

COMMENTARY ON THE RESULTS OF THE MIRBUD CAPITAL GROUP FOR THE FIRST HALF OF 2025

In the first half of 2025, the MIRBUD Capital Group achieved revenue of PLN 1.21 billion, including a profit on sales of PLN 88.25 million and a net profit of PLN 36.12 million.

In operational terms, activities in the construction and assembly services segment remains the most important, generating 93.1% of revenue, followed by the development segment (4.6%), with a marginal share of revenue going to activities related to the rental of investment space (0.8%). Among construction and assembly services, engineering and road works remain the most significant (69%), followed by the construction of public buildings (19.7%) and manufacturing and service buildings (10.6%). A novelty in the revenue structure within the sales of construction and assembly services in the first half of this year are railway works (currently 0.7% in the sales revenue structure in this segment).

The residential, office and commercial construction market continues to experience a low supply of contracts, mainly due to low investment activity among local authorities and, above all, stagnation in the non-public industrial construction market. Shortages in these market segments are partly compensated for by the progressive development of the military infrastructure construction market. A slightly better situation may be observed in the road infrastructure construction market. Although the implementation of the government's plans for the construction of national roads and motorways in the first half of 2025 was delayed and the shortage of such contracts was felt by the construction market in Poland, thanks to the contracts acquired still in 2024 and signed in the first half of 2025, the Group's order portfolio at the end of July reached a record value of PLN 8.78 billion net to be executed by 2029. As at the date of publication of this report, MIRBUD S.A., acting in consortia or on its own, is awaiting the selection of a further 8 bids with a total net value of PLN 8.35 billion, which proved to be the most favourable in the tender proceedings. In addition, from among the company's already selected bids, a further four, with a total net value of PLN 525 million, are awaiting agreement signature.

The acceleration of road programmes announced by the General Directorate for National Roads and Motorways even until the end of 2025 gives hope for further growth in the Group's portfolio in this segment. In addition, the construction of two sections of the S1 expressway in the Silesian Voivodeship will be completed by the end of this year. These contracts, for which agreements were already signed in 2019, a period before the outbreak of the pandemic and then the full-scale war in Ukraine, have been problematic in recent years due to the outsized increase in construction costs caused by these events.

For the first time in the period under review, the revenue of the MIRBUD CG included those from the sale of construction and assembly services for railway construction. In line with the announced strategy, back in December 2024, the railway company Transkol from Kielce was purchased.



On the basis of its credentials and personnel and equipment base, the Group is increasingly entering tenders organised by PKP PLK. The first result of this cooperation is an agreement signed in July this year for the modernisation of sections of railway infrastructure routes in the Kujawsko-Pomorskie Voivodeship. At the same time, the Group is participating in multi-billion dollar railway construction tenders in cooperation with a large entity in this industry, i.e. Torpol S.A., in which MIRBUD S.A. holds more than 10% of the shareholding. This kind of cooperation offers the hope of competing effectively with even the world's largest players when tenders are issued as part of national rail programmes, the implementation of which is expected to accelerate in the coming years. The existing cooperation between the two companies will soon produce its first results. Currently, a consortium of MIRBUD S.A. together with Torpol S.A. is awaiting the selection of 2 bids with a total net value of PLN 4.87 billion, which proved to be the most advantageous in tenders organised by PKP PLK.

The first half of 2025 results were impacted by a decrease in sales from property development and rental of investment property. In the development segment, JHM DEVELOPMENT sold 109 units by way of notarial deeds. This result is significantly lower than in the corresponding period of 2024. This decrease is a direct result of the production cycle and the small number of units available in completed and commissioned developments. In line with the plan, JHM DEVELOPMENT will commission two developments by the end of this year: The first stage of construction in Jastrzębia Góra and the investment in Mszczonów. As a result, a further 331 units will be referred for sale by way of notarial deeds (sales recognised in revenue). Another investment, in Skierniewice (stage 2 at ul. Armii Krajowej), will be completed in the first quarter of 2026, increasing the company's offer by a further 200 units. In total, the company currently has 110 signed preliminary and development agreements in the above developments (sales not included in revenue). The investments planned for completion later this year will certainly improve JHM DEVELOPMENT's sales result.

In May 2024, the commercial space rental segment generated a much less significant share of the Group's results than in previous years, due to the fire at the Marywilska 44 Shopping Centre. It is to be expected that this event will affect the results achieved in this segment in the coming years as well, which will further marginalise the share of this segment in the overall business of the MIRBUD Capital Group.

MIRBUD S.A., as the parent company of the MIRBUD Capital Group, invariably strives to increase the scale of operations in each segment. The medium-term goal remains to achieve an annual revenue level of more than PLN 5 billion and an order portfolio of more than PLN 10 billion, while maintaining profitability at a satisfactory level. The significant share of MIRBUD S.A. in the market for the construction of national roads and motorways, the prospect of growth in the railway construction market, the expected fall in NBP interest rates, which will revive not only the development market, but also residential, office and commercial construction among non-public industrial construction investors – these circumstances may affect the achievement of these goals. At the same time, the company's Management Board's immediate interest lies in the prospect of entering the market for the construction of Poland's energy infrastructure, the development of which is one of the strategic objectives of the country.

Kind regards,

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