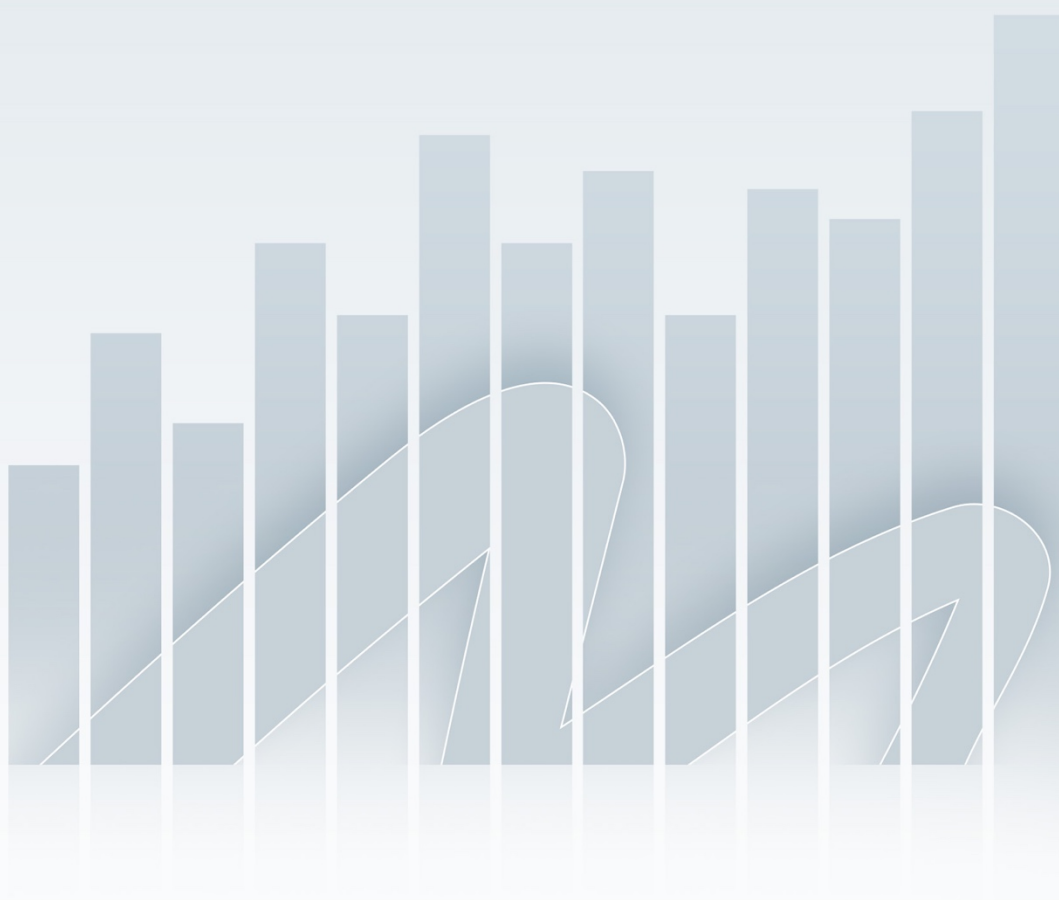




MANAGEMENT REPORT

for the first half of 2024

**MIRBUD CAPITAL GROUP**



## CONTENTS

1.	PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS.....	5
2.	ACTIVITIES OF THE MIRBUD CAPITAL GROUP .....	6
2.1.	Description of the Capital Group and its core activities.....	6
3.	FINANCIAL SITUATION OF THE MIRBUD CAPITAL GROUP.....	18
3.1.	Discussion of selected items of the consolidated financial statements of the MIRBUD Capital Group as at 30/06/2024 and 31/12/2023. ....	18
3.2.	Assessment of financial resources and liquidity management.....	22
4.	ACTIVITIES OF THE MIRBUD CAPITAL GROUP AND PROSPECTS FOR DEVELOPMENT .....	24
4.1.	Specificity of the market .....	24
4.3.	Description of activities of companies from the MIRBUD Group in the first half of 2024 .....	39
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 .....	39
4.4.	Corporate Social Responsibility .....	49
4.5.	Information on the Group's basic products, services or goods .....	49
4.6.	Information on sales and supply markets .....	52
4.6.1.	Recipients.....	52
4.6.2.	Suppliers.....	55
4.7.	Prospects for the development of the activities of the MIRBUD Capital Group.....	57
4.8.	Identification of the Issuer's main domestic and foreign investments .....	61
4.9.	Assessment of the potential for implementing investment plans .....	61
4.10	Risk factors.....	63
4.11.	Information on credits, loans, guarantees and sureties.....	80
4.11.1.	Credits and loans .....	80
4.11.2.	Long-term financial liabilities under issuance of bonds .....	85
4.11.3.	Loans granted.....	85
4.11.4.	Sureties and guarantees .....	86
4.12.	Description of use of inflows from issuing by the Company.....	90
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. ....	91
5.	MAIN CONTRACTS.....	91



5.1.	Insurance contracts.....	91
5.2.	Main contracts for construction and other works related to operating activities concluded by the Capital Group Companies.....	91
5.3.	Events and contracts concluded after the date of preparation of financial statements, which may have significant impact on the future financial results.....	96
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 .....	97
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 IDENTIFICATION OF ENTITIES SUBJECT TO CONSOLIDATION .....	98
8.	ACHIEVED AND FORECAST FINANCIAL RESULTS.....	99
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 ..	99
10.	CHANGES IN BASIC PRINCIPLES GOVERNING THE MANAGEMENT OF THE MANAGEMENT OF THE ISSUER'S ENTERPRISE AND ITS CAPITAL GROUP ...	100
11.	DESCRIPTION OF KEY FEATURES OF INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE PROCESS PREPARING FINANCIAL STATEMENTS.....	100
12.	ADDITIONAL INFORMATION.....	103
12.1.	Shareholder structure .....	103
12.1.1.	Information about the dividend paid in the period from 01/01/2024 to 30/06/2024 ...	103
12.1.2.	Information on the purchase and sale of own shares .....	103
12.1.3.	Shares and stocks of the.....	103
12.1.4.	Information on the Issuer's shares or the rights thereto held by members of the management and supervisory bodies .....	110
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 .....	111
12.1.6.	Information on the system of control over employee stock ownership plans .....	111
12.2.	Influence of factors and unusual events on the financial result for 2023 .....	111
12.3.	Changes in the basic principles of managing an enterprise .....	112
12.4.	The Management Board and the Supervisory Board and the changes in supervisory and management bodies.....	112
16.1.	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. ....	116

16.2.	Remuneration of members of the management and supervisory bodies .....	117
18.1.1.	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. ....	120
18.1.2.	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, .....	120
18.2.	Information on employee shares and limitations on the assignment of the rights to securities of MIRBUD S.A. ....	121
18.3.	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 .....	121
18.4.	Employees.....	121
18.5.	Diversity policy.....	122
18.6.	Information on contracts with entities authorised to audit financial statements .....	122
18.7.	Information on pending significant litigation before courts, arbitration bodies or public administration bodies with regard to liabilities or receivables of the issuer or its entity with regard to liabilities or receivables of the issuer or its entity .....	123
19.	STATEMENT OF THE CAPITAL GROUP ON NON-FINANCIAL INFORMATION...	124
20.	STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE OF MIRBUD S.A.....	124
20.1.	The set of corporate governance principles to which MIRBUD S.A. is subject. ....	124

## 1. PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS



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

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



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

The accounting policies adopted in the preparation of the financial statements have been presented in detail in the introduction to the financial statements for the period from 01/01/2024 to 30/06/2024.

## 2. ACTIVITIES OF THE MIRBUD CAPITAL GROUP

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

The MIRBUD Capital Group employs over 1100 employees, including highly qualified engineering staff with various specialisations in the construction industry. The Company's advantage is also a well-developed machine park which ensures performance of most of the work on the basis of its own facilities.

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

In addition, the MIRBUD Capital Group includes MARYWILSKA 44 Sp. z o.o., which, as at 30/06/2024, owns and manages the Marywilka 44 Shopping Centre, the Ostróda Warehouse and Logistics Park and commercial facilities in Starachowice and Rumia.

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



**Country of registered office:** 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 Marywilka 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>	14B Bratyslavskya Street, 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, 18th 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.

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. As at 30/06/2024, the Company has not been consolidated.

As at the date of the financial statements, the liquidation of HAKAMORE has been completed. By a decision of the District Court for Łódź Śródmieście in Łódź, 20th Commercial Division of the National Court Register, reference No. LD.XX NS-REJ.KRS/022125/24/918, HAKAMORE Spółka z ograniczoną odpowiedzialnością w likwidacji was deleted from the National Court Register as of 02/08/2024.

### 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. It 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 the KRS number 0000359265, on 27/05/2021.

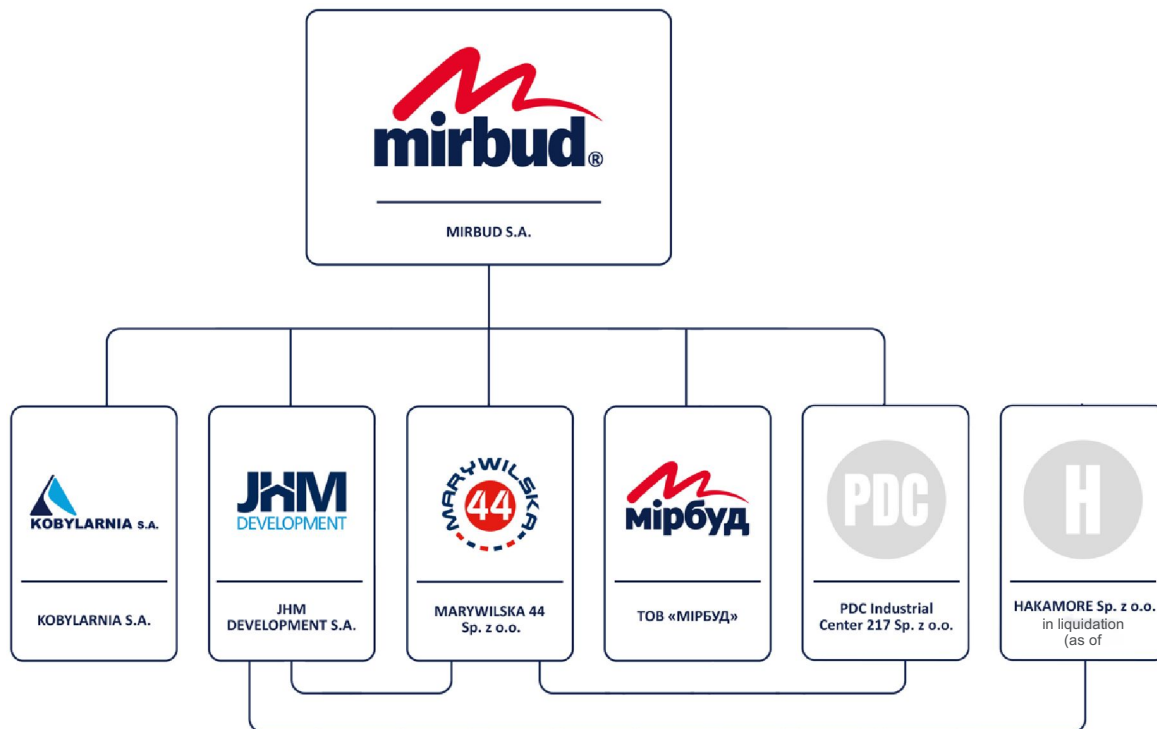
On 29 November 2023, Marywilska 44 sp. z o.o. acquired 50.12% of shares in the share capital of PDC Industrial Center 217 sp. z o.o. Under the same agreement, MIRBUD S.A. became the owner of 49.88% of shares in PDC Industrial Center 217 sp. z o.o.

On 9 February 2024, MIRBUD S.A. sold 6,148 shares in the share capital of PDC Industrial Center 217 Sp. z o.o. to PG DUTCH HOLDING I B.V. The nominal value of the shares was PLN 50 each, giving a value of PLN 307 thousand, representing 14.81% of the share capital of PDC Industrial Center 217 Sp. z o.o.

On 12 July 2024, MIRBUD S.A. completed the acquisition of 50.12% shares in the share capital of PDC Industrial Center 217 sp. z o.o. from its subsidiary, Marywilska 44 sp. z o.o.

As at 30 June 2024, the MIRBUD Group held a total of 85.19% of the shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

Diagram: MIRBUD Capital Group structure as at 30/06/2024



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

Table: Structure of shares of MIRBUD S.A. in subsidiaries as at 30/06/2024

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 1,767,600.00	<b>35.07%</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 28/06/2024, PLN 236,824.18). The sole partner of the company is MIRBUD S.A. As of 30 June 2024, 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 of 30/06/2024

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. (in liquidation as of 01/01/2024)	PLN 3,005,000	100%

Table: Structure of shares of MARYWILSKA 44 sp. z o.o. in subsidiaries and related parties as at 30/06/2024

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

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

- general construction and civil engineering;
- 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.



## KOBYLARNIA S.A.



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

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

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

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

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

## JHM DEVELOPMENT S.A.



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

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

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



## MARYWILSKA 44 Sp. z o.o.



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

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

## ТОВ «МІРБУД»

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

- general construction and civil engineering.

The Company was established for the purpose of conducting business activity in Ukraine. The Company analysed the market potential, participated in tenders and recognised the possibility of establishing cooperation with potential subcontractors and suppliers of materials for works carried out in Poland and Ukraine. At present, due to the military conflict, the Company's operations are suspended. Not subject to consolidation. The Company had no active operations in Ukraine in 2023.

## PDC INDUSTRIAL CENTER 217 sp. z o.o.

According to the Polish Classification of Businesses, the core activities of the subsidiary PDC INDUSTRIAL CENTER 217 sp. z o.o. are:

- lease and management of own or leased property.

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



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

#### 3.1. Discussion of selected items of the consolidated financial statements of the MIRBUD Capital Group as at 30/06/2024 and 31/12/2023.

Table: Selected items of the Group's assets as at 30 June 2024 and 31 December 2023 in PLN thousand.

Item	30/06/2024	% share in total assets	31/12/2023	% share in total assets	Change in PLN thousand	Change in %
<b>Fixed assets, including:</b>	<b>738,034</b>	<b>32.7%</b>	<b>846,977</b>	<b>37.1%</b>	<b>- 108,943</b>	<b>-13%</b>
Property, plant and equipment	311,090	13.8%	268,712	11.8%	42,378	16%
Investment property	337,882	15.0%	490,841	21.5%	- 152,959	0%
Intangible assets	9,261	0.4%	9,199	0.4%	62	1%
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	37,509	1.7%	40,383	1.8%	- 2,874	-7%
Investments measured using the equity method		0.0%		0.0%	-	#DZIEL/0!
Long-term trading and other receivables	1,477	0.1%	2,102	0.1%	- 625	-30%
biological assets		0.0%		0.0%	-	#DZIEL/0!
Deferred tax assets	40,815	1.8%	35,740	1.6%	5,075	14%
Other fixed assets not elsewhere classified (including prepayments and accruals)		0.0%		0.0%	-	#DZIEL/0!
<b>Current assets, including:</b>	<b>1,519,877</b>	<b>67.3%</b>	<b>1,436,824</b>	<b>62.9%</b>	<b>83,053</b>	<b>6%</b>
Inventories	404,820	17.9%	389,856	17.1%	14,964	4%
Income tax receivables	5,596	0.2%	20,056	0.9%	- 14,460	0%
Trade receivables and other receivables	786,443	34.8%	595,914	26.1%	190,529	32%
Short-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	53	0.0%	35,222	1.5%	-35169	-100%
Cash and cash equivalents	322,965	14.3%	395,776	17.3%	-72811	-18%
Other current assets n.e.c.		0.0%		0.0%	0	#DZIEL/0!
fixed assets held for sale		0.0%		0.0%	0	
<b>Total assets</b>	<b>2,257,911</b>	<b>100.0%</b>	<b>2,283,801</b>	<b>100.0%</b>	<b>-25,890</b>	<b>-1%</b>

As at 30/06/2024, compared to the end of 2023, the value of the balance sheet total of the MIRBUD Group has not changed significantly. However, the Group's asset structure has changed.

Current assets which, as of 30/06/2024, comprise 67.3% of the Group's total assets (increase in the share of current assets in the balance sheet total by 4.4 p.p. compared to the end of 2023) continue to constitute the dominating value.

The following remain significant items of current assets: trade receivables and other receivables accounting for 34.8% of total assets (an increase in the share of total assets by 8.7 p.p. compared to 2023), inventories (mainly land and residential premises at JHM DEVELOPMENT S.A.), whose share in total assets increased by 0.8 p.p. compared to 2023 and accounts for 17.9% of total assets, and cash and cash equivalents accounting for 14.3% of the Group's assets (a decrease in the Group's assets by 3 p.p.).

As at 30/06/2024, fixed assets constitute 32.7% of the total assets of the MIRBUD Group (a decrease by 4.4 p.p. compared to the end of 2023).

Fixed assets comprise mainly property, plant and equipment constituting 13.8% of the assets (an increase in the balance sheet total by 2 p.p.) and investment property (which constitute mainly property of Wodny Park Marywilaska 44, NOMI market and Shopping Centre together with Biedronka in Rumia and warehouse and logistics facilities in Ostróda constituting 15% of the total assets (a decrease in the share by 6.5 p.p. compared to 2023).

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

- destruction, as a result of a fire, of the Marywilaska 44 Shopping Centre, which is part of the Marywilaska 44 Shopping Park (reduction in the value of the investment property by the value of the destroyed investment property, at fair value after consolidation, amounts to PLN 110,930 thousand);
- an increase in the value of trade receivables and other receivables in connection with the estimated payment of compensation under the insurance policy for the Marywilaska 44 Shopping Centre by PLN 111,062 thousand;
- a reduction in the value of investment properties by PLN 38 million resulting from the valuation of the Marywilaska 44 land lease as a lease contract;
- expansion of MIRBUD headquarters (value of property, plant and equipment in progress as at 30/06/2024 - PLN 8.4 million, expected total investment costs amount to PLN 13 million);
- the execution of construction of a warehouse, logistics and production centre located in Chościszowice, Bolesławiec Municipality (increase in the value of property, plant and equipment in progress as at 30/06/2024 compared to the end of 2023 by PLN 24 million, the value of property, plant and equipment in progress as at 30/06/2024 - PLN 97 million, value of land amounts to PLN 10.5 million);
- execution of construction of an bituminous mass paving plant in KOBYLARNIA (value of property, plant and equipment in progress as at 30/06/2024 - PLN 17 million);
- sale by MIRBUD S.A. of 6,148 shares in the share capital of PDC Industrial Center 217 Sp. z o.o. to PG DUTCH HOLDING I B.V., representing 14.81% for PLN 2.8 million;
- settlement of a significant portion of receivables from contracts in the industrial and warehouse segment concluded with Panattoni Group Companies;
- maintaining inventories at a similar level to 2023 (among others, as a result of a decrease in the value of semi-finished products and work in progress from PLN 105 million in 2023 to PLN 43

million at the end of H1 2024, and an increase in the value of development products from PLN 150 million in 2023 to PLN 186 million at the end of H1 2024 which was related to obtaining occupancy permits for three projects in Skierniewice, Katowice and Łódź and their reclassification in balance sheet items);

- successive settlement of advances received for the execution of other road contracts by MIRBUD and KOBYLARNIA (the value of settled advances for road works in H1 2024 amounted to PLN 74 million, the value of unsettled advances for road works amounted to PLN 32 million);
- the Company issuing 18,348,800 ordinary L series shares which allowed raising PLN 200 million of capital
- an increase in trade receivables caused by the increase of the scale of operations in the construction and assembly segment (large road projects entering the advanced stage of execution).

Table: Selected items of liabilities as of 30 June 2024 and 31 December 2023 in PLN thousand.

Item	30/06/2024	% share of total liabilities	31/12/2023	% share of total liabilities	Change in PLN thousand	Change in %
<b>Equity</b>	<b>1,027,964</b>	<b>46%</b>	<b>793,550</b>	<b>35%</b>	<b>234,414</b>	<b>30%</b>
Issued share capital	11,009	0%	9,174	0%	1,835	20%
Profit (loss) attributable to owners of the entity	197,529	9%	135,414	6%	62,115	46%
Other capital	819,426	36%	648,962	28%	170,464	26%
Equity attributable to non-controlling shares	0	0%	0	0%	0	0%
<b>Long-term liabilities and provisions for liabilities</b>	<b>455,523</b>	<b>20%</b>	<b>496,143</b>	<b>22%</b>	<b>-40,620</b>	<b>-8%</b>
- provisions under deferred income tax	77,795	3%	46,018	2%	31,777	69%
- other provisions for long-term liabilities	9,111	0%	8,850	0%	261	3%
- long-term financial liabilities for trading liabilities and other liabilities	234,253	10%	314,284	14%	-80,031	-25%
- long-term trading and other liabilities	134,364	6%	126,991	6%	7,373	6%
- other long-term liabilities and provisions n.e.c.		0%		0%	0	0%
<b>Short-term liabilities and provisions for liabilities</b>	<b>774,424</b>	<b>34%</b>	<b>994,108</b>	<b>44%</b>	<b>-219,684</b>	<b>-22%</b>
- provisions for short-term liabilities	11,796	1%	6,690	0%	5,106	76%
- short-term financial liabilities, except for provisions, trading liabilities and other liabilities	86,772	4%	90,521	4%	-3,749	-4%
- trade and other liabilities	664,296	29%	892,131	39%	-227,835	-26%



- liabilities under deferred income tax	3,777	0%	1,730	0%	2,047	118%
other long-term liabilities and provisions n.e.c.	7,783	0%	3,036	0%	4,747	0%
Liabilities directly related to fixed assets classified as held for sale	0	0%	0	0%	0	0%
<b>Total liabilities</b>	<b>2,257,911</b>	<b>100%</b>	<b>2,283,801</b>	<b>100%</b>	<b>-25,890</b>	<b>-1.1%</b>

The structure of liabilities has changed in the first half of 2024. The activity of the MIRBUD Capital Group is financed in 46% from own funds, and in 54% from external capital. The share of long-term liabilities in financing amounted to 20% (a decrease in the share by 2 p.p. compared to 2023), and the share of short-term liabilities decreased by 10 p.p. compared to 2023 and stood at 34%.

The change in the structure of liabilities resulted mainly from:

- the Company issuing 18,348,800 ordinary L series shares which allowed raising PLN 200 million of capital
- a reduction in the value of financial liabilities by PLN 38 million resulting from the valuation of the Marywilka 44 land lease as a lease contract;
- partial repayment of remaining long-term credits and a loan from ARP S.A.;
- successive settlement of advances received for the execution of other road contracts by MIRBUD and KOBYLARNIA (the value of settled advances for road works in H1 2024 amounted to PLN 74 million, the value of unsettled advances for road works amounted to PLN 32 million);
- 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)

Table: Selected items of the Group's statements of comprehensive income for the period from 01/01/2024 to 30/06/2024 and 01/01/2023 to 31/12/2023 in PLN thousand

Item	Period from 01/01/2024 to 30/06/2024	Profitability	Period from 01/01/2023 to 30/06/2023	Profitability	Change in PLN thousand	Change in %
<b>Sales revenue</b>	1,462,311	-----	1,195,181	-----	267,130	22.4%
<b>Profit from sales</b>	143,689	9.83%	100,112	8.38%	43,577	44%
<b>Operating profit EBIT</b>	86,070	5.89%	57,995	4.85%	28,075	48%
<b>Profit before tax</b>	68,374	4.68%	36,964	3.09%	31,410	85%
<b>Net profit</b>	54,317	3.71%	28,796	2.41%	25,521	89%

In the first half of 2023, the MIRBUD Group achieved revenue comparable to that of 2023.

Compared to the first half of 2023, profitability on sales in this period increased significantly by 1.45 p.p. while net profitability was 1.3 p.p. higher. In the first half of 2024, the Group improved profitability at every level of profit and loss account.

The profitability of the Group's Companies in the first half of 2024 was influenced by the following factors:

- cooling down of the economy, the associated stabilisation and price drops in certain ranges of construction materials and services;
- a significant increase in the level of revenue and profit on sales (by over 600%) from property development activities;
- obtaining indexation for the contracts for construction of the football stadium in Płock and the construction of the Administrative Court building in Wrocław, totalling approx. PLN 18.5 million;

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

The management of the MIRBUD Group's financial resources assumes basing the Group's financing structure on long-term sources of financing. The Group Companies finance their operations in 70% 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.

The above goals are implemented in response to changing economic and business conditions through effective management of credit, interest rate and currency

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

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

Table: MIRBUD Group debt ratios

Item	30/06/2024	31/12/2023
<b>Total debt ratio</b> <i>Total liabilities / Assets</i>	0.54	0.65



<b>Long-term debt ratio</b> <i>Long-term liabilities / Assets</i>	0.20	0.22
<b>Short-term debt ratio</b> <i>Short-term liabilities / Assets</i>	0.34	0.44
<b>Debt to equity ratio</b> <i>Liabilities / Equity</i>	1.20	1.88

In the reporting period, the Group's level of debt dropped by 9% and its structure changed (the share of long-term debt decreased by 2 p.p., while the share of short-term debt decreased by 10 p.p.), which was the result of:

- the Company issuing 18,348,800 ordinary L series shares which allowed raising PLN 200 million of capital;
- working capital facilities taken from PEKAO S.A. and BOŚ S.A. with a total of PLN 36 million maturing in 2024;
- a reduction in the value of financial liabilities by PLN 38 million resulting from the valuation of the Marywilka 44 land lease as a lease contract;
- partial repayment of other long-term credits and a long-term loan;;
- partial repayment of trade liabilities as a result of full repayment of outstanding receivables by Panattoni Group Companies.

The level and structure of the Group's indebtedness in the 2024 perspective will be influenced by the period of rolling over financial liabilities arising from working capital credits, the scale of new development projects (e.g. projects in Łódź, Poznań, Skierniewice, Jastrzębia Góra), planned investments in property, plant and equipment and the implemented strategy of financing large road contracts from advances from the Employer.

Table: Company liquidity ratios

Item	31/12/2023	31 December 2022
<b>Current liquidity ratio</b>		
<b>Current assets / Short-term liabilities</b>	1.96	1.45
<b>Accelerated liquidity ratio</b>		
<b>(Current assets - Inventories - Short-term prepayments and accruals)/Current liabilities</b>	1.44	1.05
<b>Cash liquidity ratio</b>		
<b>Cash / Short-term liabilities</b>	0.42	0.40

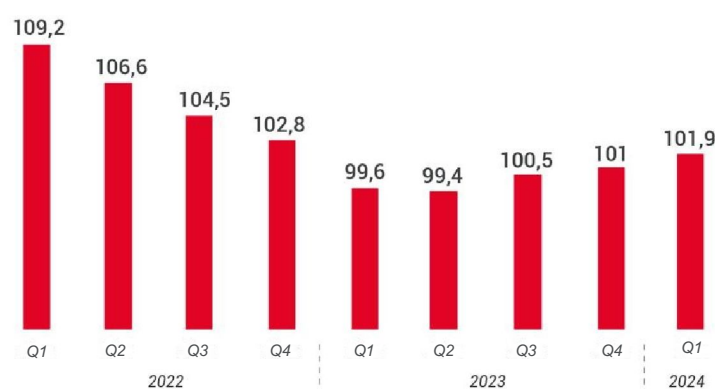
The liquidity of the MIRBUD Capital Group as at 30/06/2024 compared to 31/12/2023 has improved significantly and remains at a high level.

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

### 4.1. Specificity of the market

According to the estimate by Statistics Poland, in Q1 2024 gross domestic product (GDP) increased by almost 2% year-on-year in real terms, compared to a decline of 0.4% in the corresponding quarter of 2023. In contrast, economic activity data for the first two months of Q2 2024 indicates an acceleration in GDP growth to just under 3%, driven by a positive foreign trade balance and increased domestic demand.

*Chart: Not seasonally adjusted GDP, constant prices, annual average of the previous year (previous year = 100)*



*Source: own study based on Statistics Poland data*

Long-term forecasts with a horizon to 2031 assume that GDP growth will remain low, in the range between 3.0% and 3.5%. The Polish economy should be protected from a more serious slowdown by a breakthrough in the approval of EU funds, which will support the economy in the coming years, especially in 2025-2026. Additionally, in the long term, the influx of refugees from Ukraine should improve Poland's demographic prospects.

According to Eurostat data, the results of retail sales and sales of services show a solid increase in household consumption dynamics, associated with an improvement in the income situation of households. At the same time, the strong decline in construction and assembly production points to a clear weakening of gross expenditure for property, plant and equipment, mainly in the area of infrastructure projects due to the last year's completion of projects co-financed with EU funds from the 2014-2020 Financial Perspective and the low scale of started 2021-2027 projects.

S&P Global Ratings raised its forecast for Poland's GDP growth in 2024 to 2.9 percent and for 2025 by 0.2 percentage points, to 3.3 percent. The agency forecasts Polish GDP growth of 3 percent in 2026 and 2.8 percent in 2027.<sup>1</sup>

<sup>1</sup> [businessinsider.com.pl](https://www.businessinsider.com.pl)

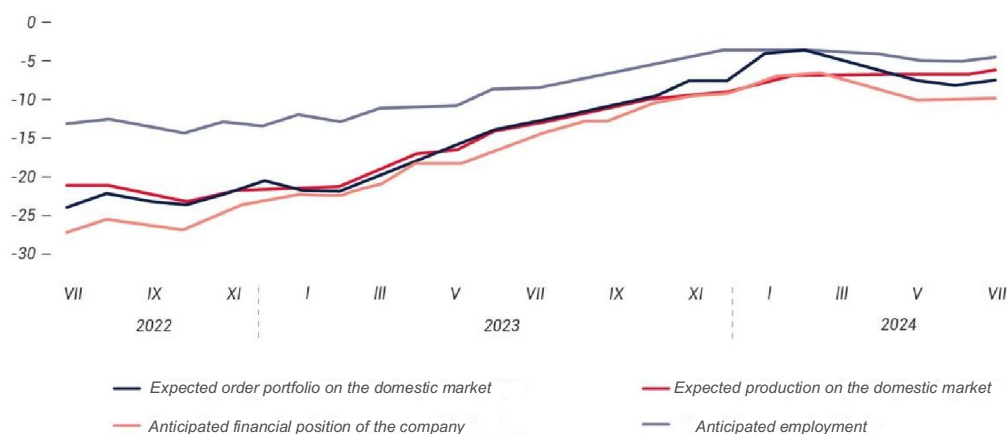
Despite generally positive economic trends, investment growth is expected to weaken strongly in 2024 to 1.4% against 13.1% in 2023. The impact of the completion of EU co-financed projects in 2023 will be stronger relative to the general improvement of economic situation, including business sentiment. A particularly strong weakening is expected in PFS (public finance sector) investments and public enterprises.

According to the data as at the end of May, the real value of industrial production sold dropped by 1.7% y-o-y (compared to a 7.9% y-o-y increase in April), while construction and assembly production recorded a decline of 6.5% (after a 2% drop in April).

According to the NBP forecast, it is assumed that inflation in Poland, as measured by the CPI, will be at 3.7 percent in 2024, rising to 5.2 percent in 2025 to drop to 2.7 percent in 2026.

In July this year, the general business climate index stands at (-)2.2. An improvement in the business climate is signalled by 10.8% and its deterioration by 13% of companies. According to other companies, their situation has not changed. The percentage of entrepreneurs who do not feel any barriers to their day-to-day business is at 7.2%. Companies reporting barriers most often point to difficulties related to employment costs (72.7%), high market competition (26.4%), uncertainty of the general economic situation (42.8%) and material costs (51.7%).

Chart: Construction industry leading indicators (points), seasonally adjusted data



Source: Spectis based on Statistics Poland data

According to a survey conducted by CAS in the period from the first quarter of 2024 to the second quarter of 2024, actual construction project execution costs increased by an average of 0.82% overall. This was broken down by sector as follows:

- road infrastructure sector (up by 0.24%);
- railway infrastructure sector (up by 3.96%);
- railway construction sector (up by 3.63%);
- energy infrastructure sector (up by 5.30%).

During the same period, the real costs of obtaining inputs changed as follows:

- labour (up by 3.48%);
- material (up by 0.31%);
- equipment (up by 1.94%).<sup>2</sup>

<sup>2</sup> Contract Advisory Services "Report on construction industry costs"

As of October 2023, the CO<sub>2</sub>-aware border price adjustment mechanism, CBAM, took effect, which experts believe will increase prices. As of March 2022, construction steel prices have reached a record high of approx. PLN 9500/tonne. Ribbed bars cost between PLN 7700 and PLN 8000 net (between PLN 9500 and approximately PLN 9900/t gross). 2024 so far shows a stable market situation, with relatively minor fluctuations in steel prices.<sup>3</sup>

The 2024 price of a cubic metre of concrete fluctuates between PLN 200 and PLN 340 (gross). Analysing market trends, a moderate increase in concrete prices can be predicted for the rest of this year. The main factors influencing this trend are rising energy and fuel costs, currency fluctuations affecting raw material imports, changes in CO<sub>2</sub> emissions regulations or potential disruptions to supply chains.

Experts forecast that concrete prices could increase by 5-10% compared to the beginning of the year.<sup>4</sup>

Chart: Change in RMS cost for all sectors overall between Q1 2020 and Q2 2024 (compared to Q4 2019)



Source: Contract Advisory Services "Report on construction industry costs"

Chart: Change in costs in sectors between Q1 2020 and Q2 2024 (compared to Q4 2019)



Source: Contract Advisory Services "Report on construction industry costs"

<sup>3</sup> Muratorplus of 08/08/2024

<sup>4</sup> Homebroker.pl, 10/ 07/2024

From Q3 of this year onwards, a strong increase in the price of energy carriers is to be expected as a result of rising electricity, gas and heat prices. Another important factor contributing to higher production costs is the structural factor of deglobalisation.

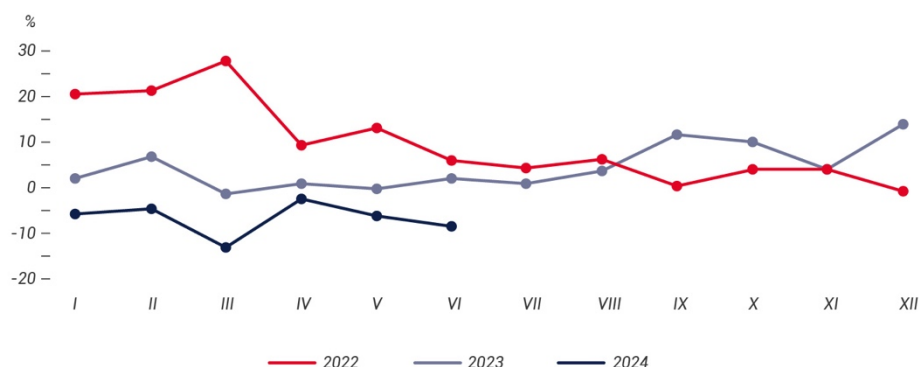
Despite relatively low inflation (2.6% in June), wage growth in the economy remains high. Average wages in the business sector increased by 11% in June this year. Wage growth in the construction industry was again significantly higher, reaching 12.8%.

Employment growth in the business sector in June was (-)0.4%. In construction sector alone, employment decreased by 1.1%. At the end of June, the registered unemployment rate had fallen to a record low of 4.9%. Current forecasts for the labour market assume that the unemployment rate will remain below 5% at the end of 2024.

### ❖ Construction and assembly production

After a final real decline of 5.4% in 2022, construction output (regarding companies with more than 9 employees estimated to have declined by approx. 12% in real terms in 2023, to PLN 24.5 billion. It is forecast that there will still be single-digit real declines in the value of construction output of approx. 8% in 2024.

Chart: Construction and assembly production, Construction (Polish Classification of Activities, Section F)



Source: Spectis based on Statistics Poland data

In the second quarter of this year, there was a decline in production in this sector: in May it was 6.5% and in June 8.9%. This was primarily the case for specialist contractors - 11.8%, and building erection companies - 17.9%. Negative production dynamics in the first half of this year amounted to (-)8.7% in real terms. This trend is expected to continue later in the year.<sup>5</sup>

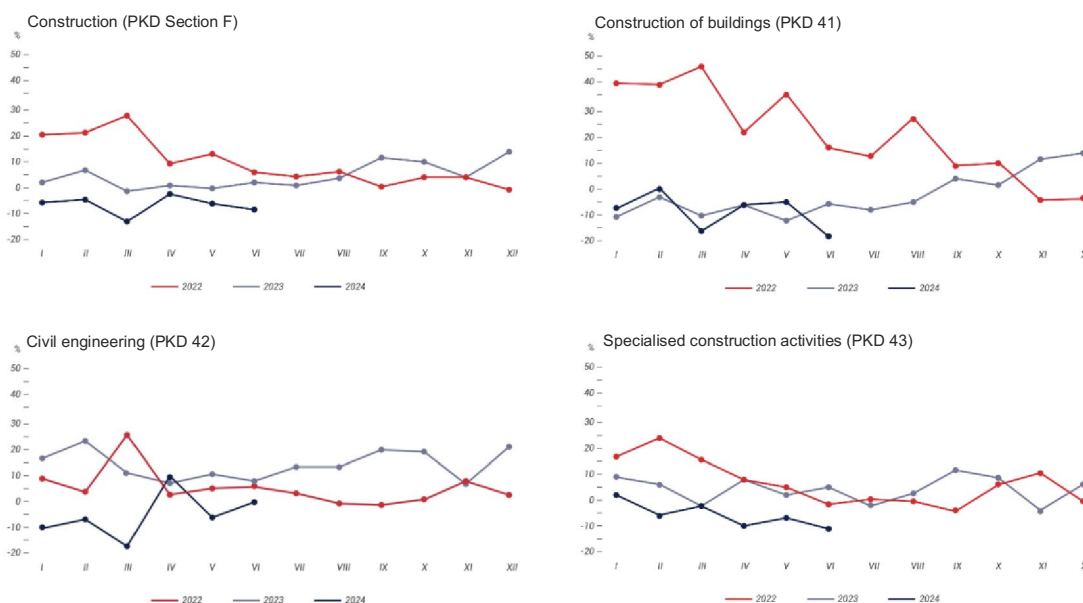
The observed slowdown in production is due to a general weakening of investment activity in the economy. The 2024 construction market has entered a zone of pronounced declines in its first months and will in all likelihood end "in the red".<sup>6</sup>

<sup>5</sup> Spectis "Construction market in Poland, August 2024"

<sup>6</sup> Polish construction market in 2024 – analysis and challenges. Pekao Bank Report

As Bank Pekao S.A.'s experts point out, this year in particular, the partial pause in the implementation of EU projects, as well as the base effects, may contribute to a slight decline in the civil engineering production. In the building construction segment, persistently high interest rates are a factor holding back growth, while the base from the 2023 election year in local government investment-dependent public utility building construction was high.

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



Source: Spectis based on Statistics Poland data

### ❖ Civil engineering

Preliminary construction output data shows a marked slowdown in declines in the engineering sector in Q2 2024 (down by nearly 5% y/y in real terms, against a revision of more than 15% in Q1). There was a 9% real drop in the first half of the year. Among the significant segments, real increases were recorded in road construction (2%) and bridge and tunnel construction (38%). In contrast, decreases occurred in hydrotechnical engineering construction (-8%), railway construction (-36%), distribution networks (-17%), energy and industrial facilities (-16%) and transmission networks (-2%).

#### Road engineering construction

The end of Q2 saw a marked improvement in the area of expressway and motorway construction. Contracts have been signed for the construction of routes with a total length of 73 km (concerning sections S8, S10, S16 and S19). However, for another month in a row, no new major tenders were announced and 5 km of new routes were put into service. As a result, the length of expressways under construction at the end of June was nearly 1,300 km, which translates into a 9% y/y increase.

With regard to public procurement contracts for construction works, the current data shows a decrease in the 12 months' period in the number of tenders announced (by 4% y/y) and awarded (by 7% y/y) in the Public Procurement Bulletin. In turn, for larger tenders published in the TED Official Journal of the European Union, there is a 2% increase in the number of announced tenders and a 26% decrease in the number of awarded tenders.

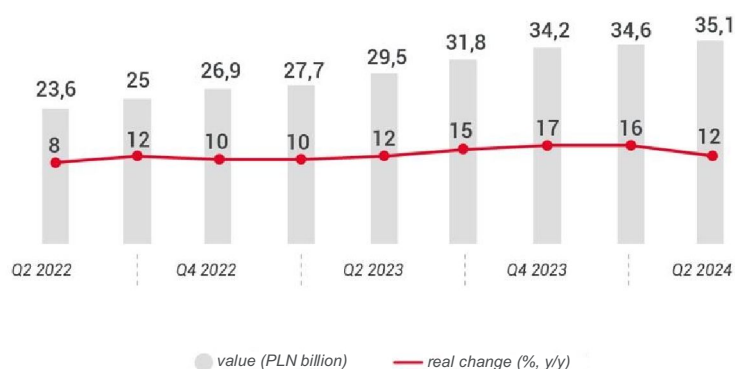


Within the National Road Fund limit (PLN 302,072,422.0), funds of PLN 40,121,102.9 were disbursed at the end of 2023, representing 13% of the allocated limit.

(PLN thousand)	2021-2022	2023	Total
NRF expenditure	25 746 516,0	14 374 586,9	40 121 102,9
EU refunds	10 228 878,7	2 893 482,9	13 122 361,6

The General Directorate for National Roads and Motorways informed that 16 contracts have been signed for the construction of nearly 200 km of new roads worth approx. PLN 7.5 billion since the beginning of 2024. Expenditures on GDDKiA projects in 2023 amounted to PLN 17 billion. The projection for 2024 is more than PLN 20 billion. In the following years, investment expenditures will be maintained at the same level. By the end of May this year the Directorate spent PLN 5.4 billion.

Chart: Motorways, expressways, streets and other roads (PKOB 211)



Source: Spectis based on Statistics Poland data

## Railway construction

The railway construction market in Poland is characterised by high volatility in the volume of orders and is highly dependent on the investment activity of a single employer - PKP PLK.

In 2023, the value of the market has increased by approx. 14% in nominal terms, achieving a record level of PLN 15.7 billion. The growth was mainly driven by the nearing completion of projects co-financed by the 2014-2020 EU budget. In 2024, a temporary adjustment of the railway construction market can be expected, however, the scale of the adjustment should not be significant, as a large part of the ongoing projects from the previous EU budget remain at the construction stage (thanks to the so-called project phasing mechanism). Therefore, despite a temporary weakening of tender-related activity, the long-term outlook for the railway market is assessed as positive.

There is currently a great deal of interest from both tycoons and smaller companies in railway tenders. This situation is the result of the 36 percent year-on-year decline in railway production recorded in the first half of this year. A shortage of orders due to the completion of contracts under the previous EU



budget can be observed. Companies are looking forward to the PLN 17 billion worth of new railway tenders announced for the second half of the year.<sup>7</sup>

Much more should be happening in the railway sector in the coming months with regard to new tenders. As representatives of PKP PLK announced in July, tender procedures worth a total of PLN 17 billion are planned to be announced by the end of 2024. In addition to PKP PLK's plans, at the end of July CPK announced a tender for a 4.6 km HSR tunnel in the Łódź Fabryczna area.

### **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 projects 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.

#### **❖ Property development segment**

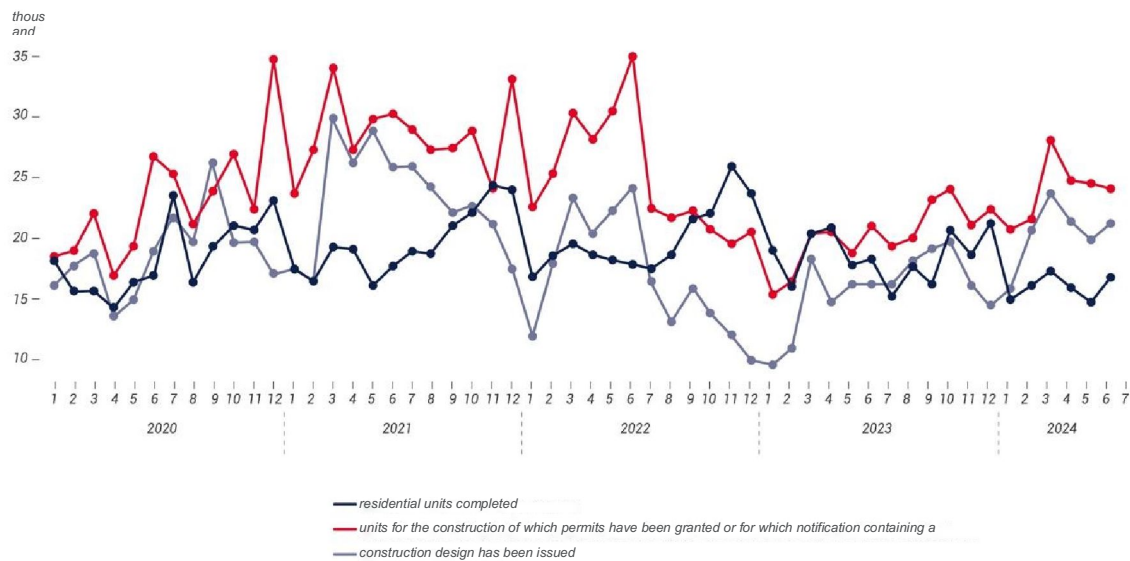
After the first two quarters of this year, the property development sector recorded sales growth of just 2% year-on-year. Given the lack of government support, the decline in housing sales can be expected to worsen.

According to preliminary data, 95,500 units were completed in the first half of 2024, i.e. 14.6% less than in the same period last year. Developers handed 58.5 thousand units which is 9.3% less than a year ago.

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<sup>7</sup> Construction

Chart: Housing construction between January and June 2024

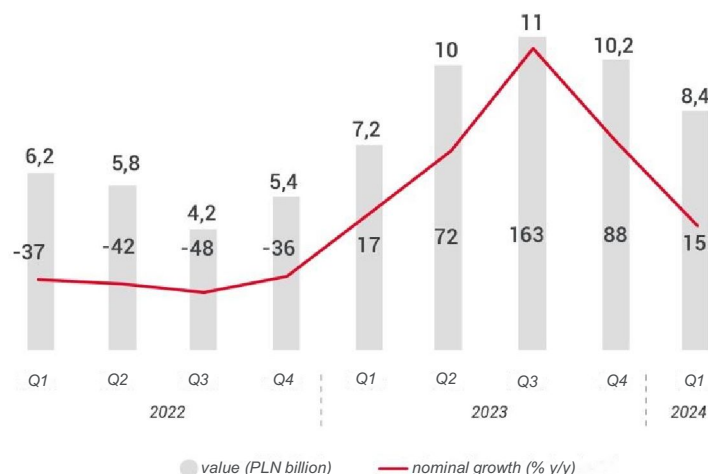


Source: Statistics Poland “Housing construction between January and June 2024”

Between January and June 2024, permits have been granted or notifications have been issued for construction of 143.3 thousand units, i.e. 28.0% more than in the previous year. Building permits for the largest number of units were granted to developers (101,200, up by 37.2% y/y) and individual investors (39,000, up by 12.5%). A total of 97.8% of the total number of units under these forms of construction have been granted permits or have been issued with notifications containing a construction design. In other forms of construction, there were 3,100 units for the construction of which permits have been granted or for which notification containing a construction design has been issued (last year: 3,600).

In the first half of 2024, construction of 122,400 units started, i.e. 43% more than a year ago. At the end of June 2024, an estimated 827,800 units were under construction, i.e. 2.6% more than in the corresponding month of 2023.

Chart: Residential transactions on the primary market in the 6 largest agglomerations in total



Source: NBP data

With regard to the growth of construction and assembly production of construction companies with more than 9 employees, according to preliminary data for H1 2024, the residential segment shrunk by 1% y/y in real terms, compared to 3% growth in Q1. In the coming quarters, we expect housing construction

growth to already start showing significant positive values, following the upward trend in the number of units the construction has started.

#### ❖ **Commercial space lease segment**

According to a report by Newmark Polska, the volume of lease transactions concluded in this market in Q1 2024 did not exceed 1 million sq. m., with more than 2.3 million sq. m. under construction. At the end of March this year the total stock of modern warehouse and industrial space in Poland amounted to more than 32.7 sq. m., an increase of 9.5% year-on-year.

New supply in the period from the beginning of January to the end of March slightly exceeded 852,000 sq. m., which means an increase of 47% compared to the previous quarter, but a decrease of more than 55% compared to the first quarter of the previous year.

At the end of March 2024, over 2.3 million sq. m. was under construction, 17.6% less than in the fourth quarter of the previous year. Developer activity has remained at approx. 2.4 million sq. m. for several quarters and is mainly focused on the country's six largest warehouse markets (Warsaw and vicinity, Upper Silesia, Central Poland, Lower Silesia, Greater Poland and the Tricity).

Total volume of space leased in the first quarter of 2024 amounted to almost 872,000 sq. m., a decrease of more than 25.9% year-on-year and 54% quarter-on-quarter. This is the lowest level of lessee activity recorded in Poland since 2017.

In line with market trends, lessees were very interested in warehouses offering energy-saving and sustainable solutions and providing comfortable working conditions.

Rental costs in prime locations have remained relatively stable. Lessees can expect more attractive rental rates as well as incentive packages in locations with relatively high vacancy rates.<sup>8</sup>

## 4.2. **Market prospects**

#### ❖ **Construction and assembly segment**

According to Spectis experts, a temporary slowdown in construction activity in the engineering sector can be expected in 2024, with a projected real decline of 9%. The main reason for the adjustment will be the transition period between the two EU budgets. In 2024, the value of engineering production should stabilise at approx. PLN 88 billion, and from 2025 it is expected to rise to more than PLN 100 billion in 2026 and beyond.

GDDKiA and PKP PLK investments, as well as investments in the energy sector, will continue to account for the largest share of this sector. Local governments will continue to make an important contribution to the value of the engineering market, despite rising public debt. Hydrotechnical engineering construction segment may speed up, which will be the result of planned investments in the coastal strip and the need to improve water management throughout the country.

In the coming years, investments financed through the EU's Recovery and Resilience Facility (possibly as much as EUR 58 billion in grants and loans available to Poland) and the EU's seven-year budget for 2021-2027, under which Poland can count on approx. EUR 72 billion in grants, should be an important element in stimulating economic growth. The European Commission's unblocking of NRP funds for Poland at the beginning of 2024 will generate pressure for the funds to be spent quickly by the end of

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<sup>8</sup> New Mark Polska, Report, Industrial and warehouse market as at 05/06/2024

2026, which should influence a dynamic recovery in the value of the engineering market between 2025 and 2026.

Chart: Construction and assembly production



Source: Spectis based on Statistics Poland data

Next year, the industry’s growth should again be driven by infrastructure investments, which will kick off in earnest using the new wave of EU funds. The medium-term outlook for the industry (for the second half of the decade) is also favourable. There is another huge wave of infrastructure projects ahead with record financial support from the EU. The residential segment also has a large growth potential up to 2030, related to the high needs of Poles, their migration to large cities and the increase in purchasing power, as well as the normalisation of interest rates. There is also potential in some other areas of building construction such as warehouses and hotels.

Table: Summary of the largest Polish projects already under construction or at the design stage<sup>9</sup>.

Project description	Planned budget	Planned years of construction
CPK - Baranów airport	PLN 51 billion	2026-2032
CPK - high-speed rail (480 km)	PLN 80 billion	2026-2032
Nuclear power plant in Choczewo (3.75 GW)	PLN 150 billion	2028-2039 (2035 - first block)
Pątnów nuclear power plant (2.8 GW)	PLN 45 billion	2028-2035
Baltic Power wind farm (1.2 GW)	PLN 21.4 billion	2024-2026
S6 Western Szczecin bypass (50 km)	PLN 5.4 billion	2025-2031
Intel - semiconductor factory	PLN 21.4 billion	2024-2027
Izera - electric car factory	PLN 5 billion	2024-2026
Reconstruction of the Saxon Palace	PLN 2.5 billion	2026-2030
Gdańsk - Warsaw waterway	PLN 31.5 billion	2018-2030
Deepwater container terminal in Świnoujście	PLN 7.3 billion	2023-2029
Olefins III	PLN 25 billion	2021-2027

The total value of the projects amounts to PLN 445.5 million. This amount, alongside other public spending on road and energy infrastructure, will allow order portfolios to be filled for the coming years.

<sup>9</sup> Contract Advisory Services “Report on construction industry costs”, July 2024

Among the most important risks associated with the execution of the aforementioned projects are legal regulations, uncertain external financing, administrative and environmental decisions, political decisions and increases in input prices.

#### ❖ road engineering construction

Roads will continue to be the largest segment of civil engineering construction in the coming years, despite a gradual decline in their share of construction output. The key programmes driving road construction will be: The National Roads Construction Programme (PLN 292 billion until 2033), the 100 Bypasses Construction Programme (PLN 28 billion until 2029) and the Local Government Roads Fund (PLN 36 billion until 2028).

In the next decade, the main investment programme for road construction is expected to be the Government's National Roads Construction Programme to 2030 (with an outlook to 2033). The total value of the projects included in the programme by the previous government is almost PLN 295 billion, with the estimated cost of the new tasks being PLN 186.8 billion, while the continuation of tasks from the current NRCP would cost PLN 104.8 billion.

In the long term, an additional factor generating demand for roadworks is the Programme launched by the previous government to build 100 bypasses with a total length of 820 km between 2020 and 2030, at an estimated cost of PLN 28 billion.

The General Directorate for National Roads and Motorways (GDDKiA) intends to allocate more than PLN 41 billion for projects improving, among other things, the safety and quality of the national road network in the coming years. This year GDDKiA has already announced tenders for 83 tasks, signed contracts for 110 tenders, and plans to announce tenders for a further 107 tasks later this year.

According to information from the GDDKiA, investment expenditure by the GDDKiA in 2024 will amount to PLN 20 billion, and in subsequent years this level will be maintained at least until 2030. Since the beginning of 2024, 25 contracts worth approx. PLN 7.5 billion have been signed.<sup>10</sup> There are still many projects in the initial planning stages, which means that the long-term potential of the road construction industry still looks very positive. Given the above information, the investor's order portfolio and the secured funds, an observation can be made that there is a stable outlook for this sector of the construction industry.

#### ❖ building construction

The industrial and warehouse segment is expected to experience single-digit growth of approx. 7% in 2024. However, between 2025 and 2027 (according to Spectis specialists), only small increases in the value of the segment can be expected, to a level of approx. PLN 24-25 billion per year.

In the long term, further development of the industrial and warehouse segment will be supported by growing confidence of investors in the Polish economy, stable economic growth, stable industrial production dynamics, development of road infrastructure and growth of the e-commerce market. The main sectors that will drive demand for industrial and logistics space are e-commerce, logistics and light manufacturing.

The trend of a gradual shift of production from Asia to Europe will have a significant impact on the expected prosperity of the industry. The situation in Ukraine and problems with global logistics are

<sup>10</sup> GDDKiA information dated 18/07/2024

favourable for the European warehouse market, because of the security investors want their goods and products to be closer to the end customer.

In addition to warehouse hubs such as: Central Poland, the Warsaw area, Upper Silesia, Wrocław or Poznań, further development of emerging warehouse markets (e.g. Opole, Lublin, Zielona Góra, Kielce or Białystok) is to be expected. Concentration in the five largest markets is currently approx. 70%, and is expected to approach 50% by 2030.

#### ❖ **railway construction**

The prospects for railway construction in the period from 2024 to 2030 may be significantly affected by the execution of a section of the so-called railway component accompanying the potential realisation of the Central Transport Hub.

According to the latest investment assumptions, CPK will allocate more than PLN 70 billion for railway investments between 2024 and 2030, of which nearly PLN 49 billion is to be used by the High Speed Rail, the so-called Y line, the construction of which will begin with the section from Warsaw to Łódź. It is worth mentioning that a large part of the investments planned to connect the Central Transport Hub are included in the National Railway Programme.

Railway part projects are to be implemented by the end of 2034, i.e. the next two EU financial perspectives. The estimated cost of the railway component is more than PLN 100 billion, with more than half of the expenditure to be used between 2024 and 2030.

With regard to the implementation of the National Railway Programme, as at the end of May 2023, investments worth PLN 33.5 billion have been completed and projects worth PLN 42.6 billion were under construction (down 16% y/y).

The total value of investments in both perspectives covered (2014-2020 and 2021-2027) by the programme is PLN 155 billion, divided into 320 projects and expected to result in the modernisation of 12,500 km of lines.

#### ❖ **Energy and hydrotechnical engineering construction**

A significant increase in the share (from 10% to 15-16%) in the engineering segment is expected for complex construction on industrial sites, which will be the main beneficiary of the energy transition of the Polish economy in the coming decade. It is estimated that thanks to the investments of Gaz-System, PSE and PERN, the transmission networks category will see its share of the engineering sector increase to 15%.

Official government strategies continue to envisage multi-billion hydrotechnical infrastructure investments on the Oder and Vistula. However, in the opinion of experts, a possible acceleration in this area is not to be expected for the time being. More likely to be implemented, however, are large hydrotechnical projects along the coastal strip. Among the most important hazards for the execution of the aforementioned projects are legal regulations, uncertain external financing, administrative and environmental decisions, political decisions and increases in input prices.

#### ❖ **Property development segment**

For this segment, residential construction is expected to see an increase in the number of building permits (255 thousand flats and houses, +6% y/y) and commenced housing construction works (195 thousand, +3% y/y) in 2024, after two years of decline. The main reasons behind the expected upturn



in investment activity are the effect of a low comparative base after two years of adjustment, the boom in the housing credit market observed in 2023 and the first months of 2024, the increase in demand for housing and the very low level of the development offer, which needs to be expanded. A gradual residential construction recovery is also expected between 2025 and 2027. There are also hopes for the government's new housing scheme, which is set to replace the previous "2% Safe Mortgage" Scheme created by the government.

The number of units completed in 2024 is estimated to drop by approx. 7% to 205 thousand units. Further declines are also expected in the following year to a level of approx. 195 thousand units completed. In addition to the retail sale of flats, developers will gradually move towards the rental market in the coming years, either by selling entire buildings to PRS funds or by investing in their own institutional rental companies. Currently, institutional leasing accounts for 1% of the rental market in Poland. The development of this segment is facilitated by the structural shortage of housing in Poland compared to the EU average, generating long-term demand for new flats and houses.

Increased demand is supported by the long-term trend of a wealthier society generating a desire for better housing conditions, government housing programmes, a possible increase in demand for housing in the long term caused by permanent emigration from Ukraine or the Financial Supervision Authority's lowering of the so-called safety buffer used by banks when calculating the creditworthiness of potential borrowers. On the other hand, a reduction in demand for housing and mortgages due to a deterioration or fear of a deterioration in the financial situation of households, a significant increase in the cost of development or a growing shortage of building land is to be expected.

## ❖ Commercial space lease segment

### Office buildings (PKOB 122)

According to preliminary data, the value of the office construction segment increased by nearly 6% in nominal terms (implying an approx. 4% decrease in real terms) to PLN 4.5 billion in 2023. In terms of realised volume, the segment is still clearly below the record levels observed a few years ago.

The Polish office construction market has been characterised by sustainable growth for many years, driven mainly by increasing demand from the business service centre sector. According to ABSL data, by the end of 2023, the number of people employed in the sector has already exceeded 435 thousand. However, with the proliferation of remote and hybrid working, the impressive further growth in the number of employees is no longer generating a proportional increase in demand for office space and is encouraging decentralisation of the market.

According to the experts, approx. 18% nominal growth in construction output in the office segment can be expected in 2024 and single-digit increases can be expected to continue in the following years. By the end of the decade, the value of the segment should already exceed PLN 6 billion.

The development of the business services sector is increasingly turning towards the modernisation or redevelopment of older locations. An increasing number of offices are being created as a result of regeneration of post-industrial buildings.

Factors contributing to the reduction in demand here include rising construction costs, persistently high vacancy rates, lower investment attractiveness of the CEE region due to the ongoing war in Ukraine, or companies adopting a permanent remote or hybrid working model as a consequence of the spread of remote working during the pandemic and the increase in service charge rates.



## Retail and service buildings

In the coming years, the value of the segment will be significantly driven by renovations, upgrades and revitalisations, as well as the need to raise the standard of finish. Further development of supermarkets and discount stores as well as retail parks is assumed. Over the next four years (2024-2027), the value of the segment can be expected to stabilise at less than PLN 11 billion per year.

As a result of high saturation, over the next few years the retail property market may be limited by the development of a few large projects. This also applies to medium-sized and small towns, where less medium-sized investments are to be expected.

This segment will focus on quality rather than quantity of projects. To adapt to changing customer preferences, older locations are undergoing or have planned upgrades, expanding food, leisure and entertainment sections. The share of refurbishments and upgrades in the total volume of modern retail space under construction is approx. 25%. However, this type of investments is much less capital-intensive compared to the construction of new locations.

However, not all currently operating shopping centres will be modernised. There is an increasing number of announcements by investors to demolish obsolete buildings and replace them with new projects - mainly residential or mixed-use.

### ❖ Main cost factors

Despite the current weaker demand and stable oil supply, there is still an increased geopolitical risk, which influences the maintenance of the crude price forecast at approx. USD 85/barrel of Brent crude in the second half of the year. Thus, an increase in fuel price dynamics is to be expected from Q2 2024. On the other hand, the strongest increase can be expected in the prices of energy carriers due to the unfreezing of prices from July 2024. Electricity prices are estimated to increase by approx. 20% from Q3 2024 and by a further 10% from January 2025, gas prices will increase by approx. 15% from July 2024 and will remain unchanged from the beginning of 2025, and thermal energy prices will increase by approx. 15% throughout 2024 and by a further 15% in H1 2025. Taking the above into account, the prices of energy carriers will increase by just over 10% in H2 2024, to approx. 20% at the beginning of 2025.

The biggest challenge for the industry may be the availability of labour resources during the period of accumulation of work in all segments, which may occur after 2025. In recent years, the construction industry as an employer has clearly lost its attractiveness in terms of the average offered wage level compared to other sectors of the economy. The need to compete with other industries can result in persistently strong upward pressure on labour costs. This may be overlaid by increasing trends in the price of building materials, linked not only to increased demand but also to the likely increase in their manufacturing costs (the effects of the adaptation of producers of these materials to the requirements of climate policy and its impact on energy costs in the energy transition ahead).<sup>11</sup>

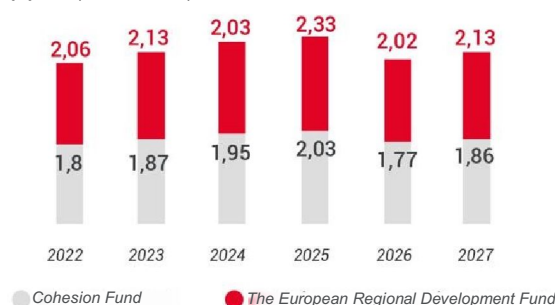
## Opportunities

An additional opportunity for the construction sector could come from the European Green Deal and the Fit for 55 package adopted by the EU as a tool to combat global warming. The changes included in the Package concern, among other things, the energy sector, including district heating and cogeneration, buildings and their energy consumption and the road transport sector.

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<sup>11</sup> Polish construction market in 2024 – analysis and challenges. Pekao Bank Report

Chart: EU funding under FEnKS by year (Euro billion)



Source: The Ministry of Investment and Development

In the coming years, Poland could be one of the biggest beneficiaries of EU funds. In terms of funds directly stimulating construction, in addition to EUR 72.2 billion for cohesion policy (2021-2027 budget) and EUR 3.8 billion from the Just Transition Fund, the Recovery Fund also comes into play: EUR 25.3 billion in grants and EUR 34.5 billion in loans.

According to ING BSK’s calculations based on the updated NIP payment schedule after the latest plan revision, disbursements (loans and grants) from the NRP will amount to EUR 17.2 billion in 2024, EUR 14.9 billion in 2025 and EUR 27.7 billion in 2026.<sup>12</sup>

Among others, local authorities, companies, public administrations, managers of rail, road, and inland waterway infrastructure, intermodal terminals, urban, intermodal and rail transport operators, energy service providers, owners and managers of residential buildings will be able to apply for funding under the programme.

<sup>12</sup> Bankier.pl of 19/07/2024

### 4.3. Description of activities of companies from the MIRBUD Group in the first half of 2024

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

##### Construction and assembly works segment

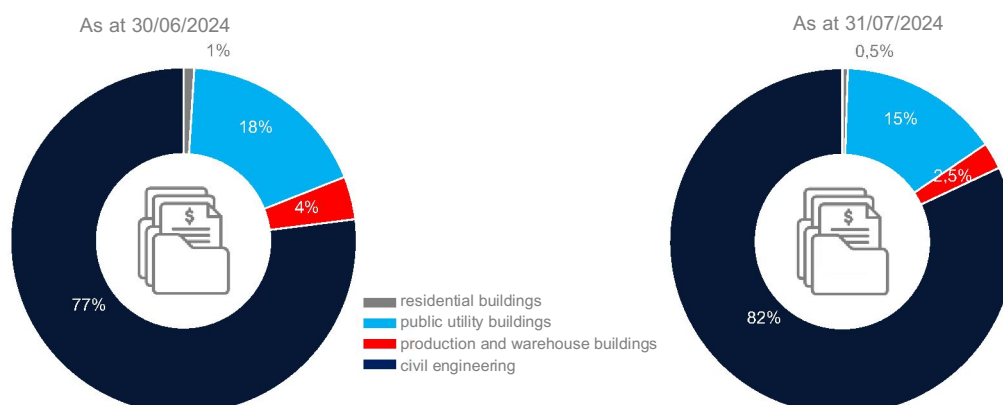
Since 2023, the construction market in Poland has seen a decrease in the supply of new contracts with a simultaneous intensification of the general contractors' competitive struggle to win new orders. This applies to both the building construction market and the road infrastructure market, whereby it should be noted that at the end of 2023 a significant number of tenders emerged in the road infrastructure construction market, some of which increased the order portfolio of the MIRBUD Capital Group. During this period, the building construction market saw a further slowdown.

15 bids out of those submitted by the MIRBUD CG for the road construction market in 2023 were chosen as the most advantageous. For 10 of them, contracts with a total net value of PLN 2,038.77 million were signed in the first half of 2024 (after the reporting period, a further 4 contracts with a net value of PLN 2,175.1 million were signed). During this period, 6 contracts were also signed for building construction projects with a total net value of PLN 561.04 million (after the reporting period, one more contract was signed with a net value of PLN 135.57 million).

As a result of the above circumstances, the MIRBUD CG has a filled order portfolio to be executed by 2029 with a net value of PLN 8.3 billion (as at the end of July this year).

As at 30 June, the size of the Group's order portfolio was PLN 6.3 billion net. Its structure was as follows: engineering construction – 77%, public buildings – 18%, industrial construction – 4%, residential buildings – 1%.

After the reporting period, the structure of MIRBUD CG's order portfolio changed in favour of road infrastructure construction and amounted to 82% for engineering construction, 15% for public utility buildings, 2.5% for industrial construction and 0.5% for residential buildings.



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

- maintaining the scale of operations, further increase of revenue and net profit y/y;
- building an order portfolio to be realised by 2029 amounting to PLN 6.3 billion net;
- high sales from property development activities;
- issuing L series shares and raising capital for growth in the road and railway infrastructure segments.

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

- fire at the MARYWILSKA 44 Shopping Centre in Warsaw;
- no decision on permission for commencement of construction of S74 expressway, Kielce - Mniów section.

Increasing the scale of the business and maintaining revenue values above PLN 3 billion per year is a medium-term goal for the Group, achieved from 2022 onwards. Given the amount of revenue in the first half of 2024, it is reasonable to assume that this target will also be achieved in the current year. Most of the road infrastructure contracts, which have a completion deadline of several years, are at a late stage progress of construction works. Two of these contracts were completed in 2023 but fully settled in the first half of 2024. The financial results are affected by a slight decrease in profitability in this segment and an increase in profitability in the public utility building segment. The high sales of residential units from the Group's property development business was also a circumstance that had a positive impact on the financial result. The biggest setbacks included the occurrence of an extraordinary event, i.e. the fire at the Marywilaska 44 Shopping Centre in Warsaw and the delay in the start of construction works for the S74 expressway, Kielce - Mniów section, which is due to the lack of a permission decision.

In the first half of 2024 the MIRBUD CG continued its further development. The Group's results continued on an upward trend in terms of revenue and net profit.

Chart: Revenue of the MIRBUD CG for H1 from 2018 to 2024 (in PLN thousand)

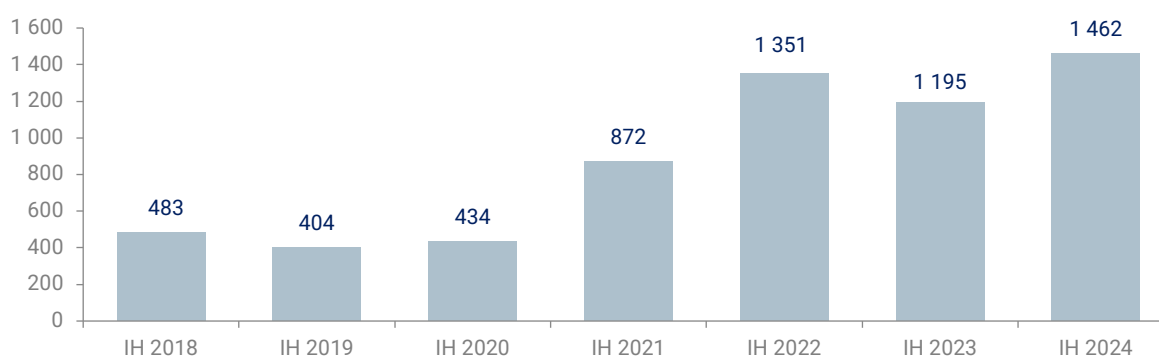
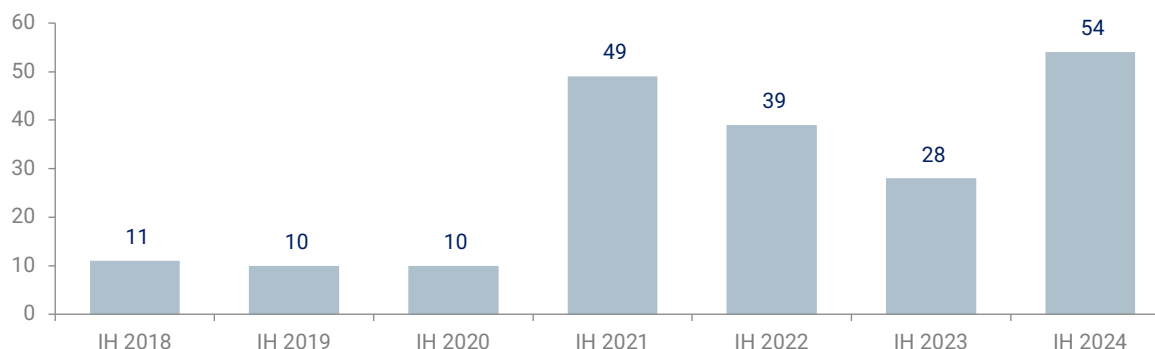


Chart: Net profit of the MIRBUD CG for H1 from 2018 to 2024 (in PLN thousand)



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 public utility building 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 the first half of 2024 include signing contracts for the following projects:

- construction and reconstruction of tram depot facilities in Bydgoszcz with a net value of PLN 78.58 million;
- construction of voivodship road No. 723 in the Świętokrzyskie Voivodeship with a net value of PLN 75.28 million;
- construction of a School and Pre-school Complex on ul. Zwycięska in Wrocław with a net value of PLN 72.61 million;
- design and construction of road infrastructure as part of the Jaworzno Economic Area in Jaworzno with a net value of PLN 184.68 million;
- design and construction of the S11 expressway, Ostrów Wielkopolski - Kępno, section III with a net value of PLN 56.16 million;
- design and construction of the Podkarpackie Athletics Centre in Rzeszów with a net value of PLN 157 million;
- design and construction of the S11 expressway, Kępno - A1 within section from Kępno to the border of the Opole Voivodeship with a net value of PLN 378 million;

- design, construction and operation under the PPP formula of the Sports and Leisure Centre at Olechów-Janów in Łódź with a net value of PLN 82.5 million;
- design and construction of the Skierniewice Leisure and Sports Centre with a net value of PLN 93.37 million;
- design and construction of the S16 expressway, Knyszyn - Krynice section in Podlaskie Voivodeship with a net value of PLN 255.85 million;
- reconstruction of the Chełm City Stadium with a net value of PLN 77 million.

After the end of the reporting period, the Company signed contracts for:

- design and construction of the S12 expressway between the border of Łódź Voivodeship and the Radom Południe interchange, section from Przysucha interchange to Wieniawa interchange, with a net value of PLN 485.68 million;
- design and construction of the S11 expressway between Kępno and the border of the Opole Voivodeship, section II, Siemianice - Gotartów with a net value of PLN 469.55 million;
- construction of the Stryków Development Centre (CRS) with a net value of PLN 135.57 million.

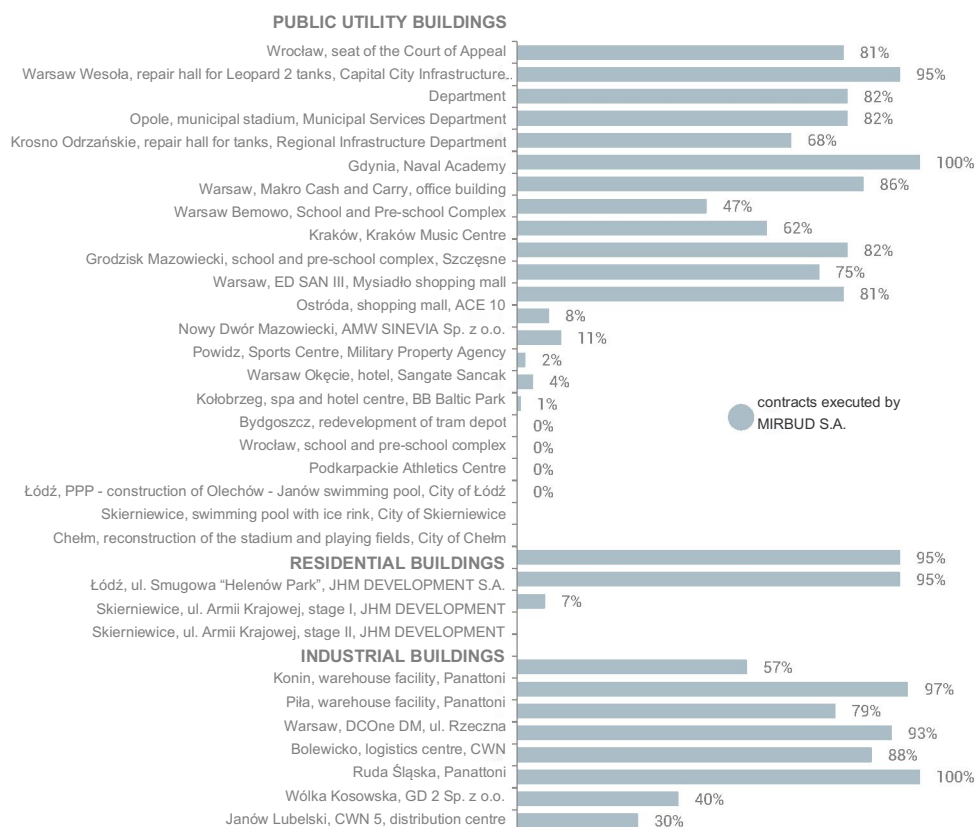
In addition, during the period under review, the Company signed a letter of intent with ElectroMobility Poland S.A. for the construction of the Izera electric car production plant in Jaworzno.

In the first half of 2024, the Company's share capital was increased to PLN 11,009,300.00 by issuing 18,348,800 ordinary series L bearer shares with a nominal value of PLN 0.10 each. As a result of the share issue, the Company raised PLN 200 million to develop the road and railway infrastructure construction segment.

As at 30/06/2024, the Company has been in the process of executing a total of 32 building construction project contracts and 7 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 June 2024 is shown in the chart below:





In accordance with the Company's Dividend Policy adopted in 2020, in June 2024 the General Meeting of Shareholders of MIRBUD S.A. decided to pay a dividend of PLN 0.21 per share from the standalone profit for 2023.

In the first half of 2024 the Company submitted bids in 54 non-public proceedings and 16 public tenders. The value of submitted bids amounted to PLN 7,327,699,762.26 net. During this period, 7 contracts were signed for the amount of PLN 485,356,912.48 net.

## KOBYLARNIA S.A.

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

In the first half of 2024, acting as leader in a consortium with MIRBUD S.A., the Company signed contracts for the following tasks:

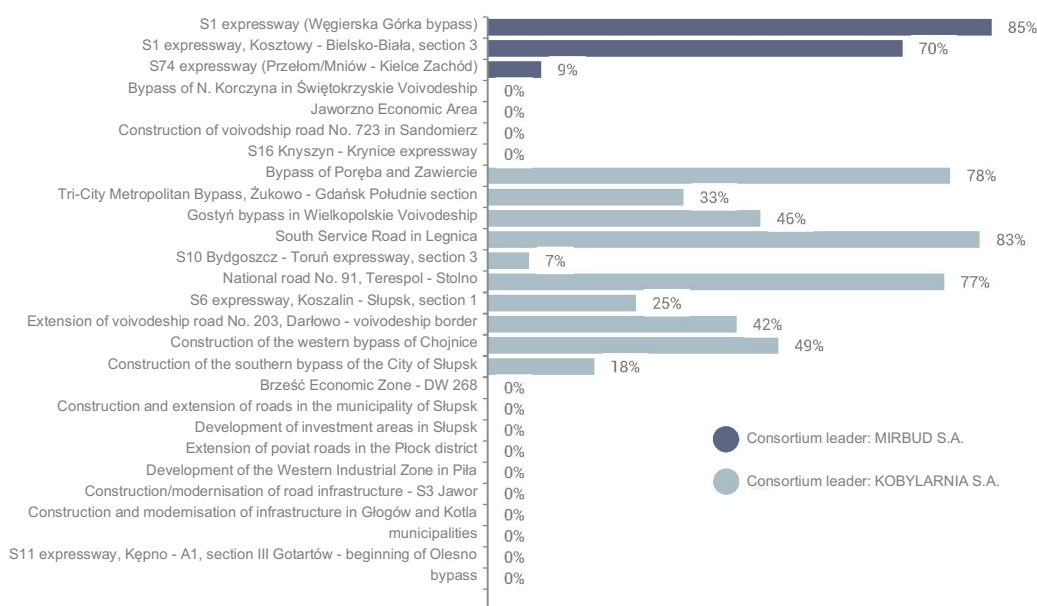
- construction/modernisation of road infrastructure in the Lower Silesian Economic Activity Zone - S3 Jawor with a net value of PLN 71.6 million;
- construction and modernisation of road infrastructure for the industrial zone in the municipalities of Głogów and Kotla in Lower Silesian Voivodeship, with a net value of PLN 120.55 million;
- design and construction of the S10 Szczecin – Piła expressway road on the section from the end of the Stargard bypass to the beginning of the Piła bypass, section 3 with a net value of PLN 542.7 million;
- construction/modernisation of water and sewage, road, and electricity infrastructure in the Lower Silesian Economic Activity Zone - S3 Jawor with a net value of PLN 46.3 million;

- design and construction of the S8 Wrocław-Kłodzko expressway, task 6 with a net value of PLN 307.7 million.

In addition, after the end of the reporting period, the Company signed the following contracts:

- “Design and construction of the S11 Piła - Poznań expressway, Oborniki - Poznań Północ interchange section, together with Oborniki bypass” with a net value of PLN 693.86 million;
- design and construction of the S10 expressway, Szczecin - Piła, section from the end of the Stargard bypass to the beginning of the Piła bypass, with a net value of PLN 526 million.

The progress of works on construction projects as at 30 June 2024 is presented in the chart below:



The Company actively seeks new contracts by participating in announced tenders. The creation of a consortium of companies with the Group's parent, MIRBUD S.A., is of particular importance in realising the planned strategy and expanding the scope of operations and strengthening its market position.

### ТОВ «МІРБУД»

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

### Property development segment

The subsidiary, JHM DEVELOPMENT, as a developer mainly erects buildings for residential use. As at 30/06/2024, the sales of finished residential units took place in 7 locations, comprising 12 multi-family residential buildings and 3 single-family houses (a total of 620 units with usable area of 31.6 thousand sq. m.).

No.	Location	Project type	Number of units	Usable residential area [sq. m.]	Number of units sold	Number of units to be sold
1.	KONIN ul. Berylowa Stage I	Multi-family	144	7,384	143	1
2.	ŻYRARDÓW ul. Okrzei Stage III	Multi-family	70	3,977	69	1
3.	ŁÓDŹ ul. Jugosłowiańska Stage III	Detached houses	41	6,617	38	3

4.	BYDGOSZCZ ul. Fordońska	Multi-family	311	15,493	229	82
5.	GDAŃSK ul. Wielkopolska Stage I	Multi-family	108	5,756	104	4
6.	ŻYRARDÓW ul. Legionów Polskich	Multi-family	179	9,330	152	27
7.	ZAKOPANE, ul. Szymony	Multi-family	241	8,722	197	44
8.	BYDGOSZCZ ul. Bohaterów Kragujewca	Multi-family	119	6,449	83	36
9.	GDAŃSK ul. Wielkopolska Stage II	Multi-family	188	9,659	116	72
10.	KATOWICE, ul. Mikusińskiego	Multi-family	43	2,466	17	26
11.	SKIERNIEWICE ul. Armii Krajowej Stage I	Multi-family	144	6,733	0	144
12.	ŁÓDŹ ul. Źródłowa	Multi-family	180	9,727	0	180
<b>TOTAL</b>			<b>1,768</b>	<b>92,313</b>	<b>1,148</b>	<b>620</b>

Projects in Katowice, Skierniewice and Łódź (ul. Źródłowa) were commissioned in 2024. Other projects are facilities completed in previous years.

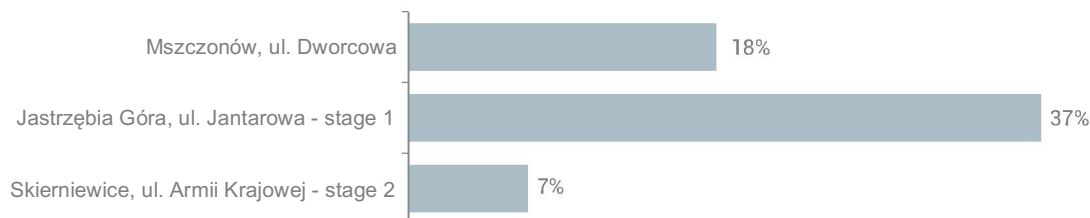
In the first half of 2024, the Company sold 266 residential units in multi-family buildings and single-family houses under contracts transferring ownership concluded in the form of a notarial deed. As at 30/06/2024, the Company had 620 completed residential units - 617 flats in multi-family buildings and 3 single-family houses. At the same time, at the end of H1 2024, the Company had three development projects under construction and on sale in Mszczonów, Jastrzębia Góra and Skierniewice, with a total of 531 residential and commercial units in development.

The table below presents details of these projects.

Table: List of development projects under construction as of 30/06/2024

No.	Location	The plot of land area [ha]	Housing type	Usable residential area [sq. m.]	Number of units
1	JASTRZĘBIA GÓRA, ul. Jantarowa Stage I	0.8726	apartments	6,364	164
2	SKIERNIEWICE ul. Armii Krajowej Stage II	0.7624	multi-family	9,277	200
3	MSZCZONÓW, ul. Dworcowa	0.7366	multi-family	7,702	167
<b>TOTAL</b>		<b>2.3716</b>		<b>23,343</b>	<b>531</b>

The progress of these projects as at 30/06/2024 is shown in the chart below.



The level of sales of units (number of signed preliminary/development contracts) in the projects currently under construction is 15% for the project located in Jastrzębia Góra. In the other two projects, sales will be launched in the third quarter of this year.



## Commercial space lease segment

Marywilka 44 Sp. z o.o. is a company operating in the sector of management and lease of commercial space, belonging to the MIRBUD Capital Group.

Within the capital group to which the Company belongs, the Company's activities are assigned to one segment - investment property rental. The Company leases two types of space in this area: commercial and service space and warehouse and logistics space

In the first half of 2024, the Company managed a portfolio of investment properties comprising:

- The MARYWILSKA 44 Shopping Complex located in Warsaw (Białoleka District) at ul. Marywilka 44, which included: Centrum Handlowe (Shopping Centre) MARYWILSKA 44 with a usable area of 62.126 sq. m. and Park Handlowy (Shopping Park) MARYWILSKA 44 with a usable area of 12.084 sq. m. The total usable area of the shopping complex covers 74,210 sq. m. of usable area and above-ground parking spaces.
- A complex of properties for logistic and warehousing purposes located in Ostróda, ul. Grunwaldzka 55 directly at the exit from the S5 expressway connecting Gdańsk and Warsaw. The usable area of the properties is 56,800 sq. m. and the leasable area is 44,919 sq. m. .
- Commercial property located in Starachowice for lease to a well-known chain of the House and Garden type. The total internal lease area of the property is 4,071 sq. m. The property also includes a 428 sq. m. outdoor garden/storage area and outdoor car park.
- Property constituting a shopping park with the necessary infrastructure and car park located in Rumia. The property comprises 6 retail and service units with a total lease area of 2,982 sq. m.
- Commercial premises located in Skierniewice with an area of 141.99 sq. m. The premises are rented for the editorial office of a newspaper run by the parent, MIRBUD S.A.

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

The most significant incident in the period under review was the fire at the MARYWILSKA 44 shopping centre, which resulted in the complete burning down of the shopping centre building with 1,400 retail units ranging in size from 20 sq. m. to 1,870 sq. m.

Due to this event, the operations of MARYWILSKA 44 Shopping Centre in the reported period should be divided into two periods: from 01 January to 12 May 2024, when the Centre was fully operational, and from 12 May - i.e. from the day of the fire, as a result of which the Company's largest asset, i.e. MARYWILSKA 44 Shopping Centre, was completely destroyed.

In addition to the Shopping Centre, the MARYWILSKA 44 Shopping Complex includes:

- **MARYWILSKA 44 Shopping Park with 17 commercial units ranging in size from 80 sq. m. to 2,500 sq. m.**

The **MARYWILSKA 44 Retail Park**, which opened in 2017, diversified the existing fashion portfolio by promoting items for the home and garden, and also expanded the existing recreational and sports zone. Lessees include: JYSK, Media Expert, Black Red White, ROMAX Podłogi, ACTION, Żabka Polska, and ROSSMANN.

It should be noted that the fire of 12 May 2024, which affected the Shopping Centre, did not spread to the building of the Shopping Park and did not cause damage to the Park, but instead affected the businesses of lessees due to a reduction in customer footfall.

The other retail properties managed by Marywilka 44 in the first half of 2024 were:

■ **Shopping Pavilion in Starachowice**

The Starachowice Shopping Pavilion is leased in its entirety to a lessee operating a BricoMarche brand shop. A Home and Garden type store is operated on the premises. The internal lease area is 4,071 sq. m. The property also includes a 428 sq. m. outdoor garden/storage area and outdoor car park. The Company is bound to the lessee by a multi-year lease agreement, which includes market lease terms, and the lessee pays its liabilities in a timely manner. As part of the lease, the ongoing maintenance of the facility and associated costs remains the lessee's responsibility. Following the permission decision which resulted in the expropriation of the Company from part of the property, it was necessary to incur expenditure to reconstruct the car park including the entrances.

■ **Shopping Park in Rumia**

The property has a permanent lessee structure and is fully commercialised. The main lessee is a retail chain owned by Jeronimo Martins Polska which runs a Biedronka store in the shopping park. Other lessees in the complex operate in the area of retail sales (pharmacy) and services (fitness club, language school, restaurant, beauty&SPA services). In addition to rent, lessees are responsible for the ongoing maintenance costs of the facility.

The entities constituting the Company's lessee base have many years of market experience and regular customers.

The Company has managed to maintain high levels of commercialisation of its retail facilities, which as at 30/06/2024 were respectively:

- the commercialisation level of the Marywilka 44 Shopping Park was 100%
- the commercialisation level of the Shopping Park in Rumia was 100%;
- the commercialisation level of the Shopping mall in Starachowice is 100%.

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

The leasing of real estate for warehousing and logistics purposes is a relatively new business segment for the Company. As a result, partly in December 2020 and partly in February 2021 the Company acquired a complex of 6 halls located in Ostróda on the S7 route between Warsaw and Gdańsk from an entity being part of the MIRBUD Capital Group.

The total area of the property is 12.8 hectares, while the total area of the development including halls, conference and trade fair facilities and technical facilities is more than 56,200 sq. m. of usable area, with 49,341 sq. m. of rental space.

The property is a first-class commercial building that allows adaptation to multiple functions. The property was originally used for trade fair and exhibition activities - the Company has taken steps to adapt it to rent warehouse space. As at 30/06/2024 the commercialisation level of the facility was 61%. The main lessees of the facility are companies operating in the furniture and retail sector, as well as entities operating in the leisure and retail sectors.



On 29/11/2023 Marywilaska 44 Sp. z o.o., acquired 20,800 shares in the share capital representing 50.12% of the share capital of PDC Industrial Center 217 Sp. z o.o. MIRBUD S.A. also participated in the share purchase transaction, acquiring 20,700 shares in the share capital of PDC Industrial Center 217 Sp. z o.o. with its registered office in Warsaw, which represents 49.88% of the Company's share capital. As at 31 December 2023, MIRBUD S.A. directly and indirectly holds a total of 100% of shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

PDC Industrial Center 217 Sp. z o.o. is the owner of 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. As at 31 June 2024, construction was 95% complete.

MIRBUD S.A. indirectly and directly held 85.19% of the shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

MIRBUD S.A. is the general contractor for the project. The planned business segment of PDC Industrial Center 217 Sp. z o.o., once construction is completed, will be the rental of commercial space to third parties.

#### 4.4. Corporate Social Responsibility

The MIRBUD Capital Group implements a strategy regarding environmental protection, occupational health and safety and campaigns for the benefit of local communities, as described in the report on non-financial activities published with the Annual Report for 2023. The Group's strategy in this respect is available

at: <https://mirbud.pl/media/asset/fafc3fcfcc5f0077f5343ceeffcb6ca504121c977b886915a051303d44a4059a.pdf>

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

The structure of sales revenue and profitability by business segments for the MIRBUD Capital Group in 2023 compared to 2022 are presented in the tables below:

Table: Sales realised by the MIRBUD Capital Group in the periods from 01/01/2024 to 30/06/2024 and 01/01/2023 to 30/06/2023 by segments

Item	Sales revenue	Structure of revenue	Sales revenue	Structure of revenue
	01/01/2024 – 30/06/2024	in %	01/01/2023 - 30/06/2023	in %
<b>Sale of construction and assembly services:</b>	<b>1,281,921</b>	<b>87.7%</b>	<b>1,127,078</b>	<b>94.3%</b>
- residential buildings				
- public utility buildings	320,593	25.0%	241,645	21.4%
- production and service buildings	201,653	15.7%	182,874	16.2%
- road and engineering works	759,675	59.3%	702,559	62.3%
<b>Property development activity</b>	<b>122,409</b>	<b>8.4%</b>	<b>16,650</b>	<b>1.4%</b>
<b>Activities connected with lease of investment property</b>	<b>25,232</b>	<b>1.7%</b>	<b>30,225</b>	<b>2.5%</b>
<b>Other</b>	<b>32,749</b>	<b>2.2%</b>	<b>21,228</b>	<b>1.8%</b>
<b>TOTAL</b>	<b>1,462,311</b>	<b>100%</b>	<b>1,195,181</b>	<b>100%</b>

The value of the Group's revenue in H1 2024 compared to the corresponding period of the previous year increased by almost 14%. The revenue structure has also changed. The main share in the Group's sales structure was still represented by construction and assembly services, accounting for approx. 88% of total sales (a decrease in the share of the Group's total revenue by 6.6 p.p.).

Among the revenue from construction and assembly services, the highest revenue was generated by the sale of services in the segment of engineering and road works, accounting for approx. 60% of those services (a decrease in share in the revenue by 3 p.p.) and public utility buildings generating approx. 25% of revenue from the sale of those services (an increase in share by approx. 3.6 p.p. year-on-year). However, there was a slight decrease in the share of revenue from the sale of construction and assembly works in the production and service buildings segment, which accounted for 15.7% of this revenue (0.5 p.p. decrease in revenue share y/y).

The change in revenue structure was also influenced by record revenue from property development activities. In the first half of 2024, there was a 635% increase in this revenue and its share of revenue from the sale of construction works compared to 2023 increased by 7 p.p. to 8.4%.

In the first half of 2024, JHM DEVELOPMENT S.A. sold the transfer of ownership of 266 residential units in multi-family buildings and single-family houses in 7 locations, comprising 12 multi-family buildings and 3 single-family houses (a total of 620 units with a usable area of 31.6 thousand sq. m.) by way of notarial deeds.

As at 30/06/2024, the Company's portfolio included 620 finished residential units in 12 multi-family buildings in 7 locations and 3 single-family houses in Łódź (with a total usable area of 31.6 thousand sq. m.) and 531 residential units under construction in multi-family buildings with a total usable residential area of 25.3 thousand sq. m. in 4 projects currently under construction.

As a result of the fire at CH Marywilka 44, the Group's revenue from the rental of investment properties in the first half of 2024 decreased by approx. 16.5%, and its share of total sales revenue decreased by approximately 1 p.p.

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

- completion of road contracts, e.g. construction of a section of the A1 motorway, Olesno bypass;
- 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";
- decline in the growth, volume and value of short-term warehouse and logistics hall projects;
- execution by MIRBUD S.A., commissioned by JHM DEVELOPMENT S.A., of development projects in Łódź and Skierniewice (revenue of approx. PLN 22 is subject to consolidation exclusion);
- handover of development projects in Katowice, Skierniewice and Łódź;
- destruction of the CH Marywilka 44 building on 12/05/2024 as a result of fire;
- concentration of MIRBUD S.A. on the implementation of the most profitable, prestigious projects.

Table: Profitability for MIRBUD S.A. Capital Group in the periods from 01/01/2024 to 30/06/2024 and 01/01/2023 to 30/06/2023 by segments

Item	Profit/loss on sales	Sales profitability in %	Profit/loss on sales	Sales profitability in %
	01/01/2024 - 30/06/2024		01/01/2023 - 30/06/2023	
<b>Sale of construction and assembly services:</b>	<b>84,783</b>	<b>6.6%</b>	<b>75,901</b>	<b>6.7%</b>
- residential buildings				
- public utility buildings	23,557	7.3%	11,298	4.7%
- production and service buildings	24,157	12.0%	15,257	8.3%
- road and engineering works	37,069	4.9%	49,346	7.0%
<b>Property development activity</b>	<b>43,113</b>	<b>35.2%</b>	<b>5,448</b>	<b>32.7%</b>
<b>Activities connected with lease of investment property</b>	<b>14,007</b>	<b>55.5%</b>	<b>18,268</b>	<b>60.4%</b>
<b>Other</b>	<b>1,786</b>	<b>5%</b>	<b>495</b>	<b>2%</b>
<b>TOTAL</b>	<b>143,689</b>	<b>9.83%</b>	<b>100,112</b>	<b>8.38%</b>

The Group achieved a better financial result on sales in nearly all its segments of activity. Compared to 2022, the Group's sales profitability in 2023 increased by 1.45 p.p. which was mainly due to maintaining the level of increase in profitability in the Group's core business segment, i.e. construction and assembly services and increase of profitability and revenue from developer activity (2.5 p.p. increase in profitability levels).

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. (The Company obtained indexation for the contracts for construction of the football stadium in Płock and the construction of the Administrative Court building in Wrocław, totalling approx. PLN 20 million).

Stabilisation of the results of the Group operating mainly in the construction market is achieved through diversification of its activities, in particular through high profitability of sales in the property development segment.

## 4.6. Information on sales and supply markets

### 4.6.1. Recipients

#### MIRBUD S.A.

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

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

In 2023 and the first half of 2024, significant market volatility was felt mainly due to the conflict in Ukraine and waiting for 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 Group is finishing contracts (A1, Olesno bypass in 2023) for the construction of public utility buildings and roads, the margins of which were calculated before the COVID-19 pandemic and the conflict in Ukraine. The majority of the Company's portfolio consists of contracts concluded under current market conditions.

In the first half of 2024, the Company concluded indexation settlements before the mediator of the General Prosecutor's Office of the Republic of Poland with, among others, the City of Płock (indexation of the football stadium construction contract - PLN 9.5 million), the Court of Appeal in Wrocław (indexation of the Wrocław Court of Appeal construction contract - PLN 9.3 million). It is also currently negotiating the introduction of indexation provisions in contracts with three public employers. 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 the first half of 2024 the Company submitted bids in 54 non-public proceedings and 16 public tenders. The value of submitted bids amounted to PLN 7,327,699,762.26 net. During this period, 7 contracts were signed for the amount of PLN 485,356,912.48 net.

The Company achieved over 10% of sales revenue in the first half of 2024 with one customer, General Directorate for National Roads and Motorways (34% of revenue)

#### KOBYLARNIA S.A.

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

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

The vast portion of the Company's revenue was generated from construction services performed for public sector entities (mainly the General Directorate for National Roads and Motorways). As at the end of the reporting period, Kobylarnia S.A. has a filled order portfolio to be executed between 2024 and 2027.

At the end of the reporting period, Kobylarnia S.A. holds a filled order portfolio for the years 2024-2028 with a total value of over PLN 5 billion net.

In the first half of 2024, the Company participated in 52 tenders. The value of submitted bids was PLN 4,048,100,763.15 net and 6 contracts were signed for the amount of **PLN 1,112,138,259.14**.

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

JHM DEVELOPMENT S.A.'s customers are purchasers of residential units, who are a diverse group of unrelated entities and individuals.

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

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

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

In terms of leasing for commercial and service purposes, until 12 May 2024 the Company's core business consisted of leasing space in the managed MARYWILSKA 44 Shopping Complex in Warsaw, while a smaller part of the revenue was made up of leasing space in shopping facilities in Starachowice, Rumia and Skierniewice.

On 12 May 2024 a fire led to the complete destruction of the MARYWILSKA 44 Shopping Centre. Following the fire, the Company focused on the organisation of the Temporary Shopping Town and the process of rebuilding the destroyed hall. In the Shopping Town, the Company operates with the same lessees it has cooperated with in the Shopping Centre.

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

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

Due to the large number of potential lessees and the diversity of goods and services they offer, the Company is not directly dependent on any of its customers.

In the case of the retail pavilion in Starachowice, the lease is addressed exclusively to one lessee from the home and garden sector. However, if the agreement with this lessee is terminated, there is no

obstacle to concluding an agreement with another large retail chain operating in this or another industry (e.g. in the area of food or electronic products sales).

To sum up, as part of its portfolio, the Company provides services of lease of utility premises for retail, catering, service and entertainment activities.

At present, the main focus of the Company's activities is launching full commercialisation of the Temporary Shopping Town and, in the long term, the reconstruction of the Shopping Centre building.

### **Warehouse property lease segment**

In connection with the acquisition of a warehouse property located in Ostróda by the S7 expressway in December 2020 and January 2021, as of 2020 the Company has become a participant of the new warehouse property lease market. The Company's customers have thus become such entities as:

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

Currently, the main lessee of the Ostróda property is a company operating in the field of furniture and interior design. The company in question uses the leased space for the purpose of storing its products.

Marywilka 44 Sp. z o.o. is conducting operations to commercialise the remaining area within the facility. Most of the area of the property will be leased for warehousing purposes, while the remainder can be used for entertainment, retail or manufacturing activities. The Company also has office and leisure spaces.

Due to the location of the facility and premises that remain without lease, the Company has a flexible approach in terms of the possibility to lease the indicated spaces and adapt the facility to the required technical parameters or the contractual terms. The Company's objective remains to secure long-term, reliable lessees for the entire area available within the facility located in Ostróda.

### **Other MIRBUD Group Companies**

There is no dependence on any customers of services.



## 4.6.2. Suppliers

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



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

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

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

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.

## **JHM DEVELOPMENT**

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

The partners are selected after an analysis of the offer and the history of previous cooperation, taking into account market conditions.

In the first half of 2024, out of the 6 development projects under construction (two projects completed as at 30/06/2024) within JHM DEVELOPMENT S.A.'s operations, 3 projects, under the terms of general contracting, were carried out by MIRBUD S.A., currently the Company's sole shareholder.

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

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

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

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

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

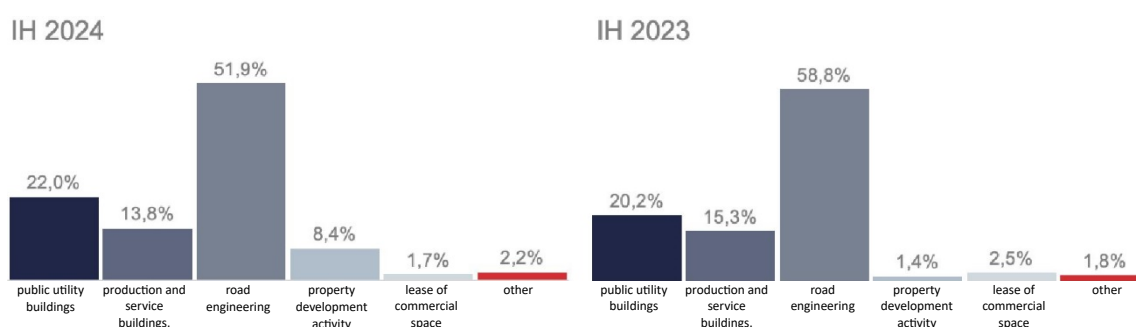
### **Other companies of the MIRBUD Group**

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

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

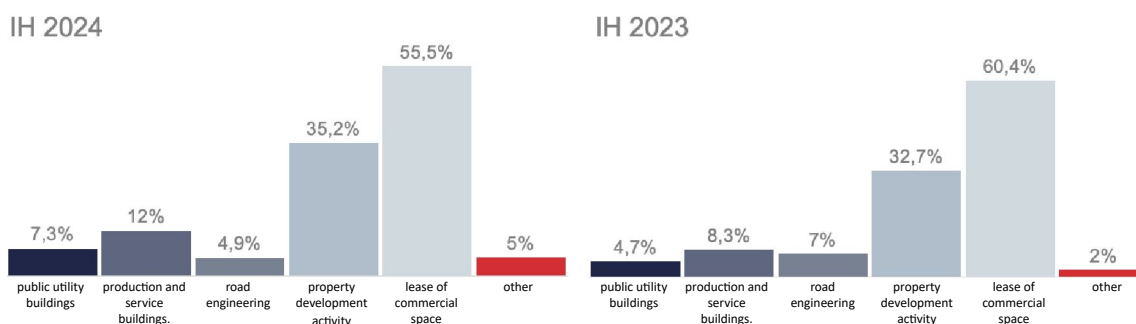
In the first half of 2024, the sales of engineering and road works (51.9% of revenue) dominated the revenue of the MIRBUD Capital Group, with another significant segment being works related to the construction of public utility buildings (22% of revenue), warehouse and production buildings (13.8%) and, 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: 8.4% and 1.7% share in revenue. Overall, sales of construction and assembly services account for 87.7% of the revenue share. In this respect, the revenue structure of the MIRBUD CG has changed slightly with respect to the corresponding period of 2023: 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 significantly.

Chart: MIRBUD CG revenue structure in H1 2024 and H1 2023



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 H1 2024, the Group's total return on sales increased from 8.38% in 2023 to 9.83% in 2024. There were changes in the profitability of sales in various business segments. The profitability of public utility building construction and industrial construction sales, as well as from property development activities increased. However, the profitability of road infrastructure contracts and leasing of commercial space decreased. The drop in the latter's profitability was mainly due to the fire at the Marywilka 44 Shopping Centre in Warsaw.



## Construction and assembly segment

### MIRBUD S.A.

In previous years, MIRBUD S.A. was a company recognised primarily on the market of general contractors executing industrial construction investments. As of 2019, the scope of activities has expanded significantly. The Company, acting in consortium with its subsidiary, KOBYLARNIA S.A., executes road construction contracts throughout the country. The value of 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 the first half of 2024 the Company submitted bids in 54 non-public proceedings and 16 public tenders. The value of submitted bids amounted to PLN 7,327,699,762.26 net. During this period, 7 contracts were signed for the amount of PLN 485,356,912.48 net.

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

### KOBYLARNIA S.A.

The Company has a stable and secure order portfolio for 2024-2028. Until the date of this report, Kobyłarnia S.A. has signed construction contracts with their value of remaining sales amounting to over PLN 5 billion net. The Company's portfolio includes contracts in the build and design & build formula throughout Poland, with the General Directorate for National Roads and Motorways and regional offices of the Voivodship Roads Authority as the main employer. Most are currently at the design stage.

The Company also actively seeks new contracts by participating in tenders. The creation of a consortium of companies with the Group's parent, MIRBUD S.A., is becoming of particular importance in realising the planned strategy and expanding the scope of operations and strengthening its market position. By the end of June 2024, the Company had participated in 52 tenders and signed 6 contracts.

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

## Property development segment

The primary objective of JHM DEVELOPMENT S.A. remains to develop the scale of its activities while maintaining attractive EBITDA and net profit margins. To achieve this goal the Company plans to further expand the scale of its property development operations by focusing on the popular residential market segment, gradually moving from mid-sized cities with high growth potential to development projects in bigger cities.

Further development of development activities in medium-sized cities, especially those located near larger urban agglomerations, enables the Company to benefit from its stable position and experience in these markets. Such locations allow for profitable execution of property development projects with a reduced level of risk. In medium-sized cities, land prices are moderate, so the Company can more easily accumulate its own contribution to the purchase of land and to the commencement of the investment. Such locations often have more limited competition than Poland's largest metropolitan areas. Examples of implementation of this concept are the projects completed in previous years in cities such as Konin, Skierniewice and Żyrardów.

At the same time, the Company aims to carry out property development projects in large cities with more than 300 thousand inhabitants, characterised by higher demand and higher unit selling prices for

residential space. Projects implemented in large cities offer the greatest potential for the Company to increase the scale of its operations. Such projects have already been implemented in Katowice, Bydgoszcz, Gdańsk and Łódź, and further investments are currently being prepared for implementation in these cities and in Poznań.

The Company's offer, in terms of projects under development at the end of the reporting period, included 531 multi-family units with a total usable residential area of 23,300 sq. m.

As at 30/06/2024, the Company had 25 development contracts signed and active under these projects.

Table: List of development projects under construction as at 30/06/2024.

No.	Location	The plot of land area [ha]	Housing type	Usable residential area [sq. m.]	Number of units	Anticipated execution/construction completion dates	Pre-sales volumes on projects
1	MSZCZONÓW, ul. Dworcowa	0.7366	multi-family	7,819	167	01/11/2025	-
2	JASTRZĘBIA GÓRA, ul. Jantarowa Stage I	0.8726	apartments	6,364	164	28/02/2025	25
3	JASTRZĘBIA GÓRA, ul. Jantarowa Stage II	0.4416	apartments	4,100	110	31/03/2026	-
4	SKIERNIEWICE ul. Armii Krajowej Stage II	0.7624	multi-family	9,277	200	31/03/2026	-
<b>TOTAL</b>		<b>2.0766</b>		<b>27,560</b>	<b>641</b>		<b>25</b>

As at 30/06/2024, the land bank held by the Company includes over 37.6 hectares of land for multi-family and commercial development. In order to supplement the land bank, the Company is systematically looking for new land for multi-family housing in locations consistent with its long-term development strategy.

For the years 2024 - 2026, on the basis of the owned land bank, the Company plans to start the implementation of another 9 projects in the investment area covering multi-family and apartment-type housing, in total 1,527 premises with a usable area of 75.1 thousand sq. m.

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

Detailed data on investments launched in the coming years are presented in the table below.

Table: List of developer projects planned for execution between 2024 and 2026

No.	Location	The plot of land area [ha]	Housing type	Usable residential area [sq. m.]	Number of units	Anticipated execution/construction completion dates
1	KONIN, ul. Nefrytowa	0.8497	multi-family	7,537	165	30/05/2026
2	ŻYRARDÓW, Wyspiańskiego	0.5307	multi-family	7,861	161	01/06/2026
3	SKIERNIEWICE, ul. Sobieskiego	0.2071	multi-family	4,639	75	01/07/2026
4	POZNAŃ, ul. Smoluchowskiego Stage I	1.3219	multi-family	14,371	258	01/10/2026
5	ŁÓDŹ, ul. Harcerska	0.8537	multi-family	8,141	175	01/02/2027
6	KONIN, ul. Orłąt Lwowskich	1.1260	multi-family	10,050	215	30/04/2027
7	POZNAŃ, ul. Smoluchowskiego Stage II	0.4364	multi-family	6,320	121	31/05/2027
8	SKIERNIEWICE, ul. Nowobielańska	0.6929	multi-family	7,500	144	01/06/2027
9	BYDGOSZCZ, ul. Toruńska Stage I	0.6073	multi-family	8,717	213	01/06/2027
<b>TOTAL</b>		<b>6.6257</b>		<b>75,136</b>	<b>1,527</b>	

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

The Management Board of the Company believes that one of its priorities, which translates into generating significant value, is operational optimisation. The Company's objective is to minimise the regular level of employment and to limit it mainly to experienced employees, in particular to higher level staff, who are able to efficiently manage the implemented projects on the basis of modern IT systems. The Company's project to implement a modern SAP IT system tailored to support the developer's business processes also served this purpose. The actions taken allow to minimise fixed costs and translate into the optimisation of the operational profitability of the Company.

## Commercial space lease segment

In the opinion of the Company's Management Board, the main external factors which will affect the development of operations and the results achieved between 2024 and 2025 and beyond are:

- The level of inflation in Poland affecting consumers' real income and spending levels - further increases in the level of inflation may negatively affect the level of money spent on goods and services provided by shopping centres. At the same time, high inflation is reflected in the price level of goods and services required to maintain the properties managed by the Company;
- the level of NBP interest rates - the current high interest rates on credits and bonds have a negative impact on the level of investment expenditure and reduce purchasing power (a higher percentage of spending is used to repay financial liabilities);
- consumer behaviour - potential change in shopping trends by reducing time spent in shopping malls, the economic situation on the Polish market - including the economic situation in the sector of lease of retail and warehouse space;
- the economic situation on the Polish market - including the economic situation in the sector of lease of retail and warehouse space;



- further development of the Warsaw district of Białoleka; where the MARYWILSKA 44 Shopping Complex is located - development of residential buildings positively impacts the number of visits to the Complex and lessees' revenue;
- the level of industrial production and economic activity of the population which translates into demand for warehouse space.

In contrast, the main internal factors which will affect the development of operations and the results achieved between 2024 and 2025 and beyond include:

- first and foremost, the launch and expansion of the Temporary Shopping Town with approx. 800 containers and maintenance of the level of commercialisation, the list of lessees and the high footfall level;
- reconstruction of the MARYWILSKA 44 Shopping Centre building, full commercialisation and bringing the Shopping Centre's footfall up to levels from before the fire;
- effective further commercialisation of the warehouse centre in Ostróda, while maintaining market rates and conditions.

The Company's primary task in the near term will be the reconstruction of the burnt-down Marywilaska 44 Shopping Centre. The Company estimates the time required to rebuild the facility to be approx. 12 months after obtaining a building permit. If the authorities' actions are completed and the building permit is granted by 31/12/2024, a realistic date for the the Shopping Centre to be relaunched is late 2025/early 2026.

#### **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 Consolidated Statements of the MIRBUD Capital Group for the period from 01/01/2024 to 30/06/2024.

#### **4.9. Assessment of the potential for implementing investment plans**

##### **Construction and assembly activity**

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

MIRBUD S.A. and KOBYLARNIA 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 finished the expansion of its premises in Skierniewice, at ul. Unii Europejskiej 18. The project amounted to PLN 10 million and was financed from own funds.

KOBYLARNIA S.A. plans to replenish its machinery fleet by the end of 2024. The main investment assumptions are the purchase of new vehicles for PLN 5 million and construction machinery for a total value of PLN 10 million.

The investment plans of KOBYLARNIA S.A. also include the purchase of a new bituminous mass plant to be located in Kobylarnia, together with the development of the necessary infrastructure. The estimated total cost of the project will amount to PLN 51 million (including approx. PLN 25 million for the plant). The Company has signed a contract for delivery and installation which will take place in 2024.

KOBYLARNIA S.A. intends to purchase two additional asphalt mixture plants in connection with road contracts executed throughout the country. The estimated cost of purchasing one plant is EUR 5 million. The projects of KOBYLARNIA S.A., a subsidiary of the Issuer, will be financed with equity and borrowed capital.

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.

### **Property development activity**

At the beginning of its operations, JHM DEVELOPMENT S.A. focused on the development of medium-sized investment projects (multi-family buildings and houses) in smaller cities, which enabled execution of projects with a relatively short return period. Currently, JHM is at a stage of development focused on increasing goodwill and executing larger projects: housing estates built in stages. In the long term, JHM DEVELOPMENT wants to achieve its long-term investment goals, i.e. to build high-end apartment buildings and large, multi-stage housing estates in medium and large-sized cities. With the development of the real estate market in Poland, despite the barriers and limitations, the Company intends to have a significant impact on our surroundings in an environmentally friendly manner and to play an increasingly important role in meeting the housing needs of Polish society. The possibility of meeting the Company's investment intentions is assessed on an ongoing basis and measures are taken to ensure that the Company has optimal sources of financing to enable it to carry out its development plans in the form of expanding its land bank in attractive locations with sales potential.

### **Commercial space lease activity**

The Company started developing a Temporary Shopping Town at the beginning of H2 2024, with approx. 800 containers adapted for commercial activities. The funds for the purchase and adaptation of the containers to this function came from the Company's current financial resources and an advance of PLN 15 million received from the insurance policy.

As at the date of publication of the report, the Temporary Shopping Town is ready, most of the containers have been issued to lessees, and the Town is scheduled to open at the end of August 2024. The Company's major investment intention is to rebuild the MARYWILSKA 44 Shopping Centre to the existing extent. Funding for this project will be mostly covered by insurance, supported by a bank credit. The Company has the knowledge, experience and competence necessary to carry out the reconstruction process.

The primary investment intention for the Group's operations in the commercial space lease segment in the near term will be the reconstruction of the burnt-down Marywilaska 44 Shopping Centre. The Company estimates the time required to rebuild the facility to be approx. 12 months after obtaining a building permit. If the authorities' actions are completed and the building permit is granted by 31/12/2024, a realistic date for the Shopping Centre to be relaunched is late 2025/early 2026. The estimated cost of the reconstruction of approx. PLN 100 million will be financed from the insurance policy compensation and possibly external financing.

## 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>	<b>Administrative restrictions on carrying out construction and assembly activities</b>	average	high	high	high
	<b>Manpower availability and supply chain disruption</b>	high	high	high	average
<i>Epidemiological risk</i>	<b>Administrative restrictions on carrying out construction and assembly activities</b>	average	high	high	high
	<b>Manpower availability and supply chain disruption</b>	average	average	high	average
<i>External financial risks</i>	<b>changes in interest rates</b>	high	average	average	average
	<b>changes in exchange rates</b>	high	average	high	high
	<b>related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits</b>	high	high	average	average
<i>Economic situation risk</i>	<b>change in the macroeconomic situation and economic situation in Poland</b>	high	high	high	average
	<b>in the construction industry</b>	high	high	high	average
<i>Risks related to competition</i>	<b>in the construction industry</b>	high	high	high	high
<i>External legal risks</i>	<b>changes in provisions of law, in particular tax law</b>	average	average	average	average
	<b>related to non-compliance with legal requirements envisaged for the commencement of the investment development and with the legal status of the property</b>	low	high	high	average
<i>Risks related to the current activities</i>	<b>related to the implementation of the development strategy</b>	average	high	average	average
	<b>related to financing development with bank credits</b>	high	high	average	high
	<b>related to the building infrastructure</b>	low	average	low	low

Risks associated with holding shares in Marywilka 44	related to liability for breach of environmental regulations	low	average	average	low
	related to penalties for non-performance or untimely performance of orders	average	average	average	low
	related to claims against the Companies on account of construction of flats and commercial and service facilities, sale of flats, and granting a guarantee of payment for construction works	low	average	average	low
	related to the production process	low	high	average	low
	Risk of failure to obtain payment of compensation under the insurance policy of Marywilka 44	low	low	low	low
	Risk of losing lessees from the Temporary Shopping Town	low	low	low	low
	Risk of failure to recreate the list of lessees of the Marywilka 44 Shopping Centre	low	low	low	low

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

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

As of the date of 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:

impact on the financial results of the Issuer and the Group due to the following circumstances:

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

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

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

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

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

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

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

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

## Liquidity risk management

The Parent'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 of 30/06/2024, Kobylnia S.A. entered into interest rate hedging transactions for long-term credits in PLN within the MIRBUD Capital Group. The hedged level of the WIBOR rate is at 1.80 p.p.

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As at:	As at:	As at:	As at:
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Liabilities under credits and loans	127,465	161,324		
Loans and borrowings granted				
Other financial assets	53	49		
Other financial liabilities	140,880	187,054		
<b>Total</b>	<b>268,398</b>	<b>348,427</b>		

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

In order to carry out a sensitivity analysis for interest rate changes, on the basis of historical changes in value and on the basis of the Company's knowledge and experience of financial markets, reasonably possible interest rate changes were estimated as at 30 June 2024 and 31 December 2023 at the level of -1.0/+1.0 percentage point for the Polish zloty and the Euro.

The effect of the change in interest rates on the net result and the balance sheet total as at 30 June 2024 and 31 December 2023 is presented below.

Sensitivity analysis for items exposed to change in interest rates	As at: 30/06/2024	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
		Liabilities under credits and loans	127,465	-1,032	1,032
Loans and borrowings granted					
Other financial assets	53				
Other financial liabilities	140,880	-1,141	1,141	1,409	-1,409
<b>Total</b>	<b>268,398</b>	<b>-2,174</b>	<b>2,174</b>	<b>2,683</b>	<b>-2,683</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%
	31/12/2023					
Liabilities under credits and loans	161,324		-1,307	1,307	1,613	-1,613
Loans and borrowings granted						
Other financial assets	49					
Other financial liabilities	187,054		-1,515	1,515	1,871	-1,871
<b>Total</b>	<b>348,427</b>		<b>-2,822</b>	<b>2,822</b>	<b>3,484</b>	<b>-3,484</b>

### Risk of changes in foreign exchange rates

Within the MIRBUD Group, only MIRBUD S.A. generates revenue in foreign currency. In the first half of 2024, MIRBUD S.A. generated over 11% of revenue in EUR and was exposed to the exchange rate risk, which could reduce the effectiveness of construction contracts and may affect the amount of revenue and profits. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In the first half of 2024 the Issuer did not hedge currency revenue with forward currency sales.

Items exposed to change in foreign exchange rates	EUR		USD		Other	
	As at:	As at:	As at:	As at:	As at:	As at:
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Liabilities under credits and loans	968	1,043				
Loans and borrowings granted						
Trade and other receivables	9,162	44,958				
Trade and other liabilities	367	4,088				
Cash	3,386	12,054				
Other financial assets						
<b>Total</b>	<b>13,883</b>	<b>62,143</b>				

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

In order to carry out the analysis of sensitivity to changes in exchange rates, based on historical changes in value and on the Company's knowledge and experience of financial markets, the changes in exchange rates which are "realistically possible" were estimated at the level of -10%/+10% as at 30 June 2024 and as at 31 December 2023.

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)			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%
	30/06/2024					
Liabilities under credits and loans	968		78	-78	97	-97
Loans and borrowings granted						
Trade and other receivables	9,162		742	-742	916	-916
Trade and other liabilities	367		30	-30	37	-37
Cash	3,386		274	-274	339	-339
Other financial assets						
<b>Total</b>	<b>13,883</b>		<b>1,125</b>	<b>-1,125</b>	<b>1,388</b>	<b>-1,388</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	1,043	84	-84	104	-104
Loans and borrowings granted					
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	12,054	976	-976	1,205	-1,205
Other financial assets					
<b>Total</b>	<b>62,143</b>	<b>5,034</b>	<b>-5,034</b>	<b>6,214</b>	<b>-6,214</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 30/06/2024 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.

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

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

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

The depletion of funds allocated to subsidise mortgages under this scheme had a cooling effect on the development industry in the first half of 2024 and a perceptible anticipation of the government's new announced "For Start" scheme, so the number of sold units was affected by customers holding back on their purchase decisions, including those related to the availability and cost of mortgages and the announcement that government support would not be introduced until 2025. This situation is slowly stabilising.

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

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

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

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

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

- the existence of local land-use plans,
- the ability to finance the purchase of plots and start the investment development process,

- the possibility of obtaining the required administrative approvals to start implementation of the projects (development conditions, architectural design approval),
- the possibility of ensuring the required own contribution and obtaining bank financing for the implementation of projects.

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

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

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

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

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

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

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

## **Risks related to competition:**

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

The economic situation in Poland, the conflict in Ukraine 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.

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

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

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

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

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

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

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

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

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

Marywilka 44's activities in the management of the commercial facilities in Rumia and Starachowice are exposed to the same risk.

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

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



## External legal risks

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

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

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

### - related to non-compliance with legal requirements envisaged for the commencement of the investment 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 producers, suppliers and subcontractors (product responsibility, responsibility for services, differences between the ordered and delivered assortment, price increases, etc.).

Irrespective of the above, the payment of unforeseen contractual penalties or indemnities may have a negative impact on the Companies' financial results. It should be noted, however, that 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.

Calculation of the debt ratio	in PLN thousand	
	As at:	As at:
	30/06/2024	31/12/2023
Total credits	321,025	404,805
Cash and cash equivalents	-322,965	-395,776
<b>Net debt</b>	<b>-1,940</b>	<b>9,029</b>
Equity	1,027,964	793,550
<b>Total capital</b>	<b>1,026,024</b>	<b>802,580</b>
<b>Debt ratio</b>	<b>0%</b>	<b>1%</b>

Financial liquidity hedging ratios	in PLN thousand	
	As at:	As at:
	30/06/2024	31/12/2023
Net debt		9,029
EBITDA	251,958	223,883
Equity	1,027,964	793,550
Total assets	2,257,911	2,283,801
<b>net debt/EBITDA</b>	<b>0.0</b>	<b>0.0</b>
<b>equity/total assets</b>	<b>0.5</b>	<b>0.3</b>





## **Risks associated with holding shares in Marywilka 44**

### **- Risk of failure to obtain payment of compensation under the insurance policy of Marywilka 44**

Due to a fire on 12 May 2024, the Marywilka 44 Shopping Centre located at ul. Marywilka 44 in Warsaw owned by Marywilka 44 Sp. z o. o. was destroyed. The burnt-down Centre was covered by an insurance policy, including against fire. There is a risk that the Insurer refuses to pay the compensation or significantly reduces the compensation. As at the date of the report, the Company has been informed by the Insurer of the advance payment from the insurance policy.

As at the date of preparation of the report, the Management Board of Marywilka 44 sp. z o.o. describes the risk of non-payment of compensation as low. The Company received information from the Insurer on the granting of an advance payment under the insurance policy which was disbursed before the date of preparation of the financial statements.

As at the date of publication of this report, the activities to determine the cause of the fire have not yet been completed and it is not possible to predict how this will affect the Insurer's payment of compensation.

Refusal to disburse the policy may adversely affect the future performance of MARYWILSKA 44, which will translate into measurement of shares in this entity.

### **- Risk of losing lessees from the Temporary Shopping Town**

In response to the fire which consumed the building of the MARYWILSKA 44 Shopping Centre the Company immediately took steps to organise commercial space in temporary containers located in the car park next to the burnt down Shopping Centre, in an effort to provide space for the current lessees of the Marywilka 44 Shopping Centre. The Company's efforts are aimed at retaining lessees at the existing business location and maximising occupancy of lease area in the rebuilt hall.

There is a risk that this form of temporary business will fail to attract a sufficiently large number of customers and, as a result, lessees will abandon their existing business in the Temporary Shopping Town which may affect the measurement of shares in Marywilka 44 Sp. z o.o.

### **- Risk of failure to recreate the list of lessees of the Marywilka 44 Shopping Centre**

The activities undertaken in connection with the temporary operations at the MARYWILSKA 44 Shopping Complex (Temporary Shopping Town and Wodny Park Handlowy) are subject to the risk of not achieving a sufficiently large scale of operations, which would allow reconstruction of the hall and its full commercialisation in the future and reaching the profitability threshold for the Company's operations to be reached.

At the date of publication of this report, it is not possible to predict how business will develop on the basis of the Temporary Shopping Town which is currently being prepared to open. Failure to restore the former scale of operations may have a negative impact on the measurement of shares in Marywilka 44 Sp. z o.o.

## **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.



MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP FOR THE FIRST HALF OF 2024

Table: Liabilities under credits and loans of MIRBUD S.A. as at 30 June 2024 in PLN thousand.

Name of the party	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
PKO BP S.A.	MIRBUD S.A.	15,000	PLN			WIBOR 1M + margin	25/01/2025	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	4,200	12,000	WIBOR 1M + margin	29/12/2025	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN		19,416	WIBOR 1M + margin	03/08/2024	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	26,822		WIBOR 1M + margin	04/10/2026	assignment of a business receivable, mortgage
Total credits and loans				46,222	47,416	93,639		

As of 30/06/2024, the value of credits and loans has been measured at amortised cost.

As a result of the measurement, the value of liabilities under credits and loans was increased by PLN 3,407 thousand.

## MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP FOR THE FIRST HALF OF 2024

Table: Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 30/06/2024

Name of the party	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	6,356	458	WIBOR 3M + margin	31/12/2034	mortgage on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	39,095	PLN			WIBOR 1M + margin	31/03/2025	mortgages on property
WARSZAWSKI BANK SPÓŁDZIELCZY	JHM Development S.A.	13,110	PLN		2,256	WIBOR 3M + margin	30/12/2024	mortgages on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	23,000	PLN			WIBOR 1M + margin	31/12/2025	mortgages on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	PLN	9,877	3,777	WIBOR 3M + margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	1,342	EUR	3,521	654	EURIBOR 3M + margin	30/10/2030	assignment of receivables, registered pledge on bank account, mortgage
BGK	Kobylarnia S.A.	6,212	PLN	2,899	621	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
<b>Total credits and loans</b>				<b>22,653</b>	<b>7,766</b>	<b>30,419</b>		

MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP FOR THE FIRST HALF OF 2024

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

Name of the party	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
PKO BP S.A.	MIRBUD S.A.	15,000	PLN			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>		

## MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP FOR THE FIRST HALF OF 2024

Table: Liabilities under credits and loans of the Companies from the MIRBUD Group as at 31 December 2023 in PLN thousand

Name of the party	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	6,648	363	WIBOR 3M + margin	31/12/2034	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	28,445	PLN			WIBOR 3M + margin	30/06/2025	mortgage on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN			WIBOR 1M + margin	30/06/2024	mortgages on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	39,095	PLN	3,580		WIBOR 1M + margin	31/03/2025	mortgages on property
WARSZAWSKI BANK SPÓŁDZIELCZY	JHM Development S.A.	13,110	PLN	11,234		WIBOR 3M + margin	30/12/2024	mortgages on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	23,000	PLN	4,973		WIBOR 1M + margin	31/12/2025	mortgages on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	18,000	PLN			WIBOR 3M + margin	30/06/2025	mortgage on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	PLN	11,911	3,486	WIBOR 3M + margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	1,342	EUR	3,844	691	EURIBOR 3M + margin	30/10/2030	assignment of receivables, registered pledge on bank account, mortgage
BGK	Kobylarnia S.A.	6,212	PLN	3,106	621	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
<b>Total credits and loans</b>				<b>45,296</b>	<b>5,161</b>	<b>50,457</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 Companies of the MIRBUD Group.

As at 30/06/2024, the Companies of the MIRBUD Group did not show any debts due to loans, except for loans indicated in the above tables.

#### **4.11.2. Long-term financial liabilities under issuance of bonds**

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

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

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

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

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

Following the discontinuation of bankruptcy proceedings of Hakamore Sp. z o.o. w upadłości in January 2024, the notarial deed for the transfer of ownership of the above-described property to JHM DEVELOPMENT S.A. was signed, and thus the purpose of the series E bond issue was achieved.

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

#### **4.11.3. 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 30/06/2023, the loan debt including the measurement amounted to PLN 94,875 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.

#### 4.11.4. Sureties and guarantees

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

In the MIRBUD Capital Group the leading entity is the parent MIRBUD S.A. and, if necessary, it 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 development projects
- Marywilaska 44 Sp. z o.o. for refinancing capital expenditures
- Kobylarnia S.A. for execution of construction contracts

As at 30/06/2024, the balance of sureties is presented in the table below:

MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP FOR THE FIRST HALF OF 2024

Table: Sureties granted by MIRBUD S.A. as at 30/06/2024

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:	
		30/06/2024	31/12/2023	30/06/2024	31/12/2023	
<b><u>To related parties</u></b>						
	-	-	-	-	-	-
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	3,520	3,727	31/12/2029
JHM Development S.A.	Hedge for the issue of E series bonds	55,000	55,000	50,000	50,000	31/12/2026
<b><u>To other parties</u></b>						
	-	-	-	-	-	-
<b><u>Total</u></b>	-	<b>79,318</b>	<b>79,318</b>	<b>53,520</b>	<b>53,727</b>	-

## KOBYLARNIA S.A.

As at 30/06/2024 and 31/12/2023 Kobyłarnia S.A. has granted the following sureties.

*Table: Sureties granted by Kobyłarnia S.A. as of 30/06/2024, in PLN thousand*

No.	Entity for which the surety was granted	Claim for which surety was granted	Value of the surety as of 30/06/2024	Value of the liability as of 30/06/2021	Expiry date of the surety
1	MIRBUD S.A.	Guarantee facility	80,000	–	30/11/2025

*Table: Sureties granted by Kobyłarnia S.A. as of 31/12/2023, in PLN thousand*

No.	Entity for which the surety was granted	Claim for which surety was granted	Value of the surety as of 31/12/2022	Value of the liability as of 30/06/2021	Expiry date of the surety
1	MIRBUD S.A.	Guarantee facility	80,000	–	30/11/2025

## JHM DEVELOPMENT

The summary of contingent liabilities of JHM DEVELOPMENT Group companies as at 30/06/2024 and 31/12/2024 is presented in the table below.

*Table: Contingent liabilities as of 30/06/2024*

No.	Liability granted to the company	Title of liability	Surety value as at 30/06/2024	Liability value as at 30/06/2024	Expiry of the liability
1	Marywilka 44 sp. z o.o.	Surety for the obligations of Marywilka 44 under the lease agreement concluded with Jysk Sp. z o.o.	650	650	05/07/2033
2	MIRBUD S.A.	Asset surety - hedge for credit with PKO BP S.A.	97,500	0	22/06/2025

*Table: Contingent liabilities as of 31/12/2023*

No.	Liability granted to the company	Title of liability	Surety value as at 31/12/2023	Liability value as at 31/12/2023	Expiry of the liability
1	Marywilka 44 sp. z o.o.	Surety for the obligations of Marywilka 44 under the lease agreement concluded with Jysk Sp. z o.o.	650	650	05/07/2033
2	MIRBUD S.A.	Asset surety - hedge for credit with PKO BP S.A.	90,000	0	22/06/2024



## Marywilka 44 Sp. z o.o.

A summary of contingent liabilities of Marywilka 44 sp. z o.o. as at 30/06/2024 and 31/12/2023 is presented in the tables below.

Table: Contingent liabilities as at 30/06/2024

No.	Liability granted to the company	Title of liability	Surety value as at 30/06/2024	Liability value as at 30/06/2024	Expiry of the liability
1	MIRBUD S.A.	Asset hedge for the loan in Agencja Rozwoju Przemysłu S.A.	60,000	16,200	29/12/2025
2	JHM DEVELOPMENT S.A.	Asset hedge for mortgage in favour of E series bonds hedging administrator	55000	50,000	31/12/2025

Table: Contingent liabilities as at 31/12/2023

No.	Liability granted to the company	Title of liability	Surety value as at 31/12/2023	Liability value as at 31/12/2023	Expiry of the liability
1	MIRBUD S.A.	Asset hedge for the loan in Agencja Rozwoju Przemysłu S.A.	60,000	22,200	29/12/2025
2	JHM DEVELOPMENT S.A.	Asset hedge for mortgage in favour of E series bonds hedging administrator	55,000	50,000	31/12/2025

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

In accordance with the terms of the contract:

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

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

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

Changes in the scope of guarantees in the period since the end of the previous financial year result from the completion of works commenced in previous years. In the opinion of the Management Board of the Company,

due to the nature of the potential liability and the history of the liabilities (occasional cases over a period of several years), it is not possible to reliably estimate the contingent liabilities on this account. Nevertheless, the Management Board is aware of such risk and, as a result, a provision is created for warranty repairs.

Contingent liabilities under the warranty for removal of defects and faults granted by the Companies of the MIRBUD Group to investors, created, lasting from 01/01/2024 to 30/06/2024, are as follows:

Other contingent liabilities	in PLN thousand	
	As at:	As at:
	30/06/2024	31/12/2023
<b>Under performance bond</b>	550,609	660,918
<b>Under rectifying faults and defects</b>	364,589	394,404
<b>Under payment of receivables</b>	149,653	205,414
<b>Total</b>	<b>1,064,851</b>	<b>1,260,736</b>

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

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.

On 25 June 2024, the Company was informed of the registration on the same day by the District Court for Łódź Śródmieście in Łódź, 20th Commercial Division of the National Court Register of an entry in the Register of Entrepreneurs of the National Court Register maintained for the Company, of an increase in the Company's share capital and amendments to the Company's Articles of Association, made pursuant to Resolution No. 4/2024 of the Company's Management Board dated 10 June 2024 on increasing the share capital of MIRBUD S.A. within the limits of the authorised capital by way of issue of ordinary L series shares, deprivation of the existing shareholders in full of the pre-emptive right to all L series shares, dematerialisation of L series shares and rights to L series shares, application for admission and introduction of L series shares or rights to L series shares to trading on a regulated market, amendments to the Company's Articles of Association and authorisation to conclude an agreement on registration of L series shares and rights to L series shares with the securities depository, Resolution No. 5/2024 of the Company's Management Board of 10 June 2024 on the determination of detailed rules for the subscription of ordinary L series shares, as well as Resolution No. 9/2024 of the Company's Management Board of 19 June 2024 on the determination of the amount of the increase of the Company's share capital through the issue of ordinary L series bearer shares within the framework of the authorised capital, the declaration of the amount of the subscribed share capital and the amendment of the Company's Articles of Association, adopted after the completion of the subscription of the Company's L series shares (the "Registration").

As a result the share capital is PLN 11,009,300.00 after Registration and is divided into 110,093,000 shares with the nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 110,093,000.

The Issuer intends to use the capital (approx. PLN 200 million) 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: JHM 1 Sp. z o.o. and JHM 2 Sp. z o.o., w likwidacji concluded detailed insurance contracts which directly concern their operations.

To protect the assets of Marywilska 44 sp. z o.o. located in Warsaw ul. Marywilska 44, the Company has entered into the following insurance contracts: policy No. 350011915494842 against all risks and insurance for loss of gross profit as a result of interruption or disruption of operations resulting from insured property damage, policy of third-party liability insurance for operations in force from 05/09/2022 to 04/09/2023.

To protect the assets of Marywilska 44 sp. z o.o., the Company has taken out property and business profit insurance for the shopping complex in Warsaw valid from 05/09/2023 to 31/03/2025, and property and business profit insurance for the Company’s properties located in Ostróda, Rumia, Starachowice and Skierniewice valid from 01/04/2023 to 31/03/2024. In addition, the Company has taken out thirdparty liability insurance agreements in each of the locations where it operates, and insurance for damage resulting from liability claims by members of the Capital Company’s bodies.

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”.

Under the terms of the aforementioned Contract for the Comprehensive Insurance in 2023, MIRBUD S.A., KOBYLARNIA S.A. and JHM DEVELOPMENT S.A. entered into 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”.

Under the terms of the aforementioned Contract for the Comprehensive Insurance in 2024, MIRBUD S.A., KOBYLARNIA S.A., JHM DEVELOPMENT S.A. and PDC IC 217 sp. z o.o. entered into specific insurance contracts that directly relate to their operations.

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

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

Table: Main contracts concluded by MIRBUD S.A. and KOBYLARNIA S.A. in the period from 01/01/2024 to 30/06/2024 in PLN thousand

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. Consortium of companies composed of: <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>
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 - Voivodeship 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>• <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>
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>• <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>
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>• <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>

18/04/2024	157,000	Rzeszów Municipality	Construction of the Podkarpackie Athletics Centre at ul. Wyspiańskiego in Rzeszów.
26/04/2024	378,001	General Directorate for National Roads and Motorways	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. Consortium of companies composed of: <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>
30/04/2024	82,500 - design and construction of the facility 24,000 - facility maintenance	City of Łódź	Public contract under the public-private partnership titled "Design, construction and operation of the Olechów-Janów Sports and Leisure Centre"
07/05/2024	93,370	City of Skierniewice	Execution of a public contract under the "Design and Build" formula titled "Skierniewice Leisure and Sports Centre" in Skierniewice.
14/05/2024	255,854	General Directorate for National Roads and Motorways	Design and construction of the S16 expressway, Knyszyn - Krynice section Consortium of companies composed of: <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>

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

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. The intent of cooperation in question will be expressed and confirmed by a separate general contractor agreement in the design and build formula, subject to **ElectroMobility Poland S.A.** obtaining the relevant corporate approvals.

On 13 March 2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Szczecin Branch (address: ul. 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 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 March 2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Poznań Branch (address: ul. Siemiradzkiego 5a, 60-763 Poznań) 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 March 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 3 April 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 5 April 2024 the Issuer was informed by the Employer, the 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 Walcz 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 17 April 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 26 April 2024 the Issuer was informed by the Employer, the General Directorate for National Roads and Motorways, Bydgoszcz Branch (ul. Fordońska 6, 85-085 Bydgoszcz) that in the procedure for the award of a public contract titled Design and construction of the Kamień Krajeński and Sępólno Krajeńskie bypass, divided into 2 parts:

- part 1: Design and construction of the Kamień Krajeński bypass within national road No. 25 on the section from km 81+100 to km 84+405;
- part 2: Design and construction of the Sępólno Krajeńskie bypass within national road No. 25 on the section from km 90+540 to km 96+317;

the bids selected as the most advantageous ones were those of a 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).

**Value of bids:**

- for part 1: PLN 43,249,160.00 gross;
- for part 2: PLN 115,377,076.00 gross.

Total value of submitted bids: **PLN 158,626,236.00 gross**.

On 10 May 2024 the Issuer received information from the Employer, the City of Chełm (address: ul. Lubelska 65, 22-100 Chełm) that in the procedure for the award of a public contract titled “**Lublin Football Centre - reconstruction of the municipal stadium including training pitches**”, the Issuer’s bid was selected as the most advantageous one. **Bid value:** PLN 94,710,000.00 gross.

On 15 May 2024, the Issuer received information from the Employer, Jawor Municipality (Rynek 1, 59-400 Jawor 6) that in the procedure for the award of a public contract titled “**Construction/modernisation of water and sewage, road, and electricity infrastructure in the Lower Silesian Economic Activity Zone – S 3 Jawor**”, the bid selected as the most advantageous one was that of a 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 56,949,000.00 gross.

On 18 June 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 II, Siemianice – Gotartów**, the bid selected as the most advantageous one was that of a 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 577,556,748.89 gross.

## JHM DEVELOPMENT S.A.

*Table: The most important contracts concluded by JHM DEVELOPMENT S.A. in the period from 01/01/2024 to 30/03/2024*

Contract conclusion date	Contract value (net) in PLN thousand	Business partner	Subject of the contract
01/03/2024	42,180	INWESTDOM sp. z o.o. with its registered office in Katowice	construction as a general contractor of a multi-family residential building with an underground car park and the necessary infrastructure in Mszczonów (Masovian Voivodeship, Żyrardów powiat) at ul. Dworcowa

## OTHER COMPANIES IN THE GROUP

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



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

Table: Key contracts concluded by MIRBUD S.A. and KOBYLARNIA 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
02/07/2024	82,597	KOBYLARNIA S.A.	Execution of bituminous works including material in connection with the realisation of the investment named "Construction of the S1 expressway, Kosztowy – Bielsko-Biała. Section III – Dankowice – "Suchy Potok" interchange, with interchange".
03/07/2024	693,867	General Directorate for National Roads and Motorways	"Design and construction of the S11 Piła - Poznań expressway, Oborniki - Poznań Północ interchange with Oborniki bypass"  Consortium of companies composed of: <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>
05/07/2024	526,016	General Directorate for National Roads and Motorways	Design and execution of a task 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)".  Consortium of companies composed of: <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>
15/07/2024	485,685	General Directorate for National Roads and Motorways	"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)".  Consortium of companies composed of: <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>
22/07/2024	469,558	General Directorate for National Roads and Motorways	Construction of the S11 expressway, Kępno - A1 within section from Kępno to the border of Opole Voivodeship (excluding the Olesno bypass), section II, Siemianice – Gotartów".  Consortium of companies composed of: <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>
31/07/2024	135,570	Stryków Municipality	Construction of Stryków Development Centre (CRS)



In connection with the incident of 12 May 2024, i.e. fire in the hall of the Marywilska 44 shopping centre, it was necessary to make changes to the strategy of the MIRBUD Capital Group's operations in the field of managing the commercial property rental segment. Marywilska 44 Sp. z o.o. must focus on measures to provide temporary retail space for the lessees of the burnt-down building in the interim, with the ultimate aim of rebuilding the burnt-down building and fully commercialising it. Resources, primarily human and organisational, as well as financial, prevent the effective simultaneous management of the remaining properties and assets during this period. For the sake of efficiency of management of the sector, the MIRBUD Management Board decided to divide the management of property owned by Marywilska 44 sp. z o.o. between the other companies in the Capital Group, as follows: ownership and management of commercial warehouse property will be transferred to MIRBUD S.A. and ownership and management of commercial retail property will be transferred to JHM DEVELOPMENT S.A.

On 12 July 2024, MIRBUD S.A. purchased 20,800 shares from Marywilska 44 Sp. z o.o. with a total nominal value of 1,040,000 in the share capital of PDC Industrial Center 217 Sp. z o.o. with its registered office in Warsaw. MIRBUD S.A. directly holds 85.19% of the equity of PDC Industrial Center 217 Sp. z o.o.

On 15 July 2024, MIRBUD S.A., pursuant to Notarial Deed Repertory A No. 6869/2024, bought an investment property located in Ostróda at ul. Grunwaldzka 55 from Marywilska 44 Sp. z o.o. The purchase price of the property amounted to PLN 148,000 thousand net.

On 22 July 2024, MIRBUD S.A. sold 905,100 shares in the share capital of Marywilska 44 Sp. z o.o. to redeem them for remuneration of PLN 90,510 thousand.

On 7 August 2024, the Issuer received information from the Employer, the Voivodship Roads Authority in Gdańsk (ul. Mostowa 11A, 80-778 Gdańsk) that in the procedure for the award of a public contract titled "**Construction of Kartuzy bypass - stage II**" the bid selected as the most advantageous one was that of a 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 177,348,586.61 gross.

On 13 August 2024, the Issuer received a notice from the Mayor of the City of Gliwice on the cancellation of the action of selecting the Issuer's bid for the construction of the City Hospital in Gliwice. The reason for cancellation of the bid selection is the ruling of the National Chamber of Appeal of 1 July this year ordering the Employer to cancel the bid selection process and repeat the bid examination and evaluation process. The other two appeals against the selection of the Issuer's bid were dismissed by the National Chamber of Appeal.

#### **OTHER COMPANIES IN THE GROUP**

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

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

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

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

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

- - 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, 18th 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.

As at the date of the financial statements, the liquidation of HAKAMORE has been completed. By a decision of the District Court for Łódź Śródmieście in Łódź, 20th Commercial Division of the National Court Register, reference No. LD.XX NS-REJ.KRS/022125/24/918, HAKAMORE Spółka z ograniczoną odpowiedzialnością w likwidacji was deleted from the National Court Register as of 02/08/2024.

- 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.

Marywilka 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.

On 9 February 2024, MIRBUD S.A. sold 6,148 shares in the share capital of PDC Industrial Center 217 Sp. z o.o. to PG DUTCH HOLDING I B.V. The nominal value of the shares was PLN 50 each, giving a value of PLN 307 thousand, representing 14.81% of the share capital of PDC Industrial Center 217 Sp. z o.o.

On 12 July 2024, MIRBUD S.A. completed the acquisition of 50.12% shares in the share capital of PDC Industrial Center 217 sp. z o.o. from its subsidiary, Marywilka 44 sp. z o.o.

As at 30 June 2024, the MIRBUD Group held a total of 85.19% 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 2024.

## 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;
- rebuilding, 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,
- controls 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 controls, including: segregation of duties, at least two-step data authorisation, verification of the correctness of the data received,
- 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 controls for 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 controls 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 approval.

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;
- to make 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 01/01/2024 to 30/06/2024

In the period from 01.01 to 30.06.2024, MIRBUD S.A. made dividend payments.

On 24 May 2024 the Issuer's Management Board applied to the General Meeting of Shareholders of MIRBUD S.A. to distribute the net unconsolidated profit generated in 2023 in the amount of PLN 97,319,755.71 for the payment of a dividend in the amount of PLN 19,266,282.00, i.e. PLN 0.21 gross per share, and to exclude the remaining part of the profit in the amount of PLN 78,053,473.71 from distribution and allocate it to the Company's supplementary capital.

The Issuer informs that the Supervisory Board of MIRBUD S.A., at the meeting on 24 May this year, gave a unanimous positive opinion on the motion.

On 21 June 2024, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 9/2024 concerning the distribution of the Company's net profit for 2023. Pursuant to the Resolution adopted, the General Meeting decided to allocate a portion of the profit for the financial year 2023 in the amount of PLN 19,266,282.00 to the payment of dividends to the Issuer's shareholders, i.e. PLN 0.21 gross per share, and to exclude from distribution the remaining portion of the profit in the amount of PLN 78,053,473.71 and to allocate it to the Company's supplementary capital.

On 21 June 2024, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 10/2024 concerning the payment of dividends to shareholders of the Issuer. 27 June 2024 was adopted as the dividend date and 07 August 2024 as the dividend payment date. The dividend was paid on the date specified.

On 22/05/2024, the Ordinary General Meeting of Shareholders of KOBYLARNIA S.A. adopted Resolution No. 5/2024 according to which the Company's net profit of PLN 25,755,798.84 achieved in the financial year covering the period from 01/01/2023 to 31/12/2023 was to be allocated as follows:

- the amount of PLN 20,000,000 for dividend payment, setting the dividend payment date at 05/06/2024;
- the amount of PLN 5,755,798.84 for the Company's supplementary capital.

The dividend was paid on the date specified in the Resolution.

On 14/05/2024 the Ordinary General Meeting of Shareholders of JHM DEVELOPMENT S.A. adopted Resolution No. 4/2024 on the distribution of net profit for financial year 2023 through the payment of a dividend in the amount of PLN 4,844,000.00, i.e. PLN 0.07 (zero zloty, seven grosz) gross per share, and on excluding from the distribution the remaining part of the profit in the amount of PLN 11,737,282.13 and allocating it to increase the Company's supplementary capital.

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

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

#### 12.1.3. Shares and stocks of the

##### MIRBUD S.A.

As at 30/06/2024, the share capital is divided into 110,093,000 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
12	L	18348 800	PLN 0.10	1,835	cash	25.06.2024r.
<b>Total</b>		<b>110093 000</b>		<b>11,009</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.

On 25 June 2024, the Company was informed of the registration on the same day by the District Court for Łódź Śródmieście in Łódź, 20th Commercial Division of the National Court Register of an entry in the Register of Entrepreneurs of the National Court Register maintained for the Company, of an increase in the Company's share capital and amendments to the Company's Articles of Association, made pursuant to Resolution No. 4/2024 of the Company's Management Board dated 10 June 2024 on increasing the share capital of MIRBUD S.A. within the limits of the authorised capital by way of issue of ordinary L series shares, deprivation of the existing shareholders in full of the pre-emptive right to all L series shares, dematerialisation of L series shares and rights to L series shares, application for admission and introduction of L series shares or rights to L series shares to trading on a regulated market, amendments to the Company's Articles of Association and authorisation to conclude an agreement on registration of L series shares and rights to L series shares with the securities depository, Resolution No. 5/2024 of the Company's Management Board of 10 June 2024 on the determination of detailed rules for the subscription of ordinary L series shares, as well as Resolution No. 9/2024 of the Company's Management Board of 19 June 2024 on the determination of the amount of the increase of the Company's share capital through the issue of ordinary L series bearer shares within the framework of the authorised capital, the declaration of the amount of the subscribed share capital and the amendment of the Company's Articles of Association, adopted after the completion of the subscription of the Company's L series shares (the "Registration").

As a result the share capital is PLN 11,009,300.00 after Registration and is divided into 110,093,000 shares with the nominal value of PLN 0.10 each. The total number of votes attached to all shares in the Company is 110,093,000.

The Issuer intends to use the capital (approx. PLN 200 million) 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.

On 09/07/2024 in Current Report No. 74/2024, the Company informed that: by way of Resolution No. 895/2024 of 9 July 2024 on the admission and introduction to exchange trading on the WSE Main Market of ordinary L series bearer shares of MIRBUD S.A., the Management Board of the Warsaw Stock Exchange stated that 18,348,800 ordinary L series bearer shares of the Company, with a nominal value of PLN 0.10 each ("**Shares**"), are admitted to trading on the parallel market and decided to introduce the Shares of the Company to trading on the parallel market as of 12 July 2024, provided that Krajowy Depozyt Papierów Wartościowych S.A. registers these Shares on 12 July 2024 and designates them with the code "PLMRBUD00015".

On 10/07/2024 in Current Report No. 75/2024, the Company informed that, in accordance with the contents of the Announcement of the Operations Department of Krajowy Depozyt Papierów Wartościowych S.A. ("**KDPW**") No. ONP/2024/055, on 12 July 2024, 18,348,800 ordinary L series bearer shares of the Company will be registered under ISIN code: PLMRBUD00015.

Table: Ownership structure of the share capital as of 30 June 2024

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>37.89%</b>	41,710,000	<b>37.89%</b>
<b>Nationale-Nederlanden Open Pension Fund</b>	14229 550	<b>12.93%</b>	14229 550	<b>12.93%</b>
<b>TFI PZU S.A.</b>	5589 481	<b>5.08%</b>	5589 481	<b>5.08%</b>
<b>Other shareholders</b>	48563 969	<b>44.10%</b>	48563 969	<b>44.10%</b>
<b>Total</b>	<b>110093 000</b>	<b>100.00%</b>	<b>110093 000</b>	<b>100.00%</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>	40812 363	<b>44.48%</b>	40812 363	<b>44.48%</b>
<b>Total</b>	<b>91744 200</b>	<b>100.00%</b>	<b>91744 200</b>	<b>100.00%</b>

## KOBYLARNIA S.A.

As of 30 June 2024, the share capital of KOBYLARNIA S.A. amounted to PLN 30,000,000 (thirty million zloty) and was divided into 300,000,000 shares with a nominal value of PLN 0.10 each.

Table: Structure of the share capital of KOBYLARNIA S.A. as at 30/06/2024

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

Table: Structure of the share capital of KOBYLARNIA S.A. as at 31/12/2023

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

Table: Structure of shares held as at 30 June 2024

Shareholder	Number of shares held	Share in the Company's share capital	Number of votes	% share in the total number of votes
<b>MIRBUD</b>	300,000,000	100%	300,000,000	100%
<b>Total</b>	<b>300000 000</b>	<b>100%</b>	<b>300000 000</b>	<b>100%</b>

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

## JHM DEVELOPMENT S.A.

As at 30 June 2024, the share capital of JHM DEVELOPMENT S.A. amounted to PLN 173,000 000 (one hundred and seventy-three million zloty) and was divided into 69,200,000 shares with a nominal value of PLN 2.50 each.

Table: Structure of the share capital of JHM DEVELOPMENT S.A. as at 30/06/2024

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

Table: Structure of the share capital of JHM DEVELOPMENT S.A. as at 31/12/2023

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

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

Table: Ownership structure of the share capital as of 30/06/2024

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

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

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

The share capital of Marywilka 44 Sp. z o.o. comprises 3,150,000 shares. The Company's share capital as at 30/06/2024 was PLN 157,500 thousand, and the structure of shareholders was as follows

Table: Ownership structure of the share capital of Marywilka Sp. z o.o. as at 30/06/2024

Component	Number of shares	Nominal price	Registered capital in PLN thousand	Registration date	Method of coverage
MIRBUD S.A.	1810 200	PLN 50.00	90,510	05/04/2022	cash
JHM DEVELOPMENT S.A.	1,339,800	PLN 50.00	66,900	24/11/2014	cash
Total	3150 000		157,500		

Table: Ownership structure of the share capital of Marywilka Sp. z o.o. as at 31/12/2023

Component	Number of shares	Nominal price	Registered capital in PLN thousand	Registration date	Method of coverage
MIRBUD S.A.	1810 200	PLN 50.00	90,510	05/04/2022	cash
JHM DEVELOPMENT S.A.	1,339,800	PLN 50.00	66,900	24/11/2014	cash
Total	3150 000		157,500		

On 22 July 2024, MIRBUD S.A. sold 905,100 shares in the share capital of Marywilka 44 Sp. z o.o. to Marywilka 44 Sp. z o.o. to redeem them for remuneration of PLN 90,510 thousand.

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

### HAKAMORE Sp. z o.o.

The Issuer's subsidiary, JHM DEVELOPMENT S.A., holds 100% of the shares in the Company as at the date of publication of the report.

By decision dated 1 July 2022, the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division for Bankruptcy and Restructuring Proceedings, announced in proceedings file reference number XVIII GUp 168/20, the bankruptcy proceedings of HAKAMORE spółka z ograniczoną odpowiedzialnością w upadłości with its registered office in Skierniewice (KRS number 0000643506) were discontinued. The District Court of Warsaw has declared this decision valid as of 17 November 2023.

In connection with the discontinuation of bankruptcy proceedings in respect of HAKAMORE Sp. z o.o. w upadłości on 20 December 2023, a preliminary contract was concluded between HAKAMORE Sp. z o.o. and JHM DEVELOPMENT S.A. for the sale of land properties with an area of 19.87 ha, located in Łódź at ul. Politechniki, Wróblewskiego and Różana. The promised contract of sale of this property was concluded on 25/01/2024.

As of 01/01/2024, the Company was put into liquidation. As at the date of the financial statements, the liquidation of HAKAMORE has been completed. By a decision of the District Court for Łódź Śródmieście in Łódź, 20th Commercial Division of the National Court Register, reference No. LD.XX NS-



REJ.KRS/022125/24/918, HAKAMORE Spółka z ograniczoną odpowiedzialnością w likwidacji was deleted from the National Court Register as of 02/08/2024.

### TOB «MIPБУД»

The share capital of TOB «MIPБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 28/06/2024, PLN 236,824.18). The sole partner of the company is MIRBUD S.A. As of 30 June 2024, the value of the contributed capital amounted to PLN 315,877.09.

The share capital of TOB «MIPБУД» 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.

The entity is not consolidated due to its immaterial character.

### PDC INDUSTRIAL CENTER 217 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.

On 9 February 2024, MIRBUD S.A. entered into an agreement for the sale of 14.8% of shares in PDC Industrial Center 217 Sp. z o.o.

On 12 July 2024, MIRBUD S.A. completed the acquisition of 50.12% shares in the share capital of PDC Industrial Center 217 sp. z o.o. from its subsidiary, Marywilska 44 sp. z o.o.

As at 31 December 2023, the MIRBUD Group held a total of 85.19% of the shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

Table: Ownership structure of the share capital of PDC INDUSTRIAL CENTER 217 sp. z o.o. as of the date of the report

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
MIRBUD	35,352	85.19%	35,352	85.19%
PD DUTCH HOLDING I BV	6,148	14.81	6,148	14.81
Total	41,500	100%	41,500	100%

Table: Ownership structure of the share capital of PDC INDUSTRIAL CENTER 217 sp. z o.o. as at 30/06/2024

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
MIRBUD	14.552	35.07%	14.552	35.07%
MARYWILSKA 44 sp. z o.o.	20.800	50.12%	20.800	50.12%
PD DUTCH HOLDING I BV	6.148	14.81	6.148	14.81
<b>Total</b>	<b>41.500</b>	<b>100%</b>	<b>41,500</b>	<b>100%</b>

Table: Ownership structure of the share capital of PDC INDUSTRIAL CENTER 217 sp. z o.o. as at 31 December 2023

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
MIRBUD	20.700	49.88%	20.700	49.88%
MARYWILSKA 44 sp. z o.o.	20.800	50.12%	20.800	50.12%
<b>Total</b>	<b>41.500</b>	<b>100%</b>	<b>41.500</b>	<b>100%</b>

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

##### MIRBUD S.A.

The total number of shares of MIRBUD S.A. held by members of the management and supervisory bodies as at 30/06/2024 and 31/12/2023 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

Full name	Position in the Company	Number of shares held (pcs)	Number of shares held in %
<b>Jerzy Mirgos</b>	President of the Management Board	<b>41,710,000 shares with a nominal value of PLN 0.10 each share with a total of 41,710,000 shares</b>	<b>37.89%</b>
<b>TOTAL</b>			<b>37.89%</b>

Table. Shares of the Company held by members of management and supervisory bodies as at 30/06/2024

Full name	Position in the Company	Number of shares held (pcs)	Number of shares held in %
<b>Jerzy Mirgos</b>	President of the Management Board	<b>41,710,000 shares with a nominal value of PLN 0.10 each share with a total of 41,710,000 shares</b>	<b>37.89%</b>
<b>TOTAL</b>			<b>37.89%</b>

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 Board	<b>41,710,000 shares with a nominal value of PLN 0.10 each share with a total of 41,710,000 shares</b>	<b>45.46%</b>
<b>TOTAL</b>			<b>45.46%</b>

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

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

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

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

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

As at 30/06/2024 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**

A significant event that may affect the financial results of MIRBUD S.A. in the future was the fire that broke out at the MARYWILSKA 44 Shopping Centre on 12 May 2024. As a result of the incident, six of the shopping halls that make up the Centre burned down. Efforts are currently underway to determine the cause of fire which at the date of this report remains unknown.

The fair value of the investment property destroyed in the fire was PLN 131,941 thousand .

The property is covered by an insurance policy, including against fire. The Insurer's loss adjustment process is underway. On 26 July 2024, a decision was issued to pay an advance on compensation under the policy in question. The Company's Management Board estimates that its payment from the insurance policy will be made later this year and will amount to approximately PLN 111,062 thousand .

For the purposes of preparing the report, an impairment loss for the investment property and estimated insurance proceeds were recognised in the books of Marywilska 44 - these items were included in other operating revenue and expenses respectively.

The Management Board of Marywilska 44 Sp. z o.o., among other things, in response to the needs of lessees, decided to rebuild the burnt-down Shopping Centre and to organise approx. 800 shopping containers for tenants in a temporary shopping town located in the car park next to the burnt-down Shopping Centre. The organisation of temporary retail spaces will allow lessees to stay where they operated before, which will affect occupancy of lease area in the rebuilt hall. This will allow the hall to be rebuilt and commercialised in the future.

As of today, there are no indications of an impairment loss for shares in Marywilska 44 held by MIRBUD S.A.

### 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

#### 13. MIRBUD S.A.

14. In the period from 01/01/2024 to 30/06/2024, the composition of the Management Board of MIRBUD S.A. did not change and it performed the duties with the following composition:

15.

16. *Table: Composition of the MIRBUD S.A. Management Board from 01/01/2024 to 30/06/2024*

Full name	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

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 01/01/2024 to 30/06/2024.

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

On 18 March 2024, the Extraordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 6/2024 on appointing Mr. Jerzy Łuczak to the Supervisory Board of MIRBUD S.A.

On 21 June 2024, the Issuer announced that it had received a declaration of resignation of Mr. Bartosz Wilczak from his position as a Member of the Supervisory Board of MIRBUD S.A. as of 31 July 2024.

On 21 June 2024, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 23/2024 on appointing Mr. Killion Munzele Munyama to the Supervisory Board of MIRBUD S.A. with effect from 1 August 2024.

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

Full name	Position
<b>Radosław Niewiadomski</b>	Chairman of the Supervisory Board
<b>Agnieszka Bujnowska</b>	Secretary of the Supervisory Board
<b>Jacek Tucharz</b>	Member of the Supervisory Board
<b>Jerzy Łuczak</b>	Member of the Supervisory Board
<b>Killion Munzele Munyama</b>	Member of the Supervisory Board - since 18/03/2024

Table: Composition of the Supervisory Board of MIRBUD S.A. as at 30/06/2024

Full name	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
<b>Bartosz Wilczak</b>	Member of the Supervisory Board
<b>Jerzy Łuczak</b>	Member of the Supervisory Board - since 18/03/2024

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

Full name	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)

## JHM DEVELOPMENT S.A.

In the period from 01/01/2024 to 30/06/2024, the Management Board of JHM DEVELOPMENT S.A. did not change and performed the duties with the following composition:

On 16 July 2024, the Company received a declaration from Mr. Sławomir Siedlarski of his resignation from the position of Member of the Management Board of JHM DEVELOPMENT S.A. as of 16 July 2024.

During the meeting held on 17 July 2024, the Supervisory Board adopted the following resolutions on changes to the composition of the Company's Management Board:

Resolution No. XI/2024 on appointing Ms. Dorota Grzeczyńska to the Management Board.

Resolution No. XII/2024 on appointing Mr. Sławomir Ziółkowski to the Management Board.

Resolution No. XIII/2024 on appointing Ms. Regina Biskupska as Vice-President of the Management Board.

Resolution No. XIV/2024 on appointing Ms. Kaja Mirgos-Kwiatkowska as President of the Management Board.

Table: Composition of the Management Board of JHM DEVELOPMENT S.A. as at the date of publication of the report

Management Board	
Regina Biskupska	Vice-President of the Management Board
Jerzy Mirgos	Vice-President of the Management Board
Dorota Grzeczyńska	Member of the Management Board
Sławomir Ziółkowski	Member of the Management Board
Kaja Mirgos-Kwiatkowska	President of the Board

Table: Composition of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2024 to 30/06/2024

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

Table: Composition of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2023 to 31/12/2023

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

On 28/02/2024 the Extraordinary General Meeting of Shareholders appointed Ms. Anna Więżowska to the Company's Supervisory Board for a four-year term of office, and by way of Resolution of the Supervisory Board of 08/03/2024 Ms. Anna Więżowska was entrusted with the position of Chairwoman of the Supervisory Board.

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

Table: Composition of the Supervisory Board of JHM DEVELOPMENT S.A. in the period from 01/01/2024 to 30/06/2024

Supervisory Board	
Anna Więżowska	Chairman of the Supervisory Board (until 08/03/2023)
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board

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

Supervisory Board	
Wiesław Kosonóg	Chairman of the Supervisory Board (until 01/12/2023)
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board



## KOBYLARNIA S.A.

The composition of the Company's Management Board in the period from 01/01/2024 to 30/06/2024 was as follows:

*Table: Composition of the Management Board of KOBYLARNIA S.A. in the period from 01/01/2024 to 30/06/2024*

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

On 28 March 2024, by Resolution No. 2 of 2024, the Company's Supervisory Board appointed Mr. Tomasz Żuchowski as President of the Management Board, who held the position from 07/05/2024 to 07/06/2024.

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

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

The composition of the Company's Supervisory Board in the period from 01/01/2024 to 30/06/2024 was as follows:

*Table: Composition of the Supervisory Board of KOBYLARNIA S.A. in the period from 01/01/2024 to 30/06/2024*

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

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

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

## Marywilka 44 Sp. z o.o.

The composition of the Management Board of the subsidiary Marywilka 44 Sp. z o.o. did not change in the period from 01/01/2024 to 30/06/2024.

*Table: Composition of the Management Board of Marywilka 44 Sp. z o.o. in the period from 01/01/2023 to 31/12/2023*

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

The composition and changes in the composition of the Supervisory Board of the subsidiary Marywilka 44 Sp. z o.o. in the period from 01/01/2024 to 30/06/2024 did not change and was as follows:

*Table: Composition of the Supervisory Board of Marywilka 44 Sp. z o.o. in the period from 01/01/2024 to 30/06/2024*

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

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

## PDC INDUSTRIAL CENTER 217 sp. z o.o.

The composition of the Management Board of the subsidiary PDC INDUSTRIAL CENTER 217 sp. z o.o. remained unchanged between 01/01/2024 and 30/06/2024.

*Table: Composition of the Management Board of PDC INDUSTRIAL CENTER 217 sp. z o.o. in the period from 01/01/2024 to 30/06/2024*

Management Board	
Kaja Mirgos-Kwiatkowska	President of the Management Board
Piotr Taras	Member of the Management Board

There is no supervisory board.

### 16.1. 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 Marywilka 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 37.89% of shares in the Issuer as at 30/06/2024.

**16.2. Remuneration of members of the management and supervisory bodies****MIRBUD S.A.***Table: Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2024 to 30/06/2024*

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	759	0	0	0	0	0	450	<b>1,209</b>
Sławomir Nowak	Vice-President of the Management Board	690	0	0	0	0	0	309	<b>999</b>
Paweł Korzeniowski	Member of the Management Board	684	0	0	0	0	0	37	<b>721</b>
Tomasz Sałata	Member of the Management Board	649	0	0	0	0	0	0	<b>649</b>
Ewa Przybył	Proxy	174	0	0	0	0	0	0	<b>174</b>
Anna Więzowska	Proxy	390	0	0	0	0	0	110	<b>500</b>
Radosław Niewiadomski	Chairman of the Supervisory Board	35	0	0	0	0	0	9	<b>44</b>
Agnieszka Bujnowska	Secretary of the Supervisory Board	34	0	0	0	0	0	31	<b>65</b>
Stanisław Lipiec	Member of the Supervisory Board	12	0	0	0	0	0	0	<b>12</b>
Jerzy Łuczak	Member of the Supervisory Board	12	0	0	0	0	0	0	<b>12</b>
Jacek Tucharz	Member of the Supervisory Board	27	0	0	0	0	0	0	<b>27</b>
Bartosz Wilczak	Member of the Supervisory Board	28	0	0	0	0	0	0	<b>28</b>
<b>TOTAL</b>		<b>3,494</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>946</b>	<b>4,440</b>

MANAGEMENT REPORT OF THE MIRBUD CAPITAL GROUP FOR THE FIRST HALF OF 2024

18. Table: Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2023 to 30/06/2023

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	669	0	0	0	0	0	450	1,119
Sławomir Nowak	Vice-President of the Management Board	600	0	0	0	0	0	270	870
Paweł Korzeniowski	Member of the Management Board	620	0	0	0	0	0	26	646
Tomasz Sałata	Member of the Management Board	600	0	0	0	0	0	0	600
Agnieszka Bujnowska	Secretary of the Supervisory Board	33	0	0	0	0	0	30	63
Artur Sociński	Member of the Supervisory Board	27	0	0	0	0	0	0	27
Wiesław Kosonóg	Chairman of the Supervisory Board	39	0	0	0	0	0	9	48
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board	33	0	0	0	0	0	9	42
Stanisław Lipiec	Member of the Supervisory Board	20	0	0	0	0	0	0	20
Jacek Tucharz	Member of the Supervisory Board	18	0	0	0	0	0	0	18
<b>TOTAL</b>		<b>2,659</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>794</b>	<b>3,453</b>

In the period from 01/01/2024 to 30/06/2024 members of the Issuer's management, supervisory and administrative bodies did not receive any awards or benefits for their functions, prizes or benefits except for the remuneration indicated in the table above.

### JHM DEVELOPMENT S.A.

The value of remuneration of members of management bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2024 to 30/06/2024 and 01/01/2023 to 30/06/2023 is presented in the tables below.

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2024 to 30/06/2024

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	Total
<b>Management Board</b>	<b>865</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>865</b>
<b>Supervisory Board</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>Total</b>	<b>889</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>889</b>

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2024 to 30/06/2024

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	Total
<b>Management Board</b>	<b>824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>824</b>
<b>Supervisory Board</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>Total</b>	<b>851</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>851</b>

The value of remuneration of members of management bodies of KOBYLARNIA S.A. in the period from 01/01/2024 to 30/06/2024 and 01/01/2023 to 30/06/2023 is presented in the tables below.

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2024 to 30/06/2024

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	Total
<b>Management Board</b>	<b>1,599</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,599</b>
<b>Supervisory Board</b>	<b>99</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>99</b>
<b>Total</b>	<b>1,698</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,698</b>

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2023 to 30/06/2023

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	Total
<b>Management Board</b>	<b>1,313</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,313</b>
<b>Supervisory Board</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>

Total	1,413	0	0	0	0	1,413
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## MARYWILSKA sp. z o.o.

The value of remuneration of the members of management bodies of Marywilka 44 Sp. z o.o. in the period from 01/01/2024 to 30/06/2024 and 01/01/2023 to 30/06/2023 is presented in the tables below.

Table: Remuneration of members of the management and supervisory bodies of Marywilka Sp. z o.o. in the period from 01/01/2024 to 30/06/2024

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	Total
<b>Management Board</b>	<b>1,035</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,035</b>
<b>Supervisory Board</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>
<b>Total</b>	<b>1,076</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,076</b>

Table: Remuneration of members of management and supervisory bodies of Marywilka Sp. z o.o. in the period from 01/01/2023 to 30/06/2023

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Employment termination benefits	Share-based payments	Total
<b>Management Board</b>	<b>904</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>904</b>
<b>Supervisory Board</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>
<b>Total</b>	<b>944</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>944</b>

## OTHER COMPANIES OF THE GROUP

The Management Board did not receive any remuneration in the special purpose vehicle PDC INDUSTRIAL CENTER 217 Sp. z o.o. in the period from 01/01/2024 to 30/06/2024.

### 18.1.1. 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.

### 18.1.2. Information on any liabilities arising from pensions and benefits of a similar nature for former members of the management, supervisory or



### administrative bodies, and on liabilities incurred in connection with those pensions,

As at 30/06/2024, 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.

### 18.2. 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.

### 18.3. 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.

### 18.4. Employees

The volume of employment in the MIRBUD Group Companies as of 30/06/2024 and as of 31/12/2023 is presented in the tables below.

Table: Employment in the MIRBUD Group Companies as at 30/06/2024

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	417	150
KOBYLARNIA S.A.	368	100
JHM DEVELOPMENT S.A.	31	15
Marywilaska 44 Sp. z o.o.	11	–
PDC INDUSTRIAL CENTER 217 sp. z o.o.	2	–
ТОВ «МІРБУД»	-	–

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
KOBYLARNIA S.A.	379	94
JHM DEVELOPMENT S.A.	29	16
Marywilaska 44 Sp. z o.o.	11	–
PDC INDUSTRIAL CENTER 217 sp. z o.o.	2	–
ТОВ «МІРБУД»	-	–

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

## 18.5. 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>

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

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 Chamber 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 of 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 of 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 of 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 of 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 01/08/2024 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, entered under number 3489 on the list of entities authorised to audit financial statements maintained by the National Chamber of Statutory Auditors, to conduct the following:

- audit of the annual financial statements of MIRBUD S.A. for the period from 01/01/2024 to 31/12/2024 - remuneration of PLN 45.2 thousand net;
- audit of the annual financial statements of MIRBUD S.A. for the period from 01/01/2025 to 31/12/2025 - remuneration of PLN 55.4 thousand net;
- audit of the annual consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2024 to 31/12/2024 - remuneration of PLN 34.6 thousand net;
- audit of the annual consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2025 to 31/12/2025 - remuneration of PLN 38.4 thousand net.
- review of the interim financial statements of MIRBUD S.A. for the period from 01/01/2024 to 30/06/2024 - remuneration of PLN 22.6 thousand net;
- review of the interim financial statements of MIRBUD S.A. for the period from 01/01/2025 to 30/06/2025 - remuneration of PLN 27.7 thousand net;

- review of the interim consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2024 to 30/06/2024 - remuneration of PLN 17.30 thousand net;
- review of the interim consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2025 to 30/06/2025 - remuneration of PLN 19.20 thousand net;

The audit firm was selected from among the firms recommended by the audit committee by the Supervisory Board pursuant to Resolution XI/2024 of 24 May 2024.

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 authorised to audit financial statements kept by the National Chamber 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 01/01/2024 to 30/06/2024, the remuneration paid by the MIRBUD Group Companies to statutory auditors amounted to PLN 136 thousand.

During the period from 01/01/2024 to 30/06/2024, no other unauthorised services were provided to the Company by the entity authorised to audit the financial statements.

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

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

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

As at 30/06/2024, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 3,742 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 30/06/2024, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 1,140 thousand.

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

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the General Directorate for National Roads and Motorways for the value of the object of dispute of PLN 67,422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S5 expressway. The total value of disputes of KOBYLARNIA S.A. as at 30/06/2024 amounted to PLN 81,373 thousand.

## 19. 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.

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

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

During the reporting period from 01/01/2024 to 30/06/2024, 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](https://relacje.mirbud.pl/lad-korporacyjny).

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

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

