

INDEPENDENT AUDITOR'S REPORT

To the General Meeting and Supervisory Board of Unibep S.A.

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of the Group (the "Group") in which Unibep S.A. is the Parent Company (the "Parent Company"), which comprise the consolidated statement of financial position as of 31 December 2021 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and supplementary information, including a description of the accounting principles adopted, as well as other notes (the "consolidated financial statements").

In our opinion, the consolidated financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021, and of its financial performance and cash flows for the financial year then ended, in accordance with the applicable International Financial Reporting Standards as approved by the European Union and the accounting principles (policy) adopted;
- comply in form and content with the legal regulations applicable to the Group and the Articles of Association of the Parent Company.

This opinion is consistent with the additional report to the Audit Committee that we issued on 7 April 2022.

Basis for the opinion

We conducted our audit in accordance with the National Standards on Auditing ("NSA") in the wording of the International Standards on Auditing adopted by the National Council of Statutory Auditors [*Krajowa Rada Biegłych Rewidentów*] ("NCSA") and in accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, auditing firms and public supervision ("Act on Statutory Auditors" - Journal of Laws of 2020, item 1415, as amended) and EU Regulation No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation" – OJ EU L158, as amended). Our responsibilities under these standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group companies in accordance with the principles of professional ethics set out in the International Code of Ethics for Professional Accountants (including International Standards of Independence) adopted by the National Council of Statutory Auditors (the "Ethics Code") developed and approved by the International Ethics Standards Board for Accountants and with other ethical requirements applicable to the audit of financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the Ethics Code. During the audit, the key statutory auditor and the audit firm remained independent of the Group companies in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Explanation with attention

We draw attention to note 6.37 in the Group's consolidated financial statements, which describes the Parent Company's Management Board's assessment of the actual and potential impact of the effects of the armed conflict between Ukraine and Russia on the Group's operations. Our opinion is unqualified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current financial year. These include the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarised our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p><i>Correctness of the settlement of construction contracts</i></p> <p>In 2021, the Group generated revenue from construction contracts in the amount of PLN 1,426,614 thousand, which resulted in the recognition of an asset in the financial statements as at 31 December 2021 due to the surplus of established revenue over invoiced revenue in the amount of PLN 233,824 thousand (note 6.17).</p> <p>The Group recognises revenue arising from the performance of contracts using the principles set out in IFRS 15 "Revenue from Contracts with Customers".</p> <p>As required by the above standard, revenue is recognised on a percentage of completion basis when the following criteria are met:</p> <ul style="list-style-type: none"> - no asset arises that has an alternative use for the Group, and - where the Group has an enforceable right to receive payment for services already rendered. <p>The value of reported revenue recognised in a given year depends to a significant extent on the actual costs incurred, the determination of the appropriate margin and the assessment of the percentage of completion of the contracts as well as the accuracy and completeness of the construction contract budgets.</p> <p>In our view, the key judgements relate to the accuracy and completeness of the construction contract budgets and their impact on revenue recognition in the context of the requirements of International Financial Reporting Standard 15 "Revenue from Contracts with Customers". The risk of correctly identifying all risks in the contract budget remains a key factor in the Group's operations and significantly affects the correctness of the settlement of construction contracts. In addition, the correctness of the settlement of construction contracts is significantly dependent on the valuation of specification changes and changes to the scope of work. Due to the scale of the projects being implemented, their complexity, uncertainty regarding the cost of completion, the outcome of discussions with contracting entities, specification changes and changes to the scope of work, they require significant subjective judgements.</p>	<p>Our audit procedures for assessing the correctness of the settlement of construction contracts included:</p> <ul style="list-style-type: none"> - gaining an understanding and assessment of the design and implementation of existing key controls relating to the settlement of construction contracts; - an analysis of the correctness of the construction contracts settlement model, including verification of the mathematical correctness of contract settlement and recognition of valuation in the books; - carrying out an analysis of the contract portfolio in order to identify relevant and risk-sensitive contracts which were included in the sample selected for further detailed procedures. The procedures included: <ul style="list-style-type: none"> - discussing the status of contract implementation with the Management Board and contract Directors, - an analysis of changes in contract budgets in the audited period together with a reconciliation of changes in forecast revenue and costs with source documents; - an analysis of budgets for completeness of the recognition of costs; - visiting selected construction sites to confirm the percentage of completion of the contract; - where significant subjective assessments in budgets were identified, we gained additional assurance by comparing the Management Board's position with the opinions of third parties, including construction professionals, lawyers and/or by checking the documented history of changes to specifications and claims; - a sensitivity analysis of contract budgets to market forecast increases in the price of materials, subcontractor services and wages; - an analysis of letters from lawyers with regard to the recognition of potential claims; - we also assessed the completeness of the disclosure of construction revenue in the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p><i>Valuation of inventories</i></p>	
<p>The inventories disclosed in the consolidated financial statements for the year ended 31 December 2021 included development inventories, i.e. land, residential properties under construction, finished development products and other inventories in the total amount of PLN 406,648 thousand (note 6.7), which represents a significant share in the consolidated assets of the Group. Inventories are valued at the lower of cost and net realisable value.</p> <p>The net realisable value is calculated on the basis of numerous estimates, such as projections of the sales price of individual flats, commercial premises, garages and storage rooms, together with projections of the time of sale, and projections of the total investment costs based on forecasts of the investment project duration.</p> <p>The Management Board performs an individual analysis for each implemented development project and assesses the need for inventory write-downs.</p>	<p>Our audit procedures for assessing the accuracy of inventory valuation included:</p> <ul style="list-style-type: none"> - gaining an understanding and assessment of the design and implementation of key controls relating to the inventory valuation process, in particular in terms of analysis against the net realisable value; - an assessment of the analysis prepared by the Group, taking into account the level of competence, skills and objectivity of the Management Board. We have reviewed the key assumptions made in determining the realisable value of inventories. We carried out analyses of the key assumptions included in the investment budgets, including in particular: <ul style="list-style-type: none"> - the budgeted selling prices of inventories, by analysing the actual prices achieved in the pre-sales process when the Group was actively pre-selling for the projects concerned; - the budgeted selling price level by comparing it to prices achieved in the market for similar projects; - cost budgets by analysing the assumptions regarding the remaining costs to be incurred, including comparing the budgeted costs to the level of market costs incurred for similar projects; - we also assessed the completeness of the disclosures regarding the valuation of inventories presented in the consolidated financial statements.

Responsibilities of the Management Board and the Supervisory Board of the Parent Company for the consolidated financial statements

The Management Board of the Parent Company is responsible for the preparation of the consolidated financial statements that present a true and fair view of the assets, liabilities, financial position and financial result of the Group in accordance with applicable International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy) and the legal regulations and the Parent Company’s Articles of Association applicable to the Group, as well as the internal control, which the Management Board of the Parent Company deems necessary to enable the preparation of consolidated financial statements that are free from any material misstatement due to fraud or error.

As part of the preparation of the consolidated financial statements, the Management Board of the Parent Company is responsible for assessing the Group’s ability to continue as a going concern, disclosing, if applicable, matters related to going concern and adopting the going concern basis of accounting, unless the Parent Company’s Management Board intends to liquidate the Group, or to cease operations, or has no realistic alternative but to do so.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are required to ensure that the consolidated financial statements meet the requirements set out in the Accounting Act of 29 September 1994 (the “Accounting Act” - Journal of Laws of 2021, item 217, as amended). Members of the Supervisory Board of the Parent Company are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include the assurance on the future profitability of the Group or the efficiency or effectiveness of conducting its affairs by the Management Board of the Parent Company currently or in the future.

We exercise professional judgement and maintain professional scepticism throughout the audit in accordance with the NSA, and we:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control;
- gain understanding of internal control relevant to the audit in order to design audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting principles (policy) used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent Company;
- conclude on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and evaluate whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient relevant audit evidence about the financial information of entities or business operations within the Group in order to express an opinion on the consolidated financial statements. We are responsible for managing, supervising and conducting the Group's audit and we remain solely responsible for our audit opinion.

We provide the Supervisory Board of the Parent Company with information regarding, i.a., the planned scope and timing of the audit and significant findings of the audit, including any significant internal control weaknesses which we identify during the audit.

We provide the Supervisory Board of the Parent Company with a statement that we have complied with the relevant ethical requirements regarding independence and that we will inform it of all relationships and other matters that could reasonably be considered to pose a threat to our independence and, where applicable, inform them of the safeguards in place.

From among the matters communicated to the Supervisory Board of the Parent Company, we identified those matters that were most significant in the audit of the consolidated financial statements for the current financial year and therefore considered them to be key audit matters. We describe these matters in our auditor's report unless a law or regulation prohibits public disclosure or if, in exceptional circumstances, we determine that the matter should not be presented in our report because the adverse consequences could reasonably be expected to outweigh the public interest benefits of such information.

Other information, including the Management Report

Other information consists of the Group's Management Report for the financial year ended 31 December 2021 (the "Management Report") together with the corporate governance statement, which is a separate part of this Report (collectively "Other Information").

The Management Report on the Unibep Group's Activities in 2021, in accordance with Article 55(2a) of the Accounting Act, has been prepared on an aggregate basis.

Responsibility of the Management Board and the Supervisory Board

The Management Board of the Parent Company is responsible for preparing Other Information in accordance with the provisions of law.

The Management Board of the Parent Company and Members of the Supervisory Board of the Parent Company are responsible for ensuring that the Management Report, together with the separate part, meets the requirements provided for in the Accounting Act.

Responsibility of the Auditor

Our opinion from the audit of the consolidated financial statements does not include Other Information. In connection with the audit of the consolidated financial statements, it is our responsibility to become acquainted with Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work performed, we find a material misstatement in Other Information, we are obliged to report that fact in our auditor's report. Our responsibility in accordance with the requirements of the Act on Statutory Auditors is also to issue an opinion on whether the Management Report has been prepared in accordance with the regulations and whether it is consistent with the information contained in the consolidated financial statements. In addition, we are obliged to inform whether the Group has prepared a statement on non-financial information, and to issue an opinion on whether the Group has included the required information in its corporate governance statement.

Opinion on the Management Report

Based on the work performed during the audit, in our opinion, the Management Report:

- has been prepared in accordance with Article 49 of the Accounting Act and paragraph 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on the conditions for regarding information required by the law of a non-member state as equivalent ("Regulation on Current Information" - Journal of Laws of 2018, item 757, as amended);
- is consistent with the information contained in the consolidated financial statements.

In addition, we declare that in the light of knowledge about the Group and its environment obtained during our audit, we have not identified any material misstatements in the Management Report.

Opinion on the corporate governance statement

In our opinion, the Group has included in its corporate governance statement all the information set out in paragraph 70(6)(5) of the Regulation on Current Information. Furthermore, in our opinion, the information indicated in paragraph 70(6)(5) (c-f, h and i) of this Regulation contained in the corporate governance statement is consistent with the applicable regulations and the information contained in the consolidated financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we report that the Group, using the exemption referred to in Article 55(2c) of the Accounting Act, does not prepare a statement on non-financial information. The Group has included in the Management Report information on the preparation of a separate report on non-financial information and the posting of this report on its website within 6 months of the balance sheet date. By the date of this report, the Group had prepared a separate report on non-financial information and posted it on its website.

We have not performed any assurance work on the separate report on non-financial information and we do not express any assurance about it.

Report on other legal and regulatory requirements

Opinion on the compliance of the marking of the consolidated financial statements prepared in a single electronic reporting format with the requirements of the Regulation on technical standards on the specification of a single electronic reporting format

Subject of the service

In connection with our audit of the consolidated financial statements, we performed an assurance engagement that provides reasonable assurance to express an opinion as to whether the consolidated financial statements of the Group for the financial year ended 31 December 2021, prepared in a single electronic reporting format, contained in a file named esef_uni_2021-12-31_en (“consolidated financial statements in ESEF format”), were marked in accordance with the requirements set out in Commission Delegated Regulation (EU) No 2019/815 of 17 December 2018, supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (“ESEF Regulation”).

Identification of criteria

The consolidated financial statements in ESEF format have been prepared by the Management Board of the Parent Company in order to comply with the marking and technical requirements for the specification of a single electronic reporting format that are set out in the ESEF Regulation.

The subject of our assurance engagement is the compliance of the marking of the consolidated financial statements in ESEF format with the requirements of the ESEF Regulation, and the requirements set out in these regulations are, in our opinion, appropriate criteria for our opinion.

Responsibility of the Management Board and Supervisory Board of the Parent Company

The Management Board is responsible for preparing the consolidated financial statements in ESEF format in accordance with the marking requirements and the technical requirements for the specification of a single electronic reporting format that are set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags, using the taxonomy defined in the ESEF Regulation.

Responsibility of the Management Board also includes designing, implementing and maintaining a system of internal control that ensures the preparation of consolidated financial statements in ESEF format free from material non-compliance with the requirements of the ESEF Regulation.

The members of the Supervisory Board of the Parent Company are responsible for supervising the financial reporting process, which also includes the preparation of financial statements in accordance with the format prescribed by applicable laws.

Responsibility of the Auditor

Our objective was to express an opinion, based on the assurance engagement performed, that provides reasonable assurance whether the consolidated financial statements of the Group for the year ended 31 December 2021 have been marked in accordance with the requirements of the ESEF Regulation.

We performed this service in accordance with the National Standard on Assurance Engagements Other than Audits and Reviews 3001PL - “Audit of Financial Statements Prepared in a Single Electronic Reporting Format” adopted by the National Council of Statutory Auditors (hereinafter referred to as “NSAE 3001PL”) and, where applicable, in accordance with the National Standard on Assurance Engagements Other than Audits and Reviews 3000 (Z) as set out in International Standard on Assurance Engagements 3000 (Revised) - “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (hereinafter referred to as “NSAE 3000 (Z)”).

This standard requires the auditor to plan and perform procedures to obtain reasonable assurance that the consolidated financial statements in ESEF format have been prepared in accordance with specified criteria.

Reasonable assurance is a high level of assurance but does not guarantee that a service performed in accordance with NSAE 3001PL and, where appropriate, in accordance with NSAE 3000 (Z), will always detect an existing material misstatement.

The choice of procedures depends on the auditor's judgement, including their assessment of the risk of material misstatement due to fraud or error. In making those risk assessments, the auditor shall consider internal control relevant to the preparation of the consolidated financial statements in ESEF format in order to design appropriate procedures to provide the auditor with sufficient and appropriate evidence. The evaluation of the functioning of the internal control system was not carried out in order to express an opinion on its effectiveness.

Quality control requirements

As an audit firm, we apply the National Quality Control Standards adopted by the National Council of Statutory Auditors as set out in International Quality Control Standard 1 - "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" (hereinafter referred to as the "NQCS").

In accordance with the requirements of the NQCS, we maintain a comprehensive quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Ethical and independence requirements

In performing the service, both as an audit firm and as an auditor, we comply with the independence and other ethical requirements set out in the Code of Ethics. The Code of Ethics is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct. We have also complied with the other independence and ethical requirements that apply to this assurance engagement in Poland.

Summary of work carried out

The procedures we planned and carried out included, among others:

- gaining an understanding of the process of preparing the consolidated financial statements in ESEF format, including the Company's process for selecting and applying XBRL tags and ensuring compliance with the ESEF Regulation, including an understanding of the internal control system mechanisms associated with this process;
- reconciliation of the marked information contained in the consolidated financial statements in ESEF format to the audited consolidated financial statements;
- using a specialised IT tool, assessing whether the technical standards on the specification of a single electronic reporting format are met, assessing the completeness of marking the information in the consolidated financial statements in ESEF format with XBRL tags;
- assessing whether the applied XBRL tags from the taxonomy specified in the ESEF Regulation have been applied appropriately and whether taxonomy extensions have been used where no relevant elements have been identified in the basic taxonomy specified in the ESEF Regulation;
- assessing the correct anchoring of the applied taxonomy extensions to the basic taxonomy defined in the ESEF Regulation.

We consider that the evidence we have obtained provides a sufficient and appropriate basis for our opinion on the compliance of marking with the requirements of the ESEF Regulation.

Conclusion

In our opinion, the consolidated financial statements have been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

Statement on non-audit services provided

To the best of our knowledge and belief, we declare that the non-audit services that we have provided to the Parent Company and its subsidiaries are not prohibited under Article 5(1) of the EU Regulation and Article 136 of the Act on Statutory Auditors. The non-audit services that we provided to the Parent Company and its subsidiaries in the audited period are listed in Section 7.7 of the Management Report.

Appointment of the audit firm

We were appointed to audit the consolidated financial statements of the Group by resolution of the Supervisory Board of the Parent Company No. 387 dated 4 July 2019. We have audited the consolidated financial statements of the Group continuously from the financial year ended 31 December 2017, that is for 5 consecutive financial years.

The key statutory auditor responsible for the audit which produced this independent auditor's report is Maciej Krasoń.

Acting on behalf of Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw, entered on the list of audit firms under number 73, on behalf of which the key statutory auditor audited the consolidated financial statements:

Maciej Krasoń
Register No. 10149

Warsaw, 7 April 2022