

MIRBUD CAPITAL GROUP

REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITY

FOR THE PERIOD
FROM 01 JANUARY 2020 TO 31 DECEMBER 2020




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1. PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS



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



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

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

The accounting policies adopted in the preparation of the financial statements have been presented in detail in the introduction to the financial statements for 2020.

2. ACTIVITIES OF THE MIRBUD CAPITAL GROUP

2.1. Description of the Capital Group and its core activities

The MIRBUD Capital Group employs 850 employees, including highly qualified engineering staff with various specialisations in the construction industry. The Company's advantage is also a well-developed machine park which ensures performance of most of the work on the basis of its own facilities.

Since 2008, **MIRBUD S.A.** has been successively building a stable Capital Group with a diversified range of activities. Investment tasks in the field of housing construction in the developer system were taken over by a company separated from the structures of MIRBUD S.A. - JHM Development S.A., and the shares purchased in 2010 in Przedsiębiorstwo Budowy Dróg i Mostów Kobylarnia S.A. [Construction Company For Roads and Bridges KOBYLARNIA S.A.] from Bydgoszcz allowed to extend the scope of activities to road and bridge works and production of bituminous masses.

Moreover, the MIRBUD Capital Group includes Marywilka 44 Sp. z o.o., the owner and manager of the largest shopping centre in Warsaw, and Expo Mazury S.A. "w likwidacji", which until recently managed the congress and exhibition centre in Ostróda. As a result of the Group's restructuring in 2020, Expo Mazury was put into liquidation. On the basis of the existing warehouse infrastructure, a Logistics and Warehouse Park in Ostróda was established, owned and managed by Marywilka 44 sp. z o.o.

In November 2017 the Management Board of MIRBUD S.A. made a decision concerning the establishment of a sole proprietorship company under the name of: МІРБУД Limited liability company (abbreviated name: ТОВ «МІРБУД») with its registered office in Kiev. The company was registered on 25 January 2018.

MIRBUD S.A. is the parent and prepares consolidated financial statements consisting of the statements of the parent and subsidiaries - the JHM DEVELOPMENT Capital Group, KOBYLARNIA S.A. and EXPO MAZURY S.A. w likwidacji.

Basic data of the Parent

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



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

Website: www.mirbud.pl

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

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



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

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

On 03/10/2011, the District Court in Bydgoszcz, 13th Commercial Division of the National Court Register entered the transformation of Przedsiębiorstwo Budowy Dróg i Mostów Spółki z o.o. [Road and Bridge Construction Enterprise] – a subsidiary of MIRBUD S.A., into Przedsiębiorstwo Budowy Dróg i Mostów KOBYLARNIA S.A. [Construction Company For Roads and Bridges KOBYLARNIA S.A.] to the Register of Entrepreneurs of the National Court Register, under the KRS number 0000396760.



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

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

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

The Company conducts business activities in Ukraine in the area of, among others, construction of residential and non-residential buildings, construction of roads, performance of specialist construction works, finishing and architectural works.



Full name of the entity:	ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «МІРБУД» (MIRBUD sp. z o.o.)
Entity's registered office:	Kiev
Legal form:	limited liability company
NIP (tax identification number):	418873426552
REGON (ЄДРПОУ Code):	41887344
Address details:	ul. 6 Oleny Telihy street, building 8, room 302, 04112 Kiev,
Country of registered office:	Ukraine

Subsidiary of MIRBUD S.A. – EXPO MAZURY S.A. w likwidacji

The company was established as a result of transformation of “Demuth Alfa” spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna [limited liability company, limited joint-stock company] with its registered office in Gdańsk into EXPO ARENA Spółka Akcyjna with its registered office in Ostróda based on the resolution of the General Meeting dated 12/05/2014 (notarial deed REP. A. 6450/2014) and of 20/05/2014 (notarial deed REP. A 6840/2014).

The company was entered in the National Court Register kept by the District Court for Olsztyn, 7th Commercial Division of the National Court Register, under the KRS number 0000513712, on 01/07/2014.

On 29 June 2015, the parent MIRBUD S.A. concluded a contract with “DEMUTH SIGMA” Spółka Komandytowo-Akcyjna [limited joint-stock company] with its registered office in Gdynia for the purchase of shares in that company.

On 14/01/2016, the Company changed its name from EXPO ARENA S.A. to EXPO MAZURY S.A.

On 1 July 2020, the Extraordinary General Meeting of Shareholders passed Resolution No. 3/2020 (Repertory A No. 6401/2020) on dissolution of the Company and putting it into liquidation. Mr. Waclaw Jankowski was appointed the Liquidator of the Company.

As at 1 July 2020, the Company operates under the name EXPO MAZURY S.A. w likwidacji and will be referred to hereafter in accordance with the current legal status.

Full name of the entity:	EXPO MAZURY S.A. w likwidacji
Entity's registered office:	Ostróda
Legal form:	joint-stock company
NIP (tax identification number):	839-27-67-573

REGON:	771485919
Address details:	ul. Grunwaldzka 55, Ostróda
phone/fax	+48(89) 506-58-00 / +48(89) 647-78-77
E-mail:	sekretariat@expomazury.pl
Website:	www.expomazury.pl
Country of registered office:	Poland

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

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



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

Subsidiary of JHM DEVELOPMENT S.A. - JHM 1 Sp. z o.o.

The company was established on 13/09/2011 on the basis of the notarial deed Repertory "A" No. 4812/2011. The company was entered in the National Court Register kept by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, under the KRS number 0000396588, on 20/09/2011.

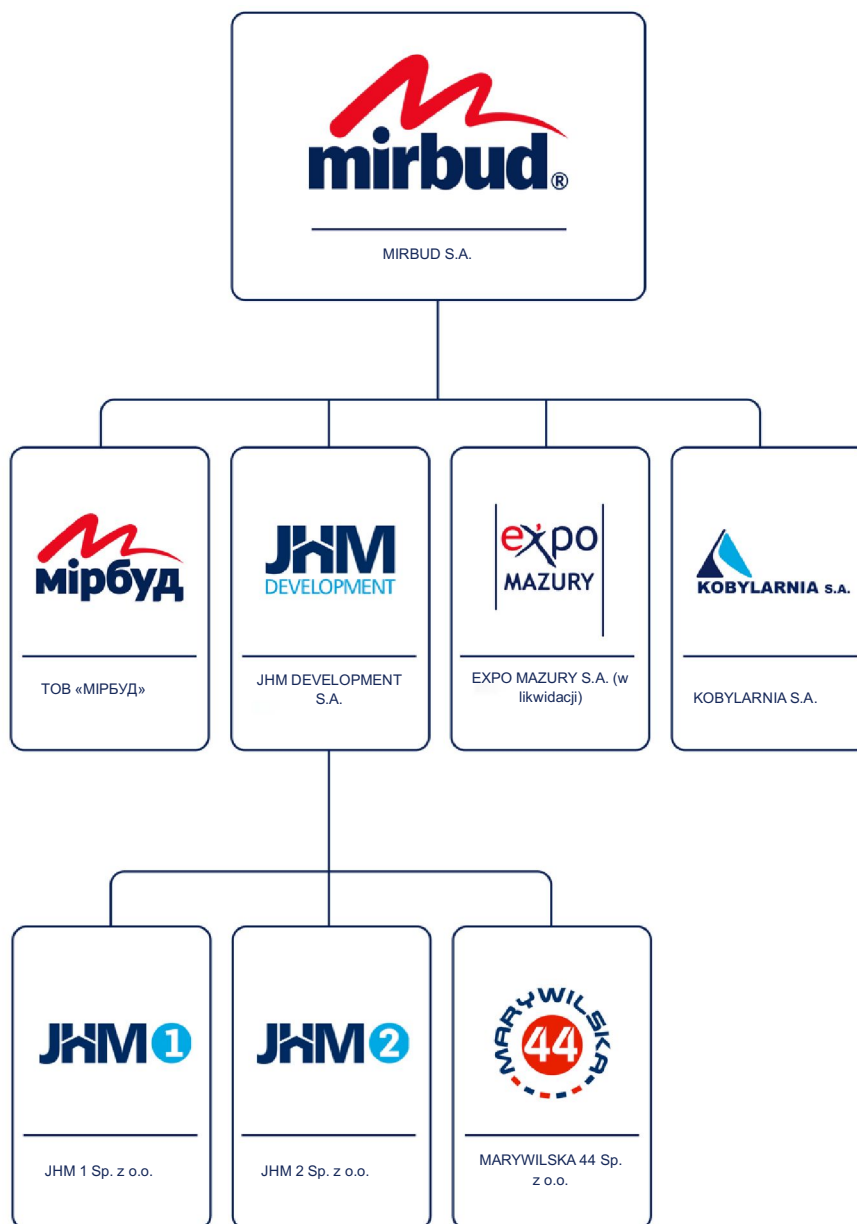
Full name of the entity:	JHM 1 Sp. z o.o.
Entity's registered office:	Skierniewice
Legal form:	limited liability company
NIP (tax identification number):	836-185-59-68
REGON:	101288135
Address details:	ul. Unii Europejskiej 18, 96-100 Skierniewice
Country of registered office:	Poland
Tel/fax	+ 48 (46) 833 95 89

Subsidiary of JHM DEVELOPMENT S.A. - JHM 2 Sp. z o.o.

The company was established on 16/02/2012 based on the notarial deed Repertory "A" No. 785/2012. The company was entered in the National Court Register kept by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, under the KRS number 0000415335, on 22/03/2012.

Full name of the entity:	JHM 2 Sp. z o.o.
Entity's registered office:	Skierniewice
Legal form:	limited liability company
NIP (tax identification number):	836-185-64-65
REGON:	101387140
Address details:	ul. Unii Europejskiej 18, 96-100 Skierniewice
Country of registered office:	Poland
Tel/fax	+ 48 (46) 833 95 89

Diagram: The MIRBUD Capital Group structure as at 31/12/2020



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

Table: Structure of shares of MIRBUD S.A. in subsidiaries as at 31/12/2020

Name of the entity	Share capital	Share of MIRBUD S.A. in the share capital
JHM DEVELOPMENT S.A.	PLN 173,000,000	100%
KOBYLARNIA S.A.	PLN 30,000,000	100%
EXPO MAZURY S.A w likwidacji*	PLN 135,928,000	99.99%
TOB «MIPBYD»	UAH 2,377,752.81	100%

*Total direct and indirect share of MIRBUD S.A. in the share capital 100%

JHM DEVELOPEMENT S.A.

On 9 June 2020, the Extraordinary General Meeting of Shareholders of JHM DEVELOPEMENT S.A., at the request of the sole shareholder of the Company, MIRBUD S.A., passed Resolution No. 04/2020 (Repertory A No. 4828/2020) on the withdrawal from trading on a regulated market maintained by the Warsaw Stock Exchange of all ordinary bearer shares of JHM DEVELOPEMENT S.A. in the total number of 69,200,000 and authorised the Management Board of the Company to take all actions in the matter in question, including submission of an application to the Polish Financial Supervision Authority (KNF) for permission to withdraw the shares from trading on a regulated market maintained by the Warsaw Stock Exchange. On 14 July 2020, the Polish Financial Supervision Authority has adopted a decision to authorise the withdrawal of the Company's shares from trading on the regulated market maintained by the Warsaw Stock Exchange. The decision published on the KNF's website indicates 28 July 2020 as the date after which the Company's shares will be withdrawn from trading on the regulated market maintained by the WSE.

As of 31 December 2020, the shares of JHM DEVELOPEMENT S.A. have been withdrawn from trading on the regulated market maintained by the WSE.

KOBYLARNIA S.A.

On 3 February 2020, the Extraordinary General Meeting of Shareholders of PBDiM KOBYLARNIA S.A., by virtue of Resolution No. 3/2020 (Repertory A No. 849/2019), resolved to increase the Company's share capital from PLN 25,000,000.00 to PLN 30,000,000.00 by issuing 50,000,000 series H registered shares with a nominal value equal to the issue price of PLN 0.10 per share. On 20/04/2020, the Register Court in Bydgoszcz, 13th Commercial Division of the National Court Register, registered the increase in the company's share capital to the amount of PLN 30,000,000.00.

On 9 June 2020, the Ordinary General Meeting of Shareholders of KOBYLARNIA S.A., by virtue of Resolution No. 15/2020 (Repertory A No. 4838/2020) resolved to amend the Articles of Association by changing the name of Przedsiębiorstwo Budowy Dróg i Mostów KOBYLARNIA Spółka Akcyjna [Construction Company For Roads and Bridges KOBYLARNIA S.A.] to KOBYLARNIA Spółka Akcyjna. As a result of this change, the Company may use the abbreviated name - KOBYLARNIA S.A.

EXPO MAZURY S.A. w likwidacji

On 1 July 2020, the Extraordinary General Meeting of Shareholders passed Resolution No. 3/2020 (Repertory A No. 6401/2020) on putting the Company into liquidation and appointing its Liquidator. As a result of the Resolution, liquidation of EXPO MAZURY S.A. was initiated, and then, by means of Resolution No. 4/2020, Mr. Waclaw Jankowski, Advisor to the Management Board of MIRBUD S.A. and a long-term employee of the MIRBUD Capital Group companies, was appointed Liquidator of the Company.

The initiation of the liquidation of EXPO MAZURY S.A. is the second stage of the ongoing reorganisation of the MIRBUD Capital Group. The purpose of the reorganisation is to strengthen the Group by concentrating the entities operating within it around the parent company - MIRBUD S.A. The reorganisation will result in simplification of the Group's structure, streamlining of the Group's business processes and optimisation of the operating costs of the Group's companies, in particular those operating in similar market areas. In practice, this means the transfer of the EXPO MAZURY S.A. property to MARYWILSKA 44 Sp. z o.o., with the assumption that new lease agreements will be concluded with the existing commercial space lessees. The reorganisation is scheduled to be completed by the end of September 2021.

MARYWILSKA 44 Sp. z o.o.

On 02/12/2020 (notarial deed Repertory A No. 11976/2020), the Extraordinary General Meeting of Shareholders of Marywilaska 44 Sp. z o.o. adopted a resolution on increasing the Company's share capital by PLN 78,250 thousand, increasing the number of shares by 1,565,000 with a nominal value of PLN 50 each. The shares in the increased share capital will be fully covered by a cash contribution in the amount of PLN 156,500 thousand. Shares are to be acquired by MIRBUD S.A. with its registered office in Skierniewice.

As at 31/12/2020, payments totalling PLN 76,500 thousand were made under the Resolution in question. By the date of preparation of the report, MIRBUD S.A. has paid the entire amount resulting from the acquisition of the new shares.

These funds were used to cover the purchase of real property situated in Ostróda at ul. Grunwaldzka 55. Within the framework of the purchased real property, the Company intends to carry out its activity consisting in the lease of space for storage purposes.

ТОВ «МІРБУД»

The sole partner of the company is MIRBUD S.A. On 26 November 2020, the sole shareholder of the Company increased the share capital of ТОВ «МІРБУД» by UAH 477,752.81.

As at 31 December 2020, the share capital of ТОВ «МІРБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 30/06/2020, PLN 315,290.02).

The entity is not consolidated due to its immaterial character.

Table: Structure of shares of JHM DEVELOPMENT S.A. in subsidiaries and related entities as at 31/12/2020

Name of the entity	Share capital	Nominal value of shares	Share of JHM DEVELOPMENT S.A. in the share capital
MARYWILSKA 44 Spółka z o.o.	70,000	*66,990	100.0%
JHM 1 Spółka z o.o.	9,001	9,001	100.0%
JHM 2 Spółka z o.o.	10,300	10,300	100.0%

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

Core activities

MIRBUD S.A.



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

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

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

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

- general construction and civil engineering;
- freight transport by road;
- 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.

KOBYLARNIA S.A.



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

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

The Company provides services also in the scope of renting construction equipment and specialised means of transport.

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

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

JHM DEVELOPMENT S.A.



JHM DEVELOPMENT S.A. carries out investments in the construction and sale of single-family and multi-family residential buildings. The Company also deals with the purchase and sale of property on its own account, as well as the rental and management of property. The establishment of the Company in 2008 initiated the process of building the MIRBUD Capital Group.

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

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

MARYWILSKA 44 Sp. z o.o.



Marywilka 44 Sp. z o.o., as a subsidiary of JHM DEVELOPMENT S.A., is the owner and manager of the largest shopping centre within the capital city of Warsaw.

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

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

According to the Polish Classification of Businesses, the core activities of the subsidiary JHM 1 Sp. z o.o. are:

- rental and management of own or leased property.

According to the Polish Classification of Businesses, the core activities of the subsidiary JHM 2 Sp. z o.o. are:

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

EXPO MAZURY S.A. w likwidacji (formerly EXPO ARENA S.A.)

EXPO MAZURY S.A. w likwidacji is a company managing the congress and exhibition centre in Ostróda.

According to the Polish Classification of Businesses, the core activities of the subsidiary EXPO MAZURY S.A. w likwidacji are:

- The activities connected with the organisation of trade fairs, exhibitions and congresses;
- short- and long-term space lease.

The area of the centre amounts to nearly 58 thousand square metres. After the company's liquidation process is completed, the activity in the field of short-term and long-term space lease will be carried out within the activity of other companies of the MIRBUD Capital Group in connection with the conducted reorganisation of the Group structure.

ТОВ «МІРБУД»

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

- general construction and civil engineering.

The company was established for the purpose of conducting business activity in Ukraine. Currently, it analyses the market potential, participates in tenders and recognises the possibilities of establishing cooperation with potential subcontractors and suppliers of materials for works carried out in Poland and Ukraine. It is not subject to consolidation, as MIRBUD S.A. did not exert any significant influence on the activity of this Company.

Figure: Planned geographical structure of the MIRBUD Capital Group in Poland



3. FINANCIAL SITUATION OF THE MIRBUD CAPITAL GROUP

3.1. Discussion of selected items of the consolidated financial statements of the MIRBUD Capital Group as at 31/12/2020 and 31/12/2019.

Table: Selected items of assets of the Group as at 31 December 2020 and 31 December 2019 in PLN thousand.

Specification	31/12/2020	% share in total assets	31/12/2019	% share in total assets	Change in PLN thousand	Change in %
Fixed assets, including:	677,902	44%	518,632	45%	159,270	31%
Tangible fixed assets	216,996	14%	217,546	19%	-550	0%
Investment property	422,346	27%	249,649	22%	172,697	0%
Intangible assets	6,303	0%	15,496	1%	-9,193	-59%
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	548	0%	482	0%	66	0%
Investments measured using the equity method	0	0%	0	0%	0	0%
Long-term trading and other receivables	9,589	1%	12,276	1%	-2,687	0%
biological assets	0	0%	0	0%	0	0%
Deferred income tax assets	21,829	1%	23,061	2%	-1,232	-5%
Other fixed assets not elsewhere classified (including prepayments and accruals)	291	0%	122	0%	169	139%
Current assets, including:	861,227	56%	627,799	55%	233,428	37%
Inventories	282,823	18%	260,958	23%	21,865	8%
Receivables on account of the income tax	0	0%	0	0%	0	0%
Trading receivables and other receivables	287,503	19%	256,792	22%	30,711	12%
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	0	0%	0	0%	0	0%
Cash and cash equivalents	288,997	19%	108,151	9%	180,846	167%
Other current assets n.e.c.	1,904	0%	1,898	0%	6	0%
fixed assets held for sale	0	0%	0	0%	0	0%
Total assets	1,539,129	100%	1,146,431	100%	392,698	34%

As at 31/12/2020, compared to the end of 2019, the value of the balance sheet total and the structure of assets of the MIRBUD Group changed significantly.

The dominating value are the current assets, which as at 31/12/2020 constitute 56% of the Group's total assets (increase in the share of current assets in the balance sheet total by 1 p.p. compared to the end of 2019).

The following remain significant items of current assets: trade receivables and other receivables accounting for 19% of total assets (a decrease in the share of total assets by 3 p.p. compared to 2019), inventories (mainly land and residential units at JHM DEVELOPMENT S.A.), whose share in total assets decreased by 5 p.p. compared to 2019 and accounts for 18% of total assets, and cash and cash equivalents accounting for 19% of the Group's assets. (a share increase of 10 p.p. in the Group's assets).

As at 31/12/2020, fixed assets represent 44% of the MIRBUD Group's total assets (decrease by 1 p.p. compared to the end of 2019).

Fixed assets comprise mainly tangible fixed assets constituting 14% of the assets (a decrease in the balance sheet total share by 5 p.p.) and investment property (which constitute mainly property of Centrum Targowe [Market Centre] Marywilska 44, NOMI - JHM 1 sp z o.o. market and Galeria Handlowa [Shopping Centre] together with Biedronka in Rumia - JHM 2 sp. z o.o. and part of halls of EXPO MAZURY w likwidacji) constituting 27% of total assets (an increase in the share by 5 p.p. compared to 2019).

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

- MIRBUD S.A.'s purchase of means of transport and machinery and equipment for the amount of over PLN 21 million;
- KOBYLARNIA S.A.'s purchase of real property located in Miękinia with a value of PLN 5.3 million;
- KOBYLARNIA S.A.'s purchase of means of transport and machinery and equipment for the amount of approx. PLN 9 million;
- first-time application of IFRS 16 "Leasing" for the measurement of liabilities and assets in connection with the lease of properties located in Warsaw at ul. Marywilska - recognition of the above rental agreements as lease agreements The measurement of the asset amounted to PLN 138 million;
- a significant increase in the level of the value of semi-finished products and work in progress from PLN 99 million in 2019 to PLN 148 million at the end of 2020 which was related to the more intensive investment activity of JHM DEVELOPEMENT S.A.;
- reducing the value of development products from PLN 67 million in 2019 to PLN 49 million at the end of 2020;
- the transaction of purchase by Marywilska 44 sp. z o.o. from EXPO MAZURY S.A. w likwidacji of a part of real property situated in Ostróda;
- MIRBUD S.A. receiving advances for the execution of road contracts (construction of a part of the S-1 express way, so-called Węgierska Górka bypass) in the total amount of PLN 112 million net;
- MIRBUD S.A. receiving an advance for the execution of a road contract for the construction of a fragment of the S-1 Kosztowy - Bielsko Biała express way, section III, in the amount of PLN 4.8 million net;
- Kobylarnia S.A. receiving advances for the execution of road contracts to be settled over a period of more than 12 months with a total value of PLN 27.3 million - Construction of the A18 motorway, section 2, Construction of the Poręba and Zawiercie bypass, Design and construction of the S11 express way Koszalin - Szczecinek;

Table: Selected items of liabilities as at 31 December 2020 and 31 December 2019 in PLN thousand.

Specification	31/12/2020	% share in total liabilities	31/12/2019	% share in total liabilities	Change in PLN thousand	Change in %
Equity	461,609	30%	405,250	35%	56,359	14%
Issued share capital	9,174	1%	9,174	1%	0	0%
Profits (losses) attributable to owners of the entity	58,193	4%	28,124	2%	30,069	107%
Other capitals	394,242	26%	367,952	32%	26,290	7%
Capital attributable to non-controlling shares	0	0%	0	0%	0	0%
Long-term liabilities and provisions for liabilities	605,819	39%	347,178	30%	234,626	68%
- Provisions under deferred income tax	24,307	2%	34,180	3%	-9,873	-29%
- other provisions for long-term liabilities	4,384	0%	3,221	0%	1,163	36%
- long-term financial liabilities for trading liabilities and other liabilities	293,551	19%	164,322	14%	129,229	79%
- long-term trading and other liabilities	283,577	18%	122,115	11%	137,447	113%
- other long-term liabilities and provisions n.e.c.		0%	23,340	2%	-23,340	0%
Short-term liabilities and provisions for liabilities	471,701	31%	394,003	34%	101,713	26%
- Provisions for short-term liabilities	7,390	0%	3,147	0%	4,243	135%
- short-term financial liabilities, except for provisions, trading liabilities and other liabilities	79,244	5%	98,219	9%	-18,975	-19%
- trading and other liabilities	359,071	23%	263,366	23%	108,815	41%
- liabilities under deferred income tax	16,142	1%	2,410	0%	13,732	570%
other long-term liabilities and provisions n.e.c.	9,854	1%	26,861	2%	-6,102	0%
Liabilities directly related to fixed assets classified as held for sale	0	0%	0	0%	0	0%
Total liabilities	1,539,129	100%	1,146,431	100%	392,698	34.3%

The structure of liabilities has changed in 2020. The activity of the MIRBUD Capital Group is financed in 30% from own funds, and in 70% from external capital. The share of long-term liabilities in financing amounted to 39% (an increase in the share of financing by 9 p.p. compared to 2019), while the share of short-term liabilities decreased by 3 p.p. compared to 2019 and stood at 31%.

The change in the structure of liabilities resulted mainly from:

- payments made by MIRBUD S.A. to MARYWILSKA 44 sp. z o.o. for the increase of share capital in the amount of PLN 76.5 million;
- payment of PLN 75 million by EXPO MAZURY S.A. w likwidacji to MIRBUD S.A. as reimbursement of part of the contributed capital to the shareholders;
- partial repayment of a loan in ARP S.A.;
- first-time application of IFRS 16 “Leasing” for the measurement of liabilities and assets in connection with the lease of properties located in Warsaw at ul. Marywilska - recognition of the above rental agreements as lease agreements - PLN 138 million - increase of long-term financial liabilities
- lease purchase by MIRBUD S.A. and KOBYLARNIA S.A. of machinery and equipment and means of transport for approx. PLN 30 million - increase of long-term and short-term financial liabilities
- MIRBUD S.A. receiving advances for the execution of road contracts to be settled in a period exceeding 12 months (construction of a fragment of the S-1 express way, the so-called Węgierska Górka bypass, and the S-1 Kostowy - Bielsko Biała express way, section III) in the amount of PLN 116.8 million net - increase of long-term trade and other liabilities
- Kobyłarnia S.A. receiving advances for the execution of road contracts to be settled over a period of more than 12 months with a total value of PLN 27.3 million (Construction of the A18 motorway, section 2, Construction of the Poręba and Zawiercie bypass, Design and construction of the S11 express way Koszalin - Szczecinek) - increase in long-term trade and other liabilities;
- maturity in 2021 of working capital credits granted to MIRBUD S.A. by BOŚ S.A., mBank S.A., approx. PLN 39 million (the Company plans to roll over the liabilities into subsequent 24-month periods)
- increase in the scale of executed infrastructure contracts

Table: Selected items of the Group's statements of comprehensive income for the period from 01/01/2020 to 31/12/2020 and 01/01/2019 to 31/12/2019 in PLN thousand

Specification	Period from 01/01/2020 to 31/12/2020		Period from 01/01/2019 to 31/12/2019		Change in PLN thousand	Change in %
		Profitability		Profitability		
Sales revenue	1,242,903	-----	949,104	-----	293,799	31%
Profit from sales	137,306	11.05%	100,572	10.60%	36,734	37%
Operating profit EBIT	84,409	6.79%	52,218	5.50%	32,191	62%
Pre-tax profit	70,273	5.65%	36,995	3.90%	33,278	90%
Net profit	58,193	4.68%	28,124	2.96%	30,069	107%

In 2020, the MIRBUD Group achieved revenue 31% higher than in 2019, which resulted mainly from a significant increase in sales revenue from construction and assembly activities in the segment of engineering and road works. Profitability on sales in this period increased by 0.45 p.p. compared to 2019, while net profitability was 1.72 p.p. higher than in 2019.

The Group Companies achieved a positive financial result generated mainly on the basis of newly executed contracts, as well as increasing sales and profitability from development activities. The Group's profitability was significantly affected by a 24 p.p. decrease in commercial space rental profitability.

The profitability of the Group Companies in 2020 was influenced by the following factors:

- maintaining the profitability of JHM DEVELOPMENT S.A.;
- an increase in the profitability of road contracts;
- a non-recurring result from the revaluation of the real property in Ostróda sold by EXPO MAZURY to Marywilka 44 sp. z o.o. - PLN 12 million;
- partial settlement of a subsidy received for the construction of a facility of approx. PLN 14 million (in connection with the sale of part of real property in Ostróda)
- subsidies received by Marywilka 44 Sp. z o.o. in connection with the COVID-19 pandemic resulting from a reduction in rent for lease of land property located in Warsaw at ul. Marywilka in the amount of PLN 3.9 million;
- MIRBUD S.A. making a revaluation write-down of receivables of FABRYKA BIZNESU sp. z o.o., RADMAX P Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo Akcyjna, F-Grup Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo Akcyjna in the total amount of net PLN 16.2 million (gross write-down of PLN 20.7 million);
- making a write-down of goodwill in the amount of PLN 8.5 million in connection with the liquidation of EXPO MAZURY S.A.;
- decrease of profitability of MARYWILSKA 44 Sp. z o.o.

3.2. Assessment of financial resources and liquidity management

The management of the MIRBUD Group's financial resources assumes basing the financing structure on long-term sources of financing. The Group Companies finance their operations in 65% based on foreign capital through:

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

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

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

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

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

The Group's strategy provides for a further gradual exchange of short-term debt financing individual construction contracts for long-term debt financing with particular focus on advances from the Contracting Authority for infrastructure contracts in the coming years, and for a gradual reduction of debt in the long-term perspective.

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

Table: MIRBUD Group debt ratios

Specification	31/12/2020	31/12/2019
Total debt ratio <i>Total liabilities / Assets</i>	0.70	0.65
Long-term debt ratio <i>Long-term liabilities / Assets</i>	0.39	0.30
Short-term debt ratio <i>Short-term liabilities / Assets</i>	0.31	0.34
Debt to equity ratio <i>Liabilities / Equity</i>	2.33	1.83

In the reporting period, the level of debt increased by 5% and its structure also changed. The share of long-term debt increased by 9 p.p. and the share of short-term debt decreased which was the result of:

- first-time application of IFRS 16 “Leasing” for the measurement of liabilities and assets in connection with the lease of properties located in Warsaw at ul. Marywilska - recognition of the above rental agreements as lease agreements - PLN 138 million - increase of long-term financial liabilities
- lease purchase by MIRBUD S.A. and KOBYLARNIA S.A. of machinery and equipment and means of transport for approx. PLN 30 million - increase of long-term and short-term financial liabilities
- MIRBUD S.A. receiving advances for the execution of road contracts to be settled in a period exceeding 12 months (construction of a fragment of the S-1 express way, the so-called Węgierska Górka bypass, and the S-1 Kostowy - Bielsko Biała express way, section III) in the amount of PLN 116.8 million net - increase of long-term trade and other liabilities;
- Kobylarnia S.A. receiving advances for the execution of road contracts to be settled over a period of more than 12 months with a total value of PLN 27.3 million - (Construction of the A18 motorway, section 2, Construction of the Poręba and Zawiercie bypass, Design and construction of the S11 express way Koszalin - Szczecinek) - increase in long-term trade and other liabilities;
- maturity in 2021 of working capital credits granted to MIRBUD S.A. by BOŚ S.A., mBank S.A., approx. PLN 39 million (the Company plans to roll over the liabilities into subsequent 24-month periods);
- changes in market conditions for the supply of materials forcing early payment or advance payments, which resulted in increased use of available working capital credits.

It should be noted that, taking into account the cash balance, as at 31/12/2020 the Group’s net debt ratio decreased from 28% in 2019 to 15% as at 31/12/2020 and the Issuer itself had no net debt.

The Group’s debt level and structure in the perspective of 2021 will be influenced by the scale of new development investments (e.g. investments in Bydgoszcz, Łódź or Zakopane) and the implemented strategy of financing large road contracts with advances from the Contracting Authority.

Table: Company liquidity ratios

Specification	31/12/2020	31/12/2019
Current liquidity ratio		
Current assets / Short-term liabilities	1.74	1.59
Accelerated liquidity ratio		
(Current assets - Inventories - Short-term prepayments)/Current liabilities	1.17	0.93
Cash liquidity ratio		
Cash / Short-term liabilities	0.58	0.27

As at 31/12/2020, the MIRBUD Capital Group improved the levels of all current liquidity ratios.

4. MIRBUD CAPITAL GROUP'S OPERATIONS AND PROSPECTS FOR DEVELOPMENT

4.1. Specificity of the market

In 2020, the outbreak of the COVID-19 coronavirus pandemic had a decisive impact on the condition of the Polish economy. The lockdown of the economy introduced during the first wave of the pandemic led to its complete collapse. This condition was felt most strongly by companies operating in the industrial, commercial and service sectors. Of all the MIRBUD Capital Group companies, the economic slump was felt most strongly in the operations of: EXPO MAZURY S.A. and MARYWILSKA 44 Sp. z o.o.

According to market data published at the end of the first half of the year in June, it seemed that the climax of the Polish market's short-term slump was behind us, but in October the economy was hit by the second wave of the pandemic. After an apparent improvement in macroeconomic ratios in the third quarter of 2020, a significant drop in construction and assembly production was observed in October, resulting mainly from a decline in investment activity in the building construction sector. As a result of the pandemic, many private and public investors decided to put investment plans on hold in the first three quarters of 2020.

As a result of changes to the provisions of the Public Procurement Law, the supply of building construction contracts from public investors increased at the end of 2020. These tender procedures are expected to be concluded in the first half of 2021. With the end of 2020 and the beginning of 2021, we are also seeing an increase in investment activity from warehouse space developers. The COVID-19 coronavirus pandemic has contributed to the growth of the e-commerce market in Poland.

Despite the general decrease in the supply of volume investments in 2020, we recorded a significant recovery in infrastructure investments, including above all the increased investment activity of the General Directorate for National Roads and Motorways within the framework of the implemented National Road Construction Programme for the years 2014-2023 (with a perspective until 2025) and the implemented Programme for the Construction of 100 Bypasses for the years 2020-2030. In 2020, the General Directorate for National Roads and Motorways signed 35 contracts with contractors for the construction of a total of 450 km of national roads and bypasses with a total value of PLN 18 billion. This also influenced the activity of the MIRBUD Capital Group, in whose order portfolio the value and share of infrastructure construction contracts increased

significantly during this period. For 2021, the General Directorate for National Roads and Motorways has planned to conduct 26 tender procedures for the execution of a total of 313 km of roads under the National Road Construction Programme for the years 2014-2023 and 6 procedures for the execution of a total of 34 km of roads under the Programme for the Construction of 100 Bypasses for the years 2020-2030.

The COVID-19 coronavirus pandemic also affected the housing construction market in Poland. The volume of this market for the 12 months of 2020 indicates a number of housing permits issued at a level of approx. 260 thousand dwellings and investments commenced at a level of just over 220 thousand dwellings. Considering the prevailing state of pandemic and its impact on the economy, this result should be considered very good.

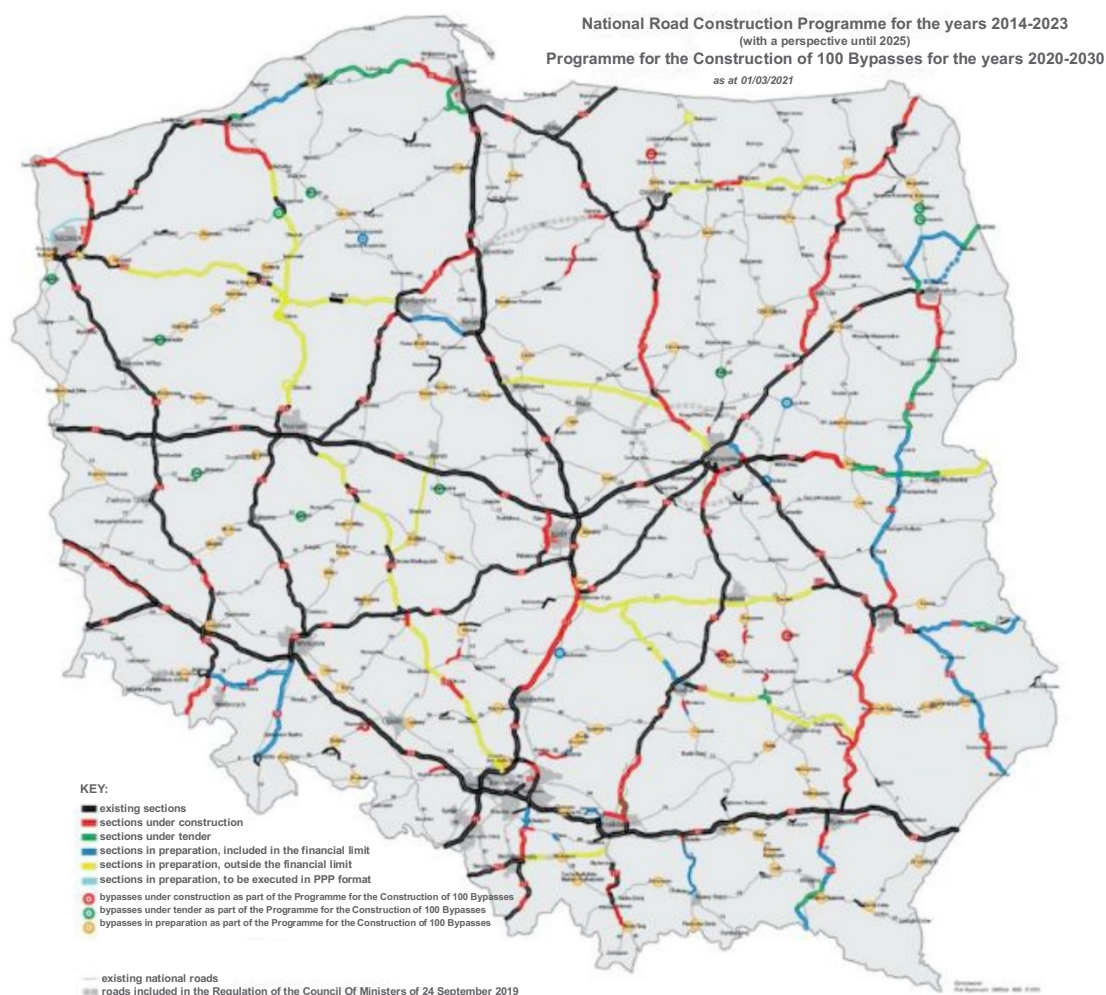
As of the date of this report, the country is experiencing the third wave of the COVID-19 coronavirus pandemic. In February 2021, the seasonally adjusted construction business economic ratio for maintained the level from previous months and was at -17.4 points. The difficult epidemic situation and the reduction of activities in other sectors (especially catering, commerce and tourism) cause an increase in the number of people willing to work in construction and in the segment of building materials production.

4.2. **Market prospects**

The occurrence of a third coronavirus wave in the first quarter of 2021 forces a cautious estimation of the prospects for the construction market in Poland. Assuming the continuity of construction and assembly production is maintained in 2021, the construction market will continue to be driven by expenditure on infrastructure investments carried out by the largest clients, including in particular the General Directorate for National Roads and Motorways (GDDKiA).

As part of the implementation of the National Road Construction Programme for the years 2014-2023 (with a perspective until 2025), 3767.9 km are planned to be built, along with expenditures of approx. PLN 163.9 billion, including: 324.2 km of motorways, 2948.9 km of express ways, 43 bypasses with a total length of 447.2 km, and the construction of a GP class road with a length of 47.7 km. The National Road Construction Programme for the years 2014-2023 (with a perspective until 2025) and the Programme for the Construction of 100 Bypasses for the years 2020-2030 assumes that tenders for approx. 350 km of express ways and bypasses with an estimated value of approx. PLN 18 billion will be announced in 2021.

As at the date of this report, 105 tasks with a total road length of 1350 km are under execution under the above programmes, 35 tasks with a total road length of 440 km are under tender, while 189 tasks with a total road length of 2900 km are in preparation.



In 2021, the Council of Ministers adopted the Safe Road Infrastructure Programme for 2021 - 2024. The measures taken under the Programme will be aimed at increasing the protection of road users and creating a safe road infrastructure. The result will be a reduction in the number of accidents and their victims. PLN 2.5 billion will be allocated for this purpose from the National Road Fund. This is the first stand-alone multi-annual programme in the road safety infrastructure area on such a large scale.

Maintaining continuity in the execution of government infrastructure investments may prove to be an opportunity to maintain the pace of development for those construction companies which, having a comfortable order portfolio, will be able to carry out contracts based on their own material and equipment base without major disruption. As at 31 December 2020, MIRBUD S.A. and KOBYLARNIA S.A. had a portfolio of orders with a total net value exceeding PLN 4.577 billion net to be executed by 2023. At the time of writing this report, the value of this portfolio increased to PLN 5.082 billion net, of which the value of the road contract portfolio is PLN 4.171 billion net.

The outlook for the construction market in Poland in 2021 will be affected by the significant increase in the prices of certain construction materials (including steel and asphalt) and subcontracting services in the first quarter of this year. The price level of key materials depends, i.a., on the economic situation on global markets and the measurement of the Polish currency. A competitive advantage will be gained by companies which have concluded long-term contracts for the supply of materials or services before the period of price increases, the performance of which does not allow for valorisation of the contract sum.

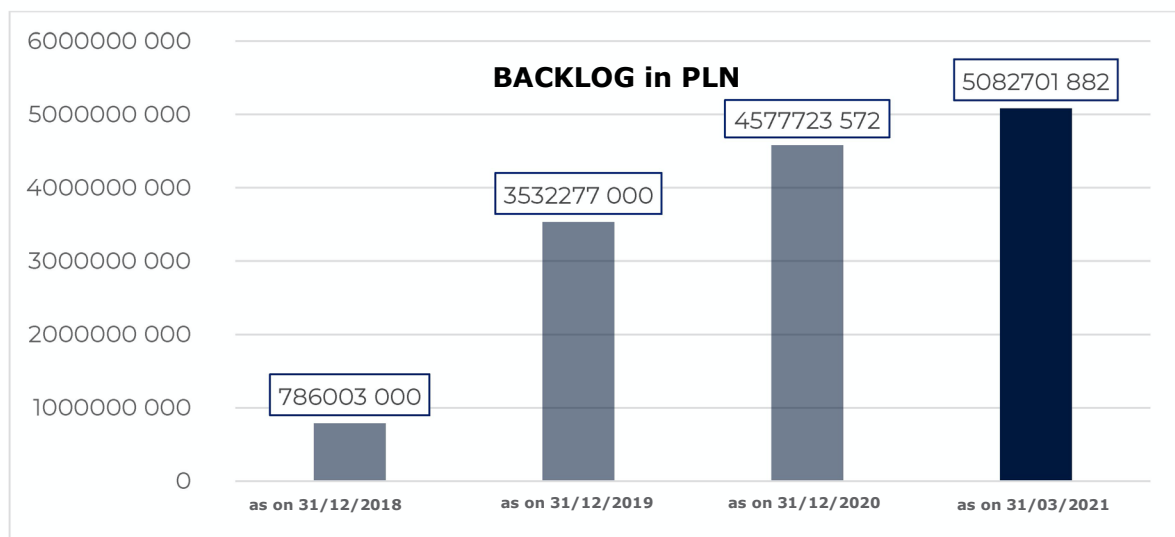
4.3. Description of activities of companies from the MIRBUD Group in 2020

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

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

- filling the MIRBUD Capital Group's order portfolio to the value of approximately PLN 5,000 million for the years 2020-2024 - including the execution of significant construction contracts in the road sector;
- diversifying the types of carried out building investments (expanding the scope of execution to include facilities under public procurement, schools, sports facilities, airport terminal and others);
- systematically increasing the volume and value of construction projects in progress.
- maintaining, despite the epidemic state, the commercialisation of CH MARYWILSKA 44 sp. z o.o. at the level of over 90%;
- carrying out the reorganisation of the MIRBUD Capital Group in the commercial property rental sector;
- conclusion of contracts with material suppliers (asphalt, steel, cement) ensuring the supply of materials for the most important executed infrastructural contracts at favourable fixed prices or with partial participation in their possible increase.

Chart: Change in the volume of the MIRBUD Capital Group's order portfolio between 2018 and 2020.



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

- decline in revenue and profitability from commercial property leases due to the outbreak of the COVID-19 coronavirus pandemic.

In 2020, the structure of the order portfolio of the MIRBUD Capital Group has further changed in favour of infrastructure construction contracts. The share of this type of contracts accounted for approx. 85% of the total

portfolio size, the value of public building construction contracts also increased, while the value of warehouse and production and residential construction contracts decreased.

The infrastructure contracts in progress are executed by a consortium of companies usually consisting of MIRBUD S.A. and its subsidiary KOBYLARNIA S.A., with one or the other company being the leader.

According to information from the General Directorate for National Roads and Motorways as at 15 March 2021, MIRBUD Group is the second largest contractor involved in road contracts in Poland.

Detailed information on the activities of the Companies from the MIRBUD Group in the reporting period and prospects for 2020 are presented in the further part of this report.

MIRBUD S.A.

In 2020, the Company continued to provide a wide range of construction and assembly services in the area of industrial, building, residential and engineering and road construction performed under the general contractor system, and to a lesser extent it conducted transport activities, leased machinery, construction equipment and rolling stock, and publishing activities.

The Company's most important achievements in 2020 include the signing of contracts for public utility construction (schools, airport terminal, roads) worth PLN 875.7 million net.

The most important contracts signed by MIRBUD S.A. in 2020 include:

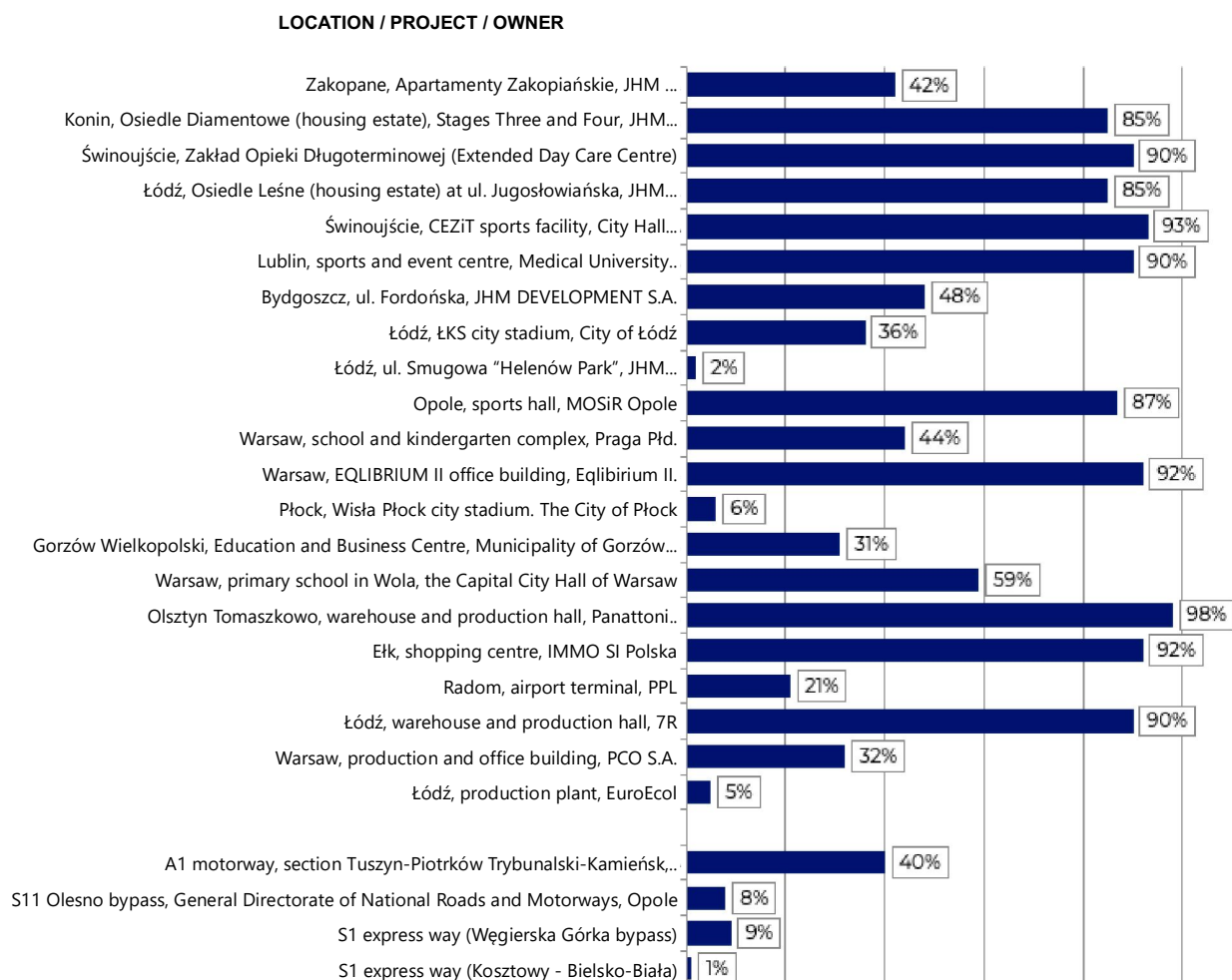
- Contract with the Capital City of Warsaw for the construction of an elementary school near ul. Jana Kazimierza in Warsaw. Contract value: net PLN 30.5 million.
- Contract with the "Polish Airports" State Enterprise for the design and construction of a terminal building at the Radom-Sadków airport, together with equipment. Contract value: net PLN 228 million.
- Contract with 7R S.A. for the construction of two logistics service halls with production functions, as well as warehouse and social and office facilities, together with the technical infrastructure. Contract value: net EUR 5.09 million.
- Contract with IMMO SI Polska Sp. z o.o. for the construction of a complex of commercial buildings - bi1 building and a petrol station together with the necessary technical infrastructure in Elk. Contract value: net PLN 30.5 million.
- Contract for the construction of a production and office building at ul. Jana Nowaka-Jeziorańskiego in Warsaw. Contract value: net PLN 29.7 million.
- Letter of intent for the construction of a warehouse, service and production complex for Panattoni Development Europe Sp. z o.o. in Tomaszkowo near Olsztyn. Contract value: net EUR 6.5 million.
- Adoption of a Dividend Policy under which the Management Board of MIRBUD S.A. will recommend to the General Meeting of Shareholders payment of dividends for each year in the amount between 10% and 50% of net profit.
- Contract for the design and construction of the S1 Kosztowy - Bielsko-Biała express way, section III Dankowice - "Suchy Potok" interchange (with interchange). Contract value: gross PLN 586.7 million.

- Signing of a contract for the construction of a plant for the production of innovative touchfree car washes in Łódź. Contract value: net PLN 13.26 million.

During the reporting period, the Company completed the construction of 11 public utility buildings (3 sports facilities, 2 office buildings, 4 commercial buildings, 1 police station, 1 school), 4 production and warehouse facilities, and 1 residential building.

As at the date of this report, MIRBUD S.A. is additionally constructing 6 warehouse and production facilities, characterised by short completion times and high profitability. At that time, the Company also signed a contract for the construction of the Tri-City Metropolitan bypass, section Żukowo interchange (with interchange) - Gdańsk Południe interchange (with interchange) with a gross value of PLN 776.99 million. In addition, by the time this report was published, the Company had signed a contract for the construction of the headquarters of the Voivodship Ambulance Service in Szczecin, with a gross value of PLN 32.84 million, and for the construction of a multi-family residential building in Bydgoszcz for its subsidiary JHM DEVELOPMENT S.A., with a net value of PLN 27.84 million.

The progress of work on construction sites at the end of 2020 is shown in the chart below:



Between 1 January and 31 December 2020, the Company participated in 59 non-public tender procedures and 49 public tenders in Poland with a total value of PLN 10.25 billion. 8 of them ended with the selection of the Issuer's bid.

Between 1 January and 31 December 2020, the Company has participated in 3 tender procedures in Ukraine with a total value of approx. EUR 88.5 million.

2020 saw significant changes in the measurement and perception of the Company by listed investors. In the first quarter, MIRBUD S.A. was qualified by the WSE to the sWIG80 index - 80 largest companies listed on the Warsaw Stock Exchange.

In June 2020, the Company was included in the WSE's analytical support programme, under which Dom Maklerski [Brokerage House] IPOPEMA Securities S.A. issued a "Buy" recommendation for MIRBUD S.A. in 2020. The reporting period saw a significant increase in the measurement of the Company from PLN 97,248 million as at 1 January 2020 to PLN 310,095 million as at 31 December 2020. As of the date of this report, the stock market measurement of MIRBUD S.A. has increased to PLN 470,647 million.

During the reporting period, the Company also implemented a Dividend Policy, in accordance with which the Management Board of MIRBUD S.A. will recommend to the General Meeting of Shareholders in subsequent years a dividend payment between 10% and 50% of net profit. In 2020, the Company paid a dividend in the amount of PLN 0.02 per share.

In 2020, the Company joined the Polish Association of Construction Industry Employers [Polski Związek Pracodawców Budownictwa] - the country's largest organisation of infrastructure and construction industry companies which jointly represent over 70 percent of the potential of the general investment contractor market in Poland.

KOBYLARNIA S.A.

In 2020, the infrastructure market saw a further recovery due to the launch and continuation of the government programmes described in this study, seen by the country's construction market as a flywheel for the Polish economy during the crisis caused by the COVID-19 pandemic. The revival in the infrastructural construction market has translated into a number of awarded tenders which KOBYLARNIA S.A. executes mainly in consortium with MIRBUD S.A.

In the reporting period, the Company performed the following tasks:

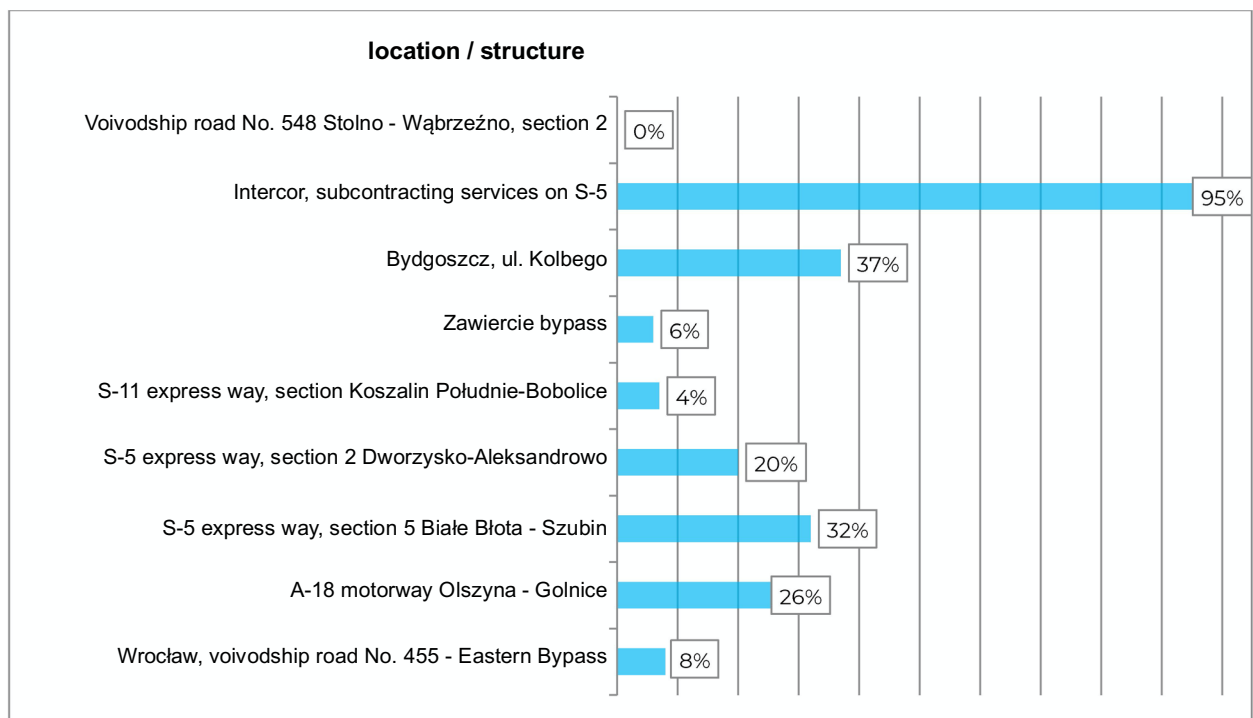
- Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 2 from km 11+860 to km 33+760 commissioned by GDDKiA. Contract value: net PLN 206.62 million.
- Construction of a bypass road for Poręba and Zawiercie within the national road No. 78, section Siewierz-Poręba-Zawiercie (Kromolów) - from km 105+836 to km 122+500 commissioned by GDDKiA. Contract value: net PLN 337.16 million;
- Continuation of design and construction of the S-5 express way from Dworzysko interchange (without interchange) to Aleksandrowo interchange (with interchange) with a length of approximately 22.4 km commissioned by GDDKiA. Contract value: net PLN 474.29 million;
- Continuation of design and construction of the S-5 express way from "Białe Błota" interchange (without interchange) to "Szubin" interchange (with interchange) with a length of approximately 9.7 km commissioned by GDDKiA. Contract value: net PLN 292.22 million.

- Design and construction of the S-11 express way, Koszalin - Szczecinek, section Koszalin Zachód interchange (without interchange) - Bobolice interchange. Section 3. Koszalin Południe interchange (without interchange) - Bobolice interchange (with interchange) commissioned by GDDKiA. Contract value: net PLN 365.85 million.
- Construction of a voivodship road from voivodship road No. 455 to national road No. 98 - under the "design and build" formula in Wrocław commissioned by the Voivodship Roads Authority in Wrocław. Contract value: net PLN 133.9 million.
- Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146, part 2 - stage II from km 15+146 to km 29+619 commissioned by the Voivodship Roads Authority in Bydgoszcz. Contract value: net PLN 55.94 million.

Moreover, in 2021 the Company has signed contracts to carry out the following tasks:

- Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146, part 1 - stage I from km 0+005 to km 14+14 commissioned by the Voivodship Roads Authority in Bydgoszcz. Contract value: net PLN 55.94 million.
- Construction of the A18 motorway Olszyna– Golnice (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533 commissioned by GDDKiA. Contract value: net PLN 210.32 million.

The progress of work on major construction sites at the end of 2020 is shown in the chart below:



In 2020, the Company participated in 74 tenders with a total net value of PLN 5.06 billion, 15 of which ended with the selection of the bid with a total gross value of PLN 1.36 billion by the date of the report.

EXPO MAZURY w likwidacji

Until 30 June 2020, Expo Mazury S.A. conducted business activities, the main branch of which was the organisation of trade fairs, as well as the rental of individual parts of the Company's facilities to external entities organising their own events, and long-term rental and construction of external buildings.

By virtue of Resolution of the General Meeting of Shareholders of 1 July this year (No. 3/2020, Repertory A No. 6401/2020) in Expo Mazury S.A., the process of liquidation of the Company commenced. This is the second stage of the reorganisation of the MIRBUD Capital Group. The purpose of the reorganisation is to strengthen the Group by concentrating the entities operating within it around the parent company - MIRBUD S.A. The reorganisation will result in simplification of the Group's structure, streamlining of the Group's business processes and optimisation of the operating costs of the Group's companies, in particular those operating in similar market areas. In practice, this means the planned transfer of its assets to MARYWILSKA 44 Sp. z o.o., with the assumption that new lease agreements will be concluded with the existing commercial space lessees.

On 23 December 2020, in connection with obtaining the consent of the Extraordinary General Meeting of EXPO MAZURY S.A. w likwidacji for the sale of the Company's property outright, the Liquidator sold part of the Company's real property to MARYWILSKA 44 Sp. z o.o. in Warsaw (an entity from the MIRBUD Capital Group).

The reorganisation is scheduled to be completed by the end of September 2021.

ТОВ «МІРБУД»

The company was established for the purpose of conducting business activity in Ukraine. Currently, it analyses the market potential, creates the structure allowing for participation in public tenders, gains experience and recognises the possibilities of establishing cooperation with potential subcontractors and suppliers of materials for works carried out in Poland and Ukraine.

JHM DEVELOPMENT S.A.

As a developer, the Company primarily develops residential buildings. The Company's developer activities in 2020 mainly comprised execution of developer projects in Katowice, Konin and Żyrardów, which were completed in that year. Revenue from the sale of premises in these projects was recognised in 2020. Pre-sales of premises in Żyrardów will influence the results in the following year.

The Company also had investments, the execution of which will continue in 2021 and the next year. These investments include projects in Łódź, Sochaczew, Konin, Bydgoszcz and Zakopane.

These investments are located in line with the Company's strategic assumptions which include the continuation of operations in medium-sized cities with high potential and the expansion of operations into large cities with more than 100,000 inhabitants.

When selecting locations for new investments, the key factors for the Company include:

- strong demand,
- limited competition,
- the financial capacity of the inhabitants of the city in question.

The projects are carried out in stages as the appropriate level of sales is achieved. The construction of further buildings in the ongoing investments starts after a minimum level of 60% of the sales of residential units in the previous stages is achieved.

As at 31/12/2020, the sales of finished residential units took place in 7 locations, comprising 19 multi-family residential buildings (a total of 343 units with utility space of 18.1 thousand sq. m. PUM). In three locations, the Company had ready units in buildings delivered in 2020 (in Katowice - stage II of *Osiedle Twoje Dolina [housing estate]*, in Konin - stage IV of *Osiedle Diamentowe [housing estate]* and in Żyrardów - *Osiedle Nowa Strefa [housing estate]*).

Detailed presentation is provided in the table below. The table includes all investment projects completed by 31/12/2020.

Table: List of completed development projects and number of units sold as at 31/12/2020

Item No.	Location	Type of investment	Number of units in the building	PUM area [sq. m.]	Number of units sold	Number of units to be sold
1	BRZEZINY ul. Głowackiego	Multi-family	128	6,933	128	0
2	ŻYRARDÓW ul. Hulki Laskowskiego	Multi-family	83	4,409	83	0
3	RUMIA ul. Dębogórska Stage I	Multi-family	244	12,987	241	3
4	SKIERNIEWICE ul. Trzcicka	Multi-family	159	8,552	159	0
5	RAWA MAZOWIECKA ul. Solidarności	Multi-family	32	1,790	32	0
6	RAWA MAZOWIECKA ul. Kazimierza Wielkiego	Multi-family	34	1,858	34	0
7	HEL ul. Steyera	Apartments	106	3,496	99	7
8	BEŁCHATÓW ul. Hubala	Multi-family	125	6,550	125	0
9	SKIERNIEWICE ul. Rawska	Multi-family	172	9,034	172	0
10	RAWA MAZOWIECKA ul. Katowicka	Detached houses	73	10,503	73	0
11	RUMIA ul. Jagiełły/Bony	Detached houses	3	486	3	0
12	ŻYRARDÓW ul. Okrzei Stage I	Multi-family	88	4,316	88	0
13	KONIN ul. Berylowa Stage I	Multi-family	144	7,384	143	1
14	ŁOWICZ ul. Medyczna 12	Multi-family	25	1,383	25	0
15	KONIN ul. Beryllium Stage II	Multi-family	144	7,389	144	0
16	KATOWICE, ul. Pułaskiego Stage I	Multi-family	208	11,116	202	6
17	ŁOWICZ ul. Bonifraterska	Multi-family	25	1,398	25	0
18	RUMIA ul. Dębogórska Stage II	Multi-family	237	11,987	226	11
19	SKIERNIEWICE ul. Kopernika	Multi-family	34	1,787	34	0
20	BRZEZINY ul. Kard. St. Wyszyńskiego 2	Multi-family	56	2,838	56	0
21	ŻYRARDÓW ul. Okrzei Stage II	Multi-family	34	1,933	34	0
22	ŁOWICZ ul. Medyczna 10	Multi-family	30	1,406	30	0
23	ŻYRARDÓW ul. Okrzei Stage III	Multi-family	70	3,977	69	1

24	BRZEZINY ul. Kard. St. Wyszyńskiego 4 and 6	Multi-family	72	4,129	63	9
25	SKIERNIEWICE, ul. Reymonta	Multi-family	212	11,748	184	28
26	RUMIA, ul. Dębogórska Stage III	Multi-family	74	3,541	46	28
27	KONIN, ul. Beryłowa, Stage III	Multi-family	122	5,998	106	16
28	KATOWICE, ul. Pułaskiego Stage II	Multi-family	116	7,081	95	21
29	ŻYRARDÓW ul. Ks. J. Popiełuszki	Multi-family	98	4,838	8	90
30	KONIN ul. Beryllium Stage IV	Multi-family	122	5,998	0	122
TOTAL			3,070	166,845	2,727	343

In 2020, the Company sold 331 residential units with an area of 18.1 thousand sq.m. residential utility area, PUM, as compared to 352 units with an area of 18.7 thousand sq.m. PUM in 2019.

As at 31/12/2020, the Company has 343 finished units with a total residential area of 18.07 thousand sq.m. PUM.

The Company's portfolio also includes 715 residential units in multi-family and single-family buildings with a total residential area of 41.9 thousand sq.m. PUM in investments currently under construction.

The table below presents details of these investments.

Table: List of development projects under construction as at 31/12/2020

Item No.	Location	The plot of land area [ha]	Housing type	PUM [sq. m.]	Number of premises
1	KONIN ul. Beryłowa Stage V	0.4001	multi-family	2,829	55
2	ZAKOPANE ul. Szymony	0.9860	housing and services	8,705	241
3	ŁÓDŹ ul. Jugosłowiańska Stages I, II and III	12.6003	detached houses	13,367	81
4	SOCHACZEW ul. Żeromskiego Street.	0.1198	multi-family	1,499	27
5	BYDGOSZCZ ul. Fordońska	0.7958	housing and services	15,493	311
TOTAL		14.9020		41,893	715

Marywilka 44 Sp. z o.o.

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

The Company manages the MARYWILSKA 44 Shopping Complex located in Warsaw at ul. Marywilka 44 (Białoleka district), comprising: MARYWILSKA 44 Shopping Centre with a floor area of 62,126 sq.m. and MARYWILSKA 44 Shopping Park with a floor area of 12,084 sq.m. The total floor area of the retail complex includes 74,210 sq.m. of floor space and ground level parking spaces.

In December 2020, as part of the reorganisation of the MIRBUD Group, the Company purchased from EXPO MAZURY S.A. w likwidacji the property located in Ostróda at ul. Grunwaldzka 55 directly at the exit from the S5 route connecting Gdańsk and Warsaw. The floor area of the properties acquired is 29,625 sq.m. The purpose of acquiring the property was to expand the business by renting warehouse and logistics space.

The Company's activity in the commercial property lease segment

MARYWILSKA 44 Shopping Centre is a unique project on a regional scale, which has been operating on the commercial map of Warsaw for almost 10 years. It is characterised by a large number of relatively small traders, many with very specialised commercial offers. By placing all the small entities under one roof of a large shopping centre, we achieve an effect of scale which allows us to engage appropriate resources not only for the maintenance of the facility, but also for joint advertising, customer transport, etc. A commercial success is certainly the development of a group of loyal customers who regularly return to Marywilska. They appreciate shopping in cosy boutiques, value the unique relationship they establish with the shop staff - usually the owners, who react on an ongoing basis to the changing needs of the consumer and, knowing the tastes of their customers, adapt their offer to them. For many customers, the diversity of the goods is important - the lessees represent 14 nationalities. Of course, customers return here also due to the very good value for money of the goods on offer, as the competition in CH MARYWILSKA 44 is enormous. Tenants sell their products mainly through independent channel: wholesalers, retail outlets. Currently, the largest group of lessees in CH MARYWILSKA 44 in the structure of lessees is from the fashion industry (65%), the other industries are services (8%), catering (11%), food (9%), interior design (3%), recreation (4%).

MARYWILSKA 44 Shopping Park - opened in 2017, diversified the Centre's long-standing fashion offer, promoting articles for the home and garden, and expanded the existing recreational and sports zone, as well as the opportunity to pursue hobbies. The lessees include: PSB Mrówka, JYSK, DYWANELLA, AT Oświetlenie, JETA Łazienki, MK Meble, Galeria Dobrych Mebli, JUMP ARENA Park Trampolin, LONIA Papugarnia, BIKE MOTO CENTER, PRESTIŻOWY DOM.

For 10 years, the Company has been successfully building its position on the Warsaw map of retail properties, expanding the group of customers and visitors. Each year, the Company has recorded an increasing number of visitors to the shopping complex which has translated into very good financial results.

The commercial property rental market in which the Company operates was severely affected by the outbreak of the COVID-19 pandemic in 2020 - during the periods from 14 March to 3 May 2020, from 7 November to 28 November 2020 and from 28 December 2020 to 31 January 2021, the majority of lessees in retail properties above 2,000 sq.m. could not operate and landlords were not entitled to collect rent during this period.

In the remaining periods after 4 May 2020, when most of the shops in the shopping malls reopened, the number of customers in the malls was significantly smaller than before the outbreak of the pandemic. The decline in the number of visitors to shopping centres is mainly influenced by factors such as fear of COVID-19 infection and reduced spending on clothing and accessories due to lower mobility of the population and deteriorating consumer sentiment.

The Company also recorded a significant drop in the number of visitors during the year. The decrease in the number of visitors translated into sales revenues achieved by the company's lessees, which in the long term is reflected in the level of rents achieved and the commercialisation level of the managed facilities. Accordingly, the Company conducted two types of activities throughout the year:

- Actions aimed at maximising revenue from sales while at the same time shaping the level of rents of premises at a level enabling lessees to continue their operations
- Measures to maintain the attractiveness of the centre for visitors and to attract visitors.

Measures aimed at maximising revenue, while maintaining rental levels which ensure lessees' ability to continue their operations included primarily:

- Granting periodic reductions in rents due to a decline in the number of visitors to the shopping centre
- Effective recovery of trade receivables by providing rebates only to lessees who are not in arrears to the company
- Negotiations with lessees for the renewal of lease agreements which expired during the year

Seeking new lessees operating in industries less vulnerable to the pandemic outbreak.

In addition to achieving the best possible financial results, the measures described above were aimed at maintaining a high level of commercialisation during and after the pandemic. As a result of these actions, it should be pointed out that as at 31/12/2020, the ratio of the level of commercial space rental in CH Marywilska was 90.58% (a decrease by 0.65 p.p. compared to 31/12/2019). On the other hand, as at 31/12/2020 the rental ratio within the Shopping Park was 95.97% (an increase by 2.1 p.p. compared to 31/12/2019) It is also worth pointing out that as of 31/01/2021, when the majority of shops in commercial facilities of more than 2,000 sq.m. have reopened, the vast majority of shops are open, the agreements expiring during this period have been extended and lessees regularly pay rent. At the same time, the Company acquired new lessees in sectors such as clothing and textiles, household, footwear, bicycles and bicycle accessories.

The administrative ban on rent collection and the rent rebates granted to lessees in the remaining months following the outbreak of the pandemic, on the other hand, translated into a decline in sales revenue of 31% for the full year 2020.

At the same time, the Company has taken a number of measures to reduce the costs of day-to-day maintenance of the centre (security, cleaning, maintenance, consumables), to reduce the costs of sales and advertising and to reduce or defer payments relating to the lease of land and property tax and tax liabilities. The Company also obtained a deferral of the repayment of the capital instalment on the investment credit taken out between March and August this year. The above made it possible to achieve a slightly positive financial result and to maintain a good cash position and full ability to settle all liabilities.

The Company's activity in the warehouse and logistics property lease segment

In the wake of the COVID-19 virus pandemic and significant restrictions on the ability to conduct commercial activities in large-scale facilities, the Company sought new revenue and profit opportunities. The real property segment which proved to be relatively immune to the economic changes caused by the COVID-19 pandemic was the warehouse real property segment.

Based on the above assumptions, as a result of the reorganisation of the MIRBUD Capital Group, the Company's Management Board decided to expand the activity by renting warehouse space and to acquire from EXPO MAZURY S.A. w likwidacji real property comprising a complex of 6 halls located in Ostróda by the S7 route between Warsaw and Gdańsk. In previous years, the facility's primary function was an exhibition and event venue.

The Company's objective is to fully convert the facility so as to be able to derive revenue from the rental of warehouse space. A complementary function will be the leasing of office, social and recreational space.

The property purchase transaction took place in two stages. In the first stage, completed in December 2020, the Company acquired the right to use halls number 4, 5 and 6 with a total area of 29,625 sq.m. together with

the necessary technical infrastructure. The acquisition of the remaining part of the property, i.e. halls number 1, 2 and 3 with a total floor area of 27,098 sq.m. took place in the first quarter of 2021.

The Company has taken steps to commercialise the facility. In January 2021, the first lease agreements were signed and adaptation works are now underway. It is worth noting that Marywilka 44 sp. z o. o. has extensive experience in managing large commercial facilities and employs specialists in this area. This will optimise the operating costs of the Ostróda facility. At the same time, the Company's experience in the area of commercialisation, developed contacts and methods of acquiring new lessees give a chance for fast commercialisation of the entire facility in Ostróda.

The impact of revenue from the lease of space in the halls in Ostróda on the Company's financial result will be visible from the beginning of 2021. As at the date of this report, the commercialisation level of the Logistic and Warehouse Park in Ostróda has reached 74%.

JHM 1 Sp. z o.o.

As part of the diversification of core business in the JHM DEVELOPMENT Group, a special purpose vehicle, JHM 1 Sp. z o.o., was established to carry out investment projects in the commercial property rental market segment. The investment project implemented by the Company is a commercial and service pavilion of the "House and Garden" sector in Starachowice. The project commenced in 2011. After completion of the construction process and obtaining the occupancy permit for the facility, on 29/10/2012 the commercial and service facility together with the infrastructure were collected and on the same day the Company issued the subject of lease to the lessee - the NOMI commercial chain of the "House and Garden" sector.

Following the change of lessee, who since February 2016 has been the "Bricomarché" commercial chain, JHM 1 Sp. z o.o. manages the facility under a long-term lease contract for this property. The contract is for a ten-year period, with the possibility of automatic renewal for another two ten-year periods.

JHM 2 Sp. z o.o.

In the case of JHM 2 Sp. z o.o., its main area of activity is the management of facilities with the "BIEDRONKA" commercial chain as the main lessee, owned by Jeronimo Martins Polska S.A. with its registered office in Kostrzyn.

The investment projects implemented by the Company included the purchase of commercial pavilions located in Bielsko-Biała, Istebna and Zabrze and the construction in of a small *retail park* called *Centrum Janowo* in Rumia.

Centrum Janowo is located in the immediate vicinity of Osiedle Królewskie - a development investment of JHM DEVELOPMENT S.A., whose three stages have been completed. The entire housing estate has 555 residential and commercial units.

The shopping facilities in Bielsko-Biała, Istebna and Zabrze were sold in previous years.

As part of the implementation of the strategy, the Management Board of the Company does not rule out the sale of another facility either, making decisions dependent on the attractiveness of the submitted tenders. In the future, as part of the operations of JHM 2 Sp. z o.o., the construction and lease of further commercial facilities is not excluded.

4.4. Corporate Social Responsibility

The MIRBUD Capital Group implements the strategy concerning environmental protection, occupational health and safety and activities for local communities described in the report on non-financial activities published in the Annual Report for 2020.

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

The structure of revenue from sales, costs of sales and profitability by business segments for the MIRBUD Capital Group in 2019 as compared to 2018 are presented in the tables below:

Table: Sales realised by the MIRBUD Capital Group in the periods from 01/01/2020 to 31/12/2020 and 01/01/2019 to 31/12/2019 by segments

Specification	Sales revenue	Structure of revenues	Sales revenue	Structure of revenues
	01 January 2020 – 31 December 2020	in %	01/01/2019 - 31/12/2019	in %
Sale of construction and assembly services:	1,079,993	86.8%	799,909	84.28%
- residential buildings				
- public utility buildings	332,104	31.0%	90,459	11.31%
- production, service buildings	107,512	10.0%	311,920	38.99%
- engineering and road works	640,377	58.9%	397,531	49.70%
Real estate development activity	114,584	9.3%	92,731	9.77%
Activities connected with lease of investment property	32,877	2.7%	46,631	4.91%
Exhibition and trade fair activity *	4,683*	0.4%	8,032*	0.85%
Other	10,766	0.9%	1,800	0.19%
TOTAL	1,242,903	100%	949,104	100%

The value of the Group's revenues in 2020 as compared to 2019 increased by approx. 30%. This was mainly due to the fact that the Group achieved significantly higher revenue from the sale of construction and assembly services (increase by 34%), mainly in the segment of public utility buildings (increase by 268% y/y) and engineering and road works (increase of sales revenue by approx. 58% y/y).

This also affected the Group's sales structure, which changed compared to the analogous period in the previous year. The main share in the Group's sales structure was still represented by construction and assembly services, accounting for approx. 86% of total sales (an increase in the share of the Group's total revenue by 2.5 p.p.).

Among the revenue from construction and assembly services, the highest revenue was generated by the sale of services in the segment of engineering and road works, accounting for approx. 59% of those services (share in the revenue increased by 9 p.p.) and public utility buildings generating approx. 31% of revenue from the sale of those services (increase in the share by approx. 20 p.p. year-on-year).

Revenue from development activities increased by 24, but due to the increase in the scale of the Group's operations, the share of revenue in total revenue remained at a level similar to 2019. Revenue from development activities resulted from the sale of 331 residential units located in Katowice (116 units), Konin (112 units) and Żyrardów (98 units) which was 21 units less than in 2019, but generated higher revenue due to the increase in prices in the development market.

The Group's investment property rental revenue in 2020 decreased by approx. 30%, and the share of this revenue in total revenue also decreased (decrease by 2 p.p. y/y).

This segment's revenue and results were primarily affected by the COVID-19 virus pandemic and related nationwide business restrictions, including a ban on conducting business activity for most shops in facilities over 2,000 sq.m. The provisions introduced by the Act of 2 March 2020 on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and the resulting crisis (Journal

of Laws of 2020, item 374, as amended) made it impossible to collect rent from the majority of lessees, in the periods from 14 March to 03 May 2020, from 07 to 28 November 2020 and from 28 December 2020 to 31 January 2021. During the periods indicated above, the Company had very limited opportunities to derive revenue from its core business of leasing commercial space.

In addition to the almost complete ban on conducting business activity in retail facilities with area of more than 2,000 sq.m. during the indicated periods, individual groups of lessees of space in the shopping complex were subject to additional restrictions:

- lessees in the entertainment and fitness industry could not operate for most of the months of 2020 and thus were not required to pay rent for the space during the ban period.
- from 24 October 2020 until the approval of this report, catering establishments which constitute a significant group of the Company's lessees, were allowed to sell takeaway meals only, which has translated significantly into the rental fees paid by this group of lessees.

All the above restrictions had a strong negative impact on the level of sales revenue as well as on the achieved financial results of Marywilska 44, the main entity of the Group operating in this segment.

At the same time, due to significant public fears of infection with the SARS CoV2 virus, restrictions in the movement of people, sanitary recommendations and regulations introduced, as well as restrictions in access to entertainment and catering services, the number of people visiting the MARYWILSKA 44 Shopping Centre and the MARYWILSKA 44 Shopping Park dropped significantly. The decrease in the number of customers in the shopping complex was the basis for granting reductions in rents to lessees operating both in the shopping centre and the shopping park which also had a significant negative impact on the level of revenue and financial results of the Company.

In the reporting period, due to the COVID-19 pandemic and the process of liquidation of EXPO MAZURY S.A., the exhibition and trade fair business segment did not generate any revenue or result. For the sake of comparability of data, this item includes economic values resulting from the lease of commercial warehouse space for IKEA Industry in a property located in Ostróda, owned by EXPO MAZURY S.A. Revenue on that account in the comparative period was also reported in this segment together with revenue from exhibition and trade fair activities generated by EXPO MAZURY S.A. . As of 01/01/2021, there will be no exhibition and trade fair business segment in the MIRBUD Capital Group.

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

- advanced stage of execution of road contracts, e.g. construction of a fragment of the A-1 motorway, a fragment of the S-1 express way (Węgierska Górka bypass), Olesno bypass
- execution of significant contracts for public utility buildings (e.g. City Stadium in Łódź, City Stadium in Płock, Airport Terminal in Radom)
- slowdown of private investments due to the COVID-19 pandemic, including in the warehousing and logistics sector;
- COVID-19 pandemic resulting in reduced revenue in the investment property rental and exhibition and trade fair business segments.
- execution by MIRBUD S.A., on commission by JHM DEVELOPEMENT S.A., of new development projects in Katowice, Konin and Łódź (approx. PLN 70 million revenue, subject to consolidation exclusion);
- recognition of sales of materials (including bituminous mass) for the first time in the "Other" segment concentration of MIRBUD S.A. on the implementation of the most profitable, prestigious projects.

Table: Profitability for MIRBUD S.A. Capital Group in the periods from 01/01/2020 to 31/12/2020 and 01/01/2019 to 31/12/2019 by segments

Specification	Profit/loss on sales 01 January 2020 – 31 December 2020	Sales profitability in %	Profit/loss on sales 01 January 2019 – 31 December 2019	Sales profitability in %
Sale of construction and assembly services:	102,847	9.6%	61,328	7.67%
- residential buildings				
- public utility buildings	27,949	8.4%	7,765	8.58%
- production, commercial and service buildings	17,196	16.0%	35,291	11.31%
- engineering and road works	57,702	9.2%	18,272	4.60%
Real estate development activity	27,722	24.2%	18,640	20.10%
Activities connected with lease of investment	5,555	16.9%	18,941	40.62%
Exhibition and trade fair activity *	2,477	52.9%	2,407	29.97%
Other	- 1,295	-12%	-744	-41.33%
TOTAL	137,306	11.14%	100,572	10.60%

The Group achieved a positive financial result in all its basic segments of activity. The Group's profitability of sales in 2020, compared to 2019, increased by 0.54 p.p. which was mainly due to an increase in profitability in the construction and assembly services segment (increase in profitability level by almost 2 p.p.) which made it possible to cover the worse profitability in the investment property rental segment with profit.

It is worth noting that the results of the Group, operating mainly on the construction market, were stabilised through diversification of its operations, in particular through high profitability of sales in the development activity segment.

4.6. Information on sales and supply markets

4.6.1. Recipients

MIRBUD S.A.

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

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

Due to the COVID-19 pandemic, the situation in the construction market in 2020 was difficult for construction companies. Although cases of disease and quarantine have not significantly affected the timeliness of investments, the observed economic slowdown has a negative impact on the number of commenced construction investments. Private investors are holding back from starting their investments due to the uncertain economic and epidemiological situation, as well as difficult access to capital.

The unstable level of prices for materials and services, as well as the increase in aggressive competition between Contractors may, in the medium and long term, adversely affect the profitability of contracts concluded in 2020.

The Issuer seeks to minimise this risk by diversifying its order portfolio, e.g. the Company also executes short-term, high-margin contracts for the construction of warehousing and industrial facilities and contracts in the

residential segment for its subsidiary JHM DEVELOPMENT S.A., while hedging the prices of materials and services at the initial stage of execution of long-term contracts with entities from the public sector.

The ongoing contracts for the construction of public utility facilities and roads are characterised by long lead times and the margins for these contracts were calculated prior to the COVID-19 pandemic and the Company also entered into contracts with key subcontractors and material suppliers at that time.

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

Between 1 January and 31 December 2020, the Company participated in 59 non-public tender procedures and 49 public tenders in Poland with a total value of PLN 10.25 billion. 8 of them ended with the selection of the Issuer's bid.

In 2020, the Company generated over 10% of its sales revenues with the following customers: GDDKiA 40% entities from the Panattoni Europe Capital Group (total approx. 10%), JHM DEVELOPMENT (12%),

KOBYLARNIA S.A.

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

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

The vast majority of the Company's revenue was generated from construction services performed for public sector entities (mainly the General Directorate for National Roads and Motorways).

At the end of the reporting period, Kobyłarnia S.A. has a filled order portfolio to be executed in the years 2021-2023 with a net value of PLN 1.518 billion. By the end of December 2020, the Company had participated in 74 tenders and signed 15 contracts.

EXPO MAZURY S.A. w likwidacji

By virtue of Resolution of the General Meeting of Shareholders of 1 July this year (No. 3/2020, Repertory A No. 6401/2020) in Expo Mazury S.A., the process of liquidation commenced. This is the second stage of the reorganisation of the MIRBUD Capital Group. The purpose of the reorganisation is to strengthen the Group by concentrating the entities operating within it around the parent company - MIRBUD S.A. The reorganisation will result in simplification of the Group's structure, streamlining of the Group's business processes and optimisation of the operating costs of the Group's companies, in particular those operating in similar market areas. In practice, this means the planned transfer of its assets to MARYWILSKA 44 Sp. z o.o., with the assumption that new lease agreements will be concluded with the existing commercial space lessees. The reorganisation is scheduled to be completed by the end of September 2021.

Other companies of the MIRBUD Group

There is no dependence on any recipients of services.

4.6.2. Suppliers

MIRBUD S.A.



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

The Tender Committees shall be responsible for the identification, selection and qualification of subcontractors for services and for the suppliers of materials, in particular:

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

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

The Company concludes long-term contracts with key material suppliers (asphalt, steel, cement) ensuring delivery of materials at favourable fixed prices or with partial participation in their possible increase for the most important infrastructure contracts.

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

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

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

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

JHM DEVELOPMENT

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

In 2020, the majority of JHM DEVELOPMENT S.A.'s development projects on the terms of general contracting services were carried out by MIRBUD S.A., currently the sole shareholder of the Company. The acquisition value of inventories and other costs of capitalised current assets amounted to PLN 83.48 million in the period, including the net value of construction and assembly works amounting to PLN 82.29 million net.

Other companies of the MIRBUD Group

Other Companies of the MIRBUD Capital Group, i.e. KOBYLARNIA S.A., TOB «МИРБУД», Marywilska 44 sp. z o.o., EXPO MAZURY S.A. w likwidacji apply supplier selection procedures based on MIRBUD S.A. solutions. The Companies' suppliers originate from the domestic market and there is no dependence on any one supplier.

4.7. The impact of the COVID-19 pandemic on the operations of MIRBUD Capital Group companies

MIRBUD S.A. and KOBYLARNIA S.A.

The occurrence of the COVID-19 coronavirus pandemic did not significantly affect the operations of MIRBUD S.A. and KOBYLARNIA S.A. Despite the economic slump in the industrial and service sectors, the government did not choose to impose stringent restrictions on the construction industry which has a lower risk of outdoor construction workers transmitting the virus. The economic collapse following the introduction of restrictions has meant that the construction sector has been identified as the branch of the economy which continues to be the flywheel eliminating the impact of the crisis. In accordance with this assumption, in 2020 there will be an increase in the number of tenders for the execution of road investments, announced by the General Directorate for National Roads and Motorways. Successful bidding in the above-mentioned tenders resulted in the share of infrastructure contracts in the Group's portfolio increasing to unprecedented levels. On the other hand, one of the consequences of the pandemic-induced economic crisis was a significant drop in the level of new local government and private investments. Investors, faced with an uncertain economic future, are putting investment decisions on hold until the domestic and global situation stabilises. The above facts are reflected in the current structure of the order portfolio of MIRBUD S.A., where as at 31/12/2020 70% stands for the value of the road contract portfolio, and 30% is the value of ongoing building construction projects. Including road contracts executed by KOBYLARNIA S.A. (alone or as a leader in a consortium with MIRBUD S.A.) these values are respectively: 81.5% and 18.5%.

During the first weeks of the pandemic, both companies experienced slight delays in the supply chain on some construction sites, but these did not affect the postponement of the deadlines set in the work schedules.

JHM DEVELOPMENT S.A.

The introduction of the state of epidemic threat in the first quarter did not necessitate the suspension of JHM DEVELOPMENT S.A.'s operations, however, it affected the Company's operations and its customers' behaviour, including primarily the sale of products from its portfolio. Following the lifting of restrictions caused by the first wave of the pandemic, the Company has seen a significant increase in demand for residential property. This trend, despite the successive restrictions caused by the second and third waves of the pandemic, continues.

As of the date of this report, no direct threat to the operations of JHM DEVELOPMENT S.A. is perceptible, and the indirect impact is currently very difficult to assess. The Company's Management Board monitors and analyses the market situation on an ongoing basis, adapting its operating strategy to external conditions.

The above does not apply to the impact of the coronavirus pandemic on the commercial space rental activities in which the Company and its subsidiary, MARYWILSKA 44 Sp. z o.o., operate. The impact of the coronavirus pandemic on commercial space rental activity is described in detail further on in this report.

Marywilka 44 Sp. z o.o.

2020 was a specific time in the history of this company's operations, due to the development of the COVID-19 virus pandemic and the associated business restrictions. The legal and economic situation has had a significant impact on the Company's core business and results, and contributed to the strategic decision to expand the business to include leasing for warehousing and logistics purposes.

The commercial property rental market in which the Company operates was severely affected by the outbreak of the COVID-19 pandemic in 2020 - during the periods from 14 March to 03 May 2020, from 07 November to 28 November 2020 and from 28 December 2020 to 31 January 2021, the majority of lessees in retail properties above 2,000 sq.m. could not operate and landlords were not entitled to collect rent during this period.

In the remaining periods after 4 May 2020, when most of the shops in the shopping malls reopened, the number of customers in the malls was significantly smaller than before the outbreak of the pandemic. The decline in the number of visitors to shopping centres is mainly influenced by factors such as fear of COVID-19 infection and reduced spending on clothing and accessories due to lower mobility of the population and deteriorating consumer sentiment.

Marywilka 44 also recorded a significant drop in the number of visitors during the year. The decrease in the number of visitors translated into sales revenues achieved by the company's lessees, which in the long term is reflected in the level of rents achieved and the commercialisation level of the managed facilities. Accordingly, the Company conducted two types of activities throughout the year:

- actions aimed at maximising revenue from sales while at the same time shaping the level of rents of premises at a level enabling lessees to continue their operations;
- measures to maintain the attractiveness of the centre for visitors and to attract visitors.

Measures aimed at maximising revenue, while maintaining rental levels which ensure lessees' ability to continue their operations included primarily:

- granting periodic reductions in rents due to a decline in the number of visitors to the shopping centre;
- effective recovery of trade receivables by providing rebates only to lessees who are not in arrears to the company;
- negotiations with lessees for the renewal of lease agreements which expired during the year;
- seeking new lessees operating in industries less vulnerable to the pandemic outbreak.

In addition to achieving the best possible financial results, the measures described above were aimed at maintaining a high level of commercialisation during and after the pandemic.

As a result of these actions, it should be pointed out that as at 31/12/2020, the ratio of the level of commercial space rental in CH Marywilka was 90.58% (a decrease by 0.65 p.p. compared to 31/12/2019). On the other hand, as at 31/12/2020 the rental ratio within the Shopping Park was 95.97% (an increase by 2.1 p.p. compared to 31/12/2019) It is also worth pointing out that as of 31/01/2021, when the majority of shops in commercial facilities of more than 2,000 sq.m. have reopened, the vast majority of shops are open, the agreements expiring during this period have been extended and lessees regularly pay rent. At the same time, the Company acquired new lessees in sectors such as clothing and textiles, household, footwear, bicycles and bicycle accessories.

The administrative ban on rent collection and the rent rebates granted to lessees in the remaining months following the outbreak of the pandemic, on the other hand, translated into a decline in sales revenue of 31% for the full year 2020.

At the same time, the Company has taken a number of measures to reduce the costs of day-to-day maintenance of the centre (security, cleaning, maintenance, consumables), to reduce the costs of sales and advertising and to reduce or defer payments relating to the lease of land and property tax and tax liabilities. The Company also obtained a deferral of the repayment of the capital instalment on the investment credit taken out between March and August this year. The above made it possible to achieve a slightly positive financial result and to maintain a good cash position and full ability to settle all liabilities.

The Company has taken a number of measures to ensure sanitary and epidemiological safety and comfort in the Shopping Complex for both lessees and customers. An in-depth footfall analysis is systematically carried out which makes it possible to diagnose the dynamics of visits, as well as the time spent in the facility.

JHM 1 Sp. z o.o.

JHM 1 Sp. z o.o. manages the property located in Starachowice at ul. Radomska, leased to a single lessee, BRICOMARCHÉ conducting commercial activity in the construction industry. The building materials trade sector in which the Lessee operates. has so far not been subject to long-term bans on conducting business activity due to the COVID-19 pandemic. This therefore did not have a significant impact on the company's sales revenue. During the reporting period, rents were invoiced in accordance with the contract and paid without major disruptions.

JHM 2 Sp. z o.o.

JHM 2 Sp. z o.o. manages the Centrum Janowo commercial facility located in Rumia at ul. Dębogórska, where it leases premises to a number of lessees conducting commercial and service activities within various industries. The main lessee generating a significant part of the company's revenues is the BIEDRONKA chain market belonging to the food industry. This industry was not subject to any restrictions on activities linked to the COVID-19 epidemic, nor was the activity of another major lessee, the pharmacy.

The bans on conducting business activity introduced in connection with the COVID-19 outbreak in Poland covered several lessees running businesses in Janowo Centre, including fitness, tanning salon and cosmetology. As at the date of the report, both the fitness centre and the tanning salon, due to further restrictions related to the COVID-19 pandemic, are still subject to ban on conducting business activity. During the period of ban on conducting business activity, no rent or service fees were charged to lessees in these industries. The Centre's other lessees were able to operate almost continuously during the reporting period.

The circumstances described above had an impact on the results achieved by JHM 2 Sp. z o.o. - a decrease in revenue and decrease in gross profit on sales, however, due to lower financial costs, the generated net financial result remained at a satisfactory level.

EXPO MAZURY S.A. w likwidacji

The total ban on gatherings in connection with the COVID-19 pandemic resulted in shutting down trade fair centres in Poland and around the world, which entailed a global crisis in the industry to which Expo Mazury S.A. also fell victim. The state of epidemiological threat was introduced just before the beginning of the trade fair season in Expo Mazury, putting the company in a situation where the costs associated with the preparation of events planned for the first half of the year are highly advanced, while depriving the company of revenues from these events. Own events planned for the following months have been postponed to the second half of 2020, without any guarantee that the company will be able to complete them. The economic situation in the country has also caused a significant part of customers who have already confirmed their participation in the trade fairs and paid advances to ask Expo Mazury to terminate the contract and return the advances.

Customers who were supposed to organise their events by renting halls from EXPO MAZURY in the first half of the year also withdrew from contracts and reservations.

Long-term lease remains an important element of the company's activity. It generated more than half of its revenue in 2019. In 2020, this was the Company's only source of revenue from its operations.

In connection with the coronavirus pandemic, the Issuer has decided to phase out its activities consisting in organising trade fairs and assign the entire facility for short-term and long-term lease. This will allow, first of all, to significantly reduce the costs of the centre's activities (reduction of employment, lack of costs related to the organisation of trade fairs, including advertising, construction, transport, external services, reduced cleaning and security costs).

By virtue of Resolution of the General Meeting of Shareholders of 1 July this year (No. 3/2020 (Repertory A No. 6401/2020) in Expo Mazury S.A., the process of liquidation commenced. This is the second stage of the reorganisation of the MIRBUD Capital Group. The purpose of the reorganisation is to strengthen the Group by concentrating the entities operating within it around the parent company - MIRBUD S.A. The reorganisation will result in simplification of the Group's structure, streamlining of the Group's business processes and optimisation of the operating costs of the Group's companies, in particular those operating in similar market areas. In practice, this means the planned transfer of its property to MARYWILSKA 44 Sp. z o.o., with the assumption that new lease agreements will be concluded with the existing commercial space lessees

The reorganisation is scheduled to be completed by the end of September 2021.

4.8. Prospects for the development of the activities of the MIRBUD S.A. Group

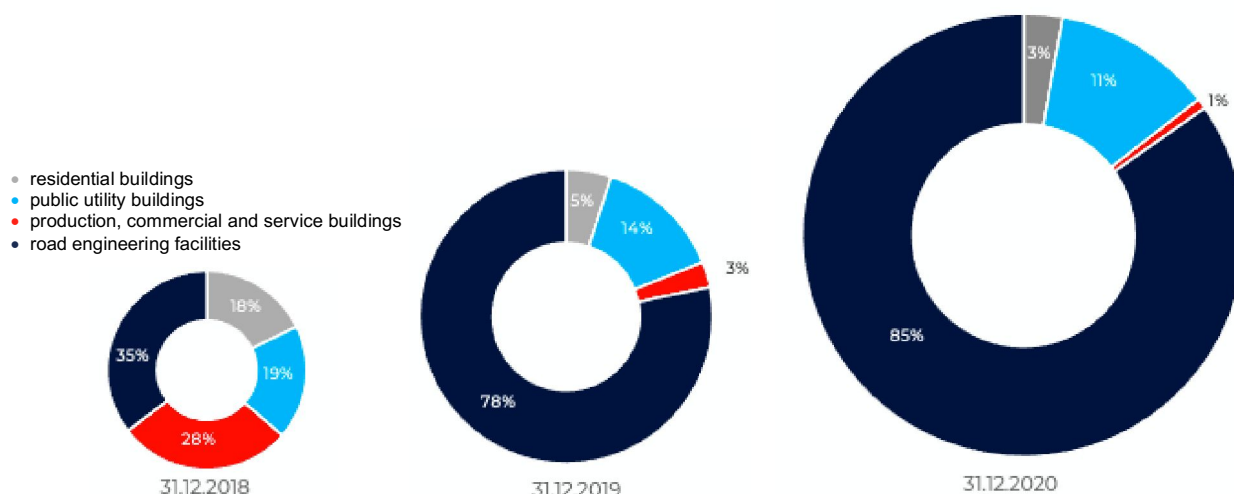
The Group's primary objective remains to develop the scale of its activities while maintaining attractive EBITDA and net profit margins.

MIRBUD S.A.

In the coming years, the Company will continue to operate in all major sectors of the construction market throughout the country. As at the day of preparing the report, in the portfolio of MIRBUD S.A. the value of contracts to be executed in 2021 and the following years is over PLN 3.5 billion, with approx. PLN 1.5 billion for 2021. As at the date of this report, the Company is awaiting the signing of further contracts for which its bid has been selected as the most advantageous.

In 2020, the engineering and road works segment was dominant in the Company's revenue, generating approximately 40% of revenue. A significant share of the revenue structure was also recorded for the public utility construction (approx. 39%). On the other hand, a decrease was recorded in residential construction (approx. 8%) and the construction of warehousing and production halls (approx. 12%) which in previous years were the main source of revenue. This trend will intensify in the coming years.

Chart: Change in the structure of the MIRBUD Capital Group's order portfolio between 2018 and 2020



The increase in inflation and prices of construction materials gives grounds for caution in forecasting the market situation of MIRBUD S.A. It is still impossible to predict further developments related to the prevailing epidemic situation and potential economic restrictions which may have a significant impact on the condition of the Polish construction market in the coming quarters and years. On the other hand, extensive investment programmes at the government level and noticeable increased investment activity of local governments and private investors (including, above all, developers of warehouse space) give reasons for moderate optimism in forecasting the situation of MIRBUD S.A. in the coming years, and the order portfolio filled until 2024 allows to assume that revenue for MIRBUD S.A. until 2024 will remain at a level exceeding PLN 1 billion per year.

JHM DEVELOPMENT S.A.

The Company intends to achieve its development objectives by further increasing the scale of its real property development activities - further development of its real property development activities in medium-sized cities, especially those located near larger urban agglomerations, which enables the Company to benefit from its stable position and experience in these markets. Such locations allow for profitable execution of development projects with a reduced level of risk. In medium-sized cities, land prices are moderate, so the Company can more easily accumulate its own contribution to the purchase of land and to the commencement of the investment. There is often limited competition in such locations. Examples of the implementation of this concept are the projects completed in 2020 and currently underway in cities such as Konin and Żyrardów.

At the same time, the Company aims to carry out development projects in large cities with more than 300,000 inhabitants which are characterised by higher demand and higher unit selling prices for residential space. Projects implemented in large cities offer the greatest potential for the Company to increase the scale of its operations. Projects of this type have already been implemented in Katowice - two stages of the *Twoja Dolina* Housing Estate. Projects are currently underway in Bydgoszcz, Łódź and Gdańsk. Execution of the project in Gdańsk began in early 2021.

As at 31/12/2020, the land bank owned by the Company includes over 44.0 hectares of land for single-family, multi-family and commercial development.

In order to supplement the land bank, the Company is systematically looking for new land for multi-family housing in locations consistent with its long-term development strategy.

For the years 2021 - 2023, on the basis of the currently owned and constantly expanded land bank, the Company plans to start the implementation of another 11 projects in the investment area covering multi-family and single-family housing, in total 1,481 units with a usable area of over 71.6 thousand sq.m. PUM.

Continuation of subsequent stages of housing estates on the markets where the developer has been present for years, as well as the launch of activities in new markets, including large cities, will enable the Company to increase the premises sales level achieved in 2020.

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

Table: List of development projects planned for implementation in the years 2021-2023

Item No.	Location	The plot of land area [ha]	Housing type	PUM [sq. m.]	Number of premises
1	GDAŃSK ul. Wielkopolska Stage I	0.6825	multi-family	5,756	108
2	BYDGOSZCZ ul. Bohaterów Kragujewca	0.4137	multi-family	6,426	119
3	ŻYRARDÓW ul. Legionów Polskich	0.5476	multi-family	9,237	179
4	ŁÓDŹ ul. Źródłowa	0.6760	multi-family	9,734	170
5	KATOWICE, ul. Mikusińskiego	0.2968	multi-family	2,500	50
6	JASTRZĘBIA GÓRA, ul. Jantarowa Stage I	0.6119	apartments	4,046	115
7	SKIERNIEWICE ul. Armii Krajowej Stage I	0.6127	multi-family	7,600	165
8	GDAŃSK ul. Wielkopolska Stage II	1.0238	multi-family	9,659	188
9	JASTRZĘBIA GÓRA, ul. Jantarowa Stage II	0.7023	apartments	4,568	132
10	SKIERNIEWICE ul. Nowobielańska	0.3142	multi-family	4,500	90
11	SKIERNIEWICE ul. Armii Krajowej Stage II	0.6127	multi-family	7,600	165
TOTAL		6.4941		71,626	1,481

By observing customer behaviour and the actions of the competition, the Company flexibly adjusts its sales methods to market expectations. In some cities, the Company's portfolio includes both turnkey flats and flats in projects under construction, which makes it possible to reach a wider group of buyers. The portfolio is supplemented by flats in tourist destinations acquired for investment purposes - the completed *Foka* project in Hel (finished flats which are also subject to short-term lease) and the *Apartamenty Zakopiańskie* project in Zakopane (project in progress).

The Management Board of the Company believes that one of its priorities, which translates into generating significant value, is operational optimisation. The Company's objective is to minimise the regular level of employment and to limit it mainly to experienced employees, in particular to higher level staff, who are able to efficiently manage the implemented projects on the basis of modern IT systems. This was also the purpose of

the implemented project to implement a modern SAP information system in the Company. The actions taken allow to minimise fixed costs and translate into the optimisation of the operational profitability of the Company.

KOBYLARNIA S.A.

The Company has a stable and secure order portfolio for 2021-2023. From 2020 to the date of the report, Kobyłarnia S.A. has signed construction contracts for a total value of PLN 1,625 billion net. Its portfolio includes contracts in the “build” and “design and build” formula throughout Poland, with the General Directorate for National Roads and Motorways as the main contracting authority.

The General Directorate for National Roads and Motorways manages a national road network with a total length of nearly 17,800 km, including 3,804 km of express ways, which consists of 1,247 km of motorways and 2,557 km of express ways. It is currently preparing a multi-faceted analysis of the further development of the national road network in Poland. This includes the target network of express routes, i.e. new and existing motorways and expressways. Another scope of the analysis is the comprehensive coverage of the entire network, i.e. connection of fast routes with other national roads. In particular, this concerns the development of the programme of city bypasses - taking into account the current state of road infrastructure and the development needs of the country, a Programme for the Construction of 100 Bypasses for the years 2020-2030 was developed which assumes construction of 100 bypasses with a total length of approx. 830 km and an estimated value of approx. PLN 28 billion. The primary purpose of building bypasses is to move transit traffic out of cities and towns. This will increase the safety of drivers and travellers, as well as the residents of the respective locations.

As part of the implementation of the National Road Construction Programme for the years 2014-2023 (with a perspective until 2025), 3767.9 km are planned to be built, along with expenditures of approx. PLN 163.9 billion, including: 324.2 km of motorways, 2948.9 km of express ways, 43 bypasses with a total length of 447.2 km, and the construction of a GP class road with a length of 47.7 km. The plan for 2021 assumes calls for tenders for approx. 350 km of express ways and bypasses with an estimated value of approx. PLN 17.6 billion.

In 2021, the Council of Ministers adopted the Safe Road Infrastructure Programme for 2021 - 2024. The measures taken under the Programme will be aimed at increasing the protection of road users and creating a safe road infrastructure. The result will be a reduction in the number of accidents and their victims. PLN 2.5 billion will be allocated for this purpose from the National Road Fund. This is the first stand-alone multi-annual programme in the road safety infrastructure area on such a large scale.

Continuity in government infrastructure investment may prove to be an opportunity for construction companies to maintain development momentum.

The Company also actively seeks new contracts by participating in tenders. In the implementation of the planned strategy and the extension of the scope of activities, as well as strengthening its position on the market, it is particularly important to create a consortium of companies in order to participate in tenders for construction and assembly services.

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

EXPO MAZURY S.A. w likwidacji

Due to the ongoing liquidation process, the Company has no growth prospects. In accordance with the strategy of the MIRBUD Capital Group described herein, following the completion of the liquidation of EXPO MAZURY S.A., commercial space rental activities will be continued by other Group companies.

Marywilka 44 Sp. z o.o.

In the opinion of the Company's Management Board, the main factors which will affect the development of the business and the results achieved between 2021 and 2023 include:

- Course of the COVID-19 pandemic in Poland and worldwide,
- Introduced restrictions on the conduct of business to prevent the spread of the COVID-19 pandemic, including, in particular, the ability to conduct commercial activities in premises over 2,000 sq.m.,
- Consumer behaviour - potential change in shopping trends by reducing time spent in shopping malls and reducing consumer spending,
- Maintaining high commercialisation rate of the MARYWILSKA 44 shopping complex,
- Effective commercialisation of a warehouse centre located in Ostróda.
- Economic situation on the Polish market - including the boom in the sector of renting commercial and warehouse space,
- The level of industrial production and economic activity of the population which translates into demand for warehouse space.

The Company's strategy for the coming year for the MARYWILSKA 44 shopping complex is to maintain a high level of commercialisation of the Centre, with a gradual reduction in the discounts granted to lessees which will ensure a gradual return to the level of revenue and profitability realised in 2019 and previous years.

In the area of the new business segment involving the lease of space for storage purposes, the Company's objective remains the finalisation of the purchase of the second part of the real property located in Ostróda, at route S7. Following the closing of the transaction, the Company will aim to fully commercialise the facility and fully adapt it for warehouse operations.

Special purpose vehicles JHM 1 Sp. z o.o., JHM 2 Sp. z o.o.

The main task of the special purpose vehicles established to manage leased facilities for lease to large food commercial chains and Home and Garden ("Dom i Ogród") industry, and other smaller lessees is to develop the scale of activities while maintaining attractive EBITDA and net profit margins. In order to achieve this goal, the Companies do not rule out an option for further developing the scale of its operations and for the construction of more commercial and service facilities for lease to commercial chains. These plans may be implemented in the future both on the basis of newly acquired land for the construction of commercial pavilions in attractive locations and on the basis of the land bank owned by JHM DEVELOPMENT S.A.

In the area of commercial space rental, there are significant adverse effects of the epidemic situation associated with the spread of the COVID-19 pandemic, however, as at the date of preparation of the report, they have a limited impact on the activity of JHM 2 Sp. z o.o., because most of the company's revenue comes from the lease rent for Centrum Janowo from lessees operating in industries which were not subject to limitation of activity.

The legal regulations pertaining to limitation of activity in some sectors will not affect the operations of JHM 1 Sp. z o.o. as the building materials trade industry activity conducted at the facility in Starachowice is not subject to any significant restrictions.

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

Information on the Issuer's investments, including equity investments in related parties is presented in Notes 2 to 4 to the Consolidated Statements of the MIRBUD Capital Group for the period from 01/01/2020 to 31/12/2020.

4.10. Assessment of potential for achieving investment objectives

Construction and assembly activity

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

MIRBUD S.A. will continue to implement investment projects aimed at its development and increase in value in 2021 and in the following years. The nearest investment plans involve strengthening the Company's business base and competitiveness in the road segment, which will enable the Company to achieve higher profitability in the coming years. The Group Companies providing construction and assembly services plan to renew the machinery park and means of transport, which will significantly improve the effectiveness and scope of services provided in all locations, as part of the increase in the equipment potential.

Real estate development activity

Between 2021 and 2023, JHM DEVELOPMENT S.A. plans to continue and start new development investments located on the land it owns within its land bank (including investments in Konin, Sochaczew, Zakopane, Łódź, Bydgoszcz, Gdańsk, Żyrardów, Katowice and Skierniewice).

The timing of the commencement of new investments depends on the assessment of the market situation in the property development segment, the timing of administrative decisions, including building permits, and the availability of bank credits or other forms of external financing to complete these investments. The Company's investment assumptions, in line with its strategy, are carried out in a number of locations. This allows for risk diversification, access to different market segments and further development of the scale of operations.

The date of commencement of new projects will depend on the assessment of the market situation in the developer segment and the availability of financing for the execution of these projects with bank credits or loans. These plans are carried out in accordance with the adopted strategy in many locations, which will allow to supplement the attractive market offer of the Company and will give the possibility of further development of the sales volume.

Commercial space rental activity

In the period covered by the report, due to the COVID-19 virus pandemic and related restrictions on business activities which had a significant negative impact on the results of Marywilska 44, it became necessary to revise the undertaken investment plans.

The plans for modernisation of the MARYWILSKA 44 shopping complex have been spread over a longer period of time, enabling their implementation without excessive financial burdens.

Previously commenced investments in the area of CH MARYWILSKA 44 were completed. The flooring was replaced and parts of the halls were painted, necessary current renovations were carried out and measures were taken to adapt the unit to new regulatory requirements, including the installation of parking barriers, the installation of devices to control access to individual rooms in the facility. These tasks were financed with equity - mainly through the proceeds from the Centre's current activities.

The current portfolio of commercial unit lease in terms of both type and technical parameters meets the requirements of potential customers in the retail market for both individual traders and chain operators. Thus, no major investments are planned for the Centre in the coming year.

The implementation of the strategic objective, i.e. the acquisition of real property for the purpose of renting it for storage purposes, was financed with funds from payments made towards increasing the share capital and from the sale of investment assets (shares in EXPO MAZURY S.A.). Thus, the acquisition of the new properties did not in any manner weaken Marywilska 44's cash balance.

The planned acquisition of the second part of the Ostróda property will also be financed with funds from contributions to increase the Company's equity. The relevant resolution was passed in December 2020. It must therefore be assumed that the Company has secured financial resources for this purpose.

The remaining expenditure on adapting the purchased properties to storage operations is no longer as high and will be covered by revenue from the lease of space within the property located in Ostróda. Currently, the Company will focus on projects concerning the functioning of the retail complex and cost optimisation of activities.

4.11 Risk factors

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on profit or loss	Effect of risk on equity
Risk related to the coronavirus pandemic	Administrative restrictions on carrying out construction and assembly activities	average	high	high	high
	Manpower availability and supply chain disruption	average	average	high	average
External financial risks	changes in interest rates	low	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
Downturn risk	change in the macroeconomic situation and economic downturn in Poland	high	high	high	average
	in the construction industry	high	high	high	average
Risks related to competition	in the construction industry	high	high	high	high
External legal risks	changes in provisions of law, in particular tax law	average	average	average	average
	related to non-compliance with legal requirements envisaged for the	low	high	high	average

commencement of the investment and with the legal status of the property

Risks related to the current activities	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	low	average	average	low
	related to claims against the Companies on account of construction of flats and commercial and service facilities, sale of flats, and granting a guarantee of payment for construction works	low	average	average	low
	related to the production process	low	high	average	low

Risk related to the coronavirus pandemic

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

In the short-term perspective, it is possible that the further spread of the coronavirus epidemic will have a negative 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 Contracting Authority or state administration to suspend the works,
 - other events which are difficult to predict.

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

- In the area of development activity, there are neither delays in the execution of contracts nor a significant decrease in the dynamics of sales of units. However, if the state of epidemic threat continues, there may be negative financial consequences caused by:
 - the drop in demand for premises,
 - disruptions to projects' financing,

- general contractors' and subcontractors' delays.

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

- In the area of commercial space lease, there is significant, unfavourable impact of the state of epidemic threat, which affects the financial results of MARYWILSKA 44 Sp. z o.o.

With regard to the current settlement period, the Management Board of the Issuer predicts a possible effect of this risk on the profit or loss - a decrease by approx. 30%, no effect predicted on the Issuer's equity.

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

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

External financial risks

Financial risk management

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

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

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

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

Debt ratio = *Total liabilities* / *Assets*

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

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

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

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

Credit risk management

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

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

With regard to commercial customers, the Company manages the credit risk and analyses it for each new customer before concluding a contract, among others, by using reports from business intelligence agencies and the contractor's documentation of the source of financing for the construction contract.

With respect to entities subject to the provisions of the Public Procurement Law (e.g. GDDKiA, Self-governments), due to the obligation of these entities to budget the costs of the concluded construction works contract in advance, the credit risk is, according to the Management Board, negligible.

The Company maintains deposits - deposits in financial institutions, which have a high credit rating.

Liquidity risk management

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

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

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

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

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

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

Current liquidity ratio = Current assets / Short-term liabilities

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

Cash liquidity ratio = Cash / Short-term liabilities

Risk of significant changes in interest rates

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

considers the possibility of concluding interest rate hedging transactions (interest rate swaps - IRS strategy, CIRS).

As at 31/12/2020, JHM2 sp. z o.o. and Kobylarnia S.A. entered into interest rate hedging transactions for long-term credits in PLN within the MIRBUD Capital Group. The hedged level of the WIBOR rate is between 1.80 p.p. and 2.05 p.p.

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As at:	As at:	As at:	As at:
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Liabilities under credits and loans	372,795	262,541		
Loans granted				
Other financial assets				
Other financial liabilities				
Total	372,795	262,541	-	-

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 2020 and 31 December 2019 at the level of - 1.0/+1.0 percentage point (as at 31 December 2019 at the same level) for the Polish zloty and the Euro.

The effect of the change in interest rates on the net result and the balance sheet total as at 31 December 2020 and 31 December 2019 is presented below.

Sensitivity analysis for items exposed to change in interest rates	As at: 31/12/2020	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	372,795	-3,019	3,019
Loans granted					
Other financial assets					
Other financial liabilities					
Total	372,975	-3,019	3,019	3,728	-3,728

Sensitivity analysis for items exposed to change in interest rates	As at: 31/12/2019	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 1 p.p.	decrease by 1 p.p.	increase by 1 p.p.	decrease by 1 p.p.
		Liabilities under credits and loans	262,541	-2,127	2,127
Loans granted					
Other financial assets					
Other financial liabilities					
Total	262,541	-2,127	2,127	2,625	-2,625

Risk of changes in foreign exchange rates

Only MIRBUD S.A. generates revenue in foreign currency within the MIRBUD Group. In 2020, MIRBUD S.A. generated over 12% 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 2020, on average the Issuer hedged approximately 70% of its foreign currency revenue with forward currency sales transactions.

Items exposed to change in foreign exchange rates	EUR		USD	
	As at:	As at:	As at:	As at:
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Liabilities under credits and loans				
Loans granted				
Trading and other receivables	6,248	3,699		
Trading and other liabilities				
Cash	3,127	1,102		
Other financial assets				
Total	9,375	4,801		

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 2020 and as at 31 December 2019.

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

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 31/12/2020	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
		Liabilities under credits and loans			
Loans granted					
Trading and other receivables	6,248	506	-506	625	-625
Trading and other liabilities					
Cash	3,127	253	-253	312	-312
Other financial assets					
Total	9,375	759	-2,096	937	-937

Sensitivity analysis for items exposed to exchange rate changes (Euro)	Effect on net profit/(loss)		Effect on the balance sheet total		
	As at:	increase by	decrease by	increase by	decrease by
	31/12/2019	10%	10%	10%	by 10%
Liabilities under credits and loans					
Loans granted					
Trading and other receivables	3,699	300	-300	370	-370
Trading and other liabilities					
Cash	1,102	89	-89	110	-110
Other financial assets					
Total	4,801	389	-389	480	-480

The Issuer's Management Board estimates that in 2021 the share of revenue in the Euro currency will change and reach the level of approx. 12% of the total sales revenue. As at 31/12/2020, the Issuer had approximately 50% of its estimated foreign currency revenue hedged against exchange risk.

- related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits

At present, banks in Poland, acting on the basis of EU directives, maintain tightened credit policy both towards companies operating in the development sector and towards people applying for mortgage credits.

Due to the unstable economic situation resulting from the COVID-19 pandemic, financial institutions are further tightening credit policies.

When planning subsequent projects, the Capital 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.

Downturn risk:

- change in the macroeconomic situation and economic downturn 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 general 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 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 general economic situation of Poland may have a negative impact on the activity, financial situation or development prospects of the Group Companies.

- in the construction industry

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

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

- in the development industry

The situation on the development market in Poland in the period covered by these financial statements affects the operations and financial results of the Group, however, it should be remembered that the economic situation in the development industry is characterised by cyclicality. The current economic situation in the development industry is influenced by low interest rates on mortgages, which, however, are accompanied by the maintenance of a tightened policy of many banks on granting mortgages. As a result of this approach, many potential customers of the developers are not able to obtain the necessary credit to purchase an apartment on reasonable terms.

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

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

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

The further successful development of development activities and the construction and letting of commercial units depend on the ability to purchase plots of land in attractive locations and at prices which enable satisfactory margins to be realised. Due to the limited number of attractive plots available with the desired design parameters, the Companies cannot guarantee that in the future it will be possible to purchase a sufficient number of attractive plots to implement the assumed development plans.

Moreover, the possibility to purchase attractive plots of land for new development projects and commercial and service projects depends on a number of factors, such as:

- the existence of local land-use plans,
- the ability to finance the purchase of plots and start the investment process,
- the possibility of obtaining the required administrative approvals to start implementation of the projects (development conditions, architectural design approval),
- the possibility of ensuring the required own contribution and obtaining bank financing for the implementation of projects.

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

- sudden changes in housing prices

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

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

- in the sector of shopping hall management and lease of commercial space

Apart from development activities, an important area of the Group's activity is management of shopping halls and lease of commercial space. These activities are carried out by the following subsidiaries: Marywilska 44, JHM 1 Sp. z o.o. and JHM 2 Sp. z o.o. The level of commercial activity and the demand for lease of commercial space in the given shopping halls depends on the general macroeconomic situation in a given market, the level of competition and the level of consumption, and in particular the demand for products from the popular segment in a given market.

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

Risks related to competition:

- in the construction industry

The economic growth in Poland and the accumulation of many construction investments at the same time, both infrastructural and volumetric, translates into limited availability of materials and services of subcontractors, which causes an increase in prices and intensifies competition by offering the most convenient payment terms for suppliers and subcontractors.

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

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

- in the development industry

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

commencement of preparations or work by the Company. Both relatively small local companies and larger developers competing with the Company are capable of comprehensive implementation of large projects.

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

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

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

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

- for the activity of managed shopping halls and lease of commercial space

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

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

The subsidiaries, JHM 1 Sp. z o.o. and JHM 2 Sp. z o.o., are exposed to the same risk.

The risk of commercial space rental activity in the field of warehouse and logistics halls located in Ostróda managed by Marywilska 44 depends on the stability of the macroeconomic situation and the general economic situation in Poland as well as competition in the industry.

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

External legal risks

- changes in provisions of law, in particular tax law

The Polish legal system is characterised by a considerable degree of variability and ambiguity of provisions, which applies in particular to tax law. In practice, there are often problems with interpretation, inconsistent court rulings occur, as well as situations when public administration bodies adopt interpretations of legal provision which are unfavourable for the taxpayer and different from the interpretations previously adopted by these bodies. The occurrence of changes in legal regulations, including those concerning environmental protection, labour law, social security law, commercial law, and in particular tax law, may have an adverse effect on the Group's Companies' operations, financial situation or its development prospects.

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

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

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

Risks related to the current activities

- risk associated with the implementation of the development strategy

The Polish market and the situation on local markets where the 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 also include those of a general nature, such as:

- 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 development projects and commercial 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 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 development investments.

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

- related to the building infrastructure

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

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

- related to liability for breach of environmental regulations

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

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 in the years 2005-2020, 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

Development activity consists in comprehensive implementation of residential buildings and houses construction projects, as well as the sale of residential units and houses. 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 (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. 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 units under statutory warranty for physical and legal defects in the buildings. The period covered by these claims is 3 years.

Moreover, pursuant to Articles 6491 – 6495 of the Civil Code, at the request of the contractor, the Company acting as an investor (general contractor) is obliged to grant a guarantee of payment to the contractor (general contractor) for construction works in the form of a bank or insurance guarantee, as well as a bank letter of credit or bank surety granted at the investor's request. The occurrence of any of the above factors, which translate into claims against the Companies, may have an adverse effect on the Group'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 ratio 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:
	31/12/2020	31/12/2019
Total credits	372,795	262,541
Cash and cash equivalents	-288,997	-108,151
Net debt	83,798	154,390
Equity	461,610	405,250
Total capital	545,407	559,640
Debt ratio	15%	28%

Financial liquidity hedging ratios	in PLN thousand	
	As at:	As at:
	31/12/2020	31/12/2019
Net debt	83,798	154,390
EBITDA (for the last 12 months)	98,406	63,900
Equity	461,610	405,250
Total assets	1,539,129	1,146,431
net debt/EBITDA	0.9	2.4
equity/total assets	0.3	0.36

4.11. Information on credits, loans, guarantees and sureties

4.11.1. Credits and loans

Detailed information on credits and loans taken out by the Company Groups in 2020 and in previous years is presented in the table below.

Table: Liabilities under credits and loans of MIRBUD S.A. as at 31 December 2020 in PLN thousand.

Name of the entity	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
PKO BP S.A.	MIRBUD S.A.	10,000	PLN			WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	5,000	PLN	5,000		WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN	1,830	1,464	WIBOR 1M + margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK	MIRBUD S.A.	20,000	PLN		15,700	WIBOR 1M + margin	30/06/2021	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	PLN	3,630		WIBOR 1M + margin	31/10/2022	assignment of a business receivable
BGK	MIRBUD S.A.	15,000	PLN		1,023	WIBOR 1M + margin	31/01/2021	assignment of a business receivable
Industrial Development Agency	MIRBUD S.A.	40,000	PLN	10,000	9,000	WIBOR 1M + margin	28/02/2023	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN	19,978		WIBOR 1M + margin	25/08/2022	BGK guarantee, registered pledge
BOŚ BANK	MIRBUD S.A.	35,000	PLN		23,487	WIBOR 1M + margin	31/07/2021	assignment of a business receivable, mortgage
KUKE Finanse	MIRBUD S.A.	5,000	PLN		5,000			
Total credits and loans				40,438	55,675	96,113		

Table: Liabilities under credits and loans of the Companies from the MIRBUD Group as at 31 December 2020 in PLN thousand

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
Bank Spółdzielczy	JHM Development S.A.	2,700	PLN		525	reference rate + margin	30/07/2021	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	7,685	490	WIBOR 3M + margin	31/12/2034	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	5,300	PLN	1,355		WIBOR 3M + margin	30/06/2022	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	12,729	PLN			WIBOR 3M + margin	31/12/2021	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	15,950	PLN	7,170		WIBOR 3M + margin	31/12/2022	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	380	PLN		125	WIBOR 3M + margin	31/12/2021	blank promissory note
Bank Ochrony Środowiska S.A.	JHM Development S.A.	32,157	PLN		617	WIBOR 3M + margin	22/12/2022	mortgages on property
Warszawski Bank Spółdzielczy	JHM Development S.A.	15,543	PLN	11,906		WIBOR 3M + margin	31/12/2022	mortgage on property
BNP Paribas Polska S.A.	JHM 2 sp. z o.o.	4,200	PLN	3,205	437	WIBOR 3M + margin	10/08/2024	mortgage on real property, registered pledge on shares cash deposit, assignment of receivables, registered pledge on bank account, surety, mortgage
SANTANDERBANK POLSKA S.A.	MARYWILSKA 44 sp. z o. o.	33,000	PLN	22,079	3,486	WIBOR 3M + margin	02/05/2028	

SANTANDERBANK POLSKA S.A.	MARYWILSKA 44 sp. z o. o.	3,000	PLN			WIBOR 1M + margin	30/12/2022	assignment of receivables, registered pledge on bank account
SANTANDERBANK POLSKA S.A.	JHM 1 Sp. z o.o.	2,350	EUR	6,406	647	EURIBOR + margin	31/10/2030	mortgage, sureties of MIRBUD
ALIOR BANK	Expo Mazury S.A.	37,500	PLN	14,350	3,344	WIBOR 3M + margin	27/03/2026	Capped mortgage on property
BGK	Kobylarnia S.A.	6,212	PLN	4,900	690	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
BGK	Kobylarnia S.A.	10,000	PLN			WIBOR 3M + margin	30/11/2021	mortgage, surety of MIRBUD
Total credits and loans				79,056	10,361	89,418		

On 23 February 2021, Expo Mazury S.A. w likwidacji made full repayment of the credit taken from ALIOR BANK S.A.

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

As at 31/12/2020, the Companies of the MIRBUD Group did not show any debts due to loans, except for loans indicated in the above tables.

4.11.2. Long-term financial liabilities under issuance of bonds

B series bonds

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

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

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

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

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

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

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

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

C series bonds

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

The Bonds were issued by means of a tender conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public tender for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which no prospectus is required to be published. The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and the Issuer's planned development projects, including financing of land purchase for new development projects of the Issuer. The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling on the 11th, 12th and 13th interest periods, the Issuer will be required to unconditionally partially redeem 25% of the total number of issued Bonds. The final redemption date was set on 30/12/2023. The transferability of the bonds is not subject to any restrictions.

D series bonds

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

The Bonds were issued by means of a tender conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public tender for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which no prospectus is required to be published. The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and the Issuer's planned development projects, including financing of land purchase for new development projects of the Issuer. The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling on the 10th, 11th and 12th interest periods, the Issuer will be required to unconditionally partially redeem 25% of the total number of issued Bonds in each case. The final redemption date was set on 30/12/2023. The transferability of the bonds is not subject to any restrictions.

4.11.3. Loans granted

MIRBUD S.A.

On 06/07/2020, MIRBUD S.A. granted a loan to the subsidiary EXPO MAZURY S.A. in the amount of PLN 4 million for the current activity of the company with the repayment deadline of 31/08/2021. The loan has been repaid in full.

As at 31 December 2020, the Companies of the MIRBUD Group did not have receivables under granted loans.

4.11.4. Sureties and warranties

MIRBUD S.A.

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

- JHM DEVELOPMENT or related Special Purpose Vehicles - for execution of development projects
- Marywilaska 44 Sp. z o.o. for refinancing capital expenditures
- Kobylarnia S.A. for execution of construction contracts
- EXPO MAZURY (formerly EXPO ARENA S.A.) for execution of investments

As at 31/12/2020, the balance of sureties is presented in the table below:

Table: Sureties granted by MIRBUD S.A. as at 31/12/2020

List of sureties granted to other entities by entity type	Claim of the surety	Value of the surety in PLN PLN		Value of the liability in PLN PLN		surety expiry date
		As at:	As at:	As at:	As at:	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019	
To related entities	-	-	-	-	-	-
MARYWILSKA 44 Sp. z o.o	Collateral for the DEUTSCHE BANK S.A. credit	49,500	49,500	25,565	27,273	02/05/2028
MARYWILSKA 44 Sp. z o.o	Collateral for the DEUTSCHE BANK S.A. credit	4,500	10,000			30/09/2022
JHM Development S.A.	Collateral for the ALIOR BANK S.A. credit		89,912			31/05/2023
JHM 1 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit	10,595	10,007	7,053	7,612	30/09/2031
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit	15,000	15,000		3,466	30/11/2021
EXPO MAZURY S.A.	Collateral for the ALIOR BANK S.A. credit	75,000	75,000	18,784	19,556	27/03/2029
KOBYLARNIA S.A.	Collateral for bank warranty of BANK S.A	24,150	7,440			15/02/2022
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit	9,318	9,318	5,591	5,467	31/12/2029
KOBYLARNIA S.A.	Collateral for bank warranty of BGK S.A	11,970	11,970			15/02/2021
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit	15,000	37,500		21,080	30/11/2021
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit	22,500	22,500		8,073	31/12/2020
To other entities	-	-	-	-	-	-
Total	-	237,533	338,147	56,993	92,527	-

On 23 February 2021, Expo Mazury S.A. w likwidacji made full repayment of the credit taken from ALIOR BANK S.A. and therefore the surety granted by MIRBUD S.A. expired.

JHM DEVELOPMENT Group

As at 31/12/2020, JHM DEVELOPMENT S.A. did not grant any sureties.

The other companies of the JHM DEVELOPMENT Group did not grant any sureties or warranties.

KOBYLARNIA S.A.

As at 31/12/2020, Kobyłarnia S.A. granted the following sureties.

Table: Sureties granted by PBDiM Kobyłarnia S.A. as at 31/12/2020, in PLN thousand

No.	Entity for which the surety was granted	Claim for which surety was granted	Value of the surety	Value of the liability as at 31/12/2019	Expiry date of the surety
1	MIRBUD S.A.	Guarantee facility	30,000	-	13/03/2021
2	MIRBUD S.A.	Guarantee BGK/190427/DGL	77,130		31/12/2022
3	MIRBUD S.A.	Working capital credit in the renewable line BGK	15,000	1,023	31/03/2021

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

In accordance with the terms of the contract:

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

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

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

Changes in the scope of guarantees in the period since the end of the previous financial year result from the completion of works commenced in previous years. In the opinion of the Management Board of the Company, due to the nature of the potential liability and the history of the liabilities (occasional cases over a period of

several years), it is not possible to reliably estimate the contingent liabilities on this account. Nevertheless, the Management Board is aware of such risk and, as a result, a provision is created for warranty repairs.

Contingent liabilities under the guarantee of removal of defects and faults granted by the Companies of the MIRBUD Group to investors, created, lasting from 01/01/2020 to 31/12/2020, are as follows:

Other contingent liabilities	in PLN thousand	
	As at:	As at:
	31/12/2020	31/12/2019
Under proper performance guarantee	332,537	313,141
Under rectifying faults and defects	177,919	139,973
Under payment of receivables	201,210	92,377
<u>Total</u>	<u>711,666</u>	<u>545,491</u>

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

The Issuer did not issue shares during the reported period.

KOBYLARNIA S.A.

On 3 February 2020, the Extraordinary General Meeting of Shareholders of KOBYLARNIA S.A., by virtue of Resolution No. 3/2020 (Repertory A No. 849/2019), resolved to increase the Company's share capital from PLN 25,000,000.00 to PLN 30,000,000.00 by issuing 50,000,000 series H registered shares with a nominal value equal to the issue price of PLN 0.10 per share. On 20/04/2020, the Register Court in Bydgoszcz, 13th Commercial Division of the National Court Register, registered the increase in the company's share capital to the amount of PLN 30,000,000.00.

The proceeds from the capital increase will be used to finance construction contracts in the engineering and road sector.

EXPO MAZURY S.A.

On 15 November 2019, by Notarial Deed (Repertory A No. 4957/2019) the Management Board of Expo Mazury Spółka Akcyjna adopted a resolution on increasing the share capital of the Company from PLN 132,928,000.00 to PLN 135,928.00, i.e. by PLN 3,000,000.00 through the issue within the authorised capital of PLN 5,000,000.00 of new ordinary G series registered shares with a nominal value of PLN 1.00 per share. The Court entered the capital increase in the National Court Register on 22 January 2020.

The funds raised from the issue were used to adapt the exhibition halls for the purposes of long-term lease and to finance the Company's current operations.

ТОВ «МІРБУД»

The sole partner of the company is MIRBUD S.A. On 26 November 2020, the sole shareholder of the Company increased the share capital of ТОВ «МІРБУД» by UAH 477,752.81.

As at 31 December 2020, the share capital of ТОВ «МІРБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 30/06/2020, PLN 315,290.02).

MARYWILSKA 44 sp. z o.o.

On 02/12/2020 (notarial deed Repertory A No. 11976/2020), the Extraordinary General Meeting of Shareholders of Marywilska 44 Sp. z o.o. adopted a resolution on increasing the Company's share capital by PLN 78,250 thousand, increasing the number of shares by 1,565,000 with a nominal value of PLN 50 each. The shares in the increased share capital will be fully covered by a cash contribution in the amount of PLN 156,500 thousand. Shares are to be acquired by MIRBUD S.A. with its registered office in Skierniewice.

As at 31/12/2020, payments totalling PLN 76,500 thousand were made under the Resolution in question. By the date of preparation of the report, MIRBUD S.A. has paid the entire amount resulting from the acquisition of the new shares.

These funds were used to cover the purchase of real property situated in Ostróda at ul. Grunwaldzka 55. Within the framework of the purchased real property, the Company intends to carry out its activity consisting in the lease of space for storage purposes.

In the reporting period, other companies of the Group did not issue any shares.

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

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

5. MAIN CONTRACTS

5.1. Insurance contracts

From 01/04/2019 to 31/03/2020, MIRBUD S.A. is covered by insurance on the basis of a framework contract concluded with Sopot Insurance Company Ergo-Hestia S.A. on 22/03/2019 "Contract for the Comprehensive Insurance of the Enterprise Group against all risks No. 13/MIRBUD/2017".

From 01/04/2020 to 31/03/2021, MIRBUD S.A. is covered by insurance on the basis of a framework contract concluded with Sopot Insurance Company Ergo-Hestia S.A. on 30/03/2020 "Contract for the Comprehensive Insurance of the Enterprise Group against all risks No. 14/MIRBUD/2020".

Under the conditions of the above Comprehensive Insurance Contract, MIRBUD S.A.; KOBYLARNIA S.A.; JHM DEVELOPMENT S.A. and its subsidiaries: JHM 1 Sp. z o.o., JHM 2 Sp. z o.o. and EXPO MAZURY S.A. w likwidacji conclude detailed insurance contracts which directly relate to their activities.

Marywilska 44 Sp. z o.o. concluded a contract for insurance against all risks with AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. for the period from 06/09/2019 to 05/09/2020. In addition, in 2020 Marywilska 44 has taken out the following insurance policies for the period from 05/09/2020 to 04/09/2021:

- Policy No. 320000267582 against all risks of loss of or damage to Company property,
- Policy No. 320000267597 for third party liability insurance.

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

MIRBUD S.A.

Table: Main contracts concluded by MIRBUD S.A. in the period from 01/01/2020 to 31/12/2020 in PLN thousand

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
09/01/2020	30,593	The Capital City of Warsaw, Wola District	Construction of an elementary school in the area of ul. Jana Kazimierza
17/01/2020	75,360	JHM DEVELOPMENT S.A.	Construction of three residential, multi-family buildings with a service function and an underground garage on the premises of the property located in Bydgoszcz at ul. Fordońska and obtaining a final and unconditional permit to use it.
02/03/2020	148,099	BUDPOL Sp. z o.o.	Contract with a subcontractor for the construction of the Main Route's rigid surface structure, in connection with the execution of the investment titled "Design and construction of the A1 motorway Tuszyn (without interchange) - border of Łódź and Silesian Voivodeships from km 335+937.65 to km 399+742.51. Section B - Belchatów interchange (without interchange) - Kamieński interchange (with interchange) from km 351+800.00 to km 376+000.00".
04/03/2020	365,854	General Directorate for National Roads and Motorways	Design and construction of the S11 road Koszalin - Szczecinek, section Koszalin Zachód interchange (without interchange) - Bobolice interchange. Section 3. Koszalin South interchange (without interchange) - Bobolice interchange (with interchange). KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Leader); MIRBUD S.A. (consortium partner)
06/03/2020	228,048	"Polish Airports" State Enterprise	Execution, under the "design and build" formula, of the Terminal building at the Radom-Sadków airport, together with equipment and obtaining an occupancy permit.
13/03/2020	292,223	General Directorate for National Roads and Motorways	Continuation of the design and construction of the S5 expressway on the section Nowe Marzy - Bydgoszcz - border of the Kujawsko-Pomorskie and Wielkopolskie voivodeships on the section from the "Białe Błota" interchange (without interchange) to "Szubin" interchange (without interchange) with a length of approximately 9.7 km MIRBUD S.A. with its registered office in Skierniewice (consortium partner). KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (consortium leader);
23/04/2020	474,290	General Directorate for National Roads and Motorways with its registered office in Warsaw	"Continuation of design and construction of the S5 expressway, section Nowe Marzy - Bydgoszcz - border of the Kujawsko-Pomorskie and Wielkopolskie voivodeships, divided into 2 parts: Part 2 - Continuation of design and construction of the S-5 expressway from Dworzysko interchange (without interchange) to Aleksandrowo interchange with a length of approximately 22.4 km" MIRBUD S.A. with its registered office in Skierniewice (consortium partner).

			KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (consortium leader);
28/04/2020	EUR 6,537,083.44 net (letter of intent)	Panattoni Development Europe sp. z o.o.	The phase 1 construction of the "Warehouse, service and production complex with social and office facilities and the technical infrastructure located on the real property in Tomaszkowo, Stawiguda commune near Olsztyn"
30/04/2020	EUR 5,088,938,36 net	7R S.A.	Construction of two halls for logistic services with production functions and social and office facilities, together with accompanying technical infrastructure, as well as a gatehouse, a fire reservoir, a pumping station and a retention reservoir on a property located in Łódź at ul. Transmisyjna
07/05/2020	30,584	IMMO SI Polska Sp. z o.o.	Construction of a complex of commercial buildings - bi1 building and petrol station with necessary infrastructure at ul. Przemysłowa in Elk.
08/05/2020	29,700	PCO S.A. with its registered office in Warsaw	Construction of a production and office building at ul. Jana Nowaka-Jeziorańskiego in Warsaw
12/05/2020	117,655	KELLER POLSKA Sp. z o.o.	Contract with a subcontractor for the design and execution of the protection and reinforcement of road excavation slopes at the construction site of the S1 express way (so-called Węgierska Górka bypass)
13/05/2020	133,902	Silesian Voivodeship - Dolnośląska Służba Dróg i Kolei we Wrocławiu [Lower Silesian Road and Railway Service in Wrocław]	Construction of a voivodship road from voivodship road No. 455 to national road No. 98 - under the "design and build" formula. MIRBUD S.A. with its registered office in Skierniewice (consortium partner), KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader).
28/05/2020	23,700	Przedsiębiorstwo Budowy Dróg i Mostów [Construction Company For Roads and Bridges] "ERBEDIM" sp. z o.o.	Contract with a subcontractor for supply and performance of substructure and mineral and asphalt pavement layers on the A1 motorway
03/06/2020	89,244	Przedsiębiorstwo Produkcji Mas Betonowych [Concrete Mass Production Company] "BOSTA-BETON" sp. z o.o.	Contract with a subcontractor for production and delivery of ready-mixed concrete for construction of the S1 express way (Węgierska Górka bypass)
01/07/2020	21,747	Dimark Group Sp. z o.o.	Contract with a subcontractor for the development of a BHS detailed design and execution of works on the basis of the approved detailed design, i.e. a functionally, mechanically and systemically integrated system for the performance of functions of distribution, sorting and appropriate control of all checked-in baggage, arriving from check-in desks
21/07/2020	39,910	Gravity AD Sp. z o.o.	Contract with a subcontractor for the delivery of acoustic and anti-glare screens for the construction of A1 motorway
03/08/2020	477,000	General Directorate for National Roads and Motorways	Design and construction of the S1 Kosztowy - Bielsko-Biała express way, section III Dankowice - "Suchy Potok" interchange (with interchange) MIRBUD S.A. - Consortium Leader KOBYLARNIA S.A. - Consortium Partner
04/09/2020	310,563	URANPRES spol. s.r.o	Execution of TD1 and TD2 tunnel connected with the execution of investment titled "Construction of the S1 (formerly S69) Bielsko-Biała-Żywiec-Zwardoń express way, section Przybędza-Milówka (Węgierska Górka bypass)",

07/09/2020	41,073	Wibra Recycling Technologies Sp. z o.o. Sp. k.	Comprehensive execution of earthworks connected with the execution of investment titled "Construction of the S1 (formerly S69) Bielsko-Biała-Żywiec-Zwardoń express way, section Przybędza-Milówka (Węgierska Górka bypass)"
28/09/2020	27,853	Mostmarpal Sp. z o.o.	Transport service for mineral material from excavations and tunnels connected with the execution of investment titled "Construction of the S1 (formerly S69) Bielsko-Biała-Żywiec-Zwardoń express way, section Przybędza-Milówka (Węgierska Górka bypass)".
08/10/2020	20,100	SMG ŚLĄSK Sp. z o.o.	Comprehensive execution of internal sanitary systems, on the basis of Detailed Designs prepared by Pracownia Projektowa Michał Starczewski, with the use of materials and devices covered by material/device approval sheets accepted by the Contracting Authority ("Polish Airports" State Enterprise with its registered office in Warsaw) in connection with the execution of the investment titled "Execution, under the "design and build" formula, of the Terminal building at the Radom-Sadków airport, together with equipment and obtaining an occupancy permit".
06/11/2020	55,945	Kujawsko-Pomorskie Voivodeship - the Voivodship Roads Authority in Bydgoszcz	Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146. Part 2 - stage II from km 15+146 to km 29+619 MIRBUD S.A. with its registered office in Skierniewice (consortium partner), KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader).
25/11/2020	13,260	EURO-EKOL Myjnie Bezdotykowe sp. z o.o.	Construction of a plant for the production of innovative touchfree car washes in Łódź
29/12/2020	30,779	Firma Handlowo – Usługowa Krzysztof Pawliszyn	comprehensive execution of earthworks in connection with the implementation of the investment titled "Design and construction of the Olesno bypass within the national road No. 11 (S11)"

On 23 September 2020, the Issuer received information from the Contracting Authority, the Voivodship Roads Authority in Bydgoszcz, that in the tender procedure, conducted in the open tender procedure titled "Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146. Part 1 - stage I from km 0+005 to km 14+144" the most advantageous bid was placed by the consortium of companies (hereinafter referred to as the "Consortium") in the following composition:

- KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader),
- MIRBUD S.A. with its registered office in Skierniewice (consortium partner).

Bid value: PLN 55.946 thousand net.

On 23 December 2020, the Issuer received information from the Contracting Authority, General Directorate for National Roads and Motorways, Zielona Góra Branch, that in the tender procedure, conducted in the open tender procedure titled "Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533" the most advantageous bid was placed by the consortium of companies (hereinafter referred to as the "Consortium") in the following composition:

- KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader),
- MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner);
- BUDPOL Sp. z o.o. with its registered office in Częstochowa, ul. Kopalniana 12J, 42-271 Częstochowa (Consortium Partner).

Bid value: PLN 210.325 thousand net.

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

KOBYLARNIA S.A.

Table: Main contracts for construction works concluded by KOBYLARNIA in the period from 01/01/2020 to 31/12/2020

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
04/03/2020	365,854	GDDKiA	Design and construction of the S11 road Koszalin - Szczecinek, section Koszalin Zachód interchange (without interchange) - Bobolice interchange. Section 3. Koszalin South interchange (without interchange) - Bobolice interchange (with interchange). KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Leader); MIRBUD S.A. (consortium partner)
13/03/2020	292,223	General Directorate for National Roads and Motorways	Continuation of the design and construction of the S5 expressway on the section Nowe Marzy - Bydgoszcz - border of the Kujawsko-Pomorskie and Wielkopolskie voivodeships on the section from the "Białe Błota" interchange (without interchange) to "Szubin" interchange (without interchange) with a length of approximately 9.7 km KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (consortium leader); MIRBUD S.A. with its registered office in Skierniewice (consortium partner).
23/04/2020	474,290	General Directorate for National Roads and Motorways with its registered office in Warsaw	"Continuation of design and construction of the S5 expressway, section Nowe Marzy - Bydgoszcz - border of the Kujawsko-Pomorskie and Wielkopolskie voivodeships, divided into 2 parts: Part 2 - Continuation of design and construction of the S-5 expressway from Dworzysko interchange (without interchange) to Aleksandrowo interchange with a length of approximately 22.4 km" KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (consortium leader); MIRBUD S.A. with its registered office in Skierniewice (consortium partner).
13/05/2020	133,902	Silesian Voivodeship - Dolnośląska Służba Dróg i Kolei we Wrocławiu [Lower Silesian Road and Railway Service in Wrocław]	Construction of a voivodship road from voivodship road No. 455 to national road No. 98 - under the "design and build" formula. Przedsiębiorstwo Budowy Dróg i Mostów KOBYLARNIA S.A. [Construction Company For Roads and Bridges KOBYLARNIA S.A.] with its registered office in Kobylarnia - a company from the Issuer's Capital Group (consortium leader);

			MIRBUD S.A. with its registered office in Skierniewice (consortium partner),
06/11/2020	55,945	Kujawsko-Pomorskie Voivodeship - the Voivodeship Roads Authority in Bydgoszcz	Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146. Part 2 - stage II from km 15+146 to km 29+619 MIRBUD S.A. with its registered office in Skierniewice (consortium partner), KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader).

On 23 September 2020, the Company received information from the Contracting Authority, the Voivodeship Roads Authority in Bydgoszcz, that in the tender procedure, conducted in the open tender procedure titled "Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146. Part 1 - stage I from km 0+005 to km 14+144" the most advantageous bid was placed by the consortium of companies (hereinafter referred to as the "Consortium") in the following composition:

- KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader),
- MIRBUD S.A. with its registered office in Skierniewice (consortium partner).

Bid value: PLN 55.946 thousand net.

On 23 December 2020, the Company received information from the Contracting Authority, General Directorate for National Roads and Motorways, Zielona Góra Branch, that in the tender procedure, conducted in the open tender procedure titled "Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533" the most advantageous bid was placed by the consortium of companies (hereinafter referred to as the "Consortium") in the following composition:

- KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader),
- MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner);
- BUDPOL Sp. z o.o. with its registered office in Częstochowa, ul. Kopalniana 12J, 42-271 Częstochowa (Consortium Partner).

Bid value: PLN 210.325 thousand net.

In addition, the company executes a number of contracts with a value below PLN 2 million net

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

JHM DEVELOPMENT Group

During the period covered by the report, the company concluded the following significant contracts:

Table: Main contracts for construction works concluded by JHM DEVELOPMENT S.A. in the period from 01/01/2020 to 31/12/2020.

Contract conclusion	Contract value (net) in PLN	Contractor	Subject matter of the contract
17/01/2020	75,360	MIRBUD S.A.	Construction of three residential, multi-family buildings with a service function and an underground garage on the premises of the

			property located in Bydgoszcz at ul. Fordońska and obtaining a final and unconditional permit to use it.
07/12/2020	21.650	WAMA Polska Spółka z o.o.	Annex to the contract concluded on 20 December 2019, change of the deadline for completion of construction of two residential buildings (building D and building E), multi-family buildings with service premises, underground garage, necessary infrastructure, together with obtaining the final and unconditional decision on permission to use the buildings at ul. Wielkopolska in Gdańsk. Deadline for completion of the works listed in the contract: 31 August 2022

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

EXPO MAZURY S.A. w likwidacji

During the period covered by the report, the company did not conclude any significant contracts.

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

MIRBUD S.A.

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

Contract conclusion	Contract value (net) in PLN	Contractor	Subject matter of the contract
04/01/2021	27,579	G&M Sp. z o.o.	Comprehensive execution of prefabrication of reinforcement and prefabrication of formwork for EST-1 flyover in connection with the execution of investment titled "Construction of the S1 (formerly S69) Bielsko-Biała - Żywiec - Zwardoń express way, section Przybędza - Miłowka (Węgierska Górka bypass)
19/01/2021	55,946	Kujawsko-Pomorskie Voivodeship - the Voivodeship Roads Authority in Bydgoszcz	Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146. Part 1 - stage I from km 0+005 to km 14+144". <ul style="list-style-type: none"> • KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader), • MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner)
20/01/2021	26,174	Robert Białydga Przedsiębiorstwo Handlowo – Usługowe TRANSKOM	Delivery of aggregate mixtures in connection with execution of the investment titled "Design and construction of the Olesno bypass within the national road No. 11 (S11)".
27/01/2021	209,897	GDDKiA	Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533.

			<ul style="list-style-type: none"> • KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader); • MIRBUD S.A. with its registered office in Skierniewice (Consortium partner); • BUDPOL Sp. z o.o. with its registered office in Częstochowa, ul. Kopalniana 12J, 42-271 Częstochowa (Consortium partner)
03/02/2021	21,215	BAUME Sp. z o.o	Execution of earthworks in connection with execution of the investment titled "Design and construction of the Olesno bypass within the national road No. 11 (S11)".
09/03/2021	27,843	JHM DEVELOPMENT S.A.	Construction of a multi-family residential building with necessary infrastructure at ul. Bohaterów Kragujewca 8A in Bydgoszcz
12/03/2021	26,700	Voivodship Ambulance Station in Szczecin.	Construction of the Voivodship Ambulance Station at ul. Twardowskiego in Szczecin.
16/04/2021	631,707	GDDKiA	<p>Construction of the Tri-City Metropolitan Bypass divided into 2 parts, part 2: Construction of the Tri-City Metropolitan Bypass, task 2: Żukowo interchange (with interchange) - Gdańsk Południe interchange (with interchange),</p> <ul style="list-style-type: none"> • MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader), • KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Partner).

On 31 March 2021, the Issuer received information from the Contracting Authority, General Directorate for National Roads and Motorways, Poznań Branch, that in the tender procedure, conducted in the open tender procedure entitled "Design and construction of the Gostyń bypass within the national road No. 12", the most advantageous bid was placed by the consortium of companies (hereinafter referred to as the "Consortium") in the following composition:

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

Bid value: PLN 200,677 thousand net.

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

PBDiM KOBYLARNIA S.A.

After the date of financial statements, events occurred and contracts were concluded which could have a significant effect on the future financial results.

Table: Material contracts concluded by KOBYLARNIA S.A. after the date of preparation of financial statements

Contract conclusion	Contract value (net) in PLN	Contractor	Subject matter of the contract
19/01/2021	55.946	Kujawsko-Pomorskie Voivodeship - the Voivodship Roads Authority in Bydgoszcz	Extension of voivodship road No. 548 Stolno - Wąbrzeźno km 0+005 to km 29+619 excluding the motorway interchange in the town of Lisewo from km 14+144 to km 15+146. Part 1 - stage I from km 0+005 to km 14+144". <ul style="list-style-type: none"> • KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader), • MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner)
27/01/2021	209.897	GDDKiA	Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533. <ul style="list-style-type: none"> • KOBYLARNIA S.A. with its registered office in Kobylarnia - a company from the Issuer's Capital Group (Consortium Leader); • MIRBUD S.A. with its registered office in Skierniewice (Consortium partner); • BUDPOL Sp. z o.o. with its registered office in Częstochowa, ul. Kopalniana 12J, 42-271 Częstochowa (Consortium partner)
16/04/2021	631,707	GDDKiA	Construction of the Tri-City Metropolitan Bypass divided into 2 parts, part 2: Construction of the Tri-City Metropolitan Bypass, task 2: Żukowo interchange (with interchange) - Gdańsk Południe interchange (with interchange), <ul style="list-style-type: none"> • MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader), • KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium Partner).

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

On 31 March 2021, the Issuer received information from the Contracting Authority, General Directorate for National Roads and Motorways, Poznań Branch, that in the tender procedure, conducted in the open tender procedure entitled "Design and construction of the Gostyń bypass within the national road No. 12", the most advantageous bid was placed by the consortium of companies (hereinafter referred to as the "Consortium") in the following composition:

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

Bid value: PLN 200,677 thousand net.

JHM DEVELOPMENT GROUP

Contract conclusion	Contract value (net) in PLN	Contractor	Subject matter of the contract
09/03/2021	27,843	MIRBUD S.A.	Construction of a multi-family residential building with necessary infrastructure at ul. Bohaterów Kragujewca 8A in Bydgoszcz

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

EXPO MAZURY S.A.

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

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

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

7. THE EFFECTS OF CHANGES IN THE STRUCTURE OF THE ENTITY, INCLUDING AS A RESULT OF BUSINESS COMBINATIONS, THE GAINING OR LOSS OF CONTROL OVER SUBSIDIARIES AND LONG-TERM INVESTMENTS, AS WELL AS DIVISION, RESTRUCTURING OR DISCONTINUATION OF OPERATIONS, AND AN INDICATION OF THE ENTITIES TO BE CONSOLIDATED

There were no changes in the organisational structure of the Capital Group during the reporting period.

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

By virtue of Resolution of the General Meeting of Shareholders of 1 July this year (No. 3/2020 (Repertory A No. 6401/2020) in Expo Mazury S.A., the process of liquidation commenced. This is the second stage of the reorganisation of the MIRBUD Capital Group. The purpose of the reorganisation is to strengthen the Group by concentrating the entities operating within it around the parent company - MIRBUD S.A. The reorganisation will result in simplification of the Group's structure, streamlining of the Group's business processes and optimisation of the operating costs of the Group's companies, in particular those operating in similar market areas. In practice, this means the planned transfer of its assets to MARYWILSKA 44 Sp. z o.o. while maintaining the continuity of existing contracts and liabilities. The reorganisation is scheduled to be completed by the end of September 2021.

8. ACHIEVED AND FORECAST FINANCIAL RESULTS

The MIRBUD Capital Group Companies did not publish forecasts on profit or loss for 2020.

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

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

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

External factors

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

Internal factors

- financial standing of the Companies of the Group, in particular MIRBUD S.A.,
- a well-established position in the industrial building construction sector,
- systematic development of the Group in the engineering and road sector,
- systematic filling of the portfolio for the years 2020 - 2024,
- diversified order portfolio for the years 2020 - 2024,
- further development of development activity through implementation of projects in Katowice, Rumia, Konin, Bydgoszcz, Łódź and Zakopane,
- commercialisation and rent collection in CH MARYWILASKA 44 sp. z o.o. after the period of suspension of trade due to the coronavirus pandemic,
- the level of margin on the execution of contracts achieved through optimisation of production costs and improvement of technical solutions for the execution of construction, also thanks to the implementation of the process of development and implementation of the IT management system (a modern management system, in the Issuer's opinion, will improve control over

- operating activities through detailed ongoing analyses of individual projects, improve financial records, positively affect work efficiency and reduce the risk of core activities),
- the level of sales of residential units in ongoing development projects,
 - further investments in modern machinery park,
 - achieving financial results consistent with the planned results by the Group's subsidiaries.

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

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

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

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

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

The assumption of an effective internal control system in financial reporting is to ensure that the financial information contained in the financial statements and periodical reports is adequate and correct. The consolidated financial statements of the Capital Group are prepared by the Chief Accountant. One of the basic elements of control in the process of preparing consolidated financial statements of the Capital Group is to audit the annual financial statements and review the semi-annual financial statements by an independent auditor in order to express in his opinion and report whether the financial statements are correct and whether they present fairly and clearly the property and financial situation of the Capital Group, as well as its financial result. The annual consolidated financial statements of the Capital Group, together with the auditor's opinion, shall be submitted to the General Meeting of Shareholders for approval.

The financial and accounting section headed by the Director of Economic and Financial Affairs shall be responsible for the preparation of the consolidated financial statements and periodical financial reporting of the Capital Group. The preparation of consolidated financial statements and periodical reports begins after the approval of the periodical statements of the Companies by the Chief Accountant and the Company's Management Board.

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

The Management Board of the Company states that as at 31 December 2020 there neither were nor are at present factors which could affect the reliability and correctness of the consolidated financial statements prepared.

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

On 21/12/2009 the Management Board of the Company adopted a resolution No. XII on the adoption of new Accounting Policy for the MIRBUD Capital Group.

12. ADDITIONAL INFORMATION

12.1. Shareholder structure

12.1.1. Information about the dividend paid in the period from 01/01/2020 to 31/12/2020

On 30 June 2020, the Ordinary General Meeting of Shareholders of MIRBUD S.A., at the request of the Management Board, adopted Resolution No. 9/2020 on the distribution of the Company's net profit for the financial year 2019. In accordance with the adopted Resolution it was decided to allocate from the net profit of PLN 7,385,578.96 the amount of PLN 1,834,844.00, i.e. PLN 0.02 gross per share, for dividend payment and to exclude from distribution the remaining part of the profit in the amount of PLN 5,550,734.96 and to allocate it to the Company's supplementary capital. In accordance with Resolution 10/2020 adopted by the OGMS on the same day, it was agreed that the dividend date would be 7 July 2020 and the dividend payment date would be 13 August 2020.

On 30/06/2020, the Ordinary General Meeting of Shareholders of JHM DEVELOPMENT S.A. adopted resolution No. 9/2020 on the distribution of net profit for the financial year 2019 and decided to exclude the net profit of PLN 9,095,216.70 earned in the financial year covering the period from 01/01/2019 to 31/12/2019 from the distribution and to allocate it entirely to increase the Company's supplementary capital.

12.1.2. Information on the purchase and sale of own shares

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

12.1.3. Shares and stocks of the

MIRBUD S.A.

As at 31/12/2020, the share capital is divided into 91,744,200 fully paid ordinary registered shares with a nominal value of PLN 0.10 each.

Table: Share capital structure

No.	Series of shares	Number of shares	Nominal value per one share	Share capital registered in PLN thousand	Manner of capital coverage	Registration date
1	A	19,500,000	PLN 0.10	1,950	cash	22/12/2006
2	B	14,625,000	PLN 0.10	1,462	cash	22/12/2006
3	C	2,264,000	PLN 0.10	226	cash	22/12/2006
4	D	3,611,000	PLN 0.10	361	cash	22/12/2006
5	E	5,000,000	PLN 0.10	5000	cash	11/12/2009

6	F	10,000,000	PLN 0.10	1,000	cash	03/03/2010
7	G	10,000,000	PLN 0.10	1,000	cash	19/05/2010
8	H	10,000,000	PLN 0.10	1,000	cash	18/08/2010
9	I	7,492,500	PLN 0.10	749	cash	26/05/2014
10	J	2,873,947	PLN 0.10	287	cash	11/09/2019
11	K	6,377,753	PLN 0.10	638	cash	30/09/2019
Total		91,744,200		9,174		

Table: Ownership structure of the share capital as at 31/12/2019

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
Jerzy Mirgos	40,937,453	44.62%	40,937,453	44.62%
Nationale-Nederlanden Open Pension Fund	10,281,837	11.21%	10,281,837	11.21%
Other shareholders	40,524,910	44.17%	40,524,910	44.17%
Total	91,744,200	100.00%	91,744,200	100.00%

Table: Ownership structure of the share capital as at 31/12/2020

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
Jerzy Mirgos	41,271,064	44.98%	41,271,064	44.98%
Nationale-Nederlanden Open Pension Fund	10,281,837	11.21%	10,281,837	11.21%
Other shareholders	40,192,136	43.81%	40,192,136	43.81%
Total	91,744,200	100.00%	91,744,200	100.00%

Table: Ownership structure of the share capital as at the date of approval of the statements for publication

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
Jerzy Mirgos	41,271,064	44.98%	41,271,064	44.98%
Nationale-Nederlanden Open Pension Fund	10,281,837	11.21%	10,281,837	11.21%
Other shareholders	40,192,136	43.81%	40,192,136	43.81%
Total	91,744,200	100.00%	91,744,200	100.00%

KOBYLARNIA S.A.

As at 31 December 2020, the share capital of KOBYLARNIA S.A. amounted to PLN 30,000,000 (thirty million zloty) and was divided into 300,000,000 shares with a nominal value of PLN 0.10 per share.

Table: Structure of the share capital of KOBYLARNIA S.A. as at 31/12/2020

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

On 11 September 2019, the Extraordinary General Meeting of Shareholders, by virtue of Resolution No. 3/2019 (Repertory A No. 7615/2019), resolved to increase the Company's share capital from PLN 11,000,000.00 to PLN 16,000,000.00 by issuing 50,000,000 series E registered shares with a nominal value equal to the issue price of PLN 0.10 per share. The shares were fully taken up by MIRBUD S.A.

On 30 September 2019, the Extraordinary General Meeting of Shareholders, by virtue of Resolution No. 3/2019 (Repertory A No. 8212/2019), resolved to increase the Company's share capital from PLN 16,000,000.00 to PLN 21,000,000.00 by issuing 50,000,000 series F registered shares with a nominal value equal to the issue price of PLN 0.10 per share. The shares were fully taken up by MIRBUD S.A.

On 09 December 2019, the Extraordinary General Meeting of Shareholders, by virtue of Resolution No. 3/2019 (Repertory A No. 10321/2019), resolved to increase the Company's share capital from PLN 21,000,000.00 to PLN 25,000,000.00 by issuing 40,000,000 series G registered shares with a nominal value equal to the issue price of PLN 0.10 per share. The shares were fully taken up by MIRBUD S.A. The capital increase was entered in the National Court Register on 19 February 2020.

On 3 February 2020, the Extraordinary General Meeting of Shareholders of PBDiM KOBYLARNIA S.A., by virtue of Resolution No. 3/2020 (Repertory A No. 849/2019), resolved to increase the Company's share capital from PLN 25,000,000.00 to PLN 30,000,000.00 by issuing 50,000,000 series H registered shares with a nominal value equal to the issue price of PLN 0.10 per share. On 20/04/2020, the Register Court in Bydgoszcz, 13th Commercial Division of the National Court Register, registered the increase in the company's share capital to the amount of PLN 30,000,000.00.

On 9 June 2020, the Ordinary General Meeting of Shareholders of KOBYLARNIA S.A., by virtue of Resolution No. 15/2020 (Repertory A No. 4838/2020) resolved to amend the Articles of Association by changing the name of Przedsiębiorstwo Budowy Dróg i Mostów KOBYLARNIA Spółka Akcyjna [Construction Company For Roads and Bridges KOBYLARNIA S.A.] to KOBYLARNIA Spółka Akcyjna. As a result of this change, the Company may use the abbreviated name - KOBYLARNIA S.A.

Table: Structure of shares held as at 31 December 2020.

Shareholder	Number of shares held	Share in the share capital S.A.	Number of votes	% share in the total number of
MIRBUD	300,000,000	100%	300,000,000	100%
Total	300,000,000	100%	300,000,000	100%

JHM DEVELOPMENT S.A.

As at 31 December 2020, the share capital of JHM DEVELOPMENT S.A. amounted to PLN 173,000,000 (one hundred and seventy-three million zloty) and was divided into 69,200,000 shares with a nominal value of PLN 2.50 per share.

Table: Structure of the share capital of JHM DEVELOPMENT S.A. as at 31/12/2020

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

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

Table: Ownership structure of the share capital as at 31/12/2020

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

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

Marywilka 44 Sp. z o.o.

The share capital of Marywilka 44 Sp. z o.o. comprises 1,339,800 shares. The Company's share capital as at 31/12/2020 was PLN 70,000 thousand, with JHM DEVELOPMENT S.A. as the sole shareholder.

Table: Ownership structure of the share capital of Marywilka Sp. z o.o. as at 31 December 2020

Name	Number of shares	Share in the share capital	Number of votes	% share in the total number of votes
JHM DEVELOPMENT S.A.	1,339,800	100%	1,339,800	100%
Total	1,339,800	100%	1,339,800	100%

On 02/12/2020 (notarial deed Repertory A No. 11976/2020), the Extraordinary General Meeting of Shareholders of Marywilka 44 Sp. z o.o. adopted a resolution on increasing the Company's share capital by PLN 78,250 thousand, increasing the number of shares by 1,565,000 with a nominal value of PLN 50 each. The shares in the increased share capital will be fully covered by a cash contribution in the amount of PLN 156,500 thousand. Shares are to be acquired by MIRBUD S.A. with its registered office in Skierniewice.

As at 31/12/2020, payments totalling PLN 76,500 thousand were made under the Resolution in question. By the date of preparation of the report, MIRBUD S.A. has paid the entire amount resulting from the acquisition of the new shares. As at the date of the report, the capital increase has not been registered with the Court.

JHM 1 Sp. z o.o.

As at 31/12/2020, the share capital of JHM 1 amounted to PLN 9,000,65 (nine million sixty five thousand zloty) and was divided into 180,013 shares with a nominal value of PLN 50.00 per share. The shares were fully paid up in cash.

Table: Ownership structure of the share capital of JHM 1 Sp. z o.o. as at 31/12/2020

Name	Number of shares	Share in the share capital	Number of votes	% share in the total number of votes
JHM DEVELOPMENT S.A.	180,013	100%	180,013	100%
Total	180,013	100.0%		

JHM 2 Sp. z o.o.

As at 31/12/2020, the share capital of JHM 2 amounted to PLN 10,300,000 (ten million three hundred thousand zloty) and was divided into 206,000 shares with a nominal value of PLN 50.00 per share. The shares were fully paid up in cash.

Table: Ownership structure of the share capital of JHM 2 Sp. z o.o. as at 31/12/2020

Name	Number of shares	Share in the share capital	Number of votes	% share in the total number of votes
JHM DEVELOPMENT S.A.	206,000	100%	206,000	100%
Total	206,000	100%	206,000	100%

EXPO MAZURY S.A. w likwidacji

As at 31/12/2020, the share capital is divided into 135,928,000 fully paid ordinary registered shares with a nominal value of PLN 1.00 each.

Table: Share capital structure as at 31/12/2020

No.	Series of shares	Number of shares	Nominal value per one share	Share capital registered in PLN thousand	Manner of capital coverage	Registration date
1	A	21,428,000	PLN 1.00	21,428,000	cash	17/04/2014
2	B	64,000,000	PLN 1.00	64,000,000	cash	25/11/2015
3	C	11,500,000	PLN 1.00	11,500,000	cash	03/10/2016
4	D	20,000,000	PLN 1.00	20,000,000	cash	26/05/2017
5	E	9,000,000	PLN 1.00	9,000,000	cash	07/09/2018
6	F	7,000,000	PLN 1.00	7,000,000	cash	06/05/2019
	G	3,000,000	PLN 1.00	3,000,000	cash	22/01/2020
	Total	135,928,000		135,928,000		

Table: The ownership structure of the share capital as at 31 December 2020 was as follows:

Shareholding structure	Number of shares	Share in the share capital	The total number of votes at the GMS	% of votes at the GMS
MIRBUD S.A.	135,927,900	99.99 %	132,927,900	99.99%
MUNICIPALITY OF OSTRÓDA	100	0.00%	100	0.00%
TOTAL	135,928,000	100.00 %	132,928,000	100.00 %

On 15 November 2019, by Notarial Deed (Repertory A No. 4957/2019) the Management Board of Expo Mazury Spółka Akcyjna adopted a resolution on increasing the share capital of the Company from PLN 132,928,000.00 to PLN 135,928.00, i.e. by PLN 3,000,000.00 through the issue within the authorised capital of PLN 5,000,000.00 of new ordinary G series registered shares with a nominal value of PLN 1.00 per share. The Court entered the capital increase in the National Court Register on 22 January 2020.

Ownership structure of the share capital did not change as at the date of approval of the report.

TOB «MIPБУД»

The sole partner of the company is MIRBUD S.A. On 26 November 2020, the sole shareholder of the Company increased the share capital of TOB «MIPБУД» by UAH 477,752.81.

As at 31 December 2020, the share capital of TOB «MIPБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 30/06/2020, PLN 315,290.02).

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

MIRBUD S.A.

The total number of shares of MIRBUD S.A. held by members of the management and supervisory bodies as at 31/12/2020 and the date of preparation of the report is as follows:

Table. Shares of the Company held by members of management and supervisory bodies as at 31/12/2020

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
Jerzy Mirgos	President of the Management Board	41,271,064 shares with a nominal value of PLN 0.10 each, with a	44.98%
Agnieszka Bujnowska	Secretary of the Supervisory Board	11,851 shares with a nominal value of PLN 0.10 each, with a total value of PLN 1,185.10	0 %
TOTAL		41,282,915 shares	44.98%

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

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
Jerzy Mirgos	President of the Management	41,271,064 shares with a nominal value of PLN 0.10 each, with a total value of PLN 4,127,106.4	44.98%

Agnieszka Bujnowska	Secretary of the Supervisory Board	11,851 shares with a nominal value of PLN 0.10 each, with a total value of PLN 1,185.10	0 %
TOTAL		41,282,915 shares	44.98%

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

JHM DEVELOPMENT S.A.

As at 31 December 2020, none of the members of the Management Board or Supervisory Board held any shares in JHM DEVELOPMENT S.A.

As at the date of approval of the statements, none of the members of the Management Board or Supervisory Board held any shares in JHM DEVELOPMENT S.A.

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

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

As at 31/12/2020, MIRBUD S.A. remains the sole shareholder of JHM DEVELOPMENT S.A.

On 14 July 2020, the Financial Supervision Authority decided to authorise the withdrawal of the Company's shares from trading on the regulated market operated by the Warsaw Stock Exchange S.A., which indicated 28 July 2020 as the date after which the Company's shares will be withdrawn from trading on the regulated market operated by the WSE. As a consequence, on 23 July 2020 the Management Board of the Warsaw Stock Exchange adopted Resolution No. 541/2020 regarding the withdrawal from trading the shares of JHM DEVELOPMENT S.A. on the WSE Main List.

In execution of this Resolution, a total of 69,200,000 A1 and A2 series shares of the Company were withdrawn from trading on the regulated market. Thus, as of 28 July 2020, the Company is no longer a public company.

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

As at 31/12/2020 and after the balance sheet date until the date of preparation of the report, apart from the information disclosed in current reports, the issuer did not have any information about contracts which may result in future changes in the proportions of shares held by the Issuer's existing shareholders.

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

There are no employee stock ownership plans in the Company.

12.2. Influence of factors and unusual events on the financial result for 2020

In 2020, there were no factors or events unusual in terms of the Companies' specific business activities affecting the financial results other than those resulting from the COVID-19 pandemic which are described in this report.

12.3. Changes in the basic principles of managing an enterprise

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

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

MIRBUD S.A.

In the period from 01/01/2020 to 31/12/2020, the Management Board of MIRBUD S.A. did not change and performed the duties with the following composition:

Table: Composition of the MIRBUD S.A. Management Board from 01/01/2020 to 31/12/2020

Name and surname	Position
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

The composition of the Issuer's Supervisory Board in the period from 01/01/2020 to 31/12/2020 changed and was as follows:

Table: Composition of the MIRBUD S.A. Supervisory Board in the period from 01/01/2020 - 31/12/2020

Name and surname	Position
Wiesław Kosonóg	Chairman of the Supervisory Board
Waldemar Borzykowski	Deputy Chairman of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board
Hubert Bojdo	Member of the Supervisory Board
Andrzej Zakrzewski	Member of the Supervisory Board
Wiktoria Braun	Member of the Supervisory Board
Artur Sociński	Member of the Supervisory Board (since 17/02/2020)

On 17 February 2020, the Extraordinary General Meeting of Shareholders of MIRBUD S.A. adopted resolution No. 4/2020 on appointing Mr. Artur Sociński to the Supervisory Board of MIRBUD S.A.

JHM DEVELOPMENT S.A.

In the period from 01/01/2020 to 31/12/2020, the Management Board of JHM DEVELOPMENT S.A. did not change and performed the duties with the following composition:

Table: Composition of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2020 to 31/12/2020

Management Board	
Biskupska Regina	President of the Management Board
Mirgos Jerzy	Vice-President of the Management Board
Siedlarski Sławomir	Member of the Management Board
Kaja Mirgos-Kwiatkowska	Member of the Management Board (since 02/01/2020)

On 17 December 2019, the Supervisory Board of JHM DEVELOPMENT S.A. adopted resolution No. XIV/2019 on appointment of Ms. Kaja Monika Mirgos to the Management Board of JHM DEVELOPMENT S.A. as of 2 January 2020.

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

Table: Composition of the Supervisory Board of JHM DEVELOPMENT S.A. in the period from 01/01/2020 to 31/12/2020

Supervisory Board	
Kosonóg Wiesław	Chairman of the Supervisory Board
Borzykowski Waldemar	Deputy Chairman of the Supervisory Board
Bujnowska Agnieszka	Secretary of the Supervisory Board
Zakrzewski Andrzej	Member of the Supervisory Board
Niewiadomski Radosław	Member of the Supervisory Board

KOBYLARNIA S.A.

The composition of the Company's Management Board in the period from 01/01/2020 to 31/12/2020 was as follows:

Management Board	
Andrzej Ładyński	President of the Management Board (until 09/02/2020)
Michał Niemyt	Vice-President of the Management Board
Jerzy Mirgos	Member of the Management Board (since 02/01/2020)
Karolina Lewandowska	Member of the Management Board (since 02/01/2020)
Sławomir Nowak	Member of the Management Board (since 02/03/2020)
Tomasz Jaśkiewicz	Member of the Management Board (until 31/12/2020)

The Supervisory Board, pursuant to resolution No. 23 of 13/12/2019, appointed Mr. Jerzy Mirgos as Member of the Management Board, effective on 02/01/2020.

The Supervisory Board, pursuant to resolution No. 24 of 13/12/2019, appointed Ms. Karolina Lewandowska as Member of the Management Board, effective on 02/01/2020.

The Supervisory Board, pursuant to resolution No. 4 of 02/03/2020, appointed Mr. Sławomir Nowak as Member of the Management Board, effective on 02/03/2020.

The composition of the Company's Supervisory Board in the period from 01/01/2020 to 31/12/2020 was as follows:

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

EXPO MAZURY S.A. w likwidacji

In the period from 01/01/2020 to 30/06/2020, the Management Board of EXPO MAZURY S.A. was as follows:

Table: Composition of the Management Board of EXPO MAZURY S.A. in the period from 01/01/2020 to 30/06/2020

Name and surname	Position
Beata Maly-Kaczanowska	President of the Management Board
Małgorzata Konarska	Member of the Management Board

The composition of the Company's Supervisory Board in the period from 01/01/2020 to 31/12/2020 did not change and was as follows:

Table: Composition of the Supervisory Board of EXPO MAZURY S.A. w likwidacji in the period from 01/01/2020 to 31/12/2020

Name and surname	Position
Anna Więzowska	Chairman of the Supervisory Board (since
Maciej Fingas	Vice-President of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board
Małgorzata Konarska	Member of the Supervisory Board (since 09/01/2020)

On 09 January 2020 the Extraordinary General Meeting of Shareholders of EXPO MAZURY S.A. adopted resolution No. 3/2020 on accepting the resignation of members of the Supervisory Board of EXPO MAZURY S.A., Ms. Małgorzata Konarska and Mr. Andrzej Ładyński.

On 09 January 2020 the Extraordinary General Meeting of Shareholders of EXPO MAZURY S.A. adopted resolution No. 4/2020 on appointing Ms. Anna Więzowska to the Supervisory Board of EXPO MAZURY S.A.

On 1 July 2020, the Extraordinary General Meeting of Shareholders passed Resolution No. 3/2020 (Repertory A No. 6401/2020) on dissolution of the Company and putting it into liquidation. Mr. Waław Jankowski, a long-time employee of MIRBUD Capital Group companies, was appointed the Liquidator of the Company.

Marywilska 44 Sp. z o.o.

The composition and changes in the composition of the Management Board of the subsidiary Marywilska 44 Sp. z o.o. in 2020 are set out below:

Table: Composition of the Management Board of Marywilska 44 Sp. z o.o. in the period from 01/01/2020 to 31/12/2020

Management Board	
Małgorzata Konarska	President of the Management Board
Danuta Siwiak	Member of the Management Board until 28/07/2020
Kaja Mirgos-Kwiatkowska	Member of the Management Board since 01/08/2020
Beata Maly-Kaczanowska	Member of the Management Board since 01/08/2020
Piotr Taras	Member of the Management Board

The composition and changes in the composition of the Supervisory Board of the subsidiary Marywilska 44 Sp. z o.o. in 2020 are set out below:

Table: Composition of the Supervisory Board of Marywilska 44 Sp. z o.o. in the period from 01/01/2020 to 31/12/2020

Supervisory Board	
Dariusz Jankowski	Chairman of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board

Paweł Korzeniowski

Member of the Supervisory Board

As at the date of preparation of the report, the composition of the Supervisory Board of Marywilska 44 Sp. z o.o. has changed.

Table: Composition of the Supervisory Board of Marywilska 44 Sp. z o.o. as at the date of preparation of the report

Supervisory Board	
Paweł Korzeniowski	Chairman of the Supervisory Board (since 26/03/2021)
Agnieszka Bujnowska	Secretary of the Supervisory Board
Anna Więżowska	Member of the Supervisory Board (since 26/03/2021)

JHM 1 Sp. z o.o.

In the period from 01/01/2020 to 31/12/2020, the Management Board of JHM 1 Sp. z o.o. performed its duties with an unchanged, one-person composition: Mr. Sławomir Siedlarski - President of the Management Board. Pursuant to the Company's contract, the supervisory board was not appointed.

JHM 2 Sp. z o.o.

In the period from 01/01/2020 to 31/12/2020, the Management Board of JHM 2 Sp. z o.o. performed its duties with an unchanged, one-person composition: Ms. Regina Biskupska - President of the Management Board. Pursuant to the Company's contract, the supervisory board was not appointed.

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

Ms. Mirgos-Kwiatkowska who since 02/01/2020 has been a member of the Management Board of JHM DEVELOPMENT S.A. and since 01/08/2020 has been a member of the Management Board of Marywilska 44 sp. z o.o. is the daughter of Mr. Jerzy Mirgos who, as at 31/12/2020, held 44.98% of the shares of the Issuer.

12.6. Remuneration of members of the management and supervisory bodies

MIRBUD S.A.

Table: Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2020 to 31/12/2020

Name of the body	Position	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	From sureties granted	Remuneration in subsidiaries	Total
Jerzy Mirgos	President of the Management Board	1,278	0	0	0	0	447	600	2,325
Sławomir Nowak	Vice-President of the Management Board	1139	0	0	0	0	0	250	1,389
Paweł Korzeniowski	Member of the Management Board	846	0	0	0	0	0	44	890
Tomasz Sałata	Member of the Management Board	839	0	0	0	0	0	0	839
Ewa Przybył	Proxy	358	0	0	0	0	0	0	358
Hubert Bojdo	Member of the Supervisory Board	30	0	0	0	0	0	0	30
Agnieszka Bujnowska	Secretary of the Supervisory Board	36	0	0	0	0	0	76	112
Andrzej Zakrzewski	Member of the Supervisory Board	30	0	0	0	0	0	15	45
Waldemar Borzykowski	Member of the Supervisory Board	36	0	0	0	0	0	18	54
Artur Sociński	Member of the Supervisory Board	24	0	0	0	0	0	0	24
Wiesław Kosonóg	Chairman of the Supervisory Board	37	0	0	0	0	0	22	59
Wiktoria Braun	Member of the Supervisory Board	31	0	0	0	0	0	0	31
TOTAL		4684	0	0	0	0	447	1025	6,156

Table: Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2019 to 31/12/2019

Name of the body	Position	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	from sureties granted	Remuneration in subsidiaries	Total
Jerzy Mirgos	President of the Management Board	1,122	0	0	0	0	575	300	1,997
Sławomir Nowak	Vice-President of the Management Board	990	0	0	0	0	0		990
Paweł Korzeniowski	Member of the Management Board	660	0	0	0	0	0	64	724
Tomasz Sałata	Member of the Management Board	647	0	0	0	0	0		647
Ewa Przybył	Proxy	313	0	0	0	0	0		313
Hubert Bojdo	Member of the Supervisory Board	30	0	0	0	0	0		30
Agnieszka Bujnowska	Secretary of the Supervisory Board	36	0	0	0	0	0	76	112
Andrzej Zakrzewski	Member of the Supervisory Board	30	0	0	0	0	0	15	45
Waldemar Borzykowski	Member of the Supervisory Board	36	0	0	0	0	0	18	54
Dariusz Jankowski	Chairman of the Supervisory Board	28	0	0	0	0	0	43	71
Krystyna Lachowicz	Member of the Supervisory Board	17	0	0	0	0	0		17
Wiesław Kosonóg	Chairman of the Supervisory Board	21						20	41
Wiktoria Braun	Member of the Supervisory Board	16							16
TOTAL		3,946					575	536	5,057

In the period from 01/01/2020 to 31/12/2020 members of the Issuer's management, supervisory and administrative bodies did not receive any awards or benefits for their functions, prizes or benefits except for the remuneration indicated in the table above.

JHM DEVELOPMENT S.A.

The value of remuneration received by the members of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2020 to 31/12/2020 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2020 to 31/12/2020

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	1,379	0	0	0	0	1,379
Supervisory Board	88	0	0	0	0	88
Total	1,467	0	0	0	0	1,467

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2019 to 31/12/2019

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	1,133	0	0	0	0	1,133
Supervisory Board	99	0	0	0	0	99
Total	1,232	0	0	0	0	1,232

KOBYLARNIA S.A.

The value of remuneration received by the members of the Management Board of KOBYLARNIA S.A. in the period from 01/01/2020 to 31/12/2020 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2020 to 31/12/2020

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	1,757	0	0	0	0	1,757
Supervisory Board	55	0	0	0	0	55
Total	1,812	0	0	0	0	1,812

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2019 to 31/12/2019

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	1,150	0	0	0	0	1,150
Supervisory Board	43	0	0	0	0	43
Total	1,193	0	0	0	0	1,193

MARYWILSKA sp. z o.o.

The value of remuneration of the Management Board members of Marywilaska 44 Sp. z o.o. obtained in the period from 01/01/2020 to 31/12/2020 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of Marywilaska Sp. z o.o. in the period from 01/01/2020 to 31/12/2020

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	921	0	0	0	0	921
Supervisory Board	81	0	0	0	0	81
Total	1,002	0	0	0	0	1,002

Table: Remuneration of members of the management and supervisory bodies of Marywilaska Sp. z o.o. in the period from 01/01/2019 to 31/12/2019

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	850	0	0	0	0	850
Supervisory Board	81	0	0	0	0	81
Total	931	0	0	0	0	931

EXPO MAZURY S.A. w likwidacji

The value of remuneration received by the members of the Management Board of EXPO MAZURY S.A. in the period from 01/01/2020 to 31/12/2020 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of EXPO MAZURY S.A. w likwidacji in the period from 01/01/2020 to 31/12/2020

Name of the body	Appointment benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
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Management Board	111	0	0	0	0	111
Supervisory Board	39	0	0	0	0	39
Total	150	0	0	0	0	150

Table: Remuneration of members of the management and supervisory bodies of EXPO MAZURY S.A. in the period from 01/01/2019 to 31/12/2019

Name of the body	Appointment benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	183	0	0	0	0	183
Supervisory Board	60	0	0	0	0	60
Total	243	0	0	0	0	243

OTHER COMPANIES OF THE GROUP

The Management Board did not receive any remuneration in the special purpose vehicle JHM 1 Sp. z o.o. in the period from 01/01/2020 to 31/12/2020.

The Management Board did not receive any remuneration in the special purpose vehicle JHM 2 Sp. z o.o. in the period from 01/01/2020 to 31/12/2020.

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

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

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

As at 31/12/2020, the Group Companies did not have any liabilities resulting from pensions and benefits of a similar nature for former members of the management, supervisory and administrative bodies, and liabilities related to those pensions.

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

No such events occurred in the reporting period.

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

No such events occurred in the reporting period.

12.9. Employees

The employment figures in the Companies of the MIRBUD Group as at 31/12/2020 are presented in the table below.

Table: Employment in the Companies of the MIRBUD Group as at 31/12/2020

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	377	124
KOBYLARNIA S.A.	249	45
JHM DEVELOPMENT S.A.	26	13
Marywilska 44 Sp. z o.o.	13	
JHM 1 Sp. z o.o.	1	
JHM 2 Sp. z o.o.	1	
EXPO MAZURY S.A.	2	0
ТОВ «МІРБУД»	0	0

Table: Employment in the Companies of the MIRBUD Group as at 31/12/2019

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	300	90
PBDiM KOBYLARNIA S.A.	282	48
JHM DEVELOPMENT S.A.	24	12
Marywilska 44 Sp. z o.o.	13	1
JHM 1 Sp. z o.o.	1	
JHM 2 Sp. z o.o.	1	
EXPO MAZURY S.A.	17	11
ТОВ «МІРБУД»	0	0

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

12.10. Diversity policy

The MIRBUD Capital Group has no diversity policy in place. The Company employs people with appropriate qualifications and professional experience, without age or gender differences. The choice of staff depends entirely on the achievements, efficiency and professionalism of the individual candidates. Detailed data on employment by gender and age as well as people from the local community can be found in the non-financial report.

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

As at 06/07/2020, MIRBUD S.A. concluded with POLAUDIT spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw, ul. J. Ficowskiego 15, registered in the National Court Register by the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under No. 0000020996 and entered under No. 552 on the list of entities authorised to audit financial statements maintained by the National Council of Statutory Auditors a contract for:

- - review of the interim financial statements of MIRBUD S.A. for the period from 01/01/2020 to 30/06/2020 - amount of remuneration - PLN 9 thousand net;
- review of the interim consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2020 to 30/06/2020 - amount of remuneration - PLN 10 thousand net;
- audit of the annual financial statements of MIRBUD S.A. for the period from 01/01/2020 to 31/12/2020 - amount of remuneration - PLN 15 thousand net;
- - audit of the consolidated annual financial statements of the MIRBUD Capital Group for the period from 01/01/2020 to 31/12/2020 - amount of remuneration - PLN 16 thousand net;
- review of the interim financial statements of MIRBUD S.A. for the period from 01/01/2021 to 30/06/2021 - amount of remuneration - PLN 9.9 thousand net;
- review of the interim consolidated financial statements of the MIRBUD Capital Group for the period from 01/01/2021 to 30/06/2021 - amount of remuneration - PLN 11 thousand net;
- audit of the annual financial statements of MIRBUD S.A. for the period from 01/01/2021 to 31/12/2021 - amount of remuneration - PLN 16.5 thousand net;
- - audit of the consolidated annual financial statements of the MIRBUD Capital Group for the period from 01/01/2021 to 31/12/2021 - amount of remuneration - PLN 17.6 thousand net.

Prior to the conclusion of the aforementioned contract, the Issuer did not use the services of the audit firm POLAUDIT sp. z o.o. The audit firm was selected from among the firms recommended by the audit committee by the Supervisory Board on the basis of Resolution XII/2020 of 02 June 2020.

In the period from 01/01/2020 to 31/12/2020 the remuneration paid by the Issuer to the statutory auditor amounted to PLN 52 thousand.

Between 01/01/2020 and 31/12/2020, the entity authorised to audit the financial statements did not provide any other services to the Company.

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

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

As at 31/12/2020, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 5,674 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 at 31/12/2020, there was litigation pending concerning receivables brought by the Issuer of the statements, for the total value of the object of dispute of PLN 3,822 thousand.

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

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the GDDKiA for the value of the object of dispute of PLN 67,422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S-5 expressway. The total value of KOBYLARNIA S.A.'s disputes with GDDKiA as at 31/12/2020 amounted to PLN 71,820 thousand.

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

13. STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE OF MIRBUD S.A.

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

MIRBUD S.A. is subject to a set of corporate governance principles called "Good practices of companies listed on the Warsaw Stock Exchange 2016", which is available to the public on the website of the Warsaw Stock Exchange in the section devoted to Corporate Governance Rules:

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

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

In 2020, the Company applied the principles of the "Good practices of companies listed on the Warsaw Stock Exchange" with deviations, of which the Issuer informed in the report No. 1/2016 of the EIB of 06/12/2016.

Deviations concern the following rules:

Detailed rule I.Z.1.15. information containing a description of the company's diversity policy with respect to the company's management and its key managers; the description should include such elements of the diversity policy as gender, field of study, age, professional experience, as well as indicate the objectives of the applied diversity policy and the manner of its implementation in the given reporting period; if the company has not developed and implemented a diversity policy, it should publish an explanation of such a decision on its website,

The Company's note: This principle is not applied. The Company does not have a diversity policy in place. The Company employs people with appropriate education, qualifications and professional experience, without age or gender differences. The choice of staff depends entirely on experience, achievements, efficiency and professionalism of the individual candidates.

Detailed rule I.Z.1.16. information on the planned transmission of the General Meeting - not later than 7 days before the date of the General Meeting,

The Company's note: This principle is currently not applied. In the nearest future, the Company is considering the introduction of the possibility of participation in the general meeting also by means of electronic communication, however, it does not envisage publishing information on the planned transmission of the General Meeting or the record of the General Meeting in audio or video form on the Company website. The

Company observes the Articles of Association and legal regulations in force in this respect and pursues an appropriate information policy.

Detailed rule I.Z.1.20. recording of the course of the general meeting, in audio or video form,

The Company's note: The above principle is not applied in the Company. The reasons for non-application are given in the explanation of non-application of the rule I.Z.1.16.

Specific rule II.Z.1. The internal division of responsibility for particular areas of the company's activity among the members of the management board should be formulated in an unambiguous and transparent manner, and the division scheme should be available on the company's website.

The Company's note: This principle is not applied. The Management Board is responsible for the entire area of the Company's activities. In the event that the responsibility policy is developed, the Company shall apply the above principle.

Specific rule II.Z.2. The position of members of the company's management board in management or supervisory boards of companies outside the company's capital group requires the consent of the supervisory board.

The Company's note: This principle is not applied. The Articles of Association and the applicable internal documents of the Company do not impose any obligation to provide information on members of the Management Board in this respect.

Recommendation IV.R.2. - If justified by the shareholders' structure or the shareholders' expectations reported to the company, if the company is able to provide the technical infrastructure necessary for the efficient conduct of the general meeting by means of electronic communication, it should enable the shareholders to participate in the general meeting by use of such means, in particular by means of:

- 1) real-time broadcast of the general meeting,
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than that of the general meeting,
- 3) exercising, personally or by proxy, the right to vote during a general meeting.

The Company's note: The above recommendation with respect to items 1) and 2) was not applied in the Company. In the nearest future, the Company is considering the introduction of the possibility of participation in the general meeting also by means of electronic communication, however, it does not envisage publishing information on the planned transmission of the General Meeting or the record of the General Meeting in audio or video form on the Company website.

Specific rule IV.Z.2. - If justified by the shareholding structure of the company, the company shall ensure that a real-time broadcast of the general meeting is available to the public.

The Company's note: The above principle was not applied in the Company. The reasons for non-application are given in the explanation of non-application of the rule I.Z.1.16.

Recommendation VI.R.1. - Remuneration of members of the company's governing bodies and key managers should be based on the adopted remuneration policy.

The Company's note: As at 30 June 2020, the Company did not apply the above recommendation. Remuneration of members of the Management Board was determined by the Supervisory Board on the basis of the provisions of the Company's Articles of Association and corresponded to the qualifications and

responsibilities of members of the Management Board. In accordance with the Commercial Companies Code, the remuneration of Supervisory Board members was determined by the General Meeting. The remuneration of individual members of the Supervisory Board, as well as of senior managers, depended on the scope of duties and responsibilities. Starting from 01 July 2020, the Company's Remuneration Policy for the Members of the Management Board and Supervisory Board of MIRBUD Spółka Akcyjna is in force, adopted under resolution No. 23/2020 of the Ordinary General Meeting of Shareholders of MIRBUD S.A. with its registered office in Skierniewice on 30 June 2020. The Policy of Remuneration of the Management Board and Supervisory Board Members of MIRBUD S.A. was adopted on the basis of Article 90d, section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (consolidated text: Journal of Laws of 2019, item 623 as amended) and constitutes an appendix to resolution No. 23/2020. In the opinion of the Management Board, the solutions contained in the Remuneration Policy will contribute to the implementation of the business strategy, long-term interests and stability of the Company. The Remuneration Policy includes in particular: 1) a description of fixed and variable components of remuneration, as well as bonuses and other cash and non-cash benefits which may be granted to members of the management and supervisory boards; 2) indication of mutual proportions of remuneration components; 3) indication of the period for which employment contracts, mandate contracts, contracts for specific work or other contracts of a similar nature have been concluded with members of the management board and the supervisory board, and indication of periods and terms of termination of such contracts, and if no contract has been concluded with a member of the management board or supervisory board - indication of the type and period for which a legal relationship between a member of the management board or supervisory board and the company has been entered into, as well as the period and terms and conditions of termination of such legal relationship; 5) a description of the main features of supplementary pension schemes and early retirement schemes; 6) a description of the decision-making process carried out for the establishment, implementation and review of the remuneration policy; 7) a description of measures taken to avoid or manage conflicts of interest related to the remuneration policy; 8) an indication of how the remuneration policy contributes to the implementation of the business strategy, long-term interests and stability of the company and other elements required by law. The payment of remuneration to the members of the Management Board and Supervisory Board from 01 July 2020 onwards is made exclusively in accordance with the Remuneration Policy.

The first remuneration report covering the years 2019-2020 will be submitted by the Supervisory Board of MIRBUD S.A. at the next General Meeting, in accordance with the provision of Article 90g of the Act of 29 July 2005 Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. This report will provide a comprehensive overview of remuneration, including all benefits, in whatever form, received by or due to individual members of the Management Board and Supervisory Board. Since the Remuneration Policy of MIRBUD S.A. was adopted by Resolution 23/2020 of 30 June 2020 with the application date of 1 July 2020, the first report will be the first of its kind, also presenting information for the period in which MIRBUD S.A. did not have regulations set forth in the Remuneration Policy. The information relating to the financial year 2019 disclosed in the report will be presented in the form used by the Company prior to the adoption of the Remuneration Policy, i.e. based on data from the 2019 annual interim report.

Recommendation VI.R.2. Remuneration policy should be closely linked to the company's strategy, its short and long-term objectives, long-term interests and performance, and should include solutions to avoid discrimination on any grounds.

The Company's note: As at 30 June 2020, the Company did not apply the above recommendation due to the lack of adopted remuneration policy. Starting from 01 July 2020, the Company's Remuneration Policy for the Members of the Management Board and Supervisory Board of MIRBUD Spółka Akcyjna is in force, adopted under resolution No. 23/2020 of the Ordinary General Meeting of Shareholders of MIRBUD S.A. with its registered office in Skierniewice on 30 June 2020. The Company's opinion is that the adopted Remuneration Policy is closely linked to the Company's strategy, its short and long-term objectives, long-term interests and

performance, and includes solutions to avoid discrimination on any grounds. The description of application of the above principle is given in the explanation of non-application of the rule VI.R.1.

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

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

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

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

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

13.4. Shareholders with significant share packets

As at 31/12/2020, the share capital of the Company is divided into 91,744,200 fully paid ordinary registered shares with a nominal value of PLN 0.10 each.

Table: Ownership structure of the share capital as at 31 December 2020

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
Jerzy Mirgos	41,271,064.10	44.98%	41,271,064	44.98%
Nationale-Nederlanden Open Pension Fund	10,281,000	11.21%	10,281,000	11.21%
Other shareholders	40,192,136	43.81%	40,192,136	43.81%
Total	91,744,200	100.00%	91,744,200	100.00%

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

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

13.6. Restrictions on the exercise of the voting right

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

13.7. Limitations with respect to transferring the title to securities

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

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

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

13.9. General Meeting of Shareholders of MIRBUD S.A.

The General Meeting meets as Ordinary or Extraordinary and, as a governing body of the Company, acts pursuant to the provisions of the Commercial Companies Code, the Company's Articles of Association and the provisions of the Regulations of the General Meeting of Shareholders of MIRBUD S.A., constituting an appendix to Resolution No. 27/2009 of the Extraordinary General Meeting of Shareholders of 23 October 2009 on the adoption of the Regulations of the General Meeting of Shareholders, as well as the principles arising from the "Good practices of companies listed on the Warsaw Stock Exchange".

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

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

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

Pursuant to § 2 of the Regulations, the General Meeting is convened by way of an announcement made on the Company's website and in the manner prescribed for the provision of current information in accordance with the regulations on public offerings and the conditions for introducing financial instruments to the organised trading system and on public companies. The announcement should be made at least **twenty-six** days before the date of the General Meeting. The content of the announcement of the General Meeting shall comply with the requirements of the Commercial Companies Code with respect to such announcements for public companies. If the Supervisory Board or entitled shareholders convene the General Meeting, such entities shall submit to the Management Board, in writing or in electronic form, the announcement of convening the General Meeting, draft resolutions, if it is planned to adopt resolutions and, if necessary, other materials to be presented to the General Meeting, at least thirty-one days prior to the date of the General Meeting. The Management Board shall announce the convening of such a General Meeting in the manner provided for above. Shareholders or a shareholder representing at least **1/20** of the share capital may request that an Extraordinary General Meeting be convened. Such a request shall be submitted to the Management Board in writing or in electronic form and shall contain the announcement of convening the General Meeting, draft resolutions, if it is planned to adopt resolutions and, if necessary, other materials to be presented to the General Meeting at least **thirty-one** days before the date of the General Meeting. The agenda is determined by the entity convening the General Meeting or requesting its convening. If the General Meeting is convened by the Management Board, the agenda is determined by the Management Board in consultation with the Supervisory Board. Shareholders or a shareholder representing at least **1/20** of the share capital may request that an Extraordinary General Meeting be convened. Such a request should be submitted to the Management Board in writing or in electronic form, not later than twenty-one days before the set date of this Meeting. The request should contain a justification or a draft resolution concerning the proposed item of the agenda and, if necessary, other materials to be presented to the General Meeting. The Management Board is obliged to announce immediately, but not later than eighteen days before the set date of the General Meeting, in a manner appropriate for convening the General Meeting, changes in the agenda introduced at the request of the listed shareholders. No resolution may be adopted on matters not included in the agenda, except for motions of an agenda nature or for convening an Extraordinary General Meeting, or if the entire share capital is represented at the General Meeting and none of the attendees has objected to adopting a resolution. A shareholder or shareholders representing at least **1/20** of the Company's share capital may – before the date of the General Meeting – submit to the Company, in writing or via electronic means, the draft resolutions concerning the items placed on the agenda of the General Meeting or the items to be put on the agenda. The Management Board shall immediately publish the draft resolutions on its website. During the General Meeting, each shareholder may submit draft resolutions concerning matters included in the agenda until the Chairman has ordered voting on a given point of the agenda. A General Meeting may be cancelled only and exclusively if its holding encounters extraordinary obstacles. However, if the General Meeting has been convened at the request of authorised entities or if issues are included in the agenda at the request of authorised entities, the cancellation of the General Meeting shall require the consent of the applicants. Cancellation takes place in the same way as convening the General Meeting. A change of the date of the General Meeting takes place in the same manner as its convening, even if the proposed agenda of the meeting is not changed. The shareholders' correspondence concerning the General Meeting sent by the shareholders should enable the identification of the shareholder and confirm their rights as a shareholder. The electronic correspondence should be directed to the designated electronic mail address indicated on the Company's website. Documents sent electronically to the Company should be scanned in PDF format.

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

convened by shareholders representing at least half of the share capital shall be appointed by those shareholders. The Chairman shall be elected in a secret voting. Only one natural person may be elected the Chairman of the General Meeting - a shareholder or its statutory representative or attorney. If necessary and justified by the needs of the General Meeting, a Deputy Chairperson or Deputy Chairpersons may be appointed.

In accordance with §4 of the Regulations, the Chairman of the General Meeting manages its proceedings in a manner ensuring efficient and lawful conduct of the proceedings and adoption of resolutions provided for in the adopted agenda. Pursuant to §5 of the Regulations, immediately after signing the attendance list, the Chairman orders its display for inspection by the shareholders. The attendance list should contain a list of participants of the General Meeting, i.e. shareholders, their statutory representatives and attorneys, specifying the number of shares and the number of votes to which they are entitled. Each person entitled to participate in the General Meeting should sign the attendance list, statutory representatives and attorneys of entitled shareholders should submit original powers of attorney in writing or copies of power of attorney certified by a notary public. The attendance list is available for inspection throughout the General Meeting. A shareholder or his/her representative who has been omitted from the list of shareholders should be entered on the attendance register if he/she has come to the General Meeting and proves that he/she is entitled to participate in the session. Similarly, the list should be supplemented if, after it has been signed by the Chairman, further shareholders entitled to participate in the General Meeting come forward. If a person participating in the General Meeting leaves the meeting or a shareholder entered on the list is refused the right to participate in the General Meeting due to lack of his/her rights - the list should be corrected accordingly by deleting this person. After each change in the composition of the participants of the General Meeting, the Chairman shall again sign the attendance list. In order to additionally check the attendance list, the General Meeting may appoint a committee composed of at least three members. If such a request is made by shareholders holding one-tenth of the shares in the share capital represented at the General Meeting, a committee must be appointed. The decision of the committee may be appealed against by the shareholder concerned to the General Meeting.

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

secret ballot. Resolutions concerning appointment of Members of the Supervisory Board by separate groups and by other shareholders shall be recorded in the minutes by a notary public.

Resolutions of the General Meeting shall be recorded in the minutes. The minutes of the General Meeting shall be drawn up by a notary public in the form of a notarial deed. Non-compliance with this obligation shall result in absolute nullity of the resolutions. The minutes should be accompanied by the evidence of convening the General Meeting and the proposed agenda, the attendance list signed by the participants of the General Meeting and the Chairman, powers of attorney and other documents submitted by the representatives of the shareholders. Irrespective of the notary public, the Chairperson of the General Meeting may order the preparation of full minutes of the General Meeting recording the course of the General Meeting and the content of individual statements in a comprehensive manner. Minutes shall be taken by a Secretary elected by the General Meeting. The minutes of all General Meetings shall be included in the book of minutes kept by the Management Board. Each shareholder not even participating in the General Meeting may inspect the book of minutes of the General Meetings and request the issuance of copies of all or part of the minutes, against payment.

13.10. The Management Board of MIRBUD S.A. and the rules of appointing and dismissing managing persons

In the period from 01/01/2020 to 31/12/2020, the Management Board of MIRBUD S.A. was composed of four members.



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

Jerzy Mirgos – President of the Management Board

He has been gaining experience in managing companies operating in the construction sector since 1985, working, among others, in managerial positions in enterprises and commercial law companies. Since 2002, his professional career has been connected with the Issuer's company, where in recent years he held the position of General Director, responsible, among other things, for its strategy and further development. In 2008, he founded JHM DEVELOPMENT S.A., where he holds the position of the Vice-President of the Management Board, and in which is indirectly the majority shareholder. He considers the creation of the thriving MIRBUD Capital Group and the introduction of two companies, MIRBUD S.A. and JHM DEVELOPMENT S.A., to the trading floor of the Warsaw Stock Exchange to be his greatest professional success. On 23 June 2012 Mr. Jerzy Mirgos assumed the position of the President of the Management Board of MIRBUD S.A. On 27 April 2017 the Issuer's Supervisory Board appointed Mr. Jerzy Tomasz Mirgos to the Management Board of MIRBUD S.A. and entrusted him with the function of the President of the Management Board of MIRBUD S.A. for another individual five-year term of office.

Sławomir Nowak – Vice-President of the Management Board

Higher education - graduated from the Warsaw University of Technology, Faculty of Electrical Engineering - specialisation: Automation of Technological Processes. In 1999, the Council of the Faculty of Electrical Engineering awarded him the title of Doctor of Technical Sciences. In his professional career, he worked in managerial positions in the education and construction sectors.

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

By the resolution of the Supervisory Board, on 25 May 2012 he was appointed to the position of Vice President of the Management Board of MIRBUD S.A. On 27 April 2017 the Issuer's Supervisory Board appointed on Mr. Sławomir Nowak to the Management Board of MIRBUD S.A. and entrusted him with the function of Vice President of the Management Board of MIRBUD S.A. for another individual five-year term of office.

Paweł Korzeniowski – Member of the Management Board

Holds a higher education degree. Graduated from the University of Łódź - Faculty of Economics and Sociology, in the field of Economics, specialisation: Economics of Industry, where in the years 2001-2005 he completed his doctoral studies. For over 10 years he worked in banking, completed numerous courses and training in finance, banking mathematics, and financial analysis. Currently, he is also a member of the Supervisory Board of Centrum Hal Targowych MARYWILSKA 44 sp. z o.o. and KOBYLARNIA S.A.

Tomasz Sałata – Member of the Management Board

He has been working for the company as technical director since 2010. He also worked as director of construction production in Rex-Bud (2009-2010), director of production in Varitex (2001-2009), director of the Energoexport branch in Łódź and director of production and board member of Budmatpol. He graduated from the Faculty of Construction and Architecture of the Technical University of Łódź.

According to § 29 of the Articles of Association, the Management Board is composed of 1 (one) to 5 (five) members. The number of members of the Management Board shall be determined by a separate resolution of the Supervisory Board. The number of members of the first Management Board shall be determined by a resolution on the Company's transformation. Members of the Management Board or the entire Management Board shall be appointed by the Supervisory Board. The members of the first Management Board are appointed by way of a resolution on transformation of the Company. Members of the Management Board are appointed for an individual term of office lasting five years from the date of their appointment. Pursuant to § 31 of the Articles of Association, the Management Board conducts the Company's affairs and represents the Company. The Regulations of the Management Board determine in detail the manner of operation of the Management Board.

The Regulations shall be adopted by the Management Board and approved by the Supervisory Board by way of a resolution. The President of the Management Board shall have a casting vote in all cases where an equal number of votes was cast for and against a given resolution. Resolutions of the Management Board shall be required for matters exceeding the scope of ordinary management, in particular:

- 1) introduction of organisational regulations defining the organisation of the Company's enterprise,
- 2) establishing a commercial power of attorney,
- 3) taking out credits and loans,
- 4) granting credit warranties and property sureties,
- 5) selling and acquiring fixed assets with the value exceeding 5% of the Company's equity for the last audited financial year.

In order for the Management Board to make a decision in the matters referred to in items 3, 4 and 5 with a value exceeding 5% of the Company's equity for the last audited financial year, the Supervisory Board must first approve the matter.

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

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

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

13.11. Supervisory Board of MIRBUD S.A.

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

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

As at 31/12/2020, the Issuer's Supervisory Board was composed of the following persons:

Table: Composition of the MIRBUD S.A. Supervisory Board in the period from 01/01/2020 to 31/12/2020

Name and surname	Position
Wiesław Kosonóg	Chairman of the Supervisory Board
Waldemar Borzykowski	Deputy Chairman of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board
Hubert Bojdo	Member of the Supervisory Board
Andrzej Zakrzewski	Member of the Supervisory Board
Wiktoria Braun	Member of the Supervisory Board
Artur Sociński	Member of the Supervisory Board (since 17/02/2020)

Wiesław Kosonóg - Chairman of the Supervisory Board

Holds a higher education degree. Graduated from the Higher School of Economics and Humanities in Skierniewice, the Faculty of Administration with specialisation in public administration and the Higher School of National Economy in Kutno, the Faculty of European Studies with specialisation in diplomacy and international relations, common foreign and security policy of the European Union. Has over 30 years of practical experience in economics and finance, and business management. A manager with extensive practical experience in managing complex business projects, as well as a long-term member of supervisory boards, including: the second and third term of office of the Voivodeship Fund for Environmental Protection and Water Management in Łódź; member of the Board of the Łódź Branch of the National Health Fund in Łódź; member

and chairman of the Supervisory Board of a joint stock company listed on the Warsaw Stock Exchange; Chairman of the Supervisory Board of the Sadowniczy Zakład Doświadczalny [Pomiculture Experimental Plant] IO - Spółka z o.o. in Brzezna during the period of the company's restructuring plan and stabilisation of its financial situation. He was also a Councillor of the 2nd term of office of the of the Łódź Voivodeship Sejmik, vice-chairman of the audit committee and vice-chairman of the foreign cooperation committee. Recently, he worked as President of the company's single-person management board at the Kwociński Zakład Doświadczalny [Floral Experimental Plant] IO - Nowy Dwór Spółka z o.o.

Waldemar Borzykowski - Deputy Chairman of the Supervisory Board

Holds a higher education degree. Graduated from the Faculty of Economics and Sociology of the University of Łódź, studying Economics of Industry. He received a Master's degree in economics. For 13 years he has worked as the Treasurer of the City in the Skierniewice Self-Government.

Agnieszka Maria Bujnowska - Secretary of the Supervisory Board

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

Hubert Bojdo - Member of the Supervisory Board

Graduate of the SGH Warsaw School of Economics, in the field of finance and banking, where he also completed his doctoral studies at the Faculty of International Relations. He was the Vice-President of the Management Board of Rubicon Partners Dom Maklerski S.A. and the Chairman of the Supervisory Boards of Invar&Biuro System S.A. and IQ Partners S.A.; a member of the Supervisory Boards of NFI Victoria S.A. and Voxel S.A.; he is a member of the National Chamber of Tax Advisors and a member of the Audit Committee of the Foundation for the Development of Polish Export.

Andrzej Zakrzewski - Member of the Supervisory Board

Holds a higher education degree, graduated from the Military University of Technology in Warsaw, Faculty of Mechanics - Mechanics and Machine Construction, field of study: equipment and applications of propellants and lubricants. He was a technologist, a work group manager, an investment supervision inspector and a production director.

Wiktoria Braun - Member of the Supervisory Board

Holds a higher education degree. An expert in the field of finance, accounting, taxes, corporate governance, good practices and financial risk management. Holds a master's degree in mathematics and economics with a degree in finance and banking. She also completed Postgraduate Studies in Project Management. Ms. Wiktoria Braun has qualifications and certificates of a certified auditor and a court expert in the field of audit, economics, finance, bookkeeping, accounting, taxes; moreover, she passed the examination for members of supervisory boards in State Treasury companies. She has 27 years of experience, during which she worked for many industries, including in particular trade, telecommunications, insurance, leasing, development, media, publishing, including State Treasury companies and public finance entities.

Artur Sociński - Member of the Supervisory Board (since 17 February 2020)

Graduated from the Insurance and Banking Academy and completed Executive MBA studies at the Institute of Economics of the Polish Academy of Sciences (thesis on the strategy of banks in Poland). Started his

professional career in 1998 as a credit analyst in Bank Śląski S.A. From 2001 to 2005, Mr. Artur Sociński worked as an expert in investment and corporate banking, and from 2006 to 2016 served as team leader and corporate sales director in corporate banking. From 2017 to 2019, Mr. Artur Sociński was Deputy Director and Director of the Restructuring and Corporate Governance Office, as well as Vice President of the Shipbuilding Board at Fundusz Rozwoju Spółek [Company Development Fund] S.A. He is currently deputy director of the Financial Services Office at Agencja Rozwoju Przemysłu [Industrial Development Agency] S.A. Mr. Artur Sociński has served on the supervisory boards of private companies in various sectors and has experience in corporate finance and restructuring.

The Supervisory Board acts in accordance with the Commercial Companies Code and the Articles of Association of MIRBUD S.A., as well as on the basis of the Regulations of the Board, which define in detail its organisation, manner of performing the activities and duties of members related to the function performed on the Board. Pursuant to the authorisation contained in the Company's Articles of Association, the Supervisory Board adopted resolution No. XXV dated 17 November 2009 with which it has established and adopted its Regulations.

The members of the Supervisory Board elect from among themselves a Chairman, a Deputy Chairman and a Secretary. An absolute majority of votes from among those present at the meeting of the Supervisory Board is required for the election to be valid.

Meetings of the Supervisory Board shall be convened as necessary, but at least four times per financial year. Pursuant to § 26 of the Articles of Association, meetings of the Supervisory Board are convened by the Chairman or the Deputy Chairman. Meetings of the Supervisory Board of the Company shall be held in the place indicated in the notification. The first meeting of the Supervisory Board shall be convened by the Management Board of the Company. A request to convene a meeting of the Supervisory Board may be submitted by the Management Board and individual members of the Supervisory Board. The Chairman shall convene a meeting of the Supervisory Board within two weeks of the date of receiving the request. Meetings of the Supervisory Board, except for matters directly related to the Management Board or its members, especially dismissal, responsibility and determination of remuneration, are available and disclosed to the members of the Management Board. The shareholders (or their proxies), whose motions or appeals are the subject of the meeting, are also entitled to participate in a part of the Board's meeting; if the invited shareholder or his proxy, holding a written power of attorney, fails to report to the Board's meeting without prior notification of the Board about an obstacle to appearance, the Board shall consider the motion or appeal in absentia by notifying the person concerned of the decision taken by registered letter.

Resolutions of the Supervisory Board shall be valid if all members of the Supervisory Board are notified in writing in sufficient time to enable them to familiarise themselves with the proposed agenda and to prepare for the Board's meeting. The agenda of the Supervisory Board meeting should not be changed or supplemented during the meeting to which it relates. The above requirement shall not apply if all members of the Supervisory Board are present and agree to amend or supplement the agenda, as well as if taking certain actions by the Supervisory Board is necessary to protect the Company against damage. Resolutions of the Supervisory Board may be adopted on any matter adopted for consideration in the agenda adopted in an open voting; each member of the Supervisory Board may submit a motion for including or deleting the matter from the agenda until the beginning of the vote on the agenda. Resolutions of the Supervisory Board shall be signed by all present members of the Supervisory Board.

Resolutions of the Supervisory Board may be adopted if at least half of its members are present at the meeting. Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes. Voting at meetings of the Supervisory Board is open, unless any member of the Supervisory Board requests a secret voting or the resolution concerns personal matters or the responsibility of members of the Company's governing bodies. The Supervisory Board may pass resolutions in writing or by means of direct remote communication. The adoption of resolutions in the above manner shall not apply to the election of the Chairman

and Deputy Chairman of the Supervisory Board, the appointment of a Member of the Management Board, or the dismissal or suspension of such persons from their duties. Resolutions passed in writing shall be valid as adopted at a properly convened meeting if all members of the Supervisory Board have been notified of the contents of the draft resolution and if they have been signed by at least three members of the Supervisory Board.

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

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

- 1) appointing and dismissing members of the Company's Management Board and determining the number of members of the Company's Management Board,
- 2) determining the principles and amounts of remuneration for the members of the Management Board,
- 3) giving consent to any benefits by the Company and any entities related to the Company for the members of the Management Board and for the benefit of entities related to them,
- 4) granting consent for the Company or its subsidiary to enter into a material contract with a related entity or a related entity of a member of the Management Board or the Supervisory Board,
- 5) concluding, with the consent of the General Meeting, contracts for the performance of management in the Company,
- 6) granting permission to establish branches abroad, at the request of the Management Board,
- 7) selecting an audit firm to control or review the financial statements of the Company and the capital group and granting consent to the conclusion of contracts with such an entity or its related entities and to perform any other activities that may limit the independence of such an entity in auditing or reviewing the financial statements of the Company and the capital group,
- 8) auditing the financial statements, both as regards their compliance with the books and documents, and with the actual state of affairs,
- 9) examining the Management Board's reports on the Company's and the capital group's operations and the Management Board's motions regarding the distribution of profits or coverage of losses,
- 10) submitting to the Ordinary General Meeting of Shareholders a written report on the results of the activities referred to in points 8 and 9, containing a concise assessment of the situation of the Company and the capital group,
- 11) giving consent for the Company to establish another company and take up or purchase shares in other companies,
- 12) giving consent to the performance of the activities referred to in § 31 para. 5 and 6 of the Company's Articles of Association,
- 13) approving the Regulations of the Management Board.

The Supervisory Board makes every effort to receive regular and exhaustive information from the Management Board on all important matters concerning the Company's activity and on the risk related to the conducted activity, as well as on the methods of risk management. The Supervisory Board gives its opinion on matters to be subject of resolutions of the General Meeting. In order to make decisions optimal from the point of view of the Company's interests, the Supervisory Board may appoint permanent or ad hoc specialist or advisory teams, which will prepare opinions, expert opinions or forecasts at the request of the Supervisory Board. The Management Board members shall first of all take into account the Company's interest. A member of the Supervisory Board should inform the other members of the Supervisory Board of any conflict of interest that has arisen and should refrain from taking part in the discussion and voting on the adoption of a resolution concerning the matter in respect of which the conflict of interest has arisen.

Information on personal, factual and organisational relations of a Supervisory Board member with a specific shareholder, in particular with a majority shareholder, is available to the public. After receiving such information from members of the Supervisory Board, the Company shall immediately make it available to the public.

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

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

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

Composition of the Audit Committee:

From 5 July 2016 to 30 May 2019, on the basis of Resolution No. X/2016 of the Supervisory Board of 5 July 2016, the Audit Committee functioned in the following composition:

1. Waldemar Borzykowski - Chairman of the Audit Committee
2. Agnieszka Bujnowska - Secretary of the Audit Committee
3. Andrzej Zakrzewski - Member of the Audit Committee

Waldemar Borzykowski - Chairman of the Audit Committee; has knowledge and skills in the field of accounting and also met the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws item 1089 of 6 June 2017). In the opinion of the Supervisory Board, met the independence criteria indicated in the Best Practices of WSE Listed Companies 2016 (principle II.Z.4).

Has knowledge and skills in accounting

knowledge and experience in accounting is reinforced by:

- obtaining a master's degree at the Faculty of Economics and Sociology of the University of Łódź, Faculty of Industrial Economics.
- deputy Director of Economic Affairs in Skierniewice Construction Combined Collective. The scope of activities included management and supervision of the company's finances.
- director of Economic Affairs at the Voivodeship Company of Engineering and Installation Works in Skierniewice. The scope of activities included management and supervision of the company's finances.
- director of "Prefabud" Construction Company in Skierniewice.

The financial statements of the above mentioned companies were subject to mandatory audit by a statutory auditor.

- from 1994 to 2006, Treasurer of Skierniewice.

Agnieszka Bujnowska - Secretary of the Audit Committee. Has accounting knowledge reinforced by:

- obtaining a master's degree at the Faculty of Management of the University of Łódź, specialisation: accounting, financial analysis of enterprises

Andrzej Zakrzewski - Member of the Audit Committee; has professional experience in the construction industry, and also met the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws item 1089 of 6 June 2017). In the opinion of the Supervisory Board, met the independence criteria indicated in the Best Practices of WSE Listed Companies 2016 (principle II.Z.4).

- graduated from the Military University of Technology in Warsaw, Faculty of Mechanical Engineering with a master's degree in engineering

- gained professional experience in the construction industry:

1. Skierniewice Investment and Construction Company - currently Łowicz Investment and Construction Cooperative - position: Head of the Sanitation Works Group.
2. "HORTEX" Skierniewice Fruit and Vegetable Processing Plant - Senior Investment Supervision Inspector.
3. Sole proprietorship: Service company for water, CO, gas and ventilation systems - co-owner of the company.

The composition of the Audit Committee was adjusted to the requirements of Article 129 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

Within the next term of office, the Supervisory Board by Resolution No. XIII/2019 of 31 May 2019 established the following composition of the Audit Committee:

1. Waldemar Borzykowski - Chairman of the Audit Committee
2. Wiesław Kosonóg - Secretary of the Audit Committee
3. Andrzej Zakrzewski - Member of the Audit Committee

Waldemar Borzykowski - Chairman of the Audit Committee; has knowledge and skills in the field of accounting and also meets the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws item 1089 of 6 June 2017), and meets the independence criteria set out in the 2016 Code of Good Practices of WSE Listed Companies (principle II.Z.4).

Wiesław Kosonóg - Chairman of the Audit Committee; meets the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws item 1089 of 6 June 2017), and meets the independence criteria set out in the 2016 Code of Good Practices of WSE Listed Companies (principle II.Z.4).

Andrzej Zakrzewski - Member of the Audit Committee; has professional experience in the construction industry. The Audit Committee in its indicated composition meets the independence criteria and other requirements set forth in Art. 129 para. 1, 3, 5 and 6 of the Act on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2017, item 1089).

The Audit Committee of MIRBUD S.A. held regular meetings during the period from 01/01/2020 to 31/12/2020. As part of its monitoring of the financial reporting process, internal control and risk management systems and the performance of auditing activities by the audit firm, the Audit Committee of MIRBUD S.A.:

- 1) Obtained information on the adopted schedule for the submission of financial statements in the MIRBUD Capital Group - control of implementation and subsequent planned dates;
- 2) Discussed the Company's financial statements (separate and consolidated) and the Management Board's reports on the Company's and Group's activities prepared for the financial year, the semi-annual period, the third quarter, with the Chief Financial Officer, in particular discussed liquidity, profitability, the Company's financial results, the structure of liabilities, the financial results of the capital group companies;

- 3) Agreed with the key statutory auditor the level of materiality (by value), of any misstatements in the financial statements subject to absolute disclosure in the report to the Audit Committee;
- 4) Discussed with the statutory auditor the course of the audit of the annual financial statements (audit methods, timetable, cooperation with the Management Board and the Chief Accountant);
- 5) Discussed with the Auditor and the Chief Financial Officer the adjustments proposed by the statutory auditor and their inclusion in the financial statements;
- 6) Discussed with the statutory auditor the auditor's reports on the Company's financial statements and the consolidated financial statements of the Capital Group for the financial year and the additional report to the Audit Committee. Each analysis of the risks of material misstatement diagnosed by the statutory auditor during the preliminary work was followed by a discussion with the Audit Committee and the final conclusions were discussed. The Audit Committee discussed the compliance of the adopted accounting policies for revenue recognition and measurement (revenue and measurement of construction contracts) with IFRS 15 in the last reporting period;
- 7) Summarised with the statutory auditor the reports on reviews of semi-annual separate statements of MIRBUD S.A. and consolidated statements of the MIRBUD Capital Group;
- 8) Reviewed the Management Board's position on the operation of internal control over financial reporting and information on how risks are identified and monitored. The Audit Committee obtained the statutory auditor's opinion on internal control over the preparation of the financial statements;
- 9) Monitored related party transactions and reviewed transfer pricing documentation for subsequent periods;
- 10) Analysed with the Management Board the situation relating to the impact of the effects of the COVID-19 pandemic on the Company's and the Capital Group's operations (2020).

The Company follows regulations regarding the appointment, composition and functioning of the audit committee, including that its members meet independence criteria and requirements regarding knowledge and skills in the issuer's line of business and in accounting or auditing are met - where an audit committee has been appointed, the members of that body meet regulatory requirements regarding independence and knowledge and skills in the issuer's line of business.

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

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

- 1) the selection of the audit firm is made sufficiently in advance to allow the audit contract to be signed in time for the audit firm to review the interim financial statements and participate in the inventory-taking of significant assets;
- 2) when selecting an audit firm, the Audit Committee and the Supervisory Board of the Company pay particular attention to the need to maintain the independence of the audit firm and the statutory auditor, in particular the Audit Committee, when making its recommendation to the Supervisory Board of the Company, takes into account the scope of services provided by the audit firm and the statutory auditor during the last five years preceding the selection of the audit firm;
- 3) control and monitoring of the independence of the audit team and the audit firm shall be carried out at each stage, in particular: when considering bids submitted, before proceeding with the financial audit activity, also in case of continuation of the contract in the following financial year;

- 4) the selection of an audit firm is made taking into account the audit firm's experience in statutory audit of financial statements of public interest entities, including companies listed on the Warsaw Stock Exchange, and knowledge of the segments in which MIRBUD Capital Group companies operate, as well as the proposed price for the statutory audit;
- 5) the selection of an audit firm shall be made taking into account the principle of rotation of the audit firm and the key statutory auditor in such a manner that the maximum duration of uninterrupted mandates for statutory audits carried out by the same audit firm or an audit firm affiliated to that audit firm or any member of the network operating in the countries of the European Union to which those audit firms belong does not exceed five years and the key statutory auditor has not carried out the statutory audit in the Company for more than five years. The key statutory auditor may re-audit the Company after at least three years from the end of the last statutory audit.

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

- 1) policy for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group;
- 2) procedure for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group;
- 3) policy related to the provision of permitted services other than auditing financial statements by the audit firm carrying out the audit, entities related to the audit firm and by a member of the audit firm corporate network;
- 4) Established individual weights for selection criteria indicated in the "Policy for selecting an audit firm to audit the financial statements of MIRBUD S.A. with its registered office in Skierniewice and the MIRBUD Capital Group".

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

The Audit Committee:

- pursuant to Article 130(3) of the Act on Statutory Auditors, at the meeting held on 7 May 2018, as a result of the implementation of the selection procedure, gave a recommendation to the Supervisory Board regarding the selection of an audit firm to audit the financial statements, with respect to three firms, indicating a preference for one of them.
- pursuant to Article 130(2) of the Act on Statutory Auditors, at the meeting held on 24 April 2020 made a recommendation to extend the contract with the selected audit firm for a further period.

Audit firms auditing the financial statements for the following financial years: 2017, 2018, 2019 did not provide additional services to MIRBUD S.A. which are not audits of financial statements.

The Audit Committee kept the Supervisory Board informed of its activities, including by providing a written Report on its activities and presenting the adopted resolutions, recommendations and opinions.

During the financial year, the Audit Committee held 4 meetings.

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

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

1. The provision of services only to the extent not related to the tax policy of the audited entity is admissible after obtaining an opinion of the Audit Committee of the Supervisory Board of MIRBUD S.A. (hereinafter referred to as the "Audit Committee"), which services include in particular:
 - 1) services of conducting due diligence procedures in the field of economic and financial condition;
 - 2) services of issuing letters of assurance performed in connection with the prospectus of the audited entity, carried out in accordance with the national standard for related services and consisting of carrying out agreed procedures;
 - 3) attestation services with regard to pro forma financial information, performance forecasts or estimated results, included in the prospectus of the audited entity;
 - 4) audit of historical financial information in a prospectus as referred to in Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
 - 5) verification of consolidation packages;
 - 6) confirmation of the fulfilment of the conditions of the concluded credit agreements on the basis of an analysis of the financial information derived from the audited financial statements of the audit firm;
 - 7) attestation services for corporate governance reporting, risk management and corporate social responsibility;
 - 8) services to assess the compliance of information disclosed by financial institutions and investment firms with capital adequacy disclosure requirements and variable remuneration components;
 - 9) attestations concerning statements or other financial information intended for the supervisory authorities, the supervisory board or any other supervisory body of the company or its owners, outside the scope of the statutory audit and intended to assist those authorities in carrying out their statutory duties.
2. Ordering additional services which do not constitute an audit of financial statements for the benefit of the audit firm which conducts the audit of financial statements or an entity affiliated with that audit firm or a member of its network may only take place after the Audit Committee of MIRBUD S.A. has carried out an assessment of threats and safeguards for independence, in particular an assessment of whether the service provided has a significant impact on the audited financial statements.
3. Prior to awarding an order for the provision of permitted services which do not constitute an audit of financial statements, the Management Board of MIRBUD S.A. shall be obligated to submit to the Audit Committee the scope of services covered by the order together with a statement of the key statutory auditor conducting the audit concerning compliance with the independence requirements set forth respectively in the rules of professional ethics and standards for the provision of such services by the accepting audit firm, an entity related to the audit firm or a member of its network.
4. Prior to the acceptance of an order to provide permitted non-audit services to entities controlled by MIRBUD S.A. by an audit firm auditing the financial statements of MIRBUD S.A., an entity related to that audit firm and a member of its network, the key certified auditor shall present for the assessment of the Audit Committee the scope of services covered by the order together with an opinion as to whether the service ordered may have a significant impact on the consolidated financial statements of the MIRBUD Capital Group.
5. Where the total remuneration of an audit firm for the provision of additional non-audit services allowed to the audited entity, its parent or an entity controlled by it exceeds the criterion referred to in the first paragraph of Article 4(2) of Regulation No. 537/2014, the audit firm shall not undertake such provision except with the approval of the Audit Supervision Committee by administrative decision.

The Audit Committee's recommendation concerning the selection of an audit firm to carry out an audit was made following an organised selection procedure meeting the applicable criteria

14. STATEMENT OF THE CAPITAL GROUP ON NON-FINANCIAL INFORMATION

The MIRBUD Capital Group has prepared a separate report on non-financial information for 2020.

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

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