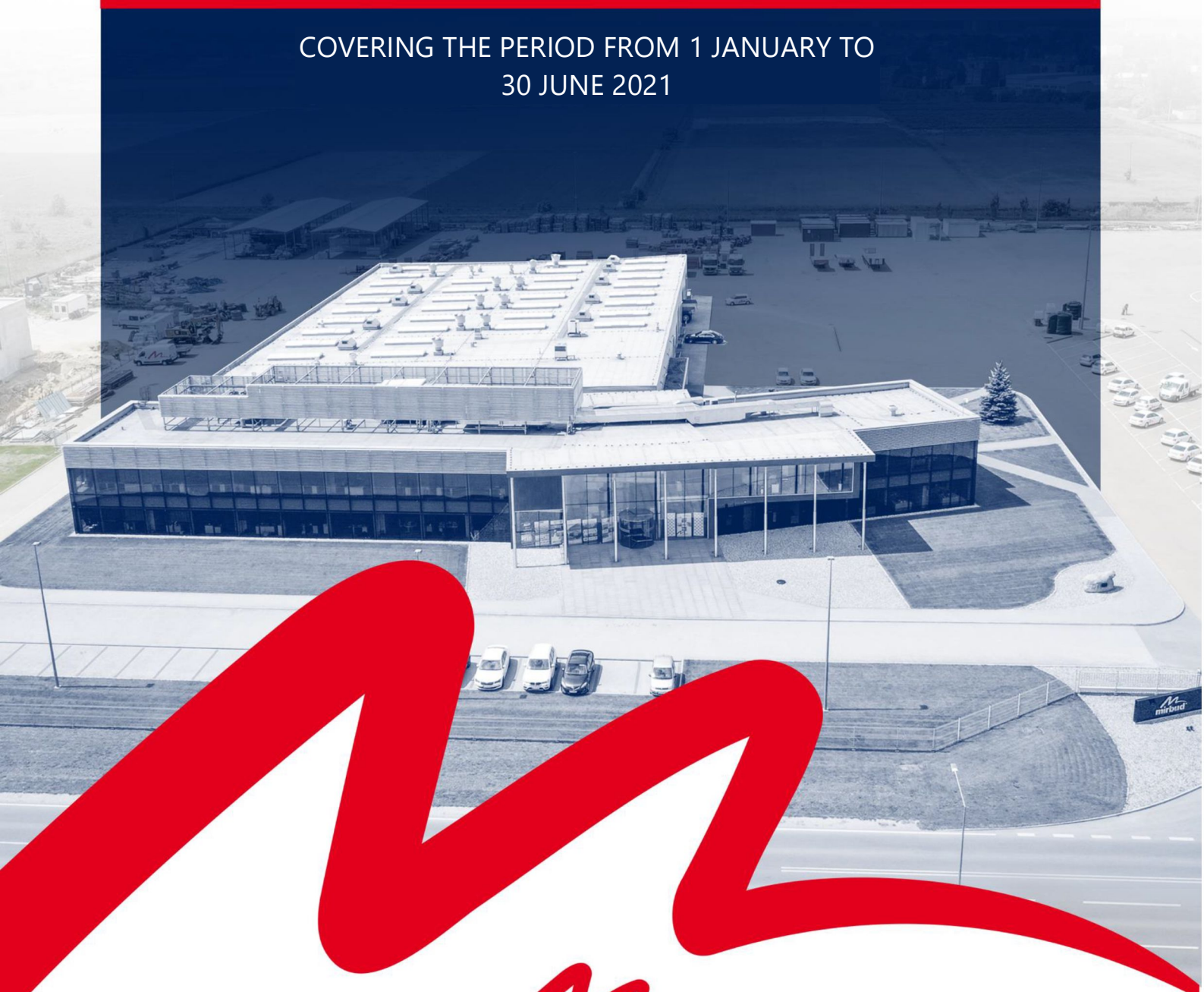


MIRBUD CAPITAL GROUP

REPORT OF THE MANAGEMENT BOARD ON

COVERING THE PERIOD FROM 1 JANUARY TO
30 JUNE 2021



mirbud.pl

TABLE OF CONTENTS

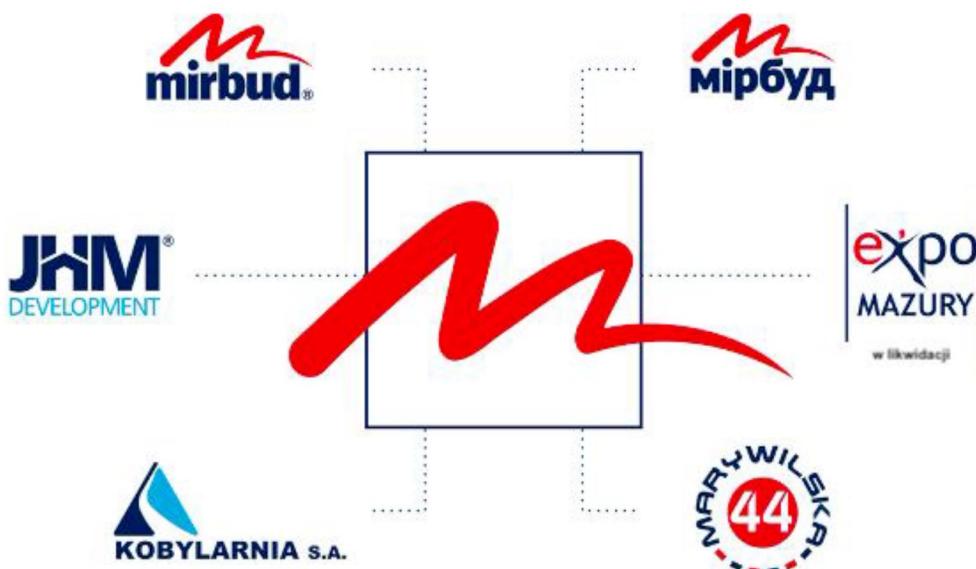
1.	PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS	4
2.	ACTIVITIES OF THE MIRBUD CAPITAL GROUP	5
2.1.	Description of the Capital Group and its core activities	5
3.	FINANCIAL SITUATION OF THE MIRBUD CAPITAL GROUP	18
3.1.	Discussion of selected items of the consolidated financial statements of the MIRBUD Capital Group as at 30/06/2021, 31/12/2020 and 30/06/2020.	18
3.2.	Assessment of financial resources and liquidity management	22
4.	ACTIVITIES OF THE MIRBUD CAPITAL GROUP AND PROSPECTS FOR DEVELOPMENT	24
4.1.	Specificity of the market.....	24
4.2.	Market prospects	26
4.3.	Description of activities of the MIRBUD Group companies in the first half of 2021	27
4.3.1	Description of material achievements and failures of the Issuer during the period covered by the report, along with information on related key events.	27
4.4.	Corporate Social Responsibility	40
4.5.	Information on the Group's basic products, services or goods	40
4.6.	Information on sales and supply markets	43
4.6.1.	Recipients	43
4.6.2.	Suppliers	45
4.8.	Prospects for the development of the activities of the MIRBUD S.A. Group	48
4.9.	Identification of the Issuer's main domestic and foreign investments	54
4.10.	Assessment of potential for achieving investment objectives	54
4.11	Risk factors	56
4.11.	Information on credits, loans, guarantees and sureties	70
4.11.1.	Credits and loans	70
4.11.2.	Long-term financial liabilities under issuance of bonds.....	74
4.11.3.	Loans granted	74
4.11.4.	Sureties and guarantees.....	75
4.12.	Description of use of inflows from issuing by the Company.....	78
4.13.	Position of the Management Board with respect to the possibility of delivery of forecast results published earlier for a given year, in the light of the results presented in the report for the previous period in relation to the forecast results.	79
5.	MAIN CONTRACTS.....	79
5.1.	Insurance contracts.....	79
5.2.	Main contracts for construction and other works related to operating activities concluded by the Capital Group Companies.....	80
5.3.	Events and contracts concluded after the date of preparation of financial statements, which may have significant impact on the future financial results.....	83
6.	INFORMATION ON ENTERING BY THE ISSUER OR ITS SUBSIDIARY INTO ONE OR MORE TRANSACTIONS WITH RELATED PARTIES IF THEY WERE CONCLUDED ON NON-ARM'S LENGTH CONDITIONS	84

7.	THE EFFECTS OF CHANGES IN THE STRUCTURE OF THE ECONOMIC ENTITY, INCLUDING AS A RESULT OF MERGING ENTITIES, GAINING OR LOSS OF CONTROL OVER SUBSIDIARIES AND LONG-TERM INVESTMENTS, AS WELL AS DIVISION, RESTRUCTURING OR DISCONTINUATION OF OPERATIONS, AND INDICATION OF ENTITIES SUBJECT TO CONSOLIDATION.....	84
8.	ACHIEVED AND FORECAST FINANCIAL RESULTS	84
9.	CHARACTERISTICS OF EXTERNAL AND INTERNAL FACTORS MATERIAL FOR THE DEVELOPMENT OF THE ISSUER AND DESCRIPTION OF THE ISSUER'S ACTIVITY PROSPECTS IN THE PERSPECTIVE OF AT LEAST ONE QUARTER	84
10.	CHANGES IN BASIC PRINCIPLES GOVERNING THE MANAGEMENT OF THE MANAGEMENT OF THE ISSUER'S ENTERPRISE AND ITS CAPITAL GROUP	86
11.	DESCRIPTION OF KEY FEATURES OF INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE PROCESS PREPARING FINANCIAL STATEMENTS.....	86
12.	ADDITIONAL INFORMATION	87
13.	STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE OF THE MIRBUD S.A. COMPANY	107
14.	STATEMENT OF THE CAPITAL GROUP ON NON-FINANCIAL INFORMATION	107

1. PRINCIPLES FOR PREPARATION OF FINANCIAL STATEMENTS



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



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

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

The accounting policies adopted in the preparation of the financial statements have been presented in detail in the introduction to the financial statements for the period from 01/01/2021 to 30/06/2021.

2. ACTIVITIES OF THE MIRBUD CAPITAL GROUP

2.1. Description of the Capital Group and its core activities

The MIRBUD Capital Group employs 950 employees, including highly qualified engineering staff with various specialisations in the construction industry. The Company's advantage is also a well-developed machine park which ensures performance of most of the work on the basis of its own facilities.

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

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

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

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

Basic data of the Parent

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



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

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

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



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

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

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



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

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

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

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



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

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

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

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

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

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

On 1 July 2020, the Extraordinary General Meeting of Shareholders adopted resolution No. 3/2020 (Repertory A No. 6401/2020) to dissolve the Company and put it into liquidation. Mr. Wacław Jankowski was appointed the Liquidator of the Company.

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

Full name of the entity:	EXPO MAZURY S.A. w likwidacji
Entity's registered office:	Ostróda
Legal form:	joint-stock company
NIP (tax identification number):	839-27-67-573
REGON:	771485919
Address details:	ul. Grunwaldzka 55, Ostróda
tel/fax	+48(89) 506-58-00 / +48(89) 647-78-77
E-mail:	sekretariat@expomazury.pl
Website:	www.expomazury.pl
Country of registered office:	Poland

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

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



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

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

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

Full name of the entity:	JHM 1 Sp. z o.o.
Entity's registered office:	Skierniewice
Legal form:	limited liability company
NIP (tax identification number):	836-185-59-68
REGON:	101288135
Address details:	ul. Unii Europejskiej 18A, 96-100 Skierniewice

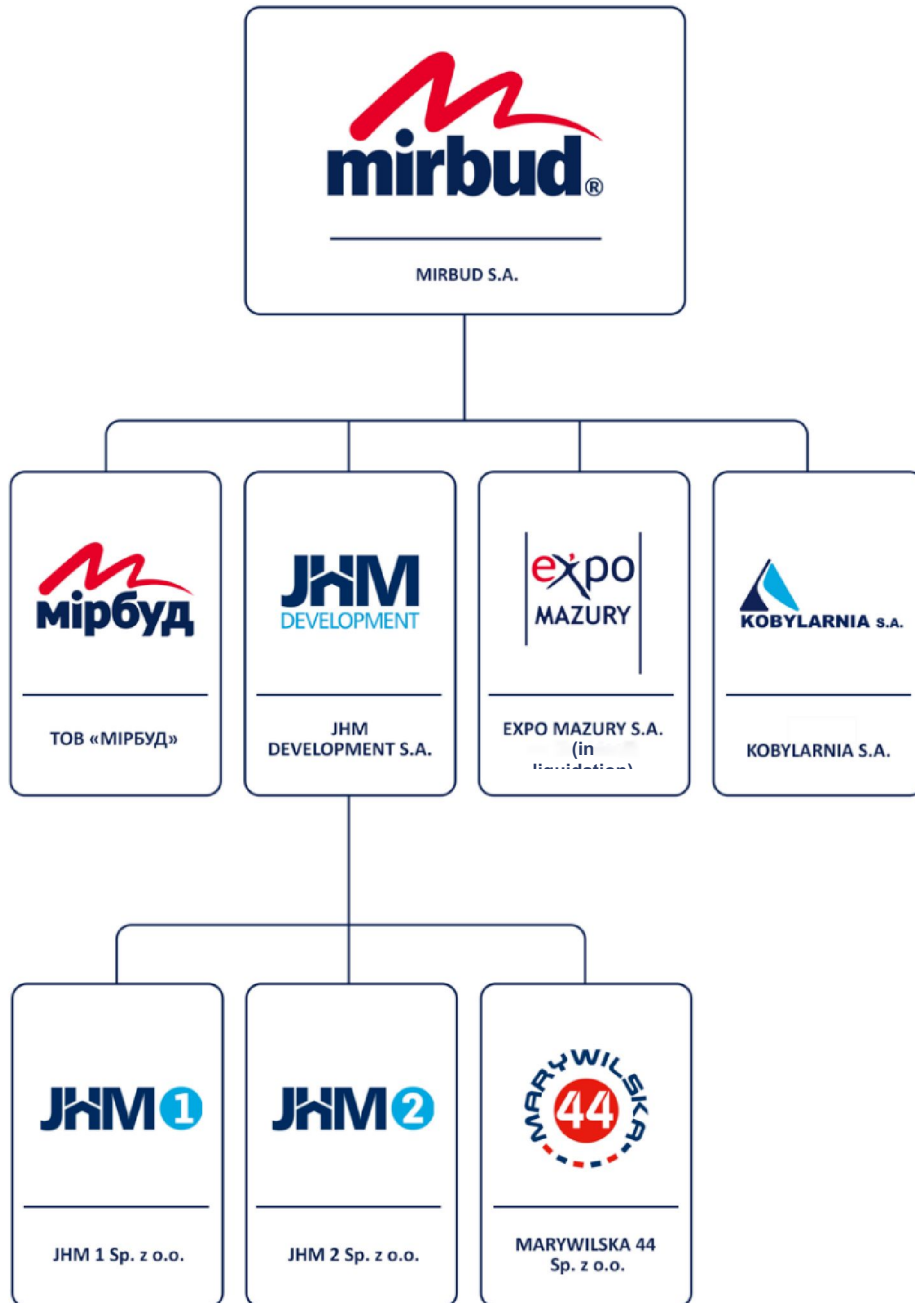
Country of registered office:	Poland
Tel/fax	+ 48 (46) 833 95 89

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

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

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

Diagram: The MIRBUD Capital Group structure as at 30/06/2021



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

Table: Structure of shares of MIRBUD S.A. in subsidiaries as at 30/06/2021

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

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

These funds are intended to cover the purchase of properties situated in Ostróda at ul. Grunwaldzka 55. As part of the purchased property, the Company intends to carry out its activity consisting in the lease of space for storage purposes.

The share capital increase was registered in the National Court Register on 10/06/2021 in an incorrect manner, inconsistently with the Company's request and the actual state of affairs regarding the amount of the share capital, the amount of capital contributed by individual shareholders. The Company's Management Board has submitted appropriate requests for correction of the error, but these have not been executed as at the date of publication of this report.

Following the Court's correction, the Company's share capital will amount to PLN 148,250,000.00. This value consists of:

- ✓ **1,565,000 shares with a nominal value of PLN 50 each**, making a total of PLN 78,250,000 - shares owned by MIRBUD S.A. Share of MIRBUD S.A. in the Company's share capital will be: 52.79%.
- ✓ **1 339 800 shares with a nominal value of PLN 50 each**, making a total of 66,990,000 - shares owned by JHM DEVELOPMENT S.A. Share of JHM DEVELOPMENT S.A. in the Company's share capital will be: 45.15%.

The difference in the value of the shares results from the redemption of shares with a nominal value of PLN 3,010,000.00.

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 30/06/2021, PLN 331,934.29). The sole partner of the company is MIRBUD S.A. As at 30/06/2021, the value of the contributed capital amounted to PLN 315,877.09.

The entity is not consolidated due to its immaterial character.

Table: Structure of shares of JHM DEVELOPMENT S.A. in subsidiaries and related entities as at 30/06/2021

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

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

Core activities

MIRBUD S.A.



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

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

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

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

- general construction and civil engineering;
- freight transport by road;
- rental of construction and demolition equipment with operator service;
- advertising and publishing activities;
- renting of premises for own account
- wholesale of materials for the construction industry.

KOBYLARNIA S.A.



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

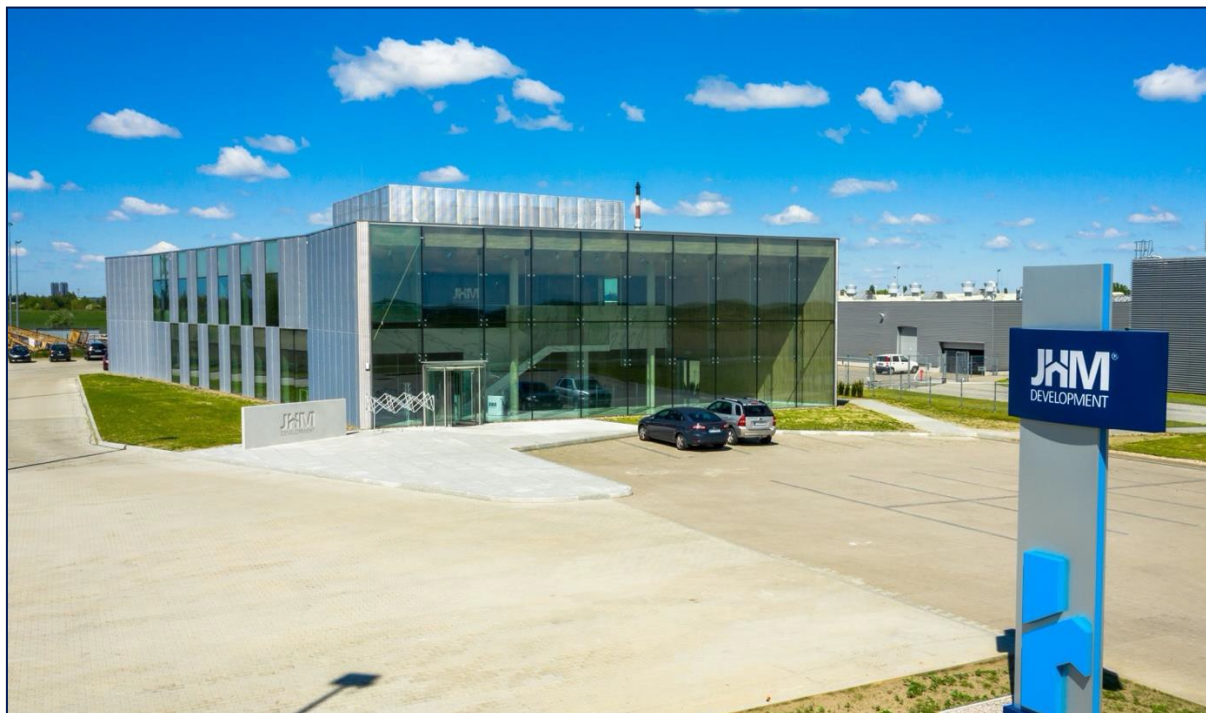
- Kobyłarnia near Bydgoszcz - the Teltomat production plant with the capacity of 240 Mg/h and the Teltomat 120 production plant with the capacity of 160 Mg/h;
- Bogusławice near Włocławek - the Teltomat 160 production plant with the capacity of 200 Mg/h;
- Miękinia near Wrocław - the Amman Uniwersal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

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

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

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

JHM DEVELOPMENT S.A.



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

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

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

MARYWILSKA 44 Sp. z o.o.



Marywilka 44 Sp. z o.o., as a subsidiary of JHM DEVELOPMENT S.A., is the owner and manager of the largest shopping centre within the capital city of Warsaw and a warehouse and logistics hall centre with an area of nearly 58 thousand square metres located in Ostróda near the S-7 expressway.

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

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

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

- rental and management of own or leased property.

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

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

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

EXPO MAZURY S.A. w likwidacji in connection with the sale of the property to Marywilska 44 ceased operations in the first half of 2021.

ТОВ «МІРБУД»

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

- general construction and civil engineering.

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

Figure: Geographical structure of the MIRBUD Capital Group in Poland



3. FINANCIAL SITUATION OF THE MIRBUD CAPITAL GROUP

3.1. Discussion of selected items of the consolidated financial statements of the MIRBUD Capital Group as at 30/06/2021, 31/12/2020 and 30/06/2020.

Table: Selected items of the Group's assets as at 30 June 2021 and 31 December 2020 in PLN thousand.

Specification	30/06/2021	% share in total assets	31/12/2020	% share in total assets	Change in PLN thousand	Change in %
Fixed assets, including:	696,093	39%	677,902	44%	18,191	3%
Property, plant and equipment	145,416	8%	216,996	14%	-71,580	-33%
Investment property	495,095	28%	422,346	27%	72,749	0%
Intangible assets	6,051	0%	6,303	0%	252	-4%
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)						
	562	0%	548	0%	14	3%
Investments measured using the equity method	0	0%	0	0%	0	0%
Long-term trading and other receivables	7786	0%	9,589	1%	-1803	-19%
biological assets	0	0%	0	0%	0	0%
Deferred income tax assets						
	41,161	2%	21,829	1%	19,332	89%
Other fixed assets not elsewhere classified (including prepayments and accruals)	22	0%	291	0%	-269	-92%
Current assets, including:	1,095,014	61%	861,227	56%	233,787	27%
Inventories	298,899	17%	282,823	18%	16,076	6%
Receivables on account of the income tax	0	0%	0	0%	0%	0%
Trading receivables and other receivables	570164	32%	287,503	19%	282662	100%
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)						
	0	0%	0	0%	0	0%
Cash and cash equivalents	219708	12%	288,997	19%	-69289	-24%
Other current assets n.e.c.						
	6243	0%	1,904	0%	4339	228%
fixed assets held for sale	0	0%	0	0%	0	0
Total assets	1,791,107	100%	1,539,129	100%	251,978	16%

As at 30/06/2021, compared to the end of 2020, the value of the balance sheet total and the structure of assets of the MIRBUD Group changed.

Current assets which, as at 30/06/2021, comprise 61% of the Group's total assets (increase in the share of current assets in the balance sheet total by 5 p.p. compared to the end of 2020) constitute the dominating value.

The following remain significant items of current assets: trade receivables and other receivables accounting for 32% of total assets (an increase in the share of total assets by 13 p.p. compared to 2020), inventories (mainly land and residential premises at JHM DEVELOPMENT S.A.), whose share in total assets decreased by 1 p.p. compared to 2020 and accounts for 17% of total assets, and cash and cash equivalents accounting for 12% of the Group's assets (a decrease in the Group's assets by 7 p.p.).

As at 30/06/2021, fixed assets constitute 39% of the total assets of the MIRBUD Group (a decrease by 5 p.p. compared to the end of 2020).

Fixed assets comprise mainly tangible fixed assets constituting 8% of the assets (a decrease in the balance sheet total by 6 p.p.) and investment property (which constitute mainly property of Centrum Targowe [Market Centre] Marywilska 44, NOMI market - JHM 1 sp z o.o. and Galeria Handlowa [Shopping Centre] together with Biedronka in Rumia - JHM 2 sp. z o.o. and warehouse and logistics facilities in Ostróda) constituting 28% of the total assets (an increase in the share by 1 p.p. compared to 2020).

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

- purchase by MIRBUD S.A. of means of transport and machinery and equipment for the amount of over PLN 12 million;
- purchase by KOBYLARNIA S.A. of fixed assets financed through leasing (cars, special vehicles and machinery), the total value of purchases in the first half of the year amounted to PLN 4 million;
- transaction of purchase in February 2021 by Marywilska 44 sp. z o.o. from EXPO MAZURY S.A. w likwidacji of 2 parts of property located in Ostróda; previously recognised as fixed assets, but qualified due to the use by Marywilska 44 sp. z o.o. as investment property (increase in value of investment property by PLN 80 million);
- revaluation of investment properties owned by Marywilska 44 sp. z o.o. as a result of reduction in the value of assets used under the lease agreement (recognition of amortisation of lease assets) - reduction in value - PLN 2,746 thousand
- an increase of PLN 24.0 million in the inventories of JHM DEVELOPMENT S.A., mainly due to the purchase of land properties for future property development investments (i.a. plots of land in Poznań);
- MIRBUD S.A. and KOBYLARNIA S.A. using part of advances received for execution of road contracts, including construction of a part of the S-1 expressway, so-called Węgierska Górka bypass, construction of a part of the A-1 motorway; construction of the A-18 motorway, section 2, construction of Poręba and Zawiercie bypass, design and construction of S-11 Koszalin-Szczecinek;
- an increase in trade receivables caused by the doubling of the scale of operations in the construction and assembly segment (large road projects entering the advanced stage of execution).

Table: Selected items of liabilities as at 30 June 2021 and 31 December 2020 in PLN thousand.

Specification	30/06/2021	% share in total liabilities	31/12/2020	% share in total liabilities	Change in PLN thousand	Change in %
Equity	497,708	28%	461,609	30%	36,099	8%
Issued share capital	9,174	1%	9,174	1%	0	0%
Gain (loss) attributable to owners of the entity	49,728	3%	58,193	4%	-8,465	-15%
Other capitals	438,806	24%	394,242	26%	44,564	11%
Capital attributable to non-controlling shares	0	0%	0	0%	0	0%
Long-term liabilities and provisions for liabilities	648,859	36%	605,819	39%	43,040	7%
- Provisions under deferred income tax	27,780	2%	24,307	2%	3,473	14%
- other provisions for long-term liabilities	4,603	0%	4,384	0%	219	5%
- long-term financial liabilities for trading liabilities and other liabilities	290,402	16%	293,551	19%	-3,149	-1%
- long-term trading and other liabilities	326,074	18%	283,577	18%	42,497	15%
- other long-term liabilities and provisions n.e.c.	0	0%	0	0%	0	0%
Short-term liabilities and provisions for liabilities	644,540	36%	471,701	31%	172,839	37%
- Provisions for short-term liabilities	3,602	0%	7,390	0%	-3,788	-51%
- short-term financial liabilities, except for provisions, trading liabilities and other liabilities	83,490	5%	79,244	5%	4,246	5%
- trading and other liabilities	533,765	30%	359,071	23%	174,694	49%
- liabilities under deferred income tax	23,113	1%	16,142	1%	6,971	43%
other long-term liabilities and provisions n.e.c.	570	0%	9,854	1%	-9,284	0%
Liabilities directly related to fixed assets classified as held for sale	0	0%	0	0%	0	0%
Total liabilities	1,791,107	100%	1,539,129	100%	251,978	16.4%

The structure of liabilities did not change significantly in the first half of 2021. The activity of the MIRBUD Capital Group is financed in 28% from own funds, and in 72% from external capital. The share of long-term liabilities in financing amounted to 36% (a decrease in the share of financing by 3 p.p. compared to 2020), while the share of short-term liabilities increased by 5 p.p. compared to 2020 and stood at 36%.

The change in the structure of liabilities resulted mainly from:

- payments made by MIRBUD S.A. to MARYWILSKA 44 sp. z o. o. towards share capital increase in the amount of PLN 80 million;
- payment of PLN 62 million by EXPO MAZURY S.A. w likwidacji to MIRBUD S.A. to return part of the contributed capital to the shareholders;
- partial repayment of a loan in ARP S.A. and long-term credits;
- full repayment by EXPO MAZURY S.A. w likwidacji of a long-term credit in Alior bank S.A. in the amount of PLN 17.6 million;
- purchase of leased machinery and equipment and means of transport by MIRBUD S.A. and KOBYLARNIA S.A. for approx. PLN 16 million - increase in long-term and short-term financial liabilities;
- successive settlement by MIRBUD S.A. and KOBYLARNIA S.A. of advances received from GDDKiA for execution of road contracts;
- an increase in trade liabilities caused by the doubling of the scale of operations in the construction and assembly segment (large road projects entering the advanced stage of execution);
- maturity as of 30/06/2021 of a credit granted to MIRBUD S.A. by mBank S.A. for PLN 15 million (as at the report publication date, the Company concluded with the Bank an annex to the credit extending the credit period to 30/06/2022).

Table: Selected items of the Group's statements of comprehensive income for the period from 01/01/2021 to 31/12/2021 and 01/01/2020 to 30/06/2020 in PLN thousand

Specification	Period from 01/01/2021 to 30/06/2021	Profitability	Period from 01/01/2020 to 30/06/2020	Profitability	Change in PLN thousand	Change in %
Sales revenue	872,561	-----	434,968	-----	437,593	101%
Gain from sales	89,229	10.23%	41,966	9.65%	47,263	113%
Operating profit EBIT	70,192	8.04%	19,152	4.40%	51,040	266%
Pre-tax profit	61,005	6.99%	14,466	3.33%	46,539	322%
Net gain	49,728	5.70%	10,699	2.46%	39,029	365%

In the first half of 2021, the MIRBUD Group achieved revenue 101% higher than in the same period of 2019, which was mainly due to a significant increase in sales revenue from construction and assembly activities especially in the engineering and road works segment and the public utility building segment. Profitability on sales in this period increased by 0.58 p.p. compared to 2020, while net profitability was 3.24 p.p. higher than in 2020.

The level of the result on sales was significantly affected by the change in the recognition by MARYWILSKA 44 sp. z o.o. of the settlement of costs concerning long-term lease contracts for land located in Warsaw, at ul. Marywilska. From the beginning of 2021, the Company recognises costs arising from these contracts in accordance with IFRS 16 "Leasing". Thus, until the end of 2020, all fees under these contracts (lease costs) were recognised in core operating expenses. From the beginning of 2021, payments under these contracts are classified as costs of other operating activities (in the part represented by the value of revaluation write-downs of investment properties - leased properties are classified as investment properties) and as financial costs (in the part concerning the interest part of the lease instalment). Accordingly, since the first half of the year, expenses related to lease contracts have not been charged to the result on sales, but only affect the operating result and lower items of the income statement.

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

The profitability of the Group's Companies in the first half of 2021 was influenced by the following factors:

- Maintained high level of profitability of road contracts;
- maintaining the profitability of JHM DEVELOPMENT S.A.;
- partial settlement of the subsidy received for the construction of the facility in the amount of approx. PLN 9.4 million (in connection with the sale of the second part of property in Ostróda);
- decrease in profitability of MARYWILSKA 44 Sp. z o.o. mainly due to rent rebates for lessees of the MARYWILSKA 44 Shopping Centre, write-downs made on overdue receivables and expenses incurred on adaptation of investment property in Ostróda to the needs of the lessee, which were charged to the current period's result;
- subsidies received by Marywilska 44 Sp. z o.o. in connection with the COVID-19 pandemic resulting from a reduction in rent for the lease of land property located in Warsaw, at ul. Marywilska.

3.2. Assessment of financial resources and liquidity management

The management of the MIRBUD Group's financial resources assumes basing the Group's financing structure on long-term sources of financing. The Group Companies finance their operations in 72% based on foreign capital through:

- credits;
- loans;
- advances;
- leasing;
- factoring.

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

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

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

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

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

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

Table: MIRBUD Group debt ratios

Specification	30/06/2021	31/12/2020
Total debt ratio <i>Total liabilities / Assets</i>	0.72	0.70
Long-term debt ratio <i>Long-term liabilities / Assets</i>	0.36	0.39
Short-term debt ratio <i>Short-term liabilities / Assets</i>	0.36	0.31
Debt to equity ratio <i>Liabilities / Equity</i>	2.60	2.33

In the reporting period, the level of debt increase by 2% and its structure changed (the share of long-term debt decreased by 3 p.p. and the share of short-term debt increased), which was the result of:

- purchase of leased machinery and equipment and means of transport by MIRBUD S.A. and KOBYLARNIA S.A. for approx. PLN 16 million - increase in long-term and short-term financial liabilities;
- successive settlement by MIRBUD S.A. and KOBYLARNIA S.A. of advances received from GDDKiA for execution of road contracts;
- an increase in trade liabilities caused by the doubling of the scale of operations in the construction and assembly segment (large road projects entering the advanced stage of execution);
- maturity as of 30/06/2021 of a credit granted to MIRBUD S.A. by mBank S.A. for PLN 15 million (as at the report publication date, the Company concluded with the Bank an annex to the credit extending the credit period to 30/06/2022);
- changes in market conditions for the supply of materials forcing early payment or advance payments, which resulted in increased use of available working capital credits.

It should be noted that as at 30/06/2021, taking into account the cash balance, the Group's net debt ratio was 25% and the Issuer's net debt did not exceed PLN 1 million.

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

Table: Company liquidity ratios

Specification	30/06/2021	31/12/2020
Current liquidity ratio		
Current assets / Short-term liabilities	1.70	1.83
Accelerated liquidity ratio		
(Current assets - Inventories - Short-term prepayments)/Current liabilities	1.24	1.20
Cash liquidity ratio		
Cash / Short-term liabilities	0.34	0.61

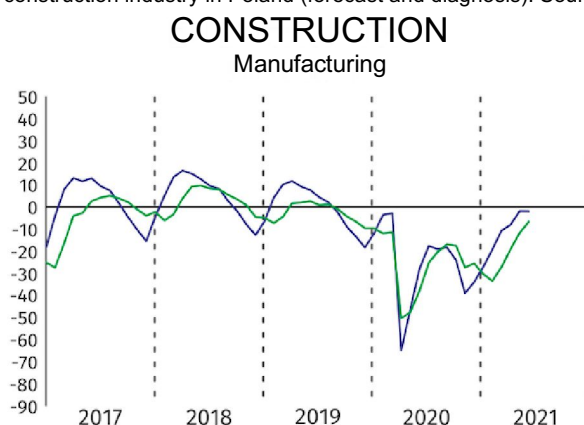
As at 30/06/2021, the MIRBUD Capital Group maintained a high current liquidity level.

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

4.1. Specificity of the market

The first half of 2021 was marked by a gradual recovery of the Polish economy from the collapse caused by the outbreak of the COVID-19 coronavirus pandemic last year. Although indicators in the year-on-year comparison show a significant recovery in the economy, the economic situation of the construction industry for companies with more than 9 employees continued to be negative relative to 2017, 2018 and 2019. Despite the occurrence of the third wave of the pandemic in March this year, the value of this ratio increased and was respectively: January 2021 - minus 18.7%, February - minus 17.7%, March - minus 15.5%, April - minus 13.7%, May - minus 8.4%, June - minus 5.5%. The low value of the economic situation ratio in the first quarter of this year was also influenced by this year's winter which was more severe than in recent years.

Chart: Economic situation of the construction industry in Poland (forecast and diagnosis). Source: GUS



After the reporting period, sentiment in the construction industry in July is now known, with the growth rate of the economic situation ratio slowing markedly to minus 4.9%. Analysts point to rising labour costs and prices of basic construction materials as reasons for the decline in optimism in the construction industry.

The construction market is characterised by a delayed reaction to trends in the economy. The dynamics of construction and assembly manufacturing, similarly to the economic situation, is also declining, so the key for observing further changes in the market will be the next months of the second half of 2021, all the more so in the context of the announcement of the fourth wave of the pandemic in autumn this year.

These risks primarily affect medium-sized and small companies which act as subcontractors for large entities. The 20 largest general contractors in Poland, including MIRBUD S.A., filled their order portfolios for the coming years in the first half of the year. Infrastructure investments constitute a large share of the current order portfolios, for which investments a generally large supply can be seen from the General Directorate for National Roads and Motorways. In line with earlier predictions, the first half of the year saw a decline in activity on the part of local government investors in construction projects, while there was a significant recovery in the market for the construction of warehouses facilities due to the post-pandemic boom in e-commerce at the expense of the construction of commercial buildings.

An important segment of construction which has had a decisive impact on filling the order portfolios of the country's largest general contractors is road and rail infrastructure construction. Although the number of bids in road construction tenders by the General Directorate for National Roads and Motorways in the first half of this year fell to zero, the continued execution of implemented and the announced new infrastructure development programmes constitute an important method to stimulate the economy after the COVID-19 pandemic. However, it should be noted that the first half of the year was increasingly influenced by the intensifying competition among general contractors in this segment and by increases in labour costs and prices of construction materials, which rose faster than the guaranteed ratios of contract valorisation.

In contrast, the first half of this year saw further growth in the housing market. According to the Central Statistical Office (GUS), developers completed 105,400 dwellings between January and June this year, i.e. 8.6% more than a year ago. During this period, permits were issued or construction notifications were made for 171,500 new dwellings, i.e. 40.2% more than in the same period of 2020. Geographically, Mazowieckie, Dolnośląskie and Wielkopolskie voivodeships were the most active in this respect. Subsequently, the greatest revival in the housing market was recorded in Małopolskie, Pomorskie, Śląskie, Łódzkie, and Kujawsko-Pomorskie Voivodeships, where a company from the MIRBUD Capital Group, JHM DEVELOPMENT S.A., is also active.

With the end of 2020 and the beginning of 2021, a significant increase in investment activity from warehouse space developers could be observed. The COVID-19 coronavirus pandemic has contributed to the growth of the e-commerce market in Poland. Demand for the construction of large-scale warehouse facilities was also reflected in the order portfolio of MIRBUD S.A. In the first half of 2021, the Company signed contracts with warehouse space developers such as Panattoni, Accolade, VidaXL, Terg, Eurocol, 7R with a total value of over PLN 400 million.

4.2. Market prospects

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

According to a report prepared by Spectis - the double-digit adjustment of construction and assembly manufacturing in the first half of 2021 was an expected continuation of the market's decline in line with the assumption that the construction market reacts with a delay to the economic downturn. However, the positive dynamics of the order portfolio of the country's 20 largest general contractors indicates that the decline in the value of the entire construction market will not be very deep, and that the biggest declines in the sector are already behind us. According to forecasts, in the second half of the year the market will continue to make up for the winter backlog, which is heralded by data on the level of the economic situation ratio and construction and assembly manufacturing in July.

The fourth wave of the pandemic announced for autumn and the associated uncertainty in the construction market are no longer a major barrier to business for the country's largest general contractors, as the construction industry has proved relatively immune to the effects of the economic downturn caused by the outbreak of the Sars-Cov-2 virus. Instead, the threats posed by rising labour costs and the price of building materials are currently in the forefront. Construction companies with order portfolio exposure to large infrastructural contracts are in the best position. Although the provisions on contract valorisation and partial contracting of the purchase prices of construction materials reduce the risk of sudden drops in profitability of the contracts held, the situation on the market in the first half of the year will have an impact on the results achieved from the execution of these contracts. Further development of the infrastructure construction market in Poland depends primarily on the execution of road programmes under the new EU perspective for 2021 - 2027 and the Government Reconstruction Fund.

The Ministry of Infrastructure has drafted a new Government Programme for the Construction of National Roads until 2030 (with an outlook to 2033). The primary source of funding for investments under this programme is the National Road Fund, fed, i.a., with EU funds from the 2021-2027 handout. This programme defines the objectives of transport policy, including above all the creation of a coherent network of national roads ensuring the efficient functioning of passenger and freight road transport within the framework of the construction of the TEN-T European road network, the basic aim of which is to reduce the transport gap between the countries of the so-called old Union and Poland. The amount of about PLN 292 billion will be allocated for the execution of the investments under the new programme, including approx. PLN 187 billion for new tasks, while PLN 105 billion will be allocated for continued tasks.

A Programme for Strengthening the National Road Network up to 2030 is also under development. Its scope concerns comprehensive maintenance or reconstruction of the national road network under the management of the General Directorate for National Roads and Motorways. The programme assumes adaptation of the national road system to vehicle traffic with a single axle load of up to 11.5 tonnes, maintenance of the required technical condition of the existing infrastructure and intensification of measures reducing the negative environmental impact of the road infrastructure. The programme also envisages, i.a., the reconstruction of intersections and supplementing the infrastructure with the necessary elements serving the vulnerable traffic participants. Approximately PLN 64 billion has been earmarked for its implementation until 2030.

Maintaining continuity in the execution of government infrastructure investments may prove to be an opportunity to maintain the pace of development for those construction companies which, having a comfortable order portfolio, will be able to carry out contracts based on their own material and equipment base without major disruption. As at 30 June 2021, MIRBUD S.A. and KOBYLARNIA S.A. had a portfolio of orders with a total net value exceeding PLN 5.54 billion net to be executed by 2025, including a portfolio of orders for infrastructural investments which amounted to PLN 4.65 billion.

In the coming months, the upturn of economic situation in the residential construction market is expected to continue. Low interest rates on mortgages and the continuing high rate of inflation encourage investors to invest capital precisely in residential estate, which is confirmed by the high rate of sales of units by JHM DEVELOPMENT. The main barrier to the development of this activity is the difficult access to the purchase of attractive plots for future investments.

For the development of activities in the property development segment, it is important to concentrate operations in medium- and large-sized cities, where there is a high demand for housing investments and at the same time it is possible to realise margins at a satisfactory level.

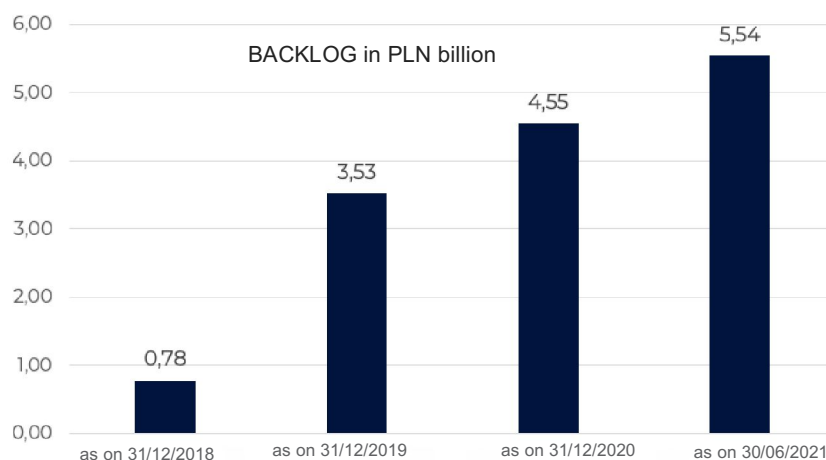
4.3. Description of activities of the MIRBUD Group companies in the first half of 2021

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

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

- filling and maintaining the value of the MIRBUD Capital Group order portfolio at approximately PLN 5,500 million for the years 2020-2025;
- diversification of the types of executed construction projects (extension of the scope of execution to include projects under public procurement, schools, airport terminal, sports stadiums, medical infrastructure projects, and others);
- winning industrial construction contracts with a total value of approx. 500 million, including primarily warehouse facilities in connection with the development of the e-commerce market in Poland;
- systematic increase in the scale of construction activities;
- maintaining, despite the state of epidemic, the commercialisation of CH MARYWILSKA 44 sp. z o.o. at the level of over 95%;
- commercialisation of warehouse and logistics centre in Ostróda above 76%;
- increase in revenue and net profit from property development activities;
- reorganisation of the MIRBUD Capital Group in the commercial real property leasing sector.

Chart: Change in the volume of the MIRBUD CG's order portfolio between 2018 and 2021



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

- decline in commercial property rental income and profitability due to the outbreak of the COVID-19 coronavirus pandemic.

In the first half of 2021, the structure of the MIRBUD Capital Group order portfolio remained with a strong exposure to engineering construction contracts, which during the crisis caused by the COVID-19 pandemic proved to be a flywheel for the Polish economy. The share of construction project contracts, including primarily public and industrial buildings, accounted for 16 percent of the Group's total order portfolio, but it should be noted that most current construction project contracts are reference facilities for further operations of the MIRBUD CG. In previous years, MIRBUD S.A. was a company recognised primarily on the market of general contractors executing industrial construction investments. As of 2019, the scope of activity has been significantly expanded to include not only prestigious road construction contracts, but also public facilities with a strong impact on local communities. Timely and efficient execution of these contracts allows MIRBUD S.A. to be perceived by customers and investors as a reliable business partner, as well as an efficient Polish general contractor of the most important construction project contracts. In March this year, the General Directorate for National Roads and Motorways has announced that the MIRBUD Capital Group is the second largest contractor involved in road construction contracts in Poland.

In the development activity segment, the MIRBUD CG recorded a significant increase in revenue and net profit in the first half of the year by respectively: 57 and over 185 percent compared to the comparable period last year. This result was achieved by handing over 197 residential units and 91 garages/parking spaces by notarial deeds transferring ownership. In the corresponding period of 2020, 121 residential units and 54 garages/parking spaces were handed over to customers.

Detailed information on the activities of the Companies from the MIRBUD Group in the reporting period and perspectives for 2021 are presented in the further part of this report.

MIRBUD S.A.

The company invariably provides a wide range of construction and assembly services in the area of industrial, construction, housing and engineering and road projects, performed in the general contracting system. In addition, publishing operations constitute a marginal area of the company's activities.

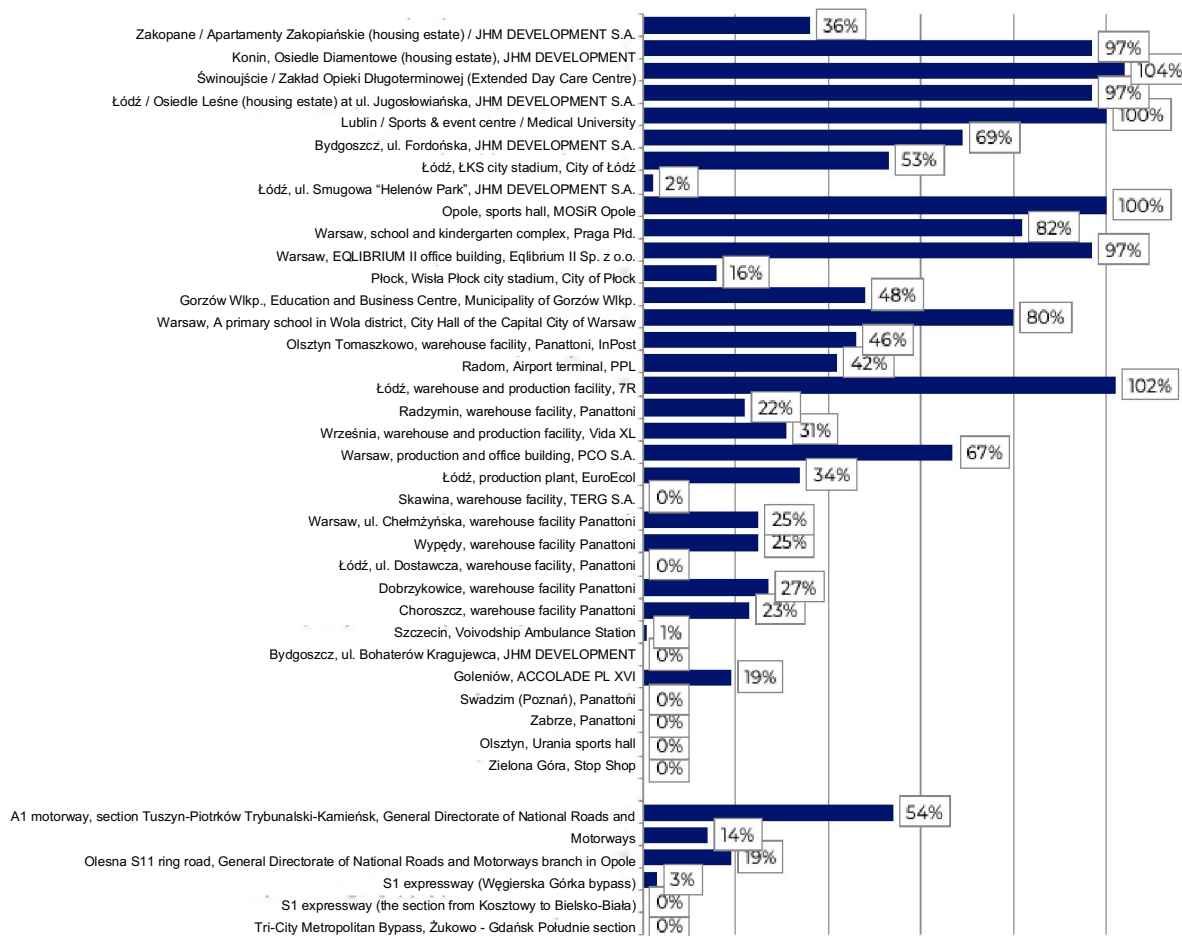
The company's biggest achievements in the first half of 2021 include signing contracts for the following projects:

- A contract for the construction of the Voivodship Ambulance Station in Szczecin with a gross value of PLN 32.84 million.
- A contract by a consortium of companies led by MIRBUD S.A. for the construction of the Tri-city Metropolitan Bypass with a gross value of PLN 777.99 million.
- A contract for the construction of a residential building in Bydgoszcz with a net value of PLN 27.84 million.
- A contract by a consortium led by MIRBUD S.A. for the design and construction of a bypass of Gostyń in the Wielkopolskie Voivodship with a gross value of PLN 246.83 million.
- A contract for the reconstruction and extension of the Urania sports and entertainment hall in Olsztyn with a gross value of PLN 194.69 million.
- A contract for the construction of a warehouse and logistics centre in Września in the Wielkopolskie Voivodship with a net value of PLN 139.97 million.

In addition, after the end of the reporting period, the Company signed a contract for the construction of the Court of Appeal building in Wrocław with a gross value of PLN 73.7 million.

As at 30/06/2021, the Company has executed a total of 34 construction project contracts and 6 road construction contracts on its own or as a consortium leader with its subsidiary KOBYLARNIA S.A. The progress of work on construction sites at the end of June 2021 is shown in the chart below:

LOCATION / PROJECT / OWNER



In accordance with the Dividend Policy adopted in 2020, in 2021 the Company paid a dividend of PLN 0.08 per share on its standalone profit for 2020 which constituted a 400% increase on the previous year. This year is also the second time the Company has been included in the WSE's analytical coverage support programme, under which IPOPEMA Securities S.A. Brokerage House issues recommendations and analyses for MIRBUD S.A. in 2021, as well as conducts meetings with institutional investors interested in participating in the Company's shareholding.

In the first half of the year, the Company carried out a number of activities to adapt its corporate governance rules to the current Set of Best Practices for WSE Listed Companies 2021, which the Warsaw Stock Exchange published in July this year. In line with the new rules, the Company has put in place a number of regulations and procedures to adapt its organisational culture in terms of governance and compliance. In order to increase the attractiveness of how the Company is perceived by institutional and individual investors, changes were also made to the communication policy of MIRBUD S.A., according to which, starting from 2022, together with the publication of periodic reports, the Company will organise open meetings dedicated to the presentation of financial results for a given accounting period. In addition, financial estimates for the given period will be published immediately after the end of the accounting period.

MIRBUD S.A. is also paying increasing attention to projects announced in the PPP formula (public-private partnership). An organisational unit was established within the Company to participate in these proceedings, and as a result the Company took part in market tests for 11 proceedings relating to the construction of, i.a., roads, kindergartens, schools, sports facilities, clinics, offices and flats. The estimated value of the projects is over PLN 580 million. In addition, the Company was admitted to the competitive dialogue in 4 proceedings concerning the construction of seven kindergartens in Warsaw, a town hall in Rumia, housing estate roads in the town of Wałcz and the construction of 500 flats for rent in Łódź. The estimated value of these projects is over PLN 220 million.

During the reporting period, the Company completed the construction of 6 public utility facilities (3 sports facilities, 1 office facility, 1 long-term care facility), 2 production and warehouse facilities, as well as 2 residential buildings and 18 single-family houses.

In the period from 1 January to 30 June 2021, the Company participated in 46 non-public tender procedures and 33 public tenders in Poland with a total value of PLN 8.39 billion. 15 of them ended with the selection of the Issuer's bid.

KOBYLARNIA S.A.

Despite the fact that in the first half of 2021 the number of tenders announced for the execution of road construction projects by the General Directorate for National Roads and Motorways has significantly decreased, KOBYLARNIA S.A. holds a filled order portfolio with an unprecedented value of PLN 1.66 billion. During this period, the Company executed the following contracts, acting as a leader in a consortium with MIRBUD S.A:

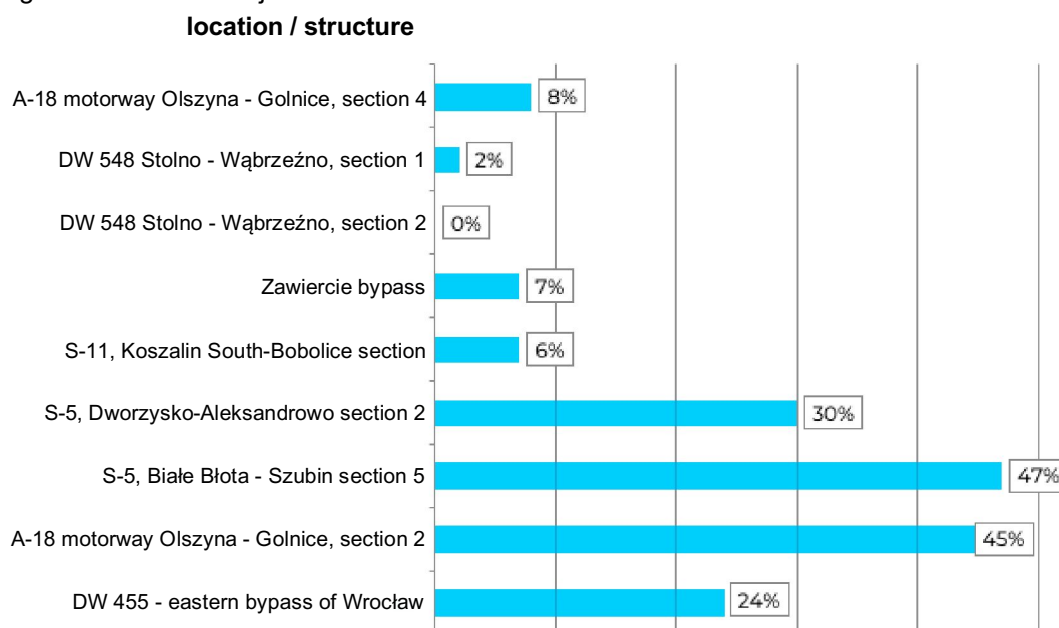
- Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 2 from km 11+860 to km 33+760, on commission by General Directorate for National Roads and Motorways. Contract value: PLN 206.62 million.
- Construction of a bypass road for Poręba and Zawiercie within the national road No. 78, section Siewierz - Poręba - Zawiercie (Kromołów) - from km 105+836 to km 122+500, on commission by General Directorate for National Roads and Motorways. Contract value: PLN 337.16 million net;
- Continuation of design and construction of the S-5 expressway from Dworzysko interchange (without interchange) to Aleksandrowo interchange (with interchange) with a length of approximately 22.4 km, on commission by General Directorate for National Roads and Motorways. Contract value: PLN 474.29 million net;
- Continuation of design and construction of the S-5 expressway on the section from the "Białe Błota" interchange (without interchange) to "Szubin" interchange (without interchange) with a length of approximately 9.7 km, on commission by General Directorate for National Roads and Motorways. Contract value: PLN 292.22 million.
- Design and construction of the S-11 expressway Koszalin - Szczecinek, section Koszalin West interchange (without interchange) - Bobolice interchange. Section 3. Koszalin South interchange (without interchange) - Bobolice interchange (with interchange), on commission by General Directorate for National Roads and Motorways. Contract value: PLN 365.85 million.
- Construction of a regional road along the section from regional road No. 455 to national road No. 98 in Wrocław, according to the "design and build" formula, on commission by the Voivodship Roads Authority in Wrocław. Contract value: PLN 133.9 million.
- 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 2 - stage II from km 15+146 to km 29+619, on commission by the Voivodship Roads Authority in Bydgoszcz.

Contract value: PLN 55.94 million.

- 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+14, on commission by the Voivodship Roads Authority in Bydgoszcz. Contract value: PLN 55.94 million.
- Construction of the A18 motorway Olszyna - Golnice (reconstruction of the southern roadway) section 4 from km 50+000 to km 71+533. Contract value: PLN 210.32 million.

The progress of work on major construction sites at the end of June 2021 is shown in the chart below:



The lack of supply of new road contracts in the first half of 2021 should not be inferred from a slowdown in the implementation of government infrastructure programmes fed mainly by EU funds. The outlook for this market is described in detail in section 4.2 of this report. KOBYLARNIA S.A., acting mainly in a consortium with MIRBUD SA, will continue to submit bids in the coming months for the execution of new tasks, taking into account such locations which are the most favourable for providing production facilities for the execution of these contracts.

In the first half of 2021, the Company participated in 24 tenders with a total net value of PLN 1.72 billion, 3 of which ended with the conclusion of contracts with a total net value of PLN 0.466 billion by the date of the report.

EXPO MAZURY S.A. w likwidacji

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

In December 2020 and February 2021, in connection with obtaining the consent of the Extraordinary General Meeting of EXPO MAZURY S.A. w likwidacji to a single-source sale of the Company's assets, the liquidator sold the Company's property to MARYWILSKA 44 Sp. z o.o. in Warsaw (an entity of the MIRBUD Capital Group).

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

ТОВ «МІРБУД»

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

JHM DEVELOPMENT S.A.

JHM DEVELOPMENT S.A. primarily develops residential buildings. In the first half of 2021, the Company's development activities focused mainly on the execution of development projects in the following locations: Osiedle Leśne (housing estate) in Łódź, Aura Towers in Bydgoszcz, Osiedle Diamentowe (housing estate) in Konin, Apartamenty Żeromskiego in Sochaczew and Apartamenty Zakopiańskie in Zakopane. In the first quarter of this year, the first project of the Company, Osiedle Skandynawia (housing estate) in Gdańsk, was offered for sale.

Sales of finished flats in 2021 were conducted for projects completed in previous years in: Brzeziny near Łódź, Hel, Katowice, Konin, Rumia, Skierniewice and Żyrardów. While the sales of houses took place with regard to Osiedle Leśne (Stage I) in Łódź which was completed this year.

From the beginning of its activities, the Company has operated in medium-sized cities of central Poland, located in the vicinity of large urban agglomerations, and selectively in other regions with high potential, where it is possible to realise attractive margins.

Without abandoning its current markets, for several years JHM DEVELOPMENT has been pursuing a modified development strategy, focusing on property development investments located in large cities. The first such project was the construction of Stages I and II of Osiedle Twoja Dolina (housing estate) in Katowice, a city of over 300,000 inhabitants, part of the Upper Silesian agglomeration. The experience gained in this market is used in operations in other agglomerations: Gdańsk, Łódź and Bydgoszcz.

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

- strong demand;
- the financial capacity of the inhabitants of the city in question;
- availability of land for construction.

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

As at 30/06/2021, the sales of finished residential units took place in 8 locations, comprising 13 multi-family residential buildings and 28 single-family houses (a total of 186 units with usable space of 13.0 thousand sq.m. PUM).

The estate of single-family detached and semi-detached houses - Osiedle Leśne (housing estate) Stage I is an investment in Łódź completed in 2021. Other projects are facilities completed in previous years.

Detailed presentation is provided in the table below. The table includes all investment projects completed by 30/06/2021.

Table. List of development projects completed by JHM DEVELOPMENT S.A. as at 30/06/2021

Item No.	Location	Type of investment	Number of units in the building	PUM area [m ²]	Number of units sold	Number of units to be sold
1	BRZEZINY ul. Głowackiego	Multi-family	128	6,933	128	0
2	ŻYRARDÓW ul. Hulki Laskowskiego	Multi-family	83	4,409	83	0
3	RUMIA ul. Dębogórska Stage I	Multi-family	244	12,987	242	2
4	SKIERNIEWICE ul. Trzcńska	Multi-family	159	8,552	159	0
5	RAWA MAZOWIECKA ul. Solidarności	Multi-family	32	1,790	32	0
6	RAWA MAZOWIECKA ul. Kazimierza Wielkiego	Multi-family	34	1,858	34	0
7	HEL ul. Steyera	Apartments	106	3,496	104	2
8	BEŁCHATÓW ul. Hubala	Multi-family	125	6,550	125	0
9	SKIERNIEWICE ul. Rawska	Multi-family	172	9,034	172	0
10	RAWA MAZOWIECKA ul. Katowicka	Detached houses	73	10,503	73	0
11	RUMIA ul. Jagielly/Bony	Detached houses	3	486	3	0
12	ŻYRARDÓW ul. Okrzei Stage I	Multi-family	88	4,316	88	0
13	KONIN ul. Berylowa Stage I	Multi-family	144	7,384	143	1
14	ŁOWICZ ul. Medyczna 12	Multi-family	25	1,383	25	0
15	KONIN ul. Beryllium Stage II	Multi-family	144	7,389	144	0
16	KATOWICE, ul. Pułaskiego Stage I	Multi-family	208	11,116	206	2
17	ŁOWICZ ul. Bonifraterska	Multi-family	25	1,398	25	0
18	RUMIA ul. Dębogórska Stage II	Multi-family	237	11,987	233	4
19	SKIERNIEWICE ul. Kopernika	Multi-family	34	1,787	34	0
20	BRZEZINY ul. Kard. St. Wyszyńskiego 2	Multi-family	56	2,838	56	0
21	ŻYRARDÓW ul. Okrzei Stage II	Multi-family	34	1,933	34	0
22	ŁOWICZ ul. Medyczna 10	Multi-family	30	1,406	30	0

23	ŻYRARDÓW ul. Okrzei Stage III	Multi-family	70	3,977	69	1
24	BRZEZINY ul. Kard. St. Wyszyńskiego 4/6	Multi-family	72	4,129	71	1
25	SKIERNIEWICE, ul. Reymonta	Multi-family	212	11,748	200	12
26	RUMIA, ul. Dębogórska Stage III	Multi-family	74	3,541	63	11
27	KONIN, ul. Berylowa, Stage III	Multi-family	122	5,998	109	13
28	KATOWICE, ul. Pułaskiego Stage II	Multi-family	116	7,081	107	9
29	ŻYRARDÓW ul. Ks. J. Popiełuszki	Multi-family	98	4,838	54	44
30	KONIN ul. Beryllium Stage IV	Multi-family	122	5,998	66	56
31	ŁÓDŹ ul. Jugosłowiańska Stages I and II	Detached houses	40	6,750	12	28
TOTAL			3,110	173,595	2,924	186

The Company sold 197 residential units and single-family houses through notarial deeds of transfer of ownership in the first half of 2021.

As at 30/06/2021, JHM DEVELOPMENT S.A. had 186 completed residential units for sale - 158 flats in multi-family buildings and 28 single-family houses. At the end of the first half of 2021, the Company, with reservation contracts in place, ended offering tourist flats located in the "Foka" facility located in Hel on the Hel Peninsula.

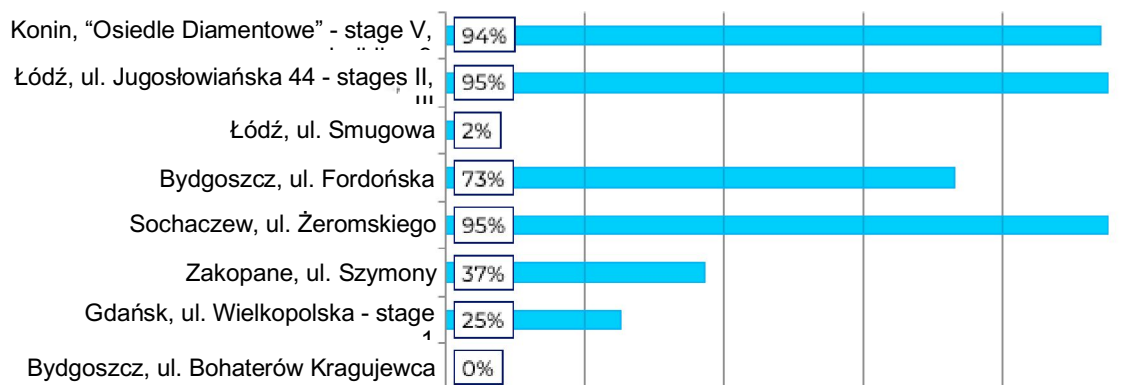
The Company's portfolio, in investments currently under construction, also included 861 units in multi-family construction projects and 41 single-family houses, with a total usable residential area of 47.3 thousand m² PUM.

Details of property development projects in progress as at 30/06/2021 are set out below.

Table: List of property development projects under construction as at 30/06/2021

Item No.	Location	The plot of land area [ha]	Housing type	PUM [m ²]	Number of premises
1	KONIN ul. Berylowa Stage V	0.4001	multi-family	2,829	55
2	ZAKOPANE ul. Szymony	0.9860	housing and services	8,705	241
3	ŁÓDŹ ul. Jugosłowiańska Stage III	6.8560	detached houses	6,617	41
4	SOCHACZEW ul. Żeromskiego	0.1198	multi-family	1,499	27
5	BYDGOSZCZ ul. Fordońska	0.7958	housing and services	15,493	311
6	GDAŃSK ul. Wielkopolska Stage I	0.6825	multi-family	5,756	108
7	BYDGOSZCZ ul. Bohaterów Kragujewca	0.4137	multi-family	6,426	119
TOTAL		10.2539		47,325	902

The progress of these projects as at 30/06/2021 is shown in the chart below.



Marywilska 44 Sp. z o.o.

Marywilska 44 Sp. z o.o. is a company operating on the Polish market in the sector of management and lease of commercial space. The Company manages the MARYWILSKA 44 Shopping Complex located in Warsaw at ul. Marywilska 44 (Białołęka district), consisting of: Centrum Handlowe (Shopping Centre) MARYWILSKA 44 with a usable area of 62,126 m² and Park Handlowy (Shopping Park) MARYWILSKA 44 with a usable area of 12,084 m². The total usable floor area of the shopping complex covers 74,210 m² of usable area and above-ground parking spaces.

In December 2020 and February 2021, the Company purchased a property located in Ostróda at ul. Grunwaldzka 55 directly at the exit from the S-5 expressway connecting Gdańsk and Warsaw. The usable area of the acquired properties is 56,800 m² and the leasable area is 44,919 m². The purpose of acquiring the property was to expand the business by lease of warehouse and logistics space.

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

The Company manages the shopping complex located in Warsaw at ul. Marywilska which includes:

- **MARYWILSKA 44 Shopping Centre with 1,348 commercial units ranging in size from 20 m² to 1,870 m²**

MARYWILSKA 44 Shopping Centre is a project which has been present on the commercial map of Warsaw for 11 years. It is characterised by a large number of relatively small traders, many with very specialised commercial offerings. By locating all small businesses under one roof of a large shopping centre, the Company achieves scale effect which allows it to engage adequate funds not only for the maintenance of the facility, but also for joint advertising, customer transport, etc. Currently, fashion industry lessees account for the largest group of lessees of the MARYWILSKA 44 Shopping Centre (65%), followed by services (8%), catering (11%), groceries (9%), interior design (3%) and leisure (4%).

- **MARYWILSKA 44 Shopping Park with 17 commercial units ranging in size from 80 m² to 2,268 m²**

Opened in 2017, MARYWILSKA 44 Shopping Park diversified the existing fashion range by promoting items for the home and garden, as well as expanding the existing leisure and sports zone by providing the opportunity to pursue various hobbies. Among the tenants are PSB Mrówka, JYSK, DYWANELLA, AT Oświecenie, JETA Łazienki, MK Meble, Galeria Dobrych Mebli, JUMP ARENA Park Trampolin, LONIA Papugarnia, BIKE MOTO CENTER, PRESTIŻOWY DOM.

For 11 years, the Company has been building its position on the Warsaw map of commercial properties, expanding its circle of customers and visitors. Each year, the Company has recorded an increasing number of visitors to the shopping complex, which has translated into very good financial results.

However, the commercial property lease market where the Company operates was heavily affected by the outbreak of the COVID-19 pandemic last year and this year - during the periods from 14 March to 3 May 2020, 7 November to 28 November 2020, 28 December 2020 to 31 January 2021 and 15 March to 28 May 2021, the majority of lessees in commercial properties over 2,000 m² were unable to operate and landlords were not entitled to collect rent during this period.

At other times, when most of the shops in the shopping centres reopened, traffic in the malls was significantly less than before the pandemic broke out. The decline in the number of visitors to shopping centres is mainly influenced by factors such as fears of COVID-19 infection and reduced spending on clothing and accessories due to lower population mobility and deteriorating consumer sentiment.

Marywilka 44 Sp. z o.o. also recorded a significant drop in footfall during the year. A decrease in the number of visitors translates into sales revenue achieved by the Company's lessees which in the long term will translate into the amount of rents generated and the level of commercialisation of the managed facilities. In view of this, the Company conducted two types of activities over the past year and in the first half of 2021:

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

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

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

As a result of these actions, it should be noted that as at 30/06/2021 the indicator of the level of lease of commercial space in the Marywilka Shopping Centre is 92.06% (a 2% increase compared to 31/12/2020). On the other hand, the occupancy rate of the Shopping Park was 98.98% as at 30/06/2021 (an 3.54% increase compared to 31/12/2020). During the non-lockdown periods, the vast majority of the shops in the centre remained open, at the same time the contracts expiring during the first half of the year were extended and the lessees regularly paid their rent. During the first 6 months of 2021, the Company managed to attract new lessees in sectors such as, i.a., clothing and textiles, household, household appliances and audio/video devices - MEDIAEXPERT chain, groceries, including Grzybek chain bakery and Żabka chain store. At the same time, the Company has taken a number of measures to reduce the costs of day-to-day maintenance of the centre (security, cleaning, maintenance, consumables), reduce the costs of sales and advertising and reduce or defer payments relating to the lease of land and property tax and tax liabilities. This allowed to maintain a good cash position and full ability to settle all obligations.

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

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

Based on the above assumptions, the Company's Management Board decided to expand the business activity by leasing warehouse space and purchasing property located in Ostróda from EXPO MAZURY S.A. w likwidacji. The facility was owned by EXPO MAZURY S.A., a company belonging to the MIRBUD S.A. Capital Group. In previous years, the facility primarily functioned as as an exhibition and event

venue. Due to the COVID-19 pandemic and the impossibility of conducting this type of activity in the foreseeable future, the Management Board of EXPO MAZURY S.A. has decided to discontinue this type of activity.

The aforementioned properties constitute a complex of six high-class warehouse and exhibition halls located in Ostróda, directly by the S-7 expressway. The total area of the property is 12.8 hectares and the total built-up area, including halls, conference and trade fair facilities and technical back-up facilities, is over 56,700 m². Warehousing, production, exhibition and conference activities are possible within the halls.

The main benefits associated with buying property in Ostroda are:

- the Company acquiring a valuable property constituting a new source of revenue, independent of its current activities;
- diversification of revenue sources - the acquired halls will be leased primarily for warehousing purposes;
- improved financial performance;
- acquiring property which can serve as mortgage hedging;
- synergies enabling the acquisition of new lessees for both types of business;
- cost synergies (one department for accounting, sales, maintenance, marketing).

Following the acquisition of the entire facility in the first half of 2021, the Company has made investments to transform it in a manner allowing it to derive revenue from the lease of warehouse space, but also from the lease of office, social and leisure space. During the first 6 months of 2021, the Company made changes and incurred expenses related to the adaptation of the technical infrastructure of the facility to the new functions, including:

- making changes to existing fire protection systems, including sprinkler, fire hydrant and smoke extraction systems;
- providing infrastructure to enable the delivery of goods to the warehouses - including the construction of so-called unloading docks and the related reconstruction of road infrastructure;
- providing additional cameras and surveillance systems.

The above changes were made based on the requirements of the lessees of space on the premises.

At the same time, the Company conducted activities aimed at commercialising the facility.

In December 2020, the first lease agreements were signed, and in February an agreement was concluded with the facility's largest lessee, operating in the furniture industry - this agreement covers the lease of a total of 31,000 m² of space. As at 30/06/2021, the commercialisation of the facility was at the level of 76.1%. The Company is currently conducting intensive activities to acquire new lessees for the facility in Ostróda. At the same time, work was undertaken to optimise the operating costs of the Ostróda facility, also in the context of its conversion to a warehouse facility.

In 2021, as in previous years, the Company will focus its activities on leasing retail space and managing the MARYWILSKA 44 shopping complex. The market for the lease of commercial space on which the Company operates covers the area of Warsaw and its surroundings. The development strategy plan envisages increasing the Company's presence on a nationwide scale. The customers of products and services provided by the Company can be divided into two groups:

- small business operators;
- commercial chain operators.

Due to the large number of potential lessees in the MARYWILSKA 44 Shopping Complex and the diversity of goods and services they offer, the Company is not directly dependent on any of its customers. As part of its offer, the Company provides services of lease of commercial premises for retail, catering and service activities.

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

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

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

Most of the available area of the property will be leased for warehousing purposes, while the remainder can be used for entertainment, retail or manufacturing activities. The Company demonstrates a flexible approach to the possibility of leasing designated spaces and adapting the facility to the required technical parameters and to the contractual terms with new lessees. The property is located in a region with a low saturation of high-quality warehouse space, which will translate into the ability to attract lessees on favourable terms.

JHM 1 Sp. z o.o.

As part of the diversification of core business in the JHM DEVELOPMENT Group, a special purpose vehicle, JHM 1 Sp. z o.o., was established to carry out investment projects in the commercial property rental market segment. The first investment project implemented by the Company is a commercial and service pavilion of the "House and Garden" sector in Starachowice. The building was released to the lessee at the end of 2012. The first lessee was the NOMI retail chain. At the beginning of 2017, there was a change of lessees and since February 2017, the new lessee is the BRICOMARCHÉ retail chain, with which a lease agreement was signed for a period of 10 years with an option to extend for another 10 years and for another 10 years.

JHM 2 Sp. z o.o.

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

The shopping centre in Rumia, called Centrum Janowo, is located in the immediate vicinity of the JHM DEVELOPMENT S.A. development project - Królewskie Housing Estate.

The commercial facility is currently over 100% commercialised. In addition to the main lessee, the retail chain BIEDRONKA, there are lessees from the following sectors: pharmacy, catering, leisure and sports (fitness centre) and beauty - including hairdressing, cosmetology and tanning.

4.4. Corporate Social Responsibility

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

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

The structure of revenue from sales, costs of sales and profitability by business segments for the MIRBUD Capital Group for the first half of 2021 as compared to the first half of 2020 are presented in the tables below:

Table: Sales realised by the MIRBUD Capital Group in the periods from 01/01/2021 to 30/06/2021 and 01/01/2020 to 30/06/2020 by segments

Specification	Sales revenue	Structure of revenue in %	Sales revenue	Structure of revenue in %
	1 January 2021 – 30 June 2021		01 January 2020 – 30 June 2020	
Sale of construction and assembly services:	772,821	88.6%	379,891	84.28%
- residential buildings				
- public buildings	161,677	20.9%	70,330	11.31%
- production and service buildings	144,424	18.7%	105,683	38.99%
- road-engineering works	466,721	60.4%	203,878	49.70%
Property development activity	64,040	7.3%	35,827	9.77%
Activities connected with lease of investment property	17,039	2.0%	15,835	4.91%
Exhibition and trade fair activity *		0.0%	2,759	0.85%
Other reserves	18,660	2.1%	656	0.19%
TOTAL	872,561	100%	434,968	100%

The value of the Group's revenue in the first half of 2021 as compared to the first half of 2020 increased by approx. 100%. This was mainly due to the fact that the Group achieved significantly higher revenue from the sale of construction and assembly services (increase by 103% y/y), mainly in the segment of public utility buildings (increase by 129% y/y) and engineering and road works (increase in sales revenue by 130% y/y).

This also affected the Group's sales structure, which changed compared to the analogous period in the previous year. The main share in the Group's sales structure was still represented by construction and assembly services, accounting for approx. 89% of total sales (an increase in the share of the Group's total revenue by 4.3 p.p.).

Among the revenue from construction and assembly services, the highest revenue was generated by the sale of services in the segment of engineering and road works, accounting for approx. 60% of those services (an increase in share in the revenue by over 10 p.p.) and public utility buildings generating approx. 21% of revenue from the sale of those services (an increase in share by approx. 10 p.p. year-on-year).

Revenue from development activities increased by 80%, but due to the increase in the scale of the Group's operations, the share of their revenue in total revenue decreased by approximately 2.5 p.p. Revenue from development activities resulted from the sale of 197 residential units and houses.

The Group's lease revenue from investment properties in the first half of 2021 decreased by approx. 8%, and the share of this revenue in total revenue also decreased (down by almost 3 p.p. y/y).

The commercial property lease market where the Company operates was heavily affected by the outbreak of the COVID-19 pandemic last year and this year - during the periods from 14 March to 3 May 2020, 7 November to 28 November 2020, 28 December 2020 to 31 January 2021 and 15 March to 28 May 2021, the majority of lessees in commercial properties over 2,000 m² were unable to operate and landlords were not entitled to collect rent during this period.

At other times, when most of the shops in the shopping centres reopened, traffic in the malls was significantly less than before the pandemic broke out. The decline in the number of visitors to shopping centres is mainly influenced by factors such as fears of COVID-19 infection and reduced spending on clothing and accessories due to lower population mobility and deteriorating consumer sentiment.

Marywilska 44 Sp. z o.o. also recorded a significant drop in footfall during the year. A decrease in the number of visitors translates into sales revenue achieved by the Company's lessees, which in the long term will translate into the amount of rents generated and the level of commercialisation of the managed facilities.

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

- the advanced stage of execution of road construction contracts e.g. construction of a fragment of the A-1 motorway, a fragment of the S-1 expressway (Węgierska Górka bypass), Olesno bypass;
- execution of significant contracts for public utility buildings (e.g. city stadium in Łódź, city stadium in Płock, airport terminal in Radom);
- the COVID-19 pandemic resulting in reduced revenue in the investment property lease segments;
- execution by MIRBUD S.A., on commission by JHM DEVELOPEMENT S.A., of new development projects in Katowice, Konin, and Łódź (approx. PLN 37 million revenue, subject to consolidation exclusion);
- reporting for the first time in the other material sales segment (including bitumen);
- concentration of MIRBUD S.A. on the implementation of the most profitable, prestigious projects.

Table: Profitability for MIRBUD S.A. Capital Group in the periods from 01/01/2021 to 30/06/2021 and 01/01/2020 to 30/06/2020 by segments

Specification	Gain/loss on sales		Gain/loss on sales	
	01 January 2021 – 30 June 2021	Sales profitability in %	01 January 2020 – 30 June 2020	Sales profitability in %
Sale of construction and assembly services:	66,419	8.6%	30,520	8.03%
- residential buildings				
- public buildings	13,269	8.2%	5,162	7.34%
- production and service buildings	19,825	13.7%	12,313	11.65%
- road-engineering works	33,325	7.1%	13,045	6.40%
Property development activity	15,372	24.0%	8,174	22.82%
Activities connected with lease of investment property	7,314	42.9%	2,495	15.76%
Exhibition and trade fair activity	0	0.0%	1,323	47.95%
Other reserves	124	1%	-546	-83.23%
TOTAL	89,229	10.23%	41,966	9.65%

The Group achieved a positive financial result on sales in all its basic segments of activity. The Group's profitability on sales in the first half of 2021, first 6 months compared to 2020, increased by 0.58 p.p., which was mainly due to the increase in profitability in the investment property lease segment (24 p.p. increase), development segment (1 p.p. increase in profitability level) and construction and installation services segment (almost 0.5 p.p. increase in profitability level).

The level of the result on sales was significantly affected by the change in the recognition by MARYWILSKA 44 sp. z o.o. of the settlement of costs concerning long-term lease contracts for land located in Warsaw, at ul. Marywilka. From the beginning of 2021, the Company recognises costs arising from these contracts in accordance with IFRS 16 "Leasing". Thus, until the end of 2020, all fees under these contracts (lease costs) were recognised in core operating expenses. From the beginning of 2021, payments under these contracts are classified as costs of other operating activities (in the part represented by the value of revaluation write-downs of investment properties - leased properties are classified as investment properties) and as financial costs (in the part concerning the interest part of the lease instalment). Accordingly, since the first half of the year, expenses related to lease contracts have not been charged to the result on sales, but only affect the operating result and lower items of the income statement.

Adopting the profitability calculation methodology used for the preceding period, the total profitability on sales of the MIRBUD Capital Group for the first half of 2021 would be at a similar level to the corresponding period of 2020.

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

4.6. Information on sales and supply markets

4.6.1. Recipients

MIRBUD S.A.

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

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

Due to the COVID-19 pandemic the situation in the construction market in the first half of 2021 was difficult for construction companies. Although cases of disease and quarantine have not significantly affected the timeliness of project execution, the observed economic downturn has a negative impact on the number of construction projects commenced. Private investors are holding back from starting their investments due to the uncertain economic and epidemiological situation, the unstable level of material prices, and the difficult access to capital.

The unstable level of prices for materials and services, as well as the increase in aggressive competition between contractors in the medium and long term, may adversely affect the profitability of contracts executed in 2021 and beyond, and concluded on the basis of price levels which do not take into account increases in execution costs.

The Issuer seeks to minimise this risk by diversifying its order portfolio, e.g. the Company also executes short-term, high-margin contracts for the construction of warehousing and industrial facilities and contracts in the residential segment for its subsidiary, JHM DEVELOPMENT S.A., while hedging the prices of materials and services at the initial stage of execution of long-term contracts with entities from the public sector.

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

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

In the period from 1 January to 30 June 2021, the Company participated in 46 non-public tender procedures and 33 public tenders in Poland with a total value of PLN 8.39 billion. 15 of them ended with the selection of the Issuer's bid.

In the first half of 2021, the Company generated over 10% of its sales revenue with the following customers: GDDKiA (41%), entities from the Panattoni Europe Capital Group (total approx. 11%), vidaXL (11%) and from the subsidiary, JHM DEVELOPMENT (6%).

KOBYLARNIA S.A.

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

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

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

At the end of the reporting period, Kobylarnia S.A. holds a filled order portfolio for the years 2021-2025 with a total value of nearly PLN 1.66 billion net. In the first half of 2021, the Company participated in 24 tenders and signed 5 contracts.

EXPO MAZURY S.A. w likwidacji

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

In connection with the sale of property to Marywilska 44 sp. z o.o. as at 30/06/2021 the Company did not conduct operations and there were no customers for its services.

Other companies of the MIRBUD Group

There is no dependence on any recipients of services.

4.6.2. Suppliers

MIRBUD S.A.



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

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

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

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

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

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

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

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

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

JHM DEVELOPMENT

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

In the first half of 2021, most of the development projects of JHM DEVELOPMENT S.A. under the terms of the general contracting agreement were performed by MIRBUD S.A., currently the sole shareholder of the Company. The value of construction and assembly works performed in the reported period by MIRBUD S.A. for JHM DEVELOPEMENT S.A. amounted to PLN 36.91 million net.

Other companies of the MIRBUD Group

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

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

MIRBUD S.A. and KOBYLARNIA S.A.

The breakout of the COVID-19 coronavirus pandemic did not significantly affect the operations of MIRBUD S.A. and KOBYLARNIA S.A. Despite the economic downturn in the industrial and service sectors, the government has chosen not to impose stringent restrictions on the construction industry, characterised by a lower risk of transmitting the virus among outdoor construction workers. The economic collapse following the introduction of restrictions has meant that the construction sector has been identified as the branch of the economy retaining the position of the flywheel nullifying the effects of the crisis.

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

JHM DEVELOPMENT S.A.

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

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

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

Marywilka 44 Sp. z o.o.

The year 2020 and the first half of 2021 were special periods in the history of this Company's operations, due to the development of the COVID-19 pandemic and the associated business restrictions. The legal and economic situation has had a significant impact on the Company's core business and results, and contributed to the strategic decision to expand the business to include leasing for warehousing and logistics purposes.

The commercial property lease market where the Company operates was heavily affected by the outbreak of the COVID-19 pandemic last year and this year - during the periods from 14 March to 3 May 2020, 7 November to 28 November 2020, 28 December 2020 to 31 January 2021 and 15 March to 28 May 2021, the majority of lessees in commercial properties over 2,000 m² were unable to operate and landlords were not entitled to collect rent during this period.

At other times, when most of the shops in the shopping centres reopened, traffic in the malls was significantly less than before the pandemic broke out. The decline in the number of visitors to shopping centres is mainly influenced by factors such as fears of COVID-19 infection and reduced spending on clothing and accessories due to lower population mobility and deteriorating consumer sentiment.

The Company also recorded a significant drop in the number of visitors during the year. A decrease in the number of visitors translates into sales revenue achieved by the Company's lessees which in the long term will translate into the amount of rents generated and the level of commercialisation of the managed facilities. In view of this, the Company conducted two types of activities over the past year and in the first half of 2021:

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

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

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

As a result of these actions, it should be noted that as at 30/06/2021 the indicator of the level of lease of commercial space in the Marywilka Shopping Centre is 92.06% (a 2% increase compared to 31/12/2020). On the other hand, the occupancy rate of the Shopping Park was - 98.98% as at 30/06/2021 (an 3.54% increase compared to 31/12/2020). It is also worth noting that during the non-lockdown periods, the vast majority of the shops in the centre remained open, at the same time the contracts expiring during the first half of the year were extended and the lessees regularly paid their rent. During the first 6 months of 2021, the Company managed to attract new lessees in sectors such as, i.a., clothing and textiles, household, household appliances and audio/video devices - MEDIAEXPERT chain, groceries, including Grzybek chain bakery and Żabka chain store.

At the same time, the Company has taken a number of measures to reduce the costs of day-to-day maintenance of the centre (security, cleaning, maintenance, consumables), reduce the costs of sales and advertising and reduce or defer payments relating to the lease of land and property tax and tax liabilities. This allowed to maintain a good cash position and full ability to settle all obligations.

The Company has taken a number of measures to ensure sanitary and epidemiological safety and

comfort in the Shopping Complex for both the lessees and customers. An in-depth footfall analysis is systematically carried out allowing to diagnose the dynamics of visits, as well as the time spent on the premises.

JHM 1 Sp. z o.o.

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

JHM 2 Sp. z o.o.

Restrictions on business operations due to the COVID-19 pandemic have affected lessees at the Centrum Janowo facility to varying degrees. The food sector, where the BIEDRONKA retail chain operates, has not been subject to any operating restrictions.

The bans on activities introduced in connection with the COVID-19 outbreak in Poland affected several lessees running businesses in Centrum Janowo, including fitness centre, tanning salon and cosmetology centre.

As at the date of the report, both the fitness centre and the tanning salon are not subject to the ban on operations. During the period of ban on operations, no rent or service fees were charged to lessees in these industries. When the restrictions were lifted, terms were agreed with these lessees to temporarily reduce rents, allowing them to maintain liquidity and the ability to pay rents during their return to the expected level of activity.

The other lessees of Centrum Janowo were able to operate almost continuously during the reporting period.

EXPO MAZURY S.A. w likwidacji

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

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

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

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

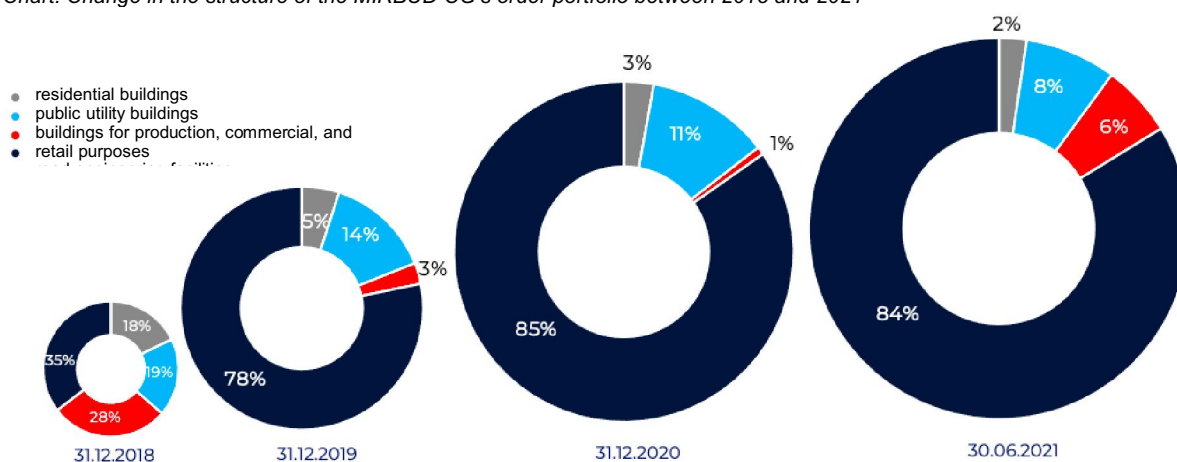
MIRBUD S.A.

In the coming years, the Company will continue to operate in all major sectors of the construction market throughout the country. As at the day of preparing the report, in the portfolio of MIRBUD S.A. the value of contracts to be executed in 2021 and the following years is over PLN 3.85 billion, with approx. PLN 1.75 billion for 2021. As at the date of this report, the Company is awaiting the signing of further contracts for which its bid has been selected as the most advantageous one.

In the first half of 2021, the engineering and road works segment was the dominant contributor to the Company's revenue, generating approx. 50% of revenue. A significant increase compared to 2020 was recorded in the revenue structure for industrial and warehouse construction (approx. 39%), as well as property development activities (approx. 10%).

In terms of the order portfolio held by the MIRBUD Capital Group, the dominant area is the construction of roads and bridges, followed by public utility buildings, warehousing and production facilities and residential buildings.

Chart: Change in the structure of the MIRBUD CG's order portfolio between 2018 and 2021



The increase in labour costs and prices of construction materials gives grounds for caution in forecasting the market situation of MIRBUD S.A. On the other hand, however, extensive investment programmes at the government level and noticeable increased investment activity of local governments and private investors (including, above all, developers of warehouse spaces) give reasons for moderate optimism in forecasting the situation of MIRBUD S.A. The order portfolio filled until 2025 allows to assume that in the next years the revenue of MIRBUD S.A. will approach unprecedented levels of PLN 1.5 billion per year. The most important challenge for the Company will be to further increase the scale of its operations while maintaining the profitability of its existing contracts.

JHM DEVELOPMENT S.A.

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

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

The Company's portfolio, in investments currently under construction, also included 861 units in multi-family construction projects and 41 single-family houses, with a total usable residential area of 47.3 thousand m² PUM.

Details of property development projects in progress as at 30/06/2021 are set out below.

Table: List of property development projects under construction as at 30/06/2021

Item No.	Location	The plot of land area [ha]	Housing type	PUM [m ²]	Number of premises
1	KONIN ul. Berylowa Stage V	0.4001	multi-family	2,829	55
2	ZAKOPANE ul. Szymony	0.9860	housing and services	8,705	241
3	ŁÓDŹ ul. Jugosłowiańska Stage III	6.8560	detached houses	6,617	41
4	SOCHACZEW ul. Żeromskiego	0.1198	multi-family	1,499	27
5	BYDGOSZCZ ul. Fordońska	0.7958	housing and services	15,493	311
6	GDAŃSK ul. Wielkopolska Stage I	0.6825	multi-family	5,756	108
7	BYDGOSZCZ ul. Bohaterów Kragujewca	0.4137	multi-family	6,426	119
TOTAL		10.2539		47,325	902

As at 30/06/2021, the Company has a land bank of 37.15 hectares designated for residential (single and multi-family) and commercial development.

This makes it possible to carry out the property development investments planned for 2021-2023, comprising 1,656 residential units with over 81.0 thousand m² PUM.

For some of the planned projects these will be the further stages of previously successfully completed property development investments. In addition, JHM DEVELOPMENT S.A. carries out property development projects in cities with great tourist potential, such as Zakopane.

In the coming years, based on its land bank, the Company plans to implement a further 12 investment projects. Details are provided in the table below.

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

Item No.	Location	The plot of land area [ha]	Housing type	PUM [m ²]	Number of premises
1	ŻYRARDÓW ul. Legionów Polskich	0.5476	multi-family	9,237	179
2	ŁÓDŹ ul. Źródłowa	0.6760	multi-family	9,734	170
3	KATOWICE, ul. Mikusińskiego	0.2968	multi-family	2,500	50
4	JASTRZĘBIA GÓRA, ul. Jantarowa Stage I	0.6119	apartments	4,046	115
5	SKIERNIEWICE ul. Armii Krajowej Stage I	0.6127	multi-family	7,600	165
6	GDAŃSK ul. Wielkopolska Stage II	1.0238	multi-family	9,659	188
7	JASTRZĘBIA GÓRA, ul. Jantarowa Stage II	0.7023	apartments	4,568	132
8	SKIERNIEWICE ul. Nowobielańska	0.3142	multi-family	4,500	90
9	SKIERNIEWICE ul. Armii Krajowej Stage II	0.6127	multi-family	7,600	165
10	ŁÓDŹ ul. Harcerska	0.8537	multi-family	9,702	187
11	SKIERNIEWICE ul. Sobieskiego	0.2071	multi-family	6,971	126
12	POZNAŃ ul. Smoluchowskiego Stage I	0.2557	multi-family	4,910	89
TOTAL		6.7144		81,027	1,656

By observing customer behaviour and the actions of the competition, the Company flexibly adjusts its sales methods to market expectations. It has a wide range of already completed investments ready for sale, investments under construction and investments planned to be launched in the near future, as well as rented tourist apartments, which are also intended for sale.

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

KOBYLARNIA S.A.

The Company has a stable and secure order portfolio for 2021-2025. From 2020 to the date of the report, Kobyłarnia S.A. has signed construction contracts with a total value of PLN 2,141 billion net. Its portfolio includes contracts in the build and design & build formula throughout Poland, with the General Directorate for National Roads and Motorways as the principal contracting authority.

In the first half of 2021, the Ministry of Infrastructure has published a draft of a new Government Programme for the Construction of National Roads until 2030 (with an outlook to 2033). The primary source of funding for investments under this programme is the National Road Fund, fed, i.a., with EU funds from the 2021-2027 handout. This programme defines the objectives of transport policy, including above all the creation of a coherent network of national roads ensuring the efficient functioning of passenger and freight road transport within the framework of the construction of the TEN-T European road network, the basic aim of which is to reduce the transport gap between the countries of the so-called old Union and Poland. The amount of about PLN 292 billion will be allocated for the execution of the investments under the new programme, including approx. PLN 187 billion for new tasks, while PLN 105 billion will be allocated for continued tasks.

A Programme for Strengthening the National Road Network up to 2030 is also under development. Its scope concerns comprehensive maintenance or reconstruction of the national road network under the management of the General Directorate for National Roads and Motorways. The programme assumes adaptation of the national road system to vehicle traffic with a single axle load of up to 11.5 tonnes, maintenance of the required technical condition of the existing infrastructure and intensification of measures reducing the negative environmental impact of the road infrastructure. The programme also envisages, i.a., the reconstruction of intersections and supplementing the infrastructure with the necessary elements serving the vulnerable traffic participants. Approximately PLN 64 billion has been earmarked for its implementation until 2030.

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

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

EXPO MAZURY S.A. w likwidacji

Due to the ongoing liquidation process, the Company has no growth prospects. According to the strategy of the MIRBUD Capital Group described herein, after the liquidation of EXPO MAZURY S.A. is completed, the commercial space rental activity will be continued by Marywilaska 44 sp. z o.o. - a company from the MIRBUD Capital Group.

MARYWILSKA 44 sp. z o.o.

In the opinion of the Company's Management Board, the main factors which will affect the development of operations and the results achieved in 2021-2023 and beyond are:

- the course of the COVID-19 pandemic in Poland and worldwide;
- the introduced restrictions on conducting business by centre lessees as a result of the COVID pandemic;
- consumer behaviour - potential change in shopping trends by reducing time spent in shopping malls;
- maintaining high commercialisation rate of the MARYWILSKA 44 shopping complex;
- effective commercialisation of the warehouse centre acquired by the Company in December 2020 and February 2021;
- the economic situation on the Polish market - including the economic situation in the sector of lease of commercial and warehouse space;
- the level of industrial production and economic activity of the population which translates into demand for warehouse space.

The Company's strategy for the coming year is to maintain a high level of commercialisation of the shopping complex while gradually reducing the discounts granted to lessees, which will ensure a gradual return to the level of revenue and profitability realised in 2019.

In the area of the new business segment involving the lease of space for warehousing purposes, the Company's objective remains the full commercialisation of the facility and its related full adaptation to the requirements of lessees.

The Company will continue to actively manage its current and future portfolio of revenue-generating commercial properties to maximise operational efficiency and effectiveness, diversify lessee risk and increase lease revenue. The Company intends to increase the value of its property portfolio through the management of its assets.

These activities include:

- improving and maintaining the ratios of space leased in the MARYWILSKA 44 shopping complex, while maintaining the best possible lease conditions on the market;
- commercialising the purchased warehouse facility located in Ostróda, by the S-7 expressway;
- improving debt collection by maintaining good relations with tenants and working with them to improve their performance;
- taking action to ensure low and economically effective costs through the use of energy-saving technologies and optimisation of the costs of repairs and maintenance of property;
- optimising administrative costs wherever possible;
- optimising financing costs by reducing the scale of debt and its refinancing, if possible;
- conducting systematic promotional and advertising activities in accordance with an internal marketing plan, the main aim of which is to support the lease of commercial premises, maintaining a good level of commercialisation of commercial facilities, and maintaining a high customer visit rate;
- strengthening the leader's position on the property market.

The Management Board believes that active management of properties is an extremely important element of the Company's strategy. The Company will also pursue other opportunities to add value to its business as such opportunities arise. The Company finances its development and current activities with own assets and with the use of bank credits. The amount of funds raised is sufficient to realise the Company's set and planned objectives and ensure the Company's financial security in the near future.

In view of the introduced state of epidemiological threat, the Company's investment plans have been spread over a longer period of time to enable their implementation without excessive financial burdens. In accordance with the adopted development strategy, the Company has been and will be implementing the following investment tasks:

- replacement of the existing interior lighting of the MARYWILSKA 44 Shopping Centre building with LED lighting;
- continuation of current renovations in the common parts of the MARYWILSKA 44 Shopping Centre (replacing floors, painting);
- continuing repair of the roof membrane;
- continuing repair of linear drainage in the MARYWILSKA 44 shopping complex car park;
- overhaul and repair of parts of air-conditioning units;
- modernisation of emergency lighting of the MARYWILSKA 44 Shopping Centre;
- modernisation of the CCTV video surveillance system;
- providing equipment and labelling and personal protective equipment in accordance with the guidelines of the Chief Sanitary Inspector.

Despite the pandemic, the Company's Management Board is pursuing the Company's adopted development strategy. The Management Board's strategy is to ensure sustainable growth in the Company's value by further developing its operations, increasing its market share and strengthening its market position while focusing on the efficiency of its financial processes.

The Management Board pursued and defined the Company's main strategic goals for the coming years:

- aiming to maximise the centre's commercialisation rate while maintaining attractive rental rates;
- strengthening the position on the Warsaw property market;
- increase in profitability of MARYWILSKA 44;
- continuing to build the value of its own brands based on the experience gained.

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

The JHM DEVELOPMENT Group's share in the segment of renting commercial property under special purpose vehicles, such as JHM 1 or JHM 2 is increased and constitutes an additional, in relation to its property development activities, stream of the Group's stable revenue. The main task of the special purpose vehicles established to manage leased facilities for lease to large commercial chains such as BIEDRONKA and BRICOMARCHÉ is to develop the scale of activities while maintaining attractive EBITDA and net profit margins. In order to achieve this goal, the Companies' Management Boards plan to further develop the scale of operations and do not exclude the construction of further commercial and service facilities for lease to large commercial chains. These plans may be implemented in the future both on the basis of newly acquired land for the construction of such commercial pavilions in attractive locations and on the basis of own land bank.

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

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

Information on the Issuer's investments, including equity investments in related parties is presented in Notes 2 to 4 to the Consolidated Statements of the MIRBUD Capital Group for the period from 01/01/2021 to 30/06/2021.

4.10. Assessment of potential for achieving investment objectives

Construction and assembly activity

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

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

Property development activity

In the years 2021 - 2022, JHM DEVELOPMENT S.A. will continue with the commenced projects and begin execution of new property development projects located on the land owned in the land bank (including projects in Katowice, Łódź, Gdańsk, Konin, Żyrardów, Sochaczew, Bydgoszcz and Zakopane), as well as on the plots of land purchased in 2021, located in Gdańsk, Żyrardów, and then in Skierniewice, Katowice and Poznań, for which preparation of the documentation necessary to launch the development project is currently underway.

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

Commercial space lease activity

In view of the introduced state of epidemiological threat, the Company's investment plans concerning the modernisation of the MARYWILSKA shopping complex have been spread over a longer period of time to enable their implementation without excessive financial burdens. In accordance with the adopted development strategy, the Company has been and will be implementing the following investment tasks:

- replacement of the existing interior lighting of the MARYWILSKA 44 Shopping Centre building with LED lighting;
- continuation of current renovations in the common parts of the MARYWILSKA 44 Shopping Centre (replacing floors, painting);
- continuing repair of the roof membrane;
- continuing repair of linear drainage in the MARYWILSKA 44 shopping complex car park;
- overhaul and repair of parts of air-conditioning units;
- modernisation of emergency lighting of the MARYWILSKA 44 Shopping Centre;
- modernisation of the CCTV video surveillance system;
- providing equipment and labelling and personal protective equipment in accordance with the guidelines of the Chief Sanitary Inspector.

The acquisition of the property in Ostróda for the purpose of leasing warehouse space involves the need to adapt to this function. It is a high-class facility, in a very good technical condition, but its primary and original purpose was trade fair and exhibition activities. Accordingly, in the first half of 2021 the Company incurred expenses related to the adaptation of the facility for warehousing purposes.

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

4.11 Risk factors

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
<i>Risk related to the coronavirus pandemic</i>	Administrative restrictions on carrying out construction and assembly activities	average	high	high	high
	Manpower availability and supply chain disruption	average	average	high	average
<i>External financial risks</i>	changes in interest rates	low	average	average	average
	changes in exchange rates	high	average	high	high
	related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits	high	high	average	average
<i>Downturn risk</i>	change in the macroeconomic situation and economic situation in Poland	high	high	high	average
	in the construction industry	high	high	high	average
<i>Risks related to competition</i>	in the construction industry	high	high	high	high
<i>External legal risks</i>	changes in provisions of law, in particular tax law	average	average	average	average
	related to non-compliance with legal requirements envisaged for the commencement of the investment 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
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related to the production process	low	high	average	low
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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 financial result and equity of the Issuer.

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

With regard to the current settlement period, the Management Board of the Issuer predicts a possible effect of this risk on the financial result - 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 financial result - a decrease by approx. 40%, no effect predicted on the Issuer's equity.

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

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

External financial risks

Financial risk management

The management of the Group's financial resources assumes basing the Group's financing structure on long-term sources of financing. The Group Companies finance their operations in 72% 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 30/06/2021, 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:
Liabilities under credits and loans	373,892	372,795		
Loans granted				
Other financial assets				
Other financial liabilities	15,160	13,256		
Total	389,052	386,051		

Risk of changes in interest rates - sensitivity to changes

In order to carry out a sensitivity analysis for interest rate changes, on the basis of historical changes in value and on the basis of the Company's knowledge and experience of financial markets, reasonably possible interest rate changes were estimated as at 30 June 2021 and 31 December 2020 at the level of - 1.0/+1.0 percentage point (as at 31 December 2019 at the same level) for the Polish zloty and the Euro.

The effect of the change in interest rates on the net result and the balance sheet total as at 30 June 2021 and 31 December 2020 is presented below.

Sensitivity analysis for items exposed to change in interest rates	As at: 30/06/2021	Effect on net gain/(loss)		Effect on the balance sheet total	
		increase by 1 p.p.	decrease by 1 p.p.	increase by 1 p.p.	decrease by 1 p.p.
Liabilities under credits and loans	373,892	-3,029	3,029	3,739	-3,739
Loans granted					
Other financial assets					
Other financial liabilities					
Total	373,892	-3,029	3,029	3,739	-3,739

Sensitivity analysis for items exposed to change in interest rates	As at: 31/12/2020	Effect on net gain/(loss)		Effect on the balance sheet total	
		increase by 1 %	decrease by 1 %	increase by 1 %	decrease by 1 %
Liabilities under credits and loans	372,795	-3,019	3,019	3,728	-3,728
Loans granted					
Other financial assets					
Other financial liabilities					
Total	372,975	-3,019	3,019	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 the first half of

2021, MIRBUD S.A. generated over 16% of revenue in EUR and was exposed to the exchange rate risk, which could reduce the effectiveness of construction contracts and may affect the amount of revenue and profits. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In the first half of 2021, the Issuer hedged on average approx. 70% of its foreign currency revenue with forward currency sales transactions.

Items exposed to change in foreign exchange rates	EUR		USD	
	As at: 30/06/2021	As at: 31/12/2019	As at: 31/12/2020	As at: 31/12/2019
Liabilities under credits and loans	1,450	1,528		
Loans granted				
Trading and other receivables	23,304	6,248		
Trading and other liabilities				
Cash	1,288	3,127		
Other financial assets				
Total	26,042	10,903		

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

In order to carry out the analysis of sensitivity to changes in exchange rates, based on historical changes in value and on the Company's knowledge and experience of financial markets, the changes in exchange rates which are "realistically possible" were estimated at the level of -10%/+10% as at 30 June 2021 and as at 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.

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 30/06/2021	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	1,450	117	-117	145	-145
Loans granted					
Trading and other receivables	23,304	1,888	-1,888	2,330	-2,330
Trading and other liabilities					
Cash	1,288	104	-104	129	-129
Other financial assets					
Total	26,042	2,109	-2,109	2,604	-2,604

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 31/12/2020	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					
Loans granted					

Trading and other receivables	6,248	506	-506	625	-625
Trading and other liabilities					
Cash	3,127	253	-253	312	-312
Other financial assets					
Total	9,375	759	-2,096	937	-937

The Issuer's Management Board estimates that there will be no changes in Euro revenue proportion in the second half of 2021. As at 30/06/2021, the Issuer had approximately 5% 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 property 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.

Economic situation risk:

- change in the macroeconomic situation and economic situation in Poland

Revenue of the MIRBUD Group Companies are earned entirely on account of conducting business activity on the Polish market. Therefore, the financial results achieved depend on factors such as the stability of the macroeconomic situation in Poland and the 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 property development industry: the level of GDP growth rate, unemployment rate, inflation rate, real remuneration growth rate, investment level, household income level, reference interest rates, exchange rates and budget deficit.

Possible negative changes in the stability of the macroeconomic situation and 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 property development industry

The situation on the property development market in Poland in the period covered by these financial statements affects the operations and financial results of the Group, however, it should be remembered that the economic situation in the property development industry is characterised by cyclicity. The current economic situation in the property 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 property development industry is influenced by the costs of materials and labour in the construction industry. The recent increase in prices of materials and costs of general contracting services may translate into such a level of increase in apartment prices that it will cause a downturn cooling on the primary market.

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

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

The further successful development of property 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 property 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 property development activities from the sale of flats and single-family houses. Due to the fact that property development projects are carried out in a long-term perspective and it is often necessary to assume sale prices of constructed property several years in advance, there is a risk that during the project implementation significant changes will occur in the prices of flats and houses on a given market, including significant drops in the prices of residential units and houses. Property prices in a given market depend on a number of factors, such as the 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 property development activities, an important area of the Group's activity is management of shopping halls and lease of commercial space. These activities are carried out by the following subsidiaries: Marywilska 44, JHM 1 Sp. z o.o. and JHM 2 Sp. z o.o. The level of commercial activity and the demand for lease of commercial space in the given shopping halls depends on the general

macroeconomic situation in a given market, the level of competition and the level of consumption, and in particular the demand for products from the popular segment in a given market.

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

Risks related to competition:

- in the construction industry

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

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

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

- in the property development industry

The regions of the country in which the Group operates are characterised by a high degree of competition in the property development industry. JHM DEVELOPMENT S.A. takes into account the intensity of competition on local markets where the start of property development activities or the implementation of further projects is considered. As a rule, the Company focuses on locations where competition is limited. The existence of limited competition at the time when the investment 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 property 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 Marywilka 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. Marywilka 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. Marywilka 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 property development and commercial projects,
- failure to implement property 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 property development projects, and therefore these factors may have a significant negative impact on the Company's activities, financial position, results or its development prospects.

- **related to financing development with bank credits**

The Group Companies finance their development and current activities with the use of bank credits and leasing. In the future, the Companies intend to use bank credits to finance the demand for working capital related to the increase in the scale of activities. However, there is a risk that in the future, in the event of adverse changes in the Companies activity markets or financial markets, or as a result of a change in the banks' approach to credit risk assessment, they will have difficult access to financing using credits, their cost will be higher than the current one, or they will be forced to repay or refinance their existing debt on worse terms. This may contribute to a slower than planned growth rate and deterioration of the financial results obtained.

The Management Board considers the current level of debt to be safe and does not see any threats to its timely service. Despite the good financial standing of most of the Group's companies, it cannot be ruled out that in the future, as a result of unfavourable market processes, they will be unable to meet all their obligations resulting from credit contracts and loans. In the event of a situation where the Company of the Group is not able to settle its debts under credit contracts and loans on an ongoing basis, repayments may become due and payable immediately. As a result, in order to satisfy its creditors, the Company will be forced to sell a part of its assets. The strategies of the Companies provide for a gradual exchange of short-term debt for long-term financing and that the newly acquired credit financing will be appropriate for the implementation of specific construction contracts and property development investments.

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

- **related to the building infrastructure**

The completion of the project depends on the provision of the infrastructure required by the regulations, such as access to public roads, access to utilities, designation of appropriate internal roads, etc. There may be situations where the provision of the necessary infrastructure depends on factors beyond the Company's control. Often the provision of access to the right road or utilities depends on the decision of the appropriate municipal or local authority. In some cases, the status of the roads needed for the 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

Property 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.

Capital risk management

The objective of capital risk management is to protect the ability to continue with the activities, so that returns for shareholders and benefits for other stakeholders can be performed, and to maintain an optimal capital structure in order to reduce the cost of capital.

The tools used to maintain and correct the capital structure may include:

- change in the amount of declared dividends to be paid;
- return of capital to shareholders;
- issue of shares and other capital instruments;
- the sale of assets in order to reduce debt.

Capital monitoring is carried out by means of the debt ratio. This ratio is calculated as the ratio of net debt to total capital. Net debt is calculated as the sum of financial debt (including current and long-term credits and loans and other financial debt disclosed in the consolidated balance sheet), less cash and cash equivalents. The total value of capital is calculated as equity disclosed in the consolidated balance sheet, together with net debt.

Calculation of the debt ratio	in PLN thousand	
	As at:	As at:
	30/06/2021	31/12/2020
Total credits	373,892	372,795
Cash and cash equivalents	-219,708	-288,997
Net debt	154,184	83,798
Equity	497,709	461,610
Total capital	651,893	545,407
Debt ratio	24%	15%

Financial liquidity hedging ratios	in PLN of PLN	
	As at:	As at:
	30/06/2021	31/12/2020
Net debt	154,184	83,798
EBITDA (for the last 12 months)	186,498	98,406
Equity	497,709	461,610
Total assets	1,791,107	1,539,129
net debt/EBITDA	0.8	0.9
equity/total assets	0.3	0.3

4.11. Information on credits, loans, guarantees and sureties

4.11.1. Credits and loans

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

Table: Liabilities under credits and loans of MIRBUD S.A. as at 30 June 2021 in PLN thousand.

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
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	1,098	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		15,200	WIBOR 1M + margin	30/06/2022	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	of PLN	6,298		WIBOR 1M + margin	31/10/2022	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	of PLN	5,500	9,000	WIBOR 1M + margin	28/02/2023	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	of PLN	19,998		WIBOR 1M + margin	25/08/2022	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	of PLN		34,634	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				32,894	65,298	98,192		

Table: Liabilities under credits and loans of the Companies from the MIRBUD Group as at 30 June 2021 in PLN thousand.

Name of the entity	Obligated entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	48,291	of PLN	29,096		WIBOR 1M + margin	04/11/2023	mortgage on property
Bank Spółdzielczy	JHM Development S.A.	8,823	of PLN	7,326	497	WIBOR 3M + margin	31/12/2034	mortgage on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	2,000	of PLN	567		WIBOR 1M + margin	14/01/2024	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	15,950	of PLN	1,525		WIBOR 3M + margin	31/12/2022	mortgage on property
SANTANDER BANK POLSKA S.A.	JHM 1 Sp. z o.o.	2,350	EUR	5,952	641	EURIBOR + margin	31/10/2030	mortgage, sureties of MIRBUD
Bank Ochrony Środowiska S.A.	JHM Development S.A.	32,157	of PLN	3,891	44	WIBOR 3M + margin	22/12/2022	mortgages on property
Warszawski Bank Spółdzielczy	JHM Development S.A.	7,800	of PLN	6,026		WIBOR 3M + margin	30/06/2023	mortgage on property
BNP Paribas Polska S.A.	JHM 2 sp. z o.o.	4,200	of PLN	2,857	426	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	20,336	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		1,681	WIBOR 1M + margin	30/12/2022	assignment of receivables, registered pledge on bank account
BGK	Kobylarnia S.A.	10,000	of PLN			WIBOR 3M + margin	30/11/2021	mortgage, surety of MIRBUD
BGK	Kobylarnia S.A.	6,212	of PLN	4,763	621	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
Total credits and loans				82,339	7,396	89,735		

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

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

As at 30/06/2021, the Companies of the MIRBUD Group did not show any debts due to loans, except for loans indicated in the above tables.

4.11.2. Long-term financial liabilities under issuance of bonds

B series bonds

JHM DEVELOPMENT S.A. made an early redemption of all B series bonds, which was confirmed in the Communiqué of the Warsaw Stock Exchange dated 17/02/2021 informing about the end of trading in these bonds in the alternative trading system on Catalyst.

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 property development projects of the Issuer, including financing of land purchase for new property 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 at 30/12/2023. The transferability of 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 property development projects of the Issuer, including financing of land purchase for new property 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 at 30/12/2023. The transferability of bonds is not subject to any restrictions.

4.11.3. Loans granted

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

As at 30 June 2021, the Companies of the MIRBUD Group did not have receivables under granted loans.

4.11.4. Sureties and guarantees

MIRBUD S.A.

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

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

As at 30/06/2021, the balance of sureties is presented in the table below:

Table: Sureties granted by MIRBUD S.A. as at 30/06/2021

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		surety expiry date
		As at:	As at:	As at:	As at:	
		30/06/2021	31/12/2020	30/06/2021	31/12/2020	
<u>To related entities</u>						
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit	49,500	49,500	23,822	25,565	02/05/2028
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit	4,500	4,500	1,681		30/09/2022
JHM 1 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit	10,604	10,595	6,593	7,053	30/09/2031
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	15,000	15,000			30/11/2021
KOBYLARNIA S.A.	Hedge for bank guarantee of BANK S.A		24,150			15/02/2022
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	9,318	9,318	5,384	5,591	31/12/2029
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit		22,500			31/12/2020
<u>To other entities</u>						
<u>Total</u>		88,922	135,563	37,480	38,209	

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

JHM DEVELOPMENT S.A. Group

The summary of contingent liabilities of JHM DEVELOPMENT Group companies as at 30/06/2021 is presented in the table below.

Table: Contingent liabilities as at 30/06/2021

No.	Liability granted by the company	Liability granted to the company	Title of liability	Value of the liability as at 30/06/2021	Expiry of the liability
1	JHM DEVELOPMENT	Marywilaska 44	Surety for the obligations of Marywilaska 44 under the lease agreement concluded with Jysk Sp. z o.o.	650	05/07/2033
2	JHM DEVELOPMENT	MIRBUD S.A.	Asset surety - hedge for the credit in PKO BP bank	57,750	24/06/2022
3	Marywilaska 44	MIRBUD S.A.	Asset hedge for the loan in Agencja Rozwoju Przemysłu S.A.	60,000	28/02/2023

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

KOBYLARNIA S.A.

As at 30/06/2021, Kobyłarnia S.A. has granted the following sureties.

Table: Sureties granted by Kobyłarnia S.A. as at 30/06/2021, in PLN thousand

No.	Entity for which the surety was granted	Claim for which surety was granted	Value of the surety	Value of the liability as at 30/06/2021	Expiry date of the surety
1	MIRBUD S.A.	Guarantee facility	50,000	-	31/05/2022
2	MIRBUD S.A.	Guarantee BGK/190427/DGL	77,130		31/12/2022

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

In accordance with the terms of the contract:

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

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

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

Changes in the scope of guarantees in the period since the end of the previous financial year result from the completion of works commenced in previous years. In the opinion of the Management Board of the Company, due to the nature of the potential liability and the history of the liabilities (occasional cases over a period of several years), it is not possible to reliably estimate the contingent liabilities on this account. Nevertheless, the Management Board is aware of such risk and, as a result, a provision is created for warranty repairs.

Contingent liabilities under the guarantee of removal of defects and faults granted by the Companies of the MIRBUD Group to investors, created, lasting from 01/01/2021 to 30/06/2021, are as follows:

Other contingent liabilities	in PLN of PLN	
	As at:	As at:
	30/06/2021	31/12/2020
Under proper performance guarantee	418,108	332,537
Under rectifying faults and defects	259,841	177,919
Under payment of receivables	152,524	201,210
<u>Total</u>	830,473	711,666

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

The Issuer did not issue shares during the reported period.

ТОВ «МІРБУД»

The share capital of ТОВ "МІРБУД" is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 30/06/2021, PLN 331,934.29). The sole partner of the company is MIRBUD S.A. As at 30/06/2021, the value of the contributed capital amounted to PLN 315,877.09.

MARYWILSKA 44 sp. z o.o.

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

These funds are intended to cover the purchase of properties situated in Ostróda at ul. Grunwaldzka 55. As part of the purchased property, the Company intends to carry out its activity consisting in the lease of space for storage purposes.

The share capital increase was registered in the National Court Register on 10/06/2021 in an incorrect manner, inconsistently with the Company's request and the actual state of affairs, i.e., regarding the amount of the share capital, the amount of capital contributed by individual shareholders. The Company's Management Board has submitted appropriate requests for correction of the error, but these have not been executed as at the date of publication of this report.

Following the Court's correction, the Company's share capital will amount to PLN 148,250,000.00.

This value consists of:

- **1,565,000 shares with a nominal value of PLN 50 each**, making a total of PLN 78,250,000 - shares owned by MIRBUD S.A. Share of MIRBUD S.A. in the Company's share capital will be: 52.79%.
- **1 339 800 shares with a nominal value of PLN 50 each**, making a total of 66,990,000 - shares owned by JHM DEVELOPMENT S.A. Share of JHM DEVELOPMENT S.A. in the Company's share capital will be: 45.19%.

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

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

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

5. MAIN CONTRACTS

5.1. Insurance contracts

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

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

Marywińska 44 Sp. z o.o. concluded a contract for insurance against all risks with AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. for the period from 05/09/2020 to 04/09/2021 confirmed with the following insurance policies:

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

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

MIRBUD S.A.

Table: Main contracts concluded by MIRBUD S.A. in the period from 01/01/2021 to 30/06/2021 in PLN thousand

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 - Milówka 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 Handlowo – 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.

16/04/2021	631,707	GDDKiA	Construction of the Tri-City Metropolitan Bypass divided into 2 parts, part 2: Construction of the Tri-City Metropolitan Bypass, task 2: Żukowo interchange (with interchange) - Gdańsk Południe interchange (with interchange),
			<ul style="list-style-type: none"> MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader), KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium partner) was selected as the most advantageous one.
07/05/2021	139,970	vidaXL International sp. z o.o.	Construction of a warehouse and logistics centre with accompanying infrastructure in Września in Wielkopolskie Voivodeship
14/05/2021	72,370	Consortium of companies composed of: <ul style="list-style-type: none"> WASKO S.A. with its registered office in Gliwice (Consortium Leader), Voltar System Sp. z o.o. with its registered office in Tychy 	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)"
24/06/2021	158,293	Olsztyn Municipality	Reconstruction and extension of the Urania sports and entertainment hall in Olsztyn
30/06/2021	200,677	GDDKiA	Design and construction of the Gostyń bypass within the national road No. 12 <ul style="list-style-type: none"> MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader), KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium partner) was selected as the most advantageous one.

On 25 June 2021, the Issuer received information from the Contracting Authority - State Treasury - Court of Appeal in Wrocław that in the tender procedure, conducted in the open tender procedure titled "Construction of the Court of Appeal building in Wrocław at ul. Zielińskiego, Piłsudskiego, Kolejowa, together with reconstruction of the road system in the area of ul. Kolejowa and ul. Zielińskiego" the most advantageous bid was placed by the Issuer. Bid value: PLN 59.919 thousand net.

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

KOBYLARNIA S.A.

Table: Main contracts for construction works concluded by KOBYLARNIA in the period from 01/01/2021 to 30/06/2021.

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 - Milówka section (Węgierska Górka bypass)

19/01/2021	55.946	Kujawsko-Pomorskie Voivodeship - the Voivodeship Roads Authority in Bydgoszcz	Extension of voivodship road No. 548 Stolno - Wąbrzeźno 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); <p>MIRBUD S.A. with its registered office in Skierniewice (Consortium Partner).</p>
20/01/2021	26.174	Robert Białdyga Przedsiębiorstwo Handlowo – 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); <p>BUDPOL Sp. z o.o. with its registered office in Częstochowa, ul. Kopalniana 12J, 42-271 Częstochowa (Consortium Partner).</p>
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)."
16/04/2021	631,707	GDDKiA	Construction of the Tri-City Metropolitan Bypass divided into 2 parts, part 2: Construction of the Tri-City Metropolitan Bypass, task 2: Żukowo interchange (with interchange) - Gdańsk Południe interchange (with interchange), <ul style="list-style-type: none"> • MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader), • KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium partner) was selected as the most advantageous one.
14/05/2021	72,370	Consortium of companies composed of: <ul style="list-style-type: none"> • WASKO S.A. with its registered office in Gliwice (Consortium Leader), • Voltar System Sp. z o.o. with its registered office in Tychy 	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)"
30/06/2021	200,677	GDDKiA	Design and construction of the Gostyń bypass within the national road No. 12 <ul style="list-style-type: none"> • MIRBUD S.A. with its registered office in Skierniewice (Consortium Leader), • KOBYLARNIA S.A. with its registered office in Kobylarnia (Consortium partner) was selected as the most advantageous one.

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

JHM DEVELOPMENT S.A. Group

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

Table: Main contracts for construction works concluded by JHM Development S.A. in the period from 01/01/2021 to 30/06/2021

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
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
07/06/2021	38,035	WAMA Construction Sp. z o.o. with its registered office in Gdańsk	Construction of two multi-family buildings together with the necessary infrastructure and obtaining a final and unconditional occupancy permit in Żyrardów, at ul. Legionów Polskich.

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

EXPO MAZURY S.A. w likwidacji

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

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

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

Contract conclusion date	Contract value (net) in PLN thousand	Contractor	Subject matter of the contract
11/08/2021	59.919	State Treasury - Court of Appeal in Wrocław	Construction of the Court of Appeal building in Wrocław at ul. Zielińskiego, Piłsudskiego, Kolejowa, together with reconstruction of the road system in the area of ul. Kolejowa and ul. Zielińskiego.

PBDiM KOBYLARNIA S.A.

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

JHM DEVELOPMENT S.A. GROUP

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

EXPO MAZURY S.A.

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

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

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

7. THE EFFECTS OF CHANGES IN THE STRUCTURE OF THE 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"

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

8. ACHIEVED AND FORECAST FINANCIAL RESULTS

The MIRBUD Capital Group Companies did not publish forecasts on financial results for 2021.

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

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

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

External factors

- further implementation of investments using 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 2021 - 2025;
- diversified order portfolio for the years 2021 - 2025;
- further development of property development activity through implementation of projects in Łódź, Poznań, Konin, Bydgoszcz, 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 property development projects;
- further investments in modern machinery park;
- achieving financial results consistent with the planned results by the Group's subsidiaries.

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

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

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

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

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

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

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

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

The Management Board of the Company states that as at 30 June 2021 there neither were nor are at present factors which could affect the reliability and correctness of the consolidated financial statements prepared.

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

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

12. ADDITIONAL INFORMATION

12.1. Shareholder structure

12.1.1. Information about the dividend paid in the period from 01/01/2021 to 30/06/2021

In the period from 01/01/ to 30/06/2021, MIRBUD S.A. did not make any dividend payments.

On 24 June 2021, the Ordinary General Meeting of Shareholders of MIRBUD S.A., acting pursuant to Article 395 § 2 item 2 of the Code of Commercial Companies, after due consideration decided to allocate the amount of PLN 7,339,536.00 from the net profit of PLN 19,425,131.66 generated in the financial year from 01/01/2020 to 31/12/2020 for the payment of dividend, i.e. PLN 0.08 (in words: eight grosz) per share, and to exclude the remaining part of the profit in the amount of PLN 12,085,595.66 from distribution and to allocate it to the Company's supplementary capital.

The Ordinary General Meeting of Shareholders of MIRBUD S.A., acting pursuant to Article 348 § 3 and § 4 of the Code of Commercial Companies, in connection with the adoption of Resolution No. 9/2021 dated 24 June 2021 on the distribution of the Company's net profit for the year 2020 and the allocation of PLN 7,339,536.00 (in words: seven million three hundred and thirty nine thousand five hundred and thirty six zloty, 00/100) from that profit for the payment of dividend, i.e. PLN 0.08 (in words: eight grosz) per share, decides to establish:

- the dividend date (D) on 01 July 2021;
- the dividend payment date (P) on 16 August 2021.

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

In the period from 01/01/ to 30/06/2021, JHM DEVELOPMENT S.A. did not make any dividend payments.

On 26/05/2021, the Ordinary General Meeting of Shareholders of JHM DEVELOPMENT S.A. adopted resolution No. 9/2021 on the distribution of net profit for the financial year 2020 and decided to exclude the net profit of PLN 14,568,468.72 earned in the financial year covering the period from 01/01/2020 to 31/12/2020 from the distribution and to allocate it entirely to increase the Company's reserve capital.

On 05/05/2021, the Ordinary General Meeting of Shareholders of KOBYLARNIA S.A., by way of Resolution No. 5/2021 resolved to allocate the Company's net profit generated in the financial year covering the period from 01/01/2020 to 31/12/2020 in the amount of PLN 1,717,211.85 in its entirety to the payment of dividend: - the dividend payment date was set at 31/05/2021. The dividend was paid on the date specified in the Resolution.

12.1.2. Information on the purchase and sale of own shares

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

12.1.3. Shares and stocks of the MIRBUD S.A.

As at 30/06/2020, the share capital is divided into 91,744,200 fully paid bearer shares with a nominal value of PLN 0.10 each.

Table: Share capital structure

No.	Series of shares	Number of shares	Nominal value per one share	Share capital registered in PLN thousand	Manner of capital coverage	Registration date
1	A	19,500,000	PLN 0.10	1,950	cash	22/12/2006
2	B	14,625,000	PLN 0.10	1,462	cash	22/12/2006
3	C	2,264,000	PLN 0.10	226	cash	22/12/2006
4	D	3,611,000	PLN 0.10	361	cash	22/12/2006
5	E	5,000,000	PLN 0.10	500,0	cash	11/12/2009
6	F	10,000,000	PLN 0.10	1,000	cash	03/03/2010
7	G	10,000,000	PLN 0.10	1,000	cash	19/05/2010
8	H	10,000,000	PLN 0.10	1,000	cash	18/08/2010
9	I	7,492,500	PLN 0.10	749	cash	26/05/2014
10	J	2,873,947	PLN 0.10	287	cash	11/09/2019
11	K	6,377,753	PLN 0.10	638	cash	30/09/2019
Total		91,744,200		9,174		

Table: Ownership structure of the share capital as at 30 June 2021

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

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

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

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

Shareholder	Number of shares held	Share in the share capital	Number of votes	% share in the total number of votes
Jerzy Mirgos	41,271,064	44.98%	41,271,064	44.98%
Nationale-Nederlanden Open Pension Fund	9,171,837	9.99%	9,171,837	9.99%
Other shareholders	41,301,299	45.03%	41,301,299	45.03%
Total	91,744,200	100.00%	91,744,200	100.00%

KOBYLARNIA S.A.

As at 30 June 2021, the share capital of KOBYLARNIA S.A. amounted to PLN 30,000,000 (thirty million zloty) and was divided into 300,000,000 shares with a nominal value of PLN 0.10 each.

Table: Structure of the share capital of KOBYLARNIA S.A. as at 30/06/2021

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

Table: Structure of shares held as at 30 June 2021

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

JHM DEVELOPMENT S.A.

As at 30 June 2021, the share capital of JHM DEVELOPMENT S.A. amounted to PLN 173,000,000 (one hundred and seventy-three million zloty) and was divided into 69,200,000 shares with a nominal value of PLN 2.50 each.

Table: Structure of the share capital of JHM DEVELOPMENT S.A. as at 30/06/2021

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

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

Table: Ownership structure of the share capital as at 30/06/2021

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

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

Marywilka 44 Sp. z o.o.

The share capital of Marywilka 44 Sp. z o.o. comprises 1,339,000 shares. The Company's share capital as at 30/06/2021 was PLN 70,000 thousand, and the structure of shareholders was as follows

Table: Ownership structure of the share capital of Marywilka Sp. z o.o. as at 30/06/2021 31/12/2020

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

Table: Ownership structure of the share capital of Marywilka Sp. z o.o. as at the report date

Name	Number of shares	Nominal price	Registered capital in PLN thousand	Registration date	Method of coverage
MIRBUD S.A.	1,565,000	PLN 50.00	78,250	10/06/2021 - registration in the National Court Register made incorrectly	cash
JHM DEVELOPMENT S.A.	1,339,800	PLN 50.00	66,900	24/11/2014	cash
Total	2,904,800		145,150		

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

The share capital increase was registered in the National Court Register on 10/06/2021 in an incorrect manner, inconsistently with the Company's request and the actual state of affairs regarding the amount of the share capital, the amount of capital contributed by individual shareholders. The Company's Management Board has submitted appropriate requests for correction of the error, but as at the date of publication of this report did not receive a decision on their execution.

Following the Court's correction, the Company's share capital will amount to PLN 148,250,000.00. This value consists of:

- ✓ **1,565,000 shares with a nominal value of PLN 50 each**, making a total of PLN 78,250,000 - shares owned by MIRBUD S.A. Share of MIRBUD S.A. in the Company's share capital will be: 52.79%.
- ✓ **1,339,800 shares with a nominal value of PLN 50 each**, making a total of PLN 66,990,000 - shares owned by JHM DEVELOPMENT S.A. Share of JHM DEVELOPMENT S.A. in the Company's share capital will be: 45.19%.

The difference in the value of the shares results from the redemption of shares with a nominal value of PLN 3,010,000.00.

The date of obtaining control over MARYWILSKA 44 sp. z o.o. by MIRBUD S.A. was set at 01/07/2021.

JHM 1 Sp. z o.o.

As at 30/06/2021 the share capital of JHM 1 amounted to PLN 9,000,065 (nine million and sixty five zloty) and was divided into 180,013 shares with a nominal value of PLN 50.00 each. The shares were fully paid up in cash.

Table: Ownership structure of the share capital of JHM 1 Sp. z o.o. as at 30/06/2020

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

Ownership structure of the share capital as at the date of approval of the statements has not changed.

JHM 2 Sp. z o.o.

As at 30/06/2021 the share capital of JHM 2 amounted to PLN 10,300,000 (ten million three hundred thousand zloty) and was divided into 206,000 shares with a nominal value of PLN 50.00 each. The shares were fully paid up in cash.

Table: Ownership structure of the share capital of JHM 2 Sp. z o.o. as at 30/06/2021

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

Ownership structure of the share capital as at the date of approval of the statements has not changed.

EXPO MAZURY S.A. w likwidacji

As at 30/06/2021, the share capital is divided into 135,928,000 fully paid ordinary registered shares with a nominal value of PLN 1.00 each.

Table: Equity capital structure as at 30/06/2021

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

Table: The ownership structure of the share capital as at 30 June 2021 was as follows:

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

Ownership structure of the share capital as at the date of approval of the statements has not changed.

TOB «МІРБУД»

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 30/06/2021, PLN 331,934.29). The sole partner of the company is MIRBUD S.A. As at 30/06/2021, the value of the contributed capital amounted to PLN 315,877.09.

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

MIRBUD S.A.

The total number of shares of MIRBUD S.A. held by members of the management and supervisory bodies as at 30/06/2021 and the date of preparation of the report is as follows:

Table. Shares of the Company held by members of management and supervisory bodies as at 30/06/2021 and as at 31/12/2020

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
Jerzy Mirgos	President of the Management Board	41,271,064 shares with a nominal value of PLN 0.10 each and a total value of PLN 4,127,106.4	44.98%
Agnieszka Bujnowska	Secretary of the Supervisory Board	11,851 shares with a nominal value of PLN 0.10 each and a total value of PLN 1,185.10	0 %
TOTAL		41,282,915 shares	44.98%

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

Name and surname	Position in the Company	Number of shares held (pcs)	Number of shares held in %
Jerzy Mirgos	President of the Management Board	41,271,064 shares with a nominal value of PLN 0.10 each and a total value of PLN 4,127,106.4	44.98%
Agnieszka Bujnowska	Secretary of the Supervisory Board	11,851 shares with a nominal value of PLN 0.10 each and a total value of PLN 1,185.10	0 %
TOTAL		41,282,915 shares	44.98%

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

JHM DEVELOPMENT S.A.

As at 30 June 2021, none of the members of the Management Board or Supervisory Board held any shares in JHM DEVELOPMENT S.A.

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

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

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

As at 30/06/2021, MIRBUD S.A. remains the sole shareholder of JHM DEVELOPMENT S.A.

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

As at 30/06/2021 and after the balance sheet date until the date of preparation of the report, apart from the information disclosed in these statements and in current reports, the issuer did not have any information about contracts which may result in future changes in the proportions of shares held by the Issuer's existing shareholders.

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

There are no employee stock ownership plans in the Company

12.2. Influence of factors and unusual events on the financial result for 2021

In 2021, there were no factors or events unusual from the point of view of the specific nature of the Companies' business activities which could influence the financial result, apart from the factors related to the COVID-19 pandemic which are described in this report.

12.3. Changes in the basic principles of managing an enterprise

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

12.4. The Management Board and the Supervisory Board and the changes in supervisory and management bodies of the Group's Companies

MIRBUD S.A.

In the period from 01/01/2021 to 30/06/2021, the composition of the Management Board of MIRBUD S.A. did not change and performed the duties with the following composition:

Table: Composition of the Management Board of MIRBUD S.A. in the period from 01/01/2021 to 30/06/2021

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

The composition of the Issuer's Supervisory Board in the period from 01/01/2021 to 30/06/2021 changed and was as follows:

Table: Composition of the MIRBUD S.A. Supervisory Board in the period from 01/01/2021 - 30/06/2021

Name and surname	Position
Wiesław Kosonóg	Chairman of the Supervisory Board
Waldemar Borzykowski	Deputy Chairman of the Supervisory Board (since 23/06/2021)
Radosław Niewiadomski	Member of the Supervisory Board (since 24/06/2021)
Agnieszka Bujnowska	Secretary of the Supervisory Board
Hubert Bojdo	Member of the Supervisory Board
Andrzej Zakrzewski	Member of the Supervisory Board
Wiktoria Braun	Member of the Supervisory Board
Artur Sociński	Member of the Supervisory Board

On 25 May 2021, the Issuer received a statement on the resignation of Mr. Waldemar Borzykowski from his position as a member of the Supervisory Board of MIRBUD S.A. as of 23 June 2021.

On 24 June 2021, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted resolution No. 23/2021 on appointing Mr. Radosław Niewiadomski to the Supervisory Board of MIRBUD S.A.

JHM DEVELOPMENT S.A.

In the period from 01/01/2021 to 30/06/2021, the Management Board of JHM DEVELOPMENT S.A. did not change and performed the duties with the following composition:

Table: Composition of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2021 to 30/06/2021

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

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

Table: Composition of the Supervisory Board of JHM DEVELOPMENT S.A. in the period from 01/01/2021 to 30/06/2021

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

KOBYLARNIA S.A.

The composition of the Company's Management Board in the period from 01/01/2021 to 30/06/2021 was as follows:

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

The composition of the Company's Supervisory Board in the period from 01/01/2021 to 30/06/2021 was as follows:

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

EXPO MAZURY S.A. w likwidacji

On 1 July 2020, the Extraordinary General Meeting of Shareholders adopted resolution No. 3/2020 (Repertory A No. 6401/2020) to dissolve the Company and put it into liquidation. Mr. Waclaw Jankowski, a long-time employee of the MIRBUD Capital Group companies, was appointed the Liquidator of the Company.

The composition of the Company's Supervisory Board in the period from 01/01/2021 to 30/06/2021 did not change and was as follows:

Table: The composition of the Supervisory Board of EXPO MAZURY S.A. w likwidacji in the period from 01/01/2021 to 30/06/2021

Name and surname	Position
Anna Więżowska	Chairwoman of the Supervisory Board
Maciej Fingas	Vice-President of the Supervisory Board
Agnieszka Bujnowska	Secretary of the Supervisory Board

Marywilka 44 Sp. z o.o.

The composition and changes in the composition of the Management Board of the subsidiary Marywilka 44 Sp. z o.o. in the first half of 2021 are set out below:

Table: Composition of the Management Board of Marywilka 44 Sp. z o.o. in the period from 01/01/2021 to 30/06/2021

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

The composition and changes in the composition of the Supervisory Board of the subsidiary Marywilka 44 Sp. z o.o. in the first half of 2021 are set out below:

Table: Composition of the Supervisory Board of Marywilka 44 Sp. z o.o. in the period from 01/01/2021 to 30/06/2021

Supervisory Board	
Dariusz Jankowski	Chairman of the Supervisory Board (until 25/03/2021)
Agnieszka Bujnowska	Secretary of the Supervisory Board
Paweł Korzeniowski	Member of the Management Board / Chairman of the Supervisory Board (since 26/03/2021)
Anna Więżowska	Member of the Supervisory Board (since 26/03/2021)

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

JHM 1 Sp. z o.o.

In the period from 01/01/2021 to 30/06/2021, the Management Board of JHM 1 Sp. z o.o. performed its duties with an unchanged, one-person composition: Mr. Sławomir Siedlarski - President of the Management Board. Pursuant to the Company's contract, the supervisory board was not appointed.

JHM 2 Sp. z o.o.

In the period from 01/01/2021 to 30/06/2021, the Management Board of JHM 2 Sp. z o.o. performed its duties with an unchanged, one-person composition: Ms. Regina Biskupska - President of the Management Board. Pursuant to the Company's contract, the supervisory board was not appointed.

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

Mrs. Kaja Mirgos-Kwiatkowska, who has been a member of the Management Board of JHM DEVELOPMENT S.A. from 02/01/2020 and a member of the Management Board of Marywilska 44 sp. z o.o., from 01/08/2020 is the daughter of Mr. Jerzy Mirgos who, as at 30/06/2021, held 44.98% of the Issuer's shares.

Jaroslław Niewadowski	Member of the Supervisory Board	31	0	0	0	0	0	7.5	39
TOTAL		3041	0	0	0	0	0	221	561.3 3823.3

Table: Remuneration of members of the management and supervisory bodies of the Parent in the period from 01/01/2020 to 30/06/2020

Name of the body	Position	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	From sureties granted	Remuneration in subsidiaries	Total
Jerzy Mirgos	President of the Management Board	565	0	0	0	0	223	150	938
Sławomir Nowak	Vice-President of the Management Board	499	0	0	0	0	0	100	599
Paweł Korzeniowski	Member of the Management Board	353	0	0	0	0	0	22	375
Tomasz Sałata	Member of the Management Board	349	0	0	0	0	0	0	349
Ewa Przybył	Proxy	164	0	0	0	0	0	0	164
Hubert Bojdo	Member of the Supervisory Board	15	0	0	0	0	0	0	15
Agnieszka Bujnowska	Secretary of the Supervisory Board	18	0	0	0	0	0	38	56
Andrzej Zakrzewski	Member of the Supervisory Board	15	0	0	0	0	0	8	23
Waldemar Borzykowski	Member of the Supervisory Board	18	0	0	0	0	0	8	26
Artur Sociński	Member of the Supervisory Board	15	0	0	0	0	0	0	15
Wiesław Kosonóg	Chairman of the Supervisory Board	17	0	0	0	0	0	10	27
Wiktoria Braun	Member of the Supervisory Board	11	0	0	0	0	0	0	11
TOTAL		2,039	0	0	0	0	223	336	2,598

In the period from 01/01/2021 to 30/06/2021 members of the Issuer's management, supervisory and administrative bodies did not receive any awards or benefits for their functions, prizes or benefits except for the remuneration indicated in the table above.

JHM DEVELOPMENT S.A.

The value of remuneration received by the members of the Management Board of JHM DEVELOPMENT S.A. in the period from 01/01/2021 to 30/06/2021 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2021 to 30/06/2021

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	795	0	0	0	0	795
Supervisory Board	43	0	0	0	0	43
Total	838	0	0	0	0	838

Table: Remuneration of members of the management and supervisory bodies of JHM DEVELOPMENT S.A. in the period from 01/01/2021 to 30/06/2020

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	688	0	0	0	0	688
Supervisory Board	43	0	0	0	0	43
Total	731	0	0	0	0	731

KOBYLARNIA S.A.

The value of remuneration received by the members of the Management Board of KOBYLARNIA S.A. in the period from 01/01/2021 to 30/06/2021 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2021 to 30/06/2021

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	805	0	0	0	0	805
Supervisory Board	27	0	0	0	0	27
Total	832	0	0	0	0	832

Table: Remuneration of members of the management and supervisory bodies of KOBYLARNIA S.A. in the period from 01/01/2020 to 30/06/2020

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	821	0	0	0	0	821
Supervisory Board	27	0	0	0	0	27
Total	848	0	0	0	0	848

MARYWILSKA sp. z o.o.

The value of remuneration of the Management Board members of Marywilka 44 Sp. z o.o. obtained in the period from 01/01/2021 to 30/06/2021 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of Marywilka Sp. z o.o. in the period from 01/01/2021 to 30/06/2021

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	436	0	0	0	0	436
Supervisory Board	40	0	0	0	0	40
Total	476	0	0	0	0	476

Table: Remuneration of members of the management and supervisory bodies of Marywilka Sp. z o.o. in the period from 01/01/2020 to 30/06/2020

Name of the body	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	390	0	0	0	0	390
Supervisory Board	40	0	0	0	0	40
Total	430	0	0	0	0	430

EXPO MAZURY S.A. w likwidacji

The value of remuneration received by the members of the Management Board of EXPO MAZURY S.A. in the period from 01/01/2021 to 30/06/2021 is presented in the table below.

Table: Remuneration of members of the management and supervisory bodies of EXPO MAZURY S.A. w likwidacji in the period from 01/01/2021 to 30/06/2021

Name of the body	Appointment benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Liquidator	18	0	0	0	0	18
Supervisory Board	24	0	0	0	0	24
Total	42	0	0	0	0	420

Table: Remuneration of members of the management and supervisory bodies of EXPO MAZURY S.A. in the period from 01/01/2020 to 30/06/2020

Name of the body	Appointment benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Management Board	111	0	0	0	0	111
Supervisory Board	25	0	0	0	0	25
Total	136	0	0	0	0	136

OTHER COMPANIES OF THE GROUP

The Management Board did not receive any remuneration in the special purpose vehicle JHM 1 Sp. z o.o. in the period from 01/01/2021 to 30/06/2021.

The Management Board did not receive any remuneration in the special purpose vehicle JHM 2 Sp. z o.o. in the period from 01/01/2021 to 30/06/2021.

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

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

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

As at 30/06/2021, the Group Companies did not have any liabilities resulting from pensions and benefits of a similar nature for former members of the management, supervisory and administrative bodies, and liabilities related to those pensions.

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

No such events occurred in the reporting period.

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

No such events occurred in the reporting period.

12.9. Employees

The employment figures in the Companies of the MIRBUD Group as at 30/06/2021 and as at 31/12/2020 are presented in the tables below.

Table: Employment in the MIRBUD Group Companies as at 30/06/2021

Company	Employees employed under a contract of employment	Employees employed under other contracts
MIRBUD S.A.	399	149
KOBYLARNIA S.A.	286	64
JHM DEVELOPMENT S.A.	28	15
Marywilaska 44 Sp. z o.o.	12	
JHM 1 Sp. z o.o.	1	
JHM 2 Sp. z o.o.	1	
EXPO MAZURY S.A.	1	0
ТОВ «МІРБУД»	0	0

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

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

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

12.10. Diversity policy

The MIRBUD Capital Group had no diversity policy in place in the first half of 2021. The Company employs people with appropriate qualifications and professional experience, without age or gender differences. The choice of staff depends entirely on the achievements, efficiency and professionalism of the individual candidates. Detailed data on employment by gender and age as well as people from the local community can be found in the non-financial report.

On 01/07/2021, the Group has adopted a diversity policy.

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

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

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

Prior to the conclusion of the aforementioned contract, the Issuer did not use the services of the audit firm POLAUDIT sp. z o.o. The audit firm was selected from among the firms recommended by the audit committee by the Supervisory Board pursuant to Resolution XII/2020 of 2 June 2020.

In the period from 01/01/2021 to 30/06/2021, the remuneration paid by the Issuer to the statutory auditor amounted to PLN 31 thousand.

In the period from 01/01/2021 to 30/06/2021, the Entity authorised to audit the financial statements, with the exception of the attestation service of the remuneration report of the Management Board and Supervisory Board for 2020, did not provide any other services to the Company.

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

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

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

As at 30/06/2021, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 3,330 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 30/06/2021, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 3.030 thousand.

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

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the GDDKiA for the value of the object of dispute of PLN 67,422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S-5 expressway. The total value of disputes between KOBYLARNIA S.A. and GDDKiA as at 30/06/2021 amounted to PLN 71,820 thousand.

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

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

In the reporting period, MIRBUD S.A. was subject to a set of corporate governance rules called "Best Practice for WSE Listed Companies 2016", which is available to the public on the website of the Warsaw Stock Exchange in the section devoted to Corporate Governance Rules:

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

The Company has included a corporate governance statement in its 2020 annual report.

By Resolution No. 13/1834/2021 of 29 March 2021, the Warsaw Stock Exchange Board adopted new corporate governance rules for companies listed on the WSE Main Market - "Best Practice for WSE Listed Companies 2021" (Best Practice 2021, DPSN2021) as a further version of the set of corporate governance rules to which companies listed on the WSE are subject.

<https://www.gpw.pl/dobre-praktyki2021>

By way of a report dated 28/07/2021, transmitted through the EBI system, MIRBUD S.A. informed on the application of individual corporate governance rules, fulfilling the information obligation in this respect imposed on the Company by the WSE Rules until 31/07/2021. Statement on the application of individual corporate governance rules for companies listed on the WSE Main Market - "Best Practice for WSE Listed Companies 2021" MIRBUD S.A. has also posted at <https://relacje.mirbud.pl/lad-korporacyjny>

14. STATEMENT OF THE CAPITAL GROUP ON NON-FINANCIAL INFORMATION

MIRBUD Capital Group has prepared a separate report on non-financial information published together with the 2020 financial statements.

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