of the Company changed significantly.

Current assets which, as at 31/12/2021, comprise 51% of total assets (decrease in the share of current assets in the balance sheet total by 8 p.p. compared to the end of 2022) continue to constitute the dominating value.

Fixed assets comprise mainly long-term financial assets (which are mainly capital investments in subsidiaries: JHM DEVELOPMENT S.A., KOBYLARNIA S.A., Marywilska 44 sp. z o.o. PDC IC 217 sp. z o.o.) which accounted for 42% of total assets (a 9 p.p. increase in share in total assets compared to 2022).

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

- purchase of shares in TORPOL S.A. for over PLN 36 million by MIRBUD S.A.;
- purchase of 49.88% of shares in PDC INDUSTRIAL CENTER 217 sp. z o.o. for PLN 6.9 million by MIRBUD S.A.;
- granting a loan to PDC INDUSTRIAL CENTER 217 sp. z o.o. in the maximum amount of PLN 120 million to finance the construction of a warehouse, logistics and production centre located in Chościszowice, Bolesławiec Municipality and conducting day-to-day business operations. As at 31 December 2023, the loan debt including the measurement amounted to PLN 88,9 million;
- settlement of a significant portion of receivables from industrial and warehouse segment contracts concluded with Panattoni Group companies; resulting in a decrease in the level of trade receivables;
- MIRBUD S.A.'s settlement of advances received for the execution of road contracts - construction of a section of the A1 motorway; Olesno bypass, and successive settlement of advances received for the execution of contracts - construction of a section of the S1 expressway, the so-called Węgierska Górka bypass, S1 Dankowice-Suchy Potok (value of unsettled advances for construction works: PLN 40 million);
- purchase of leased vehicles and machinery and equipment for the amount of nearly PLN 3.1 million by MIRBUD S.A.



Table: Selected items of liabilities as of 31 December 2023 and 31 December 2022 in PLN thousand.

Item	31/12/2023	% share in total liabilities	31/12/2022	% share in total liabilities	Change in PLN thousand	Change in %
<b>Equity</b>	540,827	38%	467,360	33%	73,467	16%
<b>Long-term liabilities and provisions for liabilities</b>	166,342	12%	256,547	18%	-90,205	-35%
- provisions under deferred income tax	34,006	2%	22,991	2%	11,015	48%
- other provisions for long-term liabilities	644	0%	61	0%	583	956%
- long-term financial liabilities for trading liabilities and other liabilities	75,375	5%	122,002	9%	-46,627	-38%
- long-term trading and other liabilities	56,316	4%	111,493	8%	-55,177	-49%
- other long-term liabilities and provisions n.e.c.	0	0%	0	0%	0	0%
<b>Short-term liabilities and provisions for liabilities</b>	727,053	51%	702,225	49%	24,828	4%
- provisions for short-term liabilities	2,372	0%	2,216	0%	156	7%
- short-term financial liabilities, except for provisions, trading liabilities and other liabilities	57,389	4%	34,355	2%	23,034	67%
- trade and other liabilities	666,658	46%	653,940	46%	12,718	2%
- liabilities under deferred income tax	0	0%	11,230	1%	-11,230	-100%
other long-term liabilities and provisions n.e.c.	634	0%	484	0%	150	0%
Liabilities directly related to fixed assets classified as held for sale	0	0%	0	0%	0	0%
<b>Total liabilities</b>	<b>1,434,222</b>	<b>100%</b>	<b>1,426,132</b>	<b>100%</b>	<b>8,090</b>	<b>1%</b>

The structure of liabilities has changed in 2023. The operations of MIRBUD S.A. are financed in 38% from own funds, and in 62% from external capital. The share of long-term liabilities in financing amounted to 11% (a decrease in the share by 7 p.p. compared to 2022), while the share of short-term liabilities increased by 2 p.p. compared to 2021 and stood at 51%.

The change in the structure of liabilities resulted mainly from:

- the maturity in 2024 of working capital credits taken out with PEKAO S.A. and BOŚ S.A. for a total amount of PLN 36 million; (the Issuer plans to roll over the liabilities for successive periods of 24 to 36 months)
- partial repayment of other long-term credits and a long-term loan;
- MIRBUD S.A.'s settlement of advances received for the execution of road contracts - construction of a section of the A1 motorway; Olesno bypass, and successive settlement of



advances received for the execution of contracts - construction of a section of the S1 expressway, the so-called Węgierska Górka bypass, S1 Dankowice-Suchy Potok (value of unsettled advances for construction works: PLN 40 million);

- purchase of leased machinery and equipment and vehicles by MIRBUD S.A. for a total of approx. PLN 3.1 million - increase in long-term and short-term financial liabilities

Table: Selected items of the Company's statements of comprehensive income for the period from 01/01/2023 to 31/12/2023 and 01/01/2022 to 31/12/2022 in PLN thousand

Item	Period from 01/01/2023 to 31/12/2023	Profitability	Period from 01/01/2022 to 31/12/2022	Profitability	Change in PLN thousand	Change in %
<b>Sales revenue</b>	2,157,409	-----	2,325,180	-----	-167,771	-7%
<b>Profit from sales</b>	184,128	8.53%	160,579	6.91%	23,549	15%
<b>Operating profit EBIT</b>	128,384	5.95%	128,569	5.53%	-185	0%
<b>Pre-tax profit</b>	118,425	5.49%	146,227	6.29%	-27,802	-19%
<b>Net profit</b>	97,320	4.51%	120,221	5.17%	-22,901	-19%

In 2023, MIRBUD S.A.'s revenue was 7% higher compared to 2022, which was mainly due to the Company's lower revenue from the sale of construction and assembly services mainly in the production and service buildings segment (down 40%) and the delay in issuing the decision on permission for the execution of a road project for the Kielce bypass project (S74).

Profitability on sales in this period increased significantly by 1.62 p.p. compared to 2022, while net profitability was 0.66 p.p. lower.

The Company's profitability in 2023 versus 2022 was impacted by:

- an increase in profitability in contracts for the segments of housing, public utility buildings, and production and service buildings;
- a decline in profitability of road contracts;
- foreign exchange losses of PLN -14.7 million (mainly due to overdue receivables from Panattoni Group companies);
- the amount of dividends received from subsidiaries, lower by PLN 15 million;
- an increase in remuneration costs by approx. PLN 6.4 million;
- an increase in financial costs by approx. PLN 3.8 million.

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

The management of financial resources of MIRBUD S.A. assumes basing the Group's financing structure on long-term sources of financing. The Group Companies finance their operations in 67% based on foreign capital through:

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

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

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

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

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

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

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

Table: MIRBUD S.A. debt ratios

Item	31/12/2023	31/12/2022
<b>Total debt ratio</b> <i>Total liabilities / Assets</i>	0.62	0.67
<b>Long-term debt ratio</b> <i>Long-term liabilities / Assets</i>	0.11	0.18
<b>Short-term debt ratio</b> <i>Short-term liabilities / Assets</i>	0.51	0.49
<b>Debt to equity ratio</b> <i>Liabilities / Equity</i>	1.65	2.05

In the reporting period, the level of debt dropped by 5 p.p. and its structure changed (the share of long-term debt decreased and the share of short-term debt increased), which was the result of:

- the maturity in 2024 of working capital credits taken out with PEKAO S.A. and BOŚ S.A. for a total amount of PLN 36 million; (the Issuer plans to roll over the liabilities for successive periods of 24 to 36 months);
- changes in market conditions for the supply of materials forcing early payment or advance payments, which resulted in increased use of available working capital credits;
- partial repayment of other long-term credits and a long-term loan;
- MIRBUD S.A.'s settlement of advances received for the execution of road contracts - construction of a section of the A1 motorway; Olesno bypass, and successive settlement of advances received for the execution of contracts - construction of a section of the S1 expressway, the so-called Węgierska Górka bypass, S1 Dankowice-Suchy Potok (PLN 40 million);
- purchase of leased machinery and equipment and vehicles by MIRBUD S.A. for a total of approx. PLN 3.1 million - increase in long-term and short-term financial liabilities

The level and structure of MIRBUD's debt in the 2023 perspective is influenced by the maturity of the Issuer's credit liabilities and long-term financial investments.

Table: Company liquidity ratios

Item	31/12/2023	31/12/2022
<b>Current liquidity ratio</b>		
(Current assets / Short-term liabilities)	1.00	1.20
<b>Accelerated liquidity ratio</b>		
(Current assets - Inventories - Short-term prepayments)/Short-term liabilities	1.00	1.20
<b>Cash liquidity ratio</b>		
(Cash / Short-term liabilities)	0.32	0.42

The liquidity of MIRBUD S.A. as at 31/12/2023 compared to 31/12/2022 has decreased slightly but it is still at a good level.

The Issuer's liquidity reduction was primarily due to:

- purchase of shares in TORPOL S.A. for over PLN 36 million by MIRBUD S.A.;
- purchase of 49.88% of shares in PDC INDUSTRIAL CENTER 217 sp. z o.o. for PLN 6.9 million by MIRBUD S.A.;
- granting a loan to PDC INDUSTRIAL CENTER 217 sp. z o.o. in the maximum amount of PLN 120 million to finance the construction of a warehouse, logistics and production centre located in Chościszowice, Bolesławiec Municipality and conducting day-to-day business operations. As at 31/12/2023, the loan debt including the measurement amounted to PLN 88,9 million and resulted entirely from the settlement of overdue receivables of PDC IC 217 against MIRBUD;
- the maturity in 2024 of working capital credits taken out with PEKAO S.A. and BOŚ S.A. for a total amount of PLN 36 million; (the Issuer plans to roll over the liabilities for successive periods of 24 to 36 months).

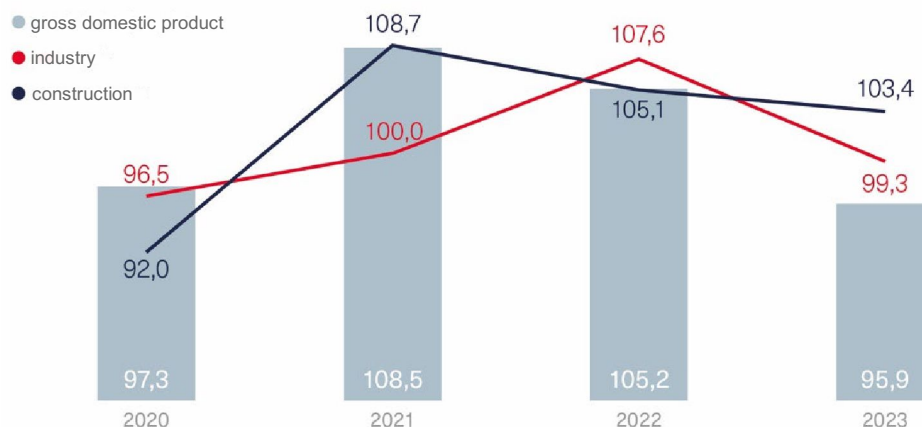
Looking ahead to 2024, the Issuer's Management Board expects the Company's liquidity to improve.

## 4. MIRBUD'S ACTIVITIES AND DEVELOPMENT PROSPECTS

### 4.1. Specificity of the market

According to a preliminary estimate, the 2023 gross domestic product (GDP) was 0.2% higher in real terms compared to 2022, while in 2022 GDP grew by 5.3% in comparison to 2021. In the construction industry alone, GDP growth increased by 3.4% in 2023 compared to 2022, while in 2022 it increased by 5.1% compared to 2021. Gross expenditure for fixed assets increased by 8.0% in 2023 compared to the previous year. The domestic economy investment rate (the ratio of gross expenditure for fixed assets to gross domestic product at current prices) in 2023 was 17.4% compared to 16.8% in 2022. At the end of January, the forecast consensus for GDP was 3.0%. It is expected that forecasts for the entire 2024 could reach 3.5% in the following months. The International Monetary Fund (IMF) has raised its forecast for Poland's GDP growth in 2024 from 2.3% to 2.8%.

Chart: 2020 - 2023 gross domestic product real growth rate (previous year constant annual average prices)



Source: own study based on Statistics Poland data

According to the latest NBP report<sup>1</sup> on business climate in enterprises in Q4 2023, the companies' current assessment of their own economic and financial situation has improved. Companies expect faster growth in total demand in Q1 2024, driven by accelerating growth in domestic demand. A particularly marked improvement in demand forecasts was recorded in the construction industry, among others. Another positive sign is the further, relatively solid improvement in the index of assessments of the future situation, both on a quarterly and annual basis. The NBP business climate surveys indicate a further systematic increase in GDP growth in 2024.

Despite a deterioration in both quarterly and annual forecasts for commencing new projects, project continuation rates improved markedly towards the end of the year (after dropping at the beginning of 2022) which may signal the unfreezing of companies' projects put on hold just after the outbreak of war in Ukraine, thanks in part to a stabilising situation with regard to prices and availability of raw materials.

<sup>1</sup> NBP Quick Monitoring NBP No. 01/24 (January 2024)

This situation is related to the use of EU funds from the 2014-2020 EU financial perspective, affecting the investment cycle of companies, especially given the significant investment expenditures of public companies and the energy sector. The beginning of 2024 should bring a slowdown in this dynamic. In 2024, investment expenditures are expected to be markedly lower, mainly due to the spending cycle of EU funds which strongly affect both the investment cycle of companies and the public finance sector.

Investments are expected to slow down significantly to 1.2% this year. The apparent economic slowdown in Europe will contribute to lower investment expenditures of companies. In addition, a decrease in the volume of investments by local governments is likely. This will be linked with the downtime caused by the change in the EU budget perspective for cohesion funds. In all likelihood, the effect of the support from the National Recovery Plan will not be visible until 2025.<sup>2</sup>

The key success factor for the impact of the NRP on the Polish economy is to start disbursing funds as soon as possible. Three years after the introduction of the Recovery Fund, Poland has only used 1.5% of the money allocated under the NRP. Poland has two and a half years to spend the remaining funds. The unblocking of billions of zlotys of EU funds improved the mood in the economy, which could be observed on the WSE, and this was reflected, among other things, in the strengthening of the zloty and the price of Polish treasury bonds.

According to PEI, inflation will remain above the NBP's target also in 2025. A high increase in service prices and core inflation is expected. Energy price increases as a result of their marketisation will play an important part in this. In addition, the reinstatement of a higher VAT rate on food will have an impact on inflation. It is assumed that inflation should approach 4% by the end of 2025.

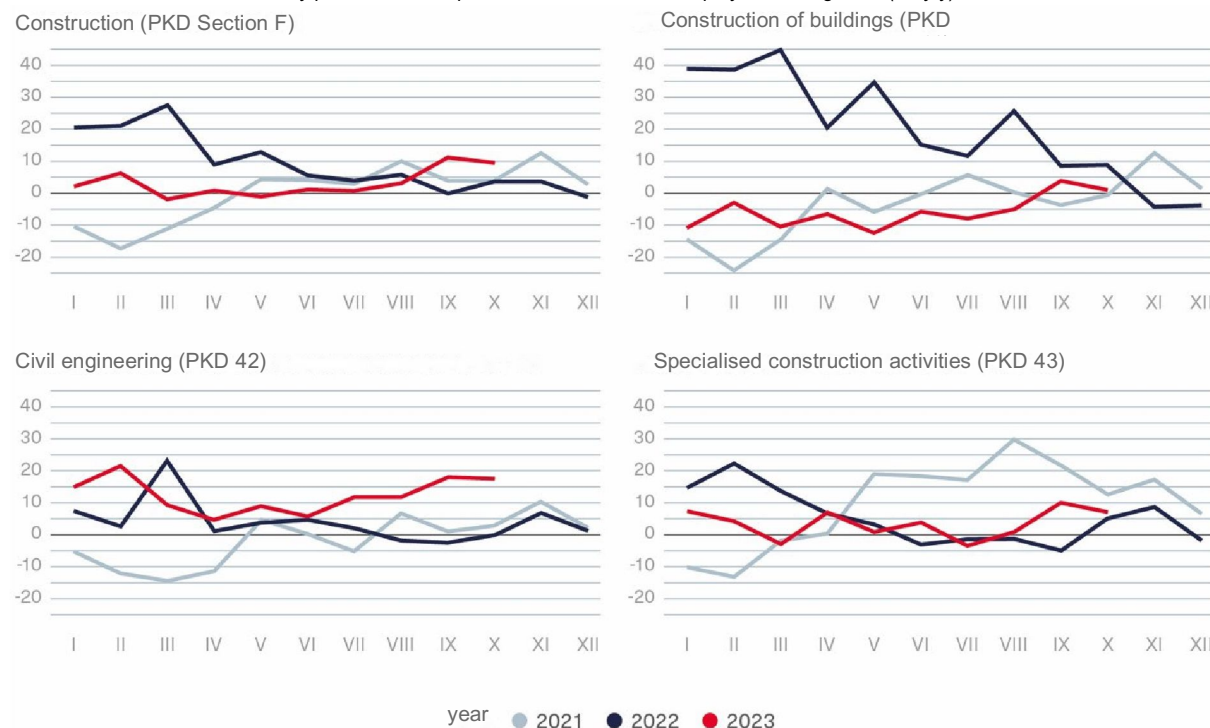
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<sup>2</sup> PEI Economic Review: winter 2023

## Construction and assembly production

In December 2023, construction and assembly production increased by as much as 14.0% y/y, following a 3.9% y/y increase in November. The above was a result of the need to settle investment expenditures co-financed with EU funds under the 2014-2020 EU Budget perspective by the end of 2023.

Chart: Construction and assembly production, companies with more than 9 employees, real growth (% y/y)



Source: Spectis based on Statistics Poland data

The significant impact of the accumulation of expenditures co-financed with EU funds is confirmed by the structure of the construction and assembly production data. Production growth in companies specialising in the construction of buildings (i.e. in a section less dependent on EU fund spending) rose to 13.4% y/y in December from 10.7% y/y a month earlier.<sup>3</sup>

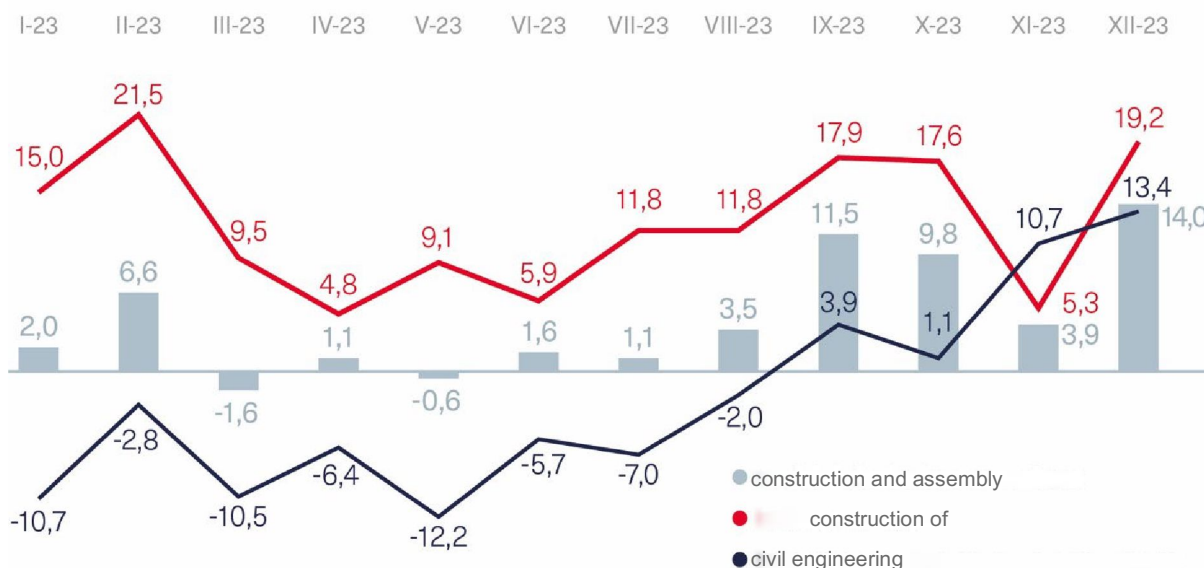
Production increased in December to a much greater extent at companies whose core business is civil engineering (to 19.2% y/y from 5.3% y/y in November). In reality, public infrastructure projects have a much stronger impact on the spending of EU funds.

A corrective decrease in construction and assembly production is expected as of the beginning of 2024 as the deadline for the settlement of expenditures was until the end of 2023 and the scale of new projects commenced under the next EU Budget perspective is limited. Some limitation to the decline will be the expenditures (financed from own funds) of territorial local government bodies related to the local government elections taking place in spring and the continuing trend of improving housing market activity. Taking the above into account, a decline is expected in construction and assembly production growth to just above 0.0% y/y from the beginning of 2024.

Chart: Construction and assembly production growth

<sup>3</sup> BOŚ Bank, Macroeconomic Analyses - Current Commentary, 22 January 2024





Source: Statistics Poland

Figures of Statistics Poland data on the annual growth of construction and assembly production turned out significantly lower than forecasts and market expectations. According to statistics cleared of the impact of seasonal factors, construction and assembly production in January 2024 was 7.8% lower than a year earlier and 16.5% lower compared to the previous month.

Chart: Construction and assembly production according to the Polish Classification of Types of Constructions (PKOB), residential buildings



Source: Statistics Poland data

The warehouse sector continued to be the dominant one in terms of sales volume at the end of 2023. Smaller projects dominated, with only a few transactions exceeding the EUR 100 million threshold. According to Colliers experts, demand for industrial and logistics premises has decreased significantly. The year-on-year decrease was approximately 30%. Such a large y/y drop in demand is due to the high base value. Between 2021 and 2022, warehouse premises enjoyed the highest tenant interest in the history of this market. Since the beginning of 2022, the vacancy rate has been on an upward trend - 7.7% in Q3 2023. The current value of this indicator has the effect of increasing competitiveness in the industrial and warehouse premises market. This makes it easier to find suitable premises for lessees. This situation may change the nature of the market to one much more preferential for the lessee than the developer.

Similarly, both base and effective rent rates have increased significantly since the beginning of 2022. This was the result of, among other things, rising fuel and construction material prices, higher project financing costs and deteriorating investment fund sentiment. Retail space developers are concentrating their activities on small convenience developments, situated mainly in smaller locations. As much as

73% of new supply was delivered in retail park format in the first three quarters of 2023. Some of the retail parks opened this year were created in buildings belonging to the Tesco chain that were closed in previous years.

According to preliminary data from Statistics Poland, construction and assembly production prices in January 2024 increased by 7.7% compared to the same month of the previous year, and by 0.5% compared to December 2023.

An increase of 0.5% each could be observed in January 2024 in the prices of construction of buildings, civil engineering and specialised construction works compared to December 2023.

Compared to January 2023, the prices of civil engineering (up 8.8%), specialised construction works (up 7.4%) and construction of buildings (up 6.7%) were increased.

### ❖ Labour market

The observed decline in inflation is correlated with declining wage pressures in the economy. The increase in average wages in the corporate sector in December 2023 was 9.6%, with 11.8% growth in November 2023. For the construction sector, growth remained lower at 6.3% in December, down from 7.8% a month earlier. There has been a decline in employment in the business sector over this period, with a -0.1% decrease in December 2023, and a 1.2% decrease in employment in construction alone. There was, however, a slight increase in the unemployment rate which rose to 5.1% at the end of December 2023. At the same time, the unemployment rate forecast stood at 5.0% at the end of 2024.

2023 brought a deterioration in the construction labour market. In the first half of the year, unemployment in the industry rose to 6.2%, but the situation improved in the second half of the year and the rate remained within 4.2%. This situation continues to give workers an advantage in the labour market. This is due to the demographic crisis and the low supply of foreign workers. In the first half of the year, workers' wages proved unattractive compared to other industries. The situation changed in the second half of the year, translating into an average salary increase of 15.7% in 2023.

### ❖ Production of construction materials

The prices of basic construction materials in 2023 increased at a rate similar to inflation, i.e. approx. 3% per year, but in the case of cement the increase was 27%. The cement market recorded a 9.4% year-on-year decline in production in December after a 4.3% drop in November. Cement production growth calculated for a rolling 12-month total improved after December to -12%. The domestic consumption growth (taking into account net imports) was also -12%, translating into a result of 17.46 million tonnes (including 16.6 million tonnes of domestic production).

At the beginning of March 2022, construction steel prices reached a record high of around PLN 9500/tonne. Ribbed bars cost between PLN 7.7 thousand and PLN 8.0 thousand net per tonne (between PLN 9.5 and approx. PLN 9.9 thousand/t gross). Prices in this product range have been stabilising since the end of February 2023 and only slight fluctuations could be observed in steel prices. Many steel products continued to cheapen in November and December. In contrast, January and February 2024 saw noticeable increases in steel prices and this trend can be expected to continue.

Prices for a tonne of steel bars currently oscillate around USD 550 per tonne, approximately 20% lower than the average during the post-pandemic steel industry rebound of 2021 and 40% lower than the peak of the price shock immediately following the outbreak of war in Ukraine, when they periodically exceeded USD 900 per tonne. At the same time, they remain approximately 20% higher than the average in the years preceding the pandemic (2016 to 2019).



The carbon border adjustment mechanism, CBAM, came into effect in October 2023. The EU's Carbon Border Adjustment Mechanism (CBAM) is expected to be fully implemented beginning in 2026. Initially, it will only apply to a number of products with a high risk of carbon emission, such as iron/steel and cement, among others, which will undoubtedly have a significant impact on the price of these products.

### ❖ Civil engineering

Preliminary construction production data for Q1-Q4 2023 points to continued growth in the civil engineering sector, with real growth after four quarters of 14% y/y, compared to an increase of 13% after the first three quarters. Throughout 2023, civil engineering was driven by the segments of complex structures on industrial sites (30%), distribution networks (28%), circular roads (17%) and transmission networks (13%).

In 2023 the General Directorate for National Roads and Motorways has signed 16 contracts for tasks with a total length of 216 km and a value of approximately PLN 8.6 billion. This value was lower than in previous years, with 46 contracts concluded in 2021 and 24 contracts in 2022.

Tenders announced and contracts signed between 2018 and 2023

	Tenders announced for tasks	total length in km	task contracts signed	total length in km
2018				
2019	34	474	10	167.1
2020	49	605	34	430.9
2021	28	346.1	46	554.6
2022	21	221.3	24	333.4
2023	42	530.6	16	215.9
TOTAL	187	2330.5	169	2219.2

With regard to the implementation of the National Railway Programme (NRP), as at the end of December 2023 investments worth PLN 43.3 billion had been completed (PLN 36.9 billion the month before), and projects worth PLN 35.5 billion remain in progress (20% less y/y).

In the area of public procurement contracts for construction works, the current data shows a decrease in the number of tenders announced (by 5% y/y) and awarded (by 4% y/y) in the Public Procurement Bulletin. For larger tenders published in the TED Official Journal of the European Union, there is a 9% decrease in the number of announced tenders and a 25% decrease in the number of awarded tenders.

There were 638 construction company bankruptcies (total) in 2023, i.e. 128% more than in 2022. This increase is due to the rising trend of using out-of-court procedure which already accounts for more than 60% of the number of bankruptcies. The share of construction (total) in the number of insolvencies in the economy increased to 13.6%, compared to 10.2% in 2022.

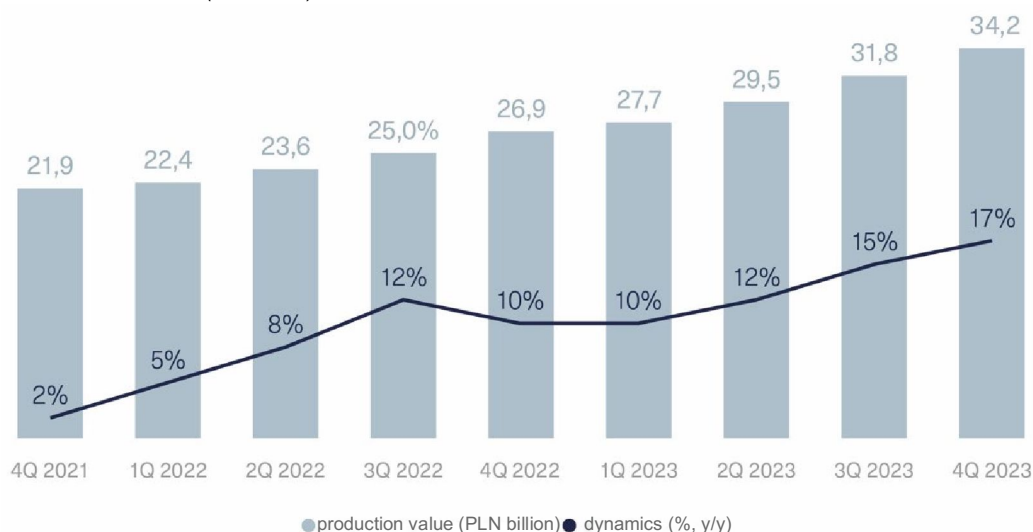
The rescue from the current situation and possible bankruptcies is, according to the Polish Association of Construction Industry Employers and the All-Polish Economic Chamber of Road-Building, to raise the indexation limit to 20%, which would require the government's decision. The situation is much worse for companies executing local government projects, where the vast majority of contracts were not covered by indexation clauses.

In many areas of the construction and real estate industry, 2024 does not inspire optimism. However, the current political and economic developments offer hope for an upturn, mainly due to the expected new investments to be made with the funds from the NRP advance. In addition to this, the declining inflation rate in recent months and the stabilisation of construction material prices are good predictors for the sector. However, it should be borne in mind that employment costs are expected to rise in the coming months, heavily influenced by the increase in the minimum wage. A slow stabilisation in the market is expected this year. In the case of the construction industry, the increase in labour costs may be primarily influenced by the continuing shortage of workers, which results in a natural increase in wages.

#### ❖ Road engineering construction

Road construction accounts for the largest share of civil engineering construction in Poland - approx. 40% of the market. The General Directorate for National Roads and Motorways remains the largest investor. The investments carried out by the General Directorate for National Roads and Motorways are part of the development of the European TEN-T network (Trans-European Transport Networks), the aim of which is to ensure territorial cohesion of the EU and improve the free movement of people and goods. The TEN-T network comprises several hundred transport routes within the European Union, mainly road transport routes connecting all Member States. Expanding the network allows the continuity of the expansion of the most important roads in Poland to be maintained. In the case of Poland, the TEN-T network runs through two main transport routes: the Baltic Sea – Adriatic Sea corridor and the Baltic Sea – North Sea corridor.

Chart: Construction and assembly production by PKOB, Motorways, expressways, other streets and roads (PKOB 211)



Source: Statistics Poland data

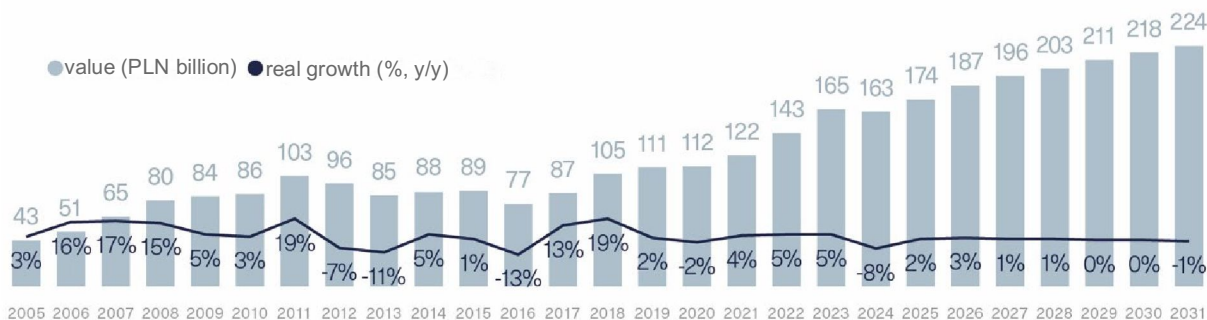
In 2023, 266.5 km of new roads were opened for traffic. Currently, drivers have 5115.6 km of expressways at their disposal, including 1849.2 km of motorways and 3266.4 km of expressways. There are 103 tasks in progress (PBDK, PB100 and two non-PBDK tasks) with a total length of 1298.6 km. As at the end of last year, 34 tasks with a total length of 435.2 km from the Programme for the Construction of National Roads (PBDK) and nine bypasses with a length of 72 km from the government's 100 Bypasses Programme for 2020-2030 (PB100) are currently at the tender stage. The investment expenditures of the General Directorate for National Roads and Motorways as at the end of November 2023 was almost PLN 14 billion. This is an increase of more than 11 percent y/y. After a record 2020 last year was the second highest year in terms of capital expenditure. The projected execution result at the end of 2023 will reach approximately PLN 15 billion.

Improvements in this sector will be influenced by the government's decision of 30 October 2023 to increase funding for the Programme for the Construction of National Roads by PLN 2.7 billion with a view to increasing contract indexation. A total of 97 annexes to contracts have been prepared, which should improve the liquidity of companies. According to the compromise reached, the indexation will rise to 15% while maintaining, as before, a half-and-half division of the risk between the investor and the contractor.

### ❖ Building construction

For non-residential construction, 2023 was a period of relative stability in terms of construction output dynamics, with growth of 5% recorded during this period. Real increases were recorded in the segments of public utility buildings (36%), commercial and service buildings (11%) and hotel buildings (2%). At the same time, decreases were recorded for transport and communication buildings (-10%), industrial/warehouse buildings (-7%) and office buildings (-4%). A real decline of up to 8% is expected in non-residential construction output in 2024. In the following years, analysts forecast a relative stabilisation of the construction market for medium and large general contractors.

Chart: Value and real growth of non-residential construction in Poland for companies employing more than 9 persons.



Source: Spectis based on Statistics Poland data

2023 should be considered a less successful period also in terms of non-residential building permits issued (down by 15% y/y). An even deeper adjustment occurred in the most significant part of non-residential building construction, i.e. the construction of so-called modern commercial spaces. The decline in the number of new building permits issued and spaces under construction in 2023 could translate into a decline in construction output for companies with more than 9 employees in 2024 and 2025. According to market analysts' forecasts, the real drop will be between 4 to 6%. As a result of the adjustment, between 2024 and 2025, the share of the non-residential construction sector in the construction production of companies with more than 9 employees will stabilise at 30-31%. From 2026 onwards, the segment's share will decrease slightly (to 28-29%), mainly due to the expected acceleration in civil engineering.

The above forecasts may change if the inflow of EU funds is approved, which will support the economic situation in the Polish construction industry in the coming years.

### ❖ Railway construction

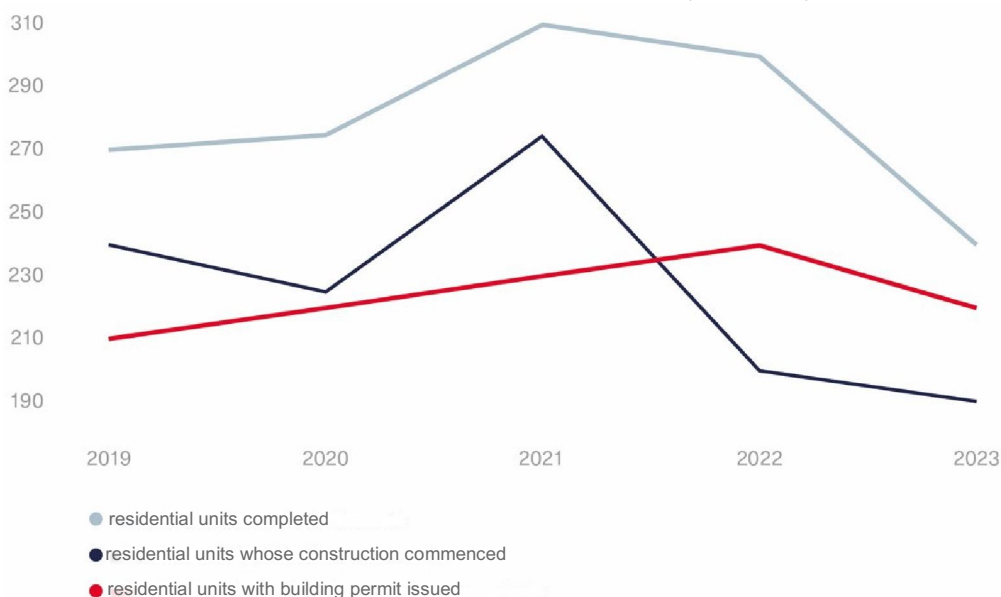
The railway construction sector in Poland remains a moderately concentrated market, with the five largest contractors controlling 43 percent of the market. This market is characterised by a high volatility of order volumes and is strongly dependent on the investment activity of a single employer, i.e. PKP PLK. EU funds play a significant role in this construction sector. The delay in the use of funds available to Poland under the 2021-2027 budget continues to pose a growing threat to sustaining the economic situation in this segment.

Projects in this segment are carried out under the National Railway Programme until 2030 (with an outlook until 2032) which includes more than 240 railway investment projects worth PLN 79 billion. Going forward, the programme envisages PLN 80 billion worth of projects under the 2021-2027 EU perspective and PLN 11 billion under the National Recovery Plan. The aim of the programme is to improve rail traffic in agglomerations, raise the standard of travel on regional routes and improve freight transport conditions. The attractiveness of railways is to be strengthened by a coherent rail network with higher speeds, ensuring shorter journeys in all regions, inter-regional traffic and competitive freight transport, e.g. connecting Silesia with the ports of the Tri-City, Szczecin and Świnoujście.

## ❖ Residential construction

An increase in investor activity in the area of residential construction could be observed in 2023. There was a nearly 8% y/y increase in building permits issued (driven more strongly by the individual investor segment - up by 11% against an 8% increase among developers) and a 46% increase in the number of units whose construction had started (1% growth in the individual investor segment and 60% among developers).

Chart: Number of residential units under construction in Poland between 2019 and 2023 (in thousands)



Source: PEI based on Statistics Poland data

Developer residential unit sales according to JLL's analysis of the 6 largest agglomerations in Poland indicate an increase in housing sales in Q4 2023 by 67% y/y (compared to 149% growth a quarter earlier). According to JLL Reas' data the increase in residential sales for the whole of 2023 was 66%. However, the dynamic increase in sales was accompanied by a 6% decrease in the number of residential units put on the market. In 2024, one of the biggest challenges in the housing market is expected to be the replenishment of developers' housing portfolio, which is settling at record lows after 2023.

The number of residential units for which permits were issued after December was 241 thousand (down by 19% y/y), the number of units whose construction commenced was 189 thousand (down by 6% y/y), while the number of completed residential units reached 220 thousand (down by nearly 8% y/y).

The annual result of residential unit sales in the six largest markets in Poland was significantly better than sales in 2022, comparable even to the positive economic situation period in the housing market. Supply has not kept pace with demand. Developers in parts of the markets have not been able to add new projects at a pace to satisfy the market. In total, in the six markets, developers introduced just 43 thousand units last year compared to 58 thousand units sold. The biggest problems with new units were evident in the three largest markets, i.e. Warsaw, Kraków and Wrocław.

In 2023, demand was mainly stimulated by the launch of the government's programme to support first home purchases, which led to approximately 60 thousand loan agreements signed by the end of 2023, of which probably approximately 35-40% related to the primary market. In December, the growth of the housing credit market increased by 234% y/y in terms of the number of credits and by 319% in terms of

their value. High growth is still expected at the beginning of this year, while a temporary slowdown can be assumed in the following months of 2024 as a result of the planned modification of the programme assumptions.

The “2% Safe Credit” housing programme was therefore a factor that strongly supported demand, in addition to mobilising, especially from Q2 onwards, the other groups of buyers to make quicker purchasing decisions.

As for the growth of construction and assembly production, according to preliminary data for Q1-Q4 2023, there was a drop in the housing segment by 18% y/y in real terms, compared to a 22% decline after the first three quarters of 2023. Residential construction growth is still expected to remain negative in the coming quarters.

#### ❖ Energy and hydrotechnical engineering construction

In the field of hydrotechnical engineering, the main employer-investor is the State Water Holding – Polish Waters [Państwowe Gospodarstwo Wodne – Wody Polskie]. There are currently 300 projects in progress, worth PLN 20 billion. Their objectives include the modernisation of inland transport routes and the expansion and strengthening of the country’s flood embankment network.

New investments are being prepared in the energy construction sector in Poland with a view to adapting the power grid to transmit large volumes of electricity. To ensure the security of electricity supply for consumers throughout Poland, Polskie Sieci Elektroenergetyczne S.A., as the Transmission System Operator, is tasked with creating conditions for the connection to the transmission grid and the derivation of power from new power plants and RES plants, as well as developing cross-border connections. Successful implementation of these tasks requires an efficient and well-developed grid infrastructure - modern power lines and substations. This area of investments related to transmission infrastructure is considered strategic for the country. In implementing Poland’s Energy Policy, PSE is directing its investment activities mainly towards the development of 400 kV lines which are characterised by high transmission capacities with low energy losses. The existing 220 kV networks are thus gradually being replaced by 400 kV structures.

#### 4.2. Market prospects

The coming year faces the prospect of major changes in many areas of the construction and real estate industry. The current political and economic changes offer hope for an economic upturn, and this is largely due to the expected new investments to be made with funds raised from the National Recovery Plan (NRP). Close to PLN 600 billion from the Cohesion Policy and the National Recovery Plan will go to Poland, and from this sum, approx. PLN 150 billion will go to local government investments in the regions. Poland is to receive more than PLN 340 billion (EUR 76 billion) from the Cohesion Policy for 2021-2027. It is the largest Cohesion Policy budget among the European Union countries. The funds were divided between national and regional programmes.

The first NRP payment of PLN 31 billion (over EUR 6.3 billion) should be released in April. The money is expected to give a boost to infrastructure investments in Poland. Thus, an accumulation of public investments in roads, railways, energy and local government can be expected between 2025 and 2027.

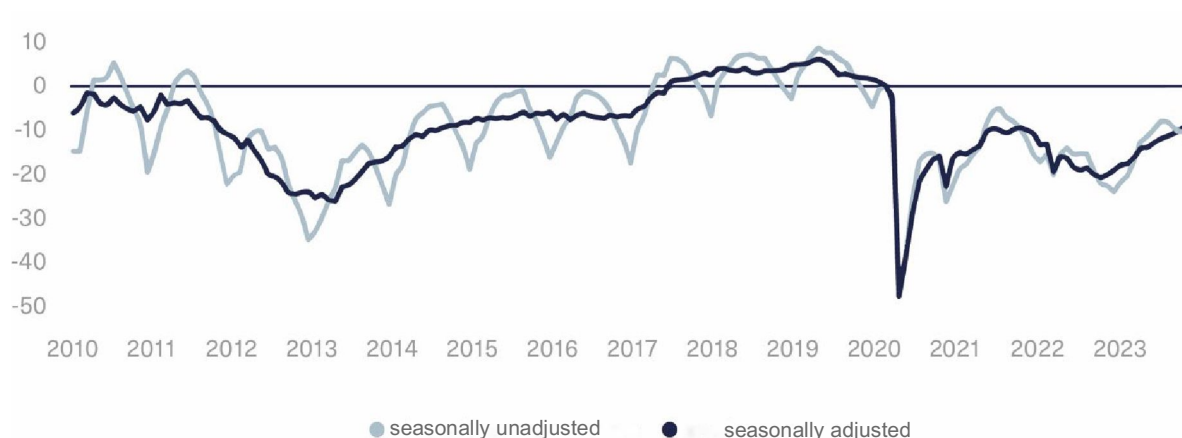
In addition to this, the declining inflation rate in recent months and the stabilisation of construction material prices are good predictors for the sector. However, employment costs are expected to rise in the coming months, heavily influenced by the increase in the minimum wage. The above raises the prospect of significant improvements in both the industry and the economy as a whole.



A major opportunity for this market will also be the increase in capital expenditure planned by the General Directorate for National Roads and Motorways (GDDKiA) by PLN 4 billion more compared to 2023. The best situation can be seen in the industrial and logistics sector of the non-residential construction segment. For years, the modern warehousing space stocks have been experiencing successive growth due to the intensive development of e-commerce. It is estimated that more than 34 million sq. m. of warehouse and logistics space will be reached in 2024. This can be explained by the phenomenon of shifting production chains from Asia to Europe. A revival in military construction is also evident.

In February this year, the general business climate index (NSA) stood at minus 5.5 (January this year (-)7.1)<sup>4</sup>.

Chart: General business climate index (NSA), construction



Source: Statistics Poland

#### ❖ Construction and assembly segment

The largest planned and ongoing construction investments in Poland amount to approx. PLN 865 billion. According to a report by Spectis analysts, the value of projects in the construction phase is PLN 152 billion, and projects at the tender, planning or preliminary conception stage is PLN 713 billion.

The release of funds from the National Recovery Plan can unlock the possibility of signing new contracts. The quality and cost of construction projects will also be affected by changes to the building regulations that will come into force in 2024, aimed at standardising and clarifying the determination of the built-up area and the total building area, as well as introducing the obligation to include an analysis in the technical design in terms of technical and material solutions.

#### ❖ road engineering construction

Large road projects continue to be one of the main drivers of the Polish construction market in the coming years. As of December 2023, there were 100 projects with a total length of 1,300 km, 43 projects under tender with a total length of 0,500 km, and further tasks with a total length of 3,200 km remaining in the pipeline. In 2023, eight contracts have been signed for 94 km for more than PLN 3.5 billion. Tenders have been announced for 8 tasks with a total length of 141.8 km. There are 15 tenders in

<sup>4</sup> Statistics Poland, Economic situation in manufacturing, construction, trade and services - February 2024

progress for a total length of 228.3 km. As part of the Programme for the Construction of National Roads (PBDK) and the 100 Bypasses Programme (PB100) in 2024, the General Directorate for National Roads and Motorways (GDDKiA) intends to announce tenders for more than 200 km of roads. Major national road projects are spread out over years. More than 175 km of new national roads are planned to be commissioned in 2024.

By 2030, 3,800 km of roads will have been built as part of the TEN-T network in Poland which is more than originally planned. The total length of the TEN-T road network in Poland is approximately 7,700 km. The projects of the General Directorate for National Roads and Motorways are executed mainly under the following three programmes:

- Government Programme for the Construction of National Roads to 2030 (with an outlook to 2033) - execution of road projects along national roads, expressways and motorways with a total length of over 6,100 km with a quota limit of PLN 294.4 billion;
- 100 Bypasses Programme for 2020-2030 - construction of city bypasses and improvement of road safety, 100 tasks with a total length of approx. 820 km with a quota limit of PLN 28 billion;
- Programme for the Strengthening of the National Road Network until 2030 - comprehensive maintenance of the national road network with a quota limit of PLN 58.3 billion.

Table: Planned expenditure of the General Directorate for National Roads and Motorways on investment tasks (in PLN million)

	2023	2024	2025
Government Programme for the Construction of National Roads	15,570.8	18,111.6	23,932.5
100 Bypasses Programme	636.9	1,362.3	2,086.6
KFD	16,207.7	19,473.9	26,019.1
Investment tasks on the existing network	1 506.7	3,752.2	4,975.7
Preparatory process for GPCNR and 100BP tasks	179.6	469.7	289.5
Budget	1 686.3	4,221.9	5,265.2
Capital expenditure	17,894.0	23,695.8	31,284.3

Source: General Directorate for National Roads and Motorways

### ❖ building construction

An increase in building construction expenditures can be expected in 2024, supported by the unlocking of NRP funds. These funds will largely influence the development of urban and local projects. In Q4 2024, a record value of projects can be expected, which in total could be worth up to four times more than in 2023. At the beginning of January 2024, a total of 11,088 building construction projects with a total value of PLN 411,434 million were registered.

The data presented suggests that 2024 could be a good time for building construction, provided that EU NRP funds are quickly released. The scale of commenced projects in terms of their value is set to remain high for 12 months, with up to four times y/y growth in terms of project value expected in the record fourth quarter<sup>5</sup>.

### ❖ railway construction

The Polish railway construction market is an unstable one, characterised by high volatility of order volumes and significantly dependent on the investment activity of a single employer. However, despite the temporary weakening of tender-related activity, the long-term outlook for the railway construction market is assessed to be positive.

<sup>5</sup> *Builder, Building construction, February 2024*



The EU's sustainable transport policy favours any form of rail transport. This approach should translate into an increase in the number of concluded contracts and railway projects in progress. The estimated value of the 270 ongoing and planned major railway projects in Poland is PLN 125 billion, of which PLN 37 billion is for projects under construction and PLN 88 billion for projects at the tender, planning or preliminary conception stage. Such a significant disparity between the value of projects under construction and those planned demonstrates the high long-term growth potential of this construction industry segment<sup>6</sup>.

The long-term outlook for railway construction will be significantly influenced by the execution of the so-called railway component accompanying the potential execution of the Solidarity Transport Hub connecting 120 cities with the STH in a travel time of less than 2.5 hours. Railway-related tasks are to be completed by the end of 2034, which covers the next two EU financial perspectives. Within this framework, 1981 km of railway lines are planned to be completed by 2034. The implementation of the programme currently remains in question, with the audit of the planned projects being carried out to indicate the validity and necessity of the programme.

The tenders for track modernisation to be announced by PKP PLK in 2024 are expected to be worth approximately PLN 20 billion. Among others, contractors will be sought for the section of the Rail Baltica route from Białystok to Elk. Tenders will also be announced for the reconstruction of sections of the line to Rabka and Nowy Sącz. This is part of the project for construction of the new Podłęże-Piekielko route. PKP PLK will also announce a tender for the modernisation of the section of the line from Lębork to Gdynia.

#### ❖ energy construction

2023 was an intensive year in the Polish energy sector. A number of legislative changes and implemented projects are expected to push the national transformation forward for years to come. 2024, paired with the new government, may bring fresh momentum to these processes. Continuation of the current course on issues such as the expansion of electricity grids or the implementation of the nuclear project is likely, with the biggest changes expected in the area of renewable sources and coal power. One of the main beneficiaries of the funds disbursed under the NRP will be the energy sector and the REPowerEu programme related to accelerating the energy transition.

Refusal of network connections is one of the biggest problems for the Polish energy sector which will hinder its transformation in the long term. The scale of refusals now reaches up to 60-80 percent of all applications submitted. The main reason for this is the lack of technical ability of connection, i.e. the lack of free network connection capacity. Investing in the modernisation and expansion of distribution networks is what is primarily needed in this situation. Works are currently underway to amend the so-called Transmission Special Purpose Act by bringing certain distribution projects under it. Energy groups plan to spend a total of approx. PLN 130 billion on distribution investments by 2030 (they currently spend approx. PLN 8 billion per year). A number of key projects in this area were completed in 2023, with a total of approx. 600 km of lines completed. PSE (Polskie Sieci Elektroenergetyczne S.A.) plans to spend PLN 32 billion on the modernisation and expansion of its electricity infrastructure by 2032.

The ongoing and planned projects of PKN Orlen, as part of merger with Lotos Group and PGNiG, are also important for the energy sector. The corporation is planning to execute SMR (small modular reactor) technology projects.

The inevitable energy transition (RES, gas, nuclear) means that energy construction should be a very

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<sup>6</sup> *Spectis Report "Railway construction in Poland, 2022-2027"*

attractive part of the construction market in the coming years, posing a huge challenge but also an opportunity for many companies to grow.

#### ❖ Cost factors

According to PEI<sup>7</sup>, the first half of 2024 will bring a slight increase in energy prices. After the electricity and gas price freeze, the changes will be mainly related to heating and system heat costs. Total energy prices will be approx. 1% higher. In contrast, lack of extension of the price freeze means that prices will increase in the second half of the year. It is likely that the total rate of growth of energy carriers in the second half of the year will reach 16.2%, with a total for the year as a whole averaging 8.7%. Looking ahead to next year, the increase in electricity and gas tariffs is expected to be modest.

The price of construction materials, currently subject to the risk of rising electricity costs continues to be an important factor affecting the construction sector. This risk applies the most to the production of those construction materials where the share of energy consumption costs in total costs is high. The cement industry is a case in point. Taking into account the current share of energy costs in the total costs of cement plants, which is less than 20 percent, the assumed increase in electricity prices would translate into an increase in cement production costs.

Experts now expect steel prices to mainly increase in 2024. However, slower increases are expected compared to 2023. In November and December 2023, many, but no longer all, steel products continued to cheapen. In contrast, January and February 2024 saw noticeable increases in steel prices and this trend can be expected to continue.

Oil and petroleum products are one of the most important energy resources necessary for the global economy to function. Following the turmoil caused by the war in Ukraine, we have seen a consistent fall in prices, despite further cuts announced by OPEC+. 2024 forecasts assume further price declines, however, in the short term, events in the Middle East are putting upward pressure on prices. According to Investing.com, the USD 70-80 per barrel price range will be the key technical area for Brent crude.

An increase in demand for construction workers can still be seen in 2024. The upcoming construction season is predicted to be difficult for companies in terms of staffing. After some stabilisation of wages, there is a further increase in wage pressure on workers' wages, due to both an increase in the minimum wage and limited supply in the labour market. Compared to the current value, the minimum wage will increase by 19.4%, to PLN 4.3 thousand gross, increasing pressure on employers' pay budgets. This can be seen in the Randstad survey, where the proportion of companies that plan to raise salaries for their employees in the first half of 2024 has increased to a record 60%. This is almost twice as large a group compared to the previous year. As many as 84% of companies planning to increase wages admitted that it was the increase in the minimum wage that influenced their pay raise plans, with this being the main or even the only reason for almost half of them.

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<sup>7</sup> Polish Economic Institute, Economic Review, PEI, Winter 2023

### 4.3. Description of MIRBUD S.A.'s activities in 2023

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

Construction is one of the strategic sectors of the Polish economy. In a way, it is also a barometer determining the economic cycle in advance. In 2023, the construction market in Poland could see a decrease in the supply of new contracts with a simultaneous intensification of the general contractors' competitive struggle to win new orders. This phenomenon occurred in both the building construction market and the road infrastructure market, where the MIRBUD Capital Group conducts its main business. The above conditions had an impact on the size of the Group's order portfolio which amounted to PLN 4.6 billion net as at 31 December 2023. A sharp increase in the supply of new tenders, mainly for road infrastructure, occurred in the last two months of 2023. At the time, 15 bids submitted by the Group, with a total net value of PLN 4.1 billion, proved to be the most advantageous among those submitted by competitors. Such high volume of bids will translate into an increase in the value of the MIRBUD CG's order portfolio in 2024. As at the date of this report, the Group has received information on the selection of 15 bids with a total net value of PLN 4.1 billion. Out of the above bids, as at the date of this report, 6 with a net value of PLN 0.6 billion have resulted in conclusion of contracts. The Group expects to sign the remainder of contracts in the near future.

At the end of 2023 the value of the order portfolio of the MIRBUD Capital Group amounted to approx. PLN 4.6 billion net, with prevailing exposure (71%) to road infrastructure construction contracts, hence the prospects of this market in Poland are important for further development of the Group. The Group's revenue structure in 2023 was as follows: road infrastructure construction - 54.1%, building construction - 35.8%, property development - 6.1%, commercial space lease - 1.9%, other - 2.1% and is not expected to change significantly in 2024.

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

- increase in the scale of operations and strengthening of the Group's organisational structures with their adaptation to the scale of operations;
- achievement of a satisfactory financial result with the Group's revenue level maintained above PLN 3 billion per annum;
- record sales from property development activities;
- establishment of the railway infrastructure construction division within the MIRBUD CG structure;
- signing of the indexation annex to the contract for the reconstruction and extension of the Urania Sports and Entertainment Hall in Olsztyn;
- signing of indexation annexes to contracts with the General Directorate for National Roads and Motorways.

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

- exclusion from tenders for the construction of sections of the S16 and S19 expressways;
- no decision on permission for commencement of construction of S74 expressway, Kielce - Mniów section.

The increase in the scale of operations and the maintenance of revenue above PLN 3 billion per year is a satisfactory achievement for the Group. Circumstances with a positive impact on the achieved financial results were the signing of indexation annexes to certain contracts and record high sales of residential units from the Group's property development activities. The biggest setbacks include the exclusion from two tenders for road infrastructure contracts which would have significantly increased the value of the order portfolio held. A circumstance that will affect the timely execution of this contract is the continuing

lack of the decision on permission for the execution of a road project to start construction of the S74 expressway, Kielce - Mniów section.

In 2023 MIRBUD CG continued its further development. The Group achieved financial results above expectations in terms of revenue and net profit.

Chart: Revenue of the MIRBUD CG between 2017 and 2023 (in PLN thousand).

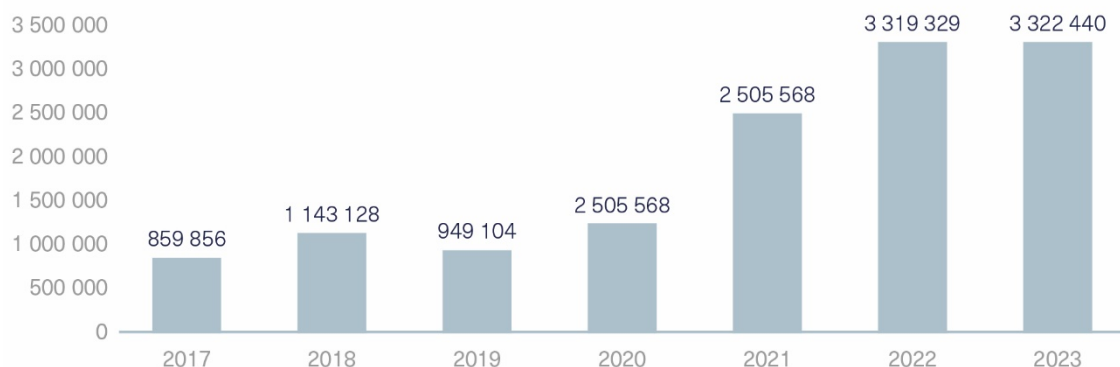
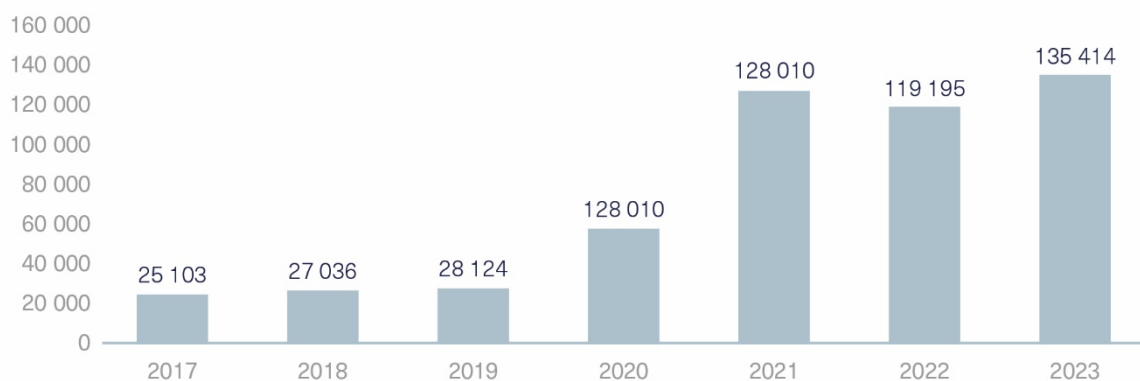


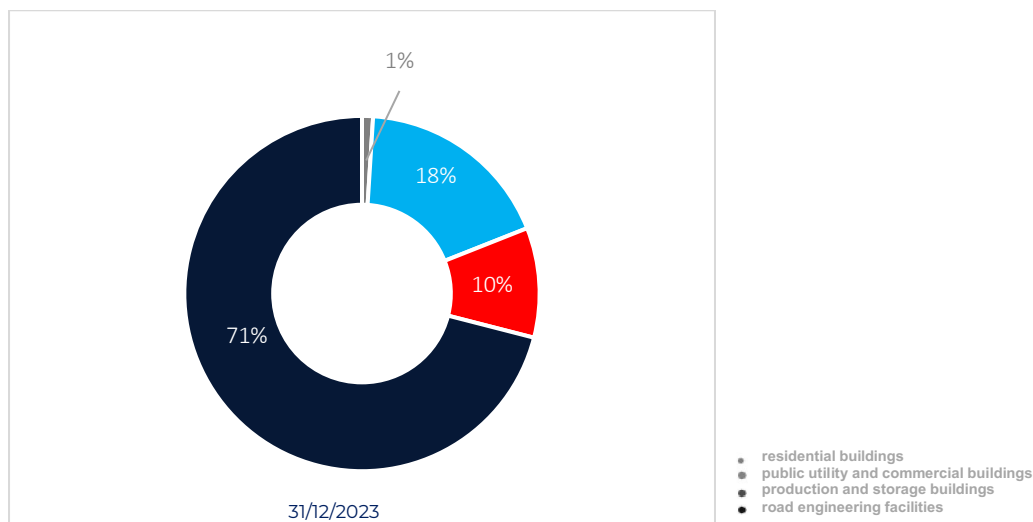
Chart: Net profit of the MIRBUD CG between 2017 and 2023 (in PLN thousand).



In the period under review, the structure of the Capital Group's order portfolio to be executed by 2027 was characterised, as in previous years, by a strong exposure to road infrastructure contracts (71%). This type of contract is characterised by a longer lead time compared to building construction contracts. For those carried out under the "design and build" formula, it is not uncommon for up to five years to elapse between the day the contract is signed and the day the project is handed over for use. In 2023, the Group completed 10 such contracts for which agreements were signed between 2019 and 2020.

In addition to the road infrastructure contracts in the building construction section, the structure of the Group's order portfolio is as follows: public utility buildings - 18%, warehouse and production buildings - 10%. To a small extent (1%), the Group also carries out residential construction contracts, but only for the needs of the Group's subsidiary, JHM DEVELOPMENT S.A.

Chart: Structure of the MIRBUD CG order portfolio



With the increase in the scale of operations, MIRBUD S.A. is seen as one of the largest construction companies in the country, representing Polish companies in this group. Thanks to the execution of all types of projects within the set deadlines, with due diligence and at competitive prices, the MIRBUD Capital Group enjoys the reputation of a reliable contractor that effectively competes with the largest construction companies with financial backing in the form of capital from affiliated foreign companies. The juxtaposition of the dominant share of long-term road contracts, prestigious volume public utility construction contracts and short-term, high-return industrial construction contracts ensures that the Group's revenue and results will remain at a stable, comparable level in future years. The Group's planned growth in the railway construction market in the future will allow it to further increase the scale of its operations.

### MIRBUD S.A.

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

The Company's biggest achievements in 2023 include signing contracts for the following projects:

- construction of the Chojnice western road bypass with a net value of PLN 46.83 million;
- construction of two warehouse, production and service halls in Warsaw with a net value of EUR 17.99 million;
- construction of a primary school with pre-school department in the village of Szczęsne, Grodzisk Mazowiecki Municipality, with a net value of PLN 31.59 million;
- design and construction of the VidaXL logistics centre in Wielkopolska, with a net value of PLN 106.3 million;
- construction and reconstruction of existing road sections along the southern bypass of the City of Słupsk with a net value of PLN 104.7 million;
- construction of a complex of commercial and service buildings in Mysiadło (Masovian Voivodeship, Piaseczno powiat), with a net value of PLN 69.3 million;
- design and construction of a commercial and service facility of the Retail Park type in Ostróda, with a net value of PLN 78.77 million;
- modernisation of voivodship road No. 268 in the Kujawsko-Pomorskie voivodeship, with a net value of PLN 50.67 million;
- construction of a hotel in Warsaw with a net value of PLN 127 million;

- construction of a Sports Centre on the premises of the K-6015 Powidz military base, with a net value of PLN 59.58 million;
- design and construction of a distribution centre in the Warmian-Masurian Voivodeship for a Dino Group company, with a net value of PLN 107 million;
- design and construction of a distribution centre in the Lublin Voivodeship for a Dino Group company, with a net value of PLN 102 million;
- construction and extension of roads in the Słupsk Municipality, with a net value of PLN 60.76 million;
- development of investment land for industrial function in the northern part of the City of Słupsk in the design-build system, with a net value of PLN 54.35 million;
- construction of Nowy Korczyn bypass, with a net value of PLN 75.77 million;
- construction of a complex of spa treatment buildings in Kołobrzeg, with a net value of PLN 173 million;
- extension of powiat roads in the Płock powiat with a net value of PLN 58.62 million;
- expansion of the western industrial zone in Piła, including the Piła-Lotnisko industrial park, with a net value of PLN 32.1 million;

In addition, during the period under review, the Company signed an indexation annex to the contract for the reconstruction and extension of the Urania Sports and Entertainment Hall in Olsztyn, with a net value of PLN 25 million.

In December 2023, indexation annexes were also signed with the General Directorate for National Roads and Motorways increasing the indexation level of the following contracts to 15% with a 50/50 risk division:

- “Design and construction of the A1 motorway Tuszyn (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Bełchatów interchange (without interchange) - Kamieńsk interchange (with interchange) from km 351+800.00 to km 376+000.00”;
- “Design and construction of the Olesno bypass within the national road No. 11 (S11)”;
- “Construction of the S1 Kosztowy – Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange)”;
- “Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section.

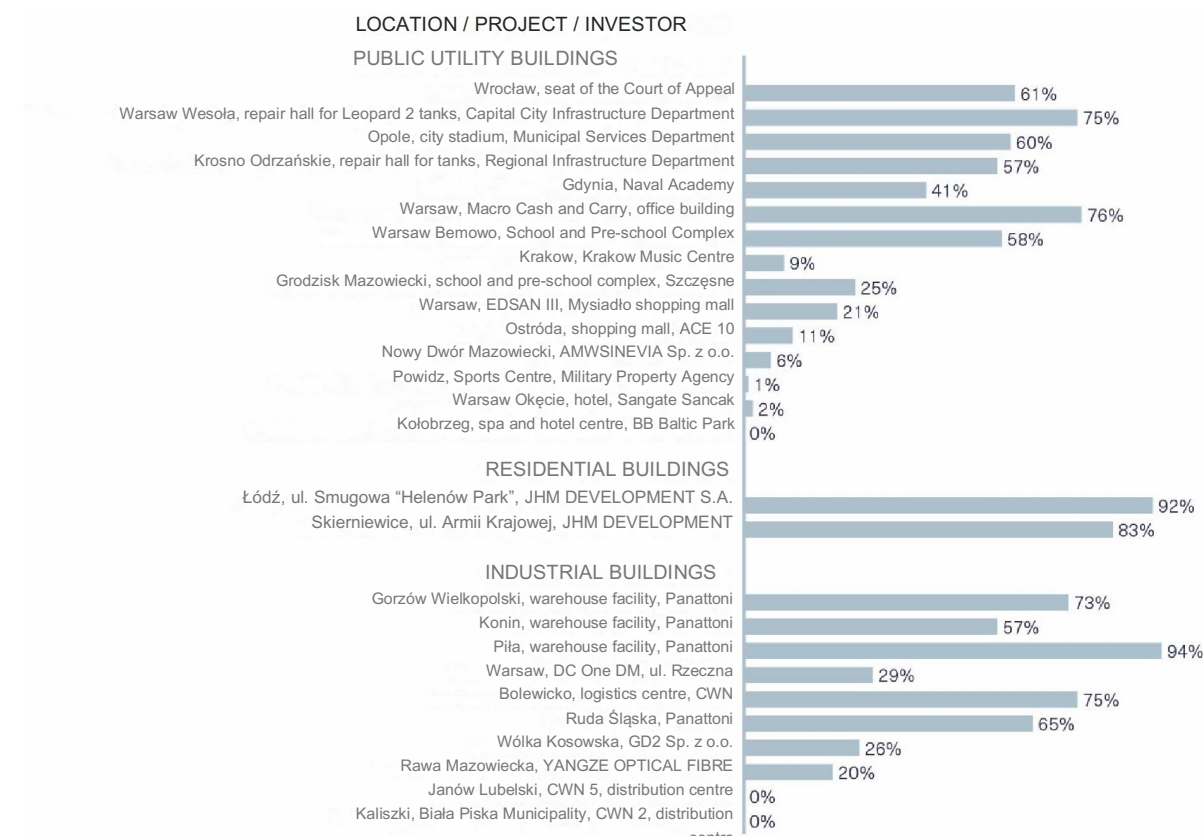
The Company completed two major road infrastructure contracts in 2023, namely:

- “Design and construction of the A1 motorway Tuszyn (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Bełchatów interchange (without interchange) - Kamieńsk interchange (with interchange) from km 351+800.00 to km 376+000.00”;
- “Design and construction of the Olesno bypass within the national road No. 11 (S11)”.

As at 31/12/2023, the Company has been in the process of executing a total of 27 building construction project contracts and 4 road construction contracts as a consortium leader with its subsidiary, KOBYLARNIA S.A.

The progress of work on building construction sites at the end of 2023 is shown in the chart below:





In accordance with the Dividend Policy adopted in 2020, in 2023 the Company paid a dividend of PLN 0.26 per share on its 2022 unconsolidated profit.

In 2023 the company submitted bids in 118 non-public proceedings and 36 public tenders. The value of submitted bids amounted to PLN 17,643,917,206.50 net. During this period, 15 contracts were signed for the amount of PLN 1,195,054,615.53 net.

#### 4.4. Corporate Social Responsibility

MIRBUD S.A. implements a strategy regarding environmental protection, occupational health and safety and campaigns for the benefit of local communities, as described in the report on non-financial activities published with the Annual Report for 2023 the Company's strategy in this respect is available at: <https://mirbud.pl/media/asset/fafc3fcfcc5f0077f5343ceeffcb6ca504121c977b886915a051303d44a4059a.pdf>

#### 4.5. Information on basic products, services or goods of MIRBUD S.A.

The structure of sales, sales cost and profitability by business segments for MIRBUD S.A. in 2023 compared to 2022 are presented in the tables below:

Table: Sales realised by MIRBUD S.A. in the periods from 01/01/2023 to 31/12/2023 and 01/01/2022 to 31/12/2022 by segments

Item	Sales revenue	Structure of revenue	Sales revenue	Structure of revenue
	01/01/2023 - 31/12/2023	in %	01/01/2022 - 31/12/2022	in %
<b>Sale of construction and assembly services:</b>	<b>2,119,199</b>	<b>98.2%</b>	<b>2,298,821</b>	<b>98.9%</b>
- residential buildings	75,883	3.6%	95,123	4.1%
- public utility buildings	650,775	30.7%	390,977	17.0%
- production and service buildings	540,083	25.5%	918,682	40.0%
- road and engineering works	852,458	40.2%	894,038	38.9%
<b>Other</b>	<b>38,210</b>	<b>1.8%</b>	<b>26,359</b>	<b>1.1%</b>
<b>TOTAL</b>	<b>2,157,409</b>	<b>100%</b>	<b>2,325,180</b>	<b>100%</b>

Compared to 2022, the value of the Company's revenue in 2023 decreased by 7%. This was mostly due to the fact that the Company achieved significantly lower revenue from the sale of construction and assembly services mainly in the production and service buildings segment (a decrease by 41% y/y), which could not be offset by increased revenue from the sale of construction and assembly services in the public utility buildings segment (an increase in sales revenue of approx. 66% y/y).

This also affected the sales structure, which changed compared to the analogous period in the previous year. Among the revenue from construction and assembly services, the highest revenue was generated by the sale of services in the segment of engineering and road works, accounting for approx. 40.2% of those services (an increase in share by approx. 1.3 p.p. year-on-year) and sale in the segment of public utility buildings generating approx. 30.7% of revenue from the sale of those services (an increase in share by approx. 13.7 p.p. year-on-year). There was a 14.5 p.p. decrease in the share of revenue from the sales of construction and assembly services in the production and service buildings segment and an 0.5 p.p. decrease in the residential buildings segment in 2023.

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

- the advanced stage of execution of road construction contracts e.g. construction of a fragment of the A1 motorway, a fragment of the S1 expressway (Węgierska Górka bypass), Olesno bypass;
- a decrease in the dynamics, number and value of short-term warehouse and logistics facility projects (the Company acquired 3 contracts with a total value of approx. PLN 298 million in 2023 for implementation in the above segment compared to 11 contracts with a total value of approx. PLN 1.049 million in the previous year);
- delays in obtaining a permission decision for the project titled "Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section";
- delay in obtaining the final building permit for the development project planned to be executed by MIRBUD S.A. as commissioned by JHM DEVELOPMENT S.A. in Łódź at ul. Harcerska;
- completion by MIRBUD S.A., commissioned by JHM DEVELOPMENT S.A., of development projects in Bydgoszcz and Zakopane and continuation of projects in Łódź and Skierniewice (revenue of approx. PLN 75 million is subject to consolidation exclusion);



- concentration of MIRBUD S.A. on the implementation of the most profitable, prestigious projects.

Table: Profitability for MIRBUD S.A. in the periods from 01/01/2023 to 31/12/2023 and 01/01/2022 to 31/12/2022 by segments

Item	Profit/loss on sales 01/01/2023 - 31/12/2023	Sales profitability in %	Profit/loss on sales 01/01/2022 - 31/12/2022	Sales profitability in %
<b>Sale of construction and assembly services:</b>	<b>183,918</b>	<b>8.7%</b>	<b>160,961</b>	<b>7.0%</b>
- residential buildings	8,683	11.4%	3,388	3.6%
- public utility buildings	45,770	7.0%	9,563	2.4%
- production and service buildings	69,305	12.8%	76,686	8.3%
- road and engineering works	60,160	7.1%	71,324	8.0%
<b>Other</b>	<b>210</b>	<b>0.5%</b>	<b>- 382</b>	<b>-1.4%</b>
<b>TOTAL</b>	<b>184,128</b>	<b>8.5%</b>	<b>160,579</b>	<b>6.9%</b>

The Company achieved a positive financial result on sales in all its significant segments of activity. Compared to 2022, sales profitability in 2023 increased decreased by 1.6 p.p.

It is noteworthy that, despite the difficult market conditions, the Company's profitability increased in almost all segments of construction and assembly services. The decrease in profitability in the engineering and road works segment is mainly due to additional costs incurred by the Company in execution of the contract titled "Construction of the S1 (formerly S69) Bielsko-Biała-Żywiec-Zwardoń expressway, Przybędza-Milówka section (Węgierska Górka bypass)", resulting from different geological conditions than those indicated by the Employer in the tender documentation and the extended time of its execution (these costs were covered by a claim submitted to the Employer).

The increase in the indexation threshold for road contracts executed on behalf of the General Directorate for National Roads and Motorways (GDDKiA) to 15% of the contract price as well as the possibility of introducing indexation clauses into construction contracts negotiated with public employers for building structures, will have a positive impact on the Company's results in future periods.

On 15/03/2023, the Issuer concluded an annex with the Olsztyn Municipality, the subject of which is an increase in the Issuer's remuneration for the execution of the task titled "Reconstruction and extension of the Urania Sports and Entertainment Hall in Olsztyn" due to the awarded indexation amount of PLN 30,750,000.00 gross, which is 15 percent of the original contractual remuneration.

On 12/12/2023 the **Issuer** concluded annexes to contracts with the State Treasury - General Directorate of National Roads and Motorways in Warsaw. **The subject of the concluded annexes** is to increase the maximum indexation limit for contract works. The annexes concern the following contracts:

- "Design and construction of the A1 motorway Tuszyn (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Bełchatów interchange (without interchange) - Kamieński interchange (with interchange) from km 351+800.00 to km 376+000.00";
- "Design and construction of the Olesno bypass within the national road No. 11 (S11)";
- "Construction of the S1 Kosztowy – Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange)";

- “Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section.

Performance of the Group which operates mainly in the construction market is stabilised through the diversification of its activities in the construction and assembly works segment.

## 4.6. Information on sales and supply markets

### 4.6.1. Customers

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

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

In 2023, significant market volatility was felt mainly due to the conflict in Ukraine and the withholding of funds from the European Union under the National Recovery Plan.

The unstable level of prices for materials and services, as well as the increase in aggressive competition between contractors in the medium and long term, may adversely affect the profitability of contracts executed in 2024 and beyond, and concluded on the basis of price levels which do not take into account increases in execution costs.

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

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

On 15/03/2023 the Issuer concluded an indexation annex to the contract with the Olsztyn Municipality, concluded on 28 December 2021. The subject of the annex is to increase the Issuer’s remuneration for the execution of the task titled “Reconstruction and extension of the Urania Sports and Entertainment Hall in Olsztyn” due to the awarded indexation amount of PLN 30,750,000.00 gross, which is 15 percent of the original contractual remuneration.

On 12/12/2023 the **Issuer** concluded annexes to contracts with the State Treasury - General Directorate of National Roads and Motorways in Warsaw. **The subject of the concluded annexes** is to increase the maximum indexation limit for contract works from 10% to 15%. The annexes concern the following contracts:

- “Design and construction of the A1 motorway Tuszyń (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Bełchatów interchange (without interchange) - Kamieński interchange (with interchange) from km 351+800.00 to km 376+000.00”;
- “Design and construction of the Olesno bypass within the national road No. 11 (S11)”;
- “Construction of the S1 Kosztowy – Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange)”;

- “Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section.

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

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

In 2023 the company submitted bids in 118 non-public proceedings and 36 public tenders. The value of submitted bids amounted to PLN 17,643,917,206.50 net. During this period, 15 contracts were signed for the amount of PLN 1,195,054,615.53 net.

The Company achieved over 10% of sales revenue in 2023 with one customer, General Directorate for National Roads and Motorways (48% of revenue).

#### 4.6.2. Suppliers

##### MIRBUD S.A.



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

- the price level of supplies of materials/goods/services and negotiated payment terms;
- an assessment of the supplier’s ability to deliver to the extent and within the timeframe required by the material requirements;
- assessment of the subcontractor’s ability to perform the service to the extent and within the timeframe required by the customer;
- a precise definition of the requirements for the material/goods/services to be procured.

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

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

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

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

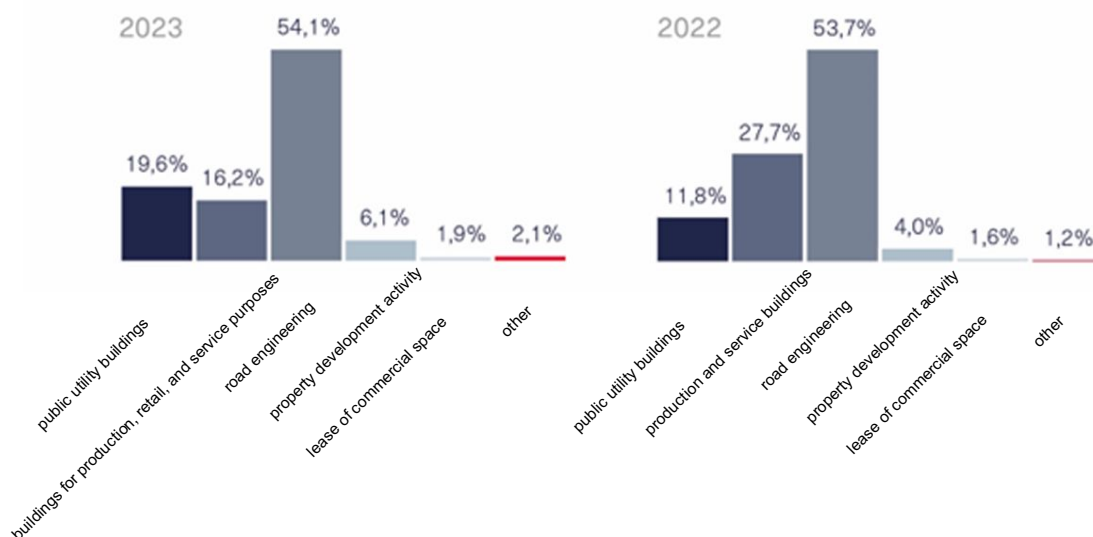
In the reporting period, the Company’s suppliers were mainly domestic market suppliers.

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

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

In 2023, the sales of engineering and road works (54.1% of revenue) dominated the revenue of the MIRBUD Capital Group, with another significant segment being works related to the construction of public utility buildings (19.6% of revenue), warehouse and production buildings (16.2%) and, marginally, residential buildings constructed exclusively for the subsidiary, JHM DEVELOPMENT S.A. (excluded from consolidation in the statements). The Group’s other business segments, i.e. developer and commercial lease segment, accounted for respectively: 6.1% and 1.9% share in revenue. Overall, sales of construction and assembly services account for 90% of the revenue share. In this respect, the revenue structure of the MIRBUD CG has changed slightly with respect to 2022: the share of revenue generated from the construction of warehouse and production buildings has decreased, while the share of public utility building construction has increased. The share of revenue from property development activities has also increased.

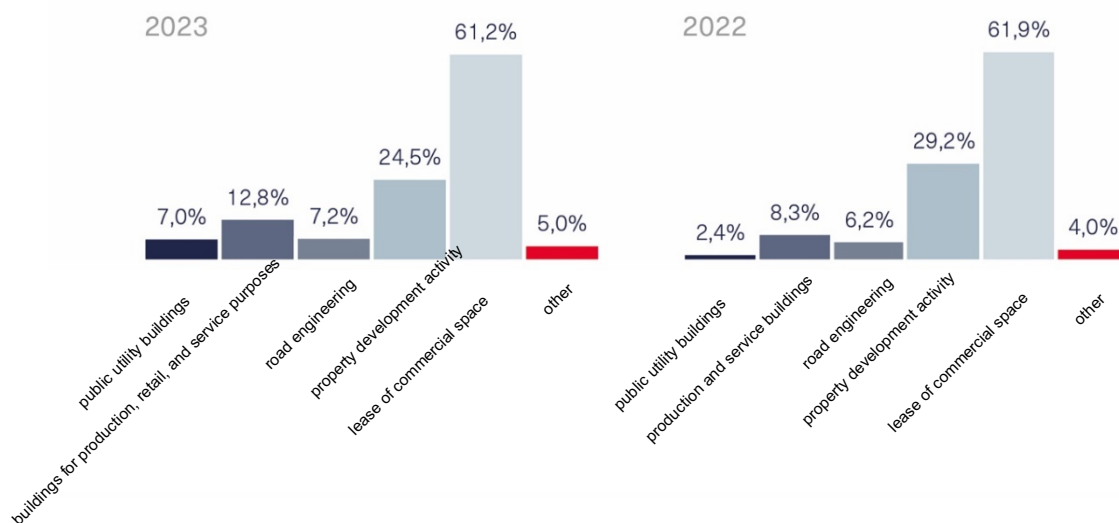
Chart: MIRBUD CG revenue structure in 2023 and 2022



The Group’s primary objective remains to develop the scale of its activities while maintaining attractive EBITDA and net profit margins. In the medium term, the Group aims to achieve revenue of PLN 5 billion a year while also improving profitability.

In 2023, the Group’s profitability in almost every business segment improved compared to the previous year. This relates to sales of construction and assembly services in general (8.2% compared to 6.4% y/y), and in particular from the construction of public utility buildings, production and warehouse buildings and engineering and road works, which dominate the revenue. There was a slight decrease in the profitability of sales from property development activities. However, this circumstance did not

significantly affect the achieved financial result due to the small share of this type of activity in the Group's revenue. Overall, the Group's profitability increased from 8.15% in 2022 to 10.1% in 2023.



In previous years, MIRBUD S.A. was a company recognised primarily on the market of general contractors executing industrial construction investments. As of 2019, the scope of activities has expanded significantly. The Company, acting in consortium with its subsidiary, KOBYLARNIA S.A., executes road construction contracts throughout the country. The value of road construction contracts outstanding as of 31 December 2023 amounted to PLN 3.28 billion and the completion period extends to 2027. The combination of the dominant share of long-term road contracts, prestigious public utility building construction contracts and short-term, high-return industrial construction contracts ensures that the Capital Group's revenue will remain at a stable, comparable level in the coming years.

In 2023 the company submitted bids in 118 non-public proceedings and 36 public tenders. The value of submitted bids amounted to PLN 17,643,917,206.50 net. During this period, 15 contracts were signed for the amount of PLN 1,195,054,615.53 net.

In the coming years, the Company will continue to operate in all major sectors of the construction market throughout the country.

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

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

Information on the Issuer's investments, including equity investments in related parties is presented in Notes 2 to 4 to the Financial Statements of MIRBUD S.A. for the period from 01/01/2023 to 31/12/2023.

#### 4.9. Assessment of potential for achieving investment objectives

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

MIRBUD S.A. will continue to implement investment projects aimed at its development and increase in value in 2024 and in the following years. The nearest investment plans involve strengthening the Company's business base and competitiveness in the road segment, which will enable the Company to achieve higher profitability in the coming years. The Companies plan to renew the machinery park and

vehicles, which will significantly improve the effectiveness and scope of provided services as part of the increase in the equipment potential.

As of the date of approving 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 project is PLN 13 million, the project will be financed from own funds.

MIRBUD S.A. is systematically analysing market opportunities for the Group's development through the acquisition of an entity in the industry (railway, hydrotechnical and energy construction), which will enable a significant expansion of the range of construction and assembly services provided or significantly increase their profitability.



## 4.10 Risk factors

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

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.

### Risks related to the 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, and equipment;
  - disruption of supply chains;
  - dynamic growth of prices of key energy sources, i.e. crude oil, natural gas;
  - delays on the part of subcontractors employing workers from Ukraine and Belarus;
  - extraordinary drop of PLN value - increase of material and service prices in foreign currencies.

Looking ahead to 2024 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 at the report date, in the area of commercial space lease, there is no significant, unfavourable impact of the conflict in Ukraine, which affects the financial results of MARYWILSKA 44 Sp. z o.o.

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

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

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

## **Epidemiological risk**

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

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

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

## **Liquidity risk management**

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

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

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

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

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

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

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

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

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

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## Risk of significant changes in interest rates

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

As at 31/12/2023, MIRBUD S.A. had no interest rate hedging transactions for long-term credits.

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Liabilities under credits and loans	111,421	128,685		
Loans granted	88,726			
Other financial assets				
Other financial liabilities	21,344	27,672		
<b>In total</b>	<b>221,491</b>	<b>156,357</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 December 2023 and 31 December 2022 at the level of - 1.0/+1.0 percentage point (as at 31 December 2023 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 December 2023 and 31 December 2022 is presented below.

Sensitivity analysis for items exposed to change in interest rates	Effect on net profit/(loss)		Effect on the balance sheet total		
	As at:	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
	31/12/2023				
Liabilities under credits and loans	111,421	-903	903	1,114	-1,114
Loans granted	88,726	719	-719	887	-887
Other financial assets					
Other financial liabilities					
<b>Total</b>	<b>200,147</b>	<b>-184</b>	<b>184</b>	<b>2,001</b>	<b>-2,001</b>

Sensitivity analysis for items exposed to change in interest rates	Effect on net profit/(loss)		Effect on the balance sheet total		
	As at:	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
	31/12/2022				
Liabilities under credits and loans	128,685	-1,042	1,042	1,287	-1,287
Loans granted					
Other financial assets					
Other financial liabilities	27,672	-224	224	277	-277
<b>In total</b>	<b>156,357</b>	<b>-1,266</b>	<b>1,266</b>	<b>1,564</b>	<b>-1,564</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 over 10% 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:
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Liabilities under credits and loans						
Loans granted	16,280					
Trade and other receivables	44,958	75,308				
Trade and other liabilities	4,088					
Cash	11,876	20,290				

Other financial assets

<b>Total</b>	<b>77,202</b>	<b>95,598</b>				
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### 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 December 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:	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
Liabilities under credits and loans					
Loans granted	16,280	1,319	-1,319	1,628	-1,628
Trade and other receivables	44,958	3,642	-3,642	4,496	-4,496
Trade and other liabilities	4,088	331	-331	409	-409
Cash	11,876	962	-962	1,188	-1,188
Other financial assets					
<b>Total</b>	<b>77,202</b>	<b>6,253</b>	<b>-6,253</b>	<b>7,720</b>	<b>-7,720</b>

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at:	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
Liabilities under credits and loans					
Loans granted					
Trade and other receivables	75,308	6,100	-6,100	7,531	-7,531
Trade and other liabilities					
Cash	20,290	1,643	-1,643	2,029	-2,029
Other financial assets					
<b>Total</b>	<b>95,598</b>	<b>7,743</b>	<b>-7,743</b>	<b>9,560</b>	<b>-9,560</b>

The Issuer's Management Board estimates that in 2024 the share of revenue in Euro will decrease by approx. 50% (it will gradually decrease in the second half of 2024). As of 31/12/2023 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.



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

### **Economic situation risk:**

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

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

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

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

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

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

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

The economic situation in Poland, the conflict in Ukraine and the significant reduction in the number of tenders for construction works and the economic situation in Poland are intensifying competition by offering the most favourable prices and extending warranty 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.

## **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 development 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 Company 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 development and commercial projects;
- failure to implement property development projects and retail and service projects in accordance with the assumed schedule and cost estimate;
- changes in government programmes supporting the purchase of residential units by persons with average and below-average income;
- other operational risks described in these statements.

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

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

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

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

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

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

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

The completion of the project depends on the provision of the infrastructure required by the regulations, such as access to public roads, access to utilities, designation of appropriate internal roads, etc. There may be situations where the provision of the necessary infrastructure depends on factors beyond the Company's control. Often the provision of access to the right road or utilities depends on the decision of the appropriate municipal or local authority. In some cases, the status of the roads needed for the execution of investment development 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 development in execution.

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:

- implementation and application of the MIRBUD Capital Group Sustainable Development Strategies for 2024-2035;
- implementation and application of an Environmental Management System according to EN ISO 14001:2015 in the field of general construction, civil engineering, road and motorway construction, and 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:

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

- a) general construction, civil engineering, road and motorway construction;
- b) industrial facilities construction;
- c) installation works.

- transfer of risks to cooperation contracts concluded by the Company with 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 2023, 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 commercial and service facilities, sale of flats, and granting a guarantee of payment for construction works**

In order to implement numerous investments, the Company has concluded and will continue to conclude construction contracts with contractors for construction and finishing works. It should be noted that the obligations incurred by the contractors in connection with the execution of the investment development (e.g. in relation to subcontractors) may consequently, due to the joint liability of the investor and the contractor for the payment of remuneration, be associated with the creation of claims against the Companies, which may affect the timeliness of the execution of the investment development. 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 flats 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> to 649<sup>5</sup> of the Civil Code, at the request of the contractor, the Company acting as an investor is obliged to grant a guarantee of payment to the contractor (general contractor) for construction works in the form of a bank or insurance guarantee, as well as a bank letter of credit or bank surety granted at the investor's request.

The occurrence of any of the above factors, which translate into claims against the Companies, may have an adverse effect on the 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 tools used to maintain and correct the capital structure may include:

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

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

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 10%	decrease by 10%	increase by 10%	decrease by 10%
	31/12/2023				
Liabilities under credits and loans					
Loans granted	16,280	1,319	-1,319	1,628	-1,628
Trade and other receivables	44,958	3,642	-3,642	4,496	-4,496
Trade and other liabilities	4,088	331	-331	409	-409
Cash	11,876	962	-962	1,188	-1,188
Other financial assets					
<b>Total</b>	<b>77,202</b>	<b>6,253</b>	<b>-6,253</b>	<b>7,720</b>	<b>-7,720</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 10%	decrease by 10%	increase by 10%	decrease by 10%
	31/12/2023				
Liabilities under credits and loans					
Loans granted	16,280	1,319	-1,319	1,628	-1,628
Trade and other receivables	44,958	3,642	-3,642	4,496	-4,496
Trade and other liabilities	4,088	331	-331	409	-409
Cash	11,876	962	-962	1,188	-1,188
Other financial assets					
<b>Total</b>	<b>77,202</b>	<b>6,253</b>	<b>-6,253</b>	<b>7,720</b>	<b>-7,720</b>

## 4.11. Information on credits, loans, guarantees and sureties

### 4.11.1. Credits and loans

Detailed information on credits and loans taken out by the Company Groups in 2023 and in previous years is presented in the table below.



2023 MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP

Table: Liabilities under credits and loans owned by MIRBUD S.A. as of 31 December 2023 in PLN thousand.

Name of the entity	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
PKO BP S.A.	MIRBUD S.A.	15,000	PLN			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.	16,000	PLN		16,000	WIBOR 1M + margin	31/10/2024	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	60,000	PLN	10,200	12,000	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	35,000		WIBOR 1M + margin	04/10/2026	assignment of a business receivable, mortgage
<b>Total credits and loans</b>				<b>60,400</b>	<b>48,000</b>	<b>108,400</b>		

Table: Liabilities under credits and loans owned by MIRBUD S.A. as of 31 December 2022 in PLN thousand.

Name of the entity	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
PKO BP S.A.	MIRBUD S.A.	15,000	PLN	10,669		WIBOR 1M + margin	24/06/2024	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN		366	WIBOR 1M + margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	15,200	PLN	15,200		WIBOR 1M + margin	27/06/2025	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	PLN		10,000	WIBOR 1M + margin	31/10/2024	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	PLN	19,800	14,400	WIBOR 1M + margin	29/12/2025	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN	20,000		WIBOR 1M + margin	03/08/2024	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	33,821		WIBOR 1M + margin	17/10/2023	assignment of a business receivable, mortgage
<b>Total credits and loans</b>				<b>99,490</b>	<b>24,766</b>	<b>124,256</b>		

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

As of 31/12/2023, MIRBUD S.A. did not show any debts due to loans, except for loans indicated in the above tables.

#### **4.11.2. Loans granted**

On 14/12/2023, MIRBUD S.A. entered into a loan agreement with PDC Industrial Center 217 Sp. z o.o. for the maximum amount of PLN 120,000 thousand, for the purpose of financing the construction of a warehouse, logistics and production centre located in Chościszowice, Bolesławiec municipality, and conducting day-to-day business activities. As at 31/12/2023, the loan debt including the measurement amounted to PLN 88,726 thousand.

The amount paid was earmarked for repayment of PDC Industrial Center 217 Sp. z o.o.'s receivables against MIRBUD S.A. on account of construction works carried out on the aforementioned property.

#### **4.11.3. Sureties and guarantees**

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

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

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

As at 31/12/2023, the balance of sureties is presented in the table below:



2023 MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP

Table: Sureties granted by MIRBUD S.A. as at 31/12/2023

List of sureties granted to other entities by entity type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability in PLN thousand		surety expiry date
		As at:	As at:	As at:	As at:	
		31/12/2023	31/12/2022	31/12/2023	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		18,883	24/10/2023
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	15,000	15,000			30/11/2024
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	9,318	9,318	3,727	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>Total</b>	-	<b>79,318</b>	<b>128,818</b>	<b>53,727</b>	<b>73,231</b>	-

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

In accordance with the terms of the contract:

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

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

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

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

Contingent liabilities under the warranty for removal of defects and faults granted by the Companies of the MIRBUD Group to investors, created, lasting from 01/01/2023 to 31/12/2023, are as follows:

Other contingent liabilities	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Under performance bond	443,575	463,627
Under rectifying faults and defects	322,676	220,785
Under advance return	40,596	118,464
<b>In total</b>	<b>806.847</b>	<b>802.876</b>

#### **4.12. Description of use of inflows from issuing by the Company**

The Issuer did not issue shares during the reported period.

On 04/04/2024 by way of Current Report No. 27/2024, the Issuer informed about convening an Extraordinary General Meeting of Shareholders on 06/05/2024. According to draft resolution No. 3/2024 of the Extraordinary General Meeting of Shareholders of 06/05/2024, the subject of voting will be an increase in the Issuer's share capital by no more than PLN 1,834,880, i.e. from PLN 9,174,420.00 to PLN 11,009,300.00 by issuing no more than 18,348,800 new ordinary bearer shares with a nominal value of PLN 0.10 per share within the authorised capital.

The Issuer intends to use the capital obtained from the issue of shares for development of the railway construction and road infrastructure construction divisions of the MIRBUD Capital Group. In particular, the company's development plans relate to the need to purchase the necessary machinery as part of the adopted strategy to strengthen the position of the MIRBUD CG on the road and railway infrastructure market and the potential acquisition of an entity in new areas of railway construction.

Other companies of the Group did not issue any shares in the reporting period.

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

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

## **5. MAIN CONTRACTS**

### **5.1. Insurance contracts**

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

In 2023, under the conditions of the above Comprehensive Insurance Contract, MIRBUD S.A., KOBYLARNIA S.A., JHM DEVELOPMENT S.A. and its subsidiaries concluded specific insurance contracts that directly relate to their operations.

From 01/04/2023 to 31/03/2024, MIRBUD S.A. was covered by insurance on the basis of a framework contract concluded with Sopot Insurance Company Ergo-Hestia S.A. on 30/03/2023 "Contract for the Comprehensive Insurance of the Enterprise Group against all risks No. 17/MIRBUD/2022".

In 2023, under the conditions of the above Comprehensive Insurance Contract, MIRBUD S.A., KOBYLARNIA S.A., JHM DEVELOPMENT S.A., concluded specific insurance contracts that directly relate to their operations.

From 01/04/2024 to 31/03/2025, MIRBUD S.A. was covered by insurance on the basis of a framework contract concluded with Sopot Insurance Company Ergo-Hestia S.A. on 30/03/2024 "Contract for the Comprehensive Insurance of the Enterprise Group against all risks No. 18/MIRBUD/2022".

In 2024, under the conditions of the above Comprehensive Insurance Contract, MIRBUD S.A., KOBYLARNIA S.A., JHM DEVELOPMENT S.A., PDC IC 217 Ltd. concluded specific insurance contracts that directly relate to their operations.

## 5.2. Main contracts for construction and other works related to operating activities concluded by MIRBUD S.A.

Table: Main contracts concluded by MIRBUD S.A. in the period from 01/01/2023 to 31/12/2023 in PLN thousand

Contract conclusion date	Contract value (net) in PLN thousand	Business partner	Subject of the contract
12/01/2023	57,607	Pomeranian 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 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	30,750	Olsztyn Municipality	an increase in the Issuer's remuneration for the implementation of the task titled "Reconstruction and extension of the Urania Sports and Entertainment Hall in Olsztyn" due to the awarded indexation amount of PLN 30,750,000.00 gross, 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 titled "Construction of a primary school with pre-school department in the village of Szczęsne, Grodzisk Mazowiecki Municipality – STAGE II".
30/05/2023 (receipt of return signed contract)	106,300	Centrum Wynajmu Nieruchomości 4 Spółka Akcyjna	design, construction and handover to the Employer of a logistics centre located in Bolewicko, Miedzichowo municipality, Nowy Tomyśl powiat, together with land development and the necessary internal and external infrastructure
27/06/2023	104,700	City of Słupsk	"Continuation of the construction of the Słupsk City Ring", executed on the basis of project documentation titled "Construction of a new connection between national road No. 21 and voivodship road No. 210 (along ul. Słoneczna, ul. Rybacka and ul. Leśna)". 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>
03/08/2023	69,300	ED SAN III SANCAK Sp. K	construction of a complex of commercial and service buildings together with necessary internal systems, an advertising pylon and land development together with a traffic system and parking spaces as well as technical infrastructure in Mysiadło, Piaseczno powiat, Masovian Voivodeship
18/08/2023	78,772	ACE 10 Sp. z o.o.	design and construction of a retail and service facility of the Retail Park type together with the necessary technical infrastructure and land development in Ostróda, Warmian-Masurian Voivodeship



25/09/2023	50,687	Kuyavian-Pomeranian Voivodeship: Voivodship Road Authority in Bydgoszcz	Improvement of service and development conditions of the Brzesko Economic Zone by modernising voivodship road No. 268".
29/09/2023	-	The 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>PRIVATE JOINT STOCK COMPANY "ZRZESZENIE BUDOWLANE INTERBUDMONTAŻ" with its registered office in Kyiv, T. Strokatcha, 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 S1 (formerly S69) Bielsko-Biała-Zywiec-Zwardoń expressway, Przybędza-Milówka section (Węgierska Górka bypass)" postponing the contract completion date until 27 July 2024</p>
13/10/2023	127,000	SANGATE SANCAK Spółka komandytowa	construction of a hotel building with office and retail space, an underground car park and landscaping on ul. Komitetu Obrony Robotników in the Włochy district of the capital city of Warsaw.
18/05/2023	59,581	Military Property Agency	Construction of a Sports Centre with internal communication and necessary technical infrastructure
09/11/2023	107,000	Centrum Wynajmu Nieruchomości 2 S.A.	design, construction and commissioning of a Distribution Centre located in Kaliszki, Biała Piska municipality (Pisz powiat, Warmian-Masurian Voivodeship) together with land development and the necessary external and internal infrastructure
09/11/2023	102,000	Centrum Wynajmu Nieruchomości 5 S.A.	design, construction and commissioning of a Distribution Centre located in Janów Lubelski, Janów Lubelski municipality (Janów Lubelski powiat, Lublin Voivodeship) together with land development and the necessary external and internal infrastructure.
29/11/2023	part I: 30,605 part II: 30,164	Słupsk Municipality	<p>"Construction and extension of municipal roads, a powiat road and a section of a national road on the Jezierzycze – Redzikowo section", divided into two parts:</p> <p><b>Part I:</b> covering a section of road from Jezierzycze to Redzikowo;</p> <p><b>Part II:</b> covering a section of road in Redzikowo and Słupsk.</p> <p>Consortium of companies composed of:</p> <ul style="list-style-type: none"> <li><b>KOBYLARNIA S.A.</b> with its registered office in Kobylarnia (Consortium Leader);</li> <li><b>MIRBUD S.A.</b> with its registered office in Skierniewice (Consortium Partner)</li> </ul>
29/11/2023	54,358	City of Słupsk	<p>design and execution of construction works for the task titled: Development of investment land for industrial function in the design-build system in the northern part of the City of Słupsk as part of the investment task titled "Development of investment land for industrial function in the northern part of the City of Słupsk". Consortium of companies composed of:</p> <ul style="list-style-type: none"> <li><b>KOBYLARNIA S.A.</b> with its registered office in Kobylarnia (Consortium Leader);</li> </ul>

			<ul style="list-style-type: none"> <li><b>MIRBUD S.A.</b> with its registered office in Skierniewice (Consortium Partner)</li> </ul>
01/12/2023	75,778	Świętokrzyskie Voivodeship	<p>execution of construction works for the task titled: "Construction of Nowy Korczyn bypass". Consortium of companies composed of:</p> <ul style="list-style-type: none"> <li><b>MIRBUD S.A.</b> with its registered office in Skierniewice (Consortium Leader);</li> <li><b>KOBYLARNIA S.A.</b> with its registered office in Kobylarnia (Consortium Partner)</li> </ul>
01/12/2023	140,650	BB Baltic Park Spółka z o.o.	<p>execution of all works related to the turnkey construction of an apartment and hotel facility, i.e. the Health Resort Treatment Building Complex at ul. Morawskiego in Kołobrzeg.</p>
04/12/2023	58,628	Płock powiat - Powiat Roads Authority in Płock	<p>development of design documentation and execution of construction works for the task titled: "Extension of powiat roads No. 2911W Goślice – Smolino – Sędek – Kłaki – Drobin and 2920W Opatówiec – Zagroba". Consortium of companies composed of:</p> <ul style="list-style-type: none"> <li><b>KOBYLARNIA S.A.</b> with its registered office in Kobylarnia (Consortium Leader);</li> <li><b>MIRBUD S.A.</b> with its registered office in Skierniewice (Consortium Partner)</li> </ul>
06/12/2023	32,109	Piła Municipality	<p>execution of the task titled "Development of the western industrial zone in Piła, including the Piła-Lotnisko industrial park" under the "design and build" formula. Consortium of companies composed of:</p> <ul style="list-style-type: none"> <li><b>KOBYLARNIA S.A.</b> with its registered office in Kobylarnia (Consortium Leader);</li> <li><b>MIRBUD S.A.</b> with its registered office in Skierniewice (Consortium Partner)</li> </ul>

On 01/12/2023, the Issuer received information from the Employer, Jawor Municipality (Rynek 1, 59-400 Jawor) that in the procedure for the award of a public contract titled "Construction/modernisation of road, technical road, electricity and water and sewage infrastructure in the Lower Silesian Economic Activity Zone – S 3 Jawor", the bid selected as the most advantageous one was that of a consortium 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 88,058,105.38 gross.

On 12/12/2023 the Issuer concluded annexes to contracts with the State Treasury - General Directorate of National Roads and Motorways in Warsaw. The subject of the concluded annexes is to increase the maximum indexation limit for contract works. The annexes concern the following contracts:

- "Design and construction of the A1 motorway Tuszyn (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Bełchatów interchange (without interchange) - Kamieński interchange (with interchange) from km 351+800.00 to km 376+000.00";
- "Design and construction of the Olesno bypass within the national road No. 11 (S11)";

- “Construction of the S1 Kosztowy – Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange)”;
- “Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section.

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

On 01/12/2023, the Issuer received information from the Employer, Jawor Municipality (Rynek 1, 59-400 Jawor) that in the procedure for the award of a public contract titled “Construction/modernisation of road, technical road, electricity and water and sewage infrastructure in the Lower Silesian Economic Activity Zone – S 3 Jawor”, the bid selected as the most advantageous one was that of a consortium 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 88,058,105.38 gross.

On 12/12/2023 the Issuer concluded annexes to contracts with the State Treasury - General Directorate of National Roads and Motorways in Warsaw. The subject of the concluded annexes is to increase the maximum indexation limit for contract works. The annexes concern the following contracts:

- “Design and construction of the A1 motorway Tuszyn (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Bełchatów interchange (without interchange) - Kamieński interchange (with interchange) from km 351+800.00 to km 376+000.00”;
- “Design and construction of the Olesno bypass within the national road No. 11 (S11)”;
- “Construction of the S1 Kosztowy – Bielsko-Biała expressway. Section III – Dankowice – Suchy Potok interchange (with interchange)”;
- “Design and execution of construction works for the S74 Przełom/Mniów – Kielce (S7 Kielce Zachód interchange) expressway section.

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

#### MIRBUD S.A.

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

Contract conclusion date	Contract value (net) in PLN thousand	Business partner	Subject of the contract
12/01/2024	71,592	Jawor Municipality	Execution of design and construction works for the investment task titled “Construction/modernisation of road, technical road, electricity and water and sewage infrastructure in the Lower Silesian Economic Activity Zone – S 3 Jawor” within the framework of financing from the Government Fund “Polish Deal”: Strategic Investment Programme - 5th Edition.
02/02/2024	78,584	City of Bydgoszcz	execution of construction works consisting in the construction, reconstruction and change of manner of

			using the tram depot facilities at ul. Toruńska 278 in Bydgoszcz.
27/02/2024	75,281	Świętokrzyskie Voivodeship - Voivodship Roads Authority in Kielce	design and execution of construction works, including the necessary accompanying infrastructure for the task titled "Construction of DW 723 from the interchange under construction within DK 77 to the existing lane of DW 723 in Sandomierz with a length of approx. 1.35 km".
13/03/2024	120,554	Głogów Municipality	Construction and modernisation of road infrastructure for the industrial zone in the municipalities of Głogów and Kotla. 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>
27/03/2024	72,613	Gmina Wrocław, Zarząd Inwestycji Miejskich (Wrocław Municipality Urban Projects Authority)	Execution and commissioning of construction works consisting in the construction of a School and Pre-school Complex at ul. Zwycięska in Wrocław, together with associated infrastructure.
28/03/2024	184,680	Jaworzno Municipality	Design and execution of a full range of construction works related to the construction and reconstruction of the road system to serve the Jaworzno Economic Area as part of the task titled "Jaworzno Economic Area - development of the strategic industrial zone of Jaworzno - road infrastructure". Consortium of companies composed of: <ul style="list-style-type: none"> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader);</li> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Partner)</li> </ul>
15/04/2024	-	General Directorate for National Roads and Motorways	annex to the contract dated 15/04/2021 for the execution of the task titled "Construction of the Tri-city Metropolitan Bypass divided into 2 parts: Construction of the Tri-city Metropolitan Bypass, Task 2: Żukowo interchange (with interchange) - Gdańsk Południe interchange (with interchange)." The subject of the concluded annex is the change of the deadline for the execution of the contract to 15 September 2025.
17/04/2024	56,159	General Directorate for National Roads and Motorways	Design and construction of the S11 expressway, Ostrów Wielkopolski - Kępno; section III, construction of the second roadway on the Kępno bypass section. Consortium of companies composed of: <ul style="list-style-type: none"> <li>• MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader);</li> <li>• KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Partner)</li> </ul>

On 31/01/2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Poznań Branch (ul. Siemiradzkiego 5a, 60-763 Poznań) that in the procedure for the award of a public contract titled "Design and construction of the S11 expressway on the Ostrów Wielkopolski-Kępno section - section III, construction of the second roadway on the existing Kępno bypass within S11 expressway" the bid selected as the most advantageous one was that of a consortium (hereinafter referred to as the Consortium) of companies composed of:

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

Bid value: PLN 69,076,296.50 gross.

On 31/01/2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Białystok Branch (ul. Zwycięstwa 2, 15-703 Białystok) that in the procedure for the award of a public contract titled “Design and construction of the S16 expressway, Knyszyn - Krynice section”, the bid selected as the most advantageous one was that of a consortium (hereinafter referred to as the Consortium) of companies composed of:

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

Bid value: PLN 314,700,000.00 gross.

On 16/02/2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Opole Branch (ul. Niedziałkowskiego 6, 45-085 Opole) that in the procedure for the award of a public contract titled “Construction of the S11 expressway, Kępno - A1 within section from Kępno to the border of Opole Voivodeship (excluding the Olesno bypass), section III, Gotartów - beginning of Olesno bypass” the bid selected as the most advantageous one was that of 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 464,941,426.57 gross.

On 13/03/2024 the Issuer signed a letter of intent with ElectroMobility Poland S.A. with its registered office in Warsaw (Aleje Jerozolimskie 81, 02-001 Warsaw). The purpose of the letter is to confirm that, as a result of the purchase procedure for the “Selection of a general contractor capable of carrying out the investment for the construction of the Izera electric car production plant in the Design and Build formula”, the Issuer has submitted a bid that is optimal from the point of view of the objectives and budget of the implemented project.

On 13/03/2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Szczecin Branch, that in the procedure for the award of a public contract titled “Construction of the S10 Szczecin - Piła expressway on the section from the end of the Stargard bypass to the beginning of the Piła bypass (with the “Koszyce” interchange), excluding the Wałcz bypass, Section 3: Suchań (with interchange) - Recz (with interchange)” the bid selected as the most advantageous one was that of 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 667,521,000.00 gross.

On 19/03/2024 the Issuer was informed that in the procedure for the award of a public contract titled “Design and construction of the S11 Piła - Poznań expressway, Oborniki - Poznań Północ interchange section, together with Oborniki bypass” the bid selected as the most advantageous one was that of 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 853,456,675.21 gross.

On 20/03/2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Łódź Branch (address: ul. Irysowa 2, 91-857 Łódź) that in the procedure for the award of a public contract titled "Design and construction of the S12 expressway section: border of Łódź voivodeship - Radom Południe interchange (without interchange), Section 2 Przysucha interchange (with interchange) - Wieniawa interchange (with interchange)" the bid selected as the most advantageous one was that of a consortium (hereinafter referred to as the Consortium) of companies composed of:

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

Bid value: PLN 597,392,518.08 gross.

On 27/03/2024 the Issuer was informed by the Employer, Stryków Municipality (ul. Tadeusza Kościuszki 27, 95-010 Stryków) that in the procedure for the award of a public contract titled "Construction of the Stryków Development Centre (SDC)", the Issuer's bid was selected as the most advantageous one. The task was divided as follows:

1. Execution of works carried out under the basic contract. Bid value: PLN 80,374,030.20 gross.
2. Execution of works carried out under the right of option. Bid value: PLN 86,377,069.80 gross.

Total bid value: PLN 166,751,100.00 gross.

On 03/04/2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Wrocław Branch (address: ul. Powstańców Śląskich 186, 53-139 Wrocław) that in the procedure for the award of a public contract titled "Design and construction of the S8 Wrocław - Kłodzko expressway, task 6, from the Ząbkowice Śląskie Północ interchange (without interchange) to the Bardo interchange (with interchange) with a length of approx. 13.96 km", the bid selected as the most advantageous one was that of 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 378,471,000.00 gross.

On 04/04/2024 the Issuer was informed by the Employer, Rzeszów Municipality - Rzeszów City Hall, ul. Rynek 1, 35-064 Rzeszów, that in the procedure for the award of a public contract titled "Construction of Podkarpackie Athletics Centre at ul. Wyspiańskiego in Rzeszów", the Issuer's bid was selected as the most advantageous one.

Bid value PLN 193,100,000.00 gross

On 05/04/2024 the Issuer was informed by the Employer - General Directorate for National Roads and Motorways, Szczecin Branch (address: al. Bohaterów Warszawy 33, 70-340 Szczecin) that in the procedure for the award of a public contract titled "Construction of the S10 Szczecin - Piła expressway on the section



from the end of the Stargard bypass to the beginning of the Piła bypass (with the “Koszyce” interchange), excluding the Wałcz bypass, Section 4, “Recz” interchange (without interchange) - “Cybowo” interchange (without interchange)” the bid selected as the most advantageous one was that of 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 647,000,000.00 gross.

On 11/04/2023 the Issuer was informed by the Employer - the City of Łódź (Łódź City Hall, ul. Piotrkowska 104, 90-001 Łódź), that in the procedure for the award of a public contract to be implemented under the public-private partnership formula titled “Design, construction and operation of the Olechów-Janów Sports and Leisure Centre” (hereinafter referred to as the “Facility”) in Łódź, the Issuer’s bid was selected as the most advantageous one.

Value of the bid of the Issuer for the design and construction of the Facility: PLN 101,475,000.00 gross.

Completion deadline for the design and construction of the Facility: 30 months from the date of Financial Close.

Value of the bid of the Issuer for maintenance of the Facility: PLN 29,520,000.00 gross.

Facility maintenance period: 20 years.

On 17/04/2024 the Issuer was informed by the Employer, City of Gliwice (Municipal Office in Gliwice, ul. Zwycięstwa 21, 44-100 Gliwice) that the Issuer’s bid was selected as the most advantageous one in the procedure for the award of a public contract for the construction of the municipal hospital in Gliwice. Bid value: PLN 878,520,951.94 gross, including:

- basic part: PLN 355,804,928.99 gross;
- part covered by the right of option: PLN 522,716,022.95 gross.

On 18/04/2024 the Issuer was informed by the Employer, City of Skierniewice (City Hall of Skierniewice, ul. Rynek 1, 96-100 Skierniewice) that in the procedure for the award of a public contract titled “Skierniewice Sports and Leisure Centre”, implemented under the “design and build” formula, the Issuer’s bid was selected as the most advantageous one. Bid value: PLN 114,845,100.00 gross.

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

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

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



## DISCONTINUATION OF OPERATIONS, AND INDICATION OF ENTITIES SUBJECT TO CONSOLIDATION

There were no changes in the structure of the business entity during the reporting period. However, there have been changes in the structure of the MIRBUD Capital Group resulting from:

- - liquidation of JHM 1 sp. z o.o.

The Extraordinary Meeting of Shareholders of JHM 1 Sp. z o.o., a 100% subsidiary of JHM Development S.A., adopted Resolution No. 1 of 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 was named JHM 1 Sp. z o.o. w likwidacji.

On 29 June 2023, the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, issued a decision on deletion of JHM 1 Sp. z o.o. w likwidacji with its registered office in Skierniewice from the National Court Register.

- - gaining control of HAKAMORE sp. z o.o.

On 24/07/2021, JHM Development Sp. z o.o. purchased shares in 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.

By decision of 1 July 2022, the District Court for the capital city of Warsaw, 16th Commercial Division for bankruptcy and restructuring cases, discontinued the bankruptcy proceedings of HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The District Court of Warsaw has declared this decision valid as of 17 November 2023.

As at 31/12/2023, the Company has not been consolidated. The Extraordinary Meeting of Shareholders of HAKAMORE Sp. z o.o. with its registered office in Skierniewice decided, by way of Resolution No. 1 of 28 December 2023, to dissolve the Company on 1 January 2024 and put it into liquidation.

- - purchase of shares in PDC INDUSTRIAL CENTER 17 sp. z o.o.

On 29 November 2023, MIRBUD S.A. acquired 20,700 shares in the share capital of PDC Industrial Center 217 Sp. z o.o. with its registered office in Warsaw with a nominal value of PLN 50 each and a total nominal value of PLN 1,035 thousand, representing 49.88% of the Company's share capital.

Marywilska 44 Sp. z o.o., a company from the MIRBUD S.A. Group, which on 29 November 2023 acquired 20,800 shares in the share capital of the Company subject to the sale agreement, also participated in the share purchase transaction. The nominal value of shares was PLN 50 each, giving a total nominal value of PLN 1,040 thousand, representing 50.12% of the share capital of PDC Industrial Center 217 Sp. z o.o.

As at 31 December 2023, the MIRBUD Group holds a total of 100% of the shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

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

## 8. ACHIEVED AND FORECAST FINANCIAL RESULTS

MIRBUD Capital Group Companies did not publish forecasts on financial results for 2023.

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

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

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

External factors:

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

Internal factors:

- financial standing of the Companies of the Group, in particular MIRBUD S.A.;
- a well-established position in the industrial building construction sector;
- systematic development of the Group in the engineering and road sector;
- systematic filling of the portfolio for the years 2024 - 2027;
- diversified order portfolio for the years 2024 - 2027;
- further growth of property development activities through projects in Łódź, Poznań, Konin, Bydgoszcz, and Jastrzębia Góra;
- commercialisation and rent recoverability at CH MARYWILSKA 44 sp. z o.o.;
- the level of margin on the execution of contracts achieved through optimisation of production costs and improvement of technical solutions for the execution of construction, also thanks to the implementation of the process of development and implementation of the IT management system (a modern management system, in the Issuer's opinion, will improve control over operating activities through detailed ongoing analyses of individual projects, improve financial records, positively affect work efficiency and reduce the risk of core activities);

- the level of sales of residential units in ongoing development projects;
- further investments in modern machinery park;
- achieving financial results consistent with the planned results by the Group's subsidiaries.

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

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

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

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

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

The assumption of an effective internal control system in financial reporting is to ensure that the financial information contained in the financial statements and periodical reports is adequate and correct.

The internal control system for financial reporting in the MIRBUD Capital Group is implemented through:

- the application within the Group of uniform accounting policies for measurement, recognition and disclosure in accordance with International Financial Reporting Standards;
- inspections and continuous monitoring of the quality of input data, supported by financial systems with defined rules for data correctness (Data preparation in source systems is subject to formalised operational and acceptance procedures which define the competences of individual persons);
- use of internal control mechanisms, including distribution of duties, at least two-step data authorisation, and verification of the correctness of received data;
- defining competences and formalising the financial statement process (The reporting process is carried out by qualified staff with relevant knowledge and experience. Under the supervision of a Member of the Management Board - Head of Division);
- defining rules and control of compliance with the circulation of financial and accounting documents and verifying them in terms of content, form and accounting;
- keeping records of economic events in an integrated financial and accounting system, the configuration of which corresponds to the accounting principles in force in the Group Companies and includes instructions and control mechanisms to ensure data consistency and integrity;

- mapping of data from source systems to financial statements to support correct data presentation;
- an independent assessment of the financial statements by an independent external auditor.

The financial reporting process is subject to ongoing review. The integrated financial and accounting system plays an important role in the control process for accounting and financial reporting. Not only does it make it possible to check the accuracy of the recorded operations, but it also allows the identification of the persons entering and accepting individual transactions. Access to financial data is restricted by an authorisation system. Access rights to the system are granted to the extent that they depend on the individual's assigned role and responsibilities and are subject to strict control.

The financial and accounting section headed by the Director of Economic and Financial Affairs shall be responsible for the preparation of financial statements and periodical financial reporting of the Company and the Capital Group.

The consolidated financial statements of the Capital Group are prepared by the Chief Accountant. The prepared annual consolidated financial statements are submitted to the economic and financial director for initial review and then to the full Management Board for final review and authorisation.

The consolidated financial reporting process is governed by the accounting policies adopted by the Group. It is also subject to detailed schedules covering key activities and checkpoints, with responsibility assigned for their timely and correct completion. The preparation of consolidated financial statements is carried out on the basis of uniform consolidation packages prepared electronically by the individual Group companies. Consolidation packages transferred by subsidiaries are subject to:

- verification procedures by the auditor auditing the Group's consolidated financial statements;
- analytical reviews by the Chief Financial Officer and the Chief Accountant of MIRBUD S.A.

One of the basic elements of control in the process of preparing financial statements of the Company is to audit the annual financial statements and review the interim financial statements by an independent auditor in order to express in his opinion and report whether the financial statements are correct and whether they present fairly and clearly the property and financial situation of MIRBUD S.A., as well as its financial result. The annual consolidated financial statements of the Capital Group, together with the auditor's opinion, shall be submitted to the Supervisory Board for assessment and the General Meeting of Shareholders for approval.

In addition, the effectiveness of the Supervisory Board's oversight activities in monitoring the financial reporting process is enhanced by the establishment of an Audit Committee.

The Committee's tasks with regard to monitoring the financial reporting process and advisory and consultative activities include, in particular:

- preliminary assessment of the Management Board's report on the Company's activities and the Company's annual financial statements;
- preliminary assessment of the Management Board's report on the activities of the Company's group and the annual consolidated financial statements of the Company's group;
- preliminary assessment of any financial documents submitted to the Supervisory Board;

- giving an opinion on the basic principles of the Company's existing financial reporting and accounting system, including the criteria for consolidating the results of the Company's various group entities;
- making proposals and recommendations to the Supervisory Board regarding the appropriateness of changing the financial reporting system in place at the Company and the Company's capital group, and to inform the Supervisory Board of any significant inadequacies of such system known to the Committee or risks associated with its organisation and operation.

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

The Management Board of the Company states that as at 31 December 2023 there neither were nor are at present factors which could affect the reliability and correctness of the consolidated financial statements prepared.

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

The Management Board of the Company states that as at 31 December 2023 there neither were nor are at present factors which could affect the reliability and correctness of the consolidated financial statements prepared.

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

## 12. ADDITIONAL INFORMATION

### 12.1. Shareholder structure

#### 12.1.1. Information about the dividend paid in the period from 01/01/2023 to 31/12/2023.

MIRBUD S.A. made dividend payments in the period from 01/01/ to 31/12/2023.

On 19 June 2023, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 10/2023 concerning the payment of dividends to the Issuer's shareholders. Pursuant to the adopted resolution, the General Meeting resolved to allocate a part of the profit for the financial year 2022 in the amount of PLN 23,853,492.00 to the payment of dividend to the Issuer's shareholders, i.e. PLN 0.26 gross per share. The number of shares covered by the dividend is 91,744,200. The dividend day was 26 June 2023. The dividend payment date is 21 July 2023. The dividend was paid on the date specified.

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

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

#### 12.1.3 Shares

As at 31/12/2022, the share capital of MIRBUD S.A. is divided into 91,744,200 fully paid bearer shares with a nominal value of PLN 0.10 each.

*Table: Share capital structure*

No.	Series of shares	Number of shares	Nominal value per one share	Share capital registered in PLN thousand	Manner of capital coverage	Registration date
1	A	19,500,000	PLN 0.10	1,950	cash	22/12/2006
2	B	14,625,000	PLN 0.10	1,462	cash	22/12/2006
3	C	2,264,000	PLN 0.10	226	cash	22/12/2006
4	D	3,611,000	PLN 0.10	361	cash	22/12/2006
5	E	5000 000	PLN 0.10	5000	cash	11/12/2009
6	F	10,000,000	PLN 0.10	1,000	cash	03/03/2010
7	G	10,000,000	PLN 0.10	1,000	cash	19/05/2010
8	H	10,000,000	PLN 0.10	1,000	cash	18/08/2010
9	I	7,492,500	PLN 0.10	749	cash	26/05/2014
10	J	2,873,947	PLN 0.10	287	cash	11/09/2019
11	K	6,377,753	PLN 0.10	638	cash	30/09/2019
<b>Total</b>		<b>91,744,200</b>		<b>9,174</b>		

Table: Ownership structure of the share capital as of 31 December 2023

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
<b>Jerzy Mirgos</b>	41,710,000	<b>45.46%</b>	41,710,000	<b>45.46%</b>
<b>Nationale-Nederlanden Open Pension Fund</b>	9,221,837	<b>10.05%</b>	9,221,837	<b>10.05%</b>
<b>Other shareholders</b>	40,812,363	<b>44.49%</b>	40,812,363	<b>44.49%</b>
<b>Total</b>	<b>91,744,200</b>	<b>100.00%</b>	<b>91,744,200</b>	<b>100.00%</b>

Table: Ownership structure of the share capital as of 31 December 2022

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
<b>Jerzy Mirgos</b>	41,600,000	<b>45.34%</b>	41,600,000	<b>45.34%</b>
<b>Nationale-Nederlanden Open Pension Fund</b>	9171 000	<b>10.00%</b>	9171 000	<b>10.00%</b>
<b>Other shareholders</b>	40973 000	<b>44.66%</b>	40973 000	<b>44.66%</b>
<b>Total</b>	<b>91,744,200</b>	<b>100.00%</b>	<b>91,744,200</b>	<b>100.00%</b>

On 04/04/2024 by way of Current Report No. 27/2024, the Issuer informed about convening an Extraordinary General Meeting of Shareholders on 06/05/2024. According to draft resolution No. 3/2024 of the Extraordinary General Meeting of Shareholders of 06/05/2024, the subject of voting will be an increase in the Issuer's share capital by no more than PLN 1,834,880, i.e. from PLN 9,174,420.00 to PLN 11,009,300.00 by issuing no more than 18,348,800 new ordinary bearer shares with a nominal value of PLN 0.10 per share within the authorised capital.

The Issuer intends to use the capital obtained from the issue of shares for development of the railway construction and road infrastructure construction divisions of the MIRBUD Capital Group. In particular, the company's development plans relate to the need to purchase the necessary machinery as part of the adopted



strategy to strengthen the position of the MIRBUD CG on the road and railway infrastructure market and the potential acquisition of an entity in new areas of railway construction.

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

The total number of shares of MIRBUD S.A. held by members of the management and supervisory bodies as of 31/12/2023, 31/12/2022 and the date of preparation of the report is as follows:

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

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
<b>Jerzy Mirgos</b>	President of the Management	41,710,000 shares with a nominal value of PLN 0.10 each share with	<b>45.46%</b>
<b>TOTAL</b>		41,710,000 shares	45.46%

Table. Shares of the Company held by members of management and supervisory bodies as at 31/12/2023

Full name	Position in the Company	Number of shares held (pcs)	Number of shares held in %
<b>Jerzy Mirgos</b>	President of the Management	41,710,000 shares with a nominal value of PLN 0.10 each share with	<b>45.46%</b>
<b>TOTAL</b>		41,710,000 shares	45.46%

Table. Shares of the Company held by members of management and supervisory bodies as of 31/12/2022

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

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

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

As at 31/12/2023 and after the balance sheet date until the date of preparation of the report, apart from the information disclosed in these statements and in current reports, the issuer did not have any information about contracts which may result in future changes in the proportions of shares held by the Issuer's existing shareholders.

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

There are no employee stock ownership plans in the Company

## 12.2. Influence of factors and unusual events on the financial result for 2023

In 2023 there were no factors or events unusual from the point of view of the specific nature of the Companies' business activities which could influence the financial result, apart from the factors related to the military conflict in Ukraine which are described in this report.



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

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

### 12.4. The Management Board and the Supervisory Board and the changes in supervisory and management bodies

In the period from 01/01/2023 to 31/12/2023, the composition of the Management Board of MIRBUD S.A. did not change and it performed the duties with the following composition:

Table: Composition of the MIRBUD S.A. Management Board from 01/01/2023 to 31/12/2023

Name and surname	Position
<b>Jerzy Mirgos</b>	President of the Management Board
<b>Sławomir Nowak</b>	Vice-President of the Management Board
<b>Paweł Korzeniowski</b>	Member of the Management Board
<b>Tomasz Sałata</b>	Member of the Management Board

On 19 May 2023, the Issuer's Supervisory Board, in connection with the expiry of the term of office of the Member of the Management Board of MIRBUD S.A., appointed Mr. Tomasz Sałata to the Management Board for another five-year term, entrusting him with the position of Member of the Company's Management Board.

On 19 May 2023, the Issuer's Supervisory Board, in connection with the expiry of the term of office of the Member of the Management Board of MIRBUD S.A., appointed Mr. Paweł Korzeniowski to the Management Board for another five-year term, entrusting him with the position of Member of the Company's Management Board.

As at the date of the report, the composition of the Management Board of MIRBUD S.A. has not changed.

The composition of the Issuer's Supervisory Board has changed in the period from 01/01/2023 to 31/12/2023.

On 30 January 2023, the Extraordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 4/2023 and Resolution No. 5/2023 on appointing the following persons to the Supervisory Board of MIRBUD S.A.:

- Mr. Stanisław Lipiec;
- Mr. Jacek Tucharz.

On 19 June 2023, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 23/2023 and Resolution No. 24/2023 on appointing the following persons to the Supervisory Board of MIRBUD S.A. for another term:

- Ms. Agnieszka Bujnowska (Pursuant to Resolution of the Supervisory Board No. XIII/2023 of 19 June 2023, Ms. Agnieszka Bujnowska serves as Secretary of the Supervisory Board of MIRBUD S.A.)
- Mr. Wiesław Kosonóg (Pursuant to Resolution of the Supervisory Board No. XII/2023 of 19 June 2023, Mr. Wiesław Kosonóg serves as the Chairman of the Supervisory Board of MIRBUD S.A.)

On 18 October 2023, the Extraordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 4/2023 on appointing: Bartosz Wilczak to the Supervisory Board of MIRBUD S.A.

On 01 December 2023 the Issuer received a declaration of resignation of Mr. Waldemar Kosonóg from his position as a member of the Supervisory Board of MIRBUD S.A. as of 01 December 2023.

*Table: Composition of the MIRBUD S.A. Supervisory Board in the period from 01/01/2023 to 31/12/2023*

Name and surname	Position
<b>Wiesław Kosonóg</b>	Chairman of the Supervisory Board (until 01/12/2023)
<b>Radosław Niewiadomski</b>	Member of the Supervisory Board
<b>Agnieszka Bujnowska</b>	Secretary of the Supervisory Board
<b>Artur Sociński</b>	Member of the Supervisory Board (until 30/09/2023)
<b>Stanisław Lipiec</b>	Member of the Supervisory Board (until 11/02/2024)
<b>Jacek Tucharz</b>	Member of the Supervisory Board (since 30/01/2023)
<b>Bartosz Wilczak</b>	Member of the Supervisory Board (since 18/10/2023)

On 11 February 2024 the term of office of Mr. Stanisław Lipiec as a member of the Supervisory Board expired.

*Table: Composition of the Supervisory Board of MIRBUD S.A. as of the date of publication of the report*

Name and surname	Position
<b>Radosław Niewiadomski</b>	Chairman of the Supervisory Board - since 14/04/2024
<b>Agnieszka Bujnowska</b>	Secretary of the Supervisory Board
<b>Jacek Tucharz</b>	Member of the Supervisory Board - since 30/01/2023
<b>Bartosz Wilczak</b>	Member of the Supervisory Board - since 18/10/2023
<b>Jerzy Łuczak</b>	Member of the Supervisory Board - since 18/03/2024

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

Ms. Kaja Mirgos-Kwiatkowska, serving as a member of the Management Board of JHM DEVELOPMENT S.A. from 02/01/2020, as a member of the Management Board of Marywilska 44 sp. z o.o. from 01/08/2020, as a member of the Management Board of PDC INDUSTRIAL CENTER 217 sp. z o.o. from 04/12/2023, is the daughter of Mr. Jerzy Mirgos, President of the Management Board of MIRBUD S.A., holding 45.46% of shares in the Issuer as at 31/12/2023.

## 12.6. Remuneration of members of the management and supervisory bodies

Table: Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2023 to 31/12/2023

Name of the body	Position	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	From sureties granted	Remuneration in subsidiaries	Total
Jerzy Mirgos	President of the Management Board	1558	0	0	0	0	0	900	<b>2,458</b>
Sławomir Nowak	Vice-President of the Management Board	1376	0	0	0	0	0	592	<b>1,968</b>
Paweł Korzeniowski	Member of the Management Board	1419	0	0	0	0	0	53	<b>1,472</b>
Tomasz Sałata	Member of the Management Board	1390	0	0	0	0	0	0	<b>1,390</b>
Ewa Przybył	Proxy	387	0	0	0	0	0	0	<b>387</b>
Anna Więzowska	Proxy	744						185	<b>929</b>
Wiesław Kosonóg	Chairman of the Supervisory Board	78	0	0	0	0	0	16.5	<b>95</b>
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board	66	0	0	0	0	0	18	<b>84</b>
Agnieszka Bujnowska	Secretary of the Supervisory Board	66	0	0	0	0	0	61	<b>127</b>
Artur Sociński	Member of the Supervisory Board	46	0	0	0	0	0	0	<b>46</b>
Wiktoria Braun	Member of the Supervisory Board	5	0	0	0	0	0	0	<b>5</b>
Stanisław Lipiec	Member of the Supervisory Board	50	0	0	0	0	0	0	<b>50</b>
Jacek Tucharz	Member of the Supervisory Board	45	0	0	0	0	0	0	<b>45</b>
Bartosz Wilczak	Member of the Supervisory Board	7	0	0	0	0	0	0	<b>7</b>
<b>TOTAL</b>		<b>7,238</b>	-	-	-	-	-	<b>1,826</b>	<b>9,064</b>

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Table: Remuneration of members of the management and supervisory bodies of the parent in the period from 01/01/2022 to 31/12/2022

Name of the body	Position	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	From sureties granted	Remuneration in subsidiaries	Total
Jerzy Mirgos	President of the Management Board	1,488	0	0	0	0	0	875	<b>2,363</b>
Sławomir Nowak	Vice-President of the Management Board	1,350	0	0	0	0	0	495	<b>1,845</b>
Paweł Korzeniowski	Member of the Management Board	1,333	0	0	0	0	0	52	<b>1,385</b>
Tomasz Sałata	Member of the Management Board	1,289	0	0	0	0	0	0	<b>1,289</b>
Ewa Przybył	Proxy	389	0	0	0	0	0	0	<b>389</b>
Anna Więzowska	Proxy	620						41	<b>661</b>
Hubert Bojdo	Member of the Supervisory Board	22	0	0	0	0	0	0	<b>22</b>
Agnieszka Bujnowska	Secretary of the Supervisory Board	56	0	0	0	0	0	61	<b>117</b>
Andrzej Zakrzewski	Member of the Supervisory Board	50	0	0	0	0	0	14	<b>64</b>
Artur Sociński	Member of the Supervisory Board	49	0	0	0	0	0	0	<b>49</b>
Wiesław Kosonóg	Chairman of the Supervisory Board	64	0	0	0	0	0	20	<b>84</b>
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board	56						17	<b>73</b>
Wiktoria Braun	Member of the Supervisory Board	48	0	0	0	0	0	0	<b>48</b>
<b>TOTAL</b>		<b>6,814</b>	-	-	-	-	-	<b>1,575</b>	<b>8,379</b>

In the period from 01/01/2023 to 31/12/2023 members of the Issuer's management, supervisory and administrative bodies did not receive any awards or benefits for their functions, except for the remuneration indicated in the table above.

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

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

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

As of 31/12/2023, the Group Companies did not have any liabilities resulting from pensions and benefits of a similar nature for former members of the management, supervisory and administrative bodies, and liabilities related to those pensions.

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

No such events occurred in the reporting period.

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

No such events occurred in the reporting period.

**12.9. Employees**

The volume of employment in the MIRBUD Group Companies as of 31/12/2023 and as of 31/12/2022 is presented in the tables below.

*Table: Employment in the MIRBUD Group Companies as at 31/12/2023*

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	427	156

*Table: Employment in the MIRBUD Group Companies as at 31/12/2022*

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	436	171

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

## 12.10. Diversity policy

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

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

On 11/07/2022, MIRBUD S.A. entered into a contract with BGGM AUDYT spółka z ograniczoną odpowiedzialnością in Warsaw, address: 03-450 Warsaw, ul. Ratuszowa 11, registered under KRS No. 0000327377 in the National Court Register - Register of Entrepreneurs, maintained by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, entered under number 3489 on the list of entities authorised to audit financial statements maintained by the National Council of Statutory Auditors, to conduct the following:

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

On 29/12/2022, MIRBUD S.A. entered into a contract with BGGM AUDYT spółka z ograniczoną odpowiedzialnością in Warsaw, address: 03-450 Warsaw, ul. Ratuszowa 11, registered under KRS No. 0000327377 in the National Court Register - Register of Entrepreneurs, maintained by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, entered under number 3489 on the list of entities authorised to audit financial statements maintained by the National Council of Statutory Auditors, to conduct the following:

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

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

On 18/04/2024 MIRBUD S.A. entered into a contract with BGGM AUDYT spółka z ograniczoną odpowiedzialnością in Warsaw, address: 03-450 Warsaw, ul. Ratuszowa 11, registered under KRS No. 0000327377 in the National Court Register - Register of Entrepreneurs, maintained by the District Court for the Capital City of Warsaw, in Warsaw, 13th Commercial Division of the National Court Register and entered under number 3489 on the list of entities authorized to audit financial statements kept by the National Council of Statutory Auditors for the service consisting in the assessment of the remuneration report in the period from 01/01/2023 to 31/12/2023 – remuneration of PLN 5,000 net

In the period from 01/01/2022 to 31/12/2022, the remuneration paid by MIRBUD S.A. to statutory auditors amounted to PLN 73 thousand.

During the period from 01/01/2022 to 31/12/2022, no other unauthorised services were provided to the Company by the entity authorised to audit the financial statements.

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

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

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

As at 31/12/2023, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 3,493 thousand.

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

As of 31/12/2023, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 1,140 thousand.

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

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

MIRBUD Capital Group has prepared a separate report on non-financial information published together with the 2023 financial statements.

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

### **14.1. The set of corporate governance principles to which MIRBUD S.A. is subject.**

During the reporting period from 01/01/2023 to 31/12/2023, MIRBUD S.A. was subject to a set of corporate governance principles called “Best Practices of Companies Listed on the WSE 2021” (Best Practices 2021, DPSN2021), which were adopted by Resolution No. 13/1834/2021 of the Stock Exchange Board of 29 March 2021.

<https://www.gpw.pl/dobre-praktyki2021>

MIRBUD S.A. reported on the application of individual corporate governance principles in a Report dated 28.07.2021 transmitted via the EBI system. Statement on the application of individual corporate governance principles for companies listed on the WSE Main Market - “Best Practices of Companies Listed on the WSE 2021” MIRBUD S.A. has also posted at [www.https://relacje.mirbud.pl/lad-korporacyjny](http://www.https://relacje.mirbud.pl/lad-korporacyjny).



## 14.2. Corporate governance principles not applied by the Company, with indication of circumstances and reasons for not applying a given principle

In the period from 01/01/2023 to 31/12/2023 the Company applied the rules of corporate governance of companies listed on the WSE Main Market - "Best Practices of Companies Listed on the WSE 2021" (Best Practices 2021, DPSN2021) with deviations about which the Issuer informed in the report of 28/07/2021 transferred via the EBI system.

Deviations concern the following rules:

- 2.1. The Company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, education, expertise, age and work experience, among others, and indicates when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of corporate bodies is that the minority shareholding in a given body is no less than 30%.**

The Company's note: This rule is applied. The Company has a Diversity Policy which is published at <https://mirbud.pl/strony/kodeks-etyki-zawodowej-2>. Diversity management at MIRBUD S.A. and companies of the MIRBUD Capital Group concerns all employees and key positions. Diversity is understood to mean that every person is important regardless of gender, age, health status, sexual orientation, religion, marital status, race, country of origin or form of employment and political beliefs. The companies in the MIRBUD Capital Group apply workplace management principles without discrimination or inappropriate behaviours which could compromise the integrity or self-esteem of employees. The Diversity Policy of the MIRBUD Capital Group implements the following UN Sustainability Goals: Goal 10 – less inequality and Goal 5 – gender equality. The goals of the adopted Diversity Policy are active management of diversity as part of human resources management policy, creating an open and diverse working environment, preventing all forms of discrimination, ensuring equal opportunities in access to information on ethical standards in force at the MIRBUD Group. The policy of MIRBUD Capital Group does not impose any barriers based on gender, age, health status, sexual orientation, religion, marital status, race, country of origin or form of employment and political beliefs. MIRBUD S.A. and companies from the MIRBUD Capital Group also make every effort to ensure equal representation of women and men in Management and Supervisory Board positions in companies. Due to the diversity of the segments of activity of the MIRBUD Capital Group companies and the fact that the leading activity is the construction and assembly segment which requires typically technical education and qualifications, the analysis of compliance with Best Practices in employment in management bodies is carried out jointly for all Group Companies. MIRBUD pays attention to diversity when selecting and appointing Management Board members and proposing candidates for Supervisory Board members. In deciding on the composition of the Management Board, the Supervisory Board aims to ensure its diversity, in particular with regard to age, education, work experience and the number of women involved. With respect to the composition of the Supervisory Board, the age structure of the Board members should be diverse. In addition, it seeks to ensure that its members have relevant education and work experience. Attention is further drawn to the issue of adequate number of women involved. The composition of the Supervisory Board takes into account the ideas underlying the diversity policy. The Supervisory Board includes shareholder representatives as well as individuals with extensive knowledge and experience in organisation and management, construction as well as economics. The purpose of the adopted Diversity Policy of the MIRBUD Capital Group is to strive to ensure the versatility of the Management Board and Supervisory Board by shaping their composition in a manner which ensures diversity. Implementation of the Diversity Policy is constantly monitored and applies to all companies within the MIRBUD Capital Group. A detailed scope of monitoring is defined in the resolution adopted by the leading entity of the MIRBUD S.A. Group – "ESG Strategy" published at <https://mirbud.pl/strony/zrownowazony-rozwoj>

**2.11. In addition to its activities under the law, once a year the Supervisory Board shall prepare an annual report and present it to the ordinary general meeting for approval. The report referred to above shall include at least:**

- 2.11.1 information on the composition of the Board and its committees with an indication of which members of the Board meet the independence criteria set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight, and which of them do not have actual and significant links with a shareholder holding at least 5% of the total number of votes in the company, as well as information on the composition of the Supervisory Board in the context of its diversity;
- 2.11.2 summary of activities of the Board and its committees;
- 2.11.3 an assessment of the company's situation on a consolidated basis, including an evaluation of the internal control systems, risk management, compliance and the internal audit function, together with information on the actions the Supervisory Board has taken to make this assessment; this assessment shall include all relevant control mechanisms, including in particular those relating to reporting and operations;
- 2.11.4 an assessment of the company's application of the rules of corporate governance and the manner of fulfilling information obligations concerning their application, specified in the Stock Exchange Rules and regulations concerning current and periodic information provided by issuers of securities, together with information on actions taken by the Supervisory Board to make this assessment;
- 2.11.5 an assessment of the reasonableness of expenditures referred to in rule 1.5;
- 2.11.6 information on the extent to which the diversity policy is implemented with respect to the Management Board and the Supervisory Board, including the achievement of goals referred to in rule 2.1.**

The Company's note: The rule is applied to detailed items 2.11.1, 2.11.2, 2.11.3 and 2.11.4. With regard to detailed items 2.11.5 and 2.11.6, this rule has been applied from the 2021 report onwards, while the assessment of the appropriateness of expenditure referred to in rule 1.5 has been included in the 2022 and 2023 report of the Supervisory Board.

**3.2 The Company shall separate in its structure the units responsible for the tasks of particular systems or functions, unless this is not justified by the size of the company or the nature of its activities.**

The Company's note: This rule is not applied due to the scale of the Company's operations and the lack of diversification of business segments where the Company is active.

**3.3 A company included in the WIG20, mWIG40 or sWIG80 index shall appoint an internal auditor heading the internal audit function, operating in accordance with generally accepted international standards of professional internal audit practice. In other companies where no internal auditor meeting the above requirements has been appointed, the audit committee (or the supervisory board, if this body performs the functions of an audit committee) shall annually assess whether there is a need to appoint such a person.**

The Company's note: This rule is applied. The Company conducts internal audits in accordance with ISO and AQUAP standards; however, it strives to fully implement this rule. To effectively maintain the internal audit function, a Management Board plenipotentiary for internal audit at MIRBUD S.A. was appointed, who reports directly to the President of the Management Board within the organisational structure of the Company. The resolution came into force with effect from 01 July 2021. The Company has not appointed an internal auditor, but the audit committee periodically assesses whether there is a need to appoint one. In accordance with Resolution No. 9/2022 of the Management Board of 30 December 2022, an internal control system has been adopted in the Company. The internal control system supports the Supervisory Board and the Management Board and employees in the effective and efficient operation of the business processes in the exercise of supervision and defines the rules for ensuring the objectives of the internal control system. The internal control system is adapted to the organisational structure of MIRBUD S.A. and covers all areas and organisational units that apply control mechanisms or their independent monitoring as part of their duties. The function of the internal control

system is to ensure the achievement of objectives in at least three categories: 1/ operational effectiveness and efficiency, 2/ reliability of financial reporting, 3/ compliance with law, internal regulations and accepted standards of conduct. Within the framework of the internal control system the Management Board of MIRBUD S.A. designs, implements and ensures, in all areas and organisational units, the functioning of an adequate and effective internal control system, ensures the continuity of the internal control system, including the proper cooperation of all employees within this system, approves the types of corrective actions taken to remove critical and significant irregularities, and approves the list of significant areas for the purposes of the control function matrix. The Audit Committee monitors the adequacy and effectiveness of the internal control system and issues opinions on the adequacy and effectiveness of the internal control system for the Supervisory Board's evaluation of the system. The Supervisory Board supervises the introduction and ensures the functioning of an adequate and effective internal control system at MIRBUD S.A., and performs an annual evaluation of the adequacy and effectiveness of the internal control system.

### **3.5 Persons responsible for risk management and compliance report directly to the president or another member of the management board.**

The Company's note: This rule is applied. By Resolution No. 13/2021 of the Management Board of 15 October 2021, acting pursuant to Resolution No. 13/1834/2021 of 29 March 2021 of the Warsaw Stock Exchange concerning the adoption of new corporate governance rules for companies listed on the WSE Main Market, "Best Practices of Companies Listed on the WSE 2021" (Best Practices 2021, DPSN2021), in order to maintain effective internal control, risk management and compliance systems, as well as an effective internal audit function, a Management Board plenipotentiary for compliance and a Management Board plenipotentiary for internal audit were appointed in MIRBUD S.A., who report directly to the President of the Management Board within the organisational structure of the Company in MIRBUD S.A., who report directly to the President of the Management Board within the organisational structure of the Company.

The resolution came into force with effect from 01 July 2021.

### **3.6 The head of internal audit reports organisationally to the president of the management board and functionally to the chairman of the audit committee, or to the chairman of the supervisory board if this body serves as the audit committee.**

The Company's note: This rule is not applied. The Company strives to fully implement this rule, as described in item 3.3.

### **3.7 Rules 3.4 to 3.6 also apply to entities in the company's group which are material to the company's operations, if they have designated individuals to perform these tasks.**

The Company's note: This rule is not applied. The Company applies this rule to the extent of items 3.4 and 3.5, however, full application of the rule will be possible after implementation of the rule in item 3.3.

### **3.8 At least once a year, the person responsible for internal audit, or, if no such function has been established in the company, the company's management board, shall present to the supervisory board an assessment of the effectiveness of the systems and functions referred to in rule 3.1, together with an appropriate report.**

The Company's note: This rule is applied. In accordance with Resolution No. 9/2022 of the Management Board of 30 December 2022 on the internal control system, the Supervisory Board supervises the introduction and ensures the functioning of an adequate and effective internal control system at MIRBUD S.A., and performs an annual assessment of the adequacy and effectiveness of the internal control

system. An assessment of the adequacy and effectiveness of the internal control system is included in the 2023 report of the Supervisory Board.

**3.10. At least once every five years a company included in WIG20, mWIG40 or sWIG80 index will have its internal audit function reviewed by an independent auditor selected with the participation of the audit committee.**

The Company's note: This rule is not applied. Application of the rule will be possible after implementation of the rule in item 3.3.

**4.1. The company should enable shareholders to participate in a general meeting using electronic means of communication (general e-meeting) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding such a general meeting.**

The Company's note: The rule is not applied due to the lack of possibility to provide technical infrastructure as required by law. Implementation of the rule is not considered in particular due to the lack of notifications from shareholders.

**4.3. The Company shall provide a publicly available real-time broadcast of the general meeting.**

The Company's note: This rule is not applied. The Company is still considering implementing the rule beginning with the year of holding the ordinary general meeting which approves the 2024 report.

**6.2. Incentive programmes should be structured in such a manner that, among other things, they make the level of remuneration of members of the company's management board and its key managers dependent on the actual, long-term position of the company in terms of financial and non-financial performance and long-term growth of shareholder value and sustainable development, as well as stability of the company's operations.**

The Company's note: This rule is not applied. The company has not implemented incentive programmes, however, the level of remuneration and bonuses for members of the Management Board and key managers depend on the long-term position of the company.

**6.3. If one of the company's incentive programmes is the managerial options programme, then the execution of the options programme should be conditional on the eligible persons' fulfilment, within a period of at least 3 years, of pre-determined, company-realistic and adequate financial and non-financial objectives as well as sustainable development objectives, and the set price for the acquisition of shares by the eligible persons or settlement of the options may not differ from the value of the shares at the time the programme is adopted.**

The Company's note: This rule is not applied. The company does not have a managerial option programme.

### **14.3. Internal control and risk management systems in relation to the process of preparing financial statements and consolidated financial statements**

The Management Board of MIRBUD S.A. is responsible for the internal control system and its effectiveness in relation to the process of preparing financial statements.

The Economic and Financial Director supervises the preparation of the separate and consolidated financial statements. The Chief Accountant of the parent is responsible for the preparation of the separate and consolidated financial statements.

Consolidated financial statements are prepared on the basis of the financial statements of the parent and its subsidiaries. The financial statements of the subsidiary, after taking into account the adjustments made to comply with the International Financial Reporting Standards (“IFRS”), are prepared on the basis of uniform accounting policies applied to transactions and economic events of a similar nature.

Consolidated statements and separate financial statements of MIRBUD S.A. are subject to review or audit by an independent statutory auditor.

#### 14.4. Shareholders with significant share packets

As at 31/12/2023, the share capital of the Company is divided into 91,744,200 fully paid ordinary registered shares with a nominal value of PLN 0.10 each.

Table: Ownership structure of the share capital as of 31 December 2023

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
Jerzy Mirgos	41,710,000	45.46%	41,710,000	45.46%
Nationale-Nederlanden Open Pension Fund	9,221,837	10.05%	9,221,837	10.05%
Other shareholders	40,812,363	44.48%	40,812,363	44.48%
<b>Total</b>	<b>91,744,200</b>	<b>100.00%</b>	<b>91,744,200</b>	<b>100.00%</b>

#### 14.5. Holders of any securities which give special control rights, including a description of such rights

MIRBUD S.A. has not issued any securities giving the shareholders special control rights.

#### 14.6. Restrictions on the exercise of the voting right

The Company does not have any restrictions with respect to the exercise of the voting right.

#### 14.7. Limitations with respect to transferring the title to securities

MIRBUD S.A. has not issued shares with respect to which there would be any limitations in the transfer of ownership rights.

#### 14.8. The rules of changes to the Articles of Association of MIRBUD S.A.

In accordance with § 18 section 1, item 3 and section 2 of the Articles of Association of MIRBUD S.A., its amendment shall be made by way of a resolution of the General Meeting of Shareholders adopted at the request of the Management Board of the Company submitted together with a written opinion of the Supervisory Board or at the request of the shareholders, who should be consulted by the Management Board of the Company and the Supervisory Board, pursuant to Article 415 of the Commercial Companies Code by a three-fourths majority of votes. The adopted changes are introduced by making an appropriate entry in the register of entrepreneurs.

#### 14.9. General Meeting of Shareholders of MIRBUD S.A.

The General Meeting gathers as an Ordinary or Extraordinary one and, as a governing body of the Company, acts pursuant to the provisions of the Commercial Companies Code, the Company’s Articles of Association and the provisions of the Regulations of the General Meeting of Shareholders of MIRBUD S.A., constituting an appendix to Resolution No. 27/2009 of the Extraordinary General Meeting of



Shareholders of 23 October 2009 on the adoption of the Regulations of the General Meeting of Shareholders, as well as the principles arising from the “Best Practices for WSE Listed Companies”.

The Company’s Articles of Association provide in § 16 that a General Meeting of Shareholders shall be held at the registered office of the Company or in Warsaw.

According to § 14 of the Articles of Association, the Ordinary General Meeting shall be held within 6 (six) months after the end of each financial year. Ordinary General Meeting shall be convened by: the Management Board, the Supervisory Board - if the Management Board fails to convene the meeting within the time limit specified above. The Extraordinary General Meeting shall be convened by: the Management Board, the Supervisory Board - if it is deemed appropriate to convene it, the shareholder or shareholders representing at least half of the share capital or at least half of the votes in the Company, the Management Board at the request of shareholders representing at least 1/20 (one twentieth) of the share capital, submitted in writing or in electronic form together with a request to include certain matters in the agenda of this meeting. If the Management Board fails to convene an Extraordinary General Meeting within two weeks from the date of presenting the request referred to above, the registry court may authorise the shareholders submitting the request to convene an Extraordinary General Meeting to do so.

Pursuant to § 18 of the Articles of Association, resolutions of the General Meeting of Shareholders are required in particular for: distributing profit or covering loss, amending the Company’s Articles of Association, changing the Company’s core activities, increasing or decreasing the share capital, the manner and conditions of redemption of shares, merger or transformation of the Company, dissolution and liquidation of the Company, issue of convertible or priority bonds, disposal and lease of the enterprise or its organised part and establishment of limited property rights on them, creation and abolition of the Company’s capital and funds - at the request of the Management Board submitted together with a written opinion of the Supervisory Board or at the request of shareholders, which should be reviewed by the Management Board and the Supervisory Board; examination and approval of the financial statements and the report of the Management Board of the Company on the activities for the previous financial year of the Company and granting the vote of acceptance to members of the governing bodies of the Company for the performance of their duties, all decisions concerning claims for redress of damage caused during the establishment of the Company or the performance of management or supervision, granting the consent for the conclusion by the Supervisory Board on behalf of the Company of a contract on the performance of management in the Company. Acquisition or sale of property, perpetual usufruct or share in property or in perpetual usufruct, encumbrance of property or right of perpetual usufruct with other property rights does not require adoption of a resolution by the General Meeting. Resolutions concerning removal of an item from the agenda or discontinuation of consideration of an item placed on the agenda at the request of shareholders shall be adopted by a majority of  $\frac{3}{4}$  (three quarters) of votes cast, after prior consent expressed by all present shareholders who submitted such a request.

Pursuant to § 2 of the Regulations, the General Meeting is convened by way of an announcement made on the Company’s website and in the manner prescribed for the provision of current information in accordance with the regulations on public offerings and the conditions for introducing financial instruments to the organised trading system and on public companies. The announcement should be made at least **twenty-six** days before the date of the General Meeting. The content of the announcement of the General Meeting shall comply with the requirements of the Commercial Companies Code with respect to such announcements for public companies. If the Supervisory Board or entitled shareholders convene the General Meeting, such entities shall submit to the Management Board, in writing or in electronic form, the announcement of convening the General Meeting, draft resolutions, if it is planned to adopt resolutions and, if necessary, other materials to be presented to the General Meeting, at least thirty-one days prior to the date of the General Meeting. The Management Board shall announce the convening of such a General Meeting in the manner provided for above. Shareholders or a shareholder representing at least **1/20** of the share capital may request that an

Extraordinary General Meeting be convened. Such a request shall be submitted to the Management Board in writing or in electronic form and shall contain the announcement of convening the General Meeting, draft resolutions, if it is planned to adopt resolutions and, if necessary, other materials to be presented to the General Meeting at least **thirty-one** days before the date of the General Meeting. The agenda is determined by the entity convening the General Meeting or requesting its convening. If the General Meeting is convened by the Management Board, the agenda is determined by the Management Board in consultation with the Supervisory Board. Shareholders or a shareholder representing at least **1/20** of the share capital may request that certain matters be included in the agenda of the next General Meeting. Such a request should be submitted to the Management Board in writing or in electronic form, not later than twenty-one days before the set date of this Meeting. The request should contain a justification or a draft resolution concerning the proposed item of the agenda and, if necessary, other materials to be presented to the General Meeting. The Management Board is obliged to announce immediately, but not later than eighteen days before the set date of the General Meeting, in a manner appropriate for convening the General Meeting, changes in the agenda introduced at the request of the listed shareholders. No resolution may be adopted on matters not included in the agenda, except for motions of an agenda nature or for convening an Extraordinary General Meeting, or if the entire share capital is represented at the General Meeting and none of the attendees has objected to adopting a resolution. A shareholder or shareholders representing at least **1/20** of the Company's share capital may – before the date of the General Meeting – submit to the Company, in writing or via electronic means, the draft resolutions concerning the items placed on the agenda of the General Meeting or the items to be put on the agenda. The Management Board shall immediately publish the draft resolutions on its website. During the General Meeting, each shareholder may submit draft resolutions concerning matters included in the agenda until the Chairman has ordered voting on a given point of the agenda. A General Meeting may be cancelled only and exclusively if its holding encounters extraordinary obstacles. However, if the General Meeting has been convened at the request of authorised entities or if issues are included in the agenda at the request of authorised entities, the cancellation of the General Meeting shall require the consent of the applicants. Cancellation takes place in the same way as convening the General Meeting. A change of the date of the General Meeting takes place in the same manner as its convening, even if the proposed agenda of the meeting is not changed. The shareholders' correspondence concerning the General Meeting sent by the shareholders should enable the identification of the shareholder and confirm their rights as a shareholder. The electronic correspondence should be directed to the designated electronic mail address indicated on the Company's website. Documents sent electronically to the Company should be scanned in PDF format.

In accordance with §3 of the Rules of Procedure, the General Meeting is opened by the Chairman or Deputy Chairman of the Supervisory Board. In the event of the absence of such persons, the General Meeting shall be opened by the President of the Management Board or a person appointed by the Management Board of the Company. The person opening the meeting shall do so at the time and place specified in the announcement. The person authorised to open the General Meeting conducts the election of the Chairman of the Meeting. For this purpose, it may take agenda-related decisions and administer voting on the election. A General Meeting convened by a shareholder or shareholders representing at least **1/20** of the share capital on the basis of a court decision shall be opened by a person appointed by the court as the Chairman of the General Meeting. This person also chairs the General Meeting. The Chairman of the General Meeting convened by shareholders representing at least half of the share capital shall be appointed by those shareholders. The Chairman shall be elected in a secret voting. Only one natural person may be elected the Chairman of the General Meeting - a shareholder or its statutory representative or attorney. If necessary and justified by the needs of the General Meeting, a Deputy Chairperson or Deputy Chairpersons may be appointed.

In accordance with §4 of the Regulations, the Chairman of the General Meeting manages its proceedings in a manner ensuring efficient and lawful conduct of the proceedings and adoption of resolutions provided for in the adopted agenda. Pursuant to §5 of the Regulations, immediately after signing the attendance list, the Chairman orders its display for inspection by the shareholders. The



attendance list should contain a list of participants of the General Meeting, i.e. shareholders, their statutory representatives and attorneys, specifying the number of shares and the number of votes to which they are entitled. Each person entitled to participate in the General Meeting should sign the attendance list, statutory representatives and attorneys of entitled shareholders should submit original powers of attorney in writing or copies of power of attorney certified by a notary public. The attendance list is available for inspection throughout the General Meeting. A shareholder or their representative who has been omitted from the list of shareholders should be entered on the attendance list if they come to the General Meeting and prove that they are entitled to participate in the session. Similarly, the list should be supplemented if, after it has been signed by the Chairman, further shareholders entitled to participate in the General Meeting come forward. If a person participating in the General Meeting leaves the meeting or a shareholder entered on the list is refused the right to participate in the General Meeting due to lack of their rights - the list should be corrected accordingly by deleting this person. After each change in the composition of the participants of the General Meeting, the Chairman shall again sign the attendance list. In order to additionally check the attendance list, the General Meeting may appoint a committee composed of at least three members. If such a request is made by shareholders holding one-tenth of the shares in the share capital represented at the General Meeting, a committee must be appointed. The decision of the committee may be appealed against by the shareholder concerned to the General Meeting.

Pursuant to § 6 of the Regulations, voting at the General Meeting is open. A secret ballot must be held on the election and dismissal of Members of the Supervisory Board, the election of all other persons elected by the General Meeting, the holding responsible of members of the company's governing bodies or liquidators, and personal matters, including granting members of the Management Board permission to participate in a competitive company, if a request to hold a secret ballot is made by at least one participant of the General Meeting. The General Meeting may adopt a resolution on waiving the secrecy of voting on matters concerning the election of the committee appointed by the General Meeting. The committee may be composed of persons from outside the participants of the General Meeting. If there are legal grounds for electing the Supervisory Board by way of group voting, in accordance with §7 of the Regulations, the General Meeting shall do the above, with the reservation that the initiative in creating particular groups belongs only to the shareholders. The shareholders shall determine the minimum number of shares needed to form a separate group (quotient of the number of shares represented at the General Meeting and the number of Supervisory Board members to be filled), form a separate group(s) authorised to elect the Supervisory Board member(s) and determine the number of Supervisory Board members whose election lies within the competence of particular groups. Each selected group shall elect a Member of the Supervisory Board, previously electing the Chairman of the group and the Returning Committee, draw up a separate attendance list for a given group of voters (shareholders), sign the attendance list in the group by the Chairman of the group, propose candidates for a Member of the Supervisory Board in the group, secret ballot, regarding the election of a Member of the Supervisory Board by the group, determine the result of the elections in the group by the Returning Committee, and submit a resolution on the election of a Member(s) of the Supervisory Board by the group to the Chairman of the General Meeting. The Chairman of the General Meeting shall announce the content of the resolutions adopted by the groups and shall determine the number of Members of the Supervisory Board to be elected by the shareholders entitled to participate in the General Meeting - who have not joined any of the separate groups entitled to elect the Members of the Supervisory Board. The remaining shareholders present at the General Meeting (who did not form a separate group) shall elect the remaining Members of the Supervisory Board in a secret ballot. Resolutions concerning appointment of Members of the Supervisory Board by separate groups and by other shareholders shall be recorded in the minutes by a notary public.

Resolutions of the General Meeting shall be recorded in the minutes. The minutes of the General Meeting shall be drawn up by a notary public in the form of a notarial deed. Non-compliance with this obligation shall result in absolute nullity of the resolutions. The minutes should be accompanied by the evidence of convening the General Meeting and the proposed agenda, the attendance list signed by the

participants of the General Meeting and the Chairman, powers of attorney and other documents submitted by the representatives of the shareholders. Irrespective of the notary public, the Chairperson of the General Meeting may order the preparation of full minutes of the General Meeting recording the course of the General Meeting and the content of individual statements in a comprehensive manner. Minutes shall be taken by a Secretary elected by the General Meeting. The minutes of all General Meetings shall be included in the book of minutes kept by the Management Board. All shareholders, even those not participating in the General Meeting, may view the book of minutes of the General Meetings and request the issuance of copies of all or part of the minutes, against payment.

#### **14.10. The Management Board of MIRBUD S.A. and the rules of appointing and dismissing managing persons**

In the period from 01/01/2023 to 31/12/2023, the Management Board of MIRBUD S.A. consisted of four members.



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

##### **Jerzy Mirgos – President of the Management Board**

He has been gaining experience in managing companies operating in the construction sector since 1985, working, among others, in managerial positions in enterprises and commercial law companies. Since 2002, his professional career has been connected with the Issuer's company, where in recent years he held the position of General Director, responsible, among other things, for its strategy and further development. In 2008, he founded JHM DEVELOPMENT S.A., where he holds the position of the Vice-President of the Management Board, and in which is indirectly the majority shareholder. He considers the creation of the thriving MIRBUD Capital Group and the introduction of two companies, MIRBUD S.A. and JHM DEVELOPMENT S.A., to the trading floor of the Warsaw Stock Exchange to be his greatest professional success. On 23 June 2012 Mr. Jerzy Mirgos assumed the position of the President of the Management Board of MIRBUD S.A. On 11 May 2022 the Issuer's Supervisory Board appointed Mr. Jerzy Tomasz Mirgos to the Management Board of MIRBUD S.A. and entrusted him with the function of the President of the Management Board of MIRBUD S.A. for another individual five-year term of office.

##### **Sławomir Nowak – Vice-President of the Management Board**

Higher education - graduated from the Warsaw University of Technology, Faculty of Electrical Engineering - specialisation: Automation of Technological Processes. In 1999, the Council of the Faculty

of Electrical Engineering awarded him the title of Doctor of Technical Sciences. In his professional career, he worked in managerial positions in the education and construction sectors.

In the structure of MIRBUD S.A. so far he has been the Deputy General Director of MIRBUD S.A. and the Director of the Contract for the construction of the Hilton Hotel in Warsaw.

By way of resolution of the Supervisory Board, as of 25 May 2012 he was appointed to the position of Vice-President of the Management Board of MIRBUD S.A. On 11 May 2022 the Issuer's Supervisory Board appointed Mr. Sławomir Nowak to the Management Board of MIRBUD S.A. and entrusted him with the function of Vice-President of the Management Board of MIRBUD S.A. for another individual five-year term of office.

### **Paweł Korzeniowski – Member of the Management Board**

Holds a higher education degree. Graduated from the University of Łódź - Faculty of Economics and Sociology, in the field of Economics, specialisation: Economics of Industry, where in the years 2001-2005 he completed his doctoral studies. For over 10 years he worked in banking, completed numerous courses and training in finance, banking mathematics, and financial analysis. Currently, he is also a member of the Supervisory Board of MARYWILSKA 44 Sp. z o.o. and KOBYLARNIA S.A. On 19 May 2023, the Issuer's Supervisory Board appointed Mr. Tomasz Sałata to the Company's Management Board for another five-year term, due to the expiry of term of office.

### **Tomasz Sałata – Member of the Management Board**

He has been working for the company as technical director since 2010. He also worked as director of construction production in Rex-Bud (2009-2010), director of production in Varitex (2001-2009), director of the Energoexport branch in Łódź and director of production and board member of Budmatpol. He graduated from the Faculty of Construction and Architecture of the Technical University of Łódź. On 19 May 2023, the Issuer's Supervisory Board appointed Mr. Tomasz Sałata to the Company's Management Board for another five-year term, due to the expiry of term of office.

According to § 29 of the Articles of Association, the Management Board is composed of 1 (one) to 5 (five) members. The number of members of the Management Board shall be determined by way of a separate resolution of the Supervisory Board of the Company. Members of the Management Board or the entire Management Board shall be appointed by the Supervisory Board. Members of the Management Board are appointed for an individual term of office lasting five years from the date of their appointment. Pursuant to § 31 of the Articles of Association, the Management Board conducts the Company's affairs and represents the Company. The Regulations of the Management Board specifying in detail the Management Board procedures were amended by way of Resolution No. 6/2023 of the Management Board of MIRBUD S.A. of 08 August 2023, following approval of the Regulations of the Management Board by way of Resolution of the Supervisory Board No. XVI/2023 of 28 August 2023. The consolidated text of the Regulations of the Management Board constitutes an appendix to Resolution of the Management Board No. XVI/2023 of 28 August 2023, published at <https://relacje.mirbud.pl/strony/dokumenty-korporacyjne-1>.

The Regulations shall be adopted by the Management Board and approved by the Supervisory Board by way of a resolution. The President of the Management Board shall have a casting vote in all cases where an equal number of votes was cast for and against a given resolution. Resolutions of the Management Board are adopted at meetings by an absolute majority of votes. A resolution of the Management Board is required in matters provided for by law and the Articles of Association, in particular in matters exceeding ordinary management:

- a) introduction of organisational regulations defining the organisation of the Company's enterprise;
- b) taking out credits and loans;
- c) providing financial guarantees and asset sureties;
- d) obtaining financial guarantees and asset sureties;
- e) selling and acquiring fixed assets with the value exceeding 5% of the Company's total assets for the last audited financial year.

The Supervisory Board's prior approval shall be required for the Management Board to make a decision in the matters referred to in items b), c) and e) with a value exceeding 5% of the Company's total assets for the last audited financial year.

Prior approval of the Supervisory Board is also required by the decision of the Management Board on the matter of:

1. cessation or material limitation of any activity of the Company provided for in the Articles of Association;
2. adopting or amending the Company's strategic plan;
3. payment of an advance on the expected dividend to the Company's shareholders.

According to § 32 of the Articles of Association, if the Management Board is composed of one person, a member of the Management Board is solely authorised to make declarations and sign on behalf of the Company, and if the Management Board is composed of more than one person, the cooperation of two members of the Management Board or one member of the Management Board together with the Proxy is required. The Supervisory Board shall represent the Company in the contract between the Company and a Management Board member, as well as in any disputes with the said member.

#### 14.11. Supervisory Board of MIRBUD S.A.

The Supervisory Board of the Company is elected by the General Meeting of Shareholders and consists of not less than five and not more than seven members.

Members of the Supervisory Board may be recalled in the same manner. A Supervisory Board member should not resign from their function during the term of office, if it could preclude the operation of the Board, and in particular, if it could preclude timely adoption of a significant resolution. If a Supervisory Board member resigns or if his mandate expires for other reasons before the end of the term of office of the Supervisory Board, the next General Meeting of Shareholders may supplement the composition of the Board. The candidacies of the Supervisory Board members are proposed and justified in detail in a manner enabling an informed election. Members of the Supervisory Board are appointed for an individual term of office lasting four years from the date of their appointment.

As at 31/12/2023, the Issuer's Supervisory Board was composed of the following persons:

*Table: Composition of the MIRBUD S.A. Supervisory Board in the period from 01/01/2023 to 31/12/2023*

Name and surname	Position
<b>Wiesław Kosonóg</b>	Chairman of the Supervisory Board (until 01/12/2023)
<b>Radosław Niewiadomski</b>	Member of the Supervisory Board
<b>Agnieszka Bujnowska</b>	Secretary of the Supervisory Board
<b>Artur Sociński</b>	Member of the Supervisory Board (until 30/09/2023)
<b>Stanisław Lipiec</b>	Member of the Supervisory Board (until 11/02/2024)
<b>Jacek Tucharz</b>	Member of the Supervisory Board (since 30/01/2023)
<b>Bartosz Wilczak</b>	Member of the Supervisory Board (since 18/10/2023)

*Table: Composition of the Supervisory Board of MIRBUD S.A. as of the date of publication of the report*



Name and surname	Position
<b>Radosław Niewiadomski</b>	Chairman of the Supervisory Board - since 18/03/2024
<b>Agnieszka Bujnowska</b>	Secretary of the Supervisory Board
<b>Jacek Tucharz</b>	Member of the Supervisory Board - since 30/01/2023
<b>Bartosz Wilczak</b>	Member of the Supervisory Board - since 18/10/2023
<b>Jerzy Łuczak</b>	Member of the Supervisory Board - since 18/03/2024

### **Wiesław Kosonóg - Chairman of the Supervisory Board (until 01/12/2023)**

Holds a university degree. Graduated from the Higher School of Economics and Humanities in Skierniewice, the Faculty of Administration with specialisation in public administration and the Higher School of National Economy in Kutno, the Faculty of European Studies with specialisation in diplomacy and international relations, common foreign and security policy of the European Union. Has over 30 years of practical experience in economics and finance, and business management. A manager with extensive practical experience in managing complex business projects, as well as a long-term member of supervisory boards, including: the second and third term of office of the Voivodship Fund for Environmental Protection and Water Management in Łódź; member of the Board of the Łódź Branch of the National Health Fund in Łódź; member and chairman of the Supervisory Board of a joint stock company listed on the Warsaw Stock Exchange; Chairman of the Supervisory Board of the Sadowniczy Zakład Doświadczalny [Pomiculture Experimental Plant] IO - Spółka z o.o. in Brzezna during the period of the company's restructuring plan and stabilisation of its financial situation. He was also a Councillor of the 2nd term of office of the of the Łódź Voivodeship Sejmik, vice-chairman of the audit committee and vice-chairman of the foreign cooperation committee. Recently, he worked as President of the company's single-person management board at the Kwiaciarski Zakład Doświadczalny [Floral Experimental Plant] IO - Nowy Dwór Spółka z o.o. The mandate of Supervisory Board member, Wiesław Kosonóg, expired on 01/12/2023 as a result of his resignation, as announced by the Company in Report No. RB 58/2023 of 04/12/2023.

### **Radosław Niewiadomski - Deputy Chairman of the Supervisory Board**

Holds a higher education degree in economy. Graduated from the University of Łódź, Faculty of Economics and Sociology, majoring in Economics and Organisation of Industry, with the degree of Master of Economics. He has over 30 years of experience in finance and banking and has completed numerous courses and training in the area. He gained and perfected his professional experience as, among others, the Director or Deputy Director of Branches of Pekao S.A. and Kredyt Bank S.A., as well as the Inspector in the Finance Department of the Łowicz PowiatStarosty. Currently, Mr. Radosław Niewiadomski is a member of the Supervisory Board of a subsidiary, JHM DEVELOPMENT S.A.

### **Agnieszka Maria Bujnowska - Secretary of the Supervisory Board**

Holds a higher education degree, graduated from the Faculty of Management of the University of Łódź, specialisation: accounting, financial analysis of enterprises; she also passed the exam for supervisory board members in State-owned companies - Minister of Treasury Diploma No. 2262/2007.

### **Artur Sociński - Member of the Supervisory Board (until 30/09/2023)**

Graduate of the Higher School of Insurance and Banking, completed Executive MBA studies at the Institute of Economics of the Polish Academy of Sciences (thesis on the strategy of banks in Poland). He started his professional career in 1998 as a credit analyst in Bank Śląski S.A. From 2001 to 2005, Mr. Artur Sociński worked as an investment and corporate banking expert, and from 2006 to 2016, he served as a team leader and corporate sales director in corporate banking. From 2017 to 2019, Mr.

Artur Sociński was the Deputy Director and Director of the Restructuring and Corporate Governance Office, as well as the Vice-President of Shipbuilding Industry at Fundusz Rozwoju Spółek S.A. Currently, he is deputy director of the Financial Services Office in Agencja Rozwoju Przemysłu S.A. Mr. Artur Sociński served on supervisory boards of private companies in various sectors and has experience in corporate finance and restructuring. The mandate of Supervisory Board member, Artur Sociński, expired on 30/09/2023 as a result of his resignation, as announced by the Company in Report No. RB 30/2023 of 31/08/2023.

### **Stanisław Lipiec - Member of the Supervisory Board (from 30/01/2023 to 11/02/2024)**

Mr. Stanisław Lipiec graduated from the Post-secondary Survey and Road School in Lublin with specialisation in roads and bridges for motor vehicles. In the following years Mr. Stanisław Lipiec graduated from the University of Economics and Humanities in Skierniewice at the Faculty of Sociology and Management (specialisation: entrepreneurship and management), and next from the K. Pułaski University of Technology and Humanities in Radom (Faculty of Economics, specialisation: economics). Mr. Stanisław Lipiec worked as Head of the Road and Transport Authority of the Skierniewice City Council, and earlier also as Supervision Inspector of the Żoliborz District Council in Warsaw, as well as Head of the Road Section in Skierniewice. The term of office of Supervisory Board member, Stanisław Lipiec, expired on 11/02/2024 as a result of his death.

### **Jacek Tucharz - Member of the Supervisory Board since 30/01/2023**

Graduate of the Warsaw School of Economics (SGH). Holds a securities broker license No. 1047. Between 1993 and 1996, employed at the Brokerage Office of Powszechny Bank Kredytowy S.A. as a specialist and then as a securities broker. Between 1996 and 2002 employed at Trinity Management sp. z o.o. (NFI Programme) as Head of Investments. Between 2002 and 2005, Head of the Leading Companies Department at PZU NFI Management sp. z o.o. Between November 2007 and December 2012, President of Auto – Centrum Puławska sp. z o.o. Between 2013 and 2014, Vice-President of the Management Board of Energosynergia Technologie sp. z o.o. Between 2019 and 2020, Member of the Management Board of Herkules S.A. (a company listed on the Warsaw Stock Exchange). Since 2019, Member of the Management Board of Grovert Investments sp. z o.o. Between 2009 and 2022, an independent member of the Supervisory Boards in public companies, including: Forte S.A., Seco-Warwick S.A., Compremum S.A., Herkules S.A., MLP S.A., and Pelion S.A.

### **Bartosz Wilczak - Member of the Supervisory Board since 18/10/2023**

Holds a university degree. He completed his MBA at Collegium Humanum Warsaw Management University, postgraduate studies at the Andrzej Frycz Modrzewski Kraków University (faculty: Human Resources Management), Postgraduate Management Studies at the University of Silesia in Katowice (specialisation: Enterprise Management) and a Master's degree at the University of Silesia in Katowice (major: political science). Mr. Bartosz Wilczak has many years of professional experience in project coordination and management. He has also served as the President of the Management Board of DL Invest Group Venture Capital Sp. z o.o., GPW Inżynieria Sp. z o.o. and Fitwell Sp. z o.o. He is currently the project manager for the project titled "Understanding Silesia" of the Katowice-based Pokolenie association. Mr. Bartosz Wilczak meets the criteria for independence of a supervisory board member as set out by the European Commission in the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (OJ EU L 05.52.51) and Annex II to that Recommendation and the additional requirements indicated in the Best Practices for WSE Listed Companies, which are annexed to Resolution No. 13/1834/2021 of the Exchange Supervisory Board of 29 March 2021.



The Supervisory Board acts in accordance with the Commercial Companies Code and the Articles of Association of MIRBUD S.A., as well as on the basis of the Regulations of the Board which define in detail its organisation, manner of performing the activities and duties of members related to the function performed on the Board. As authorised by the Company's Articles of Association, the Supervisory Board established and adopted its Regulations by way of Resolution No. XXV of 17 November 2009, which were subsequently amended by Supervisory Board Resolution No. XV/2023 of 28 August 2023. The consolidated text of the Supervisory Board Regulations constitutes an appendix to Resolution No. XV/2023 of the Supervisory Board and has been published at <https://relacje.mirbud.pl/strony/dokumenty-korporacyjne-1>.

The members of the Supervisory Board elect from among themselves a Chairman, a Deputy Chairman and a Secretary.

Meetings of the Supervisory Board shall be convened as and when required, but at least once every quarter of the financial year. Pursuant to § 26 of the Articles of Association the Management Board or a member of the Supervisory Board may request that a meeting of the Supervisory Board be convened, stating the proposed agenda. The Chairman of the Supervisory

Board shall convene a meeting with an agenda in accordance with the request. Such meeting shall take place no later than two weeks after receipt of the request. If the Chairman of the Supervisory Board does not convene a meeting, the requesting party may convene the meeting personally.

Meetings of the Supervisory Board of the Company shall be held in the place indicated in the notification. The first meeting of the Supervisory Board shall be convened by the Management Board of the Company. The Chairman shall convene a meeting of the Board on their own initiative, at the request of the Company's Management Board or any other Board member, who shall at the same time indicate the proposed agenda for the Board's meeting and the persons outside the Board and the Management Board whose participation in the meeting is advisable due to the matters considered by the Board. In this case, the Chairman shall convene a meeting of the Supervisory Board with an agenda in accordance with the request. Such meeting shall take place no later than two weeks after receipt of the request. If the Chairman of the Supervisory Board does not convene a meeting in this manner, the requesting party may convene the meeting personally. Meetings of the Supervisory Board, except for matters directly related to the Management Board or its members, especially dismissal, responsibility and determination of remuneration, are available and disclosed to the members of the Management Board. The shareholders (or their proxies), whose motions or appeals are the subject of the meeting, are also entitled to participate in a part of the Board's meeting; if the invited shareholder or his proxy, holding a written power of attorney, fails to report to the Board's meeting without prior notification of the Board about an obstacle to appearance, the Board shall consider the motion or appeal in absentia by notifying the person concerned of the decision taken by registered letter. Resolutions of the Supervisory Board may be adopted if at least half of its members are present at the meeting and all its members have been invited to the meetings of the Board in accordance with the principles set forth in the Regulations of the Supervisory Board. An invitation to a Board meeting shall be delivered to the Board members personally or by registered mail or to a designated e-mail address. An invitation to a Board meeting should be delivered in time to enable Board members to familiarise themselves with the proposed agenda and prepare for the Board meeting. Notwithstanding the above provisions, the Supervisory Board may waive the requirement of prior notification if all members of the Board are present at the meeting and none of them raises an objection to the time and place of the meeting as well as to the proposed agenda. When there are no important reasons, the agenda of the Supervisory Board meeting should not be changed or supplemented during the meeting to which it relates. During the meeting, the Supervisory Board may also adopt resolutions on matters not included in the proposed agenda if none of the Supervisory Board members attending the meeting objects. Resolutions of the Supervisory Board may be adopted on any matter adopted for consideration in the agenda adopted in an open voting; each member of the Supervisory Board may submit a motion for including or deleting the matter from the agenda until the

beginning of the vote on the agenda. Resolutions of the Supervisory Board shall be signed by all present members of the Supervisory Board. Resolutions shall be adopted by an absolute majority of votes.

Resolutions of the Board may be adopted if at least half of its members are present at the meeting and all its members have been invited to the meetings of the Board in accordance with the principles set forth in the Regulations of the Supervisory Board. Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes. Voting at Board meetings shall be open unless otherwise required by law. Members of the Supervisory Board voting against a resolution may submit a dissenting opinion to the minutes.

Resolutions adopted in writing shall be valid as if they were adopted at a properly convened meeting if signed by a majority of members of the Supervisory Board. The Supervisory Board adopts resolutions by way of a written procedure in accordance with the following principles: a) the Chairman or a member of the Supervisory Board authorised in writing by the Chairman shall send to all members of the Supervisory Board draft resolutions to be adopted by way of a written procedure, together with materials related to adopting the said resolution and information about the deadline by which a copy of the resolution signed by the member of the Supervisory Board must be sent; b) a member of the Supervisory Board shall immediately complete and sign a copy of the resolution and send it to the address indicated by the Chairman or a member of the Supervisory Board authorised by the Chairman; if a copy of the signed resolution is sent by fax or e-mail, the member of the Supervisory Board is also obliged to immediately send the original of the signed resolution; c) the date of adoption of the resolution shall be the date indicated on the copy of the resolution which was received as the last one within the deadline referred to in letter a). The Supervisory Board meeting may also be attended by means of direct remote communication. The Supervisory Board may adopt resolutions using means of direct remote communication. A resolution shall be valid when all members of the Board have been notified of the content of the draft resolution and at least half of the members of the Board have participated in adopting the resolution. If the Supervisory Board adopts resolutions use the means of direct remote communication, such means should at least enable simultaneous communication by all members of the Supervisory Board participating in adopting resolutions in this mode. During the meeting, the Supervisory Board may also adopt resolutions on matters not included in the proposed agenda if none of the Supervisory Board members attending the meeting objects.

A group of shareholders or the Supervisory Board may delegate individual members to individually perform supervisory functions. Members of the Supervisory Board delegated to permanent individual supervision shall receive separate remuneration, the amount of which shall be determined by the General Meeting. A Supervisory Board member delegated to exercise permanent supervision should submit to the Supervisory Board a detailed report on their function after the end of each financial year, as well as after the end of such supervision.

Members of the Supervisory Board should be able to devote the necessary amount of time to perform their duties. Members of the Supervisory Board should take appropriate action to receive from the Management Board regular and complete information on all important matters concerning the Company's and the Capital Group's operations as well as on the risks related to the conducted operations and the methods for managing such risks. Information on personal, factual and organisational relations of a Supervisory Board member with a specific shareholder, in particular with a majority shareholder, should be publicly available. The Company should obtain such information from members of the Supervisory Board and publish it. A member of the Supervisory Board should enable the Management Board to provide information in a public and appropriate manner on the sale or acquisition of shares in the Company or in its parent or subsidiary, as well as on transactions with such companies, provided that they are material to their financial situation. A member of the Supervisory Board should, above all, bear in mind the interests of the Company and the capital group. A member of the Supervisory Board should avoid any professional or non-professional activity which might lead to a conflict of interest or influence their reputation as a member of the Supervisory Board. A member of the

Supervisory Board shall inform the other members of the Board of any conflict of interest which has arisen or may arise, and shall not take part in the consideration of any matter in which a conflict of interest may arise in relation to that member. If a member of the Supervisory Board determines that a decision of the Supervisory Board is contrary to the interest of the Company, that member of the Supervisory Board should request that their dissenting opinion on the matter be included in the minutes of the meeting of the Supervisory Board. A Supervisory Board member should not resign from their function during the term of office, if it could preclude the operation of the Board, and in particular, if it could preclude timely adoption of a significant resolution.

In addition to its activities under the law, once a year the Supervisory Board shall prepare an annual report and present it to the Ordinary General Meeting for approval. The report referred to above includes at least a) information on the composition of the Board and its committees with an indication of which members of the Board meet the independence criteria set out in the Act on Statutory Auditors, Audit Firms and Public Oversight, and which of them do not have actual and significant links with a shareholder holding at least 5% of the total number of votes in the company, as well as information on the composition of the Supervisory Board in the context of its diversity; b) summary of activities of the Board and its committees; c) an assessment of the company's situation on a consolidated basis, including an evaluation of the internal control systems, risk management, compliance and the internal audit function, together with information on the actions the Supervisory Board has taken to make this assessment; this assessment shall include all control mechanisms, including in particular those relating to reporting and operations d) an assessment of the company's application of the rules of corporate governance and the manner of fulfilling information obligations concerning their application, specified in the Stock Exchange Rules and regulations concerning current and periodic information provided by issuers of securities, together with information on actions taken by the Supervisory Board to make this assessment; e) an assessment of the reasonableness of expenditures incurred by the Company and its group in a given year for the support of culture, sports, charitable institutions, the media, social organisations, trade unions, etc.; f) information on the extent to which the diversity policy is implemented with respect to the Management Board and the Supervisory Board, including the achievement of the diversity policy goals. The Supervisory Board carries out an evaluation of its work once a year and presents it to the ordinary General Meeting. The Supervisory Board gives its opinion on draft resolutions submitted by the Management Board to the agenda of the General Meeting. In the event that a transaction between the Company and a related entity requires the approval of the Supervisory Board, prior to adopting a resolution on approval, the Supervisory Board shall assess whether it is necessary to first seek the opinion of an external entity which will conduct a valuation of the transaction and an analysis of its economic impact. If the conclusion of a transaction with a related entity requires approval of the General Meeting, the Supervisory Board shall prepare an opinion on the validity of concluding such a transaction. In such a case, the Board assesses the need to first consult with an external entity to perform a valuation of the transaction and an analysis of its economic impact. The Supervisory Board may appoint permanent or ad hoc specialist or advisory teams which, upon the request of the Supervisory Board, shall prepare opinions, expert opinions or forecasts necessary to take decisions which are optimal from the perspective of the Company's and the capital group's interests.

Pursuant to § 27 of the Articles of Association, the Supervisory Board exercises permanent supervision over the Company's activities. The competences of the Supervisory Board include in particular:

- 1) appointing and dismissing members of the Company's Management Board and determining the number of members of the Company's Management Board;
- 2) determining the principles and amounts of remuneration for the members of the Management Board;
- 3) giving consent to any benefits by the Company and any entities related to the Company for the members of the Management Board and for the benefit of entities related to them;
- 4) granting consent for the Company or its subsidiary to enter into a material contract with a related entity or a related entity of a member of the Management Board or the Supervisory Board;

- 5) concluding, with the consent of the General Meeting, contracts for the performance of management in the Company;
- 6) granting permission to establish branches abroad, at the request of the Management Board;
- 7) selecting an audit firm to audit or review the financial statements of the Company and the capital group and granting consent to the conclusion of contracts with such an entity or its related entities and to perform any other activities that may limit the independence of such an entity in auditing or reviewing the financial statements of the Company and the capital group;
- 8) assessing the financial statements, both as regards their consistency with the books and documents, and with the facts;
- 9) assessing the Management Board's reports on the Company's and the capital group's operations and the Management Board's motions regarding the distribution of profit or coverage of losses;
- 10) preparing and submitting an annual written report for the previous financial year (Supervisory Board Report) to the Ordinary General Meeting;
- 11) giving consent for the Company to establish another company and take up or purchase shares in other companies;
- 12) giving consent to the performance of the activities referred to in § 31 sections 7 and 8 of the Company's Articles of Association;
- 13) approving the Regulations of the Management Board.

Each member of the Supervisory Board should enable the Management Board to provide information in a public and appropriate manner on the sale or acquisition of shares in the Company or in its parent or subsidiary, as well as on transactions with such companies, provided that they are material to their financial situation.

The remuneration of the Supervisory Board members is determined by the General Meeting on the basis of transparent procedures and principles. Starting from 01 July 2020, the Company applies the Remuneration Policy for the Members of the Management Board and the Supervisory Board of MIRBUD Spółka Akcyjna, adopted by way of Resolution No. 23/2020 of the Ordinary General Meeting of Shareholders of MIRBUD S.A. with its registered office in Skierniewice on 30 June 2020, adopted on the basis of Article 90d section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (consolidated text: Journal of Laws of 2019, item 623, as amended) and constitutes an appendix to Resolution No. 23/2020. The remuneration of the Supervisory Board members does not constitute a material item of the costs of the Company's activity and does not have a serious impact on its financial result. The total amount of remuneration of all members of the Supervisory Board, as well as individual remuneration of each member of the Supervisory Board, divided additionally into its components, is disclosed in the annual report, together with information on the procedures and rules of its determination. The activities of the Supervisory Board are financed from the Company's own funds at its expense, which delegates the administrative and financial resources necessary to ensure the efficient functioning of the Supervisory Board.

The Audit Committee operates within the structure of the Supervisory Board of MIRBUD S.A. and is separated as a monitoring, advisory and opinion-forming body, acting collectively on the basis of special provisions of law and Regulations of the Audit Committee of MIRBUD S.A.

#### **Composition of the Audit Committee:**

The composition of the Audit Committee is adjusted to the requirements of Article 129 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight:



1. **Radosław Niewiadomski** - Chairman of the Audit Committee, appointed by way of Resolution of the Supervisory Board No. XIII/2021 of 25 June 2021.
2. **Wiesław Kosonóg** - Secretary of the Audit Committee, appointed by way of Resolution of the Supervisory Board No. XIII/2019 of 31 May 2019 and Resolution No. XIV/2023 of 27 June 2023 - term of office expired on 01/12/2023.
3. **Stanisław Lipiec** - Member of the Audit Committee, appointed by way of Resolution of the Supervisory Board No. I/2023 of 30 January 2023 - term of office expired on 01/12/2023.

Radosław Niewiadomski - Chairman of the Audit Committee; has knowledge and skills in the field of accounting and also meets the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws, item 1089 of 6 June 2017) and has no real and significant relations with a shareholder holding at least 5% of the total number of votes in the Company (Rule 2.3 of the Best Practices of Companies Listed on the WSE 2021). Mr. Radosław Niewiadomski has a university degree in economy - he graduated from the University of Łódź, Faculty of Economics and Sociology, majoring in Economics and Organisation of Industry, with the degree of Master of Economics. He has over 30 years of experience in finance and banking and has completed numerous courses and training in the area. He gained and perfected his professional experience as, among others, the Director or Deputy Director of Branches of Pekao S.A. and Kredyt Bank S.A., as well as the Inspector in the Finance Department of the Łowicz County Starosty.

Wiesław Kosonóg - Secretary of the Audit Committee meets the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws item 1089 of 6 June 2017) and has no real and significant relations with a shareholder holding at least 5% of the total number of votes in the Company (Rule 2.3 of the Best Practices of Companies Listed on the WSE 2021). Due to the resignation of Mr. Wiesław Kosonóg, his mandate on the Supervisory Board expired on 01/12/2023 and his function on the Audit Committee ceased.

**As of 30/01/2023 Mr. Stanisław Lipiec was appointed to the Supervisory Board, selected as a member of the Audit Committee by way of Resolution No. I/2023 of the Supervisory Board of 30 January 2023.**

Stanisław Lipiec - Member of the Audit Committee; has professional experience in the construction industry and knowledge and skills in the industry in which the Company operates. **Mr. Stanisław Lipiec graduated from the Post-secondary Survey and Road School in Lublin with specialisation in roads and bridges for motor vehicles. In the following years Mr. Stanisław Lipiec graduated from the University of Economics and Humanities in Skierniewice at the Faculty of Sociology and Management (specialisation: entrepreneurship and management), and next from the K. Pułaski University of Technology and Humanities in Radom (Faculty of Economics, specialisation: economics). Mr. Stanisław Lipiec worked as Head of the Road and Transport Authority of the Skierniewice City Council, and earlier also as Supervision Inspector of the Żoliborz District Council in Warsaw, as well as Head of the Road Section in Skierniewice. Fulfils the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws, item 1089 of 6 June 2017) and has no actual and significant relationship with a shareholder holding at least 5% of the total number of votes in the Company (Rule 2.3 of the Best Practices for WSE Listed Companies 2021).**

Due to the death of Mr. Stanisław Lipiec, his mandate on the Supervisory Board expired on 11/02/2024 and his function on the Audit Committee ceased.

The Audit Committee in its indicated composition meets the independence criteria and other requirements set out in Article 129(1), (3), (5) and (6) of the Act on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws of 2017, item 1089). The independence of the Audit Committee members is verified by the Supervisory Board.

**For financial year 2023, verification of the independence and knowledge and experience requirements of the Audit Committee members was conducted by the Supervisory Board on 28/03/2023.**

**The Company observes regulations regarding the appointment, composition and operation of the audit committee, including those regarding the fulfilment of independence criteria by its members and requirements for having knowledge and skills regarding the industry in which the issuer operates as well as in accounting or auditing financial statements.**

The Audit Committee operated under the Audit Committee Regulations of the Supervisory Board adopted by Board Resolution No. XIV/2017 dated 30 November 2017 and from 27 July 2021 under the Audit Committee Regulations of the Supervisory Board adopted by Board Resolution No. XVI/2021. The consolidated text of the Audit Committee Regulations constitutes an appendix to Resolution No. XVI/2021 of the Supervisory Board and has been published at <https://relacje.mirbud.pl/strony/dokumenty-korporacyjne-1>.

The Audit Committee of MIRBUD S.A. held regular meetings during the period from 01/01/2023 to 31/12/2023.

The Audit Committee of MIRBUD S.A. held four meetings in the financial year 2023.

#### **14.12. Policy for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group**

The Audit Committee of the Supervisory Board of MIRBUD S.A., acting as a public interest entity body and taking into account the fact that MIRBUD S.A. is the parent of the MIRBUD Capital Group, pursuant to Article 130(1) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight establishes the following rules concerning the selection of an audit firm to carry out audits of the Company's financial statements and the Capital Group's consolidated financial statements:

- 1) the selection of the audit firm is made sufficiently in advance to allow the audit contract to be signed in time for the audit firm to review the interim financial statements and participate in the inventory-taking of significant assets;
- 2) when selecting an audit firm, the Audit Committee and the Supervisory Board of the Company pay particular attention to the need to maintain the independence of the audit firm and the statutory auditor, in particular the Audit Committee, when making its recommendation to the Supervisory Board of the Company, takes into account the scope of services provided by the audit firm and the statutory auditor during the last five years preceding the selection of the audit firm;
- 3) control and monitoring of the independence of the audit team and the audit firm shall be carried out at each stage, in particular: when considering bids submitted, before proceeding with the financial audit activity, also in case of continuation of the contract in the following financial year;
- 4) selection of the audit firm is made taking into account the audit firm's experience in statutory audit of financial statements of public interest entities, including companies listed on the Warsaw Stock Exchange, and knowledge of the segments in which MIRBUD Capital Group companies operate, as well as the proposed price for the statutory audit;
- 5) selection of the audit firm is made taking into account the applicable provisions on principle of rotation of the audit firm and the key statutory auditor. The key statutory auditor has not carried out statutory audits of the financial statements prepared by MIRBUD S.A. for more than five years. The key statutory auditor may carry out another statutory audit after at least three years from the end of the last statutory audit;
- 6) the first audit contract shall be concluded with the audit firm for a term of not less than two years with the possibility of renewal for successive terms of at least two years, taking into account the rotation principles of the audit firm and the key auditor under the law;



- 7) termination of the contract for audit of financial statements is only possible on legitimate grounds. In particular, the following are considered to be legitimate grounds:
  - 1) the occurrence of events that make it impossible to fulfil the requirements laid down by law for the conduct of the audit, the rules of professional ethics, independence or local professional standards;
  - 2) failure to comply with the terms of the contract other than those resulting in the possibility of expressing a qualified opinion, a negative opinion or refusal to express an opinion;
  - 3) transformations, changes in ownership, organisational changes that justify a change of audit firm or failure to conduct the audit;
- 8) in the event of termination of the audit contract, the Company's Supervisory Board shall immediately take steps described in the "Procedure for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group" to select a new audit firm;
- 9) the Management Board of the Company shall immediately inform the Polish Audit Supervision Agency and the Polish Financial Supervision Authority of the termination of the audit contract, together with an appropriate explanation of the grounds for termination.

As part of controlling, monitoring and evaluating the independence of the audit firm and individual auditors, the Audit Committee developed and adopted at its meeting on 20 October 2017:

- 1) Policy for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group;
- 2) Procedure for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group;
- 3) Policy for the provision of permitted services other than auditing financial statements by the audit firm, entities related to the audit firm and by a member of the audit firm corporate network;

During the meeting held on 28 March 2023, the Audit Committee:

1. reviewed the "*Policy for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group*" and adopted an appropriate resolution to amend the current policy. - Resolution of the Audit Committee No. III/2023 of 28 March 2023.
2. reviewed the "*Procedure for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group*" and adopted an appropriate resolution to amend the current procedure. Resolution of the Audit Committee No. IV/2023 of 28 March 2023.

The Audit Committee was informed of the composition of the audit team, and the planned timing and scope of the audit of the financial statements. At each stage, i.e. before recommending the selection of the audit firm, before the selected firm commences its audit activities, also before continuing the engagement in the next financial year, the Audit Committee obtained and analysed the relevant representations made under Article 74 of the Act on Statutory Auditors of 11 May 2017. Representations were submitted by the audit firm and members of the audit team. Also, after the audit process was completed, the audit firm and the audit team members confirmed their independence throughout the audit by submitting relevant representations of the audit firm's impartiality and independence and individual representations of the statutory auditors.

The Audit Committee, pursuant to Article 130(3) of the Act on Statutory Auditors, at its meeting on 11 May 2022, analysed the offers submitted to the Company and gave a recommendation on the selection of the entity to audit and review the financial statements of MIRBUD S.A. and the MIRBUD Capital Group prepared for the financial year 2022 and 2023, followed:

1. the rules adopted under the "*Policy for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group*";
2. the adopted "*Procedure for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group*".

In accordance with the adopted regulations, after considering the six bids submitted to the Company, the Audit Committee, by adopting Resolution No. V/2022 of 11/05/2022, recommended to the Supervisory Board the selection of an entity authorised to audit the financial statements of MIRBUD S.A. and the MIRBUD Capital Group prepared for the financial year 2022 and for the financial year 2023 from among the two entities indicated below, whose offers meet the formal conditions and obtained the highest number of points in the conducted evaluation:

1. BGGM Audyty Spółka z ograniczoną odpowiedzialnością **with its registered office in Warsaw** at Ratuszowa 11, 03-450 Warsaw, ul. Ratuszowa 11, entered in the list of audit firms kept by the Polish Audit Supervision Agency under number 3489,
2. KPW Audyty Sp. z o.o. with its registered office in Łódź, address: 90-350 Łódź, ul. Tymienieckiego 25 C/140, entered in the list of audit firms kept by the Polish Audit Supervision Agency under number 4116.

The Audit Committee recommended the selection of BGGM Audyty sp. z o. o. with its registered office in Warsaw, whose offer received the highest number of points.

Having analysed the submitted bids, taking into account the recommendation of the Audit Committee, the Supervisory Board adopted Resolution No. XIII/2022 on 11 May 2022 selecting BGGM Audyty Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw, address: 03-450 Warsaw, ul. Ratuszowa 11, entered on the list of audit firms maintained by the Polish Audit Supervision Agency under number 3489 to audit the financial statements of MIRBUD S.A. and the MIRBUD Capital Group prepared for the financial year 2022 and for the financial year 2023.

#### **14.13. Policy for the provision of permitted non-audit services of MIRBUD S.A. and the MIRBUD Capital Group**

An audit firm carrying out an audit, entities related to that audit firm and firms which are members of the audit firm's network may provide to the audited entity and to entities controlled by it non-audit services other than prohibited services which are not audit activities.

1. The provision of services only to the extent not related to the tax policy of the audited entity is admissible after obtaining an opinion of the Audit Committee of the Supervisory Board of MIRBUD S.A. (hereinafter referred to as the "Audit Committee"), which services include in particular:
  - 1) services of conducting due diligence procedures in the field of economic and financial condition;
  - 2) services of issuing letters of assurance performed in connection with the prospectus of the audited entity, carried out in accordance with the national standard for related services and consisting of carrying out agreed procedures;
  - 3) assurance engagements with regard to pro forma financial information, performance forecasts or estimated results, included in the prospectus of the audited entity;
  - 4) audit of historical financial information in a prospectus as referred to in Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by charge and publication of such prospectuses and dissemination of advertisements;
  - 5) verification of consolidation packages;
  - 6) confirmation of the fulfilment of the conditions of the concluded credit agreements on the basis of an analysis of the financial information derived from the audited financial statements of the audit firm;
  - 7) assurance engagements for corporate governance reporting, risk management and corporate social responsibility;

- 8) services to assess the compliance of information disclosed by financial institutions and investment firms with capital adequacy disclosure requirements and variable remuneration components;
  - 9) attestations concerning statements or other financial information intended for the supervisory authorities, the supervisory board or any other supervisory body of the company or its owners, outside the scope of the statutory audit and intended to assist those authorities in carrying out their statutory duties.
2. Ordering additional services which do not constitute an audit of financial statements for the benefit of the audit firm which conducts the audit of financial statements or an entity affiliated with that audit firm or a member of its network may only take place after the Audit Committee of MIRBUD S.A. has carried out an assessment of threats and safeguards for independence, in particular an assessment of whether the service provided has a significant impact on the audited financial statements.
  3. Prior to awarding an order for the provision of permitted services which do not constitute an audit of financial statements, the Management Board of MIRBUD S.A. shall be obligated to submit to the Audit Committee the scope of services covered by the order together with a statement of the key statutory auditor conducting the audit concerning compliance with the independence requirements set forth respectively in the rules of professional ethics and standards for the provision of such services by the accepting audit firm, an entity related to the audit firm or a member of its network.
  4. Prior to the acceptance of an order to provide permitted non-audit services to entities controlled by MIRBUD S.A. by an audit firm auditing the financial statements of MIRBUD S.A., an entity related to that audit firm and a member of its network, the key certified auditor shall present for the assessment of the Audit Committee the scope of services covered by the order together with an opinion as to whether the service ordered may have a significant impact on the consolidated financial statements of the MIRBUD Capital Group.

Where the total remuneration of an audit firm for the provision of additional non-audit services allowed to the audited entity, its parent or an entity controlled by it exceeds the criterion referred to in the first paragraph of Article 4(2) of Regulation No. 537/2014, the audit firm shall not undertake such provision except with the approval of the Audit Supervision Committee by administrative decision.

The audit firm, BGGM Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw, which audited the financial statements for the financial years 2022 and 2023, was the entity selected to provide an additional service to MIRBUD S.A. from the scope of permitted services, i.e. Evaluation of the remuneration report of the Management Board and Supervisory Board for the financial year 2022.

The Audit Committee reviewed the proposal submitted by BGGM Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw for the "Evaluation of the Remuneration Report of the Management Board and Supervisory Board for the financial year 2022". It has become familiar with the purpose and scope of the assurance engagement, the standard in accordance with which BGGM Audyt sp. z o.o. will carry out the evaluation of the report (International Standard on Assurance Engagements 3000) and the proposed remuneration for the service. BGGM Audyt sp. z o.o. submitted the Declaration of Impartiality and Independence from MIRBUD S.A. to be assessed by the Audit Committee.

The Audit Committee, after reviewing all available information, concluded that:

- the service provided has no impact on the audited financial statements of MIRBUD S.A. and is not connected with the Company's tax policy;
- the declaration of BGGM Audyt sp. z o.o. and the key statutory auditor conducting the audit on maintaining independence requirements defined in the professional ethics rules and standards for services other than audit, respectively, by the audit firm accepting the contract and in terms

of compliance with the provisions of Articles 69 to 73 of the Act on Statutory Auditors has been submitted and verified;

- BGGM Audyty sp. z o.o. does not provide additional permitted services to entities controlled by MIRBUD S.A. (Capital Group Companies) which are not audits of financial statements;
- the total remuneration of BGGM Audyt sp. z o.o. for the provision of services to MIRBUD S.A. will not exceed the criterion referred to in the first paragraph of Article 4(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014.

The Audit Committee has not identified any threats to the independence of BGGM Audyt sp. z o.o., the audit firm reviewing the financial statements of MIRBUD S.A. (separate and consolidated) in the event that BGGM Audyt sp. z o.o. is selected to perform the assurance engagement consisting of the evaluation of the Management Board and Supervisory Board Remuneration Report for the financial year 2022.

The Supervisory Board, taking into account the Audit Committee's assessment of the threats and safeguards to independence referred to in Articles 69 to 73 of the Act on Statutory Auditors and Resolution No. I/2023 of the Audit Committee of 28 March 2023 on approval for BGGM Audyt sp. z o.o. with its registered office in Warsaw, address: 03-450 Warsaw, ul. Ratuszowa 11, entered in the list of audit firms under number 3489, to render a permitted service which is not an audit of the financial statements, approved the Company's Management Board to conclude a contract with BGGM Audyt sp. z o.o., the subject of which is an assurance engagement consisting of the statutory auditor's assessment of the Report on remuneration of the members of the Management Board and the Supervisory Board of MIRBUD S.A. for the financial year 2023.

Resolution No. III/2023 of the Supervisory Board of 28 March 2023 on approval to conclude an agreement with the auditor to perform an assurance engagement - assessment of the Report on remuneration of the members of the Management Board and the Supervisory Board of MIRBUD S.A. for the financial year 2023 - was adopted in accordance with Article 90g (10) of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies (Journal of Laws of 2019, item 2080).

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

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