



Financial Statements

for the period from 01/01/2024 to 31/12/2024

in accordance with International Financial Reporting Standards as adopted by the European Union

I. Basic financial data.....	4
II. General information about the entity.....	6
III. Basic information on the financial statements.....	8
IV. Statement of comprehensive income.....	9
V. Statement of financial position.....	11
VI. Statement of cash flows.....	13
VII. Statement of changes in equity.....	15
VIII. Accounting policies applied by the Group.....	17
IX. Changes in accounting principles and presentation of financial statements.....	36
X. Impact on the financial statements of current and future changes in the accounting regulations.....	37
XI. Notes to the separate financial statements.....	38
Note 1 Property, plant and equipment.....	38
Note 2 Investment real property.....	41
Note 3 Intangible assets.....	43
Note 4 Long-term financial assets (excluding trading receivables, assets measured using the equity method and cash and cash equivalents).....	45
Note 5 Investments measured using the equity method.....	48
Note 6 Trading and other receivables.....	49
Note 7 Biological assets.....	51
Note 8 Other fixed assets not elsewhere classified (including prepayments and accruals).....	52
Note 9 Inventory.....	52
Note 10 Cash and cash equivalents.....	53
Note 11 Fixed assets held for sale and liabilities related to them.....	53
Note 12 Capitals.....	53
Note 13 Provisions.....	57
Note 14 Financial liabilities, except for provisions, trading liabilities and other liabilities.....	58
Note 15 Trading liabilities and other liabilities.....	62
Note 16 Other current liabilities and provisions not elsewhere classified (including prepayments and accruals).....	63
Note 17 Revenue from sales.....	64
Note 18 Own cost of sales.....	65
Note 19 Shares in profits or losses of associates and joint ventures accounted for in accordance with the equity method.....	67
Note 20 Other revenue and costs.....	67
Note 21 Financial costs.....	70
Note 22 Income tax.....	70
Note 23 Other comprehensive income.....	72

Note 24 Profit per share.....	73
Note 25 Operating segments.....	73
Note 26 Transactions with related parties	79
Note 27 The auditor's remuneration	81
Note 28 Financial instruments.	82
Note 29 Errors related to previous reporting periods.....	85
Note 30 Transactions with non-controlling shareholders.....	85
Note 31 Business mergers.	85
Note 32 Significant planned capital expenditures.....	85
Note 33 Material events after the balance-sheet date.....	85
Note 34 Employment structure.	85
Note 35 Dividends declared and paid.....	85
Note 36 Effects of de-mergers, restructuring and discontinued activities.....	86
Note 37 Limitations on disposition and hedging established on assets.....	86
Note 38 Litigation.....	87
Note 39 Contingent liabilities.	88
Note 40 Objectives and principles of risk management.....	89
XII. Approval for publication.....	101

I. Basic financial data.

Selected separate financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Items in the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average exchange rates of the National Bank of Poland at the end of the monthly periods: EUR 1 =			4.3042	4.5284
Revenue from sales	1,706,001	2,157,409	396,361	476,421
Operating profit (loss)	79,486	128,384	18,467	28,351
Pre-tax profit (loss)	110,128	118,425	25,586	26,152
Net profit (loss)	95,919	97,320	22,285	21,491
Comprehensive income for the net financial year	95,919	97,320	22,285	21,491
Net cash flows from operating activities	-38,939	143,346	-9,047	31,655
Net cash flows from investment activities	-180,804	-125,470	-42,007	-27,707
Net cash flows from financial activities	167,741	-81,995	38,972	-18,107
Total net cash flows	-52,002	-64,119	-12,082	-14,159
Net profit (loss) per share in PLN/EUR	0.87	1.06	0.20	0.23
Net profit (loss) diluted per share in PLN/EUR	0.87	1.06	0.20	0.23

Selected separate financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Asset and liability items according to the average exchange rate determined by the National Bank of Poland as of the reporting date, respectively: EUR 1 =			4.2730	4.3480
Total assets	1,589,259	1,434,222	371,931	329,858
Liabilities and provisions for liabilities	772,416	893,395	180,767	205,473
Non-current liabilities	185,377	166,342	43,383	38,257
Short-term liabilities	587,039	727,053	137,383	167,215
Equity	816,844	540,827	191,164	124,385
Share capital	11,009	9,174	2,576	2,110
Number of shares (in pieces)	110,093,000	91,744,200	110,093,000	91,744,200
Book value per share in PLN/EUR	7.42	5.89	1.74	1.36
Diluted book value per share in PLN/EUR	7.42	5.89	1.74	1.36

II. General information about the entity.

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

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

Core business

The Issuer's core business in accordance with its Articles of Association and the entry in the National Court Register is as follows:

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

Duration

The duration of the Issuer shall be unlimited.

Management Board and Supervisory Board

Management Board	
Jerzy Mirgos	President of the Management Board
Sławomir Nowak	Vice-President of the Management Board
Paweł Korzeniowski	Member of the Management Board
Tomasz Sałata	Member of the Management Board
Anna Więzowska	Member of the Management Board
Supervisory Board	
Radosław Niewiadomski	Chairman of the Supervisory Board
Agnieszka Maria Bujnowska	Secretary of the Supervisory Board
Jerzy Łuczak	Member of the Supervisory Board
Jacek Tucharz	Member of the Supervisory Board
Killion Munzele Munyama	Member of the Supervisory Board
Tadeusz Gruchała	Member of the Supervisory Board

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 on appointing Mr Jerzy Łuczak to the Supervisory Board of MIRBUD S.A.

On 31 July 2024, Mr Bartosz Wilczak submitted a declaration of resignation from his position as Member of the Supervisory Board of MIRBUD S.A.

On 21 June 2024, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution on appointing Mr Killion Munzele Munyama to the Supervisory Board of MIRBUD S.A. with effect from 1 August 2024.

On 06 December 2024, the Extraordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution on appointing Mr Tadeusz Gruchała to the Supervisory Board of MIRBUD S.A.

On 19 December 2024, the Issuer's Supervisory Board adopted a Resolution on appointing Ms Anna Więzowska to the Management Board of MIRBUD S.A. with effect from 1 January 2025.

III. Basic information on the financial statements

Basis of preparation

The financial statements have been prepared pursuant to Article 45 of the Accounting Act of 29 September 1994, in accordance with the International Financial Reporting Standards (IFRS) approved for use by the European Union. The financial statements were prepared on the basis of the adopted accounting policies which were relevant to the conducted business activity and in accordance with International Financial Reporting Standards.

Statements of the Management Board

The Management Board represents that, to the best of its knowledge, the annual financial statements for the period from 01/01/2024 to 31/12/2024 and comparatives have been prepared in accordance with the applicable accounting policies, which give a true, fair and clear view of the Company's financial and asset position. The Management Board's report on business activities presents a comprehensive view of the development, achievements and the financial and asset situation, including a detailed description of fundamental threats and risk. The Management Board's report on activities is a development of the data contained in these statements and is published together with them.

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

Going concern

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

Functional currency

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

Transactions expressed in foreign currencies are converted into functional currency according to the exchange rate applicable on the day of transaction. Exchange profits and losses on the settlement of these transactions and on the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

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

Consolidated financial statements in accordance with International Financial Reporting Standards (in PLN thousand) fair value expressed in a foreign currency is translated using the exchange rates applicable as at the date of fair value measurement.

IV. Statement of comprehensive income.

Profit and loss account	Note No.	in PLN thousand	
		For the period:	For the period:
		from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
<u>Continued operations</u>			
Revenue from sales	17	1,706,001	2,157,409
Cost of goods sold	18	-1,590,834	-1,973,281
Gross profit on sales		115,167	184,128
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19		
Other operating and investment activity revenue	20	56,022	17,401
Other costs of operating and investment activities	20	-91,703	-73,146
EBIT		79,486	128,384
Financial income		52,900	11,376
Financial costs	21	-22,258	-21,334
Pre-tax activity profit (loss)		110,128	118,425
Income tax attributable to continued operations	22	-14,209	-21,106
Profit (loss) on continued operations		95,919	97,320
<u>Discontinued operations</u>			
	23		
Revenue from discontinued operations			
Costs of discontinued operations			
Pre-tax profit (loss) on discontinued operations			
Income tax attributable to discontinued operations			
Profit (loss) on discontinued operations			
NET PROFIT (LOSS)		95,919	97,320
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	95,919	97,320

Other comprehensive income	Note No.	in PLN thousand	
		For the period:	For the period:
		from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Components which will not be subsequently reclassified to the profit and loss account			
Components which will be reclassified to profit or loss when certain conditions are met			
Other net comprehensive income	24		
Assigned to non-controlling shares			
<u>Assigned to the owners of the parent</u>		-	-

Total comprehensive income	Note No.	in PLN thousand	
		For the period:	For the period:
		from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Total comprehensive income		95,919	97,320
Assigned to non-controlling shares			
<u>Assigned to the owners of the parent</u>		95,919	97,320

V. Statement of financial situation.

Assets	Note No.	in PLN thousand	
		As at:	As at:
		31/12/2024	31/12/2023
Fixed assets		918,692	706,995
Tangible fixed assets	1	93,290	73,610
Investment properties	2	148,842	
Intangible assets	3	36	17
Long-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4	662,337	606,165
Investments measured using the equity method.	5		
Long-term trade and other receivables, including: prepayments and accruals	6	2,307	2,271
Biological assets	7		
Deferred income tax assets	22	11,879	24,932
Current assets		670,567	727,227
Inventory	9	679	2,098
Income tax receivables	22	28,873	20,056
Trade and other receivables, including: prepayments and accruals	6	463,335	475,390
Short-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4		
Cash and cash equivalents	10	177,680	229,682
Fixed assets held for sale	11		
Total assets	-	1,589,259	1,434,222

Capitals and liabilities	Note No.	in PLN thousand	
		As at:	As at:
		31/12/2024	31/12/2023
Equity	12	816,844	540,827
Issued share capital		11,009	9,174
Issue price surplus over nominal value of shares		197,529	
Other reserve capital		115,103	115,103
Retained profit, including:		493,202	416,549
<i>Profit/loss in the reporting period</i>		95,919	97,320
Equity attributable to shareholders of the parent company		619,316	540,827
Equity attributable to non-controlling shares			
Total liabilities		772,416	893,395
Long-term liabilities and provisions for liabilities		185,377	166,342
Provision for deferred income tax	22	63,497	34,006
Other provisions for long-term liabilities	13	557	644
Long-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	55,047	75,375
Long-term trade and other liabilities, including:	15	66,276	56,316
prepayments and accruals			
Short-term liabilities and provisions for liabilities		587,039	727,053
Provisions for short-term liabilities	13	2,442	2,372
Short-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	75,730	57,389
Trade and other liabilities, including:	15	508,867	667,291
prepayments and accruals		5,398	634
Liabilities arising from income tax	22		
Liabilities directly related to fixed assets classified as held for sale	11		
Total capitals and liabilities	-	1,589,259	1,434,222

VI. Statement of cash flows.

Statement of cash flows	Note No.	in PLN thousand	
		For the period:	For the period:
		from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Pre-tax profit		110,128	118,425
Total adjustments		-168,585	56,994
Amortisation		8,812	8,821
Profit / loss under exchange rate differences		-11,465	14,731
Profit / loss on investment activities		-816	-309
Borrowing costs		7,406	15,312
Change in liabilities with the exclusion of financial liabilities		-191,199	-42,349
Change in receivables		34,390	56,925
Change in inventory		1,419	-832
Change in provisions		25,982	11,794
Profit / loss on other financial instruments		-42,979	-6,796
Other changes in working capital		-136	-304
Cash from operating activities		-58,457	175,419
Income tax paid		19,517	-32,073
Net cash from operating activities		-38,939	143,346
Sale of property, plant and equipment		2,716	2,078
Purchase of property, plant and equipment		-28,715	-4,849
Sale of intangible assets			
Purchase of intangible assets		-27	-18
Sale of investment property			
Purchase of investment property		-148,842	
Repayment of loans granted to related parties		506	
Granting loans to related parties		-23,602	
Repayment of loans granted to other parties			
Granting loans to other parties			
Sales of financial instruments classified as investing activity		90,510	
Acquisition of financial instruments classified as investing activity		-126,251	-134,058
Received dividends		42,626	10,000
Received interest		10,274	1,376
Other inflows (expenditure) from investment activity			
Net cash from investment activities		-180,804	-125,470
Inflows from shareholders		199,364	
Payments to owners		-19,266	-23,853
Commitment of liabilities under loans and credits		27,379	7,179
Repayment of liabilities under loans and credits		-24,413	-24,443
Repayment of liabilities under leasing		-9,107	-9,459

Receipt under issue of debt instruments			
Expenditure on redemption of debt instruments			
Interest paid and other debt service expenditure		-17,680	-16,688
Other financial receipts/expenditures		11,465	-14,731
Cash from financial activity		167,741	-81,995
<u>Net increases (decreases) in cash and cash equivalents</u>		<u>-52,002</u>	<u>-64,119</u>
Effect of changes in foreign exchange rates on cash denominated in foreign currencies			
Change in cash and cash equivalents, net of foreign exchange differences			
Opening balance of cash and cash equivalents		229,682	293,801
Closing balance of cash		177,680	229,682
including cash and cash equivalents with restricted availability		33,170	38,631

VII. Statement of changes in equity.

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserves	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
As at 01/01/2024	9,174		115,103	416,549	540,827		540,827
Total profits (losses) for the period				95,919	95,919		<u>95,919</u>
Other comprehensive income							
Comprehensive income for the period				95,919	95,919		95,919
Owner contributions	1,835	197,529			199,364		<u>199,364</u>
Payments to owners				-19,266	-19,266		<u>-19,266</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							-
Changes in equity during the period	1,835	197,529		76,653	276,017		276,017
As at 31/12/2024	11,009	197,529	115,103	493,202	816,844		816,844

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserves	Retained profit attributable to the shareholders of the parent company / supplementary capital	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling shares	TOTAL
As at 01/01/2023	9,174		115,103	343,083	467,361		467,361
Total profits (losses) for the period				97,320	97,320		<u>97,320</u>
Other comprehensive income							
Comprehensive income for the period				97,320	97,320		<u>97,320</u>
Owner contributions							
Payments to owners				-23,853	-23,853		<u>-23,853</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							-
Changes in equity during the period				73,466	73,466		<u>73,466</u>
As at 31/12/2023	9,174		115,103	416,549	540,827		540,827

VIII. Accounting principles applied by the Group

Intangible assets

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

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

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

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

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

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

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

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

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

The correctness of the amortisation rates applied to individual intangible asset components shall be verified at least annually. Any changes resulting from the verification of amortisation rates affect (as a

change of estimated values) the appropriate adjustment made in the amortisation write-downs for the current financial year and in subsequent financial years.

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

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

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

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

Cost of research and development works

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

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

Goodwill

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

Tangible fixed assets

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

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

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

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

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

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

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

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

profit and loss account under “other operating costs”.

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

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

In the case of permanent abandonment of expenditures for property, plant and equipment in progress, all costs incurred in relation to the works performed so far shall be charged to the costs of the period. Projects may be suspended if there is a justified intention to continue such projects in subsequent periods. The project is suspended based on the decision of the Company’s Management Board. As of each balance-sheet date, expenditures on property, plant and equipment in progress are subject to analysis regarding impairment and the necessity to make possible impairment write-downs.

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

The right of perpetual usufruct of land

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

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

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

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

Leasing

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

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

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

throughout the term of lease.

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

Non-renewable natural resources

Non-renewable natural resources are initially recognised at cost.

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

Costs incurred after the date of including non-renewable natural resources in the records (use) are recognised in the profit and loss account at the time they are incurred.

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

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

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

Fixed assets and groups of assets held for sale

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

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

Simplifications applied to non-investment fixed assets

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

The Company applies a simplification, according to which the moment of acceptance of a property, plant and equipment item for use, determined for the purpose of amortisation commencement, is assumed to be the first day of the month following the month in which the actual moment of acceptance of the property, plant and equipment item for use took place.

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

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

Investment property

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

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

Inventory

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

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

Land and property intended for resale, treated as goods, are recorded and spent according to the principle of detailed identification.

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

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

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

The inventory acquisition costs comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Company from the tax authorities), transport, loading and unloading costs, and other costs directly attributable to the acquisition of finished goods, materials and

services. Discounts, rebates and other similar items shall be deducted in determining purchase costs.

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

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

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

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

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

Receivables

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

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

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

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

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

Cash and cash equivalents, including restricted cash

The reported "Cash and cash equivalents" item consists of cash on hand, demand deposits and those deposits that are readily convertible to a specific amount of cash and that are exposed to an insignificant

risk of changes in value.

The Company's restricted cash primarily includes:

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

Prepayments and accruals

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

- prepaid press subscriptions;
- property insurance contributions;
- lease costs (rents);
- fees for occupation of roadway;

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

Revenue prepayments and accruals

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

Financial instruments

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

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

- financial asset components or financial liabilities measured at fair value through profit and loss account - assets and liabilities acquired or incurred mainly for the purpose of selling or repurchasing them in the near term or being part of a portfolio of specific financial instruments which are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
- held-to-maturity investments - non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Company has the positive intention and ability to hold to maturity.

- loans and receivables - non-derivative financial assets with fixed or determinable payments that are not traded on an active market.
- financial assets available for sale - non-derivative financial assets which have been designated as available for sale or which are not loans and receivables, held-to-maturity investment developments or financial assets measured at fair value through financial result.

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

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

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

Measurement of financial instruments as at the day of their creation

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

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

Measurement of financial instruments as of the balance-sheet date

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

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

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

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

Hedge accounting

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

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

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

Discontinuation of hedge accounting

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

- the hedging instrument expires, is sold, terminated or exercised. In such a case, the cumulative profit or loss on the hedging instrument which is recognised directly in equity shall remain

- separately recognised in equity until the planned transaction occurs;
- the hedge no longer meets the criteria for hedge accounting. In such a case, the cumulative profit or loss on the hedging instrument is recognised directly in equity until the planned transaction occurs;
- the planned transaction is no longer expected to be executed, therefore all accumulated profit or loss related to the hedging instrument, recognised directly in equity, is recognised in the profit and loss account.

Derivatives

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

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

Equity

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

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

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

Minority capitals are a separate item of equity.

Bank credits and loans

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

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

Liabilities

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

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

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

Advances received from contractors for the provision of services are presented in the financial

statements under the balance sheet item - short-term liabilities as advances received for deliveries. The liabilities also include amounts relating to the settlement of construction and other long-term services.

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

Contingent liabilities

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

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

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

Provisions

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

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

Costs related to a given provision are disclosed in the profit and loss account, less all reimbursements. The Company creates provisions for future warranty repairs by way of estimations based on past events related to expenses incurred on this account.

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

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

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

Provisions for employee benefits

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

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

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

is subject to discounting.

Revenue

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

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

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

- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity,
- the degree of execution of the transaction at the balance-sheet date can be determined reliably,
- the costs incurred in connection with the transaction and the costs of completing the transaction can be measured reliably.

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

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

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

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

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

Dividends are recognised at the moment the entity's right to obtain them is established.

Revenue from barter transactions is recognised only if it has an economic substance.

Accounting in terms of subsidies

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

Subsidies relating to items of property, plant and equipment are recognised as deferred income and are

accounted for systematically in other operating income over the useful life of the asset subject to amortisation.

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

Costs

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

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

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

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

cost of production of products sold,
production cost of services sold,
value of goods and materials sold,

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

- Overheads;
- Sales costs;
- Loss on sale of property, plant and equipment and intangible assets;
- Donations made;
- Established provisions for disputes, penalties, damages and other costs indirectly related to operating activities, as well as financial costs related to financing the activity.

Transactions in foreign currencies

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

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

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

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

Income tax

Obligatory encumbrances on the result include: current tax and deferred tax. Current tax encumbrance

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

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

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

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

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

Other taxes

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

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

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

Other taxes, i.e. tax on vehicles, real estate tax, personal tax, are recognised in the operating expenses of the Company's business.

Profit per share

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

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

Mergers and consolidation

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

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

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

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

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

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

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

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

Principle of no-offsetting

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

Revenue and expense items may be offset only when:

- offset is required by IFRS;
- profits, losses and related costs arising from the same or similar transactions or events are not material.

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

- profits and losses on the sale of property, plant and equipment, including investments and assets used in operating activities, are recognised in the amount of the difference between the revenue earned on the sale and the balance sheet value of a given asset component plus selling expenses;
- expenditure related to the provision which is contractually reimbursed by a third party (e.g. supplier-granted guarantee) is offset against the corresponding amount of reimbursement;

deferred income tax assets and liabilities are disclosed as surplus assets or provisions;

- advances received for the performance of work under construction contracts are offset against the value of revenue due under those contracts, provided that compensation is possible under the terms of the contract;
- profits and losses arising from a group of similar transactions are recognised in the net amount, e.g. foreign exchange difference profits and losses or profits and losses arising from the measurement of financial instruments held for trading and hedging recognised in the financial result, profits or losses arising from the discounting of long-term settlements;
- and liabilities under settlement of input VAT and due VAT, concerning future settlement periods.

Cash flow statement

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

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

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

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

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

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

Exceptional items

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

Business segments

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

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

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

Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other
------------------------------------	-------------------------------	--	-------

Other ancillary activities are assigned to the "Other" group which do not affect the assessment of the financial position of the entity. All assets and liabilities are assigned to the main activity segments.

Transactions with related parties

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

Items based on estimates and professional judgement

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

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

determined at the amount of contract costs incurred, for which it is probable that they will be recovered.

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

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

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

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

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

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

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

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

IX. Changes in accounting principles and presentation of financial statements

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

X. Impact on the financial statements of current and future changes in the accounting regulations

The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2023	Impact on financial statements / charge
IFRS 17 "Insurance Contracts" and amendments to IFRS 17	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short- or long-term liabilities	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Board Guidelines on Disclosure of Accounting Policies in Practice, the issue of materiality in relation to accounting policies	will not have any significant impact on the financial statements
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the definition of accounting estimates	will not have any significant impact on the financial statements
Amendments to IAS 12 "Income Taxes", obligation to recognise deferred tax on transactions, i.e. leases	will not have any significant impact on the financial statements
IFRS 17 "Insurance Contracts", first-time adoption of IFRS 17 and IFRS 9, comparative information	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2024.	Impact on financial statements / charge
Amendments to IFRS 16 "Leases" - lease obligations in sale and leaseback transactions	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short- or long-term liabilities	will not have any significant impact on the financial statements
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - financing agreements for liabilities to suppliers	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2025.	Impact on financial statements / charge
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" - no exchangeability	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2026.	Impact on financial statements / charge
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – amendment to the classification and measurement of financial instruments.	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2027.	Impact on financial statements / charge
IFRS 18 "Presentation and Disclosure in Financial Statements"	will not have any significant impact on the financial statements
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	will not have any significant impact on the financial statements
Amendments rejected or deferred by the EU (approved by the IASB for application after 1 January 2016).	Impact on financial statements / charge
IFRS 14 "Regulatory Prepayments and Accruals"	will not have any significant impact on the financial statements
Amendments to IFRS 10: "Consolidated Financial Statements" and IAS 28 "Investments in Associates" regarding the sale or transfer of assets between an investor and its associates or joint ventures."	will not have any significant impact on the financial statements

XI. Notes to the separate financial statements.

Note 1 Property, plant and equipment.

Ownership structure of property, plant and equipment	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Own property, plant and equipment	55,970	34,835
Property, plant and equipment used under operating lease, rent, hire or similar	37,319	38,775
Total	93,290	73,610
Property, plant and equipment pledged as hedging for liabilities	28,619	18,896

Costs of external financing capitalised in the value of fixed assets	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Interest		
Foreign exchange differences		
Other borrowing costs		
Total		

There were no borrowing costs activated in property, plant and equipment.

Property, plant and equipment used under a finance lease agreement	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Costs	73,894	70,828
Depreciation	-36,574	-32,053
Total	37,319	38,775

Property, plant and equipment by types	land	buildings and structures	plant and machinery	vehicles	other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment in progress	Property, plant and equipment held for sale	TOTAL
As at 01/01/2023									
Costs	1982	29,148	51,689	34,380	1,933	4,979			124,110
Depreciation and revaluation write-downs		-10,252	-25,777	-13,063	-1,410				-50,502
Net book value	1,982	18,896	25,912	21,317	523	4,979	-	-	73,610
Increases									
including revaluation surplus									
Decreases									
including changes in the accumulated amortisation									
Foreign exchange differences									
As at 31/12/2023									
Net book value	1,982	18,896	25,912	21,317	523	4,979	-	-	73,610
As at 01/01/2024									
Costs	1982	39,666	52,158	53,774	2,085	22			149,687
Depreciation		-11,047	-29,908	-13,910	-1,533				-56,398
Revaluation write-downs									
Net book value	1,982	28,619	22,251	39,864	552	22	-	-	93,292
As at 31/12/2024									
Costs	-	10518	470	19,394	152	-4,957	-	-	25,577
Increases, including:		10,518	910	22,087	157	5,734			39,405
- acquisition			737	22,087	157	5,734			28,715
- acquisition, subsidiaries									
- revaluation surplus									
- carry-over		10,518	173						10,691
- other									
Decreases, including:			-441	-2,692	-5	-10,691			-13,828
- sale			-24	-2,692					-2,716
- reallocation to the held-for-sale group									
- other			-417		-5	-10,691			-11,112
Depreciation	-	-796	-4,131	-847	-123	-	-	-	-5,896
Increases, including:		-796	-4,131	-847	-123				-5,896
- amortisation		-796	-4,131	-847	-123				-5,896
- acquisition, subsidiaries									

- other									
Decreases									
- sale									
- reallocation to the held-for- sale group									
- carry-over									
- other									
Revaluation write-downs									
- revaluation write-downs									
- reversals of revaluation write-downs									
Foreign exchange differences									
Net value	1,982	28,619	22,251	39,864	552	22	-	-	93,290
Property, plant and equipment by types	land	buildings and structures	plant and machinery	vehicles	other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment in progress	Property, plant and equipment held for sale	TOTAL

No oversized expenditures on property, plant and equipment are planned for the upcoming reporting periods under the approved investment plans.

In 2023 MIRBUD S.A. has started the expansion of its premises in Skierniewice at ul. Unii Europejskiej 18. On 13 August 2024, the Company received an occupancy permit for the above-mentioned project. Costs associated with the Development amounted to EUR 10,518 thousand over the 9-month period of 2024. Due to the complete settlement of the works, the costs associated with the aforementioned extension increased the value of fixed assets in the buildings and structures group.

Note 2 Investment property.

Investment property measured according to the fair value model	undeveloped land	buildings and structures	TOTAL
As at 01/01/2023			
New property acquisitions			
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity combination			
Net amount of profits or losses resulting from fair value measurement adjustments			
Carry-overs to investments for lease			
Carry-overs to and from inventory			
Sales			
Carry-overs to and from owner-occupied property			
Other changes			
As at 31/12/2023			
New property acquisitions	842	148,000	148,842
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity combination			
Net amount of profits or losses resulting from fair value measurement adjustments			
Carry-overs to investments for lease			
Carry-overs to and from inventory			
Sales			
Carry-overs to and from owner-occupied property			
Other changes			
As at 31/12/2024	842	148,000	148,842

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 covering halls with a total area of 56,724 sq. m to be used for warehousing and logistics activities with a fair value at 31 December 2024 of PLN 148.000 thousand.

On 6 November 2024, MIRBUD S.A., pursuant to Notarial Deed Repertory A No. 10387/2024 made the purchase of an undeveloped land property located in Ostróda at ul. Grunwaldzka - Partyzantów with a total area of 0.4003 hectares for a total of EUR 842 thousand. The purpose of purchasing the plot is to

improve the development conditions of the investment property held by the Issuer.

The Company has a capital commitment in subsidiaries for which property investment is a significant part of the activities.

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

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

Ownership structure of investment property value	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Own	148,842	
Used under operating lease, rent, hire and similar		
Total	148,842	

Investment property used under financial lease contracts	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Capitalised leasing costs		
Fair value changes		
Total		

Data on investment real property measured at fair value carried out by the entity	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Book value	148,842	
Revenue from rent	2,705	
Direct operating costs for investment property yielding rent income	-1,958	
Direct operating costs for investment real property not yielding rent income		
Total:	747	-
Amounts of restrictions on the realisation of economic benefits		
Contractual purchase, construction or adaptation amounts		

Investment property according to the fair value hierarchy	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
I		
II	148,842	
III		
Total	148,842	

Note 3 Intangible assets.

Intangible asset ownership structure	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Own intangible assets	36	17
Intangible assets used under operating lease, rent, hire or similar		
Total	36	17
Intangible assets pledged as hedging for liabilities		

Costs of external financing capitalised in the value of intangible assets	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Interest		
Foreign exchange differences		
Other borrowing costs		
Total		

Intangible assets used under financial lease contracts	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Costs	2885	2,885
Depreciation	-2,885	-2,885
Total		

Intangible assets	Development costs	Goodwill	Programmes and licences	Other intangible assets	Advances for intangible assets	TOTAL
As at 01/01/2023						
Costs			3271			3,271
Depreciation and revaluation write-downs			-3,254			-3,254
Net book value			17			17
Increases						
including revaluation surplus						
Decreases						
including changes in the accumulated amortisation						
Foreign exchange differences						
As at 31/12/2023						
Net book value	-	-	17	-	-	17
as at 01/01/2024						
Costs			3298			3,298
Depreciation			-3,262			-3,262
Revaluation write-downs						
Net book value	-	-	36	-	-	36
as at 31/12/2024						
Costs			3298			3,298
Increases, including:			27			27
- acquisition			27			27
- acquisition, subsidiaries						
- revaluation surplus						
- carry-over						
- other						
Decreases, including:						
- sale						
- reallocation to the held-for-sale group						
- other						
Depreciation			-3262			-3,262
Increases, including:			-8			-8
- amortisation			-8			-8
- acquisition, subsidiaries						
- other						
Decreases						
- sale						
- reallocation to the held-for-sale group						
- carry-over						
- other						
Revaluation write-downs						
- revaluation write-downs						
- reversals of revaluation write-downs						
Foreign exchange differences						
Net value	-	-	36	-	-	36

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

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

Other financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand			
	As at:	Increases	Decreases	As at:
	31/12/2023	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	31/12/2024
Long-term financial assets	606,165	149,852	93,680	662,337
<u>in related parties</u>	567,300	111,666	91,014	587,953
- shares	478,574	88,065	90,508	476,131
- loans granted	88,726	23,602	506	111,822
- other long-term financial assets				
<u>in other parties</u>	38,865	38,186	2,667	74,384
- shares	38,865	38,186	2,667	74,384
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other long-term financial assets				
Short-term financial assets				
<u>in subsidiaries and jointly controlled entities</u>	-	-	-	-
- shares available for trade				
- other securities				
- loans granted				
- other short-term financial assets				
in associates				
- shares available for trade				
- other securities				
- loans granted				
- other short-term financial assets				
in other parties				
- shares (listed)				
- other shares				
- financial assets measured at fair value by financial result				
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other short-term financial assets				
Total	606,165	149,852	93,680	662,337

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., a Panattoni Group entity. 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. purchased 20,800 shares from Marywilka 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. As at 31/12/2024, MIRBUD S.A. directly holds 85.19% of the equity 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 built a hall for lease for logistics and warehousing purposes with an area of approximately 50,000 sq. m.

The planned business segment of PDC Industrial Center 217 Sp. z o.o. is the rental of commercial space to third parties.

On 14 December 2023, MIRBUD S.A. entered into a loan agreement with PDC Industrial Centre 217 Sp. z o.o. in the maximum amount of PLN 120,000 thousand to finance the construction of a warehouse, logistics and production centre located in Chościszowice, Bolesławiec Municipality and conduct day-to-day business operations. As at 31 December 2024, the loan debt including the measurement amounted to PLN 111,822 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.

The acquisition of shares in PDC Industrial Center 217 Sp. z o.o. constitutes another step in the development of the MIRBUD Capital Group's activities in the warehouse and logistics property lease market. In terms of the implementation, commercialisation and possible future sale of this project, the Company is cooperating with the leading warehouse space developer on the Polish market, Panattoni Development Europe Sp. z o.o.

Pursuant to the resolution of the Extraordinary General Meeting of Shareholders No. 2/7/2024 of 17 July 2024, Marywilka 44 Sp. z o.o. acquired from MIRBUD S.A., for consideration, own shares in the number of 905,100 pieces with a nominal value of PLN 45,255 thousand to redeem them.

As a result of the above-described event, JHM DEVELOPMENT S.A. became the parent company of Marywilka 44 Sp. z o.o.

MIRBUD S.A. recognised shares of Torpol S.A. under the “shares in other parties” item. On 10 September 2024, pursuant to Article 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, MIRBUD S.A. notified that it had exceeded 10% of the total number of shares and votes attached to those shares at the Company’s General Meeting. The item is classified as financial instruments measured at fair value through financial result. The Management Board anticipates that the project is of a long-term type.

As at 31 December 2024, the Company updated the value of Torpol S.A. shares as quoted on the Warsaw Stock Exchange on 30 December 2024. As a result of the valuation, the value of the asset has increased by PLN 18,374 thousand.

On 18 December 2024, MIRBUD S.A. purchased 17,450 shares for a total of PLN 77,500 thousand, which accounted for 99.81% of votes at the meeting of shareholders of Przedsiębiorstwo Budownictwa Specjalistycznego TRANSKOL spółka z ograniczoną odpowiedzialnością with its registered office in Kielce as at 31 December 2024.

Financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Capital investments in subsidiaries	476,131	478,574
Other	186,206	127,591
Total	662,337	606,165

Financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand			
	31/12/2023	31/12/2024	31/12/2025	31/12/2026
Loans and borrowing granted	88,467	104,909	113,031	127,876
Interest capitalisation	192	6,913	14,845	23,799
Total	88,659	111,822	127,876	151,675

Financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand		
	up to 1 year	1 to 3 years	over 3 years
Loans granted		151,675	
Impairment risk write-down		169	
Total		151,845	

As at 31 December 2024 the Company recognised an impairment loss on the loan granted to PDC Industrial Center 217 Sp. z o.o. in the amount of PLN 169 thousand.

Basic financial data of the main directly controlled subsidiaries	JHM Development S.A	Kobylarnia S.A.	PDC Industrial Center 217 Sp. z o.o.	TRANSKOL Sp. z o.o.	Mirbud Ukraina Sp. z o.o.
Total assets	528,954	569,710	121,934	58,009	
Non-current liabilities	18988	168,756	112,710	502	
Short-term liabilities	102,254	276,663	375	5,616	
Equity	406,476	124,292	8,849	51,891	
Direct share in capital	100.00%	100.00%	85.19%	99.81%	100.00%
Share in equity	100.00%	100.00%	85.19%	99.81%	
Revenue from sales	270,415	1,350,622	877	13,440	
Net profit (loss)	57,316	27,228	-3,315	-6,058	
Comprehensive income for the net financial year	57,316	27,228	-3,315	-6,058	
Total net cash flows	20,102	-13,007	-1,994	-11,418	

Basic financial data of main, indirectly controlled subsidiaries	Marywilska 44 Sp. z o.o.
Total assets	305,432
Non-current liabilities	111373
Short-term liabilities	9,824
Equity	184,235
Share in equity (direct and indirect)	28.735% (direct and indirect share 100%)
Revenue from sales	31,074
Net profit (loss)	23,711
Comprehensive income for the net financial year	23,711
Total net cash flows	3,427

Note 5 Investments measured using the equity method.

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

Note 6 Trading and other receivables.

Trade and other receivables	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
<u>Long-term receivables</u>	<u>2,307</u>	<u>2,271</u>
trade receivables from related parties		
trade receivables from other parties		
other receivables from related parties	2,307	2,271
other receivables from other entities		
<u>Short-term receivables</u>	<u>447,326</u>	<u>474,807</u>
trade receivables from related parties	20,959	20,741
trade receivables from other parties	94,475	276,213
retained amounts under execution of contracts from related parties		
retained amounts under execution of contracts from other parties	35,304	52,579
other receivables from related parties		
other receivables from other entities	14	
amounts transferred for deliveries	20,974	19,091
budget receivables except for corporate income tax settlements	26,137	13
disputed receivables brought before the court	10,623	1,140
accrual of receivables under settlement of long-term contracts	238,841	105,030
<u>Total</u>	<u>449,633</u>	<u>477,078</u>

Age structure of receivables	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
<u>Gross trade receivables</u>	<u>478,985</u>	<u>506,195</u>
not overdue, including:	414,431	409,460
due up to 1 month	364,974	312,276
due from 1 to 3 months	14,154	44,604
due from 3 to 12 months	35,304	52,579
due from 1 to 5 years		
overdue, including:	64,554	96,735
overdue up to 1 month	16,489	51,740
overdue from 1 to 3 months	117	15,008
overdue from 3 to 6 months	7,398	3,667
overdue from 6 to 12 months	3,454	1,527
overdue over 12 months	37,096	24,794
credit risk write-down	-7,663	-2,023
receivables revaluation write-down	-21,689	-27,094
<u>Net trade receivables</u>	<u>449,633</u>	<u>477,078</u>

As of the date of publication of this report, PLN 17,031 thousand of the overdue receivables range had been settled.

Receivables revaluation write-downs	Trade receivables	Disputed receivables	Other	Total
As at 01/01/2023	-20,740	-	-2,789	-23,529
Increases			-5,588	-5,588
Releases				
Utilisation				
As at 31/12/2023	-20,740	-	-8,377	-29,117
Increases			-5,772	-5,772
Releases			5,537	5,537
Utilisation				
as at 31/12/2024	-20,740	-	-8,612	-29,352

Revaluation write-downs in respect of credit losses.

The Company uses a simplified write-down matrix to calculate expected credit losses. Trade receivables were grouped based on probability of credit risk characteristics and past due bands to determine expected credit losses.

The Company states that it has one hegemonic group of trade receivables.

Long-term receivables from retained amounts have been classified as receivables not overdue.

The receivables default rate was established on the basis of historical data from 2021 to 2023.

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

The liability default rate established as at 31/12/2024 is:

- for non-matured receivables - 0.02%
- for receivables past due up to 1 month - 0.03%
- for receivables past due from 1 month to 3 months - 0.05%
- for receivables past due from 3 to 6 months - 0.16%
- for receivables past due from 6 to 12 months - 0.43%
- for receivables past due over 12 months - 98.32%

As at 31/12/2024, the Company has recognised a write-down for potential credit risk in the amount of PLN 7,663 thousand.

Credit risk write-down	in PLN thousand	
	deduction	deduction %
not overdue	19	0.02%
overdue up to 1 month	4	0.03%
overdue from 1 to 3 months	0	0.05%
overdue from 3 to 6 months	12	0.16%
overdue from 6 to 12 months	15	0.43%
overdue over 12 months	7,613	98.32%
Total	7,663	

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

- receivables from business partners at risk of bankruptcy;
- receivables overdue more than 12 months, unless there are circumstances indicating high probability of recovery.

In 2020, the Company recognised a write-down of receivables of PLN 20.740 thousand. The write-down covered all trade receivables that were unlikely to be recovered as at the balance sheet date.

Taking into account the risk of changes in exchange rates, the Company has measured trade receivables in foreign currencies as at 31/12/2024. As a result of the analysis, a write-down was made for the amount of PLN 132 thousand.

The Company also applies the calculation of write-downs for credit risk to items of other financial assets in accordance with IFRS 9 (International Financial Reporting Standards) as an impairment model based on expected credit losses.

This item includes a loan granted by MIRBUD S.A. on 14 December 2023 to PDC Industrial Center 217 Sp. z o.o., a company which MIRBUD S.A. has indirectly controlled since 29 November 2023.

As at 31 December 2024 the Company recognised an impairment loss on the loan granted to PDC Industrial Center 217 Sp. z o.o. in the amount of PLN 169 thousand.

Note 7 Biological assets.

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

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

Other assets	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Other long-term assets		
Long-term cost prepayments		
Other long-term assets not elsewhere classified		
Other short-term assets	16,009	583
Short-term cost prepayments and accruals	16,009	583
Other short-term assets not elsewhere classified		
Total	16,009	583

Short-term accruals include the amount of costs due to warranties provided during the period of execution of construction contracts and during the period of removal of defects and faults. These costs are accrued over time and will be charged to the result in accordance with the date covered by the warranty period.

Note 9 Inventory.

Inventory	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Materials	671	2,090
Semi-finished products and work in progress		
Finished products	8	8
Goods		
Completed property development contracts		
Total	679	2,098

Inventory revaluation write-downs	Materials	Semi-finished products and work in progress	Finished products	Goods
As at 01/01/2023	-	-	-	-
Increases				
Releases				
Utilisation				
As at 31/12/2023	-	-	-	-
Increases				
Releases				
Utilisation				
as at 31/12/2024	-	-	-	-

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

Note 10 Cash and cash equivalents.

Cash and cash equivalents	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Cash on hand and in bank accounts	37,519	191,051
Term deposits	140,161	38,631
Other monetary assets		
Total	177,680	229,682

Term deposits in the amount of PLN 140,161 thousand represent interest-bearing cash obtained from the issue of L series shares and funds constituting security for the proper performance of construction contracts and obtained from advance payments from investors.

As a result, they are limited in their use.

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

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

Note 12 Capitals.

Capitals and liabilities	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Share capital	11,009	9,174
Issue price surplus over nominal value of shares	197,529	
Other reserve capital	115,103	115,103
Retained profit attributable to the shareholders of the parent company /supplementary capital, including:	493,202	416,548
<i>Profit/loss in the reporting period</i>	95,919	97,320
Equity attributable to shareholders of the parent company /supplementary capital	816,844	540,827
Equity attributable to non-controlling shares		
Total	816,844	540,827

Other reserve capital	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Other capital attributable to equity holders of the parent company, including:	115,103	115,103
<i>Total other comprehensive income - issue of shares</i>	<i>115,103</i>	<i>115,103</i>
Total	115,103	115,103

On 6 May 2024, the Extraordinary General Meeting of Shareholders of MIRBUD S.A. with its registered office in Skierniewice, by way of Resolution No. 3/2024, authorised the Management Board of the Company to increase the share capital within the limits of the authorised capital by an amount not exceeding 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 each. The amount of authorised capital remaining to be subscribed at the date of publication is PLN 1,834,880.

On 17 May 2024, the Issuer announced in Current Report No. 48/2024 that MIRBUD S.A. received a decision of the District Court for Łódź - Śródmieście in Łódź, 20th Commercial Division of the National Court Register on the registration of amendments on 15 May 2024 to the Issuer's Articles of Association in the National Court Register - Register of Entrepreneurs.

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 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 9 July 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 July 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.

Share capital structure	Number of shares	Value of capital	share nominal value	Registration date	Method of coverage
	thousand Pieces	in PLN thousand	in PLN	dd/mm/yyyy	
Ordinary A series shares	19,500	1,950	0.10	22/12/2006	Contribution in cash
Ordinary B series shares	14,625	1,463	0.10	22/12/2006	Contribution in cash
Ordinary C series shares	2,264	226	0.10	22/12/2006	Contribution in cash
Ordinary D series shares	3,611	361	0.10	22/12/2006	Contribution in cash
Ordinary E series shares	5,000	500	0.10	11/12/2009	Contribution in cash
Ordinary F series shares	10,000	1,000	0.10	03/03/2010	Contribution in cash
Ordinary G series shares	10,000	1,000	0.10	19/05/2010	Contribution in cash
Ordinary H series shares	10,000	1,000	0.10	18/08/2010	Contribution in cash
Ordinary I series shares	7,493	749	0.10	25/06/2014	Contribution in cash
Ordinary J series shares	2,874	287	0.10	11/09/2019	Contribution in cash
Ordinary K series shares	6,378	638	0.10	30/09/2019	Contribution in cash
Ordinary L series shares	18,348	1,835	0.10	25/06/2024	Contribution in cash
Opening balance total	110,093	11,009	-	-	-
Closing balance total	110,093	11,009	-	-	-
Total as of the date of approval of financial statements for publication	110,093	11,009	-	-	-

Share capital structure	Jerzy Mirgos	Nationale-Nederlanden Open Pension Fund	TFI PZU S.A.	PTE PZU S.A.	Other shareholders
As at 31/12/2023					
Owned ordinary shares	41,710,000	9,221,837	0	0	40,812,363
Preference shares held					
Share in capital	45.46%	10.05%	0.00%	0.00%	44.49%
Share in profit	45.46%	10.05%	0.00%	0.00%	44.49%
Share in voting	45.46%	10.05%	0.00%	0.00%	44.49%
As at 31/12/2024					
Owned ordinary shares	41,763,000	14,229,550	5,589,481	0	48,510,969
Preference shares held					
Share in capital	37.93%	12.93%	5.08%	0.00%	44.06%
Share in profit	37.93%	12.93%	5.08%	0.00%	44.06%
Share in voting	37.93%	12.93%	5.08%	0.00%	44.06%
Balance as at the date of approval of financial statements for publication					
Owned ordinary shares	41,763,000	12,025,773	5,589,481	5,508,430	45,206,316
Preference shares held					
Share in capital	37.93%	10.92%	5.08%	5.00%	41.07%
Share in profit	37.93%	10.92%	5.08%	5.00%	41.07%
Share in voting	37.93%	10.92%	5.08%	5.00%	41.07%

Note 13 Provisions.

Provisions	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Long-term provisions	557	644
provisions for retirement benefits	557	644
other long-term provisions		
Short-term provisions	2,442	2,372
provisions for retirement benefits	442	372
provisions for warranty repairs	2,000	2,000
provisions for losses under settlements of long-term contracts		
other short-term provisions		
Total	2,999	3,016

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

Bank loans and credits and other debt instruments	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
<u>Long-term financial liabilities, except for provisions, trade liabilities and other liabilities</u>	<u>55,047</u>	<u>75,375</u>
Financial liabilities due to related parties		
Loans and credits from other parties	46,201	63,418
Liabilities under derivative instruments		
Issued debt securities		
Liabilities under financial lease	8,846	11,957
Other		
<i>including liability resulting from measurement of long-term lease agreements in accordance with IFRS 16</i>		
<u>Short-term financial liabilities, except for provisions, trade liabilities and other liabilities</u>	<u>75,730</u>	<u>57,389</u>
Financial liabilities due to related parties		
Loans and credits from other parties	67,493	48,003
Liabilities under derivative instruments		
Issued debt securities		
Liabilities under financial lease	8,237	9,387
Other		
<u>Total</u>	<u>130,776</u>	<u>132,765</u>

Debt instruments structure	in PLN thousand					
	loans and credits	Liabilities under derivative instruments	Issued debt securities	Liabilities under financial lease	Other	Total
as at 01/01/2023	128,685			27,672		156,357
Accrued interest	12,676			1,987		14,663
Interest paid	-12,676			-1,987		-14,663
Drawdown	7,179			3,130		10,309
Repayment	-23,035			-9,459		-32,493
Average liability level	120,053			24,508		144,561
Real interest rate	10.56%			8.11%		10.14%
as at 31/12/2023	111,421			21,344		132,765
minimum payments up to 1 month	1,100			840		1,940
minimum payments from 1 to 3 months	3,300			2,474		5,774
minimum payments from 3 to 12 months	8,800			6,321		15,121
minimum payments within 1 year	13,200			9,636		22,836
minimum payments within 1 to 5 years	98,221			11,708		109,929
minimum payments over 5 years						
interest due up to 1 year	7,824			1,730		9,554
interest due from 1 to 5 years	7,144			6,921		14,064
interest due over 5 years						
Approximate fair value	111,421			21,344		132,765
as at 01/01/2024	111,421			21,344		132,765
Accrued interest	14,238			1,189		15,426
Interest paid	-14,238			-1,189		-15,426
Drawdown	27,379			4,846		32,225
Repayment	-24,413			-9,107		-33,520
Average liability level	112,557			19,213		131,770
Real interest rate	12.65%			6.19%		11.71%
as at 31/12/2024	113,693			17,083		130,776
minimum payments up to 1 month	1,100			885		1,985
minimum payments from 1 to 3 months	3,300			2,268		5,568
minimum payments from 3 to 12 months	8,800			4,642		13,442
minimum payments within 1 year	13,200			7,796		20,996
minimum payments within 1 to 5 years	100,493			9,287		109,781
minimum payments over 5 years						
interest due up to 1 year	9,865			1,057		10,922
interest due from 1 to 5 years	7,867			4,227		12,094
interest due over 5 years						
Approximate fair value	113,693			17,083		130,776

Liabilities under credits and loans owned by MIRBUD S.A. as of 31/12/2024

Name of the entity	Obliged entity	Amount of credit, loan according 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		12,326	WIBOR 1M + margin	28/01/2025	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	31/10/2025	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	60,000	PLN		10,200	WIBOR 1M + margin	29/12/2025	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN		13,767	WIBOR 1M + margin	03/08/2025	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	28,820		WIBOR 1M + margin	04/10/2026	assignment of a business receivable, mortgage
BOŚ S.A.	MIRBUD S.A.	15,200	PLN	15,053		WIBOR 1M + margin	30/07/2033	assignment of a business receivable, mortgage
Total credits and loans				43,873	67,493	111,366		

As of 31/12/2024, 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 2,328 thousand.

Liabilities under credits and loans owned by MIRBUD S.A. as of 31/12/2023

Name of the entity	Obliged entity	Amount of credit, loan according 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 October 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
Total credits and loans				60,400	48,000	108,400		

As of 31/12/2023, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was increased by PLN 3,018 thousand.

Note 15 Trading liabilities and other liabilities.

Trade and other liabilities	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Non-current liabilities	66,276	56,316
Trade liabilities to related parties		
retained amounts to related parties		
Other liabilities due to related parties		
Trade liabilities to other parties		
Retained amounts to other parties	45,746	41,038
Advances received	20,530	15,278
Other liabilities due to other parties		
Short-term liabilities	503,469	666,658
Trade liabilities to related parties	117,141	102,654
retained amounts to related parties	18,237	12,840
Other liabilities due to related parties	3,635	3,635
Trade liabilities to other parties	165,818	298,683
Liabilities under settlement of long-term contracts	3,870	68,683
Advances received	7,522	25,318
Bills of exchange liabilities		
Budget liabilities except for corporate income tax settlements	5,114	11,847
Remuneration settlements	3,959	3,837
Retained amounts to other parties	130,642	139,160
Other liabilities due to other parties	47,530	
Total	569,745	722,974

As of 31/12/2024, the amount of liability due to advances received on account of executed road contracts amounted to PLN 24,174 thousand.

The "other liabilities" item includes other entities, a liability was recognised arising from the contract for the purchase of shares in Przedsiębiorstwo Budownictwa Specjalistycznego TRANSKOL Sp. z o.o. – the second instalment in the amount of PLN 47,500 thousand. This amount was paid on 14 February 2025.

Age structure of liabilities	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Trade liabilities	569,745	722,974
not overdue	551,342	693,049
due up to 1 month	305,184	433,765
due from 1 to 3 months	41,717	38,490
due from 3 to 12 months	138,164	164,478
due from 1 to 5 years	66,276	56,316
overdue up to 1 month	15,709	26,799
overdue from 1 to 3 months	2,695	3,125
overdue from 3 to 6 months		
overdue from 6 to 12 months		
overdue over 12 months		
Total overdue	18,404	29,924

As at the date of publication of these financial statements of MIRBUD S.A., PLN 18,360 thousand of overdue liabilities was repaid.

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

Other liabilities and provisions not classified, including prepayments and accruals	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Long-term		
Revenue settled in time		
Cost prepayments and accruals		
Other items		
Short-term	5,398	634
Revenue settled in time	5,287	
Cost prepayments and accruals	111	634
Other items		
Total	5,398	634

Note 17 Revenue from sales

Structure of revenue from sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Net revenue from sales of products and services	1,690,589	2,134,917
- to related parties	70,400	78,194
- to other parties	1,620,190	2,056,723
Net revenue from sales of goods		
- to related parties		
- to other parties		
Net revenue from sale of materials	15,412	22,492
- to related parties		
- to other parties	15,412	22,492
Total	1,706,001	2,157,409

Geographical structure of revenue from sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Net revenue from sales of products and services	1,690,589	2,134,917
- domestic sales	1,690,589	2,134,917
- export sale		
Net revenue from sales of goods		
- domestic sales		
- export sales		
Net revenue from sales of materials	15,412	22,492
- domestic sales	15,412	22,492
- export sale		
Total	1,706,001	2,157,409

Settlement of profits or losses on long-term services in progress	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Revenue invoiced for services in progress	1,455,619	2,098,570
Adjustment of revenue under the settlement of the progress of construction services	234,970	36,347
Total	1,690,589	2,134,917
Costs incurred for services in progress	-1,573,627	-1,950,432
Adjustment of costs under the settlement of the progress of construction services		
Total	-1,573,627	-1,950,432
Losses on contracts in progress		
Impact on the current financial result	234,970	36,347
Impact on the accumulated results of contracts unfinished as of the balance-sheet date	116,962	184,485

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

Note 18 Own cost of sales.

Own costs of sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Production cost of products sold	-1,573,627	-1,950,432
- to related parties	-57,866	-77,833
- to other parties	-1,515,761	-1,872,599
Value of goods sold		
- to related parties		
- to other parties		
Value of materials sold	-17,207	-22,850
- to related parties		
- to other parties	-17,207	-22,850
Total	-1,590,834	-1,973,281

Own costs of sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Production cost of products sold	-1,573,627	-1,950,432
- own costs of domestic sales	-1,573,627	-1,950,432
- own costs of export sales		
Value of goods sold		
- own costs of domestic sales		
- own costs of export sales		
Value of materials sold	-17,207	-22,850
- own costs of domestic sales	-17,207	-22,850
- own costs of export sales		
Total	-1,590,834	-1,973,281

Cost structure by types	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Amortisation	-8,812	-8,821
Consumption of materials and energy	-250,793	-280,802
External services	-1,260,568	-1,581,207
Taxes and fees, including:	-1,544	-1,038
Remuneration	-65,110	-62,251
Social security and other benefits	-18,278	-12,677
Other costs by type	-16,894	-47,511
Value of goods and materials sold	-15,412	-22,850
Manufacturing cost of products for internal purposes		
Total	-1,637,410	-2,017,156

Recognition of costs by type in the financial statements	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
In own costs of sales	-1,590,834	-1,973,281
In the change of balance of assets		
In costs of sales		
In overheads	-46,576	-43,875
In other items		
Total:	-1,637,410	-2,017,156

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

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

Note 20 Other revenue and costs.

Other revenue and costs of operating and investment activities	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Selling costs		
Overheads	-46,576	-43,875
Revaluation write-downs of non-investment assets		
Reversal of revaluation write-downs of non-investment assets		
Restructuring costs		
Court proceedings settlement result	-353	17
Result of sale of non-investment fixed assets	816	309
Revenue from revaluation of investment property		
Costs under revaluation of investment property		
Result of sale of investment property		
Result of sale of all or part of subordinate parties		
Result of sale of other financial investments		
Dividends	42,626	10,000
Interest	10,274	1,376
Result of revaluation of other financial investments measured at fair value through financial result		
Result of measurement of investments recognised using the equity method		
Revaluation write-downs of other financial assets		
Reversal of write-downs on other financial assets		
Foreign exchange differences of operating and investment activities	-11,465	-14,731
Other revenue	55,207	17,075
Other costs	-33,309	-14,540
Total revenue	108,922	28,777
Total costs	-91,703	-73,146

Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Revenue from increase in the value of investments measured according to the equity method		
Costs under decrease in the value of investments measured under the equity method		
Total		

The above items did not occur.

Structure of revaluation write-downs of non-investment assets	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Tangible fixed assets		
-revaluation write-down created		
-revaluation write-down reversal		
Intangible assets		
-revaluation write-down created		
-revaluation write-down reversal		
Receivables		
-revaluation write-down created		
-revaluation write-down reversal		
Inventory		
-revaluation write-down created		
-revaluation write-down reversal		
Fixed assets held for sale		
-revaluation write-down created		
-revaluation write-down reversal		
Other		
-revaluation write-down created		
-revaluation write-down reversal		
Total asset revaluation write-downs	-	-
Total reversal of revaluation write-downs	-	-

Revenue and costs from investment property	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Revenue from sales to related entities		
Revenue from sales to other parties		
Own costs of sales for related parties		
Own costs of sales for other parties		
Increase of fair value of investment property		
Decrease of fair value of investment property		
Result on investments in property		

The above items did not occur.

Revenue and costs from financial investments	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Dividends to related parties	39,145	10,000
Dividends to other parties	3,481	
Interest to related parties	7,965	1,076
Interest to other parties	2,309	299
Revenue from the sale of all or part of subordinate parties		
Own cost of sales of all or part of subordinate parties		
Revenue from increase in the value of derivative instruments		
Costs under decrease of value of derivative instruments		
Revenue from ineffective hedging instruments		
Costs from ineffective hedging instruments		
Reversal of write-downs on other financial assets		
Revaluation write-downs of other financial assets		
Revenue from increase in investments measured at fair value through financial result		
Costs under decrease of investments measured at fair value through financial result		
Foreign exchange profits		
Foreign exchange losses	-11,465	-14,731
Results of financial investment activities	41,435	-3,355

Other revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Subsidies received		27
Other revenue from other parties - re-invoices	25,716	11,382
Other revenue from other parties	29,490	5,667
Total	55,207	17,075

Other costs	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Donations	-408	-390
Other costs from other parties - re-invoices	-25,716	-11,382
Other costs from other parties	-7,184	-2,768
Total	-33,309	-14,540

Note 21 Financial costs.

Financial costs	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Interest on credits	-14,238	-12,155
Interest on loans from related parties		
Interest on loans from other parties		
Interest on bonds for related parties		
Interest on bonds for other parties		
Interest on liabilities under finance lease agreements from related parties		
Interest on liabilities under finance lease agreements from other parties	-1,189	-1,987
Other interest for related parties	-2,254	-2,025
Other interest for other parties	-144	-86
Measurement of equity instruments		
Interest under factoring contracts		-522
Foreign exchange differences on financial liabilities		
Other financial costs for related parties		
Other financial costs for other parties	-4,434	-4,562
Total financial costs	-22,258	-21,334

Note 22 Income tax.

Income tax	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Income tax current part	28,335	-787
Income tax deferred part	-42,544	-20,318
Other tax burdens on the financial result		
Adjustments relating to previous years		
Total income tax	-14,209	-21,106

Reconciliation of the effective tax rate	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Pre-tax profit (loss)	110,128	118,425
Statutory rate of tax in %	19%	19%
Tax at the statutory rate (normative)	-20,924	-22,501
Tax effect of the received dividend	8,099	1,900
Tax exemptions		
Assets under tax loss for the reporting period not recognised in deferred tax		
Tax effect of other revenue and costs permanently not constituting revenue and tax costs	-1,383	-505
Other		
Income tax in the profit and loss account	-14,209	-21,106

Deferred tax	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Deferred tax asset	11,879	24,932
- for provisions for employee benefits	499	193
- for other provisions	388	772
- for accrued interest		
- for revaluation write-downs on current assets	393	384
- on account of investment measurement	223	1,635
- for settlement of construction contracts	1,577	13,881
- for losses brought forward		
- under tax and balance sheet differences in the value of fixed assets and lease contracts	3,340	4,081
- under foreign exchange differences		
- other	5,459	3,985
Deferred tax liability	63,497	34,006
- for accrued interest	1,350	41
- on account of investment measurement	449	581
- for settlement of construction contracts	45,380	19,956
- under tax and balance sheet differences in the value of fixed assets and lease contracts	7,095	8,599
- under foreign exchange differences		
- for goodwill		
- other	9,224	4,829
Net deferred tax assets (provision)	-51,618	-9,074

Net deferred tax assets (provision)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Opening balance of deferred net income tax assets (provision)	-9,074	11,244
Charge to financial result	-42,544	-20,318
Charge to other comprehensive income		
Other charge to equity		
Subsidiaries		
Closing balance of deferred net income tax assets (provision)	-51,618	-9,074

Receivables (income tax liabilities)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Opening balance of receivables (income tax liabilities)	20,056	-11,230
Payment (refund) of income tax	-19,517	32,073
Current income tax accrual	28,335	-787
Closing balance of receivables (liabilities under deferred income tax)	28,873	20,056

Note 23 Other comprehensive income.

Other comprehensive income	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Components which will not be subsequently reclassified to the profit and loss account		
Foreign exchange differences on translation of foreign parties		
Actuarial profits and losses		
Income tax on items not be carried forward in later periods		
Components which will be reclassified to profit or loss when certain conditions are met		
Effects of measurement of financial instruments by other comprehensive income		
Effective part of hedge accounting		
Effects of revaluation of fixed assets		
Carry-over to the report on profit and loss account		
Income tax related to the items presented in other comprehensive income		
Other net comprehensive income	-	-
Assigned to non-controlling shares		
Assigned to the owners of the parent company	-	-

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

Note 24 Profit per share.

Profit per share	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Profit (loss) on continued operations attributable to owners of the parent company	95,919	97,320
Profit (loss) on discontinued operations attributable to owners of the parent company		
Total	95,919	97,320
Weighted average number of ordinary shares in thousands of pieces	110,093	91,744
<u>Basic profit per share</u>	<u>0.87</u>	<u>1.06</u>
Costs of interest on convertible bonds (net of tax)		
Profit (loss) to determine diluted profit per share	95,919	97,320
Share options issued in thousands of pieces		
Theoretical conversion of convertible bonds in thousands of pieces		
Weighted average number of ordinary shares for diluted earnings per share in thousands of pieces	110,093	91,744
<u>Diluted profit per share</u>	<u>0.87</u>	<u>1.06</u>

Note 25 Operating segments

The activity of the Compiler of the financial statements relates entirely to the territory of the country, therefore, no geographical segments are presented. The Issuer's activity focuses on the provision of construction and assembly services, therefore, for the purposes of these financial statements, operating segments are not presented. In the Capital Group, where the Issuer is a parent company, operating segments are distinguished. Within this division, the Issuer's activity is assigned to the construction and assembly services segment.

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

Selected items of the profit and loss account for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024
Continued operations	-	-	-	-	-	-	-
Revenue from sales	1,682,283		2,705	21,013	1,706,001		1,706,001
Cost of goods sold	-1,567,965		-704	-22,165	-1,590,834		-1,590,834
Gross profit on sales	114,318		2,001	-1,153	115,167		115,167
EBIT	80,639			-1,153	79,486		79,486
Pre-tax activity profit (loss)	111,281			-1,153	110,128		110,128
Income tax attributable to continued operations	-14,428			219	-14,209		-14,209
Profit (loss) on continued operations	96,853			-934	95,919		95,919
Discontinued operations	-	-	-	-	-	-	-
Profit (loss) on discontinued operations							
NET PROFIT (LOSS)	<u>96,853</u>	-	-	<u>-934</u>	<u>95,919</u>	-	<u>95,919</u>
Assigned to the owners of the parent company	<u>96,853</u>	-	-	<u>-934</u>	<u>95,919</u>	-	<u>95,919</u>

Concentration of recipients by business activity segments	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024	from 01/01/2024 to 31/12/2024
Customer 1	602,058				602,058		602,058
Customer 2	210,839				210,839		210,839
Customer 3	73,221				73,221		73,221
TOTAL	886,118				886,118		886,118

Selected items concerning the statement of financial position for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024
Fixed assets	918,692				918,692		918,692
Current assets	670,567				670,567		670,567
Total assets	1,589,259	-	-	-	1,589,259	-	1,589,259
Equity	816,844				816,844		816,844
Long-term liabilities and provisions for liabilities	185,377				185,377		185,377
Short-term liabilities and provisions for liabilities	587,039				587,039		587,039
Total capitals and liabilities	1,589,259	-	-	-	1,589,259	-	1,589,259

Other data on operating segments in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024
Goodwill allocated to a segment							
Risk-free rate	6.94%	6.94%	6.94%	6.94%	6.94%		
General risk according to Damodaran	7.19%	7.19%	7.19%	7.19%	7.19%		
Beta coefficient for the industry according to Damodaran	0.88	0.50	0.37	0.81	0.88		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	14.43%	9.06%	7.23%	13.44%	14.41%		14.41%

Selected items of the profit and loss account for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023
Continued operations	-	-	-	-	-	-	-
Revenue from sales	2,133,956			23,453	2,157,409		2,157,409
Cost of goods sold	-1,950,087			-23,195	-1,973,281		-1,973,281
Gross profit on sales	183,869			259	184,128		184,128
EBIT	128,125			259	128,384		128,384
Pre-tax activity profit (loss)	118,166			259	118,425		118,425
Income tax attributable to continued operations	-21,056			-49	-21,106		-21,106
Profit (loss) on continued operations	97,110			210	97,320		97,320
Discontinued operations	-	-	-	-	-	-	-
Profit (loss) on discontinued operations							
NET PROFIT (LOSS)	97,110	-	-	210	97,320	-	97,320
Assigned to the owners of the parent company	97,110	-	-	210	97,320	-	97,320

Selected items concerning the statement of financial position for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Fixed assets	706,995				706,995		706,995
Current assets	727,227				727,227		727,227
Total assets	1,434,222	-	-	-	1,434,222	-	1,434,222
Equity	540,827				540,827		540,827
Long-term liabilities and provisions for liabilities	166,342				166,342		166,342
Short-term liabilities and provisions for liabilities	727,053				727,053		727,053
Total capitals and liabilities	1,434,222	-	-	-	1,434,222	-	1,434,222

Other segment data in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Goodwill allocated to a segment							
Risk-free rate	6.94%	6.94%	6.94%	6.94%	6.94%		
General risk according to Damodaran	7.19%	7.19%	7.19%	7.19%	7.19%		
Beta coefficient for the industry according to Damodaran	0.88	0.50	0.37	0.81	0.88		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	14.43%	9.06%	7.23%	13.44%	14.42%		14.42%

Note 26 Transactions with related parties.

Transactions with related parties	in PLN thousand							
	Subsidiaries		Jointly controlled parties and associates		Other related parties without equity links		Members of the Management Board and Supervisory Board and key personnel	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Revenue from sales	70,400	78,194						
Revenue from the sale of fixed assets								
Revenue from interest	7,965	1,076						
Other revenue								
Acquisition of inventory and other costs capitalised at the value of current assets								
Acquisition of services and other operating costs								
Acquisition of fixed assets								
Cost of interest	-2,254	-2,025						
Other costs								
Loans received								
Loans granted	111,822	88,726						
Employee benefit expenses							7,149	7,238
Loan receivables	111,822	88,726						
Trade and other receivables	20,959	20,741						
Liabilities on loans								
Trade and other liabilities	-120,776	-106,289						

Remuneration of key personnel of subsidiaries	Entity	Position	Remuneration		Loans granted to key personnel		Additional information
			in PLN thousand		in PLN thousand		
			from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023	
Management Board	MIRBUD S.A.		6,843	6,874			
Supervisory Board	MIRBUD S.A.		306	364			
Total			7,149	7,238			

Note 27 The auditor's remuneration.

Statutory Auditor's remuneration	in PLN thousand	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Remuneration for the audit of the individual and consolidated financial statements	45	40
Remuneration for the interim review of the separate and consolidated financial statements	40	28
Other services	6	5
Total	91	73

Note 28 Financial instruments.

Financial assets under IFRS 9	Available for sale		Measured at fair value by financial result		Loans and receivables		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Loans granted	-	-	-	-	111,822	88,726	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Other financial instruments measured at fair value	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	449,633	477,078	-	-
Cash and cash equivalents	-	-	-	-	177,680	229,682	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total financial assets	-	-	-	-	739,135	795,486	-	-
Revenue from dividends	-	-	-	-	42,626	10,000	-	-
Revenue from interest	-	-	-	-	10,274	1,376	-	-
Foreign exchange profits (losses)	-	-	-	-	-11,465	-14,731	-	-
Reversal (creation) of write-downs	-	-	-	-	-	-	-	-
Profits (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Profits (losses) on derivative instruments	-	-	-	-	-	-	-	-
Total impact of financial assets on the profit and loss account	-	-	-	-	41,435	-3,355	-	-

Financial liabilities according to IFRS 9	Equity instruments		Measured at fair value by financial result		Measured at amortised cost		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Credit facilities	-	-	-	-	130,776	132,765	-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other liabilities					569,745	722,974		
Other financial liabilities								
Total financial liabilities	-	-	-	-	700,522	855,739	-	-
Interest	-	-	-	-	-17,680	-16,688	-	-
Foreign exchange profits (losses)								
Profits (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Profits (losses) on derivative instruments								
Total impact of financial liabilities on the profit or loss account	-	-	-	-	-17,680	-16,688	-	-

Financial instruments according to the fair value hierarchy	Level I		Level II		Level III	
	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Assets	-	-	-	-	-	-
Derivative financial instruments in assets	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial assets	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial liabilities	-	-	-	-	-	-

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

Note 29 Errors related to previous reporting periods.

No material errors were found in the previous reporting period.

Note 30 Transactions with non-controlling shareholders.

This item does not exist

Note 31 Business mergers.

There were no business combinations in the current period.

Note 32 Planned significant capital expenditure.

As at the date of the report for publication, MIRBUD S.A. does not plan to incur any significant capital expenditure.

Note 33 Significant events after the balance sheet date.

As of 01/01/2025, MIRBUD S.A. is responsible for the execution of contracts concluded in 2024 and contracts in which construction work has not yet started within the MIRBUD/KOBYLARNIA consortium, while KOBYLARNIA S.A. provides services related to the production of mineral and asphalt mixtures including its laying.

Pursuant to the resolution of the Extraordinary General Meeting of Shareholders No. 1/12/2024 of 18 December 2024, Marywilka 44 Sp. z o.o., by way of a sale agreement of 3 April 2025, acquired from MIRBUD S.A., for consideration, own shares in the number of 905,100 pieces with a nominal value of PLN 45,255 thousand to redeem them.

On 12 February 2025, the Extraordinary Meeting of Shareholders of Transkol Sp. z o.o. adopted a resolution to pay a dividend from the supplementary capital in the amount of PLN 40,135 thousand, setting the dividend payment date at 14 February 2025.

Note 34 Employment structure.

Employment structure	full-time equivalent	
	For the period:	For the period:
	from 01/01/2024 to 31/12/2024	from 01/01/2023 to 31/12/2023
Non-production employees	246	257
Production employees	164	170
Employees under contractual agreements	159	156
Total	569	583

Note 35 Dividends declared and paid.

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

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 11 May 2024 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.

Note 36 Effects of de-mergers, restructuring and discontinued activities.

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

Note 37 Limitations on disposition and hedging established on assets.

Hedge title	Hedge type	Value of debt	Hedge value in PLN thousand		Balance sheet value of the hedge object in PLN thousand		expiry date
		As at:	As at:	As at:	As at:	As at:	
		31/12/2024	31/12/2024	31/12/2023	31/12/2024	31/12/2023	
Hedge for the multi-purpose credit limit, account number 81 1020 3352 0000 1802 0313 3469	mortgage		97,500	97,500	28,619	18,896	24/06/2025
Hedge for the Industrial Development Agency loan	mortgage	10,200	90,000			71,336	29/12/2025
Total	-	-	97,500	97,500	28,619	18,896	-

Assets as security of liabilities	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Tangible fixed assets	28,619	18,896
Investment properties	71,336	
Financial assets		
Intangible assets		
Other assets		
Total	99,955	18,896

Note 38 Litigation.

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

As of 31/12/2024, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 4,017 thousand.

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

As of 31/12/2024, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 10,623 thousand.

Note 39 Contingent liabilities.

List of sureties granted to other parties by entity type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability in PLN thousand		
		As at:	As at:	As at:	As at:	surety expiry date
		31/12/2024	31/12/2023	31/12/2024	31/12/2023	
<u>To related parties</u>		-	-	-	-	-
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	15,000	15,000			30/11/2026
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	9,318	9,318	3,106	3,727	31/12/2029
JHM Development S.A.	Hedge for the issue of E series bonds	55,000	55,000	45,000	50,000	31/12/2026
<u>To other parties</u>		-	-	-	-	-
<u>Total</u>	-	79,318	79,318	48,106	53,727	

Other contingent liabilities	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Under performance bond	598,721	443,575
Under rectifying faults and defects	465,732	322,676
Under advance return	28,052	40,596
Total	1,092,505	806,847

Note 40 Objectives and principles of risk management.

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

Risks related to the current activities	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
	related to the implementation of the development strategy	average	high	average	average
	related to financing development with bank credits	high	high	average	high
	related to the building infrastructure	low	average	low	low
	related to liability for breach of environmental regulations	low	average	average	low
	related to penalties for non-performance or untimely performance of orders	average	average	average	low
	related to claims against the Companies on account of construction of flats and commercial and service facilities, sale of flats, and granting a guarantee of payment for construction works	low	average	average	low
	related to the production process	low	high	average	low

Risks related to military conflict in Ukraine

As of the date of this report, to the best knowledge of the Management Board, it is not possible to precisely determine the effect of the military conflict in Ukraine on the Company's operations in the medium and long term.

In the short term, it is possible that the conflict will continue or spread, which could affect the Group's financial results.

- There are no delays in the execution of construction contracts in the construction and assembly services area due to conflict. However, it cannot be ruled out that, if this state continues, the financial result of the contracts under execution may worsen and delays in the execution of contracts may occur due to so-called force majeure events, including delays connected with:

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

Looking ahead to 2025 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.

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.

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 Company'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 Company'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:

Current liquidity ratio = Current assets / Short-term liabilities

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

Cash liquidity ratio = Cash / Short-term liabilities

Risk of significant changes in interest rates

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

As at 31/12/2024, MIRBUD S.A. had no interest rate hedging transactions for long-term credits.

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Liabilities under credits and loans	113,693	111,421		
Granted loans	111,822	88,726		
Other financial assets				
Other financial liabilities	17,083	21,344		
Total	242,598	221,491	-	-

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

In order to carry out a sensitivity analysis for interest rate changes, on the basis of historical changes in value and on the basis of the Company's knowledge and experience of financial markets, reasonably possible interest rate changes were estimated as at 31 December 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 31 December 2024 and 31 December 2023 is presented below.

Sensitivity analysis for items exposed to change in interest rates	As at: 31/12/2024	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	113,693	-921	921	1,137	-1,137
Granted loans	111,822	906	-906	1,118	-1,118
Other financial assets					
Other financial liabilities					
Total	225,515	-15	15	2,255	-2,255

Sensitivity analysis for items exposed to change in interest rates	As at: 31/12/2023	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities under credits and loans	111,421	-903	903	1,114	-1,114
Granted loans	88,726	719	-719		
Other financial assets					
Other financial liabilities	21,344	-173	173	213	-213
Total	221,491	-357	357	1,328	-1,328

Risk of changes in foreign exchange rates

Within the MIRBUD Group, only MIRBUD S.A. generates revenue in foreign currency. In 2024 MIRBUD S.A. generated over 7% 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 2024, due to the low share of foreign currency revenue in revenue from sales, the Issuer did not hedge foreign currency revenue with currency forwards.

Items exposed to change in foreign exchange rates	EUR		USD		Other	
	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Liabilities under credits and loans						
Loans granted	18,900	16,280				
Trade and other receivables	3,360	44,958				
Trade and other liabilities	306	4,088				
Cash	1,667	11,876				
Other financial assets						
Total	24,232	77,202				

Risk of changes in exchange rates - sensitivity to changes

In order to carry out the analysis of sensitivity to changes in exchange rates, based on historical changes in value and on the Company's knowledge and experience of financial markets, the changes in exchange rates which are "realistically possible" were estimated at the level of -10%/+10% as at 31 December 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%
	31/12/2024				
Liabilities under credits and loans					
Loans granted	18,900	1,531	-1,531	1,890	-1,890
Trade and other receivables	3,360	272	-272	336	-336
Trade and other liabilities	306	25	-25	31	-31
Cash	1,667	135	-135	167	-167
Other financial assets					
Total	24,232	1,963	-1,963	2,423	-2,423

Sensitivity analysis for items exposed to exchange rate changes (Euro)		Effect on net profit/(loss)		Effect on the balance sheet total	
	As at:	increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
	31/12/2023				
Liabilities under credits and loans					
Loans granted	16,280	1,319	-1,319	1,628	-1,628
Trade and other receivables	44,958	3,642	-3,642	4,496	-4,496
Trade and other liabilities	4,088	331	-331	409	-409
Cash	11,876	962	-962	1,188	-1,188
Other financial assets					
Total	77.202	6.253	-6.253	7.720	-7.720

The Issuer's Management Board estimates that in 2025 the share of revenue in Euro will not exceed 5% (it will gradually decrease in the second half of 2025). As of 31/12/2024 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.

Risks related to competition:

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

Further intensification of competition on the markets where the Company operates may have a material adverse effect on the Company's operations, results and financial position as well as on its future development outlook.

The Management Boards of the Companies, based on many years of experience, try to build a portfolio of contracts that will enable them to achieve an appropriate financial result.

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.

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 2024, 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 649¹ to 649⁵ 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:
	31/12/2024	31/12/2023
Total credits	130,776	132,765
Cash and cash equivalents	-177,680	-229,682
Net debt	-46,904	-96,917
Equity	816,844	540,827
Total capital	769,940	443,909
Debt ratio	-6%	-22%

Financial liquidity hedging ratios	in PLN thousand	
	As at:	As at:
	31/12/2024	31/12/2023
Net debt		
EBITDA	88,298	137,205
Equity	816,844	540,827
Total assets	1,589,259	1,434,222
net debt/EBITDA	0.0	0.0
equity/total assets	0.5	0.4

EBIT for the last 12 months accepted.

XII. Approval for publication

The financial statements were signed by the Management Board and approved for publication on 24 April 2025

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

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

Anna Więzowska	Anna Zuchora
Member of the Management Board	Person entrusted with book keeping