



# MIRBUD GROUP

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 01/01/2021 to 30/09/2021

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

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**I. BASIC FINANCIAL DATA**

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.5585	4.4420
Sales revenue	1,647,175	765,389	361,342	172,306
Gain (loss) on operating activities	126,642	41,548	27,782	9,353
Pre-tax gain (loss)	113,420	33,166	24,881	7,466
Net gain (loss)	92,438	26,460	20,278	5,957
Total income for the net financial year	92,438	26,460	20,278	5,957
Net cash flows from operating activities	24,876	21,856	5,457	4,920
Net cash flows from investing activity	-15,850	-5,450	-3,477	-1,227
Net cash flows from financial activities	-12,514	-27,562	-2,745	-6,205
Total net cash flows	-3,489	-11,156	-765	-2,512
net gain (loss) per share in PLN/EUR	1.01	0.29	0.22	0.06
net gain (loss) diluted per share in PLN/EUR	1.01	0.29	0.22	0.06

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Asset and liability items according to the average exchange rate set by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6329	4.6148
Total assets	1,920,909	1,539,129	414,623	333,520
Liabilities and provisions for liabilities	1,374,201	1,077,520	296,618	233,492
Long-term liabilities	671,019	605,818	144,838	131,277
Short-term liabilities	703,181	471,701	151,780	102,215
Equity	546,708	461,610	118,006	100,028
Share capital	9,174	9,174	1,980	1,988
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	5.96	5.03	1.29	1.09
Diluted book value per share in PLN/EUR	5.96	5.03	1.29	1.09

Selected separate financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.5585	4.4420
Sales revenue	1,158,873	550,112	254,223	123,842
Gain (loss) on operating activities	91,419	22,202	20,055	4,998
Pre-tax gain (loss)	88,406	17,137	19,394	3,858
Net gain (loss)	70,230	13,821	15,407	3,112
Total income for the net financial year	70,230	13,821	15,407	3,112
Net cash flows from operating activities	-66,235	40,320	-14,530	9,077
Net cash flows from investment activities	-14,687	-41,054	-3,222	-9,242
Net cash flows from financial activities	-6,593	-5,251	-1,446	-1,182
Total net cash flows	-87,515	-5,985	-19,198	-1,347
net gain (loss) per share in PLN/EUR	0.77	0.15	0.17	0.03
net gain (loss) diluted per share in PLN/EUR	0.77	0.15	0.17	0.03

Selected separate financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Asset and liability items according to the average exchange rate set by the National Bank of Poland as at the reporting date, respectively: EUR 1 =			4.6329	4.6148
Total assets	1,194,801	920,747	257,895	199,521
Liabilities and provisions for liabilities	839,437	628,274	181,190	136,143
Long-term liabilities	342,079	292,453	73,837	63,373
Short-term liabilities	497,358	335,821	107,354	72,771
Equity	355,364	292,473	76,704	63,377
Share capital	9,174	9,174	1,980	1,988
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	3.87	3.19	0.84	0.69
Diluted book value per share in PLN/EUR	3.87	3.19	0.84	0.69



## II. GENERAL INFORMATION ABOUT THE ENTITY

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

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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.

### Core activities

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

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

### Duration

The duration of the Issuer shall be unlimited.

## Management Board and Supervisory Board

### Management Board

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

### Supervisory Board

Wiesław Kosonóg	Chairman of the Supervisory Board
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board
Agnieszka Maria Bujnowska	Secretary of the Supervisory Board
Hubert Bojdo	Member of the Supervisory Board
Andrzej Zakrzewski	Member of the Supervisory Board
Wiktoria Braun	Member of the Supervisory Board
Artur Sociński	Member of the Supervisory Board

Group structure as at 30/09/2021



On 19 November 2021 by a decision of the District Court in Olsztyn, 8th Commercial Division of the National Court Register, Expo Mazury S.A. was deleted from the Register of Entrepreneurs

### Subsidiaries and consolidation method

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

Consolidated using the full method

Operates in the segment of property development service activities and investment property

Name of the entity	KOBYLARNIA S.A.
Registered office	Kobylarnia
Legal form	joint-stock company
Country of registered office:	Poland
NIP	953-22-34-789
REGON	091631706
Address details	ul. Zakole 1; 86-061 Brzoza
Telephone	+48(52) 381-06-10
Fax	+48(52) 381-06-10
E-mail	<a href="mailto:sekretariat@kobylarnia.pl">sekretariat@kobylarnia.pl</a>
Website	<a href="http://www.kobylarnia.pl">www.kobylarnia.pl</a>

Consolidated using the full method

Operates in the construction and assembly activities segment

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

Consolidated using the full method

Operates in the segment of trade fairs and exhibitions activity.

On 19 November 2021 by a decision of the District Court in Olsztyn, 8th Commercial Division of the National Court Register, Expo Mazury S.A. was deleted from the Register of Entrepreneurs.

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

Consolidated using the full method

Operates in the investment property segment

As of 01/07/2021, MIRBUD spółka akcyjna took control over Marywilska 44 spółka z ograniczoną odpowiedzialnością.  
As of 01/07/2021, Marywilska 44 Sp. z o.o. is subject to consolidation by MIRBUD S.A.

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

Consolidated using the full method

Operates in the investment property segment

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

Consolidated using the full method

Operates in the investment property segment

<b>Name of the entity:</b>	<b>ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «МІРБУД» (MIRBUD sp. z o.o.)</b>
Entity's registered office:	Kiev
Legal form:	limited liability company
NIP (tax identification number):	418873426552
REGON (ЄДРПОУ Code):	41887344
Address details:	Bolsuniwska 13-15, 8th floor, room 812
<b>Country of registered office:</b>	<b>Ukraine</b>

The TOB "MIRBUD" Company was entered into the Uniform National Register of Enterprises and Organisations of Ukraine on 25 January 2018 under number: 41887344.

The Company conducts business activities in Ukraine.

The core activity of the subsidiary is:

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

The share capital of TOB "MIRBUD" is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 30/09/2021, PLN 356,662.92). The sole partner of the company is MIRBUD S.A. As at 30/09/2021, the value of the contributed capital amounted to PLN 315,877.09. The entity is not consolidated due to its immaterial character.

On 24/07/2021, JHM Development Sp. z o.o. purchased shares in the company HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw from the Official Receiver of the Company under the business name STAL - MET Nieczaj Sp. z o.o. w upadłości with its registered office in Słupsk. As at 30/09/2021, the newly acquired company has not been consolidated. The company is in bankruptcy, therefore the Group does not exercise control over the Entity. Authority over the newly acquired company will be obtained when the bankruptcy proceedings discontinuation petition is approved.

### III. BASIC INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

#### **Basis of preparation**

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

#### **Representations of the Management Board**

The Management Board represents that, to the best of its knowledge, the interim consolidated financial statements for the period from 01/01/2021 to 30/09/2021 and comparatives have been prepared in accordance with the applicable accounting policies, which give a true, fair and clear view of the financial and asset position.

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

#### **Going concern**

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

#### **Functional currency**

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



#### IV. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Gain and loss account	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<u>Continued activities</u>					
Sales revenue	17	774,615	1,647,175	330,421	765,389
Own cost of sales	18	-703,487	-1,486,819	-295,162	-688,164
Gross gain from sales		71,128	160,357	35,259	77,225
Share in gains or losses of associates and joint ventures accounted for in accordance with the equity method	19				
Other operating and investment activity revenue	20	7,150	30,046	5,173	16,038
Other costs of operating and investment activities	20	-22,339	-63,760	-18,781	-51,715
EBIT		55,939	126,642	21,651	41,548
Financial revenue		1	86		1,833
Financial costs	21	-3,525	-13,308	-2,952	-10,216
Pre-tax activity gain (loss)		52,415	113,420	18,700	33,166
Income tax attributable to continuing activities	22	-9,705	-20,982	-2,939	-6,706
Gain (loss) on continuing activities		42,710	92,438	15,760	26,460
<u>Discontinued activities</u>					
Revenue from discontinued operations	23				
Costs of discontinued operations					
Pre-tax gain (loss) on discontinued operations					
Income tax attributable to discontinued operations					
Gain (loss) on discontinued activities					
<b>NET GAIN (LOSS)</b>		<b>42,710</b>	<b>92,438</b>	<b>15,760</b>	<b>26,460</b>
Assigned to non-controlling shares					
<u>Assigned to the owners of the parent</u>		<u>42,710</u>	<u>92,438</u>	<u>15,760</u>	<u>26,460</u>
<u>Other total income</u>					
Other total income	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Components which will not be subsequently reclassified to the income statement					
Components which will be reclassified into gain or loss when certain conditions are met					
Other total net income	24				
<u>Assigned to non-controlling shares</u>					
<b>Assigned to the owners of the parent</b>					
Total comprehensive income	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Total comprehensive income		42,710	92,438	15,760	26,460

Assigned to non-controlling shares

<b><u>Assigned to the owners of the parent</u></b>	<b><u>42,710</u></b>	<b><u>92,438</u></b>	<b><u>15,760</u></b>	<b><u>26,460</u></b>
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**V. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Assets	Note No.	in PLN thousand		
		As at:	As at:	As at:
		30/09/2021	31/12/2020	30/09/2020
Fixed assets		712,104	677,902	545,334
Property, plant and equipment	1	151,825	216,996	243,600
Investment property	2	497,359	422,346	241,775
Intangible assets	3	5,902	6,303	14,941
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	10,675	548	547
Investments measured using the equity method.	5			
Long-term trading and other receivables, including:	6	6,878	9,880	11,330
prepayments and accruals		22	291	71
Biological assets	7			
Deferred income tax assets	22	39,465	21,829	33,141
Current assets		1,208,804	861,227	752,702
Inventories	9	315,814	282,823	285,546
Receivables on account of the income tax	22			
Trading and other receivables, including:	6	607,481	289,407	370,161
prepayments and accruals		6,223	1,905	4,128
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4			
Cash and cash equivalents	10	285,509	288,997	96,995
Fixed assets held for sale	11			
<b>Total assets</b>		<b>1,920,909</b>	<b>1,539,129</b>	<b>1,298,036</b>

Capitals and liabilities	Note No.	in PLN thousand		
		As at:	As at:	As at:
		30/09/2021	31/12/2020	30/09/2020
<b>Equity</b>	<b>12</b>	<b>546,708</b>	<b>461,610</b>	<b>429,877</b>
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		220,499	220,499	220,499
Net gain/loss attributable to the owners of the parent		224,597	173,743	173,743
Gain/loss in the reporting period		92,438	58,193	26,460
Equity attributable to shareholders of the parent				
Capital attributable to non-controlling shares				
<b>Long-term liabilities and provisions for liabilities</b>		<b>671,019</b>	<b>605,818</b>	<b>390,823</b>
Provisions under deferred income tax	22	27,112	24,307	29,518
Other provisions for long-term liabilities	13	4,603	4,384	3,202
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	324,032	293,551	189,543
Long-term trading and other liabilities, including: prepayments and accruals	15	315,273	283,577	168,560
				14,295
<b>Short-term liabilities and provisions for liabilities</b>		<b>703,181</b>	<b>471,701</b>	<b>477,337</b>
Provisions for short-term liabilities	13	4,584	7,390	3,036
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	72,860	79,244	76,161
Trading and other liabilities, including: prepayments and accruals	15	596,692	368,925	380,173
		505	9,855	2,354
Liabilities under deferred income tax	22	29,046	16,142	17,967
Liabilities directly related to fixed assets classified as held for sale	11			
<b>Total capitals and liabilities</b>		<b>1,920,909</b>	<b>1,539,129</b>	<b>1,298,036</b>

## VI. CONSOLIDATED STATEMENTS OF CASH FLOWS

		in PLN thousand			
Statement of cash flows	Note No.	For the period:	For the period:	For the period:	For the period:
		from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Pre-tax gain		52,415	113,420	18,700	33,166
Total adjustments		15,100	-65,635	18,159	-5,199
Amortisation		3,489	9,874	4,154	10,476
Gain / loss under exchange rate differences					
Gain / loss on investing activities		-399	2,552	426	-1,352
Borrowing costs		3,948	12,613	2,213	7,527
Change in liabilities with the exclusion of financial liabilities		50,615	268,812	12,790	126,102
Change in receivables		-26,095	-311,022	32,657	-108,224
Change in inventories		-16,915	-32,992	-17,260	-24,588
Change in provisions		982	-2,586	-9,282	-4,792
Gain / loss on other financial instruments		-544	513		
Other changes in working capital		20	-13,398	-7,539	-10,348
Cash from operating activity		67,515	47,785	36,859	27,967
Income tax paid		-1,310	-22,910	-710	-6,111
Net cash from operating activities		66,205	24,876	36,149	21,856
Sale of tangible fixed assets		399	1,697	-11	706
Purchase of tangible fixed assets		-472	-5,232	1,463	-6,737
Sale of intangible assets					
Purchase of intangible assets			-179		
Sale of investment property		226	1,658		
Purchase of investment property		-3,757	-3,757		
Repayment of loans granted to related parties					
Granting loans to related parties					
Repayment of loans granted to other parties					
Granting loans to other parties					
Sale of other investments					
Purchase of other investments		-10,123	-10,123		-65
Received dividends					
Received interest		1	86	-415	646
Other inflows from investment activities					
Other expenses related to investment activity					
Net cash from investment activity		-13,725	-15,850	1,037	-5,450
Inflows from shareholders					
Payments to owners			-7,340		-1,834
Commitment of liabilities under loans and credits		25,635	39,592	32,451	46,994
Repayment of liabilities under loans and credits		-6,654	-18,908	-31,258	-59,726
Repayment of liabilities under leasing		-1,712	-11,797	-3,303	-8,550
Receipt under issue of debt instruments					
Expenditure on redemption of debt instruments			-1,449		

Repayment of other financial liabilities				
Interest paid and other debt service expenditure	-3,948	-12,613	-2,213	-7,527
Other financial receipts/expenditures			5,200	3,081
<b>Cash from financial activity</b>		<b>13,321</b>	<b>-12,514</b>	<b>877</b>
Cash and cash equivalents at the beginning of the period		219,708	288,997	58,932
<b>Net increases (decreases) in cash and cash equivalents</b>		<b>65,801</b>	<b>-3,489</b>	<b>38,063</b>
Effect of changes in foreign exchange rates on cash denominated in foreign currencies				
Change in cash and cash equivalents, net of foreign exchange differences				
<b>Closing balance of cash</b>		<b>285,509</b>	<b>285,509</b>	<b>96,995</b>
including cash and cash equivalents with restricted availability		90,497	90,497	21,843

**VII. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent/ supplementary capital	Gain/ loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
As at 01/01/2021	9,174		220,499	173,743	58,193		461,610
Gain transfer to share capital				58,193	-58,193		
Total gains (losses) for the period					92,438		92,438
Other total income							
Comprehensive income for the period							
Owner contributions							
Payments to owners				-7,340			-7,340
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
As at 30/09/2021	9,174		220,499	224,597	92,438		546,708

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



Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent/supplementary capital	Gain/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
<b>As at 01/01/2020</b>	<b>9,174</b>		<b>220,499</b>	<b>147,454</b>	<b>28,124</b>		<b>405,251</b>
Gain transfer to share capital				28,124	-28,124		
Total gains (losses) for the period					26,460		<u>26,460</u>
Other total income							
Comprehensive income for the period							
Owner contributions							
Payments to owners				-1,835			<u>-1,835</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>As at 30/09/2020</b>	<b>9,174</b>		<b>220,499</b>	<b>173,743</b>	<b>26,460</b>		<b>429,877</b>

## VIII. ACCOUNTING POLICIES APPLIED BY THE GROUP

### Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Cost of research and development works

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

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

### Goodwill

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

period. If goodwill forms part of a cash-generating unit and part of the operations within that unit is sold, then when determining the gain or loss on the sale of such operations, goodwill related to the operations sold is included in its balance-sheet value; in such circumstances, the goodwill sold is determined on the basis of the relative value of the activities sold and the value of the retained part of the cash-generating unit.

### Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

### **The right of perpetual usufruct of land**

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

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

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

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

### **Leasing**

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

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

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

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

### **Non-renewable natural resources**

Non-renewable natural resources are initially recognised at cost. The purchase price is increased by all costs directly related to the purchase or adaptation of the asset for use.

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

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

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of non-renewable natural resources may not be recoverable, the asset is reviewed for impairment. If there is any

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

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

### **Fixed assets and groups of assets held for sale**

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

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

### **Simplifications applied to non-investment fixed assets**

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

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

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

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

### **Investment property**

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

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

### **Inventories**

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

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

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

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

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

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

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

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

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

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

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

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

## Receivables

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

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

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

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

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

### **Prepayments and accruals**

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

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

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

### **Income accruals and prepayments**

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

### **Financial instruments**

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

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

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

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

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

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



### **Measurement of financial instruments as at the day of their creation**

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

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

### **Measurement of financial instruments as at the balance-sheet date**

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

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

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

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

### **Hedge accounting**

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

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

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

### **Discontinuation of hedge accounting**

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

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

### **Equity**

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

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

Undistributed financial result includes: amounts resulting from gain distribution, undistributed result brought forward,

effects of errors from previous periods.

Minority capitals are a separate item of equity.

### **Bank credits and loans**

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

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

### **Liabilities**

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

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

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

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

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

### **Contingent liabilities**

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

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

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

### **Provisions**

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

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

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

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

incurred on this account.

If the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to present value,

using a gross discount rate which reflects current market assessments of the time value of money and the risks, if any, associated with the liability. If the discounting method is applied, an increase in the provision due to the passage of time is recognised as borrowing costs.

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

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

### **Provisions for employee benefits**

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

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

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

### **Revenue**

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

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

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

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

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

as an expense, rather than as an adjustment of the amount of revenue originally recognised.

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

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

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

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

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

### **Costs**

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

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

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

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

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

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

- overhead
- selling costs
- loss on sale of tangible fixed assets and intangible assets donations made
- established provisions for disputes, penalties, damages and other costs indirectly related to operating activities, as well as financial costs related to financing the activity.

### **Transactions in foreign currencies**

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

As at the balance sheet date, monetary items expressed in currencies other than the Polish zloty are converted into the Polish zloty at the closing rate (spot rate) applicable at the end of the reporting period, i.e. the spot rate of exchange applicable at the balance-sheet date. Non-monetary balance sheet items denominated in foreign currencies are

disclosed at the historical exchange rate as at the transaction date. Exchange differences resulting from such translation are disclosed under financial income or expenses or, in cases provided for in the accounting policies, capitalised in the value of assets, except for cash items constituting a hedge of exchange risk, which are recognised directly in capital in accordance with the cash flows hedge accounting policies.

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

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

### **Income taxes**

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

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

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

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

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

### **Earnings per share (EPS)**

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

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

### **Mergers and consolidation**

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

date on which control ceases.

The Compiler of financial statements recognises business mergers using the purchase method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed from former owners of the acquiree and the capital interests issued by the group. The consideration transferred shall include the fair value of the asset or liability arising from the contingent consideration arrangement. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business merger are initially measured at their acquisition-date fair values. As at the acquisition date, the Compiler of financial statements shall recognise all non-controlling interests in the acquiree, either at fair value or at the proportional share value (corresponding to the non-controlling share) in the acquiree's identifiable net assets. In the case of a business merger achieved in stages, the acquirer shall remeasure the balance sheet value of its previously held capital share in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss.

A contingent consideration that is classified as part of equity is not subject to a revaluation and its subsequent settlement is accounted for within equity. Intragroup transactions and settlements and unrealised gains arising from intragroup transactions shall be eliminated.

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

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

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

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

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

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

## Principle of no-offsetting

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

Income and expense items may be offset only when:

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

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

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

## Cash-flow statement

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

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

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

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

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

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

## Exceptional items

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

## Business segments

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

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

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

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

## Items based on estimates and professional judgment

**Lease contract classification** - The Compiler of financial statements classifies leasing as an operating or finance lease based on an assessment of the extent to which risks and rewards incidental to ownership of the leased item are attributable to the lessor, and to which to the lessee. This assessment is based on the substance of each transaction. The Compiler of financial statements makes judgments as to whether the result of the construction contract can be estimated reliably. The assessment shall be based on an analysis of the likelihood of the economic benefits associated with a given contract. Revenue from the performance of construction contracts is determined proportionally to the degree of advancement, measured as the share of costs incurred from the date of contract conclusion to the date of revenue determination in the total costs of service provision. Contract budgets are subject to a formal updating process. If the stage of advancement of the service cannot be reliably determined as at the balance-sheet date, the revenue is determined at the amount of contract costs incurred, for which it is probable that they will be recovered.

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

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

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

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

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

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



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

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

## IX. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2020	Impact on financial statements / reference
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" - reform of the reference interest rate	will not have any significant impact on the financial statements
Amendments to the scope of references to Conceptual Assumptions in IFRS	will not have any significant impact on the financial statements
Amendments to IFRS 3: "Business Combinations" - definition of the project	will not have any significant impact on the financial statements
Amendments to IAS 1 and IAS 8 - the definition of "significant"	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 June 2020	Impact on financial statements / reference
Amendments to IFRS 16 "Leasing" - simplifications related to changes resulting from lease agreements in connection with COVID - 19	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2021	Impact on financial statements / reference
Amendments to IFRS 4 "Insurance Contracts" - postponed application of IFRS 9 "Financial Instruments" until 2021.	will not have any significant impact on the financial statements
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" and IFRS 16 "Leasing" - reform of the reference interest rate	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2022	Impact on financial statements / reference
Amendments to IFRS 3 "Business Combinations" - updated references to the Framework	will not have any significant impact on the financial statements
IAS 16 "Property, Plant and Equipment" - revenue from products manufactured during the period of preparing property, plant and equipment to be put into operation	will not have any significant impact on the financial statements
IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - clarification on the costs recognised in the analysis of whether a contract is an onerous contract	will not have any significant impact on the financial statements
The 2018 - 2020 annual amendment programme - amendments contain clarifications and define the guidelines for standards on recognition and measurement: IFRS 1 "First-time Adoption of International Financial	will not have any significant impact on the financial statements

Reporting Standards”, IFRS 9 “Financial Instruments”, IAS 41 “Agriculture” and to the illustrative examples for IFRS 16 “Leases”.

The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2023

Impact on financial statements / reference

IFRS 17 “Insurance Contracts” and amendments to IFRS 17

will not have any significant impact on the financial statements

Amendments to IAS 1 “Presentation of Financial Statements” - classification of liabilities as short- or long-term liabilities

will not have any significant impact on the financial statements

## XI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 Property, plant and equipment

Ownership structure of fixed assets	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Own tangible fixed assets	85,677	161,132	193,265
Tangible fixed assets used under operating lease, rent, hire or similar	66,148	55,864	50,335
<b>Total</b>	<b>151,825</b>	<b>216,996</b>	<b>243,600</b>

Costs of external financing capitalised in the value of fixed assets	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Interest		111	111
Foreign exchange differences			
Other borrowing costs		88	88
<b>Total</b>		<b>199</b>	<b>199</b>

Fixed assets used under a finance lease agreement	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Costs	92,215	80,927	74,824
Depreciation	-26,067	-25,063	-24,489
<b>Total</b>	<b>66,148</b>	<b>55,864</b>	<b>50,335</b>

Fixed assets by types	land	buildings and structures	technical equipment and machinery	means of transport	other fixed assets	Fixed assets under construction	Advance payments on fixed assets under construction	Fixed assets held for sale	TOTAL
<b>As at 01/01/2020</b>									
Costs	21,464	124,318	96,833	26,889	8,426	19,563			297,493
Depreciation and revaluation write-downs		-14,512	-46,778	-13,521	-5,136				-79,947
<b>Net book value</b>	<b>21,464</b>	<b>109,806</b>	<b>50,055</b>	<b>13,368</b>	<b>3,290</b>	<b>19,563</b>			<b>217,546</b>
Increases including revaluation surplus	1,658	7,185	9,820	9,257	552	951			29,423
Decreases including changes in the accumulated amortisation		-1,633	-4,911	-2,011	-1,367	-20,051			-29,973
Foreign exchange differences									
<b>As at 31/12/2020</b>									
<b>Net book value</b>	<b>23,122</b>	<b>115,358</b>	<b>54,964</b>	<b>20,614</b>	<b>2,475</b>	<b>463</b>			<b>216,996</b>
<b>As at 01/01/2021</b>									
Costs	23,122	68,668	108,896	43,212	8,448	20,369			272,715
Depreciation	-655	-19,786	-55,971	-17,545	-6,881	-20,051			-120,889
Revaluation write-downs									
<b>Net book value</b>	<b>22,467</b>	<b>48,882</b>	<b>52,925</b>	<b>25,667</b>	<b>1,567</b>	<b>318</b>			<b>151,826</b>
<b>As at 30/09/2021</b>									
<b>Costs</b>	<b>23,122</b>	<b>68,668</b>	<b>108,896</b>	<b>43,212</b>	<b>8,448</b>	<b>20,369</b>			<b>272,715</b>
Increases including:			4,729	7,590	635	-145			12,808
- acquisition			4,729	7,590	635	697			13,651
- acquisition subsidiaries									
- revaluation surplus									
- carry-over							-317		-317
- other							-525		-525
Decreases, including:		-62,835	-2,486	-523	-1,165				-67,009
- sale			-2,301	-523	-1,135				-3,959
- reallocation to the group held for sale									
- other		-62,835	-185		-30				-63,050
<b>Depreciation</b>	<b>-655</b>	<b>-19,786</b>	<b>-55,971</b>	<b>-17,545</b>	<b>-6,881</b>	<b>-20,051</b>			<b>-120,889</b>
Increases including:		-3,641	-4,582	-2,572	-494				-11,289
- amortisation		-3,641	-4,582	-2,572	-494				-11,289
- acquisition subsidiaries									
- other									
Decreases	-655		300	559	115				320

-sale				559	85				645
-reallocation to the group held for sale									
-carry-over									
- other	-655		300			30			-325
Revaluation write-downs									
-revaluation write-downs									
-reversals of revaluation write-downs									
Foreign exchange differences									
<b>Net value</b>	<b>22,466</b>	<b>48,882</b>	<b>52,925</b>	<b>25,667</b>	<b>1,567</b>	<b>318</b>			<b>151,825</b>
Fixed assets by types	land	buildings and structures	technical equipment and machinery	means of transport	other fixed assets	Fixed assets under construction	Advance payments on fixed assets under construction	Fixed assets held for sale	TOTAL

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

## Note 2 Investment property

Investment property measured according to the fair value model	undeveloped land	buildings and structures	TOTAL
As at 01/01/2020	<b>15,138</b>	<b>234,511</b>	<b>249,649</b>
New property acquisitions		79,973	79,973
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity merger			
Net amount of gains or losses resulting from fair value measurement adjustments		-3,809	-3,809
Carry-overs to investments for lease		-4,780	-4,780
Carry-overs to and from inventories			
Sales	-272	-36,637	-36,909
Carry-overs to and from owner-occupied property			
Other changes		138,222	138,222
As at 31/12/2020	<b>14,866</b>	<b>407,480</b>	<b>422,346</b>
New property acquisitions		83,813	83,813
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity merger			
Net amount of gains or losses resulting from fair value measurement adjustments		-61	-61
Carry-overs to investments for lease			
Carry-overs to and from inventories		-1,550	-1,550
Sales		-3,128	-3,128
Carry-overs to and from owner-occupied property			
Other changes		-4,061	-4,061
As at 30/09/2021	<b>14,866</b>	<b>482,493</b>	<b>497,359</b>

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

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

The increase in the value of investment property as at 30/09/2021 was affected by the transaction concerning the purchase by Marywilska 44 sp. z o.o. from Expo Mazury S.A. w likwidacji of the remaining property situated in Ostróda at ul. Grunwaldzka 55 and 55A, covering halls with a total area of 27.099 m<sup>2</sup> intended for warehousing and logistic operations. The property included halls which previously constituted investment real properties (with a value of PLN 3,128 thousand), property constituting fixed assets (with a value of PLN 62,835 thousand) and other fixed assets (with a value of PLN 11,162 thousand). The transaction increased the value of investment real properties by PLN 76,928 thousand.

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

- purchase of 31/12/2020 by Marywilska 44 sp. z o.o. from Expo Mazury S.A. w likwidacji of the property situated in Ostróda at ul. Grunwaldzka 55 covering halls with a total area of 29.625 m<sup>2</sup> intended for warehousing and logistic operations. The property included halls which previously constituted investment real properties (with a value of PLN 36,637 thousand) and fixed assets (with a value of PLN 32,497 thousand). The transaction increased the value of investment real properties by PLN 43,336 thousand.
- recognition of an asset under the right to use land property located in Warsaw at ul. Marywilska 44 used on the basis of long-term lease contracts - recognition in accordance with IFRS 16 "Leases" as at 30/09/2021 - PLN 134,268 thousand,

c) Q3 2021 purchase of developed property in Skierniewice, ul. Sobieskiego, with a value of PLN 3,757 thousand.

The amount of PLN 14.9 million disclosed in the consolidated financial statements relates to undeveloped land properties situated in Wola Pękoszewska, Skierniewice, at ul. Unii Europejskiej, and Rawa Mazowiecka, at ul. Biała.

In addition, the value of investment real properties includes:

- a) Shopping Centre building with a value of PLN 125 million;
- b) Park Handlowy Marywińska 44 building completed on 31/12/2017, with a value of PLN 28 million;
- c) Shopping Centre building in Rumia with a value of PLN 11 million;
- d) commercial building in Starachowice with a value of PLN 18 million.

Ownership structure of investment property value	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Own	363,091	284,016	241,775
Used under operating lease, rent, hire and similar	134,268	138,330	
<b>Total</b>	<b>497,359</b>	<b>422,346</b>	<b>241,775</b>

Investment property used under financial lease contracts	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Capitalised leasing costs	-4,061		
Fair value changes	-61		
<b>Total</b>	<b>-4,123</b>		

Data on investment property measured at fair value carried out by the entity	For the period:	in PLN thousand For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 31/12/2020	from 01/01/2020 to 30/09/2020
Book value	497,359	422,346	241,775
Revenue from rent	29,447	32,877	24,799
Direct operating costs for investment property yielding rental income	-18,437	-27,322	-20,311
Direct operating costs for investment property not yielding rental income			
<b>Total:</b>	<b>11,010</b>	<b>5,555</b>	<b>4,488</b>
Amounts of restrictions on the realisation of economic benefits Contractual purchase, construction or adaptation amounts			

Investment property according to the fair value hierarchy	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
I			
II	497,359	422,346	241,775
III			
<b>Total</b>	<b>497,359</b>	<b>422,346</b>	<b>241,775</b>

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

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

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

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



**Note 3 Intangible assets**

Intangible asset ownership structure	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Own intangible assets	5,902	6,303	14,941
Intangible assets used under operating lease, rent, hire or similar			
<b>Total</b>	<b>5,902</b>	<b>6,303</b>	<b>14,941</b>

Costs of external financing capitalised in the value of intangible assets	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Interest			
Foreign exchange differences			
Other borrowing costs			
<b>Total</b>			

Data does not exist.

Intangible assets used under financial lease contracts	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Costs			
Depreciation			
<b>Total</b>			

Data does not exist.

Intangible and legal assets	Costs of research and development	Goodwill	Plans and licenses	Other intangible assets	Advance payments for intangible assets	TOTAL
<b>As at 01/01/2020</b>						
Costs		13,026	5,816		34	18,876
Depreciation and revaluation write-downs		-8,517	-3,228			-11,745
Net book value		4,509	2,588		34	7,131
Increases			118			118
including revaluation surplus						
Decreases			-913			-913
including changes in the accumulated amortisation			-913			-913
Foreign exchange differences						
<b>As at 31/12/2020</b>						
<b>Net book value</b>		<b>4,509</b>	<b>1,793</b>			<b>6,303</b>
<b>as on 01/01/2021</b>						
Costs		4,509	5,236		34	9,779
Depreciation			-3,843		-34	-3,877
Revaluation write-downs						
<b>Net book value</b>		<b>4,509</b>	<b>1,393</b>			<b>5,902</b>
<b>as on 30/09/2021</b>						
<b>Costs</b>		<b>4,509</b>	<b>5,236</b>			<b>9,745</b>
Increases including:			215			215
- acquisition			215			215
-acquisition subsidiaries						
-revaluation surplus						
-carry-over						
- other						
Decreases, including:					-34	-34
-sale					-34	-34
-reallocation to the group held for sale						
- other						
<b>Depreciation</b>			<b>-3,843</b>		<b>-34</b>	<b>-3,877</b>
Increases including:			-615			-615
- amortisation			-615			-615
-acquisition subsidiaries						
- other						
Decreases						
-sale						
-reallocation to the group held for sale						
-carry-over						
- other						
<b>Revaluation write-downs</b>						
-revaluation write-downs						
-reversals of revaluation write-downs						
Foreign exchange differences						
<b>Net value</b>		<b>4,509</b>	<b>1,393</b>			<b>5,902</b>

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

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

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

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

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

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

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

Dividends from such investments are recognised in financial result when the Company's right to receive payment is established.

Financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Capital investments in subsidiaries	316	316	316
Other	10,359	231	231
<b>Total</b>	<b>10,675</b>	<b>548</b>	<b>547</b>

Other financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	in PLN		thousand	As at:
	As at:	Increases	Decreases	
	31/12/2020	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	
<b>Long-term financial assets</b>	<b>231</b>	<b>10,123</b>	<b>-231</b>	<b>10,123</b>
<b>in related entities</b>	-	-	-	-
- other securities (bonds)				
- loans granted				
- other long-term financial assets				
<b>in other entities</b>	<b>231</b>	<b>10,123</b>	<b>-231</b>	<b>10,123</b>
- shares		10,123		10,123
- financial assets available for sale				
- financial assets held to maturity	231		-231	
- assets under derivative instruments				
- loans granted				
- other long-term financial assets				
<b>Short-term financial assets</b>				
<b>in subsidiaries and jointly controlled entities</b>	-	-	-	-
- shares available for trade				
- other securities				
- loans granted				
- other short-term financial assets				
<b>in associates</b>				
- shares available for trade				
- other securities				
- loans granted				
- other short-term financial assets				
<b>in other entities</b>				
- shares (listed)				
- other shares				
- financial assets measured at fair value by				

financial result

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

<b>Total</b>	<b>231</b>	<b>10,123</b>	<b>-231</b>	<b>10,123</b>
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On 24/07/2021, JHM Development S.A. purchased shares in the company HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw from the Official Receiver of the Company under the business name STAL - MET Nieczaj Sp. z o.o. w upadłości with its registered office in Słupsk. HAKAMORE is the owner of land properties located in Łódź at ul. Politechniki, Wróblewskiego and Różana. The purpose of the purchase is to acquire attractive land for executing a development project.

Basic financial data of main, directly controlled subsidiaries	JHM Development S.A	Kobyłarnia S.A.	Marywilska 44 Sp. z o.o.	Expo Mazury S.A. w likwidacji
Total assets	569,764	297,778	477,734	135,928
Long-term liabilities	85,050	86,193	164,620	
Short-term liabilities	91,875	121,289		19,311
Equity	392,839	90,296	293,802	135,928
Direct share in capital	100.00%	100.00%		53.88%
Share in equity (direct and indirect)	100.00%	100.00%		53.88%
Sales revenue	114,632	425,637		27,788
Net gain (loss)	10,839	3,563		-829
Total income for the net financial year	10,839	3,563		-829
Total net cash flows	30,512	54,693		-2,441

Basic financial data of main, indirectly controlled subsidiaries	JHM 1 Sp. z o.o.	JHM 2 Sp. z o.o.	Mirbud Ukraina Sp. z o.o.
Total assets	19,544		14,785
Long-term liabilities	6,194		2,991
Short-term liabilities	752		475
Equity	12,598		11,319
Share in equity (direct and indirect)	100.00%		100.00%
Sales revenue	854		581
Net gain (loss)	793		348
Total income for the net financial year	793		348
Total net cash flows	393		35

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

Pursuant to the above resolution, the share capital of Marywilska 44 sp. z o.o. was increased by PLN 78,250 thousand, increasing the number of shares by 1,565,000 pcs. The shares in the increased share capital were fully covered with a cash contribution in the amount of PLN 156,500,000.00. The surplus over the total nominal value of the shares, in the amount of PLN 78,250 thousand, was transferred to the supplementary capital of Marywilska 44 Sp. z o.o.

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 filed appropriate petitions to correct the error.

On 31/08/2021, the Management Board was informed that the increased share capital was duly registered on 10/06/2021 by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register. The Company's share capital amounts 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: 53.88%.

- **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: 46.12%.

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

Accordingly, the Issuer assumed that the acquisition of control over Marywilska 44 sp. z o.o. took place on 1 July 2021.

Thus, as of 01/07/2021 JHM Development S.A. lost control over a directly controlled subsidiary.

### Note 5 Investments measured using the equity method

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

### Note 6 Trading and other receivables

Trading and other receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b><u>Long-term receivables</u></b>	<b><u>6,856</u></b>	<b><u>9,589</u></b>	<b><u>11,259</u></b>
trade receivables from related entities			
trade receivables from other entities			
other receivables from related entities			
other receivables from other entities	6,856	9,589	11,259
<b><u>Short-term receivables</u></b>	<b><u>601,258</u></b>	<b><u>287,503</u></b>	<b><u>366,033</u></b>
trade receivables from related entities			
trade receivables from other entities	423,849	142,481	183,792
retained amounts under execution of contracts from related entities			
retained amounts under execution of contracts from other entities	85,912	62,016	81,499
other receivables from related entities			
other receivables from other entities	5,742	18,670	1,611
amounts transferred for deliveries	40,549	15,270	5,224
budget receivables except for corporate income tax settlements	2,176	1,127	2,497
disputed receivables brought before the court	3,030	3,822	15,693
accrual of receivables under settlement of long-term contracts	40,000	44,116	75,717
<b><u>Total</u></b>	<b><u>608,115</u></b>	<b><u>297,092</u></b>	<b><u>377,292</u></b>

Age structure of receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Gross trade receivables</b>	<b>634,274</b>	<b>321,879</b>	<b>385,544</b>
<b>not past due, including:</b>	<b>550,739</b>	<b>271,407</b>	<b>327,002</b>
payable up to 1 month	380,856	164,715	230,889
payable from 1 to 3 months	77,114	35,086	51,976
payable from 3 to 12 months	85,912	62,016	32,824
payable from 1 year to 5 years	6,856	9,589	11,314
<b>past due, including:</b>	<b>83,535</b>	<b>50,472</b>	<b>58,542</b>
past due up to 1 month	37,212	3,693	13,402
past due from 1 to 3 months	12,083	19,559	16,847
past due from 3 to 6 months	7,883	617	5,447
past due from 6 to 12 months	1,288	533	5,286
past due over 12 months	25,069	26,071	17,560
receivables in respect of which credit risk has significantly increased	-1,487	-1,487	-1,007
receivables revaluation write-down	-24,672	-23,300	-7,245
<b>Net trade receivables</b>	<b>608,115</b>	<b>297,092</b>	<b>377,292</b>

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

Receivables revaluation write-downs	Trade receivables	Disputed receivables	Other	Total
<b>As at 01/01/2020</b>	<b>-6,837</b>		<b>-1,743</b>	<b>-8,580</b>
Increases	-16,915		-1,487	-18,402
Releases	444		1,743	2,187
Utilisation	8			8
<b>As at 31/12/2020</b>	<b>-23,300</b>		<b>-1,487</b>	<b>-24,787</b>
Increases	-1,699			-1,699
Releases	327			327
Utilisation				
<b>as at 30/09/2021</b>	<b>-24,672</b>		<b>-1,487</b>	<b>-26,159</b>

Revaluation write-downs in respect of credit losses.

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



The liability default rate was established on the basis of historical data from 2018 to 2020. The recoverability is estimated on the basis of historical data as the balance includes a group of dispersed items grouped according to the probability of credit risk and customer behaviour in the past. A further adjustment is then made to take account of the impact of future factors not reflected in the historical data.

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

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

As at 30/09/2021, the Group adopted the value of the write-down for possible credit risk based on the value as at 31/12/2020, i.e. in the amount of PLN 1,487 thousand.

#### Note 7 Biological assets

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

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

Other assets	As at:	in PLN thousand	
	30/09/2021	As at:	As at:
		31/12/2020	30/09/2020
<b>Other long-term assets</b>	<b>22</b>	<b>291</b>	<b>71</b>
Long-term cost prepayments	22	291	71
Other long-term assets not elsewhere classified			
<b>Other short-term assets</b>	<b>6,223</b>	<b>1,905</b>	<b>4,128</b>
Short-term cost prepayments	6,223	1,905	4,128
Other short-term assets not elsewhere classified			
<b>Total</b>	<b>6,244</b>	<b>2,196</b>	<b>4,199</b>

## Note 9 Inventories

Inventories	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Materials	16,338	6,977	11,712
Semi-finished products and work in progress	138,000	157,817	144,234
Finished products			
Goods	89,924	57,144	56,816
Completed property development contracts	71,552	60,885	72,784
<b>Total</b>	<b>315,814</b>	<b>282,823</b>	<b>285,546</b>

Inventory revaluation write-downs	Materials	Semi-finished products and work in progress	Finished products	Goods	Completed property development contracts
<b>As at 01/01/2020</b>	-	-	-	-	-
Increases					
Releases					
Utilisation					
<b>As at 31/12/2020</b>	-	-	-	-	-
Increases					
Releases					
Utilisation					
<b>as at 30/09/2021</b>					

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

## Note 10 Cash and cash equivalents

Cash and cash equivalents	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Cash on hand and with banks	195,013	145,526	68,382
Term deposits	51,567	126,848	24,149
Other monetary assets	38,930	16,623	4,464
<b>Total</b>	<b>285,509</b>	<b>288,997</b>	<b>96,995</b>

The term deposit in the amount of PLN 1,100 thousand constitutes interest-bearing funds used as hedging for the Marywilka 44 company's credit contract.

The amount of PLN 138 thousand stands for the credit hedging of the JHM Development SA registered office.

Non-interest bearing deposit in the amount of PLN 95 thousand constitutes hedging for the credit contract of JHM 2 Sp. z o.o.

Term deposits in the amount of PLN 7,943 thousand available for the execution of infrastructural contracts - construction of a fragment of the A1 motorway and construction of a fragment of the S1 expressway (Węgierska Górka bypass).

Term deposits in the amount of PLN 42,287 thousand are interest-bearing cash constituting a hedge for proper execution of construction contracts, obtained from advances of MIRBUD S.A. investors.

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

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

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

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

#### Note 12 Capitals

Capitals and liabilities	As at:	in PLN thousand	
	30/09/2021	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Share capital	9,174	9,174	9,174
Issue price surplus over nominal value of shares			
Other reserve capitals	220,499	220,499	220,499
Retained earnings attributable to the shareholders of the parent/supplementary capital	224,597	173,743	173,743
Gain/loss in the reporting period	92,438	58,193	26,460
Capital attributable to non-controlling shares			
<b>Total</b>	<b>546,708</b>	<b>461,610</b>	<b>429,877</b>

On 11 September 2019, the National Court Register - Register of Entrepreneurs registered the increase in the Company's share capital as a result of acquisition by eligible persons of 2,873,947 series J ordinary bearer shares. The Company informed about the indicated acquisition of shares and increase of the share capital in the current report No. 37/2019 of 12 July 2019. The share capital increase disclosed in the National Court Register took place as part of the conditional share capital increase, on the basis of the authorisation contained in Resolution No. 5/2019 of

the Extraordinary General Meeting of 17 May 2019 and § 10A of the Articles of Association. The amount of the share capital after the share capital increase was PLN 8,536,644.70 and was divided into 85,366,447 shares. The share capital disclosed in the National Court Register was divided into shares with a nominal value of PLN 0.10 each. The total number of votes resulting from all issued shares disclosed in the National Court Register was 85,366,447 votes at the General Meeting of Shareholders.

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

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

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

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

Pursuant to the above resolution, the share capital of Marywilaska 44 sp. z o.o. in 2021 was increased by PLN 78,250 thousand, increasing the number of shares by 1,565,000 pcs. The shares in the increased share capital were fully covered with a cash contribution in the amount of PLN 156,500,000.00. The surplus over the total nominal value of the shares, in the amount of PLN 78,250 thousand, was transferred to the supplementary capital of Marywilaska 44 Sp. z o.o.

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 filed appropriate petitions to correct the error.

On 31/08/2021, the Management Board was informed that the increased share capital was duly registered on 10/06/2021 by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register. The Company's share capital amounts 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: 53.88%.
- **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: 46.12%.

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

Accordingly, the Issuer assumed that the acquisition of control over Marywilaska 44 sp. z o.o. took place on 01/07/2021.

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

Share capital structure	Jerzy Mirgos	Nationale-Nederlanden OFE	Other shareholders
<b>As at 31/12/2020</b>			
Owned ordinary shares	41,271,064	10,281,000	40,192,136
Preference shares held			
Share in capital	44.99%	11.21%	43.81%
Share in gain	44.99%	11.21%	43.81%
Share in voting	44.99%	11.21%	43.81%
<b>As at 30/09/2021</b>			
Owned ordinary shares	41,371,064	9,171,837	41,201,299
Preference shares held			
Share in capital	45.10%	9.99%	44.91%
Share in gain	45.10%	9.99%	44.91%
Share in voting	45.10%	9.99%	44.91%
<b>Balance as at the date of approval of financial statements for publication</b>			
Owned ordinary shares	41,371,064	9,171,837	41,201,299
Preference shares held			
Share in capital	45.10%	9.99%	44.91%
Share in gain	45.10%	9.99%	44.91%
Share in voting	45.10%	9.99%	44.91%

### Note 13 Provisions

Provisions	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Long-term provisions</b>	<b>4,603</b>	<b>4,384</b>	<b>3,202</b>
provisions for retirement benefits	4,603	4,384	3,202
other long-term provisions			
<b>Short-term provisions</b>	<b>4,584</b>	<b>7,390</b>	<b>3,036</b>
provisions for retirement benefits	922	922	697
provisions for warranty repairs	1,000	1,000	
provisions for losses under settlements of long-term contracts			
other short-term provisions	2,661	5,467	2,339
<b>Total</b>	<b>9,187</b>	<b>11,773</b>	<b>6,238</b>

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

Bank loans and credits and other debt instruments	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Long-term financial liabilities, except for provisions, trading liabilities and other liabilities</b>	<b>324,032</b>	<b>293,551</b>	<b>189,543</b>
Financial liabilities due to related entities			
Loans and credits from other entities	145,680	117,935	157,326
Liabilities under derivative instruments			
Issued debt securities	11,941	12,070	10,155
Liabilities under financial lease	32,143	25,215	22,062
Other reserves	134,268	138,330	
<b>Short-term financial liabilities, except for provisions, trading liabilities and other liabilities</b>	<b>72,860</b>	<b>79,244</b>	<b>76,161</b>
Financial liabilities due to related entities			
Loans and credits from other entities	59,060	65,658	65,186
Liabilities under derivative instruments			
Issued debt securities		1,449	
Liabilities under financial lease	13,800	12,137	10,975
Other reserves			
<b>Total</b>	<b>396,891</b>	<b>372,795</b>	<b>265,704</b>

Debt instruments structure	in PLN thousand					Total
	loans and credits	Liabilities under derivative instruments	Issued debt securities	Liabilities under financial lease	Other reserves	
<b>as on 01/01/2020</b>	<b>235,244</b>	-	<b>7,074</b>	<b>20,223</b>	-	<b>262,541</b>
Accrued interest	10,018		773	915		11,706
Interest paid	-10,018		-765	-915		-11,698
Drawdown	66,384		12,070	28,428	138,330	245,212
Repayment	-115,047		-5,633	-11,299		-131,979
Average liability level	209,419		10,297	28,788	69,165	317,669
Real interest rate	4.78%		7.51%	3.18%	0.00%	3.68%
<b>as on 31/12/2020</b>	<b>183,594</b>		<b>13,519</b>	<b>37,352</b>	<b>138,330</b>	<b>372,795</b>
minimum payments up to 1 month	2,668			939		3,607
minimum payments from 1 to 3 months	9,096		8	2,818		11,922
minimum payments from 3 to 12 months	44,710		1,441	7,926		54,077
minimum payments within 1 year	56,474			13,616		70,090
minimum payments within 1 to 5 years	112,175		12,070	23,736	71,696	219,677
minimum payments over 5 years	17,218				66,634	83,852
interest due up to 1 year	8,783		760	1,187		10,730
interest due from 1 to 5 years	35,130		1,530	4,747		41,407
interest due over 5 years	3,416					3,416
Approximate fair value	121,731		12,807	25,547	138,330	341,683
<b>as on 01/01/2021</b>	<b>183,594</b>		<b>13,519</b>	<b>37,352</b>	<b>138,330</b>	<b>372,795</b>
Accrued interest	4,953		525	7,660	6,841	19,979
Interest paid	-4,953		-525	-7,660	-6,841	-19,979
Drawdown	39,592		15	20,410		60,017
Repayment	-18,908		-1,593	-11,797	-4,061	-36,359
Average liability level	194,167		12,730	41,647	136,299	384,843
Real interest rate	2.55%		4.12%	18.39%	5.02%	5.19%
<b>as on 30/09/2021</b>	<b>204,740</b>		<b>11,941</b>	<b>45,942</b>	<b>134,268</b>	<b>396,891</b>
minimum payments up to 1 month	1,351			1,172	464	2,523
minimum payments from 1 to 3 months	4,010			3,429	936	7,439



minimum payments from 3 to 12 months	11,998		8,885	4,341	20,883
minimum payments within 1 year	17,359		13,486	5,741	36,586
minimum payments within 1 to 5 years	187,381	11,941	32,456	27,200	258,978
minimum payments over 5 years	7,592			101,328	108,920
interest due up to 1 year	5,222	680	8,450	8,795	23,148
interest due from 1 to 5 years	20,889	850	33,801	30,946	86,486
interest due over 5 years	443			35,728	36,171
Approximate fair value	212,332	10,231	45,942	134,268	425,270

## **B series bonds**

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

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

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

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

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

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

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

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

## **C series bonds**

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

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned 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 for 30/12/2023. The transferability of the bonds is not subject to any restrictions.

## D series Bonds

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

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned 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 for 30/12/2023. The transferability of the bonds is not subject to any restrictions

**Liabilities under credits and loans of MIRBUD S.A. as at 30/09/2021**

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
PKO BP S.A.	MIRBUD S.A.	10,000	PLN			WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	5,000	PLN		5,000	WIBOR 1M + margin	22/06/2022	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN	732	1,464	WIBOR 1M + margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	20,000	PLN		15,200	WIBOR 1M + margin	30/06/2022	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	PLN	10,312		WIBOR 1M + margin	31/10/2022	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	PLN	23,550	9,000	WIBOR 1M + margin	28/02/2023	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN	20,000		WIBOR 1M + margin	25/08/2022	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN		24,763	WIBOR 1M + margin	31/07/2021	assignment of a business receivable, mortgage
KUKE Finanse	MIRBUD S.A.	5,000	PLN					
<b>Total credits and loans</b>				<b>54,594</b>	<b>55,427</b>	<b>110,021</b>		

As at 30/09/2021, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was reduced by PLN 2,062 thousand.

**Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 30/09/2021**

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
<b>SANTANDER BANK POLSKA S.A.</b>	JHM Development S.A.	48,291	PLN	37,692		WIBOR 1M + margin	04/11/2023	mortgage on property
<b>Bank Spółdzielczy</b>	JHM Development S.A.	8,823	PLN	7,309	499	WIBOR 3M + margin	31/12/2034	mortgage on property
<b>SANTANDER BANK POLSKA S.A.</b>	JHM Development S.A.	2,000	PLN	1,278		WIBOR 1M + margin	14/01/2024	mortgage on property
<b>Bank Polskiej Spółdzielczości S.A.</b>	JHM Development S.A.	19,580	PLN	5,788		WIBOR 3M + margin	31/12/2022	mortgage on property
<b>SANTANDER BANK POLSKA S.A.</b>	JHM 1 Sp. z o.o.	2,350	EUR	5,934	661	EURIBOR + margin	31/10/2030	mortgage, sureties of MIRBUD
<b>Bank Ochrony Środowiska S.A.</b>	JHM Development S.A.	32,157	PLN			WIBOR 3M + margin	22/12/2022	mortgages on property
<b>Warszawski Bank Spółdzielczy</b>	JHM Development S.A.	7,800	PLN	6,503		WIBOR 3M + margin	30/06/2023	mortgage on property
<b>BNP Paribas Polska S.A.</b>	JHM 2 sp. z o.o.	4,200	PLN	2,750	426	WIBOR 3M + margin	10/08/2024	mortgage on property, registered pledge on shares cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
<b>SANTANDER BANK POLSKA S.A.</b>	MARYWILSKA 44 sp. z o.o.	33,000	PLN	19,279	3,486	WIBOR 3M + margin	02/05/2028	

<b>SANTANDER BANK POLSKA S.A.</b>	MARYWILSKA 44 sp. z o.o.	3,000	PLN		0	WIBOR 1M + margin	30/12/2022	assignment of receivables, registered pledge on bank account
<b>BGK</b>	Kobylarnia S.A.	15,000	PLN			WIBOR 3M + margin	30/11/2021	mortgage, surety of MIRBUD
<b>BGK</b>	Kobylarnia S.A.	6,212	PLN	4,555	621	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
<b>Total credits and loans</b>				<b>91,088</b>	<b>5,693</b>	<b>96,781</b>		

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

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Security
<b>PKO BP S.A.</b>	MIRBUD S.A.	10,000	PLN			WIBOR 1M + margin	22/06/2022	capped mortgage on property
<b>PKO BP S.A.</b>	MIRBUD S.A.	5,000	PLN	5,000		WIBOR 1M + margin	22/06/2022	capped mortgage on property
<b>PKO BP S.A.</b>	MIRBUD S.A.	21,000	PLN	1,830	1,464	WIBOR 1M + margin	01/03/2023	ordinary mortgage and capped mortgage on property
<b>MBANK S.A.</b>	MIRBUD S.A.	20,000	PLN		15,700	WIBOR 1M + margin	30/06/2021	assignment of a business receivable
<b>PEKAO S.A.</b>	MIRBUD S.A.	10,000	PLN	3,630		WIBOR 1M + margin	31/10/2022	assignment of a business receivable
<b>BGK</b>	MIRBUD S.A.	15,000	PLN		1,023	WIBOR 1M + margin	31/01/2021	assignment of a business receivable
<b>Agencja Rozwoju Przemysłu S.A.</b>	MIRBUD S.A.	40,000	PLN	10,000	9,000	WIBOR 1M + margin	28/02/2023	mortgages on property
<b>BOŚ S.A.</b>	MIRBUD S.A.	20,000	PLN	19,978		WIBOR 1M + margin	25/08/2022	BGK guarantee, registered pledge

<b>BOŚ S.A.</b>	MIRBUD S.A.	35,000	PLN	23,487	WIBOR 1M + margin	31/07/2021	assignment of a business receivable, mortgage
<b>KUKE Finanse</b>	MIRBUD S.A.	5,000	PLN	5,000			
<b>Total credits and loans</b>				<b>40,438</b>	<b>55,675</b>	<b>96,113</b>	

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

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

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



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

**Note 15 Trading and other liabilities**

Trading and other liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Long-term liabilities</b>	<b>315,273</b>	<b>283,577</b>	<b>154,265</b>
Trade liabilities to related entities			
retained amounts to related entities			
Other liabilities due to related entities			
Trade liabilities to other entities			
Retained amounts to other entities	109,106	85,310	56,898
Other liabilities due to other entities	206,167	198,266	97,367
<b>Short-term liabilities</b>	<b>596,186</b>	<b>359,071</b>	<b>342,356</b>
Trade liabilities to related entities			
retained amounts to related entities			
Other liabilities due to related entities			
Trade liabilities to other entities	428,304	255,637	177,152
Liabilities under settlement of long-term contracts			62,768
Advance payments received	101,294	45,523	39,174
Bills of exchange liabilities			
Budget liabilities except for corporate income tax settlements	26,126	27,841	14,671
Remuneration settlements	5,221	4,419	4,003
Retained amounts to other entities	32,614	23,866	41,347
Other liabilities due to other entities	2,627	1,785	3,241
<b>Total</b>	<b>911,459</b>	<b>642,647</b>	<b>496,621</b>

Age structure of liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Trade liabilities</b>	<b>911,459</b>	<b>642,647</b>	<b>496,621</b>
<b>not overdue</b>	<b>909,268</b>	<b>633,179</b>	<b>419,254</b>
payable up to 1 month	399,495	243,181	139,331
payable from 1 to 3 months	60,593	37,032	45,137
payable from 3 to 12 months	133,907	69,389	80,521
payable from 1 year to 5 years	315,273	283,577	154,265
past due up to 1 month	2,022	7,412	59,507
past due from 1 to 3 months	169	2,057	15,526
past due from 3 to 6 months			2,334
past due from 6 to 12 months			
past due over 12 months			
<b>Total overdue</b>	<b>2,191</b>	<b>9,469</b>	<b>77,367</b>

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

Other liabilities and provisions not classified, including accruals and prepayments	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Long-term</b>	-	-	<b>14,295</b>
Revenue settled in time			14,295
Cost prepayments			
Other items			
<b>Short-term</b>	<b>505</b>	<b>9,855</b>	<b>2,354</b>
Revenue settled in time		9,409	35,463
Cost prepayments	505	446	2,354
Other items			
<b>Total</b>	<b>505</b>	<b>9,855</b>	<b>52,112</b>

**Note 17 Sales revenue**

Structure of sales revenue	in PLN thousand			
	For the period	For the period:	For the period	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Net revenue from sales of products and services	<b>757,272</b>	<b>1,607,881</b>	<b>326,446</b>	<b>756,857</b>
- to related entities				
- to other entities	757,272	1,607,881	326,446	756,857
<b>Net revenue from sales of goods</b>	<b>2,790</b>	<b>7,862</b>	<b>3,975</b>	<b>8,532</b>
- to related entities				
- to other entities	2,790	7,862	3,975	8,532
<b>Net revenue from sales of materials</b>	<b>14,552</b>	<b>31,433</b>		
- to related entities				
- to other entities	14,552	31,433		
<b>Total</b>	<b>774,615</b>	<b>1,647,175</b>	<b>330,421</b>	<b>765,389</b>

Geographical structure of sales revenue	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Net revenue from sales of products and services	<b>757,272</b>	<b>1,607,881</b>	<b>326,446</b>	<b>756,857</b>
- domestic sales	757,272	1,607,881	326,446	756,857
- export sale				
<b>Net revenue from sales of goods</b>	<b>2,790</b>	<b>7,862</b>	<b>3,975</b>	<b>8,532</b>
- domestic sales	2,790	7,862	3,975	8,532
- export sale				
<b>Net revenue from sales of materials</b>	<b>14,552</b>	<b>31,433</b>		
- domestic sales	14,552	31,433		
- export sale				
<b>Total</b>	<b>774,615</b>	<b>1,647,175</b>	<b>330,421</b>	<b>765,389</b>

Settlement of gains or losses on long-term services in progress	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Revenue invoiced for services in progress	890,164	1,740,772	405,802	836,213
Adjustment of revenue under the settlement of the progress of construction services	-132,892	-132,892	-79,356	-79,356
<b>Total</b>	<b>757,272</b>	<b>1,607,881</b>	<b>326,446</b>	<b>756,857</b>
Costs incurred for services in progress	-687,880	-1,450,191	-291,650	-680,403
Adjustment of costs under the settlement of the progress of construction services				
<b>Total</b>	<b>-687,880</b>	<b>-1,450,191</b>	<b>-291,650</b>	<b>-680,403</b>
Losses on contracts in progress				
<b>Impact on the current financial result</b>	<b>-132,892</b>	<b>-132,892</b>	<b>-79,356</b>	<b>-79,356</b>
<b>Impact on the accumulated results of contracts unfinished as at the balance-sheet date</b>	<b>69,392</b>	<b>157,690</b>	<b>34,796</b>	<b>76,454</b>

In the construction industry there is a seasonality of annual sales resulting from the production processes taking place in the construction industry and from the cycle on the construction and assembly services market. Due to technological and atmospheric conditions, the majority of construction works are carried out in the period from March to November. Possible delays resulting from atmospheric conditions are assumed in the investment implementation schedules and do not threaten their timely completion. No seasonality or cyclicity (Q3 2021) with regard to the conducted operations occurred in the presented period.

#### Note 18 Own cost of sales

Own costs of sales	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<b>Production cost of products sold</b>	<b>-687,880</b>	<b>-1,450,191</b>	<b>-291,650</b>	<b>-680,403</b>
- to related entities				
- to other entities	-687,880	-1,450,191	-291,650	-680,403
<b>Value of goods sold</b>	<b>-3,043</b>	<b>-7,388</b>	<b>-3,512</b>	<b>-7,761</b>
- to related entities				
- to other entities	-3,043	-7,388	-3,512	-7,761
<b>Value of materials sold</b>	<b>-12,564</b>	<b>-29,239</b>		
- to related entities				
- to other entities	-12,564	-29,239		
<b>Total</b>	<b>-703,487</b>	<b>-1,486,819</b>	<b>-295,162</b>	<b>-688,164</b>

Own costs of sales	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<b>Production cost of products sold</b>	<b>-687,880</b>	<b>-1,450,191</b>	<b>-291,650</b>	<b>-680,403</b>
- own costs of domestic sales	-687,880	-1,450,191	-291,650	-680,403
- own costs of export sales				
<b>Value of goods sold</b>	<b>-3,043</b>	<b>-7,388</b>	<b>-3,512</b>	<b>-7,761</b>
- own costs of domestic sales	-3,043	-7,388	-3,512	-7,761
- own costs of export sales				
<b>Value of materials sold</b>	<b>-12,564</b>	<b>-29,239</b>		
- own costs of domestic sales	-12,564	-29,239		
- own costs of export sales				
<b>Total</b>	<b>-703,487</b>	<b>-1,486,819</b>	<b>-295,162</b>	<b>-688,164</b>

Cost structure by types	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Amortisation	-3,489	-9,874	-2,460	-8,782
Consumption of materials and energy	-139,195	-274,283	-71,184	-150,677
Outsourced services	-523,055	-1,104,192	-196,533	-466,349
Taxes and fees, including:	-1,244	-4,676	-3,576	-7,477
Remunerations	-23,028	-63,175	-19,470	-50,072
Social insurance and other benefits	-4,933	-12,310	-3,530	-9,310
Other costs by type	-9,933	-29,243	-9,561	-29,547
Value of goods and materials sold	-15,628	-36,556	-3,866	-8,277
Manufacturing cost of products for internal purposes				331
<b>Total</b>	<b>-720,504</b>	<b>-1,534,309</b>	<b>-310,179</b>	<b>-730,159</b>

Recognition of costs by type in the financial statements	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
In own costs of sales	-703,487	-1,486,819	-295,162	-688,164
In the change of balance of assets	-7,763	-3,040	-12,780	-37,860
In costs of sales	-2,180	-4,786	-1,182	-3,111
In general overheads	-14,837	-42,705	-13,835	-39,215
In other items				
<b>Total:</b>	<b>-728,267</b>	<b>-1,537,349</b>	<b>-322,959</b>	<b>-768,350</b>

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

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

**Note 20 Other revenue and costs**

Other revenue and costs of operating and investment activities	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Cost of sales	-2,180	-4,786	-1,182	-3,111
Overheads	-14,837	-42,705	-13,835	-39,215
Revaluation write-downs of non-investment assets		-1,699		-2,512
Reversal of revaluation write-downs of non-investment assets		291	-62	2,042
Restructuring costs				
Court proceedings settlement result	-120	-96		
Result of sale of non-investment fixed assets	399	1,572	-181	536
Revenue from revaluation of investment property				
Costs under revaluation of investment property	-1,377	-4,123		
Result of sale of investment property				
Result of sale of all or part of subordinate entities				
Result of sale of other financial investments				
Dividends				
Interest	1	86	-415	646
Result of revaluation of other financial investments measured at fair value through financial result				
Result of measurement of investments recognised using the equity method				
Revaluation write-downs of other financial assets				
Reversal of revaluation write-downs of other financial assets				
Foreign exchange differences of operating and investment activities	336	-307	-330	1,187
Other revenue	6,751	28,183	5,173	13,460
Other costs	-4,160	-10,044	-2,776	-6,877
<b>Total revenue</b>	<b>7,487</b>	<b>30,131</b>	<b>5,173</b>	<b>17,871</b>
<b>Total costs</b>	<b>-22,674</b>	<b>-63,760</b>	<b>-18,781</b>	<b>-51,715</b>

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

Share in gains or losses of associates and joint ventures accounted for in accordance with the equity method	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<b>Revenue from increase in the value of investments measured according to the equity method</b>				
<b>Costs under decrease in the value of investments measured under the equity method</b>				
<b>Total</b>				

The above items did not occur.

Structure of revaluation write-downs of non-investment assets	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<b>Property, plant and equipment</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Intangible assets</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Receivables</b>		<b>-1,408</b>	<b>-62</b>	<b>-470</b>
-revaluation write-down created		-1,699		-2,512
-revaluation write-down reversal		291	-62	2,042
<b>Inventories</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Fixed assets held for sale</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Other reserves</b>				
-revaluation write-down created				
-revaluation write-down reversal				
<b>Total asset revaluation write-downs</b>	-	<b>-1,699</b>	-	<b>-2,512</b>
<b>Total reversal of revaluation write-downs</b>	-	<b>291</b>	<b>-62</b>	<b>2,042</b>



Revenue and costs from investment property	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Revenue from sales to related entities				
Revenue from sales to other entities				
Own costs of sales for related entities				
Own costs of sales for other entities				
Increase of fair value of investment property				
Decrease of fair value of investment property	-1,377	-4,123		
<b>Result on investments in property</b>	<b>-1,377</b>	<b>-4,123</b>		

Revenue and costs from financial investments	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Dividends to related entities				
Dividends to other entities				
Interest to related entities				
Interest to other entities	1	86	-415	646
Revenue from the sale of all or part of subordinate entities				
Own cost of sales of all or part of subordinate entities				
Revenue from increase in the value of derivative instruments				
Costs under decrease of value of derivative instruments				
Revenue from ineffective hedging instruments				
Costs from ineffective hedging instruments				
Reversal of revaluation write-downs of other financial assets				
Revaluation write-downs of other financial assets				
Revenue from increase in investments measured at fair value through financial result				
Costs under decrease of investments measured at fair value through financial result				
Foreign exchange gains	336			
Foreign exchange losses		-307	-330	
<b>Results of financial investment activities</b>	<b>337</b>	<b>-222</b>	<b>-745</b>	<b>646</b>

Other revenue	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Subsidies received	69	12,230	3,472	9,286
Other revenue from other entities - re-	2,467	5,332	185	907

invoices

Other revenue from other entities	4,215	10,621	1,515	3,266
<b>Total</b>	<b>6,751</b>	<b>28,183</b>	<b>5,173</b>	<b>13,460</b>

Other costs	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Donations		279	-12	-68
Other costs from other entities - re-invoices	-2,467	-5,332	-185	-907
Other costs from other entities	-1,693	-4,991	-2,579	-5,902
<b>Total</b>	<b>-4,160</b>	<b>-10,044</b>	<b>-2,776</b>	<b>-6,877</b>

### Note 21 Financial costs

Financial costs	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Interest on credits		-1,381	-4,933	-486	-5,337
Interest on loans from related entities					
Interest on loans from other entities					
Interest on bonds for related entities					
Interest on bonds for other entities					
Interest on liabilities under finance lease agreements from related entities					
Interest on liabilities under finance lease agreements from other entities		-2,567	-7,660	-224	-678
Other interest for related entities					
Other interest for other entities		-13	-75	-1,866	-2,947
Valuation of equity instruments					
Interest under factoring contracts			-19	-73	-229
Foreign exchange differences on financial liabilities				-95	-444
Other financial costs for related entities					
Other financial costs for other entities		-436	-620	-208	-581
<b>Total financial costs</b>		<b>-3,525</b>	<b>-13,308</b>	<b>-2,952</b>	<b>-10,216</b>

**Note 22 Income taxes**

Income taxes	in PLN thousand	
	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020
Income tax current part	-35,814	-21,448
Income tax deferred part	14,832	14,742
Other tax burdens on the financial result		
Adjustments relating to previous years		
<b>Total income tax</b>	<b>-20,982</b>	<b>-6,706</b>

Reconciliation of the effective tax rate	in PLN thousand	
	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020
Pre-tax gain (loss)	113,420	33,166
Statutory rate of tax in %	19%	19%
Tax at the statutory rate (normative)	-21,550	-6,301
Tax effect of the received dividend		
Tax exemptions		
Assets under tax loss for the reporting period not recognised in deferred tax		
Tax effect of other revenue and costs permanently not constituting revenue and tax costs	568	-405
Other		
<b>Income tax in the result account</b>	<b>-20,982</b>	<b>-6,706</b>

Deferred tax	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Deferred tax asset</b>	<b>39,465</b>	<b>21,829</b>	<b>33,141</b>
- for provisions for employee benefits	717	638	579
- for other provisions	828	780	17,501
- on account of accrued interest		1	4
- for write-downs on current assets	592	1,221	1,055
- on account of investment measurement	125	113	147
- for settlement of construction contracts	24,467	8,389	
- for losses brought forward	4,028	5,202	10,048
- under tax and balance sheet differences in the value of fixed assets and lease contracts	5,371	4,608	33
- under foreign exchange differences	43	44	35
- other	3,293	833	3,739
<b>Deferred tax liability</b>	<b>27,112</b>	<b>24,307</b>	<b>29,518</b>
- on account of accrued interest	1	212	517
- on account of investment measurement	891	3,407	3,423
- for settlement of construction contracts	7,184	4,266	7,617
- under tax and balance sheet differences in the value of fixed assets and lease contracts	18,024	16,133	17,325
- under foreign exchange differences	3	2	2
- for goodwill			
- other	1,009	288	634
<b>Net deferred income tax assets (Provision)</b>	<b>12,353</b>	<b>-2,478</b>	<b>3,623</b>

Net deferred income tax assets (Provision)	in PLN thousand		
	For the period:	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 31/12/2020	from 01/01/2020 to 30/09/2020
<b>Deferred net income tax assets (provisions) at the beginning of the period</b>	<b>-2,478</b>	<b>-11,119</b>	<b>-6,457</b>
Reference to financial result	14,832	8,641	10,080
Reference to other total income			
Other reference to equity			
Subsidiaries			
<b>Deferred net income tax assets (provisions) at the end of the period</b>	<b>12,353</b>	<b>-2,478</b>	<b>3,623</b>

Receivables (income tax liabilities)	in PLN thousand		
	For the period:	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 31/12/2020	from 01/01/2020 to 30/09/2020
<b>Opening balance of receivables (income tax liabilities)</b>	<b>-16,142</b>	<b>-2,410</b>	<b>-2,410</b>
Payment (repayment) of income tax	28,843	6,988	5,891
Current income tax accrual	-35,814	-20,720	-21,448
<b>Receivables (liabilities under deferred income tax) at the end of the period</b>	<b>-23,113</b>	<b>-16,142</b>	<b>-17,967</b>

**Note 23 Other total income**

Other total income	in PLN		. thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<b>Components which will not be subsequently reclassified to the income statement</b>				
Exchange differences on translation of foreign entities				
Actuarial gains and losses				
Income tax on items not be carried forward in later periods				
<b>Components which will be reclassified into gain or loss when certain conditions are met</b>				
<b>Effects of measurement of financial instruments by other comprehensive income</b>				
Effective part of hedge accounting				
Effects of revaluation of fixed assets				
Carry-over to the report on income statement				
Income tax related to the items presented in other comprehensive income				
<b>Other total net income</b>	-	-	-	-
Assigned to non-controlling shares				
<b>Assigned to the owners of the parent</b>	-	-	-	-

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

## Note 24 Earnings per share

Earnings per share	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Gain (loss) on continued operations attributable to owners of the parent	42,710	92,438	15,760	26,460
Gain (loss) on discontinued operations attributable to owners of the parent				
<b>Total</b>	<b>42,710</b>	<b>92,438</b>	<b>15,760</b>	<b>26,460</b>
<b>Weighted average number of ordinary shares in thousands of pieces</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>
<b>Basic gain per share</b>	<b>0.47</b>	<b>1.01</b>	<b>0.17</b>	<b>0.29</b>
Costs of interest on convertible bonds (net of tax)				
<b>Gain (loss) to determine diluted earnings per share</b>	<b>42,710</b>	<b>92,438</b>	<b>15,760</b>	<b>26,460</b>
Share options issued in thousands of pieces				
Theoretical conversion of convertible bonds in thousands of pieces				
<b>Weighted average number of ordinary shares for the diluted earnings per share in thousands of pieces</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>	<b>91,744</b>
<b>Diluted earnings per share</b>	<b>0.47</b>	<b>1.01</b>	<b>0.17</b>	<b>0.29</b>

## Note 25 Operating segments

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

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

Selected items of the income statement for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other reserves	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
<b>Continued activities</b>	-	-	-	-	-	-	-	-
Sales revenue	<b>1,551,391</b>	<b>96,952</b>	<b>29,447</b>	-	<b>33,308</b>	<b>1,711,098</b>	<b>-63,922</b>	<b>1,647,175</b>
Own cost of sales	-1,427,219	-74,018	-14,376	-	-31,391	-1,547,004	<b>60,185</b>	-1,486,819
Gross gain from sales	<b>124,172</b>	<b>22,934</b>	<b>15,071</b>	-	<b>1,917</b>	<b>164,094</b>	<b>-3,737</b>	<b>160,357</b>
EBIT	96,904	13,598	9,638	-	11,337	131,477	<b>-4,835</b>	126,642
Pre-tax activity gain (loss)	<b>92,855</b>	<b>13,757</b>	<b>1,164</b>	-	<b>11,834</b>	<b>119,610</b>	<b>-6,190</b>	<b>113,420</b>
Income tax attributable to continuing activities	-19,062	-2,582	-55	-	-	-21,699	717	-20,982
Gain (loss) on continuing activities	<b>73,793</b>	<b>11,175</b>	<b>1,109</b>	-	<b>11,834</b>	<b>97,911</b>	<b>-5,473</b>	<b>92,438</b>
<b>Discontinued activities</b>	-	-	-	-	-	-	-	-
Gain (loss) on discontinued activities	-	-	-	-	-	-	-	-
<b>NET GAIN (LOSS)</b>	<b>73,793</b>	<b>11,175</b>	<b>1,109</b>	-	<b>11,834</b>	<b>97,911</b>	<b>-5,473</b>	<b>92,438</b>
<b>Assigned to the owners of the parent</b>	<b>73,793</b>	<b>11,175</b>	<b>1,109</b>	-	<b>11,834</b>	<b>97,911</b>	<b>-5,473</b>	<b>92,438</b>

As a result of reorganisation of the Group and liquidating Expo Mazury S.A. w likwidacji, the segment of trade fairs and exhibitions activities in which Expo Mazury S.A. w likwidacji operates did not generate or produce a result in the first three quarters of 2021. As of 01/01/2021, the Group does not operate in this segment and the result obtained by Expo Mazury S.A. w likwidacji in three quarters of 2021 was mainly from the settlement of subsidies and was disclosed in the "Others" segment.

Concentration of recipients by business activity segments	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other reserves	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021
Recipient 1	<b>834,569</b>					<b>834,569</b>		<b>834,569</b>
Recipient 2	175,346					175,346		175,346
Recipient 3	<b>120,837</b>					<b>120,837</b>		<b>120,837</b>
<b>TOTAL</b>	<b>1,130,751</b>					<b>1,130,751</b>		<b>1,130,751</b>

Selected items concerning the statement of financial position for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other reserves	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021
Fixed assets	616,218	116,078	593,001			1,325,297	-613,193	712,104
Current assets	876,361	352,126	7,434		135,928	1,371,849	-163,045	1,208,804
<b>Total assets</b>	<b>1,492,579</b>	<b>468,204</b>	<b>600,435</b>	-	<b>135,928</b>	<b>2,697,146</b>	<b>-776,237</b>	<b>1,920,909</b>
Equity	<b>445,660</b>	<b>301,686</b>	<b>406,091</b>		<b>135,928</b>	<b>1,289,365</b>	<b>-742,657</b>	<b>546,708</b>
Long-term liabilities and provisions for liabilities	428,272	75,871	173,805			677,948	-6,929	671,019
Short-term liabilities and provisions for liabilities	<b>618,647</b>	<b>90,647</b>	<b>20,539</b>			<b>729,833</b>	<b>-26,652</b>	<b>703,181</b>
<b>Total capitals and liabilities</b>	<b>1,492,579</b>	<b>468,204</b>	<b>600,435</b>	-	<b>135,928</b>	<b>2,697,146</b>	<b>-776,237</b>	<b>1,920,909</b>



Other segment data in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other reserves	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021	30/09/2021
Goodwill allocated to a segment	<b>4,509</b>							<b>4,509</b>
Risk-free rate	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%		
General risk acc. to Damodoran	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%		
beta coefficient for the industry acc. to Damodoran	0.72	0.58	0.36	0.86	0.37	0.58		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%		
<b>Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method</b>	<b>9.20%</b>	<b>7.80%</b>	<b>5.60%</b>	<b>10.60%</b>	<b>5.70%</b>	<b>7.78%</b>		<b>7.78%</b>

Selected items of the income statement for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Exhibition and trade fair activity	Other reserves	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<b>Continued activities</b>	-	-	-	-	-	-	-	-
Sales revenue	<b>730,810</b>	<b>64,127</b>	<b>24,791</b>	<b>3,732</b>	<b>3,406</b>	<b>826,866</b>	<b>-61,477</b>	<b>765,389</b>
Own cost of sales	-673,921	-49,269	-20,311	-1,843	-3,702	-749,046	60,882	-688,164
Gross gain from sales	<b>56,889</b>	<b>14,858</b>	<b>4,480</b>	<b>1,889</b>	<b>-296</b>	<b>77,820</b>	<b>-595</b>	<b>77,225</b>
EBIT	27,232	8,299	4,207	5,060	-296	44,502	-2,954	41,548
Pre-tax activity gain (loss)	<b>18,282</b>	<b>7,791</b>	<b>1,115</b>	<b>3,878</b>	<b>-296</b>	<b>30,770</b>	<b>2,395</b>	<b>33,166</b>
Income tax attributable to continuing activities	-3,487	-1,500	-158	-1,132		-6,277	-429	-6,706
Gain (loss) on continuing activities	<b>14,795</b>	<b>6,291</b>	<b>957</b>	<b>2,746</b>	<b>-296</b>	<b>24,493</b>	<b>1,968</b>	<b>26,460</b>
<b>Discontinued activities</b>								
Gain (loss) on discontinued activities								
<b>NET GAIN (LOSS)</b>	<b>14,795</b>	<b>6,291</b>	<b>957</b>	<b>2,746</b>	<b>-296</b>	<b>24,493</b>	<b>1,968</b>	<b>26,460</b>
<b>Assigned to the owners of the parent</b>	<b>14,795</b>	<b>6,291</b>	<b>957</b>	<b>2,746</b>	<b>-296</b>	<b>24,493</b>	<b>1,968</b>	<b>26,460</b>

Selected items concerning the statement of financial position for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Exhibition and trade fair activity	Other reserves	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020
Fixed assets	561,378	109,297	234,847	153,581		1,059,103	-513,769	545,334
Current assets	523,226	273,767	8,541	2,704		808,237	-55,535	752,702
<b>Total assets</b>	<b>1,084,604</b>	<b>383,064</b>	<b>243,388</b>	<b>156,284</b>	-	<b>1,867,340</b>	<b>-569,304</b>	<b>1,298,036</b>
Equity	376,115	283,160	179,663	109,182		948,120	-518,243	429,877
Long-term liabilities and provisions for liabilities	281,240	32,117	43,346	23,165		379,868	10,956	390,823
Short-term liabilities and provisions for liabilities	427,249	67,787	20,380	23,937		539,353	-62,016	477,337
<b>Total capitals and liabilities</b>	<b>1,084,604</b>	<b>383,064</b>	<b>243,388</b>	<b>156,284</b>	-	<b>1,867,340</b>	<b>-569,304</b>	<b>1,298,036</b>

Other segment data in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Exhibition and trade fair activity	Other reserves	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020	30/09/2020
Goodwill allocated to a segment	<b>4,509</b>				<b>8,517</b>			<b>13,026</b>
Risk-free rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%		
General risk acc. to Damodoran	6.06%	6.06%	6.06%	6.06%	6.06%	6.06%		
beta coefficient for the industry acc. to Damodoran	0.75	0.85	0.63	0.75	0.93			
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%			
<b>Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method</b>	<b>8.80%</b>	<b>9.70%</b>	<b>7.71%</b>	<b>8.80%</b>	<b>10.43%</b>			<b>10.43%</b>

**Note 26 Transactions with related entities**

Transactions with related entities	in PLN thousand							
	Subsidiaries		Jointly controlled entities and associates		Other related entities without capital connections		Members of the Management Board and Supervisory Board and key personnel	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Sales revenue	63,466	68,999						
Revenue from the sale of fixed assets								
Revenue from interest	876	1,582						
Other revenue								
Acquisition of inventories and other costs capitalised at the value of current assets								
Acquisition of services and other operating costs		-907						
Acquisition of fixed assets								
Cost of interest	-1,948	-2,142						
Other costs								
Loans received								
Loans granted								
Costs of remuneration							5,685	3,670
Loan receivables								
Trading and other receivables	14,378	21,673						
Liabilities on account of loans								
Trading and other liabilities	-1,134	-22,764						

Remuneration of key personnel of subsidiaries	Entity	Position	Remunerations in PLN thousand		Loans granted to key personnel in PLN thousand		Additional information
			from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020	
Management Board	MIRBUD S.A.		5,357	3,504			
Supervisory Board	MIRBUD S.A.		328	166			
Management Board	Kobylarnia S.A.		1,260	1,291			
Supervisory Board	Kobylarnia S.A.		41	41			
Management Board	JHM Development S.A.		1,321	1,033			
Supervisory Board	JHM Development S.A.		61	66			
Management Board	Marywilska 44 Sp. z o.o.		771	647			
Supervisory Board	Marywilska 44 Sp. z o.o.		60	60			
Management Board	Expo Mazury S.A. w likwidacji						
Supervisory Board	Expo Mazury S.A. w likwidacji		150	66			
<b>Total</b>			<b>9,349</b>	<b>6,874</b>			

**Note 27 Statutory Auditor's remuneration**

Statutory Auditor's remuneration	in PLN thousand	
	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020
Remuneration for the audit of the individual and consolidated financial statements	96	110
Remuneration for the interim review of individual and consolidated financial statements	46	53
Other services		
<b>Total</b>	<b>142</b>	<b>163</b>

**Note 28 Financial instruments**

Financial assets according to IAS 39	Available for sale		Measured at fair value by financial result		Loans and receivables		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Loans granted	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Other financial instruments measured at fair value								
Trade and other receivables					608,115	297,092		
Cash and cash equivalents					285,509	288,997		
Other financial assets								
<b>Total financial assets</b>	-	-	-	-	<b>893,624</b>	<b>586,089</b>	-	-
Revenue from dividends	-	-	-	-	-	-	-	-
Revenue from interest	-	-	-	-	86	646	-	-
Foreign exchange gains (losses)	-	-	-	-	-307	1,187	-	-
Reversal (creation) of write-downs	-	-	-	-	-1,408	-470	-	-
Gains (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Gains (losses) on derivative instruments	-	-	-	-	-	-	-	-
<b>Total impact of financial assets on the income statement</b>	-	-	-	-	<b>-1,630</b>	<b>1,363</b>	-	-



Financial liabilities according to IAS 39	Equity instruments		Measured at fair value by financial result		Measured at amortised cost		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Credits	-	-	-	-	396,891	372,795	-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other liabilities					911,459	642,647		
Other financial liabilities								
<b>Total financial liabilities</b>	-	-	-	-	<b>1,308,350</b>	<b>1,015,442</b>	-	-
Interest	-	-	-	-	-12,613	-6,244	-	-
Foreign exchange gains (losses)						-444		
Gains (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Gains (losses) on derivative instruments								
<b>Total impact on the income statement of financial liabilities</b>	-	-	-	-	<b>-12,613</b>	<b>-6,688</b>	-	-

Financial instruments according to the fair value hierarchy	Level I		Level II		Level III	
	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020
<b>Assets</b>	-	-	-	-	-	-
Derivative financial instruments in assets	-	-	-	-	-	-
Other financial instruments measured at fair value	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-
<b>Liabilities</b>	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other financial instruments measured at fair value	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-

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

#### Note 29 Errors related to previous reporting periods

No material errors were found in the previous reporting period.

#### Note 30 Transactions with non-controlling shareholders

This item does not exist.

#### Note 31 Business combinations

There were no business mergers in the current period.

#### Note 32 Significant planned capital expenditures

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

#### Note 33 Material events after the balance-sheet date

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

#### Note 34 Employment structure

Employment structure	full-time equivalent	
	For the period:	For the period:
	from 01/01/2021 to 30/09/2021	from 01/01/2020 to 30/09/2020
Non-production employees	486	389
Production employees	289	275
Employees under contractual agreements	209	161
<b>Total</b>	<b>984</b>	<b>825</b>

#### Note 35 Dividends declared and paid

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

Pursuant to the adopted resolution, the General Meeting resolved to allocate a part of the gain for the financial year 2020 in the amount of PLN 7,339,536.00 to the payment of dividend to the Issuer's shareholders, i.e. PLN 0.08 per share.

The dividend day was set to be 01/07/2021, whereas the dividend payment was made on 16/08/2021.

#### Note 36 Effects of division, restructuring and discontinued activities

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

**Note 37 Limitations on disposition and hedges established on assets**

Hedge title	Hedge type	Value of debt	Hedge value in PLN thousand			Balance sheet value of the hedge object in PLN thousand		expiry date
		As at:	As at:	As at:	As at:	As at:		
		30/09/2021	30/09/2021	31/12/2020	30/09/2021	31/12/2020	dd/mm/yyyy	
Credit collateral 202-129/3/III/2/2008	mortgage	2,196	26,700	26,700	20,686	21,283	01/03/2023	
Hedge for the ARP loan	mortgage		60,000		14,500		28/02/2023	
Credit hedge S/64/11/2018/1245/K/KON BOŚ BANK	mortgage			44,235		34,371	31/05/2020	
Credit hedge S/65/11/2018/1245/K/KOO BOŚ BANK	mortgage			44,235		34,371	31/05/2020	
Collateral for the KIN 173850 credit	cash deposit, assignment of receivables, registered pledge on bank account, surety assignment of	22,951	53,540	57,030	86,138	7,530	02/05/2028	
Collateral for the KRB 13313177 credit	receivables, registered pledge on bank account		4,040	7,530	4,040	7,530	29/12/2022	
Hedge for a working capital, developer credit 3472510/34/K/OB/19, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			30,260		13,407	31/12/2021	
Hedge for a revolving credit 3472510/33/K/RE/19, granted by Bank Polskiej Spółdzielczości	mortgage			510		13,407	31/12/2021	
Hedge for a working capital credit 3472510/162/K/OB/18, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			21,640		14,949	31/12/2021	
Hedge for the KIN/1718350 credit	mortgage			49,500		81,718	02/05/2028	
Hedge for a working capital credit, pursuant to contract 30/KG010/18, granted by the Bank Spółdzielczy (Cooperative Bank) in Skierniewice	mortgage			5,400		1,574	31/07/2021	
Hedge for an investment credit, pursuant to contract 22/KG110/19, granted by Bank	mortgage	7,704	17,645	17,645	11,417	11,624	31/12/2034	

Spółdzielczy									
Hedge for a working capital credit, pursuant to contract 3472510/248/K/OB/19, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			27,115			13,376		31/12/2022
Hedge for an investment credit, pursuant to contract U0001659946897, granted by ALIOR BANK S.A.	mortgage		56,250				81,718		27/03/2026
Hedge for the WK14-000016 credit	mortgage		15,000	15,000		4,197	4,588		30/11/2021
Hedge for a working capital, developer credit, pursuant to contract 21/KG110/20, granted by the Bank Spółdzielczy (Cooperative Bank) in Skierniewice	mortgage			10,600			4,335		30/06/2022
Hedge for a working capital, developer credit, pursuant to contract S/71/09/2020/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage			48,235			47,000		22/12/2022
Hedge for a working capital, developer credit, pursuant to contract 050/20/23, granted by Warszawski Bank Spółdzielczy	mortgage			23,315			22,155		31/12/2022
Hedge for IRS treasury transaction under credit contract No. U0002350765350	mortgage			6,000			81,495		27/07/2018
Hedge for a non-revolving credit, pursuant to contract No. WAR/6570/19/682/RB granted by BNP Paribas Bank Polska S.A.	mortgage	3,177	6,465	6,465		14,296	14,296		10/08/2024
Hedge for the 19/5066 credit	mortgage	5,176	9,317	9,317		15,355	292		31/12/2029
Guarantee for hedging liabilities, guarantee agreement No. 4619-00715	bill of exchange, registered pledge			11,700			3,241		30/09/2021
Guarantee agreement No. 4620-04744	bill of exchange, registered pledge	16,100	24,150	24,150		3,111	3,241		15/02/2022
Hedge for a working capital, developer credit, pursuant to contract 050/21/7, granted by Warszawski Bank Spółdzielczy	mortgage	6,457	11,700			13,823			30/06/2023
Hedge for a working capital, developer credit, pursuant to contract K01311/20, granted by Santander Bank Polska	mortgage	37,655	75,436			73,954			04/11/2023
Hedge for a VAT credit, pursuant to contract K01311/20, granted by Santander Bank	mortgage	1,278	33,286						04/11/2023

Polska							
Hedge for a working capital, developer credit, pursuant to contract 3472510/30/K/OB/21, granted by Bank Polskiej Spółdzielczości S.A.	mortgage	5,788	33,286		11,485		30/12/2023
Collateral for B series bonds	mortgage			15,015		1,289	14/08/2021
Hedge for a working capital, developer credit, pursuant to contract S/10/07/2021/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage		47,850		5,823		30/06/2024
Hedge for a working capital credit, pursuant to contract KNK 1622269 granted by Deutsche Bank (currently Santander Bank Polska S.A.)	mortgage hedge, registered pledge on shares	6,594	16,331	16,267	18,579	18,579	31/10/2030
<b>Total</b>	-	<b>115,076</b>	<b>490,996</b>	<b>517,864</b>	<b>297,404</b>	<b>537,369</b>	-

Assets as security of liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Property, plant and equipment	52,249	181,989	187,663
Investment property	227,913	36,318	36,351
Financial assets			
Intangible assets			
Other assets	110,336	93,815	36,945
<b>Total</b>	<b>390,498</b>	<b>312,122</b>	<b>260,959</b>

### **Note 38 Litigation**

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

As at 30/09/2021, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 3,428 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 30/09/2021, 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 Kobylarnia S.A. - a subsidiary of the Issuer.

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the GDDKiA for the value of the object of dispute of PLN 67.422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S-5 expressway. The total value of disputes between KOBYLARNIA S.A. and GDDKiA as at 30/09/2021 amounted to PLN 71,820 thousand.

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



**Note 39 Contingent liabilities**

List of sureties granted to other entities by entity type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability in PLN thousand		surety expiry date
		As at: 30/09/2021	As at: 31/12/2020	As at: 30/09/2021	As at: 31/12/2020	
<b>To related entities</b>						
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit	49,500	49,500	22,951	25,565	02/05/2028
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit	4,500	4,500			30/09/2022
JHM 1 Sp. z o.o.	Hedge for the SANTANDER BANK POLSKA S.A. credit	10,604	10,595	6,595	7,053	30/09/2031
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit	15,000	15,000			30/11/2021
KOBYLARNIA S.A.	Collateral for bank guarantee of BANK S.A		24,150	16,100		15/02/2022
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit	9,318	9,318	5,176	5,591	31/12/2029
KOBYLARNIA S.A.	Collateral for the BGK S.A. credit		22,500			31/12/2020
<b>To other entities</b>						
<b>Total</b>		<b>88,922</b>	<b>135,563</b>	<b>50,822</b>	<b>38,209</b>	

Other contingent liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
Under proper performance guarantee	481,125	332,537	325,487
Under rectifying faults and defects	303,947	177,919	131,148
Under advance return	135,491	201,210	125,035
<b>Total</b>	<b>920,564</b>	<b>711,665</b>	<b>581,670</b>

**Note 40 Objectives and principles of risk management**

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
<i>Risk related to the coronavirus pandemic</i>	Administrative restrictions on carrying out construction and assembly activities	low	high	high	high
	Manpower availability and supply chain disruption	average	average	average	average
<i>External financial risks</i>	changes in interest rates	low	average	average	average
	changes in exchange rates related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits	high	high	high	high
<i>Downturn risk</i>	Change in the macroeconomic situation and economic situation in Poland	high	high	average	high
	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
	<b>related to the production process</b>	low	high	average	low

**Risk related to the coronavirus pandemic**

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

### **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:

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**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***

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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:

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**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***

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#### 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 30/09/2021, JHM2 sp. z o.o. and Kobylarnia S.A. entered into interest rate hedging transactions for long-term credits in PLN within the MIRBUD 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:
	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Liabilities under credits and loans	396,891	372,795		
Loans granted				
Other financial assets				
Other financial liabilities	11,941	13,519		
<b>Total</b>	<b>408,832</b>	<b>386,314</b>		

### 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 September 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 September 2021 and 31 December 2020 is presented below.

Sensitivity analysis for items exposed to change in interest rates	As at:	Effect on net gain/(loss)		Effect on the balance sheet total	
		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
		30/09/2021			
Liabilities under credits and loans	396,891	-3,215	3,215	3,969	-3,969
Loans granted					
Other financial assets					
Other financial liabilities					
<b>Total</b>	<b>396,891</b>	<b>-3,215</b>	<b>3,215</b>	<b>3,969</b>	<b>-3,969</b>

Sensitivity analysis for items exposed to change in interest rates	As at:	Effect on net gain/(loss)		Effect on the balance sheet total	
		increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
		31/12/2020			
Liabilities under credits and loans	372,795	-3,020	3,020	3,728	-3,728
Loans granted					
Other financial assets					
Other financial liabilities	13,519	-110	110	135	-135
<b>Total</b>	<b>386,314</b>	<b>-3,129</b>	<b>3,129</b>	<b>3,863</b>	<b>-3,863</b>

### Risk of changes in foreign exchange rates

Within the MIRBUD Group, only MIRBUD S.A. generates revenue in foreign currency. In the first three quarters of 2021, MIRBUD S.A. generated over 13% of revenue in EUR and was exposed to the exchange rate risk, which could reduce the effectiveness of construction contracts and may affect the amount of revenue and gains. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In the first three quarters 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		Other	
	As at:	As at:	As at:	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Liabilities under credits	1,423	1,528				

and loans		
Loans granted		
Trading and other receivables	33,346	6,248
Trading and other liabilities		
Cash	1,194	3,127
Other financial assets		
<b>Total</b>	<b>35,962</b>	<b>10,903</b>

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

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 30/09/2021	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	1,423	115	-115
Loans granted					
Trading and other receivables	33,346	2,701	-2,701	3,335	-3,335
Trading and other liabilities					
Cash	1,194	97	-97	119	-119
Other financial assets					
<b>Total</b>	<b>35,962</b>	<b>2,913</b>	<b>-2,913</b>	<b>3,596</b>	<b>-3,596</b>

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	1,528	124	-124
Loans granted					
Trading and other receivables	6,248	506	-506	625	-625
Trading and other liabilities					
Cash	3,127	253	-253	313	-313
Other financial assets					
<b>Total</b>	<b>10,903</b>	<b>883</b>	<b>-883</b>	<b>1,090</b>	<b>-1,090</b>

The Issuer's Management Board estimates that there will be no changes in Euro revenue proportion in Q4 2021. As at 30/09/2021, 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 Group Companies try to take into account the market situation by adapting their portfolio to the expected financial and credit capabilities of potential customers.

The introduction of any restrictions towards the availability of credits may have a material and adverse effect on the

Companies' activities, financial situation and their development prospects.

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

#### **- change in the macroeconomic situation and economic 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 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 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 warehouse and logistics halls located in Ostróda managed by Marywilka 44 depends on the stability of the macroeconomic situation and the general economic situation in Poland, as well as competition in the industry.

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

**External legal risks**

**- changes in provisions of law, in particular tax law**

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

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

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

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

#### **Risks related to the current activities**

##### **- Risk associated with the implementation of the development strategy**

The Polish market and the situation on local markets where the Group operates are subject to constant changes, the direction and intensity of which depend on a number of factors. Therefore, the Companies' future financial performance, development and market position depend on its ability to develop and implement a long-term strategy in an uncertain and changing market environment.

In particular, the implementation of the Group's strategy depends on the occurrence of a number of factors, the occurrence of which is often independent of the decisions of the Group's governing bodies, and which cannot always be predicted.

Such factors also include those of a general nature, such as:

- unpredictable market events, such as the occurrence of an economic crisis or recession in Poland or other European Union countries;
- radical and sudden changes in legal regulations or the methods of their interpretation (e.g. influencing the issuance of development conditions);
- natural disasters, epidemics in the areas where the Company operates, as well as a number of specific factors, such as:
- restrictions on the possibility of JHM DEVELOPMENT acquiring plots of land in attractive locations for housing development;
- reduced availability of bank financing for development and commercial projects;
- failure to implement 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 in question 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 gainability or financial liquidity.

In order to minimise the risk, the Companies' contracts with subcontractors require subcontractors to secure proper performance of the contract in the form of an insurance guarantee, bank guarantee or cash deposit and contain contractual penalties for exceeding the contractual deadlines.

#### Note 41 Management of capital

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

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

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

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

Calculation of the debt ratio	in PLN thousand	
	As at:	As at:
	30/09/2021	31/12/2020

Total credits	396,891	372,795
Cash and cash equivalents	-285,509	-288,997
<b>Net debt</b>	<b>111,382</b>	<b>83,798</b>
Equity	546,708	461,610
<b>Total capital</b>	<b>658,090</b>	<b>545,408</b>
<b>Debt ratio</b>	<b>17%</b>	<b>15%</b>

Financial liquidity hedging ratios	in PLN thousand	
	As at:	As at:
	30/09/2021	31/12/2020
Net debt	111,382	83,798
EBITA	180,553	98,406
Equity	546,708	461,610
Total assets	1,920,909	1,539,129
<b>net debt/EBITDA</b>	<b>0.6</b>	<b>0.9</b>
<b>equity/total assets</b>	<b>0.3</b>	<b>0.3</b>

EBIT for the last 12 months accepted.

## XII. SEPARATE FINANCIAL INFORMATION OF MIRBUD S.A. FOR Q3 2021

### 1. Separate statements of comprehensive income

Gain and loss account	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from	from	from	from
		01/07/2021	01/01/2021	01/07/2020	01/01/2020
		to 30/09/2021	to 30/09/2021	to 30/09/2020	to 30/09/2020

#### Continued activities

Sales revenue	17	556,651	1,158,873	220,991	550,112
Own cost of sales	18	-505,178	-1,047,856	-204,582	-509,608
<b>Gross gain from sales</b>		<b>51,474</b>	<b>111,017</b>	<b>16,408</b>	<b>40,503</b>
Share in gains or losses of associates and joint ventures accounted for in accordance with the equity method	19				
Other operating and investment activity revenue	20	5,994	10,929	865	3,381
Other costs of operating and investment activities	20	-11,072	-30,527	-9,076	-21,683
EBIT		<b>46,396</b>	<b>91,419</b>	<b>8,198</b>	<b>22,202</b>
Financial revenue		200	2,711	525	2,115
Financial costs	21	-1,790	-5,723	-2,161	-7,180
<b>Pre-tax activity gain (loss)</b>		<b>44,806</b>	<b>88,406</b>	<b>6,561</b>	<b>17,137</b>
Income tax attributable to continuing activities	22	-9,490	-18,176	-1,222	-3,316
<b>Gain (loss) on continuing activities</b>		<b>35,316</b>	<b>70,230</b>	<b>5,339</b>	<b>13,821</b>

#### Discontinued activities

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Revenue from discontinued operations

Costs of discontinued operations

**Pre-tax gain (loss) on discontinued operations**

Income tax attributable to discontinued operations

**Gain (loss) on discontinued operations**

**NET GAIN (LOSS)** **35,316**    **70,230**    **5,339**    **13,821**

Assigned to non-controlling shares

**Assigned to the owners of the parent** **35,316**    **70,230**    **5,339**    **13,821**

Other total income	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from	from	from	from
		01/07/2021	01/01/2021	01/07/2020	01/01/2020
		to 30/09/2021	to 30/09/2021	to 30/09/2020	to 30/09/2020

Components which will not be subsequently reclassified to the income statement

Components which will be reclassified into gain or loss when certain conditions are met

Other net comprehensive income Assigned to non-controlling shares 24

**Assigned to the owners of the parent** -

Total comprehensive income	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from	from	from	from
		01/07/2021	01/01/2021	01/07/2020	01/01/2020
		to 30/09/2021	to 30/09/2021	to 30/09/2020	to 30/09/2020

Total comprehensive income 35,316    70,230    5,339    13,821

Assigned to non-controlling shares -

**Assigned to the owners of the parent** **35,316**    **70,230**    **5,339**    **13,821**

## 2. Separate statements of financial position

Assets	Note No.	in PLN thousand		
		As at:	As at:	As at:



		30/09/2021	31/12/2020	30/09/2020
<b>Fixed assets</b>		<b>543,244</b>	<b>504,164</b>	<b>501,905</b>
Property, plant and equipment	1	64,366	58,297	58,073
Investment property	2			
Intangible assets	3	830	1,082	1,188
Long-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4	447,778	429,943	424,586
Investments measured using the equity method.	5			
Long-term trading and other receivables, including:	6	7	275	52
prepayments and accruals		7	275	52
Biological assets	7			
Deferred income tax assets	22	30,262	14,567	18,006
<b>Current assets</b>		<b>651,557</b>	<b>416,583</b>	<b>322,312</b>
Inventories	9	13,849	7,820	7,946
Receivables on account of the income tax	22			
Trading and other receivables, including:	6	511,299	194,839	229,450
prepayments and accruals		3,526	959	1,122
Short-term financial assets (excluding trading receivables, assets measured according to equity method and cash and cash equivalents)	4			1,900
Cash and cash equivalents	10	126,409	213,924	83,016
Fixed assets held for sale	11			
<b>Total assets</b>		<b>1,194,801</b>	<b>920,747</b>	<b>824,217</b>

Capitals and liabilities	Note No.	in PLN thousand		
		As at:	As at:	As at:
		30/09/2021	31/12/2020	30/09/2020
<b>Equity</b>	<b>12</b>	<b>355,364</b>	<b>292,473</b>	<b>288,704</b>
Issued share capital		9,174	9,174	9,174
Issue price surplus over nominal value of shares				
Other reserve capitals		115,104	115,104	115,104
Net gain/loss attributable to the owners of the parent		160,855	148,769	150,604
Gain/loss in the reporting period		70,230	19,425	13,821
Equity attributable to shareholders of the parent				
Capital attributable to non-controlling shares				
<b>Long-term liabilities and provisions for liabilities</b>		<b>342,079</b>	<b>292,453</b>	<b>223,807</b>
Provisions under deferred income tax	22	8,565	7,880	6,684
Other provisions for long-term liabilities	13	103	103	
Long-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	74,294	55,687	103,202
Long-term trading and other liabilities, including:	15	259,116	228,782	113,921
prepayments and accruals				
<b>Short-term liabilities and provisions for liabilities</b>		<b>497,358</b>	<b>335,821</b>	<b>311,705</b>
Provisions for short-term liabilities	13	1,814	1,814	1,720
Short-term financial liabilities, except for provisions, trading liabilities and other liabilities	14	61,741	62,561	44,845
Trading and other liabilities, including:	15	405,195	256,574	245,565
prepayments and accruals		372	36	746
Liabilities under deferred income tax	22	28,609	14,873	19,575
Liabilities directly related to fixed assets classified as held for sale	11			
<b>Total capitals and liabilities</b>		<b>1,194,801</b>	<b>920,747</b>	<b>824,217</b>

### 3. Separate statements of cash flows

Statement of cash flows	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
<b>Pre-tax gain</b>	-	<b>44,806</b>	<b>88,406</b>	<b>6,561</b>	<b>17,137</b>
<b>Total adjustments</b>	-	<b>-40,380</b>	<b>-135,191</b>	<b>55,104</b>	<b>26,848</b>
Amortisation					
Gain / loss under exchange rate differences		1,730	4,920	1,555	4,132
Gain / loss on investing activities		-399	-1,003	-1	-643
Borrowing costs		1,047	3,255	1,917	5,345
Change in liabilities with the exclusion of financial liabilities		-6,698	178,955	15,827	94,515
Change in receivables		-32,218	-313,894	37,368	-74,434
Change in inventories		-5,469	-6,029	-68	499
Change in provisions		797	685	-2,574	-2,455
Gain / loss on other financial instruments		-2	-118	-533	-533
Other changes in working capital		-886	-1,963	1,613	422
<b>Cash from operating activity</b>		<b>4,426</b>	<b>-46,785</b>	<b>61,666</b>	<b>43,984</b>
Income tax paid		-4,578	-19,450	-3,154	-3,664
<b>Net cash from operating activities</b>		<b>-151</b>	<b>-66,235</b>	<b>58,512</b>	<b>40,320</b>
Sale of tangible fixed assets		320	1,003	-135	643
Purchase of tangible fixed assets		-457	-566	-18	-54
Sale of intangible assets					
Purchase of intangible assets					
Sale of investment property					
Purchase of investment property					
Repayment of loans granted to related parties					
Granting loans to related parties					
Repayment of loans granted to other parties					
Granting loans to other parties					
Sale of other investments			62,165	-1,900	-1,900
Purchase of other investments			-80,000	-25,714	-43,694

Received dividends		1,717	1,835	1,835
Received interest	-840	994	2,115	2,115
Other inflows from investment activities			-1,059	
Other expenses related to investment activity				
<b>Net cash from investment activity</b>	<b>-977</b>	<b>-14,687</b>	<b>-25,407</b>	<b>-41,054</b>
Inflows from shareholders		-7,340		
Payments to owners				
Commitment of liabilities under loans and credits	7,572	21,406	17,292	19,901
Repayment of liabilities under loans and credits	4,134	-7,621	-9,507	-15,860
Repayment of liabilities under leasing	-2,811	-7,315	-2,105	-4,959
Receipt under issue of debt instruments				
Expenditure on redemption of debt instruments				
Repayment of other financial liabilities				
Interest paid and other debt service expenditure	-1,791	-5,723	686	-4,333
Other financial receipts/expenditures				
<b>Cash from financial activity</b>	<b>7,104</b>	<b>-6,593</b>	<b>6,366</b>	<b>-5,251</b>
Cash and cash equivalents at the beginning of the period	120,432	213,924	43,545	89,001
<b>Net increases (decreases) in cash and cash equivalents</b>	<b>5,976</b>	<b>-87,515</b>	<b>39,471</b>	<b>-5,985</b>
Effect of changes in foreign exchange rates on cash denominated in foreign currencies				
Change in cash and cash equivalents, net of foreign exchange differences				
<b>Closing balance of cash</b>	<b>126,409</b>	<b>126,409</b>	<b>83,016</b>	<b>83,016</b>
including cash and cash equivalents with restricted availability	50,230	50,230	17,379	17,379

#### 4. Separate statements of changes in equity

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent/supplementary capital	Gain/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
<b>As at 01/01/2021</b>	<b>9,174</b>		<b>115,104</b>	<b>148,769</b>	<b>19,425</b>		<b>292,473</b>
Gain transfer to share capital				19,425	-19,425		
Total gains (losses) for the period					70,230		<u>70,230</u>
Other total income							
Comprehensive income for the period							
Owner contributions							
Payments to owners				-7,340			<u>-7,340</u>
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>As at 30/09/2021</b>	<b>9,174</b>		<b>115,104</b>	<b>160,855</b>		<b>70,230</b>	<b>355,364</b>

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

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained earnings attributable to the shareholders of the parent/supplementary capital	Gain/loss in the reporting period	Capital attributable to non-controlling shares	TOTAL
<b>As at 01/01/2020</b>	<b>9,174</b>		<b>115,104</b>	<b>143,218</b>	<b>7,386</b>		<b><u>274,883</u></b>
Gain transfer to share capital				7,386	-7,386		
Total gains (losses) for the period					13,821		<u>13,821</u>
Other total income							
Comprehensive income for the period							
Owner contributions							
Payments to owners							
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							
<b>As at 30/09/2020</b>	<b>9,174</b>		<b>115,104</b>	<b>150,604</b>	<b>13,821</b>		<b><u>288,704</u></b>

## 5. Other revenue and costs

Other revenue and costs of operating and investment activities	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Cost of sales				
Overheads	-8,036	-22,643	-6,375	-16,728
Revaluation write-downs of non-investment assets			-55	-1,980
Reversal of revaluation write-downs of non-investment assets		291		
Restructuring costs				
Court proceedings settlement result	-120	-96	39	39
Result of sale of non-investment fixed assets	399	1,003	1	643
Revenue from revaluation of investment property				
Costs under revaluation of investment property				
Result of sale of investment property				
Result of sale of all or part of subordinate entities				
Result of sale of other financial investments				
Dividends		1,717		
Interest, sureties	200	994	525	2,115
Result of revaluation of other financial investments measured at fair value through financial result				
Result of measurement of investments recognised using the equity method				
Revaluation write-downs of other financial assets				
Reversal of revaluation write-downs of other financial assets				
Foreign exchange differences of operating and investment activities	1,584	683	-1,071	446
Other revenue	4,011	8,952	826	2,252
Other costs	-2,916	-7,788	-1,575	-2,975
<b>Total revenue</b>	<b>6,194</b>	<b>13,640</b>	<b>1,390</b>	<b>5,497</b>
<b>Total costs</b>	<b>-11,072</b>	<b>-30,527</b>	<b>-9,076</b>	<b>-21,683</b>

## 6. Financial costs



Financial costs	Note No.	in PLN thousand			
		For the period:	For the period:	For the period:	For the period:
		from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Interest on credits		-750	-2,699	-912	-3,582
Interest on loans from related entities					
Interest on loans from other entities					
Interest on bonds for related entities					
Interest on bonds for other entities					
Interest on liabilities under finance lease agreements from related entities					
Interest on liabilities under finance lease agreements from other entities		-193	-537	-170	-463
Other interest for related entities		-700	-1,948	-713	-2,142
Other interest to other entities		-13	-75	-51	-184
Measurement of equity instruments					
Interest under factoring contracts					
Foreign exchange differences on financial liabilities			-19	-73	-229
Other financial costs for related entities					
Other financial costs for other entities		-135	-446	-243	-580
<b>Total financial costs</b>		<b>-1,790</b>	<b>-5,723</b>	<b>-2,161</b>	<b>-7,180</b>

## 7. Trading and other receivables

Trading and other receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Long-term receivables</b>			<b>1,010</b>
trade receivables from related entities			1,010
trade receivables from other entities			
other receivables from related entities			
other receivables from other entities			
<b>Short-term receivables</b>	<b>507,774</b>	<b>193,880</b>	<b>227,319</b>

trade receivables from related entities	14,378	21,708	21,673
trade receivables from other entities	370,839	92,652	135,762
retained amounts under execution of contracts from related entities			
retained amounts under execution of contracts from other entities	85,732	61,836	64,056
other receivables from related entities			1,835
other receivables from other entities	3	8	20
amounts transferred for deliveries	33,791	13,854	3,973
budget receivables except for corporate income tax settlements			
disputed receivables brought before the court	3,030	3,822	
accrual of receivables under settlement of long-term contracts			
<b>Total</b>	<b>507,774</b>	<b>193,880</b>	<b>228,329</b>

Age structure of short-term receivables	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Gross trade receivables</b>	<b>529,894</b>	<b>216,292</b>	<b>235,630</b>
not overdue	451,265	180,806	193,830
payable up to 1 month	294,905	83,787	121,724
payable from 1 to 3 months	70,528	34,381	8,051
payable from 3 to 12 months	85,732	61,836	64,056
payable from 1 year to 5 years			
past due up to 1 month	36,869	1,126	10,625
past due from 1 to 3 months	12,006	12,845	8,441
past due from 3 to 6 months	7,621	34	3,559
past due from 6 to 12 months	1,096	532	1,724
past due over 12 months	21,036	21,750	17,451
receivables in respect of which credit risk has significantly increased	-563	-563	-563
receivables revaluation write-down	-21,557	-21,848	-6,739
<b>Net trade receivables</b>	<b>507,774</b>	<b>193,880</b>	<b>228,329</b>

## 8. Trading and other liabilities

Trading and other liabilities	in PLN thousand		
	As at:	As at:	As at:

	30/09/2021	31/12/2020	30/09/2020
<b>Long-term liabilities</b>	<b>259,116</b>	<b>228,782</b>	<b>113,921</b>
Trade liabilities to related entities			
retained amounts to related entities			
Other liabilities due to related entities			
Trade liabilities to other entities			
Retained amounts to other entities	74,718	58,209	44,246
advances received	184,398	170,574	69,675
<b>Short-term liabilities</b>	<b>404,823</b>	<b>256,538</b>	<b>243,211</b>
Trade liabilities to related entities	1,134	128	764
retained amounts to related entities			
Other liabilities due to related entities	13,635	15,985	22,000
Trade liabilities to other entities	321,716	205,784	179,145
Liabilities under settlement of long-term contracts			
Advance payments received	23,898	16,639	16,639
Bills of exchange liabilities			
Budget liabilities except for corporate income tax settlements	20,471	2,130	4,590
Remuneration settlements	2,708	2,383	2,185
Retained amounts to other entities	21,261	13,488	17,887
Other liabilities due to other entities			
<b>Total</b>	<b>663,939</b>	<b>485,320</b>	<b>357,132</b>

Age structure of liabilities	in PLN thousand		
	As at:	As at:	As at:
	30/09/2021	31/12/2020	30/09/2020
<b>Trade liabilities</b>	<b>663,939</b>	<b>485,320</b>	<b>357,132</b>
not overdue	661,992	459,496	325,100
payable up to 1 month	301,118	164,158	132,205
payable from 1 to 3 months	52,964	20,444	22,447
payable from 3 to 12 months	45,959	30,127	34,527
payable from 1 year to 5 years	261,952	228,782	113,921
past due, including:	1,948	25,824	32,032
past due up to 1 month	1,778	18,987	21,071
past due from 1 to 3 months	169	6,837	10,961
past due from 3 to 6 months			
past due from 6 to 12 months			
past due over 12 months			

<b>Total overdue</b>	<b>1,948</b>	<b>25,824</b>	<b>32,032</b>
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9. **Cost structure by types**

Cost structure by types	in PLN thousand			
	For the period:	For the period:	For the period:	For the period:
	from 01/07/2021 to 30/09/2021	from 01/01/2021 to 30/09/2021	from 01/07/2020 to 30/09/2020	from 01/01/2020 to 30/09/2020
Amortisation	-1,730	-4,920	<u>-1,555</u>	-4,132
Consumption of materials and energy	-73,762	-140,692	-41,194	-91,675
Outsourced services	-413,690	-855,305	<u>-150,757</u>	-384,303
Taxes and fees, including:	-82	-597	-323	-1,135
Remunerations	-11,944	-33,782	<u>-9,530</u>	-24,998
Social insurance and other benefits	-2,923	-6,972	-1,742	-4,702
Other costs by type	-4,293	-11,203	-5,701	-13,874
Value of goods and materials sold	-4,789	-17,028	-327	-1,519
Manufacturing cost of products for internal purposes				
<b>Total</b>	<b>-513,214</b>	<b>-1,070,499</b>	<b>-211,128</b>	<b>-526,337</b>

### XIII. NOTES TO CONSOLIDATED QUARTERLY REPORT

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

The most important achievements of the Issuer in the reporting period include:

- Further supplementation of the order portfolio of the Issuer's Group, which as of 30/09/2021 amounted to approx. PLN 5,300 million for the years 2022-2024.

The list of contracts concluded in the reporting period is presented in the table below.

Table: Significant contracts concluded by MIRBUD S.A. in the period from 01/07/2021 to 30/09/2021

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.
03/09/2021	42,905	WAMA CONSTRUCTION Sp. z o.o. with its registered office in Gdańsk	Construction of three multi-family buildings with necessary infrastructure at ul. Wielkopolska in Gdańsk
29/09/2021	64,569	State Treasury - Capital City Infrastructure Department in Warsaw	Construction of a repair hall with accompanying infrastructure for maintenance and repair of Leopard 2 tanks
30/09/2021	49,332	LCP Corentin Investments Sp. z o.o. with its registered office in Warsaw	Construction of a building with the accompanying infrastructure as part of the extension of the shopping centre located at ul. Akademicka and Jana Pawła II 20 in Koszalin.

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Events subsequent to the date of the consolidated extended financial statements for Q3 2021 which have not been included in these statements but may have a significant effect on the Issuer's future financial results.**

The following events occurred after the date of the consolidated extended financial statements for Q3 2021 which have not been included in these statements but may have a significant effect on the Issuer's future financial results:

- Receipt on 5 October 2021 of information from the Contracting Authority, "Zakład Komunalny" Sp. z o.o. in Opole (ul. Podmiejska 69, 45 - 574 Opole), that the Issuer's bid was selected in the tender procedure conducted in the form of an open tender for the execution of construction works under the task titled "Construction of Municipal Stadium in Opole, together with car parks and technical infrastructure." **Net bid value:** PLN 169,700
- receipt on 20 October 2021 of a signed-back contract with PDC Industrial Center 180 Sp. z o.o. with its registered office in Warsaw (ul. Grzybowska 2 apt. 29, 00-131 Warsaw) for the construction of a warehouse building at Panattoni Park Swadzim II together with the necessary accompanying infrastructure. **Net contract value:** EUR 13,792 thousand.
- Receipt by JHM DEVELOPMENT S.A., a subsidiary of the Issuer, on 20 October 2021 of a notification from the Management Board of Hakamore Sp. z o.o. w upadłości with its registered office in Warsaw (ul. Chmielna 73, 00-801 Warsaw) on the decision of the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, regarding entering JHM DEVELOPMENT S.A. with its registered office in Skierniewice into the Register of Entrepreneurs of the National Court Register as a partner of Hakamore Sp. z o.o. w upadłości, due to the Issuer's purchase of 60,100 shares with a total nominal value of PLN 3,005,000.00. Hakamore Sp. z o.o. w upadłości is the owner of attractive, from the point of view of development activity, properties located in Łódź, in the Łódź - Górna district.
- On 27 October 2021, the Management Board of JHM DEVELOPMENT S.A. - a subsidiary of the

Issuer with its registered office in Skierniewice, informed that it is considering establishing a bond issue programme up to the maximum amount of PLN 50,000,000. The bonds under the Bond Issue Programme shall be issued in one or several series as secured bearer bonds. According to preliminary assumptions, the bonds will bear interest at a variable interest rate (reference rate or another rate in accordance with the terms and conditions of issue of a given series of bonds plus a margin determined in the bond issue process), and the maturity of the issued bonds will be up to 4 years from the issue date. The bonds will be hedged by: (i) mortgage on property owned by the Company or by an entity of the MIRBUD S.A. group; (ii) surety by MIRBUD S.A.; (iii) declaration on voluntary submission to enforcement filed by MIRBUD S.A.; (iv) declaration on voluntary submission to enforcement filed by the Company; and (v) assignment of rights under the insurance contract covering the mortgaged property.

**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 Group's organisational structure during the reporting period.

On 24/07/2021, JHM Development Sp. z o.o. purchased shares in the company HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw from the Official Receiver of the Company under the business name STAL - MET Nieczaj Sp. z o. o. w upadłości with its registered office in Słupsk. As at 30/09/2021, the newly acquired company has not been consolidated. The company is in bankruptcy, therefore the Group does not exercise control over the Entity. Authority over the newly acquired company will be obtained when the bankruptcy proceedings discontinuation petition is approved.

As of 01/07/2021, MIRBUD spółka akcyjna took control over Marywilska 44 spółka z ograniczoną odpowiedzialnością. As of 01/07/2021, Marywilska 44 Sp. z o.o. is subject to consolidation by MIRBUD S.A.

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

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

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

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

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2021 to 30/09/2021.

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

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2021 to 30/09/2021.

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

Information is presented in Note No. 12 - Capitals to the Consolidated Extended Financial Statements of the MIRBUD

Group for the period from 01/01/2021 to 30/09/2021.

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

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

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

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the GDDKiA for the value of the object of dispute of PLN 67,422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S-5 expressway. The total value of disputes between KOBYLARNIA S.A. and GDDKiA as at 30/09/2021 amounted to PLN 71,820 thousand.

Information on court proceedings is presented in Note No. 38 - Litigation to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2021 to 30/09/2021.

**Information on material settlements under litigation**

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

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

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

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

Information is presented in Note No. 39 - Contingent liabilities to the Consolidated Extended Financial Statements of the MIRBUD Group for the period from 01/01/2021 to 30/09/2021.

**Information on factors which, in the opinion of the Issuer, would affect its results in the perspective of at least the next quarter.**

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

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

External factors

- further implementation of the investment using the EU funds,
- the economic situation in the countries of the European Union,
- the government's policy on construction, especially housing,
- monetary policy (interest rate policy and its impact on the cost of credits),
- situation on financial markets,



- availability and costs of bank credits and guarantees,
- trends in preferences of potential buyers of apartments,
- the level and conditions of competition,
- the rate of growth of investments in the public sector (in particular in road construction),
- price levels for construction materials and services,
- the availability on the market of qualified staff and the level of their salaries,
- demand in housing construction,
- the further course of the coronavirus pandemic and the related economic effects, including a slowdown in the economy, increased unemployment, higher inflation, and an impact on the trade sector.

#### Internal factors

- financial standing of the Companies of the Group, in particular MIRBUD S.A.,
- a well-established position in the industrial building construction sector,
- systematic development of the Group in the engineering and road sector,
- systematic filling of the order portfolio for the years 2020 - 2024, diversified order portfolio for the years 2020 - 2024,
- further development of developer activity through implementation of projects in Katowice, Gdańsk, Bydgoszcz, Łódź, Zakopane and Poznań,
- commercialisation and rent collection in CH MARYWILASKA 44 sp. z o.o. after the period of trade suspension due to the coronavirus pandemic,
- the level of margin on the execution of contracts achieved through optimisation of production costs and improvement of technical solutions for the execution of construction, also thanks to the implementation of the process of development and implementation of the IT management system (a modern management system, in the Issuer's opinion, will improve control over operating activities through detailed ongoing analyses of individual projects, improve financial records, positively affect work efficiency and reduce the risk of core activities),
- the level of sales of residential units in ongoing development projects,
- further investments in modern machinery park,
- achieving financial results consistent with the planned results by the Group's subsidiaries.

#### **XIV. APPROVAL FOR PUBLICATION**

The financial statements were approved for publication and signed by the Management Board on 29/11/2021.