



MIRBUD CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENT

for the period from 01/01/2021 to 31/03/2021

according to IFRS, in the form approved by the European Union

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I. BASIC FINANCIAL DATA

Selected consolidated financial data	in thousands of PLN		in thousands thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	03/2021 from 01/01/2020 to 31/03/2020	from 01/01/2021 to 31/03/2021	03/2021 from 01/01/2020 to 31/03/2020
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.5721	4.3963
Sales revenue	298,345	192,711	65,253	43,835
Profit (loss) on operating activities	36,893	11,719	8,069	2,666
Pre-tax profit (loss)	32,570	8,553	7,124	1,946
Net profit (loss)	27,505	6,618	6,016	1,505
Total income for the net financial year	27,505	6,618	6,016	1,505
Net cash flows from operating activities	-68,923	-36,216	-15,075	-8,238
Net cash flows from investing activity	1,183	-1,645	259	-374
Net cash flows from financial activities	-16,492	-4,009	-3,607	-912
Total net cash flows	-84,233	-41,870	-18,423	-9,524
net profit (loss) per share in PLN/EUR	0.30	0.07	0.07	0.02
net profit (loss) diluted per share in PLN/EUR	0.30	0.07	0.07	0.02

Selected consolidated financial data	in thousands of PLN		in thousands thousand	
	As at:	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Asset and liability items according to the average exchange rate set by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6603	4.6148
Total assets	1,485,165	1,539,129	318,684	333,520
Liabilities and provisions for liabilities	1,004,567	1,077,520	215,559	233,492
Long-term liabilities	592,814	605,818	127,205	131,277
Short-term liabilities	411,753	471,701	88,353	102,215
Equity	480,598	461,610	103,126	100,028
Share capital	9,174	9,174	1,969	1,988
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	5.24	5.03	1.12	1.09
Diluted book value per share in PLN/EUR	5.24	5.03	1.12	1.09

Selected separate financial data	in thousands of PLN		in thousands thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.5721	4.3963
Sales revenue	200,298	136,316	43,809	31,007
Profit (loss) on operating activities	14,679	4,677	3,210	1,064
Pre-tax profit (loss)	13,338	3,437	2,917	782
Net profit (loss)	10,774	2,735	2,356	622
Total income for the net financial year	10,774	2,735	2,356	622
Net cash flows from operating activities	-54,838	-37,594	-11,994	-8,551
Net cash flows from investing activity	-19,977	-3,148	-4,369	-716
Net cash flows from financial activities	3,778	-347	826	-79
Total net cash flows	-71,037	-41,089	-15,537	-9,346
net profit (loss) per share in PLN/EUR	0.12	0.03	0.03	0.01
net profit (loss) diluted per share in PLN/EUR	0.12	0.03	0.03	0.01

Selected separate financial data	in thousands of PLN		in thousands thousand	
	As at:	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Asset and liability items according to the average exchange rate set by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6603	4.6148
Total assets	914,742	920,747	196,284	199,521
Liabilities and provisions for liabilities	611,495	628,274	131,214	136,143
Long-term liabilities	295,598	292,453	63,429	63,373
Short-term liabilities	315,898	335,821	67,785	72,771
Equity	303,247	292,473	65,070	63,377
Share capital	9,174	9,174	1,969	1,988
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	3.31	3.19	0.71	0.69
Diluted book value per share in PLN/EUR	3.31	3.19	0.71	0.69

II. GENERAL INFORMATION ABOUT THE ENTITY

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	+48 (46) 833 98 65
Fax:	+48 (46) 833 97 32
E-mail	sekretariat@mirbud.pl
Website:	www.mirbud.pl

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.

Core activities

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

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

Duration

The duration of the Issuer shall be unlimited.

Management Board and Supervisory Board

Management Board

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

Supervisory Board

Wiesław Kosonóg	Chairman of the Supervisory Board
Waldemar Borzykowski	Deputy Chairman of the Supervisory Board
Agnieszka Maria 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

Structure of the capital group



Subsidiaries and consolidation method

Name of the entity	JHM DEVELOPMENT S.A.
Registered office	Skierniewice
Legal form	joint-stock company
Country of registered office:	Poland
NIP (tax identification number)	836-181-24-27
REGON	100522155
Address details	ul. Unii Europejskiej 18; 96-100 Skierniewice
Telephone	+48 (46) 833-61-28
Fax:	+48 (46) 833-61-28
E-mail	sekretariat@jhmdevelopment.pl
Website:	www.jhmdevelopment.pl

Consolidated using the full method

Operates in the segment of development service activities and investment property

Name of the entity	KOBYLARNIA S.A.
Registered office	Kobylarnia Kobylarnia
Legal form	joint-stock company
Country of registered office:	Poland
NIP (tax identification number)	953-22-34-789
REGON	091631706
Address details	Kobylarnia; ul. Zakole 1 86-061 Brzoza
Telephone	+48(52) 381-06-10
Fax:	+48(52) 381-06-10
E-mail	pbdim@kobylarnia.pl
Website:	www.kobylarnia.pl

Consolidated using the full method

Operates in the construction and assembly activities segment

Name of the entity	EXPO MAZURY S.A. w likwidacji
Registered office	Ostróda
Legal form	joint-stock company
Country of registered office:	Poland
NIP (tax identification number)	839-27-67-573
REGON	771485919
Address details	ul. Grunwaldzka 55, 14-100 Ostróda
Telephone	+48(89) 506-58-00
Fax:	+48(89) 647-78-77
E-mail	sekretariat@expoarena.pl
Website:	www.expomazury.pl

Consolidated using the full method

Operates in the segment of trade fairs and exhibitions activities

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

Consolidated using the full method

Operates in the investment property segment

Name of the entity	JHM 1 Sp. z o.o.
Registered office	Skierniewice
Legal form	limited liability company
Country of registered office:	Poland
NIP (tax identification number)	8361855968
REGON	101288135
Address details	ul. Unii Europejskiej 18; 96-100 Skierniewice
Telephone	+ 48 (46) 833 95 89
Fax:	+ 48 (46) 833 61 28
E-mail	sekretariat@jhmdevelopment.pl
Website:	www.jhmdevelopment.pl

Consolidated using the full method

Operates in the investment property segment

Name of the entity	JHM 2 Sp. z o.o.
Registered office	Skierniewice
Legal form	limited liability company
Country of registered office:	Poland
NIP (tax identification number)	8361856465
REGON	101387140
Address details	ul. Unii Europejskiej 18; 96-100 Skierniewice
Telephone	+ 48 (46) 833 95 89
Fax:	+ 48 (46) 833 61 28
E-mail	sekretariat@jhmdevelopment.pl
Website:	www.jhmdevelopment.pl

Consolidated using the full method

Operates in the investment property segment

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:	13-15 Bolsuniwska Street, floor 8, room 812
Country of registered office:	Ukraine

The TOB «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.

The core activity of the subsidiary is:

- the construction of residential and non-residential buildings, construction of roads and railways, performance of specialist construction works, finishing and architectural works.

The share capital of TOB «МІРБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 31/03/2021, PLN 339,305.33). The sole partner of the company is MIRBUD S.A. As at 31/03/2021, the value of the contributed capital amounted to PLN 315,877.09. The entity is not consolidated due to its immaterial character.

III. BASIC INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

The Consolidated Financial Statements have been prepared pursuant to § 55(5) of the Accounting Act of 29 September 1994, in accordance with the International Financial Reporting Standards (IFRS) approved for use by the European Union. The financial statements were prepared on the basis of the adopted accounting policies which were relevant to the conducted business activity and in accordance with International Financial Reporting Standards.

Representations of the Management Board

The Management Board represents that, to the best of its knowledge, the interim consolidated financial statements for the period from 01/01/2021 to 31/03/2021 and comparatives have been prepared in accordance with the applicable accounting policies, which give a true, fair and clear view of the financial and asset position.

These interim consolidated financial statements are not subject to audit by a statutory auditor.

Going concern

These interim consolidated financial statements have been prepared based on the assumption of continuing as a going concern in the foreseeable future. As of the day of presentation of these financial statements (excluding Expo Mazury S.A. w likwidacji) there are no circumstances indicating a threat to continuing as a going concern.

Functional currency

The reporting currency for the financial statements is the Polish zloty (PLN). 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 amount and the sum of their components are due to rounding.

IV. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Profit and loss account	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Continued activities			
Sales revenue	17	298,345	192,711
Own cost of sales	18	-259,992	-172,071
Gross profit from sales		38,353	20,640
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19		
Other operating and investment activity revenue	20	22,462	5,073
Other costs of operating and investment activities	20	-23,922	-13,994
EBIT		36,893	11,719
Financial revenue		252	434
Financial costs	21	-4,575	-3,600
Pre-tax activity profit (loss)		32,570	8,553
Income tax attributable to continuing activities	22	-5,065	-1,935
Profit (loss) on continuing activities		27,505	6,618
Discontinued activities			
Revenue from discontinued operations	23		
Costs of discontinued operations			
Pre-tax profit (loss) on discontinued operations			
Income tax attributable to discontinued operations			
Profit (loss) on discontinued activities			
NET PROFIT (LOSS)		27,505	6,618
Assigned to non-controlling shares			
Assigned to the owners of the parent		27,505	6,618
Other total income	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Components which will not be subsequently reclassified to the income statement			
Components which will be reclassified into profit or loss when certain conditions are met			
Other total net income	24		
Assigned to non-controlling shares			
Assigned to the owners of the parent			
Total comprehensive income	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Total comprehensive income		27,505	6,618
Assigned to non-controlling shares			
Assigned to the owners of the parent		27,505	6,618

V. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets	Note No.	in thousands of PLN		
		As at:	As at:	As at:
		31/03/2021	31/12/2020	31/03/2020
Fixed assets		688,557	677,902	529,616
Property, plant and equipment	1	143,091	216,996	231,771
Investment property	2	497,298	422,346	244,560
Intangible assets	3	6,164	6,303	15,275
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	554	548	548
Investments measured using the equity method.	5			
Long-term trading and other receivables, including:	6	9,331	9,880	12,146
prepayments and accruals		402	291	69
Biological assets	7			
Deferred income tax assets	22	32,118	21,829	25,316
Current assets		796,609	861,227	648,995
Inventories	9	268,419	282,823	249,922
Receivables on account of the income tax	22			
Trading and other receivables, including:	6	323,425	289,407	332,792
prepayments and accruals		5,296	1,905	4,976
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4			
Cash and cash equivalents	10	204,765	288,997	66,281
Fixed assets held for sale	11			
Total assets	-	1,485,165	1,539,129	1,178,611

Capitals and liabilities	Note No.	in thousands of PLN		
		As at:	As at:	As at:
		31/03/2021	31/12/2020	31/03/2020
Equity	12	480,598	461,610	411,869
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		220,499	220,499	220,499
Net profit/loss attributable to the owners of the parent company		223,420	173,743	175,578
Profit/loss in the reporting period		27,505	58,193	6,618
Equity attributable to shareholders of the parent company				
Capital attributable to non-controlling shares				
Long-term liabilities and provisions for liabilities		592,814	605,818	373,237
Provisions under deferred income tax	22	28,290	24,307	36,470
Other provisions for long-term liabilities	13	4,384	4,384	3,221
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	277,847	293,551	172,484
Long-term trading and other liabilities, including:	15	282,294	283,577	161,062
prepayments and accruals		80		14,295
Short-term liabilities and provisions for liabilities		411,753	471,701	393,506
Provisions for short-term liabilities	13	4,423	7,390	3,017
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	82,256	79,244	99,049
Trading and other liabilities, including:	15	308,422	368,925	288,251
prepayments and accruals		537	9,855	34,154
Liabilities under deferred income tax	22	16,652	16,142	3,189
Liabilities directly related to fixed assets classified as held for sale	11			
Total capitals and liabilities	-	1,485,165	1,539,129	1,178,611

VI. CONSOLIDATED STATEMENTS OF CASH FLOWS

Statement of cash flows	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Pre-tax profit		32,570	8,553
Total adjustments		-90,631	-43,648
Amortisation		3,127	2,946
Gain / loss under exchange rate differences			
Gain / loss on investing activities		-11,864	-447
Borrowing costs		2,175	3,166
Change in liabilities with the exclusion of financial liabilities		-52,549	15,393
Change in receivables		-29,967	-70,825
Change in inventories		14,404	11,036
Change in provisions		-2,967	-130
Gain / loss on other financial instruments		-252	
Other changes in working capital		-12,739	-4,787
Cash from operating activity		-58,061	-35,095
Income tax paid		-10,862	-1,121
Net cash from operating activities		-68,923	-36,216
Sale of tangible fixed assets		941	582
Purchase of tangible fixed assets		-576	-3,321
Sale of intangible assets			
Purchase of intangible assets		-10	
Sale of investment property		583	726
Purchase of investment property			
Repayment of loans granted to related parties			
Granting loans to related parties			
Repayment of loans granted to other parties			
Granting loans to other parties			
Sale of other investments			
Purchase of other investments		-6	-66
Received dividends			
Received interest		252	434
Other inflows from investment activities			
Other expenses related to investment activity			
Net cash from investment activity		1,183	-1,645

Inflows from shareholders		
Payments to owners		
Commitment of liabilities under loans and credits	46,384	22,903
Repayment of liabilities under loans and credits	-57,292	-19,498
Repayment of liabilities under leasing	-3,410	-2,424
Receipt under issue of debt instruments		
Expenditure on redemption of debt instruments		
Repayment of other financial liabilities		
Interest paid and other debt service expenditure	-2,175	-3,600
Other financial receipts/expenditures		-1,390
Cash from financial activity	-16,492	-4,009
Cash and cash equivalents at the beginning of the period	288,997	108,151
Net increases (decreases) in cash and cash equivalents	-84,233	-41,870
Effect of changes in foreign exchange rates on cash denominated in foreign currencies		
Change in cash and cash equivalents, net of foreign exchange differences		
Closing balance of cash	204,765	66,281
including cash and cash equivalents with restricted availability	48,770	126,848

VII. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent company/supplementary capital	Profit/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
As at 01/01/2020	9,174		220,499	147,454	28,124		405,251
Impact of retrospective application of changes in accounting policy							
Impact of retrospective restatement							
Total gains (losses) for the period					6,618		6,618
Total other comprehensive income							
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				28,124	-28,124		
As at 31/03/2021	9,174		220,499	175,578	6,618		411,869

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent company/supplementary capital	Profit/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
As at 01/01/2020	9,174		220,499	147,454	28,124		405,251
Impact of retrospective application of changes in accounting policy							
Impact of retrospective restatement							
Total gains (losses) for the period					58,193		58,193
Total other comprehensive income							
Owner contributions							
Payments to owners				-1,835			-1,835
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				28,124	-28,124		
As at 31/12/2020	9,174		220,499	173,743	58,193		461,610

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent company/supplementary capital	Profit/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
As at 01/01/2021	9,174		220,499	173,743	58,193		461,610
Impact of retrospective application of changes in accounting policy							
Impact of retrospective restatement							
Total gains (losses) for the period				-8,517	27,505		18,988
Total other comprehensive income							
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				58,193	-58,193		
As at 31/03/2021	9,174		220,499	223,420	27,505		480,598

VIII. ACCOUNTING POLICIES APPLIED BY THE GROUP

Intangible assets

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

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

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

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

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

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

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

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

Item	Annual depreciation rate
computer software	5%-50%
other intangible assets	20%-50%

The correctness of the amortisation rates applied to individual intangible asset components shall be verified at least annually. Any changes resulting from the verification of amortisation rates affect (as a change of estimated values) the appropriate adjustment made in the amortisation write-downs for the current financial year and in subsequent financial years.

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

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

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

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

Cost of research and development works

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

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

Goodwill

Goodwill under the acquisition of a business entity is initially recognised at acquisition cost, being the excess of the cost of business entities' merger over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is disclosed at acquisition cost less any accumulated impairment losses. Testing for impairment is carried out once a year or more frequently if there are indications of impairment. Goodwill is not subject to amortisation.

As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units which may benefit from the merger synergy. Impairment is determined by estimating the recoverable amount of a cash-generating unit to which goodwill relates. If the recoverable amount of a cash-generating unit is lower than its balance-sheet value, an impairment loss is recognised. An impairment loss is not reversed in a subsequent period. If goodwill forms part of a cash-generating unit and part of the operations within that unit is sold, then when determining the gain or loss on the sale of such operations, goodwill related to the operations sold is included in its balance-sheet value; in such circumstances, the goodwill sold is determined on the basis of the relative value of the activities sold and the value of the retained part of the cash-generating unit.

Property, plant and equipment

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

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

After initial recognition, tangible fixed assets are disclosed at acquisition cost or production price less accumulated amortisation and any revaluation write-downs under impairment losses.

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

Depreciation is calculated on a straight-line basis over the estimated useful life of a given asset component, and the amortisation rates for particular groups of tangible fixed assets are as follows:

Item	Annual depreciation rate
Land (right of perpetual usufruct)	is not depreciated
Buildings and structures	1.5% – 2.5%
Machines and technical equipment	7% – 30%
Means of transport	10-20%
Investments in third-party fixed assets	in proportion to the useful life of the main asset

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

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of tangible fixed assets may not be recoverable, the assets are reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value

exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the use value. When determining the use value, the estimated future cash flows are discounted to their present value using a gross discount rate which reflects current market assessments of the time value of money and the risks specific to the asset component. In the case of an asset component which does not generate cash inflows in a significantly independent manner, the recoverable value is determined for the cash-generating unit to which the component belongs. Revaluation write-downs under impairment losses are recognised in the income statement under "other operating costs".

An item of tangible fixed assets may be de-recognised from the balance sheet upon disposal or when no future economic benefits are expected from the further use of such asset component. Gains or losses resulting from sale/liquidation or cessation of use of fixed assets are defined as the difference between revenue from sale and the net value of these fixed assets and are recognised in the income statement.

Fixed assets under construction or assembly are disclosed at acquisition price or production cost. Fixed assets under construction are not amortised until their construction is completed and they are put to use.

In the case of permanent abandonment of expenditures for fixed assets under construction, all costs incurred in relation to the works performed so far shall be charged to the costs of the period. Investments may be suspended if there is a justified intention to continue such investments in subsequent periods. The investment is suspended based on the decision of the Company's Management Board. As at each balance-sheet date, expenditures on fixed assets under construction are subject to analysis regarding impairment and the necessity to make possible impairment write-downs.

Advance payments paid for the purchase of Tangible Fixed Assets are presented in the financial statements under other short-term receivables.

The right of perpetual usufruct of land

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

The excess of the fair value determined in this manner over the costs incurred to acquire the right of perpetual usufruct of land by way of an administrative decision is disclosed correspondingly in the "gain from previous years".

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

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

Leasing

Financial lease contracts under which the carry-over takes place of substantially the entire risk and practically all benefits arising from the ownership of the subject of lease onto the lessee, are activated as at the date of the inception of lease according to the lower of the following two values: the fair value of the subject of lease, or the current value of minimum lease charges. The minimum lease charges are apportioned between the financial costs and reduction of the liability under leasing, so as to

produce a constant interest rate in relation to the remaining liability. Contingent lease payments are recognised as an expense in the period in which they are incurred.

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

Lease contracts under which the lessor keeps substantially the entire risk and all benefits arising from the ownership of the subject of lease are classified as operating lease contracts. Lease rents under operating lease are recognised as the costs in the income statement with the straight-line method throughout the term of lease.

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

Non-renewable natural resources

Non-renewable natural resources are initially recognised at cost.

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

Costs incurred after the date of including non-renewable natural resources in the records (use) are recognised in the income statement at the time they are incurred.

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

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

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

Fixed assets and groups of assets held for sale

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

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

Simplifications applied to non-investment fixed assets

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

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

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

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

Investment property

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

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

Inventories

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

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

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

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

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

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

The inventory acquisition costs comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, loading and unloading costs, and other costs directly attributable to the acquisition of finished goods, materials and services. Discounts, rebates and other similar items shall be deducted in determining purchase costs.

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

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

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

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

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

Receivables

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

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

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

- receivables not transferred to full factoring: in the amount of depreciated cost including write-downs for expected credit loss (however, receivables from customers with maturity below 12 months from the date of origin are not discounted),

- receivables transferred to full factoring: at fair value through profit or loss, but due to the short period of time between recognition of the receivables and their transfer to the factor and the low credit risk of the counterparty (factor), the fair value of these receivables is close to their carrying amount,

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

Prepayments and accruals

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

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

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

Income accruals and prepayments

Income accruals and prepayments include mainly cash received to finance the acquisition of fixed assets under construction and intangible assets, which are accounted for in parallel with amortisation write-downs on fixed assets financed from such sources.

Financial instruments

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

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

- financial asset components or financial liabilities measured at fair value through income statement - assets and liabilities acquired or incurred mainly for the purpose of selling or repurchasing them in the near term or being part of a portfolio of specific financial instruments which are managed together and for which there is evidence of a recent actual pattern of short-term gain taking;
- held-to-maturity investments - non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Capital Group has the positive intention and ability to hold to maturity;
- loans and receivables - non-derivative financial assets with fixed or determinable payments that are not traded on an active market;
- financial assets available for sale - non-derivative financial assets which have been

designated as available for sale or which are not loans and receivables, held-to-maturity investments or financial assets measured at fair value through financial result.

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

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

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

Measurement of financial instruments as at the day of their creation

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

The Capital Group includes the transaction costs in the initial value of measurement of all financial assets and liabilities, except for the category of assets and liabilities measured at fair value through income statement.

Measurement of financial instruments as at the balance-sheet date

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

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

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

The effects of measurement of financial assets and liabilities classified into other categories are recognised in the income statement.

Hedge accounting

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

- in the part deemed to be an effective hedge - directly in the equity,
- in the part deemed ineffective - in the income statement.

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

Discontinuation of hedge accounting

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

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

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

Equity

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

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

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

Minority capitals are a separate item of equity.

Bank credits and loans

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

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

Liabilities

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

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

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

Advances received from contractors for the provision of services are presented in the financial statements under the balance sheet item - short-term liabilities as advances received for deliveries. The commitments also include amounts relating to the settlement of construction and other long-term services.

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

Contingent liabilities

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

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

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

Provisions

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

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

Costs related to a given provision are disclosed in the income statement, less all reimbursements.

The Group creates provisions for future warranty repairs by way of estimations based on past events related to expenses incurred on this account.

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

Reversal of unused provisions takes place on the day on which they turned out to be unnecessary. The liability for which the provision was created previously shall result in the use of the provision. The entity creates provisions for losses under construction contracts or similar contracts at the time of estimation of loss.

Provisions for employee benefits

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

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

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

Revenue

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

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

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

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

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

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

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

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

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

Dividends are recognised at the moment the entity's right to obtain them is established. Revenue from barter transactions is recognised only if it has an economic substance.

Costs

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

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

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

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

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

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

- Overheads
- Cost of sales
- Loss on sale of tangible fixed assets and intangible assets
- Donations made
- Established provisions for disputes, penalties, damages and other costs indirectly related to operating activities, as well as financial costs related to financing the activity.

Transactions in foreign currencies

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

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

The exchange rate applicable on the transaction date shall be the average exchange rate of the

National Bank of Poland (NBP) announced on the day preceding the transaction date.

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

Income tax

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

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

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

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

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

Earnings per share (EPS)

Earnings per share are calculated by dividing the net gain for the period attributable to ordinary share holders by the weighted average number of shares outstanding during a given period.

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

Mergers and consolidation

Subsidiaries are all economic entities (including structured entities) controlled by the Compiler of financial statements. The Compiler of financial statements controls an entity when it is exposed to, or

has the right to variable returns from, its involvement in that entity, and has the ability to influence those returns in its power over the entity. Subsidiaries are subject to full consolidation as of the date the control is transferred to the Group. Consolidation shall cease as from the date on which control ceases.

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

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

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

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

At each reporting date the Group determines whether there is objective evidence that an investment in an associate is impaired. If an impairment loss has been incurred, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its balance sheet value, and recognises that amount, in addition to its “share in the associate’s gain/(loss)”, in the result report.

A business merger under common control is a business merger in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. This applies in particular to transactions such as the transfer of companies or undertakings between Group entities or the merger of a parent and its subsidiary.

The Company applies the pooling of shares method to settle the effects of mergers between entities under common control.

Principle of no-offsetting

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

Income and expense items may be offset only when:

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

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

- gains and losses on the sale of fixed assets, including investments and assets used in operating activities, are recognised in the amount of the difference between the revenue earned on the sale and the balance sheet value of a given asset component plus selling expenses;
- expenditure related to the provision which is contractually reimbursed by a third party (e.g. supplier’s guarantee) is offset against the corresponding amount of reimbursement;
- deferred income tax assets and liabilities are disclosed as surplus assets or provisions;
- advance payments received for the performance of work under construction contracts are offset against the value of revenue due under those contracts, provided that compensation is possible under the terms of the contract;
- gains and losses arising from a group of similar transactions are recognised in the net amount, e.g. foreign exchange difference gains and losses or gains and losses arising from the measurement of financial instruments held for trading and hedging recognised in the financial result, gains or losses arising from the discounting of long-term settlements;
- and liabilities under settlement of input VAT and due VAT, concerning future settlement periods.

Cash-flow statement

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

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

A change in accounting policies is made when the legal regulations concerning accounting are changed, and when this results in the increase of reliability of financial statements containing

information on the impact of transactions, other events and conditions on the financial position, financial result or cash flows.

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

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

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

Exceptional items

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

Business segments

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

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

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

Construction and assembly activity	Real estate development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other
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To the Other group other ancillary activities are assigned which do not affect the assessment of the financial position of the entity. All assets and liabilities are assigned to the main activity segments.

Items based on estimates and professional judgment

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

is based on the substance of each transaction.

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

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

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

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

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

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

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

Amortisation rates are determined based on the anticipated useful economic life of tangible fixed asset components and intangible assets. The useful economic lives are reviewed annually by the Entity based on current estimates.

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

IX. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS

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

X. IMPACT ON THE FINANCIAL STATEMENTS OF CURRENT AND FUTURE CHANGES IN THE ACCOUNTING REGULATIONS.

The following new standards and amendments to standards were issued by the IASB and approved for application in the EU and came into force on 1 January 2018	Impact on financial statements / reference
IFRS 9 "Financial Instruments" - approved by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018)	had no significant impact on the financial statements
IFRS 15 "Revenue from Contracts with Customers" and amendments to IFRS 15 "Effective Date of IFRS 15" - approved by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018)	had no significant impact on the financial statements
Amendments to IFRS 2 "Financial Instruments" - Share-based payment classification and measurement (effective for annual periods beginning on or after 1 January 2018)	had no significant impact on the financial statements
Amendments to IFRS 4 "Insurance Contracts" - Application of IFRS 9 "Financial Instruments" together with IFRS 4 "Insurance Instruments" (effective for annual periods beginning on or after 1 January 2018 or at the moment of first application of IFRS 9 "Financial Instruments")	had no significant impact on the financial statements
Amendments to IFRS 15 "Revenue from Contracts with Customers" - Explanations to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)	had no significant impact on the financial statements
Amendments to IAS 7 "Statement of Cash Flows" - Initiative with respect to disclosures (effective for annual periods beginning on or after 1 January 2017)	had no significant impact on the financial statements
Amendments to IFRS 12 "Income Tax" - Recognition of deferred income tax assets from unrealised losses (effective for annual periods beginning on or after 01 January 2017)	had no significant impact on the financial statements
Amendments to IFRS 40 "Investment Real Property" - Carry-over of investment real property (effective for reporting periods commencing on or after 01 January 2018)	had no significant impact on the financial statements
Amendments to various standards "Improvements to IFRSs (2014-2016 cycle)" - changes made within the procedure of introducing annual amendments to IFRS (IFRS 1, IFRS 12 and IAS 28) aimed mainly at resolving inconsistencies and clarifying vocabulary (amendments to IFRS 12 are effective for annual periods beginning on or after 1 January 2017, and amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018)	had no significant impact on the financial statements
IFRIC 22 Interpretation "Foreign Currency Transactions and Advance Payments" (applicable to annual periods beginning on or after 1 January 2018)	had no significant impact on the financial statements
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and its associate or joint venture and subsequent amendments (the effective date of the changes was postponed until the completion of research on the equity method)	will not have any significant impact on the financial statements

The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2019	Impact on financial statements / reference
IFRS 16 "Leasing" (effective for reporting periods commencing on or after 1 January 2019)	will not have any significant impact on the financial statements
Amendments to IAS 28: "Investments in Associates" - measurement of long-term investments	will not have any significant impact on the financial statements
Annual amendment programme 2015 - 2017:	will not have any significant impact on the financial statements
- Amendments to IFRS 3 "Entity Mergers" - measurement of interests in joint operations at the time of obtaining control	will not have any significant impact on the financial statements
- Amendments to IFRS 11 "Joint Arrangements" - measurement of interests in joint operations at the time of obtaining joint control	will not have any significant impact on the financial statements
- Amendments to IAS 12 "Income Taxes" - recognition of tax consequences of dividend payments	will not have any significant impact on the financial statements
- Amendments to IAS 23: "Borrowing Costs" - classification of liabilities incurred specifically to obtain a qualifying asset when the activities necessary to prepare the asset for use or sale are completed	will not have any significant impact on the financial statements
Amendments to IAS 19 "Employee Benefits" - amendments to a defined benefit plan	will not have any significant impact on the financial statements
IFRIC 23 "Uncertainty Relating to the Recognition of Income Taxes"	will not have any significant impact on the financial statements

The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2020	Impact on financial statements / reference
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" - reform of the reference interest rate	will not have any significant impact on the financial statements
Amendments to IFRS 16 "Leasing" in connection with COVID-19	will not have any significant impact on the financial statements
Amendments to the scope of references to Conceptual Assumptions in IFRS	will not have any significant impact on the financial statements
Amendments to IFRS 3: "Business Combinations" - definition of the project	will not have any significant impact on the financial statements
Amendments to IAS 1 and IAS 8 - the definition of "significant"	will not have any significant impact on the financial statements

The following new standards, amendments to standards and new interpretations have been issued by the IASB, not yet approved by the EU	Impact on financial statements / reference
IFRS 17 "Insurance Contracts"	will not have any significant impact on the financial statements
IFRS 14 "Regulatory Prepayments and Accruals"	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short-term or long-term - postponement of the effective date (effective for annual periods beginning on or after 01 January 2023);	will not have any significant impact on the financial statements
Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - effective for annual periods beginning on or after 1 January 2022	will not have any significant impact on the financial statements
The 2018 - 2020 amendment cycle - effective for reporting periods beginning on or after 1 January 2021)	will not have any significant impact on the financial statements

XI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Property, plant and equipment

Ownership structure of fixed assets	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Own tangible fixed assets	84,292	161,132	189,432
Tangible fixed assets used under operating lease, rent, hire or similar	58,800	55,864	42,339
Total	143,091	216,996	231,771

Costs of external financing capitalised in the value of fixed assets	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Interest	111		111
Foreign exchange differences			
Other borrowing costs	88		88
Total	199		199

Fixed assets used under a finance lease agreement	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Costs	84,723	80,927	64,895
Depreciation	-25,924	-25,063	-22,556
Total	58,800	55,864	42,339

Fixed assets by types	land	buildings and structures	technical equipment and machinery	means of transport	other fixed assets	Fixed assets under construction	Advance payments on fixed assets under construction	Fixed assets held for sale	TOTAL
As at 01/01/2020									
Costs	21,464	124,318	96,833	26,889	8,426	19,563			297,493
Depreciation and revaluation write-downs		-14,512	-46,778	-13,521	-5,136				-79,947
Net book value	21,464	109,806	50,055	13,368	3,290	19,563	-	-	217,546
Increases including revaluation surplus	1,658	7,185	9,820	9,257	552	951			29,423
Decreases including changes in the accumulated amortisation Foreign exchange differences		-1,633	-4,911	-2,011	-1,367	-20,051			-29,973
As at 31/12/2020									
Net book value	23,122	115,358	54,964	20,614	2,475	463	-	-	216,996
As at 01/01/2021									
Costs	22,467	68,668	99,252	37,269	7,620	20,648			255,925
Depreciation		-18,805	-51,427	-16,013	-6,536	-20,051			-112,832
Revaluation write-downs									
Net book value	22,467	49,863	47,825	21,257	1,084	597	-	-	143,093
As at 31/03/2021									
Costs	22,467	68,668	99,252	37,269	7,620	20,648	-	-	255,925
Increases including:			3,155	1,529		279			4,963
- acquisition			3,155	1,529		279			4,963
-acquisition subsidiaries									
-revaluation surplus									
-carry-over									
- other									
Decreases, including:	-655	-62,835	-10,556	-406	-1,358	-145			-75,955
-sale			-1,398	-406	-1,328				-3,132
-reallocation to the group held for sale									

- other	-655	-62,835	-9,158		-30	-145		-72,823
Depreciation	-	-18,805	-51,427	-16,013	-6,536	-20,051	-	-112,832
Increases including:		-2,660	-1,333	-787	-63			-4,844
- amortisation and depreciation		-2,660	-1,333	-787	-63			-4,844
-acquisition subsidiaries								
- other								
Decreases			1,595	306	30			1,931
-sale			1,444	306				1,750
-reallocation to the group held for sale								
-carry-over								
- other			151		30			181
Revaluation write-downs								
-revaluation write-downs								
-reversals of revaluation write-downs								
Foreign exchange differences								
Net value	22,466	49,863	47,825	21,257	1,084	597	-	143,091

No oversized expenditures on fixed assets are planned for the upcoming reporting periods under the approved investment plans.

Note 2 Investment property

Investment real property measured according to the fair value model	undeveloped land	buildings and structures	TOTAL
As at 01/01/2020	15,138	234,511	249,649
New property acquisitions		79,973	79,973
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity merger			
Net amount of gains or losses resulting from fair value measurement adjustments		-3,809	-3,809
Carry-overs to investments for lease			
Carry-overs to and from inventories		-4,780	-4,780
Sales	-272	-36,637	-36,909
Carry-overs to and from owner-occupied property			
Other changes		138,222	138,222
As at 31/12/2020	14,866	407,480	422,346
New property acquisitions		80,056	80,056
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity merger			
Net amount of gains or losses resulting from fair value measurement adjustments		-61	-61
Carry-overs to investments for lease			
Carry-overs to and from inventories		-583	-583
Sales		-3,128	-3,128
Carry-overs to and from owner-occupied property			
Other changes		-1,331	-1,331
As at 31/03/2021	14,866	482,432	497,298

Neither in the current nor in the previous reporting period did MIRBUD S.A. have any investments in property. However, the company has a capital commitment in subsidiaries for which property investment is a significant part of the activities.

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

The increase in the value of investment real property as at 31/03/2021 was affected by the transaction concerning the purchase by Marywilska 44 sp. z o.o. from Expo Mazury S.A. w likwidacji of the remaining real property situated in Ostróda at ul. Grunwaldzka 55 and 55A, covering halls with a total area of 27.099 m² intended for warehousing and logistic operations. The real property included halls which previously constituted investment real properties (with a value of PLN 3,128 thousand), real

property constituting fixed assets (with a value of PLN 62,835 thousand) and other fixed assets (with a value of PLN 11,162 thousand). The transaction increased the value of investment real properties by PLN 76,928 thousand.

In addition, the following factors contribute to the value of investment real properties:

- purchase of 31/12/2020 by Marywilka 44 sp. z o.o. from Expo Mazury S.A. w likwidacji of the real property situated in Ostróda at ul. Grunwaldzka 55 covering halls with a total area of 29.625 m² intended for warehousing and logistic operations. The real property included halls which previously constituted investment real properties (with a value of PLN 36,637 thousand) and fixed assets (with a value of PLN 32,497 thousand). The transaction increased the value of investment real properties by PLN 43,336 thousand.
- recognition of an asset under the right to use land property located in Warsaw at ul. Marywilka 44 used on the basis of long-term lease contracts - recognition in accordance with IFRS 16 "Leasing" as at 31/03/2021 - PLN 136,999 thousand,

The amount of PLN 15 million disclosed in the consolidated financial statements relates to undeveloped land properties situated in Wola Pękoszewska, Skierniewice, at ul. Unii Europejskiej, and Rawa Mazowiecka, at ul. Biała.

In addition, the value of investment real properties includes:

- Shopping Centre building with a value of PLN 125 million,
- Wodny Park Handlowy building completed on 31/12/2017, with a value of PLN 28 million,
- apartments in Hel with a value of 9 million,
- Shopping Centre building in Rumia with a value of PLN 11 million,
- commercial building in Starachowice with a value of PLN 18 million,

Ownership structure of investment real property value	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Own	360,299	284,016	244,560
Used under operating lease, rent, hire and similar	136,999	138,330	
Total	497,298	422,346	244,560

Investment real property used under financial lease contracts	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Capitalised leasing costs			
Fair value changes			
Total			

Data on investment real property measured at fair value carried out by the entity	in thousands of PLN		
	For the period:	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/12/2020	from 01/01/2020 to 31/03/2020
Book value	497,298	422,346	244,560

Revenue from rent	30,879	32,877	11,687
Direct operating costs for investment property yielding rental income	-23,064	-27,322	-7,846
Direct operating costs for investment property not yielding rental income			
Total:	7,815	5,555	3,841

Amounts of restrictions on the realisation of economic benefits

Contractual purchase, construction or adaptation amounts

Investment real property according to the fair value hierarchy	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
I			
II	497,298	422,346	244,560
III			
Total	497,298	422,346	244,560

IFRS 13 introduces a fair value determination hierarchy, based on three levels of obtaining input information. 3 levels of fair value determination hierarchy

Level one (I) contains input information from an active market and is treated as the source of most reliable data. Data from this level should be used whenever possible.

Level two (II) contains input information other than from an active market, which are however observable (objective, measurable). This level includes the following possible sources of information and data: quotations for similar assets and liabilities from an active market; quotations for the same or similar assets and liabilities from markets which are not active; markets other than quoted markets which are nevertheless observable (interest rates, credit spreads, etc.); other market-based information.

Level three (III) contains unobservable data used when information from the first two measurement levels cannot be obtained. This includes any measurements with subjective input data. IFRS 13 distinguishes three main fair value measurement methods: market approach; cost approach; flow approach.

Note 3 Intangible assets

Ownership structure of intangible assets	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Own intangible assets	6,164	6,302	15,275
Intangible assets used under operating lease, rent, hire or similar			
Total	6,164	6,302	15,275

Costs of external financing capitalised in the value of intangible assets	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Interest			
Foreign exchange differences			
Other borrowing costs			
Total			

Data does not exist.

Intangible assets used under financial lease contracts	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Costs			
Depreciation			
Total			

Data does not exist.

Intangible and legal assets	Costs of research and development	Goodwill	Plans and licenses	Other intangible assets	Advance payments for intangible assets	TOTAL
As at 01/01/2020						
Costs		13,026	5,816		34	18,876
Depreciation and revaluation write-downs		-8,517	-3,228			-11,745
Net book value		4,509	2,588		34	7,131
Increases			118			118
including revaluation surplus						
Decreases			-913			-913
including changes in the accumulated amortisation			-913			-913
Foreign exchange differences						
As at 31/12/2020						
Net book value		4,509	1,793			6,302
as on 01/01/2021						
Costs		4,509	5,139		34	9,682
Depreciation			-3,484		-34	-3,518
Revaluation write-downs						
Net book value		4,509	1,655			6,164
as on 31/03/2021						
Costs		4,509	5,139			9,648
Increases including:			118			118
- acquisition			84			84
-acquisition subsidiaries						
-revaluation surplus						
-carry-over						
- other			34			34
Decreases, including:					-34	-34
-sale					-34	-34
-reallocation to the group held for sale						
- other						
Depreciation			-3,484		-34	-3,518
Increases including:			-256			-256
- amortisation and depreciation			-256			-256
-acquisition subsidiaries						
- other						
Decreases						
-sale						
-reallocation to the group held for sale						
-carry-over						
- other						
Revaluation write-downs						
-revaluation write-downs						

-reversals of revaluation write-downs

Foreign exchange differences

Net value	-	4,509	1,655	-	-	6,164
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The main component of intangible assets is the SAP system. The plan has a useful life of 20 years and its residual value is PLN 0.00.

Due to the ongoing process of winding up the operations of Expo Mazury sp. z o.o. w likwidacji, as at 31/12/2020 a revaluation write-down of PLN 8,517 thousand was made on goodwill.

Other goodwill has been allocated to the relevant activity segments as cash-generating units. The impairment tests carried out for these units, based on discounted cash flows, indicated that the recoverable value of these assets was higher than their book value.

Cash flows have been designed on the basis of historical data and the best management forecasts. The discount factors were selected on the basis of external sources and presented in the note corresponding to the report on activity segments.

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

Shares in other entities are initially recognised at fair value plus transaction costs. In later periods they are recognised at fair value.

After the initial recognition, the Group measures all investments in equity instruments at fair value. For all the investments being set, the Group chose the option to present gains and losses on changes in fair value of equity instruments in other comprehensive income. If such a choice is made, gains and losses on the change in fair value are not subsequently reclassified to profit or loss when the investment is no longer disclosed. Impairment write-downs (and reversals of write-downs) in respect of equity investments measured at fair value through other comprehensive income are not presented on other changes in fair value.

Dividends from such investments are recognised in profit or loss when the Company's right to receive payment is established.

Financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Capital investments in subsidiaries	316	316	316
Other			232
Total	316	316	548

Other financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	in thousands of PLN			
	As at:	Increases	Decreases	As at:
	31/12/2020	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	31/03/2021

Long-term financial assets

in related entities

- other securities (bonds)
- loans granted
- other long-term financial assets

in other entities

- shares
- financial assets available for sale
- financial assets held to maturity
- assets under derivative instruments
- loans granted
- other long-term financial assets

Short-term financial assets

in subsidiaries and jointly controlled entities

- shares available for trade
- other securities
- loans granted
- other short-term financial assets

in associates

- shares available for trade
- other securities
- loans granted
- other short-term financial assets

in other entities

- shares (listed)
- other shares
- financial assets measured at fair value by financial result
- financial assets available for sale
- financial assets held to maturity
- assets under derivative instruments
- loans granted
- other short-term financial assets

Total

As at 31/03/2021, the values did not occur.

Basic financial data of main, directly controlled subsidiaries	JHM Development S.A	Kobylarnia S.A.	Expo Mazury S.A. w likwidacji
Total assets	836,080	218,113	139,142
Long-term liabilities	221,444	79,297	605
Short-term liabilities	71,385	49,616	840
Equity	543,250	89,199	137,697
Direct share in capital	100.00%	100.00%	99.99%
Share in equity (direct and indirect)	100.00%	100.00%	99.99%
Sales revenue	38,897	71,066	48
Net profit (loss)	3,835	749	11,750
Total income for the net financial year	3,835	749	11,750
Total net cash flows	-5,219	-10,268	1,776

Basic financial data of main, indirectly controlled subsidiaries	Marywilka 44 Sp. z o.o.	JHM 1 Sp. z o.o.	JHM 2 Sp. z o.o.	Mirbud Ukraina Sp. z o.o.
Total assets	484,468	19,357	14,759	
Long-term liabilities	168,602	6,305	3,126	
Short-term liabilities	21,739	794	478	
Equity	294,127	12,020	11,052	
Share in equity (direct and indirect)	100.00%	100.00%	100.00%	100.00%
Sales revenue	7,529	284	170	
Net profit (loss)	-504	215	80	
Total income for the net financial year	-504	215	80	
Total net cash flows	-1,560	123	-72	

On 19 April 2019, MIRBUD S.A., holding 86.28% of shares in JHM DEVELOPMENT S.A., published in current report No. 10/2019 information on the assumption of the transaction aimed at obtaining full control over JHM DEVELOPMENT S.A. and withdrawal of its shares from trading on the Warsaw Stock Exchange.

As at 31/12/2019, MIRBUD S.A. held 100% shares in JHM Development S.A.

Shares of JHM Development S.A., held by the President of the Management Board of MIRBUD S.A., Jerzy Mirgos, were sold in the amount of 4,304,984 as a result of the conclusion and settlement of the transaction of purchase of JHM Development S.A.'s shares.

On 29 July 2020, MIRBUD S.A. purchased from Kobylarnia S.A. shares in Expo Mazury Sp. z o.o. w likwidacji with the total value of PLN 39,427,900.00, and on 2 November 2020 MIRBUD S.A. purchased shares in Expo Mazury Ltd. w likwidacji from Marywilka 44 Sp. z o. o. for the total amount of PLN 3,500,000.00.

As at the date of the report, MIRBUD S.A. held 99.99% shares in Expo Mazury Sp. z o.o. w likwidacji.

Pursuant to a resolution of 02/12/2020 (Notarial Deed Repository A No. 11976/2020) of the Extraordinary General Meeting of Shareholders of Marywilka 44 sp. z o.o. share capital of Marywilka 44 sp. z o. o. was increased by a contribution made by the parent company MIRBUD S.A.

Pursuant to the above resolution, the share capital of Marywilka 44 sp. z o.o. shall be increased by PLN 78,250 thousand, increasing the number of shares by 1,565,000 pcs. The shares in the increased share capital shall be fully covered with a cash contribution in the amount of PLN 156,500,000.00. The surplus over the total nominal value of the shares, in the amount of PLN 78,250 thousand, was transferred to the supplementary capital of Marywilka 44 Sp. z o.o. As at the date of publication of this report, the capital increase has not been registered with the National Court Register.

Note 5 Investments measured using the equity method

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

Note 6 Trading and other receivables

Trading and other receivables	in thousands of PLN
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	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
<u>Long-term receivables</u>	<u>8,929</u>	<u>9,589</u>	<u>12,077</u>
trade receivables from related entities			
trade receivables from other entities			
other receivables from related entities			
other receivables from other entities	8,929	9,589	12,077
<u>Short-term receivables</u>	<u>318,129</u>	<u>287,503</u>	<u>327,816</u>
trade receivables from related entities			
trade receivables from other entities	151,054	142,481	121,734
retained amounts under execution of contracts from related entities			
retained amounts under execution of contracts from other entities	75,065	62,016	19,221
other receivables from related entities			
other receivables from other entities	2,896	18,670	10,210
amounts transferred for deliveries	41,551	15,270	5,071
budget receivables except for corporate income tax settlements	4,467	1,127	1,976
disputed receivables brought before the court	3,097	3,822	18,871
accrual of receivables under settlement of long-term contracts	40,000	44,116	150,733
Total	<u>327,059</u>	<u>297,092</u>	<u>339,893</u>

Age structure of receivables	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Gross trade receivables	<u>351,872</u>	<u>321,879</u>	<u>346,730</u>
not past due, including:	<u>308,784</u>	<u>271,407</u>	<u>301,230</u>
payable up to 1 month	188,422	164,715	243,671
payable from 1 to 3 months	36,368	35,086	26,261
payable from 3 to 12 months	75,065	62,016	19,221
payable from 1 year to 5 years	8,929	9,589	12,077
past due, including:	<u>43,087</u>	<u>50,472</u>	<u>45,500</u>
past due up to 1 month	5,859	3,693	13,421
past due from 1 to 3 months	4,264	19,559	4,667
past due from 3 to 6 months	5,064	617	5,361
past due from 6 to 12 months	121	533	442
past due over 12 months	27,779	26,071	21,609
receivables in respect of which credit risk has significantly increased	-1,487	-1,487	-1,007
receivables revaluation write-down	-23,326	-23,300	-5,830

Net trade receivables	327,059	297,092	339,893
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For 2020, MIRBUD S.A. charged a receivable write-down for receivables of FABRYKI BIZNESU Sp. z o.o., RADMAX P Sp. z o.o. Sp. Komandytowo Akcyjna, F-Group Sp. z o.o. Sp. Komandytowo Akcyjna in the total amount of PLN 20,740 thousand.

Receivables revaluation write-downs	Trade receivables	Disputed receivables	Other	Total
As at 01/01/2020	-6,837		-1,743	-8,580
Increases	-16,565		-1,837	-18,402
Releases	444		1,743	2,187
Utilisation	8			8
As at 31/12/2020	-22,950		-1,837	-24,787
Increases	-37			-37
Releases	11			11
Utilisation				
as at 31/03/2021	-22,976		-1,837	-24,813

Revaluation write-downs in respect of credit losses.

The Company uses a simplified write-down matrix to calculate expected credit losses. In order to determine expected credit losses, trade receivables were grouped based on probability of credit risk characteristics and past due bands. The Company states that it has one hegemonic group of receivables.

The liability default rate was established on the basis of historical data from 2018 to 2020.

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

The liability default rate established as at 31/12/2020 is:

- for non-matured receivables - 0.01%
- for receivables past due up to 1 month - 0.02%
- for receivables past due from 1 month to 3 months - 0.04%
- for receivables past due from 3 to 6 months - 0.07%
- for receivables past due from 6 to 12 months - 0.23%
- for receivables past due over 12 months - 0.47%

As at 31/03/2021, the Group adopted the value of the write-down for possible credit risk based on the value as at 31/12/2020, i.e. in the amount of PLN 1,487 thousand.

Note 7 Biological assets

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

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

Other assets	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Other long-term assets	402	291	69
Long-term cost prepayments	402	291	69
Other long-term assets not elsewhere classified			
Other short-term assets	5,296	1,905	4,976
Short-term cost prepayments	5,296	1,905	4,976
Other short-term assets not elsewhere classified			
Total	5,698	2,196	5,045

Note 9 Inventories

Inventories	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Materials	8,179	6,977	9,584
Semi-finished products and work in progress	118,852	157,817	120,865
Finished products			18
Goods	55,656	57,144	56,615
Completed developer contracts	85,732	60,885	62,840
Total	268,419	282,823	249,922

Inventory revaluation write-downs	Materials	Semi-finished products and work in progress	Finished products	Goods	Completed developer contracts
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As at 01/01/2020

Increases

Releases

Utilisation

As at 31/12/2020

Increases

Releases

Utilisation

as at 31/03/2021

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

Note 10 Cash and cash equivalents

Cash and cash equivalents	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Cash on hand and with banks	145,924	145,526	23,163
Term deposits	48,770	126,848	34,399
Other monetary assets	10,071	16,623	8,719
Total	204,765	288,997	66,281

The term deposit in the amount of PLN 1,800 thousand constitutes interest-bearing funds used as hedging for the Marywilska 44 company's credit contract.

The amount of PLN 698 thousand stands for the credit hedging of the JHM Development SA registered office.

Term deposit in the amount of PLN 95 thousand constitutes interest-bearing funds securing the credit contract of the JHM 2 Sp. z o.o. company.

Term deposits in the amount of PLN 24,444 thousand available for the execution of infrastructural contracts - construction of a fragment of the A1 motorway and construction of a fragment of the S1 expressway (Węgierska Górka bypass).

Term deposits in the amount of PLN 21,729 thousand are interest-bearing cash constituting a hedge for proper execution of construction contracts, obtained from advances of MIRBUD S.A. investors.

Other cash assets are funds accumulated on individual housing accounts by purchasers of residential units for development investments in the course of construction. As a result, they are limited in their use.

write-downs for impairment of cash and cash equivalents have been determined individually for each balance relating to a given financial institution. External rankings of banks and publicly available information on the default rates for individual rankings were used to assess credit risk. The analysis showed that these assets have a low credit risk as at the reporting date. The Company used the simplification allowed by the standard and the impairment write-down determined on the basis of 12-months' credit losses.

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

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

Note 12 Capitals

Capitals and liabilities	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Share capital	9,174	9,174	9,174
Issue price surplus over nominal value of shares			
Other reserve capitals	220,499	220,499	220,499
Retained earnings attributable to the shareholders of the parent company/supplementary capital	223,420	173,743	175,578
Profit/loss in the reporting period	27,505	58,193	6,618
Capital attributable to non-controlling shares			
Total	480,598	461,610	411,869

On 11 September 2019, the National Court Register - Register of Entrepreneurs registered the increase in the Company's share capital as a result of acquisition by eligible persons of 2,873,947 series J ordinary bearer shares. The Company informed about the indicated acquisition of shares and increase of the share capital in the current report No. 37/2019 of 12 July 2019. The share capital increase disclosed in the National Court Register took place as part of the conditional share capital increase, on the basis of the authorisation contained in Resolution No. 5/2019 of the Extraordinary General Meeting of 17 May 2019 and § 10A of the Company's Articles of Association. The amount of the share capital after the share capital increase was PLN 8,536,644.70 and was divided into 85,366,447 shares. The share capital disclosed in the National Court Register was divided into shares with a nominal value of PLN 0.10 each. The total number of votes resulting from all issued shares disclosed in the National Court Register was 85,366,447 votes at the General Meeting of Shareholders.

On 30 September 2019, 6,377,753 series K shares were registered by the National Depository for Securities and issued to the person who acquired the series K shares as part of the conditional capital increase by recording them on the securities account. In connection with the issuance of series K shares, the share capital was increased from PLN 8,536,644.70 to PLN 9,174,420, i.e. by PLN 637,775.30.

Following the issuance of series K shares, the Company's share capital is divided into 91,744,200 ordinary bearer shares with a nominal value of PLN 0.10 each, entitling to 91,744,200 votes at the General Meeting of Shareholders.

Pursuant to a resolution of 02/12/2020 (Notarial Deed Repository A No. 11976/2020) of the Extraordinary General Meeting of Shareholders of Marywilka 44 sp. z o.o. share capital of Marywilka 44 sp. z o. o. was increased by a contribution made by the parent company MIRBUD S.A.

As at 31/03/2021, MIRBUD S.A. made a payment of PLN 156,500 thousand to Marywilka 44 sp. z o.o.

Pursuant to the above resolution, the share capital of Marywilka 44 sp. z o.o. in 2021 shall be increased by PLN 78,250 thousand, increasing the number of shares by 1,565,000 pcs. The shares in

the increased share capital were fully covered with a cash contribution in the amount of PLN 156,500,000.00. The surplus over the total nominal value of the shares, in the amount of PLN 78,250 thousand, was transferred to the supplementary capital of Marywilska 44 Sp. z o.o. As of the date of approval of this report, the share capital increase has not been registered with the National Court Register.

Share capital structure	Number of shares	Value of capital	share nominal value	Registration date	Method of coverage
	PLN Pieces	in thousands of PLN	in PLN	dd/mm/yyyy	
Ordinary A series shares	19,500	1,950	0.10	22/12/2006	Contribution in cash
Ordinary B series shares	14,625	1,463	0.10	22/12/2006	Contribution in cash
Ordinary C series shares	2,264	226	0.10	22/12/2006	Contribution in cash
Ordinary D series shares	3,611	361	0.10	22/12/2006	Contribution in cash
Ordinary E series shares	5,000	500	0.10	11/12/2019	Contribution in cash
Ordinary F series shares	10,000	1,000	0.10	03/03/2010	Contribution in cash
Ordinary G series shares	10,000	1,000	0.10	19/05/2010	Contribution in cash
Ordinary H series shares	10,000	1,000	0.10	18/08/2010	Contribution in cash
Ordinary I series shares	7,493	749	0.10	25/06/2014	Contribution in cash
Ordinary J series shares	2,874	287	0.10	11/09/2019	Contribution in cash
Ordinary K series shares	6,378	638	0.10	30/09/2019	Contribution in cash
<u>Total at the beginning of the period</u>	<u>91,744</u>	<u>9,174</u>	-	-	-
<u>Total at the end of the period</u>	<u>91,744</u>	<u>9,174</u>	-	-	-
<u>Total as at the date of approval of financial statements for publication</u>	<u>91,744</u>	<u>9,174</u>	-	-	-

Share capital structure	Jerzy Mirgos	Nationale-Nederlanden OFE	Other shareholders
As at 31/12/2020			
Owned ordinary shares	41,271,064	10,281,000	40,192,136
Preference shares held			
Share in capital	44.99%	11.21%	43.81%
Share in gain	44.99%	11.21%	43.81%
Share in voting	44.99%	11.21%	43.81%
As at 31/03/2021			
Owned ordinary shares	41,271,064	10,281,000	40,192,136
Preference shares held			
Share in capital	44.99%	11.21%	43.81%
Share in gain	44.99%	11.21%	43.81%
Share in voting	44.99%	11.21%	43.81%

As at the publication date of the report, the shareholder structure had not changed.

Note 13 Provisions

Provisions	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
<u>Long-term provisions</u>	<u>4,384</u>	<u>4,384</u>	<u>3,221</u>
provisions for retirement benefits	494	4,384	3,221
other long-term provisions	3,890		
<u>Short-term provisions</u>	<u>4,423</u>	<u>7,390</u>	<u>3,017</u>
provisions for retirement benefits	922	922	696
provisions for warranty repairs	1,055	1,000	1,000
provisions for losses under settlements of long-term contracts			
other short-term provisions	2,446	5,467	1,321
Total	<u>8,807</u>	<u>11,773</u>	<u>6,238</u>

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

Bank loans and credits and other debt instruments	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
<u>Long-term financial liabilities, except for provisions, trading liabilities and other liabilities</u>	<u>277,847</u>	<u>293,551</u>	<u>172,484</u>
Financial liabilities due to related entities			
Loans and credits from other entities	102,504	117,935	148,974
Liabilities under derivative instruments			
Issued debt securities	12,070	12,070	5,684
Liabilities under financial lease	26,274	25,215	17,826
Other reserves	136,999	138,330	
<u>Short-term financial liabilities, except for provisions, trading liabilities and other liabilities</u>	<u>82,256</u>	<u>79,244</u>	<u>99,049</u>
Financial liabilities due to related entities			
Loans and credits from other entities	69,811	65,658	89,675
Liabilities under derivative instruments			
Issued debt securities		1,449	
Liabilities under financial lease	12,445	12,137	9,374
Other reserves			
Total	<u>360,103</u>	<u>372,795</u>	<u>271,533</u>

Debt instruments structure	in thousands of PLN					Total
	loans and credits	Liabilities under derivative instruments	Issued debt securities	Liabilities under financial lease	Other	
as on 01/01/2020	235,244		7,074	20,223		262,541
Accrued interest	10,018		773	915		11,706
Interest paid	-10,018		-765	-915		-11,698
Drawdown	66,384		12,070	28,428	138,330	245,212
Repayment	-115,047		-5,633	-11,299		-131,979
Average liability level	209,419		10,297	28,788	69,165	317,669
Real interest rate	4.78%		7.51%	3.18%	0.00%	3.68%
as on 31/12/2020	183,594		13,519	37,352	138,330	372,795
minimum payments up to 1 month	2,668			939		3,607
minimum payments from 1 to 3 months	9,096		8	2,818		11,922
minimum payments from 3 to 12 months	44,710		1,441	7,926		54,077
minimum payments within 1 year	56,474			13,616		70,090
minimum payments within 1 to 5 years	112,175		12,070	23,736	71,696	219,677
minimum payments over 5 years	17,218				66,634	83,852
interest due up to 1 year	8,783		760	1,187		10,730
interest due from 1 to 5 years	35,130		1,530	4,747		41,407
interest due over 5 years	3,416					3,416
Approximate fair value	121,731		12,807	25,547	138,330	341,683
as on 01/01/2021	183,594		13,519	37,352	138,330	372,795
Accrued interest	1,743		186	246		2,175
Interest paid	-1,743		-186	-246		-2,175
Drawdown	46,384			4,714	138,330	189,428
Repayment	-57,292		-1,449	-3,410	-139,661	-201,812
Average liability level	177,954		12,795	38,035	137,664	366,449
Real interest rate	0.98%		1.45%	0.65%	0.00%	0.59%
as on 31/03/2021	172,315		12,070	38,719	136,999	360,103
minimum payments up to 1 month	1,802			1,094		2,895

minimum payments from 1 to 3 months	4,235		3,281		7,515
minimum payments from 3 to 12 months	14,456		8,473		22,928
minimum payments within 1 year	20,492		12,847		33,339
minimum payments within 1 to 5 years	151,823	12,070	25,872	71,696	261,461
minimum payments over 5 years	18,712			66,634	85,346
interest due up to 1 year	1,687	680	250		2,618
interest due from 1 to 5 years	6,750	1,020	1,001		8,771
interest due over 5 years	201				201
Approximate fair value	42,672	10,888	24,850	138,330	302,674

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 B series 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 declaration on the establishment of hedging for the receivables under the Bonds in the form of a mortgage on the constructed premises, and the joint mortgage was registered by the court in the land and mortgage registers of the real properties hedging 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 B series 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 planned development projects of the Issuer, including financing of land purchase for new development projects of the Issuer.

PLN 9.0 million was allocated for a development project in Łódź at ul. Jugosłowiańska, 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

As at 31/12/2020, the Issuer made an early partial redemption of 9,059 B series 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 passed resolution No. X/2020 on the allocation of 7,000 C series unsecured bearer rate 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 issue of the bonds was effected by means of a bid 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 bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

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 planned development projects of the Issuer, 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 in 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 for 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 passed resolution No. XIV/2020 on the allocation of 5,070 D series unsecured bearer rate 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 issue of the bonds was effected by means of a bid 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 bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

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 planned development projects of the Issuer, 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 in the 10th, 11th and 12th interest periods, the Issuer will be required to each time unconditionally partially redeem 25% of the total number of issued Bonds.

The final redemption date was set for 30/12/2023. The transferability of the bonds is not subject to any restrictions

Liabilities under credits and loans of MIRBUD S.A. as at 31/03/2021

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
PKO BP S.A.	MIRBUD S.A.	10,000	of PLN			WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	5,000	of PLN	5,000		WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	of PLN	1,461	1,464	WIBOR 1M + margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	20,000	of PLN		15,400	WIBOR 1M + margin	30/06/2021	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	of PLN	8,178		WIBOR 1M + margin	31/10/2022	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	of PLN	7,750	9,000	WIBOR 1M + margin	28/02/2023	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	of PLN	19,989		WIBOR 1M + margin	25/08/2022	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	of PLN		34,596	WIBOR 1M + margin	31/07/2021	assignment of a business receivable, mortgage
KUKE Finanse	MIRBUD S.A.	5,000	of PLN					
Total credits and loans				42,378	60,460	102,838		

As at 31/03/2021, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was reduced by PLN 2,062 thousand.

Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 31/03/2021

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
Bank Spółdzielczy	JHM Development S.A.	2,700	of PLN		300	reference rate + margin	30/07/2021	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	8,823	of PLN	7,560	493	WIBOR 3M + margin	31/12/2034	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	5,300	of PLN	373		WIBOR 3M + margin	30/06/2022	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	15,950	of PLN	1,664		WIBOR 3M + margin	31/12/2022	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	380	of PLN		125	WIBOR 3M + margin	31/12/2021	blank promissory note
Bank Ochrony Środowiska S.A.	JHM Development S.A.	32,157	of PLN	5,722	7,463	WIBOR 3M + margin	22/12/2022	mortgages on property
Warszawski Bank Spółdzielczy	JHM Development S.A.	15,543	of PLN	5,898		WIBOR 3M + margin	31/12/2022	mortgage on property
BNP Paribas Polska S.A.	JHM 2 sp. z o.o.	4,200	of PLN	2,999	391	WIBOR 3M + margin	10/08/2024	mortgage on real property, registered pledge on shares
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	of PLN	21,208	3,486	WIBOR 3M + margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	3,000	of PLN		1,306	WIBOR 1M + margin	30/12/2022	assignment of receivables, registered pledge on bank account
SANTANDER BANK POLSKA S.A.	JHM 1 Sp. z o.o.	2,350	EUR	6,303	657	EURIBOR + margin	31/10/2030	mortgage, sureties of MIRBUD
BGK	Kobylarnia S.A.	6,212	of PLN	4,900	690	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
BGK	Kobylarnia S.A.	10,000	of PLN			WIBOR 3M + margin	30/11/2021	mortgage, surety of MIRBUD
Total credits and loans				56,627	14,911	71,539		

Liabilities under credits and loans of MIRBUD S.A. as at 31/12/2020

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
PKO BP S.A.	MIRBUD S.A.	10,000	of PLN			WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	5,000	of PLN	5,000		WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	of PLN	1,830	1,464	WIBOR 1M + margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	20,000	of PLN		15,700	WIBOR 1M + margin	30/06/2021	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	of PLN	3,630		WIBOR 1M + margin	31/10/2022	assignment of a business receivable
BGK	MIRBUD S.A.	15,000	of PLN		1,023	WIBOR 1M + margin	31/01/2021	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	of PLN	10,000	9,000	WIBOR 1M + margin	28/02/2023	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	of PLN	19,978		WIBOR 1M + margin	25/08/2022	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	of PLN		23,487	WIBOR 1M + margin	31/07/2021	assignment of a business receivable, mortgage
KUKE Finanse	MIRBUD S.A.	5,000	of PLN		5,000			
Total credits and loans				40,438	55,675	96,113		

As at 31/12/2020, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was reduced by PLN 1,939 thousand.

Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 31/12/2020

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	of PLN		525	reference rate + margin	30/07/2021	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	8,823	of PLN	7,685	490	WIBOR 3M + margin	31/12/2034	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	5,300	of PLN	1,355		WIBOR 3M + margin	30/06/2022	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	12,729	of PLN			WIBOR 3M + margin	31/12/2021	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	15,950	of PLN	7,170		WIBOR 3M + margin	31/12/2022	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	380	of PLN		125	WIBOR 3M + margin	31/12/2021	blank promissory note
Bank Ochrony Środowiska S.A.	JHM Development S.A.	32,157	of PLN		617	WIBOR 3M + margin	22/12/2022	mortgages on property
Warszawski Bank Spółdzielczy	JHM Development S.A.	15,543	of 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	of PLN	3,205	437	WIBOR 3M + margin	10/08/2024	mortgage on real property, registered pledge on shares
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	of PLN	22,079	3,486	WIBOR 3M + margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	3,000	of PLN			WIBOR 1M + margin	30/12/2022	assignment of receivables, registered pledge on bank account
SANTANDER BANK 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	of PLN	14,350	3,344	WIBOR 3M + margin	27/03/2026	Capped mortgage on property

BGK	Kobylarnia S.A.	6,212	of PLN	4,900	690	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
BGK	Kobylarnia S.A.	10,000	of PLN			WIBOR 3M + margin	30/11/2021	mortgage, surety of MIRBUD
Total credits and loans				79,056	10,361	89,418		

Note 15 Trading and other liabilities

Trading and other liabilities	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Long-term liabilities	282,214	283,577	146,767
Trade liabilities to related entities			
retained amounts to related entities			
Other liabilities due to related entities			
Trade liabilities to other entities			
Retained amounts to other entities	83,948	85,310	52,771
Other liabilities due to other entities	198,266	198,266	93,996
Short-term liabilities	307,884	359,071	254,097
Trade liabilities to related entities			
retained amounts to related entities			
Other liabilities due to related entities			
Trade liabilities to other entities	197,940	255,637	166,005
Liabilities under settlement of long-term contracts			
Advance payments received	61,184	45,523	13,252
Bills of exchange liabilities			
Budget liabilities except for corporate income tax settlements	17,148	27,841	26,633
Remuneration settlements	4,175	4,419	3,596
Retained amounts to other entities	25,859	23,866	42,410
Other liabilities due to other entities	1,578	1,785	2,201
Total	590,098	642,647	400,864

Age structure of liabilities	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Trade liabilities	590,098	642,647	400,864
not overdue	585,430	633,179	366,529
payable up to 1 month	168,317	243,181	164,100
payable from 1 to 3 months	47,855	37,032	
payable from 3 to 12 months	87,044	69,389	55,662
payable from 1 year to 5 years	282,214	283,577	146,767
past due up to 1 month	2,298	7,412	17,018
past due from 1 to 3 months	2,370	2,057	12,494
past due from 3 to 6 months			4,823

past due from 6 to 12 months

past due over 12 months

Total overdue	4,668	9,469	34,335
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Note 16 Other current liabilities and provisions not elsewhere classified (including accruals and prepayments)

Other liabilities and provisions not classified, including accruals and prepayments	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Long-term	80		14,295
Revenue settled in time	80		14,295
Cost prepayments			
Other items			
Short-term	537	9,855	34,154
Revenue settled in time	487	9,409	32,832
Cost prepayments	50	446	1,322
Other items			
Total	617	9,855	48,449

Note 17 Sales revenue

Structure of sales revenue	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Net revenue from sales of products and services	290,455	189,619
- to related entities		
- to other entities	290,455	189,619
Net revenue from sales of goods	2,041	3,092
- to related entities		
- to other entities	2,041	3,092
Net revenue from sales of materials	5,849	
- to related entities		
- to other entities	5,849	
Total	298,345	192,711

Geographical structure of sales revenue	in thousands of PLN
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	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Net revenue from sales of products and services	290,455	189,619
- domestic sales	290,455	189,619
- export sale		
Net revenue from sales of goods	2,041	3,092
- domestic sales	2,041	3,092
- export sale		
Net revenue from sales of materials	5,849	
- domestic sales	5,849	
- export sale		
Total	<u>298,345</u>	<u>192,711</u>

Settlement of gains or losses on long-term services in progress	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Revenue invoiced for services in progress	293,427	131,082
Adjustment of revenue under the settlement of the progress of construction services	-29,115	45,509
Total	<u>264,312</u>	<u>176,591</u>
Costs incurred for services in progress	-239,163	-164,756
Adjustment of costs under the settlement of the progress of construction services		
Total	<u>-239,163</u>	<u>-164,756</u>
Losses on contracts in progress		
Impact on the current financial result	<u>-29,115</u>	<u>45,509</u>
Impact on the accumulated results of contracts unfinished as at the balance-sheet date	<u>54,264</u>	<u>-33,674</u>

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

Note 18 Own cost of sales

Own costs of sales	in thousands of PLN
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	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Production cost of products sold	-252,955	-169,176
- to related entities		
- to other entities	-252,955	-169,176
Value of goods sold	-1,493	-2,895
- to related entities		
- to other entities	-1,493	-2,895
Value of materials sold	-5,544	
- to related entities		
- to other entities	-5,544	
Total	<u>-259,992</u>	<u>-172,071</u>

Own costs of sales	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Production cost of products sold	-252,955	-169,176
- own costs of domestic sales	-252,955	-169,176
- own costs of export sales		
Value of goods sold	-1,493	-2,895
- own costs of domestic sales	-1,493	-2,895
- own costs of export sales		
Value of materials sold	-5,544	
- own costs of domestic sales	-5,544	
- own costs of export sales		
Total	<u>-259,992</u>	<u>-172,071</u>

Cost structure by types	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Amortisation	-3,127	-2,946
Consumption of materials and energy	-38,268	-27,203
Outsourced services	-194,980	-149,899
Taxes and charges, including:	-1,905	-2,040
Remunerations	-17,042	-14,282
Social insurance and other benefits	-3,233	-2,739

Other costs by type	-7,809	-10,247
Value of goods and materials sold	-7,027	-2,895
Manufacturing cost of products for internal purposes		
Total	-273,390	-212,251

Recognition of costs by type in the financial statements	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
In own costs of sales	-259,992	-172,071
In the change of balance of assets	-72	-27,280
In costs of sales	-1,185	-1,107
In general overheads	-12,141	-11,793
In other items		
Total:	-273,390	-212,251

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

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

Note 20 Other revenue and costs

Other revenue and costs of operating and investment activities	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Costs of sales	-1,185	-1,107
Overheads	-12,141	-11,793
Write-downs on non-investment assets	-37	
Reversal of revaluation write-offs of non-investment assets		
Restructuring costs		
Court proceedings settlement result	13	
Result of sale of non-investment fixed assets	895	447
Revenue from revaluation of investment property	4,205	
Costs under revaluation of investment property	-5,597	
Result of sale of investment property		
Result of sale of all or part of subordinate entities		
Result of sale of other financial investments		
Dividends		
Interest	252	434
Result of revaluation of other financial investments measured at fair value through financial result		
Result of measurement of investments recognised using the equity method		
Revaluation write-downs of other financial assets		

Reversal of revaluation write-downs of other financial assets		
Foreign exchange differences of operating and investment activities	-1,961	609
Other revenue	17,350	4,017
Other costs	-3,001	-1,094
Total revenue	22,714	5,507
Total costs	-23,922	-13,994

The item of revenue and costs under revaluation of investment real property includes the result from the measurement of individual investment real properties and write-downs constituting depreciation of the asset under the right of use of the real property under the long-term lease contract.

Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Revenue from increase in the value of investments measured according to the equity method		
Costs under decrease in the value of investments measured under the equity method		
Total		

The above items did not occur.

Structure of revaluation write-downs of non-investment assets	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Tangible fixed assets		
-revaluation write-down created		
-revaluation write-down reversal		
Intangible assets		
-revaluation write-down created		
-revaluation write-down reversal		
Receivables	-37	
-revaluation write-down created	-37	
-revaluation write-down reversal		
Inventories		
-revaluation write-down created		
-revaluation write-down reversal		
Fixed assets held for sale		
-revaluation write-down created		
-revaluation write-down reversal		

Other reserves

-revaluation write-down created

-revaluation write-down reversal

Total asset revaluation write-offs	-37	-
Total reversal of revaluation write-downs	-	-

Revenue and costs from investment property	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Revenue from sales to related entities		
Revenue from sales to other entities		
Own costs of sales for related entities		
Own costs of sales for other entities		
Increase of fair value of investment real property	4,205	
Decrease of fair value of investment property	-5,597	
Result on investments in property	-1,392	

Revenue and costs from financial investments	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Dividends to related entities		
Dividends to other entities		
Interest to related entities		
Interest to other entities	252	434
Revenue from the sale of all or part of subordinate entities		
Own cost of sales of all or part of subordinate entities		
Revenue from increase in the value of derivative instruments		
Costs under decrease of value of derivative instruments		
Revenue from ineffective hedging instruments		
Costs from ineffective hedging instruments		
Reversal of revaluation write-downs of other financial assets		
Revaluation write-downs of other financial assets		
Revenue from increase in investments measured at fair value through profit or loss		
Costs under decrease of investments measured at fair value through financial result		
Foreign exchange profits	758	
Foreign exchange losses	-2,719	
Results of financial investment activities	-1,709	434

Other revenue	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Subsidies received	10,960	2,296
Other revenue from other entities - re-invoices	1,796	513
Other revenue from other entities	4,593	1,208
Total	17,350	4,017

Other costs	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Donations	172	
Other costs from other entities - re-invoices	-1,796	-513
Other costs from other entities	-1,377	-581
Total	-3,001	-1,094

Note 21 Financial costs

Financial costs	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Interest on credits		-1,723	-2,431
Interest on loans from related entities			
Interest on loans from other entities			
Interest on bonds for related entities			
Interest on bonds for other entities			
Interest on liabilities under finance lease agreements from related entities			
Interest on liabilities under finance lease agreements from other entities		-246	-205
Other interest for related entities			-111
Other interest for other entities		-100	-138
Valuation of equity instruments			
Interest under factoring contracts		-19	-67
Foreign exchange differences on financial liabilities		-60	-494
Other financial costs for related entities			

Other financial costs for other entities	-2,426	-154
Total financial costs	-4,574	-3,600

Note 22 Income taxes

Income tax	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Income tax current part	-11,372	-1,900
Income tax deferred part	6,307	-35
Other tax burdens on the financial result		
Adjustments relating to previous years		
Total income tax	-5,065	-1,935

Reconciliation of the effective tax rate	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Pre-tax profit (loss)	32,570	8,553
Statutory rate of tax in %	19%	19%
Tax at the statutory rate (normative)	-6,188	-1,625
Tax effect of the received dividend		
Tax exemptions		
Assets under tax loss for the reporting period not recognised in deferred tax		
Tax effect of other revenue and costs permanently not constituting revenue and tax costs	1,124	-310
Other		
Income tax in the result account	-5,065	-1,935

Deferred tax	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Deferred tax asset	32,118	21,829	25,316
- for provisions for employee benefits	638	638	566
- for other provisions	834	780	4,352
- on account of accrued interest		1	4
- for write-downs on current assets	1,122	1,221	1,155
- on account of investment valuation	124	113	147

- for settlement of construction contracts	15,392	8,389	
- for losses from previous years	5,840	5,202	14,722
- under tax and balance sheet differences in the value of fixed assets and lease contracts	4,893	4,608	36
- under foreign exchange differences	49	44	40
- other	3,227	833	4,294
Deferred tax liability	28,290	24,307	36,470
- on account of accrued interest	266	212	703
- on account of investment valuation	3,407	3,407	3,423
- for settlement of construction contracts	7,600	4,266	10,411
- under tax and balance sheet differences in the value of fixed assets and lease contracts	16,904	16,133	21,668
- under foreign exchange differences	2	2	2
- for goodwill			
- other	111	288	263
Net deferred income tax assets (Provision)	3,828	-2,478	-11,154

Net deferred income tax assets (Provision)	in thousands of PLN		
	For the period:	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/12/2020	from 01/01/2020 to 31/03/2020
Deferred net income tax assets (provisions) at the beginning of the period	-2,478	-11,119	-11,119
Reference to financial result	6,307	8,641	-35
Reference to other total income			
Other reference to equity			
Subsidiaries			
Deferred net income tax assets (provisions) at the end of the period	3,828	-2,478	-11,154

Receivables (income tax liabilities)	in thousands of PLN		
	For the period:	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/12/2020	from 01/01/2020 to 31/03/2020
Opening balance of receivables (income tax liabilities)	-16,142	-2,410	-2,410
Payment (refund) of income tax	10,862	6,988	1,121
Current income tax accrual	-11,372	-20,720	-1,900
Receivables (liabilities under deferred income tax) at the end of the period	-16,652	-16,142	-3,189

Note 23 Other total income

Other total income	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Components which will not be subsequently reclassified to the income statement		
Exchange differences on translation of foreign entities		
Actuarial gains and losses		
Income tax on items not be carried forward in later periods		
Components which will be reclassified into profit or loss when certain conditions are met		
Effects of measurement of financial instruments by other comprehensive income		
Effective part of hedge accounting		
Effects of revaluation of fixed assets		
Carry-over to the report on income statement		
Income tax related to the items presented in other comprehensive income		
Other total net income		
Assigned to non-controlling shares	-	-
Assigned to the owners of the parent	-	-

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

Note 24 Earnings per share

Earnings per share	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Gain (loss) on continued operations attributable to owners of the parent	27,505	6,618
Gain (loss) on discontinued operations attributable to owners of the parent		
Total	27,505	6,618
Weighted average number of ordinary shares in thousands of pieces	91,744	91,744
Basic gain per share	0.30	0.07
Costs of interest on convertible bonds (net of tax)		
Gain (loss) to determine diluted earnings per share	27,505	6,618
Share options issued in thousands of pieces		
Theoretical conversion of convertible bonds in thousands of pieces		

Weighted average number of ordinary shares for diluted profit per share in thousands	91,744	91,744
<u>Diluted earnings per share</u>	<u>0.30</u>	<u>0.07</u>

Note 25 Operating segments

The activity of the Compiler of the financial statements relates entirely to the territory of the country, therefore, no geographical segments are presented. In the Capital Group, where the Issuer is a parent, operating segments are distinguished. Within this division, the Issuer's activity is assigned to the construction and assembly services segment.

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

Selected items of the income statement for segments in PLN thousand in the reporting period	Construction and assembly activity	Real estate development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021
Continued activities								
Sales revenue	264,905	30,875	8,022		6,541	310,343	-11,998	298,345
Own cost of sales	-239,163	-23,064	-4,596		-6,869	-273,692	13,700	-259,992
Gross profit from sales	25,742	7,811	3,426		-328	36,651	1,702	38,353
EBIT	18,557	5,058	2,509		11,770	37,894	-749	37,145
Pre-tax activity profit (loss)	14,276	4,930	-288		11,581	30,499	2,071	32,570
Income tax attributable to continuing activities	-2,753	-901	93		32	-3,528	-1,537	-5,065
Profit (loss) on continuing activities	11,523	4,030	-195		11,613	26,971	535	27,505
Discontinued activities								
Profit (loss) on discontinued activities								
NET PROFIT (LOSS)	<u>11,523</u>	<u>4,030</u>	<u>-195</u>		<u>11,613</u>	<u>26,971</u>	<u>535</u>	<u>27,505</u>
Assigned to the owners of the parent	<u>11,523</u>	<u>4,030</u>	<u>-195</u>		<u>11,613</u>	<u>26,971</u>	<u>535</u>	<u>27,505</u>

A decision was made to reorganise the Group and liquidate Expo Mazury S.A. w likwidacji. The exhibition and trade fair activity segment, in which Expo Mazury S.A. w likwidacji operates, did not bring or generate any result. This item showed the economic volumes resulting from renting commercial warehouse space to IKEA Industry. Revenue on this account in the comparative period was also recognised in this segment. As of 01/01/2021, the Group does not operate in this segment and the result obtained by Expo Mazury S.A. w likwidacji in Q1 2021 was mainly from the settlement of subsidies and was disclosed in the segment concerning other financial data.

Concentration of recipients by business activity segments	Construction and assembly activity	Real estate development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021	from 01/01/2021 to 31/03/2021
Recipient 1	149,558					149,558		149,558
Recipient 2	19,385					19,385		19,385
Recipient 3	12,556					12,556		12,556
TOTAL	181,499					181,499		181,499

Selected items concerning the statement of financial position for segments in PLN thousand in the reporting period	Construction and assembly activity	Real estate development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021
Fixed assets	600,201	108,198	524,749	217		1,233,365	-544,809	688,557
Current assets	532,653	280,471	11,285	138,925		963,334	-166,725	796,609
Total assets	1,132,854	388,669	536,034	139,142		2,196,699	-711,534	1,485,165
Equity	392,446	297,108	334,648	137,697		1,161,898	-681,300	480,599
Long-term liabilities and provisions for liabilities	374,895	43,075	178,376	605		596,950	-4,136	592,814
Short-term liabilities and provisions for liabilities	365,514	48,487	23,010	840		437,851	-26,098	411,752
Total capitals and liabilities	1,132,854	388,669	536,034	139,142		2,196,699	-711,534	1,485,165

Other segment data in the reporting period	Construction and assembly activity	Real estate development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2021
Goodwill allocated to a segment	4,509							4,509
Risk-free rate	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%		
General risk acc. to Damodoran	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%		
beta coefficient for the industry acc. to Damodoran	0.72	0.58	0.36	0.86	0.37	0.58		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	9.20%	7.80%	5.60%	10.60%	5.70%	7.78%		7.78%

Selected items of the income statement for segments in PLN thousand in the comparative period	Construction and assembly activity	Real estate development activity	Activities connected with lease of investment property	Exhibition and trade fair activity	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2020 to 31/03/2020	from 01/01/2020 to 31/03/2020	from 01/01/2020 to 31/03/2020	from 01/01/2020 to 31/03/2020	from 01/01/2020 to 31/03/2020	from 01/01/2020 to 31/03/2020	from 01/01/2020 to 31/03/2020	from 01/01/2020 to 31/03/2020
Continued activities	-	-	-	-	-	-	-	-
Sales revenue	176,591	23,600	9,952	1,723	378	212,244	-19,533	192,711
Own cost of sales	-164,756	-18,501	-6,856	-990	-622	-191,725	19,654	-172,071
Gross profit from sales	11,835	5,099	3,096	733	-244	20,519	121	20,640
EBIT	6,259	2,850	2,147	1,699	-244	12,711	-558	12,153
Pre-tax activity profit (loss)	3,790	2,735	839	1,265	-244	8,385	168	8,553
Income tax attributable to continuing activities	-775	-571	-232	-365	36	-1,907	-28	-1,935
Profit (loss) on continuing activities	3,015	2,164	607	900	-208	6,478	140	6,618
Discontinued activities	-	-	-	-	-	-	-	-
Profit (loss) on discontinued activities	-	-	-	-	-	-	-	-
NET PROFIT (LOSS)	3,015	2,164	607	900	-208	6,478	140	6,618
Assigned to the owners of the parent	3,015	2,164	607	900	-208	6,478	140	6,618

Selected items concerning the statement of financial position for segments in PLN thousand in the comparative period	Construction and assembly activity	Real estate development activity	Activities connected with lease of investment property	Exhibition and trade fair activity	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020
Fixed assets	542,141	22,985	234,936	154,943		955,005	-425,389	529,616
Current assets	416,077	256,047	10,731	3,244		686,099	-37,104	648,995
Total assets	958,218	279,032	245,667	158,187		1,641,104	-462,493	1,178,611
Equity	364,635	187,944	181,896	106,635		841,110	-429,240	411,870
Long-term liabilities and provisions for liabilities	263,468	30,184	44,031	37,504		375,187	-1,950	373,237
Short-term liabilities and provisions for liabilities	330,115	60,904	19,740	14,048		424,807	-31,303	393,504
Total capitals and liabilities	958,218	279,032	245,667	158,187		1,641,104	-462,493	1,178,611

Other segment data in PLN thousand in the comparative period	Construction and assembly activity	Real estate development activity	Activities connected with lease of investment property	Exhibition and trade fair activity	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020
Goodwill allocated to a segment	4,509				8,517			13,026
Risk-free rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%		
General risk acc. to Damodoran	6.06%	6.06%	6.06%	6.06%	6.06%	6.06%		
beta coefficient for the industry acc. to Damodoran	0.75	0.85	0.63	0.75	0.93			
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%			
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	8.80%	9.70%	7.71%	8.80%	10.43%			10.43%

Note 26 Transactions with related entities

Transactions with related entities	in thousands of PLN							
	Subsidiaries		Jointly controlled entities and associates		Other related entities without capital connections		Members of the Management Board and Supervisory Board and key personnel	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Sales revenue	15,531	21,896						
Revenue from the sale of fixed assets								
Revenue from interest	305	372						
Other revenue								
Acquisition of inventories and other costs capitalised at the value of current assets								
Acquisition of services and other operating costs								
Acquisition of fixed assets								
Cost of interest	-456	-314						
Other costs								
Loans received								
Loans granted								
Costs of remuneration							1,229	1,165
Loan receivables								
Trading and other receivables	8,424	22,062						
Liabilities on account of loans								
Trading and other liabilities	-17,045	-9,238						

Remuneration of key personnel of subsidiaries	Entity	Position	Remunerations		Loans granted to key personnel		Additional information
			in thousands of PLN		in thousands of PLN		
			31/03/2021	31/03/2020	31/03/2021	31/03/2020	
Management Board	MIRBUD S.A.		1,170	1,115			
Supervisory Board	MIRBUD S.A.		59	50			
Management Board	Kobylarnia S.A.		470	433			
Supervisory Board	Kobylarnia S.A.		13	14			
Management Board	JHM Development S.A.		345	343			
Supervisory Board	JHM Development S.A.		23	36			
Management Board	Marywilska 44 Sp. z o.o.		226	196			
Supervisory Board	Marywilska 44 Sp. z o.o.		20	27			
Management Board	Expo Mazury S.A. w likwidacji						
Supervisory Board	Expo Mazury S.A. w likwidacji		21	66			
Total			2,347	2,280			

Note 27 Statutory Auditor's remuneration

The item did not occur.

Note 28 Financial instruments

Financial assets according to IAS 39	Available for sale		Measured at fair value by financial result		Loans and receivables		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Loans granted	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Other financial instruments measured at fair value	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	327,059	297,092	-	-
Cash and cash equivalents	-	-	-	-	204,765	288,997	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total financial assets	-	-	-	-	531,823	586,089	-	-
Revenue from dividends	-	-	-	-	-	-	-	-
Revenue from interest	-	-	-	-	252	434	-	-
Foreign exchange gains (losses)	-	-	-	-	-1,961	609	-	-
Reversal (creation) of write-downs	-	-	-	-	-37	-	-	-
Gains (losses) on valuation and implementation	-	-	-	-	-	-	-	-
Gains (losses) on derivative instruments	-	-	-	-	-	-	-	-
Total impact of financial assets on the income statement	-	-	-	-	-1,746	1,043	-	-

Financial liabilities according to IAS 39	Equity instruments		Measured at fair value by financial result		Measured at amortised cost		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Credits	-	-	-	-	360,103	372,795	-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other liabilities					590,098	642,647		
Other financial liabilities								
Total financial liabilities	-	-	-	-	950,201	1,015,442	-	-
Interest	-	-	-	-	-1,989	-2,814	-	-
Foreign exchange gains (losses)					-60	-494		
Gains (losses) on valuation and implementation	-	-	-	-	-	-	-	-
Gains (losses) on derivative instruments								
Total impact on the income statement of financial liabilities	-	-	-	-	-2,049	-3,308	-	-

Financial instruments according to the fair value hierarchy	Level I		Level II		Level III	
	As at:					
	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Assets	-	-	-	-	-	-
Derivative financial instruments in assets	-	-	-	-	-	-
Other financial instruments measured at fair value	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other financial instruments measured at fair value	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-

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

Note 29 Errors related to previous reporting periods

No material errors were found in the previous reporting period.

Note 30 Transactions with non-controlling shareholders

This item does not exist.

Note 31 Business combinations

There were no business mergers in the current period.

Note 32 Significant planned capital expenditures

As at the date of approval of these financial statements for publication, no material capital expenditures were planned.

Note 33 Material events after the balance-sheet date

In the period between the end of the reporting period and the date of approval of these financial statements for publication, there were no significant events that would not be included in these financial statements.

Note 34 Employment structure

Employment structure	full-time equivalent	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Non-production employees	425	362
Production employees	275	306
Employees under contractual agreements	197	170
Total	897	838

Note 35 Dividends declared and paid

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

In the current and comparative period, the Issuer did not declare or pay any dividends. On 21 May 2021, the Issuer's Management Board submitted to the General Meeting of Shareholders a motion regarding distribution of profit for the financial year 2020, assuming allocation of the amount of PLN 5,504,652.00, i.e. PLN 0.06 per share, for dividend payment and excluding the remaining part of the profit from distribution and allocating it to the Company's supplementary capital.

By virtue of Resolution No. 3/2021 of 21 May 2021, the motion was considered positively by the Supervisory Board of MIRBUD S.A.

Note 36 Effects of division, restructuring and discontinued activities

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

discontinuation of activity.

Note 37 Limitations on disposition and hedges established on assets

Title of collateral	Type of collateral	Value of debt	Value of collateral in PLN of PLN			Balance sheet value of the object of collateral in PLN of PLN		expiry date
		As at:	As at:	As at:	As at:	As at:		
		31/03/2021	31/03/2021	31/12/2020	31/03/2021	31/12/2020	dd/mm/yyyy	
Credit collateral 202-129/3/II/2/2008	mortgage	2,925	26,700	26,700	21,084	21,283	01/03/2023	
Collateral for the ARP loan	mortgage		60,000		77,869		28/02/2023	
Credit hedge S/64/11/2018/1245/K/KON BOŚ BANK	mortgage			44,235		34,371	31/05/2020	
Credit hedge S/65/11/2018/1245/K/KOO BOŚ BANK	mortgage			44,235		34,371	31/05/2020	
Collateral for the KIN 173850 credit	cash deposit, assignment of receivables, registered pledge of a bank account, surety	24,694	55,846	57,030	88,444	7,530	02/05/2028	
Collateral for the KRB 13313177 credit	assignment of receivables, registered pledge on bank account	1,306	6,346	7,530	6,346		29/12/2022	
Hedge for a working capital, developer credit 3472510/34/K/OB/19, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			30,260		13,407	31/12/2021	
Hedge for a revolving credit 3472510/33/K/RE/19, granted by Bank Polskiej Spółdzielczości	mortgage			510		13,407	31/12/2021	
Hedge for a working capital credit 3472510/162/K/OB/18, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			21,640		14,949	31/12/2021	
Hedge for the KIN/1718350 credit	mortgage			49,500		81,718	02/05/2028	
Hedge for a working capital credit, pursuant to contract 30/KG010/18, granted by the Bank Spółdzielczy (Cooperative Bank) in Skierniewice	mortgage	300	5,400	5,400	1,298	1,574	31/07/2021	

Hedge for an investment credit, pursuant to contract 22/KG110/19, granted by Bank Spółdzielczy	mortgage	8,053	17,645	17,645	11,555	11,624	31/12/2034
Hedge for a working capital credit, pursuant to contract 3472510/248/K/OB/19, granted by Bank Polskiej Spółdzielczości S.A.	mortgage	1,664	27,115	27,115	11,036	13,376	31/12/2022
Hedge for a working capital credit, pursuant to contract 3472510/249/K/RE/19, granted by Bank Polskiej Spółdzielczości S.A.	blank promissory note	125					31/12/2021
Collateral for B series bonds	mortgage			15,015		1,289	14/08/2021
Hedge for an investment credit, pursuant to contract U0001659946897, granted by ALIOR BANK S.A.	mortgage		56,250			81,718	27/03/2026
Hedge for the WK14-000016 credit	mortgage			15,000	4,458	4,588	30/11/2021
Hedge for a working capital, developer credit, pursuant to contract 21/KG110/20, granted by the Bank Spółdzielczy (Cooperative Bank) in Skierniewice	mortgage	373	10,600	10,600	6,140	4,335	30/06/2022
Hedge for a working capital, developer credit, pursuant to contract S/71/09/2020/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage	13,185	48,235	48,235	49,919	47,000	22/12/2022
Hedge for a working capital, developer credit, pursuant to contract 050/20/23, granted by Warszawski Bank Spółdzielczy	mortgage	5,898	23,315	23,315	18,029	22,155	31/12/2022
Hedge for IRS treasury transaction under credit contract No. U0002350765350	mortgage		6,000	6,000	81,495	81,718	27/07/2018
Hedge for a non-revolving credit, pursuant to contract No. WAR/6570/19/682/RB granted by BNP Paribas Bank Polska S.A.	mortgage	3,390	6,465	6,465	14,296	14,296	10/08/2024

Hedge for the 19/5066 credit	mortgage	5,591	9,317	9,317	292	292	31/12/2029
Total		67,504	359,234	465,747	392,261	505,001	

Assets as security of liabilities	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Tangible fixed assets	52,745	181,989	186,437
Investment property	194,140	36,318	38,515
Financial assets			
Intangible assets			
Other assets	91,470	93,815	71,104
Total	338,355	312,122	296,056

Note 38 Litigation

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

As at 31/03/2021, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 3,335 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 31/03/2021, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 3.097 thousand.

In the period covered by this report, there were significant litigation pending concerning receivables of Kobylarnia 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 disputes of KOBYLARNIA S.A. with GDDKiA as at 31/03/2021 amounted to PLN 71,820 thousand.

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

Note 39 Contingent liabilities

List of sureties granted to other entities by entity type	Claim of the surety	Value of the surety in PLN of PLN		Value of the liability in PLN of PLN		
		As at:	As at:	As at:	As at:	surety expiry date
		31/03/2021	31/12/2020	31/03/2021	31/12/2020	
To related entities						
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit	49,500	49,500	24,694	25,565	02/05/2028
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit	4,500	4,500			30/09/2022
JHM 1 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit	10,595	10,595	6,960	7,053	30/09/2031
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit		15,000	4,458		30/11/2021
KOBYLARNIA S.A.	Collateral for bank warranty of BANK S.A	24,150	24,150			15/02/2022
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit	9,318	9,318	5,591	5,591	31/12/2029
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit		22,500			31/12/2020
To other entities						
Total	-	98,063	135,563	41,703	38,209	

Other contingent liabilities	in thousands of PLN		
	As at:	As at:	As at:
	31/03/2021	31/12/2020	31/03/2020
Under proper performance guarantee	353,812	332,537	462,706
Under rectifying faults and defects	224,634	177,919	138,770
Under advance return	193,049	201,210	92,377
Total	771,495	711,665	693,853

Note 40 Objectives and principles of risk management

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on profit or loss	Effect of risk on equity
<i>Risk related to the coronavirus pandemic</i>	Administrative restrictions on carrying out construction and assembly activities	low	high	high	high
	Manpower availability and supply chain disruption	average	average	average	average
<i>External financial risks</i>	changes in interest rates	low	average	average	average
	changes in exchange rates	high	high	high	high
	related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits	high	high	average	average
<i>Downturn risk</i>	change in the macroeconomic situation and economic downturn in Poland	high	high	high	average
	in the construction industry	high	high	high	average
<i>Risks related to competition</i>	in the construction industry	high	high	high	high
<i>External legal risks</i>	changes in provisions of law, in particular tax law	average	average	average	average
	related to non-compliance with legal requirements envisaged for the commencement of the investment and with the legal status of the property	low	high	high	average
<i>Risks related to the current activities</i>	related to the implementation of the development strategy	average	high	average	average
	related to financing development with bank credits	high	high	average	high
	related to the building infrastructure	low	average	low	low
	related to liability for breach of environmental regulations	low	average	average	low
	related to penalties for non-performance or untimely performance of orders	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 premises. However, if the state of epidemic threat continues, there may be negative financial consequences caused by:
 - the drop in demand for premises,
 - disruptions to projects' financing,
 - general contractors' and subcontractors' delays.

With regard to the current settlement period, the Management Board of the Issuer 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.

Financial risk management

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 31/03/2021, 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:
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Liabilities under credits and loans	360,103	372,795		
Loans granted				
Other financial assets				
Other financial liabilities				
Total	360,103	372,795		

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 at the level of - 1.0/+1.0 percentage point for the Polish zloty and the Euro.

The effect of the change in interest rates on the net result and the balance sheet total as at 31 March 2021 and 31 December 2020 is presented below.

Sensitivity analysis for items exposed to change in interest rates			Effect on net gain/(loss)		Effect on the balance sheet total	
	As at:		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
	31/03/2021					
Liabilities under credits and loans	360,103		-2,917	2,917	3,601	-3,601
Loans granted						
Other financial assets						
Other financial liabilities						
Total	360.103		-2.917	2.917	3.601	-3.601

Sensitivity analysis for items exposed to change in interest rates			Effect on net gain/(loss)		Effect on the balance sheet total	
	As at:		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
	31/12/2020					
Liabilities under credits and loans	372,795		-3,020	3,020	3,728	-3,728
Loans granted						
Other financial assets						
Other financial liabilities						
Total	372.795		-3.020	3.020	3.728	-3.728

Risk of changes in foreign exchange rates

Within the MIRBUD Group, only MIRBUD S.A. generates revenue in foreign currency. In 2021, 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 gains. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In 2021, the Issuer hedged on average approx. 50% of its foreign currency revenue with forward currency sales transactions.

Risk of changes in interest 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 March 2021 and 31 December 2020.

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

Items exposed to change in foreign	EUR		USD		Other	
	As at:					

exchange rates	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Liabilities under credits and loans	1,493					
Loans granted						
Trading and other receivables	5,581	6,248				
Trading and other liabilities						
Cash	575	3,127				
Other financial assets						
Total	7,648	9,375				

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 31/03/2021	Effect on net gain/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
Liabilities under credits and loans	1,493	121	-121	149	-149
Loans granted					
Trading and other receivables	5,581	452	-452	558	-558
Trading and other liabilities					
Cash	575	47	-47	57	-57
Other financial assets					
Total	7,648	620	-620	765	-765

The Issuer's Management Board estimates that in 2021 the share of revenue in the Euro currency will change and shift to the level of approx. 12% of the total sales revenue. As at 31/03/2021, the Issuer had approx. 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 virus 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.

Risk related to the general macroeconomic situation and economic situation in Poland

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

Moreover, the possibility to purchase attractive plots of land for new development projects and 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: Marywilaska 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 lease activity in the field of warehouses 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 Group 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 developer 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 apartments under the statutory warranty for physical and legal defects of 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.

Note 41 Management of capital

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 thousands of PLN

	As at:	As at:
	31/03/2021	31/12/2020
Total credits	360,103	372,795
Cash and cash equivalents	-204,765	-288,997
Net debt	155,338	83,798
Equity	480,599	461,610
Total capital	635,937	545,407
Debt ratio	24%	15%

Financial liquidity hedging ratios	in thousands of PLN	
	As at:	As at:
	31/03/2021	31/12/2020
Net debt	155,338	83,798
EBITA	123,327	98,406
Equity	480,599	461,610
Total assets	1,485,165	1,539,129
net debt/EBITDA	1.3	0.9
equity/total assets	0.3	0.3

EBIT for the last 12 months accepted.

XII. SEPARATE FINANCIAL INFORMATION OF MIRBUD S.A. FOR Q1 2021

1. Separate statements of comprehensive income

Profit and loss account	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Continued activities			
Sales revenue	17	200,298	136,316
Own cost of sales	18	-178,600	-128,316
Gross profit from sales		21,697	7,999
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19		
Other operating and investment activity revenue	20	3,046	2,065
Other costs of operating and investment activities	20	-10,065	-5,388
EBIT		14,679	4,677
Financial revenue		299	771
Financial costs	21	-1,640	-2,010
Pre-tax activity profit (loss)		13,338	3,437
Income tax attributable to continuing activities	22	-2,564	-701
Profit (loss) on continuing activities		10,774	2,735
Discontinued activities			
Revenue from discontinued operations	23		
Costs of discontinued operations			
Pre-tax profit (loss) on discontinued operations			
Income tax attributable to discontinued operations			
Profit (loss) on discontinued activities			
NET PROFIT (LOSS)		10,774	2,735
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	10,774	2,735

Other total income	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Components which will not be subsequently reclassified to the income statement			
Components which will be reclassified into profit or loss when certain conditions are met			
Other total net income	24		

Assigned to non-controlling shares

Assigned to the owners of the parent			
Total comprehensive income	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Total comprehensive income		10,774	2,735
Assigned to non-controlling shares			
Assigned to the owners of the parent		10,774	2,735

2. Separate statements of financial position

Assets	Note No.	in thousands of PLN		
		As at:	As at:	As at:
		31/03/2021	31/12/2020	31/03/2020
Fixed assets		531,541	504,164	443,804
Property, plant and equipment	1	60,208	58,297	51,596
Investment property	2			
Intangible assets	3	985	1,082	1,389
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	450,478	429,943	385,357
Investments measured using the equity method.	5			
Long-term trading and other receivables, including:	6	384	275	52
prepayments and accruals		384	275	52
Biological assets	7			
Deferred income tax assets	22	19,487	14,567	5,410
Current assets		383,201	416,583	253,652
Inventories	9	8,018	7,820	7,845
Receivables on account of the income tax	22			
Trading and other receivables, including:	6	232,296	194,839	197,895
prepayments and accruals		967	959	310
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4			
Cash and cash equivalents	10	142,887	213,924	47,912
Fixed assets held for sale	11			
Total assets		914,742	920,747	697,456

Capitals and liabilities	Note No.	in thousands of PLN		
		As at:	As at:	As at:
		31/03/2021	31/12/2020	31/03/2020
Equity	12	303,247	292,473	277,619
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		115,104	115,104	115,104
Net profit/loss attributable to the owners of the parent company		168,195	148,769	150,605
Profit/loss in the reporting period		10,774	19,425	2,735
Equity attributable to shareholders of the parent company				
Capital attributable to non-controlling shares				
Long-term liabilities and provisions for liabilities		295,598	292,453	207,021
Provisions under deferred income tax	22	8,048	7,880	9,960
Other provisions for long-term liabilities	13	103	103	125
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	58,503	55,687	85,635
Long-term trading and other liabilities, including: prepayments and accruals	15	228,944	228,782	111,301
Short-term liabilities and provisions for liabilities		315,898	335,821	212,816
Provisions for short-term liabilities	13	1,814	1,814	1,627
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	67,832	62,561	55,734
Trading and other liabilities, including: prepayments and accruals	15	230,061	256,574	152,655
Liabilities under deferred income tax	22	16,191	14,873	2,800
Liabilities directly related to fixed assets classified as held for sale	11			
Total capitals and liabilities	-	914,742	920,747	697,455

3. Separate statements of cash flows

Statement of cash flows	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Pre-tax profit		13,338	3,437
Total adjustments		-62,178	-40,686

Amortisation	1,549	1,143
Gain / loss under exchange rate differences		
Gain / loss on investing activities	-606	-411
Borrowing costs	995	1,239
Change in liabilities with the exclusion of financial liabilities	-26,351	129
Change in receivables	-37,449	-43,690
Change in inventories	-198	600
Change in provisions		
Gain / loss on other financial instruments	-1	
Other changes in working capital	-117	304
Cash from operating activity	-48,840	-37,249
Income tax paid	-5,998	-345
Net cash from operating activities	-54,838	-37,594
Sale of tangible fixed assets	606	546
Purchase of tangible fixed assets	-49	
Sale of intangible assets		
Purchase of intangible assets		
Sale of investment property		
Purchase of investment property		
Repayment of loans granted to related parties		
Granting loans to related parties		
Repayment of loans granted to other parties		
Granting loans to other parties		
Sale of other investments		
Purchase of other investments	-20,535	-4,465
Received dividends		
Received interest	1	771
Other inflows from investment activities		
Other expenses related to investment activity		
Net cash from investment activity	-19,977	-3,148
Inflows from shareholders		
Payments to owners		
Commitment of liabilities under loans and credits	15,544	6,022
Repayment of liabilities under loans and credits	-8,942	-2,962
Repayment of liabilities under leasing	-1,829	-1,397
Receipt under issue of debt instruments		
Expenditure on redemption of debt instruments		

Repayment of other financial liabilities		
Interest paid and other debt service expenditure	-995	-2,010
Other financial receipts/expenditures		
Cash from financial activity	3,778	-347
Cash and cash equivalents at the beginning of the period	213,924	89,001
<u>Net increases (decreases) in cash and cash equivalents</u>	<u>-71,037</u>	<u>-41,089</u>
Effect of changes in foreign exchange rates on cash denominated in foreign currencies		
Change in cash and cash equivalents, net of foreign exchange differences		
Closing balance of cash	142,887	47,912
including cash and cash equivalents with restricted availability	48,770	31,449

4. Separate statements of changes in equity

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent company/supplementary capital	Profit/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
As at 01/01/2020	9,174		115,104	143,218	7,386		274,883
Impact of retrospective application of changes in accounting policy							
Impact of retrospective restatement							
Total gains (losses) for the period					2,735		2,736
Total other comprehensive income							
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				7,386	-7,386		
As at 31/03/2021	9,174		115,104	150,605	2,735		277,619

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent company/supplementary capital	Profit/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
As at 01/01/2020	9,174		115,104	143,218	7,386		<u>274,883</u>
Impact of retrospective application of changes in accounting policy							
Impact of retrospective restatement							
Total gains (losses) for the period					19,425		<u>19,425</u>
Total other comprehensive income							
Owner contributions							
Payments to owners				-1,835			<u>-1,835</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				7,386	-7,386		
As at 31/12/2020	9,174		115,104	148,769	19,425		<u>292,473</u>

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent company/supplementary capital	Profit/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
As at 01/01/2021	9,174		115,104	148,769	19,425		<u>292,473</u>
Impact of retrospective application of changes in accounting policy							
Impact of retrospective restatement							
Total gains (losses) for the period					10,774		<u>10,774</u>
Total other comprehensive income							
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				19,425	-19,425		
As at 31/03/2021	9,174		115,104	168,195	10,774		<u>303,247</u>

5. Other revenue and costs

Other revenue and costs of operating and investment activities	in thousands of PLN	
	For the period:	For the period:
	from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Costs of sales		
Overheads	-6,276	-4,988
Revaluation write-downs of non-investment assets		
Reversal of write-downs on non-investment assets		
Restructuring costs		
Court proceedings settlement result	28	
Result of sale of non-investment fixed assets	606	411
Revenue from revaluation of investment property		
Costs under revaluation of investment property		
Result of sale of investment property		
Result of sale of all or part of subordinate entities		
Result of sale of other financial investments		
Dividends		
Interest, sureties	299	771
Result of revaluation of other financial investments measured at fair value through financial result		
Result of measurement of investments recognised using the equity method		
Revaluation write-downs of other financial assets		
Reversal of revaluation write-downs of other financial assets		
Foreign exchange differences of operating and investment activities	-1,774	609
Other revenue	2,412	1,045
Other costs	-2,015	-400
Total revenue	3,345	2,836
Total costs	-10,065	-5,388

6. Financial costs

Financial costs	Note No.	in thousands of PLN	
		For the period:	For the period:
		from 01/01/2021 to 31/03/2021	from 01/01/2020 to 31/03/2020
Interest on credits		-811	-1,299
Interest on loans from related entities			

Interest on loans from other entities		
Interest on bonds for related entities		
Interest on bonds for other entities		
Interest on liabilities under finance lease agreements from related entities		
Interest on liabilities under finance lease agreements from other entities	-164	-107
Other interest for related entities	-456	-314
Other interest for other entities	-46	-76
Valuation of equity instruments		
Interest under factoring contracts	-19	-67
Foreign exchange differences on financial liabilities		
Other financial costs for related entities		
Other financial costs for other entities	-143	-147
Total financial costs	-1,640	-2,010

7. Trading and other receivables

Trading and other receivables	in thousands of PLN	
	As at:	As at:
	31/03/2021	31/12/2020
<u>Long-term receivables</u>		
trade receivables from related entities		
trade receivables from other entities		
other receivables from related entities		
other receivables from other entities		
<u>Short-term receivables</u>	<u>231,329</u>	<u>193,880</u>
trade receivables from related entities	8,424	21,708
trade receivables from other entities	113,600	92,652
retained amounts under execution of contracts from related entities		
retained amounts under execution of contracts from other entities	74,886	61,836
other receivables from related entities		
other receivables from other entities	8	8
amounts transferred for deliveries	31,315	13,854
budget receivables except for corporate income tax settlements		
disputed receivables brought before the court	3,097	3,822
accrual of receivables under settlement of long-term contracts		
Total	<u>231,329</u>	<u>193,880</u>

Age structure of short-term receivables	in thousands of PLN	
	As at:	As at:
	31/03/2021	31/12/2020
Gross trade receivables	253,740	216,292
not overdue	224,643	180,005
payable up to 1 month	114,574	83,787
payable from 1 to 3 months	35,183	34,381
payable from 3 to 12 months	74,886	61,836
payable from 1 year to 5 years		
past due up to 1 month	5,186	1,126
past due from 1 to 3 months	1,302	12,845
past due from 3 to 6 months	734	34
past due from 6 to 12 months	116	532
past due over 12 months	21,760	21,750
receivables in respect of which credit risk has significantly increased	-563	-563
receivables revaluation write-down	-21,848	-21,848
Net trade receivables	231,329	193,880

8. Trading and other liabilities

Trading and other liabilities	in thousands of PLN	
	As at:	As at:
	31/03/2021	31/12/2020
Long-term liabilities	228,944	228,782
Trade liabilities to related entities		
retained amounts to related entities		
Other liabilities due to related entities		
Trade liabilities to other entities		
Retained amounts to other entities	58,370	58,209
advances received	170,574	170,574
Short-term liabilities	230,025	256,538
Trade liabilities to related entities	530	128
retained amounts to related entities		
Other liabilities due to related entities	15,985	15,985
Trade liabilities to other entities	164,980	205,784
Liabilities under settlement of long-term contracts		
Advance payments received	21,263	16,639
Bills of exchange liabilities		
Budget liabilities except for corporate income tax settlements	10,545	2,130

Remuneration settlements	2,366	2,383
Retained amounts to other entities	14,316	13,488
Other liabilities due to other entities	40	
Total	458,969	485,320

Age structure of liabilities	in thousands of PLN	
	As at:	As at:
	31/03/2021	31/12/2020
Trade liabilities	458,969	485,320
not overdue	455,566	459,496
payable up to 1 month	146,428	164,158
payable from 1 to 3 months	40,979	20,444
payable from 3 to 12 months	36,379	30,127
payable from 1 year to 5 years	231,779	228,782
past due, including:	3,403	25,824
past due up to 1 month	1,564	18,987
past due from 1 to 3 months	1,839	6,837
past due from 3 to 6 months		
past due from 6 to 12 months		
past due over 12 months		
Total overdue	3,403	25,824

XIII. NOTES TO CONSOLIDATED QUARTERLY REPORT

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 Issuer in the reporting period include:

- Further filling of the order portfolio of the Issuer's Capital Group with the value of approx. PLN 5,500 million for 2020-2024 (approx. PLN 1,600 million for 2021). Conclusion of a contract for the construction of a section of the A-18 motorway, Olszyna - Gorlice, and the Voivodship Ambulance Station in Szczecin. The list of contracts concluded in the reporting period is presented in the table below.

Table: Significant contracts concluded by MIRBUD S.A. in the period from 01/01/2021 to 31/03/2021

Contract conclusion date	Contract value (net) in PLN thousand	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 investment titled "Construction of the S1 expressway (formerly S69) Bielsko-Biała - Żywiec - Zwardoń, Przybędza - Miłówka section (Węgierska Górka bypass)
19/01/2021	55,946	Kujawsko-Pomorskie Voivodeship - the Voivodship Roads Authority in Bydgoszcz	Extension of voivodship road No. 548 Stolno - Wąbrzeźno from 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 Białdyga Przedsiębiorstwo Handlowe – Usługowe TRANSKOM	Delivery of aggregate mixtures in connection with 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 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.

On 31 March 2021, the Issuer received information from the Contracting Authority, the General Directorate for National Roads and Motorways, Poznań Branch, that in the tender procedure,

conducted in the open tender procedure titled "Design and construction of the Gostyń bypass within national road No. 12", the bid of consortium (hereinafter referred to as the "Consortium") of companies composed of:

- MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader),
- KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium partner) was selected as the most advantageous one.

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.

Moreover, the most important achievements of the Issuer in the reporting period included:

- strengthening the competitive position in the sector of warehouse facilities and logistics centres (continuing cooperation with PANATTONI EUROPE and other international warehouse space developers);
- maintaining, despite the state of epidemic, the commercialisation of CH MARYWILSKA 44 sp. z o.o. at the level of over 90%;
- reorganisation of the MIRBUD Capital Group in the commercial real property leasing sector.

The Issuer did not record any significant failures in the reporting period.

Information on changes in the economic situation and operating conditions having a material effect on the fair value of financial assets and liabilities

In the reporting period there were no changes in the economic situation and operating conditions in the Capital Group's Companies having a material effect on the fair value of the Issuer's financial assets and liabilities.

Information on failure to repay a credit or loan or breach of material provisions of a loan or credit contract which has not been remedied by the end of the reporting period

During the reporting period, there were no defaults in payment of credits or loans or breaches of material provisions of a credit or loan contract within the Capital Group's Companies in respect of which no remedial action had been taken by the end of the reporting period

Description of factors and events, especially of extraordinary nature, having significant effect on the achieved financial results.

Extraordinary factors and events with a significant effect on the achieved financial results in the reporting period did not occur. Other factors and events, especially of extraordinary nature, having effect on the achieved financial result are described in Note No. 40.

Explanations regarding seasonality or cyclicity of the Issuer's operations in the presented period.

No seasonality or cyclicity with regard to the conducted operations occurred in the presented period.

Information on issue, redemption and repayment of non-equity and equity securities.

In the reporting period, the Issuer did not issue, redeem or repay any debt or equity securities.

Events subsequent to the date of the consolidated extended financial statements for Q1 2021 which have not been included in these statements but may have a significant effect on the Issuer's future financial results.

The following events occurred after the date of the consolidated extended financial statements for Q1 2021 which have not been included in these statements but may have a significant effect on the Issuer's future financial results:

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), • MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).
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- Conclusion of a Contract by a consortium of companies consisting of MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader), KOBYLARNIA S.A. (Consortium Partner) with the State Treasury, General Directorate for National Roads and Motorways with its registered office in Warsaw, for the execution of the task titled 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)", Net contract value: PLN 631,707 thousand
- The Issuer receiving information on 30 April 2021 from the Employer, the Municipality of Olsztyn (Plac Jana Pawła II No. 1, 10-101 Olsztyn), that the Issuer's bid was selected in the tender procedure conducted as an open tender titled "Reconstruction and extension of the Urania sports and entertainment hall in Olsztyn". Net bid value: PLN 158,293 thousand.
- Conclusion by the Issuer, on 7 May 2021, of a contract with vidaXL International Sp. z o.o., with its registered office in Warsaw, for the performance of the task titled "Construction of a warehouse and logistics centre with accompanying infrastructure in Września in Wielkopolskie Voivodeship, Września County". Net contract value: PLN 139,970
- Conclusion by a consortium of companies with the Issuer as the leader, on 14 May 2021 of a Contract with a consortium of companies composed of: WASKO Spółka Akcyjna with its registered office in Gliwice (Consortium Leader), Voltar System Sp. z o.o. with its registered office in Tychy (Consortium Partner) for comprehensive execution of tunnel equipment, tunnel control and management systems in technical buildings and RMS in connection with execution of the investment titled "Construction of the S1 expressway (formerly S69) Bielsko-Biała - Żywiec - Zwardoń, Przybędza - Milówka section (Węgierska Górka bypass)". Net Contract value: PLN 72,370 thousand.

The effects of changes in the structure of the economic entity, including as a result of merging entities, gaining or loss of control over subsidiaries and long-term investments, as well as division, restructuring or discontinuation of operations, and indication of entities subject to consolidation.

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

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

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 Issuer did not publish forecasts, and the indicated period was not covered by forecasts published in previous periods.

Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Issuer's General Meeting as at the date of submitting the consolidated quarterly report.

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2021 to 31/03/2021.

Information on changes in shareholders holding more than 5% of the Issuer's shares.

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/03/2021 to 31/03/2021.

Summary of number of shares of the Issuer or the rights to them held by managers and supervisors of the issuer as at the date of the report, together with an indication of changes in ownership during the period of the previous report, separately for each person.

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/03/2021 to 31/03/2021.

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

Information about pending material proceedings regarding liabilities or receivables of the Issuer pending before court, competent arbitration authority or public administration authority.

As at the date of the report, there were no material proceedings regarding liabilities or receivables of the Issuer pending before any court, competent arbitration authority or public administration authority.

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 disputes between KOBYLARNIA S.A. and GDDKiA as at 31/12/2020 amounted to PLN 71,820 thousand.

Information on court proceedings is presented in Note No. 38 - Litigation to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2021 to 31/03/2021.

Information on material settlements under litigation

There were no material settlements under litigation in the reporting period.

Information about the conclusion by the Issuer or its subsidiary of one or more transactions with affiliates, if they are individually or jointly significant and were concluded pursuant to non-arm's length conditions.

During the period covered by the report and until the report publication date, the Issuer and its subsidiaries did not conclude any transactions with affiliates which were individually or jointly significant and were concluded pursuant to non-arm's length conditions.

Information on credit or loan sureties or guarantees granted by the Issuer or its subsidiary - jointly to one entity or its subsidiary.

Information is presented in Note No. 39 - Contingent liabilities to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2021 to 31/03/2021.

Information on factors which, in the opinion of the Issuer, would affect its results in the perspective of at least the next 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, increased 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 developer 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 trade suspension 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.

XIV. APPROVAL FOR PUBLICATION

The financial statements were approved for publication and signed by the Management Board on 27/05/2021.

Jerzy Mirgos

President of the Management Board

Sławomir Nowak

Vice-President of the Management Board

Paweł Korzeniowski

Member of the Management Board

Tomasz Sałata

Member of the Management Board

Anna Zuchora

Person entrusted with bookkeeping