

Management Report on the Unibep Group's Activities in 2021

taking into account the disclosure requirements for the Management Report on the Parent Company's activities for the aforementioned period

Bielsk Podlaski, 7 April 2022



MANAGEMENT REPORT 2021

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1. Note from the PRESIDENT OF THE MANAGEMENT BOARD



Dear Shareholders,

PLN 47 million (a year-on-year increase by 27 per cent) net profit, with sales of PLN 1.7 billion (a year-on-year increase by 2 per cent) – this is the Unibep Group's performance for 2021. This is the Group's historic performance achieved in extremely difficult and challenging conditions for business. It is worth noting that the Group improved its cash position – there was PLN 271 million in our accounts at the end of the year (a year-on-year increase by approx. 3 per cent) – and built a solid portfolio of orders in all segments of its activity: the construction and infrastructure part of our business has received orders worth approx. PLN 3.5 billion.

Last year was a time of hard work. We will all remember it as an extremely challenging time due to the scale of COVID-19 cases nationally and internationally, but we also had to deal with the unavailability of materials and services, soaring prices and changes in the labour market. Despite dynamic market changes, our diversified group of companies made decisions that affected both our current operations and our business in the coming years. I will comment on the situation that is currently taking place, namely the war behind our eastern border, which is having a major impact on the economy of the whole world, and thus also on the Unibep Group's operations, later in this letter.

Property development and residential and commercial construction brings profits

The record level of the Unibep Group's profits is mainly due to the historic performance in the property development segment, delivered by the Unidevelopment Group. Our development business sold a total of 921 residential units in 2021 and generated a gross margin of nearly PLN 65 million. Unidevelopment SA bought land in locations that include the Tri-City – the next market for expansion of our development business after Warsaw, Poznań and Radom. The Group is very well prepared for the coming years – the properties in its portfolio are sufficient for the construction of approximately 5,600 housing units.

Our residential and commercial construction business closed 2021 with the expected results, despite rising material prices and significant wage pressure. Unibep SA is currently working on about 40 contracts in Poland. Projects carried out by this business segment are becoming more and more diversified – we build housing estates mainly for private investors in Warsaw, Łódź, Cracow or Poznań, but we also construct other residential and commercial buildings almost everywhere in Poland (Warsaw, Białystok,

Bielsk Podlaski, Grajewo, Orzysz). The segment's order portfolio for 2022 and beyond is approximately PLN 1.85 billion.

In December 2021, an energy and industrial construction segment was established within Unibep SA. The segment is a response to the market needs related to the necessary transformation of the Polish energy sector. We see a real opportunity for the Unibep Group to engage more intensively in the transformation towards a national zero- and low-carbon economy. Specialists in this segment are currently involved in two projects: modification of Energetyka Cieszyńska and Orlen Olefiny III. We are currently working to expand the order portfolio in this segment. It should be added that we have significantly strengthened staff in this segment in recent months.

As already announced in our current reports, we have virtually ceased operations in the eastern markets – both in Belarus and Ukraine. In our opinion, the war in Ukraine is not causing any negative consequences for the Unibep Group's performance: we are not currently carrying out any construction work there, nor are Polish employees, our subcontractors or equipment there. Our representative office remains located in Lviv. At the same time, we emphasise that we are still interested in the Ukrainian market, but the armed conflict must end in this region of Europe.

Good portfolios in the manufacturing segments

The Infrastructure Branch of Unibep SA has a solid order portfolio for 2022 and beyond, amounting to nearly PLN 890 million. This year we will complete the construction of the Szczuczyn – Ełk section of the S61 national road, and begin two sections of S19: Krynice – Białystok (in a consortium with an external company) and Ploski – Haćki (in a consortium within the Unibep Group). The construction of a barrier on the border with Belarus is will undoubtedly pose a challenge – Unibep SA together with its subsidiary Budrex Sp. z o.o. is one of the two contractors selected among several bidders for the implementation of this important project. The Polish Border Guard, which is the investor

in the construction of the barrier, chose our tender due to the price offered and our execution capabilities. The project is demanding mainly in terms of timing – the construction of “our” section of the barrier, measuring over 80 kilometres in length (the whole barrier is over 180 kilometres long) is to be completed in the first half of this year.

Budrex Sp. z o.o. – our company which builds viaducts, bridges and other engineering structures, including the barrier on the Polish-Belarusian border, has an order portfolio of approximately PLN 223 million. The company, which works mainly as a subcontractor, also carries out projects for railways or local authorities. As in the case of the Infrastructure Branch, the current challenge for Budrex is the construction of the barrier on the Polish-Belarusian border. The company intends to take advantage of the increase in the number of large infrastructure projects carried out in Eastern Poland by conducting intensive activities to expand its order portfolio.

2021 was the second year in which the Unihouse Modular House Production Plant in Bielsk Podlaski - a producer of multi-family buildings in timber technology - operated in a new legal structure: as a separate company wholly owned by Unibep SA. There were positive changes at Unihouse SA, related to the improvement of the plant's efficiency: from sales, to the standardisation of production and the development of processes enabling the achievement of business objectives. For Unihouse SA, the key market is still the Scandinavian market (Norway and Sweden), but the company is becoming more and more effective in winning orders on the German market – it has five contracts there with a value of about PLN 190 million, with related sales in 2022 and the following years amounting to about PLN 142 million. The value of the entire portfolio of Unihouse for 2022 and beyond is over PLN 346 million.

Challenges for 2022

As of the date of our report for 2021, we already know that 2022 will be a special year due to the war behind the eastern border. The Russian invasion of Ukraine has made it

difficult to predict what the next few months might bring us. But today we know one thing – the unstable situation in the world translates into significant increases in the prices of materials and services, supply chains may be disrupted, many Ukrainian workers are returning to their homeland, abandoning work at Polish construction sites, which may have an impact on project implementation schedules. It is also important to bear in mind the high inflation, which causes wage pressure among employees.

Most of our contracts at Unibep Group are signed with private investors, both in Poland and abroad, who understand the situation and with whom we engage in an effective dialogue regarding renegotiation of contracts. We also face serious discussions with public institutions, including contracting entities for investments in the infrastructure segment, concerning changes related to the adjustment of signed contracts and provisions protecting general contractors in the case of signing new contracts. We believe that a compromise can be reached that satisfies both sides.

I would like to emphasise that we analyse the market situation on an ongoing basis and are ready to respond flexibly to changes in the environment, taking care to execute contracts in accordance with the adopted schedules and assumed margins, which is very difficult in this situation.

Our overarching goals for 2022 are: to guard the financial stability of the company, to ensure the highest quality of products and services, to care for the health and safety of our employees, and to manage crisis situations effectively.

Finally, I would like to emphasise that Unibep Group is financially stable, has sound foundations regarding its operations in each segment and is comprehensively prepared for various options of action.

I encourage you to read the report for 2021.

Leszek Gołąbicki
President of the Management
Board of Unibep SA



2. Introduction

2.1 INTRODUCTORY INFORMATION

Unibep SA is a company with majority Polish capital. It operated as a state-owned enterprise until 1998. The Company was subsequently transformed into a limited liability company, and in 2006 into a public limited company. In 2008, Unibep S.A. made its debut on the Warsaw Stock Exchange.

The Company has its headquarters in Bielsk Podlaski, in the Podlasie region. It also has offices in Warsaw, Białystok, Łomża, Minsk, Lviv, Poznań, Katowice. It operates mainly in the Polish market, but it is also a significant exporter of construction services – it carries out construction projects in Norway, Sweden and Germany. In 2021, Unibep was present in Belarus and Ukraine. With regard to the Group's operations in Belarus and Ukraine, we were forced to limit our activities. The reason for this is the unstable socio-economic situation in Belarus, which does not guarantee us security in doing business there. With regard

to projects implemented in Belarus, Unibep limited its activities in this market already in 2021. As a result of the above actions, Unibep does not carry out any construction work in the Republic of Belarus, nor does it make any efforts to win new contracts. The Company's intention is to withdraw from the Belarusian market after fulfilling its service obligations to existing customers. Unibep also does not currently carry out any construction work in Ukraine, nor are any of the Company's Polish employees, subcontractors, or equipment or other assets belonging to Unibep based there.

Unibep S.A. is currently one of the leading construction companies in Poland and one of the largest Polish exporters of construction services. According to estimates, it is a leader in residential construction in the largest construction market in Poland - the Warsaw market.

The Unibep Group's operations are diversified. The Group operates

in various segments of the construction industry. It is a general contractor in Poland and abroad, it owns the largest modular house production plant in Poland (Unihouse S.A.), it operates in the road construction sector, and constructs engineering structures all over the country through its company Budrex. It also conducts property development activity (Unidevelopment S.A.) in Warsaw, Poznań, Radom, as well as in the Tri-City.

The Unibep Group's core business is general construction. Residential and commercial construction business accounts for approximately 50% of total revenue. In the general contracting segment, the Group has a solid order portfolio – for 2022 and beyond – of approximately PLN 1.85 billion.

The next highest revenue-generating segment is road and bridge construction, which accounts for 22% of revenue. Thanks to large infrastructure investments in Eastern Poland,

this segment of Unibep Group's business can be expected to grow. Budrex also carries out projects for railways or local authorities.

The Unibep Group pursues its business objectives with respect for the environment and with future generations in mind while optimally balancing its business activities and progressive climate change. The Group endeavours to minimise the impact of its investments on the surrounding area when carrying out a particular construction project. Each project is carried out based on the provisions of environmental decisions, but also on internally established procedures, which aim at ensuring environmentally safe conditions for the execution of construction work.

Unidevelopment S.A., a development company from the Unibep Group, achieved a record result in 2021 – with sales of PLN 285 million, net profit amounted to approximately PLN 42 million. The developer

1,712,390 thousand

REVENUE (2%)



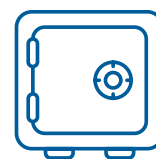
47,133 thousand

NET PROFIT (27%)



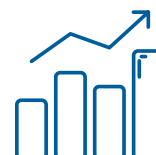
271,461 thousand

CASH (3%)



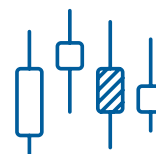
83,438 thousand

EBITDA



361,228 thousand

CAPITALISATION ON THE WSE
(31/12/2021)



2,005,400 thousand

CONTRACTS SIGNED
IN 2021



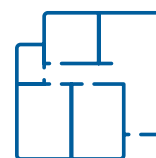
3,531,000 thousand

ORDER PORTFOLIO (OUTSTANDING ORDERS FOR
CONSTRUCTION AND INFRASTRUCTURE WORKS)



921 units

DEVELOPER SALES OF RESIDENTIAL UNITS
IN 2021



1,616 persons

EMPLOYMENT
(AS OF 31/12/2021)



signed 921 contracts with customers and handed over 908 flats. Revenue from property development activity amounted to 17% of the Group's total revenue in 2021. Unidevelopment S.A. is taking advantage of the ongoing boom in the property market and is expanding its operations to the Tri-City market – in Q1 2021, the developer purchased a property in Gdańsk, where it plans to carry out a housing project.

The remaining 15% of revenue is generated by modular construction. Unihouse S.A. (an independent company since 2019) has ranked the company among the top ten providers of this type of technology in Europe. Currently, the key market in which Unihouse S.A. operates is Norway, but the buildings produced in the Bielsk-based modular house production plant can be found in Sweden, as well as in the German and Polish markets. It is worth mentioning that Unihouse S.A. products are part of the global trend concerning the development of green construction, as multi-family buildings are made in modular timber technology. The Unibep Group is rea-

dy to take full advantage of the European Green Deal, a programme to support green and energy-efficient construction. Taking into account the development of construction related to the widely understood so-called green energy, the Group has taken steps to expand its activities in this type of projects.

Approximately 80% of the Group's total revenue is generated domestically. The remaining 20% is attributable to the Unibep Group's foreign operations.

The construction and infrastructure business of Unibep Group currently has an order portfolio of about PLN 3.5 billion for 2022 and beyond.

The Group is constantly active in expanding its order portfolio in various construction segments.

For years, the Group has been consistently diversifying its operations and has achieved sustained growth. The Unibep Group plans to strengthen its existing position in the current markets and enter new markets through organic growth and M&A.

Building a profitable order portfolio in all business segments is a

priority in the coming periods. A diverse portfolio of orders, experienced, highly qualified personnel, experience supported by successfully completed projects, attention to safety, focus on continuous development are among the core values of the Unibep Group.

The goal of the Unibep Group is to consistently increase efficiency in each area of its activity, using methods such as the effect of synergy between businesses. Diversified operations provide the Group with a stable financial position and allow it to consistently build shareholder value.

Zawodzie interchange station, Katowice, Poland





**Segment
RESIDENTIAL AND COMMERCIAL
CONSTRUCTION**

Unibep SA

General contracting is carried out by the Parent Company Unibep SA. The main pillar is residential construction. The company also implements projects associated with commercial construction (hotels, office buildings, retail and service buildings). The segment's operations are conducted in Poland (GC Poland), with construction projects also carried out in Belarus and Ukraine (GC Export).



**Segment
MODULAR CONSTRUCTION**

Unihouse SA

Production of timber frame modules for the construction and assembly of multi-family and public buildings for the Norwegian, Swedish, Germany and Polish markets. The projects are carried out by Unihouse SA, which is a pioneer on the Polish market in the production of modern sustainable timber frame modular buildings.



**Segment
INFRASTRUCTURE**

Unibep SA, Budrex Sp. z o.o.

Road and bridge construction in north-eastern Poland, carried out by the Infrastructure Branch of Unibep SA and Budrex Sp. z o.o. (a highly specialised company building bridges, viaducts and road culverts in almost all of Poland).



**Segment
PROPERTY DEVELOPMENT ACTIVITY**

Unidevelopment SA
Special purpose vehicles

The activity conducted through Unidevelopment SA. Currently projects are being carried out in Warsaw, Poznań, Radom, and soon also in the Tri-City.



**Segment
ENERGY AND INDUSTRIAL
CONSTRUCTION**

Unibep SA

Unibep SA decided to develop a new business segment, which is a response to the needs related to the necessity of transforming the Polish economy towards a zero- and low-emission model, focusing on the tenets of green economy, and includes such operations as the construction of incineration plants, co-generation, distributed district heating, commissioning, system cleaning.

2.2 EVENT TIMELINE

Below are some of the events which took place in 2021.

January

- On 2 January 2021, there were changes to the Management Boards of Unibep SA, Unihouse and Unidevelopment SA. Adam Poliński became a new Member of the Management Board of Unibep SA, and the Management Board of Unibep SA is composed of four members.

- Marcin Gołębiewski was appointed as the new President of the Management Board of Unihouse SA, Sławomir Kiszycki as the Vice-President and Roman Jakubowski as a Member of the Management Board. The Management Board of Unihouse SA is composed of three members.

- Since the new year, Ewa Przeździecka has been the new Vice-President of Unidevelopment SA. The Management Board of Unidevelopment is composed of four members.

- On 14 January 2021, Unibep SA and its subsidiary Unidevelopment SA signed a contract for the implementation of stage 3B of a housing project at Coopera Street in Warsaw.

- On 29 January 2021, the consortium of Unibep S.A. (Consortium Leader), Budrex Sp. z o.o. (Consortium Partner) and Value Engineering Sp. z o.o. (Consortium Partner) signed a contract for the implementation of the road project called "Design and construction of the S19 road along the Płoski – Haćki section". The contracting entity is the State Treasury - the General Directorate for National Roads and Motorways, Branch in Białystok. The net value of the contract is approx. PLN 248.3 million.

February

- On 2 February 2021, Unihouse SA signed a contract for the implementation of the project called "Signaturhagen" in Kongsberg, Norway, using modular technology. This is another major contract in the most important market for Unihouse SA.

- On 2 February 2021, the General Directorate for National Roads and Motorways, Branch in Białystok, selected the tender submitted by the consortium consisting of PORR S.A.



(Consortium Leader) and Unibep S.A. (Consortium Partner) as the most advantageous in a procedure for the implementation of the project called "Design and construction of the S19 road along the Krynice section (from existing DK65) – Dobrzyńewo (without a junction) – Białystok Zachód (with a junction). The price of the tender submitted by the Consortium was approximately PLN 329.8 million net. The contract for the above project was signed on 19 May 2021.

March

- On 1 March 2021, Unihouse SA signed a contract for the implementation of the project called "Bjertnes" in Nittedal near Oslo, Norway. The contract is a big one – three buildings with 66 flats.

- PLN 72.2 million – this is the value of the contract signed on 1 March 2021. Unibep SA will build a 17-storey building with 232 residential units, 3 commercial premises, 1 office unit and 142 underground parking spaces for Matexi Polska sp. z o.o. with its registered office in Warsaw. The project is located at Grzybowska Street

in Warsaw.

- On 3 March 2021, representatives of Polskie Domy Drewniane and the general contractor Unihouse SA symbolically used a shovel to break the ground on the project in Choroszcz at Rybacka Street. 10 two-storey semi-detached single-family houses and one commercial building, also two-storey, were constructed as part of the project.

- A subsidiary of Unidevelopment SA purchased two plots of land in the Piecki-Migowo district of Gdańsk on 15 March 2021. The property will be used for investment purposes in connection with a development project involving the construction of 290 residential units.

- On 19 March 2021, Unibep SA entered into a contract for the implementation of a project at Brzeńska Street in Poznań. The contracting entity is Vantage Development S.A. with its registered office in Wrocław.

April

- On 9 April 2021, Unibep SA signed another contract concerning the Poznań market. This time Unibep

SA will implement a housing project located at Sielawy Street in Poznań for company “Duże Naramowice – Projekt Echo – 111 spółka z ograniczoną odpowiedzialnością” spółka komandytowo – akcyjna with its registered office in Kielce, part of the Echo Investment Group,

- “Marie Michelets Veg 9” – this is the name of a construction project using modular technology that is being implemented in Trondheim, Norway. The contract was signed by Unibep SA on 23 April 2021.

May

- On 11 May 2021, a topping out ceremony took place on the building of the first stage of Fama Jeżyce. Fama Jeżyce is a project being carried out by Monday Development, a Poznań-based developer which is part of the Unidevelopment Group. Ultimately, the entire residential complex will comprise 2,500 flats. Two seven-storey buildings are being constructed as part of the first stage of the project, with a total of 251 flats and 11 retail and service premises.

- On 19 May 2021, Unibep SA signed a contract for the implementation of the second stage of a housing project called “Wola Gabriela” at Jana Kazimierza/Karlińskiego Street in Warsaw. The contracting entity is SOKRATESA DEVELOPMENT Sp. z o.o. with its registered office in Warsaw.

- On 28 May 2021, a consortium of companies consisting of Unibep PPP Sp. z o.o. (Consortium Leader) and Unibep S.A. (Consortium Partner) entered into a contract with the Municipality of Małkinia Górna (Public Partner) for the implementation of a task called “Construction of council flats in the Municipality of Małkinia Górna in the public-private partnership formula”. This contract for the construction of council flats is the first of its kind. According to the contract, the consortium will design and construct a municipal building using modular technology, consisting of 44 residential units on a property located in the town of Małkinia Górna, and will then provide maintenance services for the project.

June

- On 8 June 2021, Unibep SA entered into a contract for the performance of construction work as a sub-

contractor involving the construction of the open shell of the Polish Army Museum building in Ossów. The contract was entered into with AMW SINEVIA sp. z o.o. with its registered office in Nowy Dwór Mazowiecki, which is the general contractor for which the Polish Army Museum in Warsaw is the investor.

- On 30 June 2021, Unibep SA entered into a contract for the performance of the second stage of the housing project called “Viva Piast”, located at Powstańców Street in the Nowa Huta district of Cracow. The investor is VICTORIA DOM S.A. with its registered office in Warsaw.

July

- On 2 July 2021, Unihouse SA was informed that Torgata 2 Sarpsborg AS, with its registered office in Jessheim, Norway, signed a contract dated 29 June 2021 for the implementation of the project called “Torggata 4” in Sarpsborg, Norway, using modular technology.

- On 8 July 2021, nine months after starting construction, a symbolic topping out ceremony was held at the Viva Piast estate being built at Piasta Kołodziejka Street in Cracow’s Mistrzejowice. This means that the construction work has been completed and the

buildings have reached their target height.

- On 14 July 2021, a symbolic topping out ceremony was held at the housing estate built at 115 and 117 Kusocińskiego Street in Łódź. It took less than ten months from the time the first shovel was used to break the ground to the completion of the construction work.

- On 15 July 2021, a topping out ceremony was held for the second stage of the project carried out at Warszawski Świt Street in Warsaw’s Targówek district.

- On 21 July 2021, Unibep SA entered into a contract for the implementation of the housing project called “Osiedle Ursus Factory 6/7” at E. Habicha Street in Warsaw. The contracting entity is VICTORIA DOM S.A. with its registered office in Warsaw.

August

- On 11 August 2021, Unibep SA signed a contract for the expansion of a production and storage hall at Kalińskiego Street in Białystok. The contracting entity is “Biawar Produkcja” Sp. z o.o. with its registered office in Białystok.

- On 18 August 2021, the Polish premiere of the new work by Prof. Leon Tarasewicz, one of the most fa-



mous contemporary painters, took place in the production hall of the Unihouse SA Modular House Production Plant in Bielsk Podlaski. The painting was on display in the Polish Pavilion during the Expo 2020 World Exhibition in Dubai. The size of the painting is 13.5 by 3.4 metres, resulting in a total area of almost 46 square metres. This is the largest work by Professor Tarasewicz that he has ever painted on canvas. From the beginning of August – for almost two weeks – the master from Waliły spent several hours in the production hall of Unihouse, bringing his vision of the work to life.

- On 20 August 2021, Unihouse SA was informed that on 19 August 2021 the consortium ARGE Kernen Beinsteiner Straße consisting of AH Aktiv-Haus GmbH with its registered office in Stuttgart and WOLFF & MÜLLER Hoch- und Industrie-bau GmbH & Co. KG Zweigniederlassung Modulares Wohnen with its registered office in Stuttgart, signed a contract for the implementation of the project called “Kernen” in Kernen, Germany, using modular technology.

September

- On 9 September 2021, Unibep SA entered into a contract with Postę Property Sp. z o.o., with its registered office in Warsaw, owned by YIT DEVELOPMENT Sp. z o.o., with its reg-

istered office in Warsaw, for the implementation of a housing project at Postępu Street in Warsaw.

- On 9 September, less than a year after the construction began, a symbolic topping out ceremony was held at the Rezydencja Iwicka housing estate. This means that the construction work has been completed and the buildings have reached their target height.

- The grand opening of the largest and most modern logistic centre in the dairy industry, constructed for Spółdzielnia Mleczarska Mlekovita (Mlekovita Dairy Cooperative), took place on 24 September 2021. The general contractor for the project was Unibep SA.

- On 30 September 2021, a topping out ceremony was held for the project called the Copernican Revolution Lab (part of the Copernicus Science Centre) in Warsaw.

October

- From 18 to 25 October 2021, Unibep SA was a partner of the 70th anniversary of the Faculty of Construction and Environmental Sciences of the Białystok University of Technology. The celebrations included the 52nd Scientific Conference on Engineering of Construction Projects, special meetings with students and announcement of the results of a competition for the

best investment projects carried out in north-eastern Poland.

- On 26 October 2021, the Porosły Junction near Białystok, a project carried out by the Infrastructure Branch of Unibep SA, became the winner of the “Construction of the Year 2019-2020 in the north-eastern region” competition. The construction of the road junction in Porosły won in the category “Transport infrastructure facilities with a length of the main roads from 5 km”.

- On 29 October 2021, Unibep SA signed a contract for the performance of the second stage of the housing project called “SOHO” at Żupnicza Street in Warsaw. The contracting entity is Yawa Sp. z o.o. 4 Sp. k. with its registered office in Warsaw, a company belonging to Yareal Polska Sp. z o.o.

November

- On 5 November 2021, a cornerstone laying ceremony was held for the project Smartti Mokotów in Warsaw.

- On 19 November 2021, Unihouse SA entered into a contract for the performance of the project called “Finnsta” in Bro Kommun near Stockholm, Sweden, using modular technology. The contracting entity is Markarydsbostader AB, Stockholm, an entity owned by Hembla AB, with its registered office in Stockholm.



- On 26 November 2021, the Feliks Nowowiejski Academy of Music in Bydgoszcz, selected the tender submitted by Unibep SA for the implementation of the project called “Construction of the campus of the Feliks Nowowiejski Academy of Music in Bydgoszcz with internal and external infrastructure at 9-11 Chodkiewicza Street in Bydgoszcz” as the most advantageous. The contract was signed on 24 January 2022.

December

- On 1 December 2021, a cornerstone laying ceremony was held for the Przystanek Targówek project at 6 Kuflewska Street. This is the first construction project carried out for the investor RSM PRAGA – a cooperative operating in the market for 50 years and managing nearly 215 buildings.

- On 14 December 2021, a Unidevelopment Group company signed a package of preliminary agreements for the purchase of properties located in Gdynia’s Chylonia district.

- Nearly PLN 42 million gross – this is the value of the contract signed on 14 December 2021 by Energetyka Cieszyńska Sp. z o.o. with Unibep SA. The contract concerns the adaptation of the heat source at Energetyka Cieszyńska to current environmental regulations. This is the first contract of Unibep SA in the energy construction segment.

- On 16 December 2021, a company belonging to the Unidevelopment Group signed a preliminary agreement with a joint-stock company with its registered office in Częstochowa concerning the acquisition of the right of perpetual usufruct of properties constituting the buildings of the former “Stary Browar”, located in Częstochowa in the area of Ogrodowa Street.

- On 17 December 2021, Unibep SA received information from the Plenipotentiary of the Commander-in-Chief of the Polish Border Guard for the preparation and implementation of the state border security about the selection of the tender submitted by the consortium consisting of: Unibep S.A. [Consortium Leader] and its subsidiary Budrex sp. z o.o. [Consortium Partner] for the implementation of the third and fourth part of the task called “Construction of state border security installations”. The contracting entity is the State Treasury – Commander-in-Chief of the Polish Border Guard with its registered office in Warsaw. The tender concerns the design



and construction of a physical barrier on the Polish-Belarusian border in the Podlaskie Voivodeship, along two sections with a total length of 80.7 km. The contract was concluded on 4 January 2022.

- On 20 December 2021, Unibep SA entered into the first implementing agreement under the Swedish housing programme “Allmännyttans Kombohus” for the performance of the project called “Skattegården” in Linköping, Sweden, using modular technology. The contracting entity is AB Stångåstaden, a municipal company based in Linköping, Sweden.

On 20 December 2021, Unibep SA entered into the first implementing agreement under the Swedish housing programme “Allmännyttans Kombohus” for the performance of the project called “Skattegården” in Linköping, Sweden, using modular technology. The contracting entity is AB Stångåstaden, a municipal company based in Linköping, Sweden.

On 20 December 2021, Unibep SA entered into the first implementing agreement under the Swedish housing programme “Allmännyttans Kombohus” for the performance of the project called “Skattegården” in Linköping, Sweden, using modular technology. The contracting entity is AB Stångåstaden, a municipal company based in Linköping, Sweden.



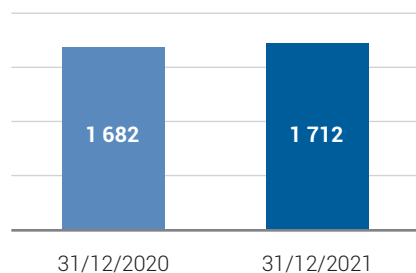
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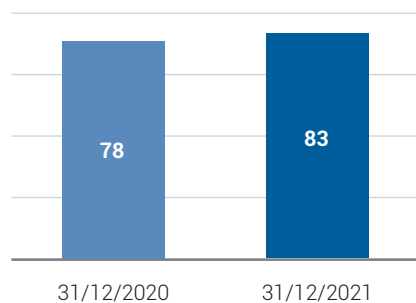
2.3 SUMMARY OF SELECTED FINANCIAL DATA OF THE UNIBEP GROUP

Definitions of alternative performance measures and methodologies for their calculation are presented below and are consistent with selected alternative performance measures presented historically. Information on the presented indicators is periodically monitored and presented in the next periodical reports.

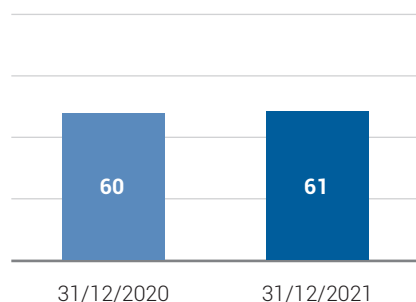
NET REVENUE FROM SALES [PLN million]



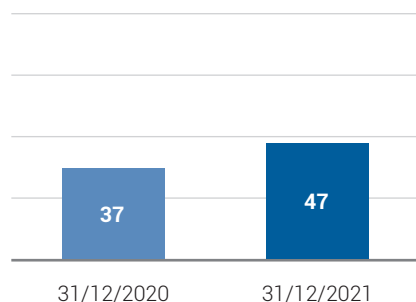
EBITDA [PLN million]



EBIT [million PLN]



NET PROFIT [PLN million]



Selected financial data from the income statement

	PLN thousand, for the period	
	01/01 - 31/12/2021	01/01 - 31/12/2020
Net revenue from sales	1,712,390	1,682,337
EBITDA (EBIT + depreciation and amortisation)	83,438	78,285
EBIT (operating profit/loss)	61,480	59,792
Net profit	47,133	37,153

	EUR thousand, for the period	
	01/01 - 31/12/2021	01/01 - 31/12/2020
Net revenue from sales	374,089	376,008
EBITDA (EBIT + depreciation and amortisation)	18,228	17,497
EBIT (operating profit/loss)	13,431	13,364
Net profit	10,297	8,304

Conversion rules adopted

Items in the income statement and cash flow statement were converted at an exchange rate of EUR 1 = PLN 4.5775 for the period from 01/01/2021 to 31/12/2021 and EUR 1 = PLN 4.4742 for the period from 01/01/2020 to 31/12/2020.

Balance sheet items were converted at an exchange rate of EUR 1 = PLN 4.5994 as at 31 December 2021, EUR 1 = PLN 4.6148 as at 31 December 2020.

Selected financial data from the balance sheet

	PLN thousand, as of		EUR thousand, as of	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Fixed assets	330,591	294,404	71,877	63,796
Current assets	1,197,745	932,919	260,413	202,158
Assets/Liabilities	1,528,336	1,227,323	332,290	265,954
Equity	377,013	330,736	81,970	71,669
Debt capital	1,151,323	896,587	250,320	194,285
Cash closing balance	271,461	264,065	59,021	57,221

Selected financial data from the cash flow statement

	PLN thousand, for the period		EUR thousand, for the period	
	01/01 - 31/12/2021	01/01 - 31/12/2020	01/01 - 31/12/2021	01/01 - 31/12/2020
Cash flows from operating activities	-3,012	121,307	-658	27,112
Cash flows from investing activities	-11,153	-7,341	-2,437	-1,641
Cash flows from financing activities	21,685	-28,429	4,737	-6,354
Total net cash flows	7,519	85,536	1,643	19,118

Selected financial indicators

	Indicator calculation principles	31/12/2021	31/12/2020
EBIT profitability	= EBIT in the period/revenue from sales in the period	3.59%	3.55%
Return on sales (ROS)	= net profit in the period/revenue from sales in the period	2.75%	2.21%
Return on equity (ROE)	= net profit in the period/average equity in the period	13.32%	11.33%
General administrative costs to revenue ratio	= general administrative costs in the period/revenue from sales in the period	3.57%	3.36%
Overall debt ratio	= (long- and short-term liabilities) /total liabilities	0.75	0.73
Current ratio	= current assets/current liabilities	1.34	1.35
Cash ratio	= cash/current liabilities	0.30	0.38

As expected by the Management Board, 2021 brought an improvement in the UNIBEP Group's performance compared to 2020. Sales increased, albeit slightly, by around 2%. There was an improvement in net profit of approximately 27%. In terms of segments, nearly every segment recorded a growth in revenue growth compared to 2020. A slight decrease in sales was reported in residential and commercial construction.

The residential and commercial construction segment decreased its revenue compared to 2020 mainly as part of external sales (outside the Unibep Group), including those made as part of the export of services in eastern markets. However, sales to the company's own developer, namely Unidevelopment Group companies, increased. Gross profit on sales, despite a decline in value and percentage terms, continued to be above 6%.

The infrastructure segment maintained sales relative to the previous year. Gross profit on sales, however, was lower in terms of amount and percentage. Earlier, i.e. in 2020, important contracts signed in earlier periods - highly profitable contracts - were implemented and completed. The current implementation partly illustrates market realities and the lower profitability of the segment. New contracts acquired in the "design and build" formula will affect the profitability of the business in future periods.

Once again, a significant increase in sales and at the same time with a much higher gross profit on sales was recorded by the property development business segment. Gross profitability on sales was at a simi-

lar level as in the previous year, i.e. 23%. Some of the projects and their effects are disclosed in financing activities - this applies to projects carried out as joint ventures. The increase in revenue and profit was also due to a change in the presentation of the Fama development project - originally recognised with minority rights. However, once the full voting rights have been identified, we present the project in full.

The efficiency of the modular construction segment in the performance for 2021 is lower than the assumptions and its capabilities. However, with significantly higher sales compared to 2020, a positive gross profit on sales was achieved. Despite the Covid-19 restrictions, the production of modules was not suspended. The company incurred costs related to the pandemic - these related to the factory, construction and logistics (purchasing, transport) areas. In 2021, the company identified constraints in the availability of materials, experienced a very dynamic increase in the prices of strategic materials used during production - structural timber. Recently, it has also had to contend with rising transport prices and closed markets (Norway). The company is happy to have been able to implement its strategy of geographical diversification into the Norwegian, German, Swedish and Polish markets.

Liquidity ratios are at a safe level. The Group's situation with respect to cash flow is stable.

The 2021 performance shows stability in the Group's general administrative costs, although they increased year-on-year. The systematic approach to their planning and control makes them predictable. The

general administrative costs to revenue ratio is over 3.5%.

The main factors underlying the performance for 2021:

- building a historic order portfolio in terms of sales for 2022 with potential for 2023 in the field of residential and commercial construction in the domestic market,
- good relations with Investors based on timeliness and workmanship standard,
- limitation of activities on the Belarusian market due to the unstable social and economic situation in that country,
- settlement of the project implemented on the Ukrainian market in accordance with the assumptions,
- lack of new contracts on eastern markets,
- implementation of major infrastructure projects,
- timely and budget-compliant execution of own development projects and projects carried out in the form of joint ventures,
- acquisition of land for future development projects and building an offer for new business markets,
- diversification of activities in the field of modular construction and winning contracts from four markets (Norway, Sweden, Germany, Poland),
- incomplete utilisation of the production and sales potential of modular construction related to postponements in signing contracts with contractors,
- disrupted supply chains, significant increases in transport costs resulting in lower productivity and efficiency,
- budgetary discipline, strict cost and cash control in the execution

of contracts in each of the businesses,

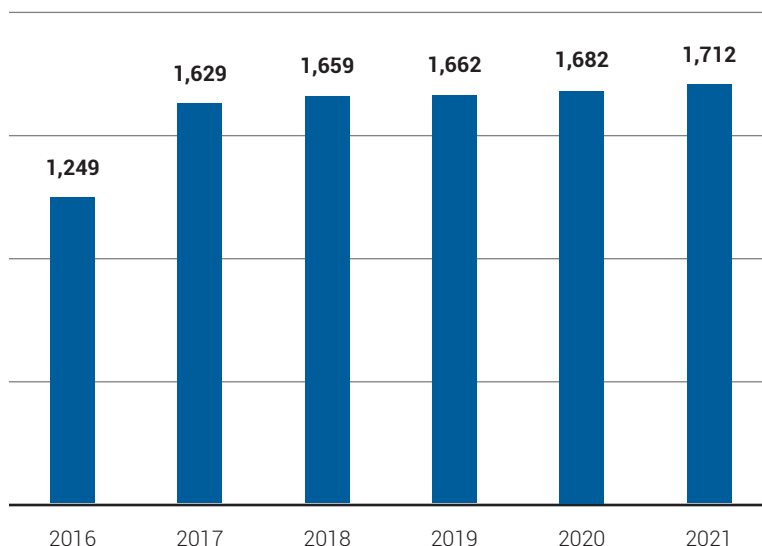
- consistent supervision of the planning and settlement of the Group's administrative costs, continuous supervision of fixed costs,
- continuous improvement of production and organisational processes in all segments of the Group, including the back office,
- good liquidity, access to external sources of financing,
- continuous improvement of processes with the use of IT tools.

In addition to the internal factors, external factors were equally important for the company's performance.

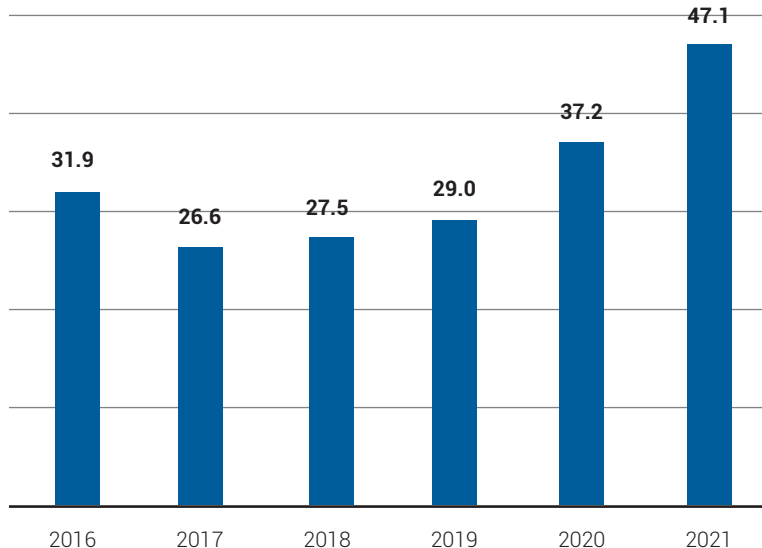
The key external factors include:

- the launch of a very large number of private (development) projects, suspended in previous periods,
- an increasing number of public sector tenders in residential and commercial and infrastructure construction,
- continued strong price competition on the domestic market (residential and commercial and infrastructure construction).
- a huge increase in the prices of subcontractors, materials and labour,
- an increasing shortage of workers and engineering staff,
- the persistence of the Covid-19 pandemic, operating during a period of increased sanitation regime and therefore the uncertainty of the current and future situation,
- high NOK exchange rates, rising interest rates, record inflation.

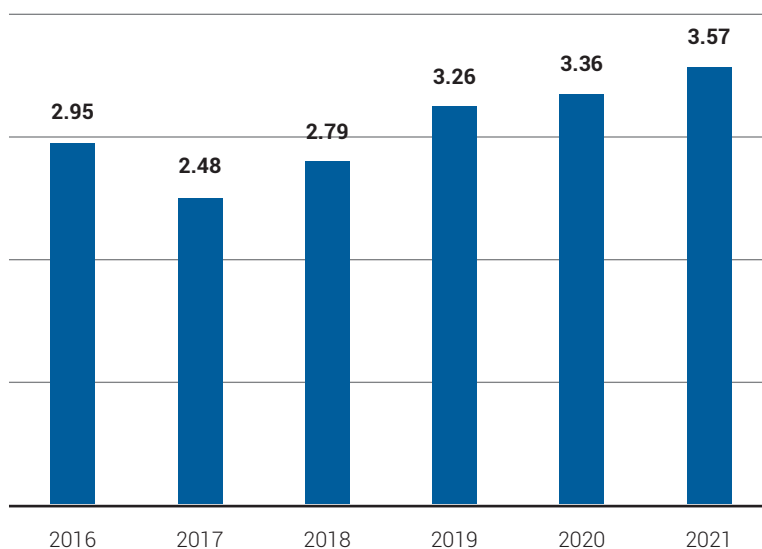
REVENUE [PLN million]



NET PROFIT [PLN million]



GENERAL ADMINISTRATIVE COSTS TO REVENUE RATIO - UNIBEP GROUP [%]



3. Activities

OF THE UNIBEP GROUP

3.1 AREAS OF ACTIVITY

BUSINESS SEGMENTS

The UNIBEP Group's operations are based on the following segments:

- **General Contracting, Poland, is carried out by the Parent Company Unibep SA.** In the domestic market, the company specialises mainly in residential construction. We enjoy a strong position in the Warsaw and Poznań markets, but also in the Cracow, Katowice, Łódź and Szczecin markets. The company also implements projects associated with commercial construction: hotels, office buildings, retail and service buildings. As a result of activities aimed at diversification of operations in recent years, public utility and military construction has become an increasingly important part of the company's business.
- **General Contracting, Export, is carried out by the Parent Company Unibep SA.** In export markets, the company constructed residential, retail, office and sports buildings, hotels and logistics centres. So far, Unibep SA's activity has been focused on the eastern markets: Belarusian (since 2010) and Ukrainian (since 2017). The company does not currently carry out any projects in the eastern markets. At the end of 2021, the Management Board of Unibep SA decided to withdraw in practice from the Belarusian market. Unibep does not currently carry out any construction work in

Ukraine as well.

- **Energy and Industrial Construction is carried out by the Parent Company Unibep SA.** The new segment was created in the fourth quarter of 2021. This was due, on the one hand, to the fact of having a growing portfolio of orders from the industrial area and, on the other hand, to the visible demand for carrying out construction work related to the need to transform the Polish economy towards a zero- and low-carbon one, focusing on the assumptions of the green economy.

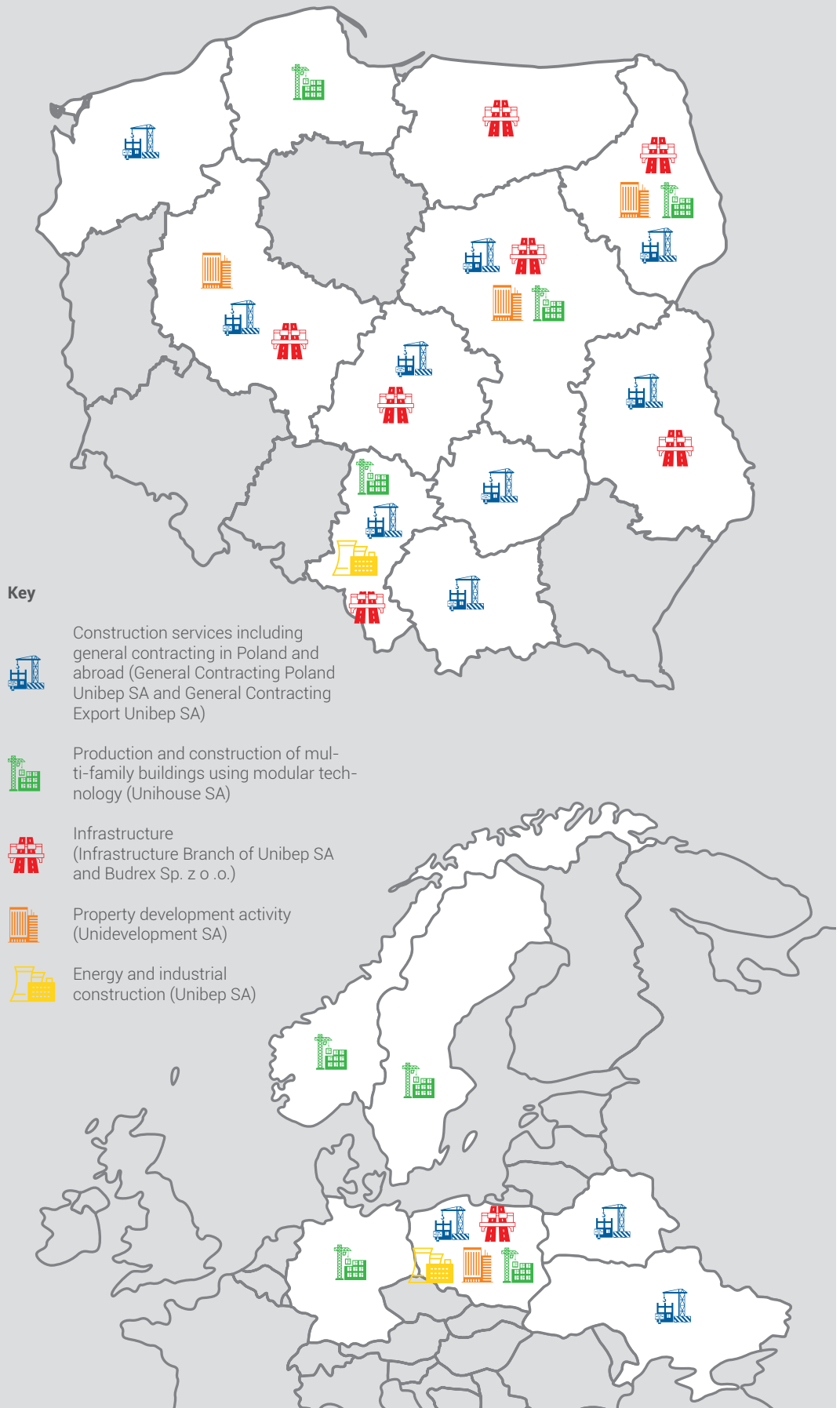
- **Infrastructure, i.e. road and bridge construction, is carried out by the Infrastructure Branch of Unibep SA and Budrex Sp. z o.o.** The segment's activities focus on the comprehensive execution of road works, including utilities and execution of engineering works. The main area of activity of the Infrastructure Branch of Unibep SA is the north-eastern region of Poland. In 2020, operations were expanded to include the Lubelskie and Warmińsko-Mazurskie Voivodeships. Budrex Sp. z o.o., in turn, is a highly specialised company building bridges, viaducts and road culverts in almost all of Poland. The company has proven itself both as a general contractor and as a responsible engineering subcontractor.

- **Modular construction is carried out by Unihouse SA.** The company's activity involves the pro-

duction of environmentally friendly wooden modules for the construction and assembly of multi-family and public buildings. The modules are produced in the House Production Plant in Bielsk Podlaski and their assembly takes place on the construction site. Unihouse SA mainly cooperates with investors (developers, municipal companies) on the Norwegian and Swedish markets. Long-term cooperation with the largest developers of this market and the execution of new contracts for them are of great importance on the Norwegian market. The German market is considered to be promising. It is also important to diversify into the Polish market. First projects on this market are already being implemented and further contracts are being signed.

- **Property development activity is carried out by Unidevelopment SA and its special purpose vehicles.** The company offers residential products for individual customers (multi-family housing segment) and commercial premises. The activity is focused on the Warsaw, Poznań, Radom and Tri-City markets. Since the beginning of its operations, the company has completed a total of over 35 projects and commissioned almost 5 thousand flats and 146 commercial premises. Unidevelopment SA is a developer with many years of experience and an established position in the resi-

**AREA OF UNIBEP GROUP'S OPERATIONS
IN POLAND AND EUROPE**



dential construction market. It is a socially responsible company – it carries out activities that have a positive impact on our surroundings. Since 2017, the developer has been running a social campaign called “ecoPOSITIVE - nature is important”.

DEPENDENCE OF THE GROUP ON ITS CUSTOMERS

Due to the type of activity, the Group was not dependent on any customer for services in the reporting period.

There was no Investor in 2021 for

which sales exceeded 10% of the total revenue of the Parent Company and the revenue of the UNIBEP Group.

3.2 DESCRIPTION OF THE UNIBEP GROUP

As of 31 December 2021, the UNIBEP Group consists of the Parent Company and 5 direct subsidiaries of Unibep SA, i.e. UNEX Constructions Sp. z o.o., Budrex Sp. z o.o., Unibep PPP Sp. z o.o., Unidevelopment SA and Unihouse SA. Seljedalen AS is a jointly controlled company. Additionally, the Unibep Group comprises indirect subsidiaries and jointly controlled companies, in which Unidevelopment SA and Seljedalen AS hold shares. Unibep SA also has one branch located in Białystok.

Unique Tower, Warsaw, Poland



CHANGES IN THE GROUP'S STRUCTURE IN 2021

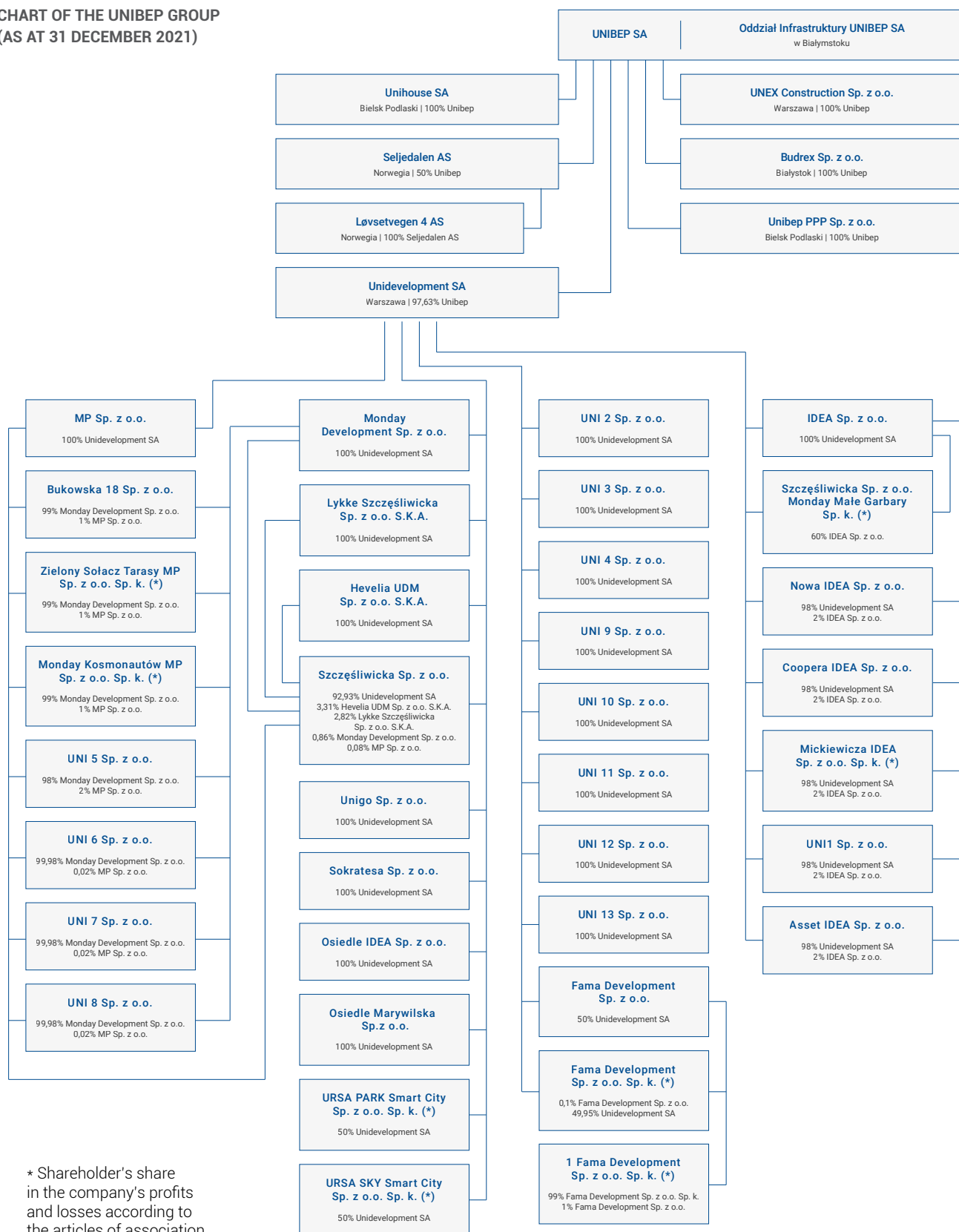
Information on significant changes in the structure of the UNIBEP Group which took place in the period from 01/01/2021 is presented

below:

1. Changes within the Unidevelopment Group

- registration of UNI 4 sp. z o.o., wholly owned by UNIDEVELOPMENT S.A., on 3 March 2021;
- registration of UNI 3 sp. z o.o., wholly owned by UNIDEVELOPMENT S.A., on 14 March 2021;
- registration of UNI 5 sp. z o.o., whose shareholders are MONDAY DEVELOPMENT sp. z o.o. and MP

**CHART OF THE UNIBEP GROUP
(AS AT 31 DECEMBER 2021)**



- sp. z o. o., on 15 March 2021;
- registration of UNI 7 sp. z o. o., whose shareholders are MONDAY DEVELOPMENT sp. z o. o. and MP sp. z o. o., on 18 March 2021;
- registration of UNI 6 sp. z o. o.,

- whose shareholders are MONDAY DEVELOPMENT sp. z o. o. and MP sp. z o. o., on 23 March 2021;
- making a decision by the general meeting on 30 March 2021 to:
 - transform "Bukowska 18 MP

Spółka z ograniczoną odpowiedzialnością" spółka komandytowa into a limited liability company with MONDAY DEVELOPMENT sp. z o. o. and MP sp. z o. o. as its shareholders;

- transform "COOPERA IDEA Spółka z ograniczoną odpowiedzialnością" spółka komandytowa into a limited liability company with IDEA sp. z o.o. and UNIDEVELOPMENT S.A. as its shareholders;
- transform ASSET IDEA Spółka z ograniczoną odpowiedzialnością spółka komandytowa into a limited liability company with IDEA sp. z o.o. and UNIDEVELOPMENT S.A. as its shareholders;
- transform "UNI1 IDEA Spółka z ograniczoną odpowiedzialnością" spółka komandytowa into a limited liability company with IDEA sp. z o.o. and UNIDEVELOPMENT S.A. as its shareholders;
- transform "IDEA Spółka z ograniczoną odpowiedzialnością" spółka komandytowa into a limited liability company with IDEA sp. z o.o. and UNIDEVELOPMENT S.A. as its shareholders.

The transformations were registered on 1 July 2021.

- entering into agreements on amending agreements with regard to additional cash contributions for:
 - BUKOWSKA 18 MP spółka z ograniczoną odpowiedzialnością" spółka komandytowa in the amount of PLN 2,845,000 by one of the partners, i.e. MONDAY DEVELOPMENT Spółka z ograniczoną odpowiedzialnością;
 - ASSET IDEA spółka z ograniczoną odpowiedzialnością" spółka komandytowa in the amount of PLN 54,000 by one of the partners, i.e. UNIDEVELOPMENT Spółka akcyjna;
 - "UNI1 IDEA spółka z ograniczoną odpowiedzialnością" spółka komandytowa in the amount of PLN 43,000 by one of the partners, i.e. UNIDEVELOPMENT Spółka akcyjna;
 - IDEA spółka z ograniczoną odpowiedzialnością" spółka komandytowa in the amount of PLN 9,963,000 by one of the partners, i.e. UNIDEVELOPMENT Spółka akcyjna.
- The signing of articles of association of new limited liability com-

panies on 12 May 2021, with the following names:

- UNI 2 spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (entered in the National Court Register on 13 July 2021), UNI 9 spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (entered in the National Court Register on 20 July 2021), UNI 10 spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (entered in the National Court Register on 9 June 2021), UNI 11 spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (entered in the National Court Register on 1 June 2021), UNI 12 spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (entered in the National Court Register on 11 June 2021), UNI 13 spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (entered in the National Court Register on 20 July 2021), wholly owned by UNIDEVELOPMENT SA.
- UNI 8 spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (entered in the National Court Register on 23 July 2021). The shareholders of the company are MONDAY DEVELOPMENT spółka z ograniczoną odpowiedzialnością and MP spółka z ograniczoną odpowiedzialnością.

2. Sale of all the rights and obligations of a general partner and a limited partner in a limited partnership.

On 31 March 2021, the Investment Agreement concluded between the Issuer, the Issuer's subsidiary Unidevelopment S.A. with its registered office in Warsaw, and the following companies: CPD S.A. with its registered office in Warsaw, Challenge Eighteen spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw, LAKIA Enterprise Ltd with its registered office in Nicosia and Smart City Sp. z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Warsaw, was mutually termina-

ted by the parties. The Investment Agreement was terminated in view of its timely performance and settlement by the parties, i.e. completion of the joint development project. As a consequence of the above, an agreement was concluded between UNIDEVELOPMENT SA (Seller 1), Challenge Eighteen spółka z ograniczoną odpowiedzialnością (Buyer 1), Gaston Investments spółka z ograniczoną odpowiedzialnością (Buyer 2) and Smart City spółka z ograniczoną odpowiedzialnością (Seller 2), on the basis of which Seller 1 sold to Buyer 1 all the rights and obligations of the Limited Partner, and Seller 2 sold to Buyer 2 all the rights and obligations of the General Partner in the company "Smart City spółka z ograniczoną odpowiedzialnością" Spółka komandytowa.

3. Redemption of investment certificates of UNIDE FIZ AN

On 31 March 2021, the final redemption of all investment certificates of UNIDE FIZ AN took place. Thus, all liquidation activities were completed and an application was filed to remove the fund from the Register of Investment Funds.

On 31 May 2021, the District Court in Warsaw, 7th Civil, Family and Registry Department, Registry Section, issued a decision to remove the UNIDE FIZ AN fund from the Register of Investment Funds.

4. Entry of JB Investments SCSP into the rights and obligations of Wiepofama S.A. as part of the FAMA project

Pursuant to the Agreement concluded on 23 April 2021 between Unidevelopment S.A., Wiepofama S.A., Fama Development sp. z o.o., Fama Development spółka z ograniczoną odpowiedzialnością sp.k. and JB Investment Société en Commandite Spéciale (S.C.Sp.) (hereinafter "JB Investment SCSP") (hereinafter the "Agreement"), Unidevelopment S.A., Fama Development sp. z o.o. and Fama Development spółka z ograniczoną odpowiedzialnością sp.k. agreed to the transfer of rights and obligations under the Investment Agreement from Wiepofama S.A. to JB Investment SCSP. As a result of the fulfilment of the conditions provided for in the Agreement, the parties to the Investment Agreement entered

into an addendum to the Investment Agreement on 23 April 2021 incorporating the change of the party so that, with the exception of provisions of a historical nature, JB Investment SCSP entered into the rights and obligations of Wiepofama S.A. On 30 April 2021, a relevant amendment to the articles of association of Fama Development spółka z ograniczoną odpowiedzialnością sp.k. was made. Thus, JB Investment SCSP became a party to the Investment Agreement in place of Wiepofama S.A.

5. On 8 October 2021, a change of the general partner in Lykke UDM spółka z ograniczoną odpowiedzialnością S.K.A. was entered in the National Court Register - UDM sp. z o.o. ceased to be the general partner and was replaced by Szczęśliwcka sp. z o.o. (new general partner); the name of the company was also changed to Lykke Szczęśliwcka spółka z ograniczoną odpowiedzialnością S.K.A.

6. On 20 October 2021, the disposal of the rights and obligations of

the general partner in MD Inwestycje sp. z o.o. Monday Małe Grabary sp.k. took place; Idea sp. z o.o. (legal successor of MD Inwestycje sp. z o.o.) sold all the rights and obligations of the general partner to which Idea sp. z o.o. was entitled under its share in MD Inwestycje sp. z o.o. Monday Małe Grabary sp.k. to Szczęśliwcka sp. z o.o.; as a result of the above-mentioned sale, the general partner in MD Inwestycje sp. z o.o. Monday Małe Grabary sp.k. became Szczęśliwicka sp. z o.o. Subsequently, also on 20 October 2021, the articles of association of limited partnership MD Inwestycje sp. z o.o. Monday Małe Grabary sp.k. were amended; amendments to the articles of association of the limited partnership included changing the name of the company to Szczęśliwicka spółka z ograniczoną odpowiedzialnością Monday Małe Grabary sp.k. In addition, on the same day a resolution was passed to dissolve Szczęśliwicka spółka z ograniczoną

odpowiedzialnością Monday Małe Grabary sp.k.

7. On 19 November 2021, District Court Poznań-Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register registered the transformation of "Fama Development spółka z ograniczoną odpowiedzialnością" spółka komandytowa into a company under the name Fama Development spółka z ograniczoną odpowiedzialnością spółka jawna.

CHANGES IN THE GROUP'S STRUCTURE AFTER THE BALANCE SHEET DATE

1. On 4 February 2022, Szczęśliwicka spółka z ograniczoną odpowiedzialnością Monday Małe Grabary sp.k. was removed from the National Court Register.

In 2021 and after the balance sheet date there were no significant changes in the management principles of the Group or the Parent Company.



3.3. PROCUREMENT INFORMATION

The procurement of materials and services is based on internal procedures governing the area related to quality management.

Responsibility for the procurement of services as part of construction projects lies mostly with the project managers directly involved in supervision over implementation of construction contracts. The procurement of services is each time supervised by the directors responsible for the market or at a higher level, depending on the scale of the order.

The procurement of construction materials is a separate process developed and improved within the Group and the Parent Company. Materials are divided into categories. Depending on the category, responsibility for the procurement process, beginning with demand, through enquiries, negotiations to the signing of the contract and monitoring of its implementation, rests with the site management, market management, Central Procurement Office, with the involvement of the Management Board and the support of the Legal Team. The Central Procurement Office plays an important and growing role here. Central procurement of key materials (steel, concrete, milled rock, wool, etc.) has a positive impact on production costs. One of the tasks of the Office is also the continuous monitoring of prices on the market.

An important element is maintaining continuity in the supply of strategic construction materials.

In the reporting period, the Parent Company or the Group was not dependent on any supplier of materials and services. There were no suppliers with a share in purchases above 10%.

The price risk related to procurement is described in Section 8.1. Description of risks and threats.



3.4 DEVELOPMENT ACTIVITIES

The development activities carried out within the Parent Company and the Group in 2021 and simultaneously affecting operations in 2022 and subsequent periods include:

- developing and strengthening competences in the new business segment of energy and industrial construction, strengthening structures in this segment, expanding the area of operation,
- activities aimed at diversifying activities within all Unibep Group businesses,
- building strong local markets within residential and commercial construction based on good local staff with the challenge to bind them to the Unibep Group culture,
- working on programmes related to recruitment, retention and development of staff; development of incentive systems, maintaining the position of an attractive employer,
- developing programmes aimed at digitalising the Group's processes,
- continuing efforts aimed at promoting BIM (Building Information Modelling) technology,
- continuing activities aimed at strengthening supervision and improving efficiency with a process approach to the implementation of construction projects (from bidding to warranty service) – construction of an improved model of the controlling process as part of executed construction contracts,
- building the know-how across the entire Group and using good experience in optimising processes related to the execution of individual contracts,
- implementing investment plans aimed at increasing the production potential and improving the quality of products and services within modular construction and infrastructure,
- organising a base and implementation structures in new markets as part of infrastructure activities,
- developing a base and building competences making it possible to maintain good quality of production within modular construction,
- developing a base of suppliers of materials and services that mitigate the risks of disrupted supply chains,
- building a land bank as an important element of Unidevelopment SA's operations in a changing environment, acquiring investment land in new regions of the country,
- undertaking joint activities of the Group's businesses enabling synergies to be exploited, allowing costs to be optimised or market opportunities to be seized,
- further developing quality management systems in UNIBEP branches,
- testing partial robotisation of back office processes,
- continuing work on product standardisation and improvement of Unihouse SA's technology,
- working on the preparation of an automation model for the production of Unihouse SA products,
- implementing assumptions and complying with requirements related to ESG programmes.



4. Market

AND PROSPECTS FOR THE FUTURE

4.1 CURRENT ECONOMIC SITUATION AND FORECASTS

Situation in 2021

After a decline in GDP of more than 2% in 2020 according to European Commission estimates, despite successive COVID-19 waves and disruptions in supply chains, Gross Domestic Product growth in 2021 in Poland was around 5.7%. The main driver of growth was private demand, clearly revived with the lifting of further COVID-19 restrictions. Preliminary data for 2021 also indicate a significant recovery in industry resulting in increased investment and inventory levels. Inflation in Poland in 2021 is estimated to be around 5.2% (3.7% a year ago) mainly due to rising prices of services and food.

2021 in the Polish construction sector was marked by a moderate downturn in investment activity in the public segment (i.e. in the transport

infrastructure segment and in local governments), which clearly lagged behind construction activity in the private segment (i.e. in the residential, industrial and logistics property segments; investment stagnation still persisted in the office segment).

The biggest challenge for the construction sector in 2021 was the unprecedented rise in material prices. Reasons for increased prices of materials include: expensive raw materials, disrupted component supply chains, record electricity prices, weak Polish zloty and high demand for materials. The construction sector is highly sensitive to economic fluctuations and changes in the political and legal environment.

Forecast for 2022

According to the European Commission, the Polish economy will grow at a rate of around 5.5% in 2022. Strong private consumption reinforced by a favourable labour market situation and tax policy are expected to remain the main drivers of growth. Inflation is estimated to remain high, especially in Q1 2022. For the year as a whole, it is assumed to be around 6.8%. A significant factor adding uncertainty to any 2022 forecast is the war in Ukraine. As of today, there are no reliable forecasts and analyses to clearly assess the impact of hostilities on the economy in 2022.

We are currently in a transition period between successive EU budgets (i.e. the EU budgets for 2014-2020 and 2021-2027) and the release of funds from the National Reconstruction Plan (KPO) is being delayed for political reasons. This is one of the reasons why the scale of new road, energy and local government

projects is expected to increase between 2023 and 2024.

China's construction sector is showing signs of a deeper slowdown, which could contribute to falling prices of basic raw materials such as aluminium and copper. It is important to bear in mind that high demand for construction services, high energy prices, increasing wage pressure, labour shortages and the rising costs of the climate transition for manufacturers will continue in 2022, which will have a direct impact on rising prices of project implementation. The loosening of restrictions related to the COVID-19 pandemic has contributed to an economic recovery and increased demand, which in turn has increased prices of raw materials and construction materials and problems with their availability.

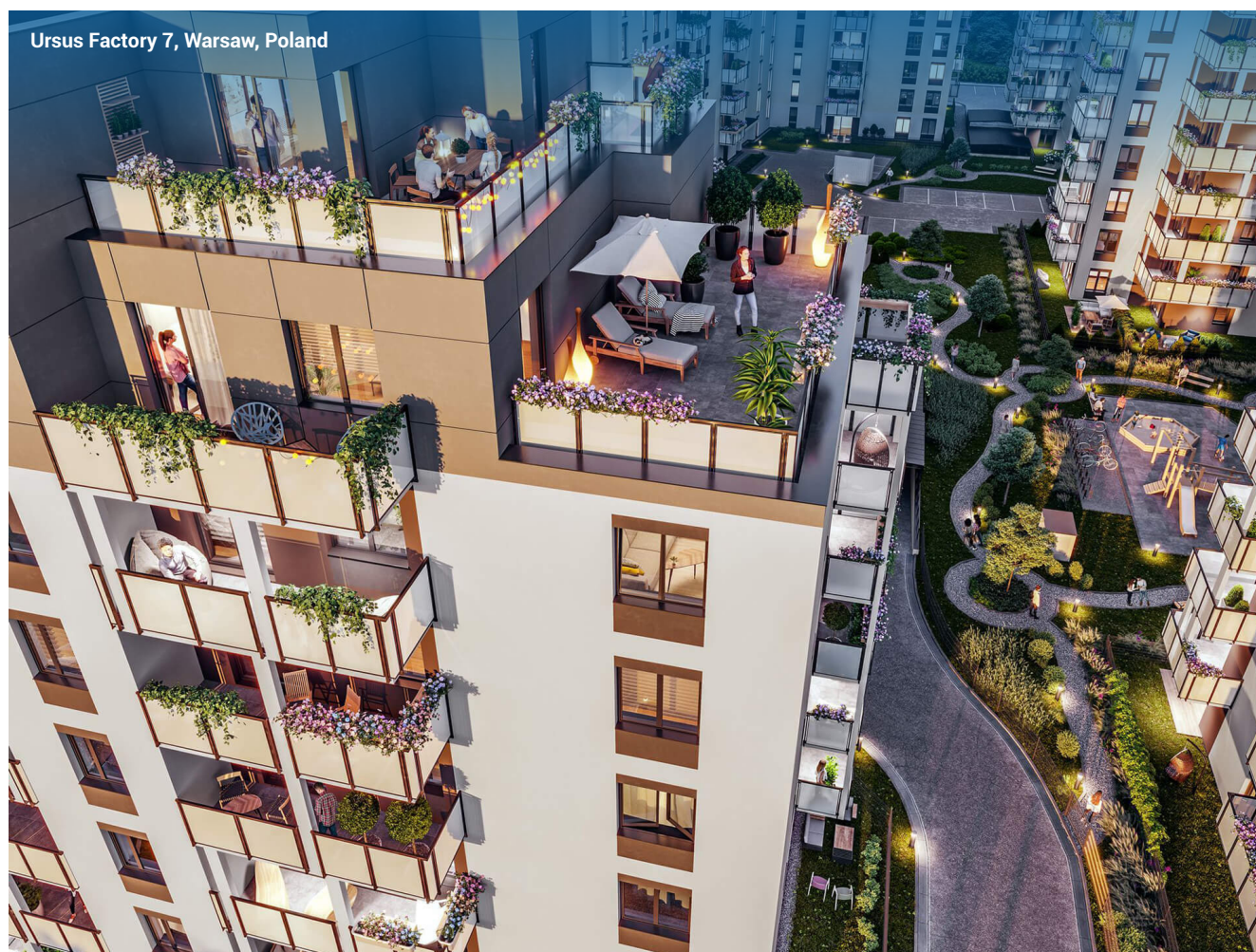
EURO ZONE

	2020	2021	2022 (F)
Real GDP [%]	-6.4	5.3	3.4
HICP inflation [%]	0.3	2.6	5.4

POLSKA

	2020	2021	2022 (F)
Real GDP [%]	-2.5	5.7	3.3
CPI inflation [%]	3.3	5.1	9.3

Source: Macroeconomic analyses of PKO BP



4.2 PROSPECTS AND STRATEGIC DIRECTIONS OF THE GROUP'S DEVELOPMENT

As ever, the strategic development objective of the Parent Company and the Unibep Group is to systematically increase its value.

The 2021 results presented in this report reflect the market conditions that existed during the period, including fluctuations in material prices, availability of subcontractor services and the impact of the Covid-19 coronavirus epidemic on ongoing operations.

We did not experience any significant downtime in 2021, either at construction sites or at our modular house production plant. However, the Covid-19 situation certainly has an impact on the efficiency and productivity of our businesses. Thus, the Group takes a number of steps to ensure smooth operations. This includes aspects relating to disrupted supply chains, price changes, the political and economic situation in all our markets and the state of affairs relating to the pandemic situation. Further details on the potential impact of Covid-19 on the operations of the Issuer and the Unibep Group are provided in Section 6.4 Other significant events.

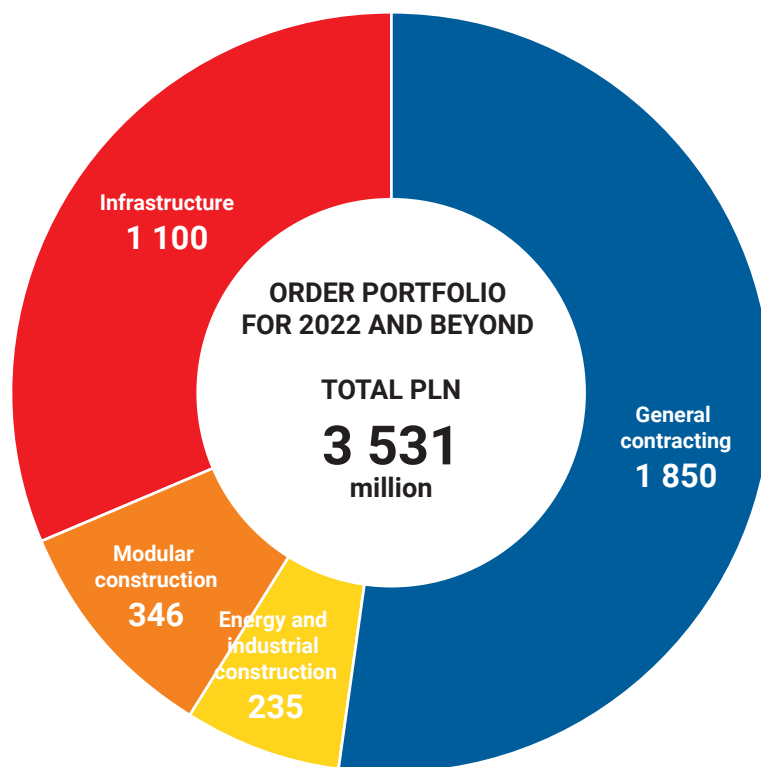
The situation that followed the outbreak of war in Ukraine is important for the entire Unibep Group as well as the entire construction sector is. The risk of adverse events, such as the lack of materials and an increase in their prices, an increase in transport costs, an increase in the costs of maintaining facilities, may pose challenges to the Group as well as all participants of the ongoing processes and construction projects.

Strengthening the Group's position in all segments of its operations and gaining competence in the necessary areas, diversifying its activities, implementing projects in new markets – these are the unchangeable directions of actions defined and implemented by the Unibep SA's staff and the entire Unibep Group.

This involves the guidelines issued by the Supervisory Board in Q4 2021. The guidelines concern two areas. The first is the creation of a new business segment in the form of ener-

gy and industrial construction, based on the organic development of a dedicated division organised within the structures of Unibep SA, as well as possible acquisition processes (M&A). The second is an analysis of the possibility of carrying out a public offering and introducing shares of the subsidiary Unidevelopment S.A., responsible for the development segment in the Unibep Group, on the regulated market operated by the Warsaw Stock Exchange.

From the perspective of the Unibep Group, individual companies and each business, cash flow is important. Awareness of this allows the Group as a whole to manage its cash effectively and strengthen its position as a reliable partner for its financial partners. In addition, it is an important criterion when assessing the possibility of development and implementation of investment plans and proper management of resources.



RESIDENTIAL AND COMMERCIAL CONSTRUCTION SEGMENT

Residential and commercial construction is carried out by the Parent Company Unibep SA. It covers the territory of Poland and Eastern Europe (Belarus, Ukraine). It is the Group's largest business segment generating approximately 50% of revenue. On the domestic market, the company specialises mainly in residential construction. However, as a result of activities aimed at diversification of operations in recent years, retail and service, public utility and military construction has become an increasingly important part of our business.

For years, Unibep SA's position in the central Polish market has been stable and well-established, which is confirmed by numerous rankings prepared by experts and industry institutions. In the domestic market, the company specialises mainly in residential construction, which is focused in Warsaw and Poznań, but

also Cracow, Katowice, Łódź and Szczecin markets. In the energy and public utility construction sector, in 2021 we expanded our area of operations to include the Kujawsko-Pomorskie and Silesian Voivodeships. We carry out many projects for investors who once again put their trust in us, allowing us to work on further projects. These include OKAM Capital, Yareal, Victoria Dom and the Finnish developer YIT Development. This aspect not only demonstrates our technical competence, but above all confirms our ability to build long-term good relations with our customers.

Significant achievements of the general contracting business in 2021 include primarily the building of a historic order portfolio in terms of sales for 2022 with potential for 2023. This achievement deserves to be clearly highlighted especially in view of the ongoing pandemic, inflation, rising prices for construction materials and labour costs, as well as recent events in Ukraine.

In 2021, we commissioned 15 construction projects in Poland. Of these, the Unique Tower – an approximately 100-metre high skyscraper with a usable floor area of 24,100 square metres – deserves special mention. The building offers flats for rent and larger apartments on the top floors. The project is one of the more prestigious construction projects carried out by Unibep SA with a net value of PLN 79.5 million. Another project important for our company, completed in 2021, is the Nordic Sadyba housing estate – a complex of residential buildings in the Mokotów district of Warsaw. The 11-storey blocks contain 281 residential units, 12 commercial premises and 342 underground parking spaces. The total remuneration received by Unibep for the implementation of the project amounted to approximately PLN 100 million net.

Most of the new contracts that Unibep SA concluded in 2021 were in the residential market. Two projects completed in Warsaw: Nova Sfera (PLN 154.7 million net) and Osiedle Ursus Factory 6/7 (PLN 120.0 million net), both commissioned by Victoria Dom, were the most important in terms of contract value. The contract concluded with MDR Kato-

wice 2 sp. z o.o. should also be mentioned. It concerns the construction of a housing estate at Korczaka Street in Katowice and its value is PLN 132.2 million net.

The contract for the construction of the Campus of the Academy of Music in Bydgoszcz, which was won in a public tender, deserves special mention. It is one of the biggest contracts for the implementation of this type of project that Unibep SA has signed in its entire history. The contract was concluded in January 2022, at the end of 2021 we were informed that our tender was the most advantageous. The new eight-storey building of the Academy of Music will house facilities such as four concert halls, three auxiliary halls, as well as teaching rooms, a restaurant and a dormitory. The entire project will be located on a 3-hectare site. Importantly, the building was designed to passive standard, with a strong emphasis on the use of renewable energy sources and maximum energy efficiency. In this respect it will certainly be the most modern facility of its kind in Poland. The design of the new campus of the Academy of Music in Bydgoszcz is also very demanding and ambitious in terms of ensuring acoustic comfort in the building. Unibep has experience in the construction of this type of facilities. We were the general contractor on the Podlasie Opera and Philharmonic and the Świętokrzyska Philharmonic projects.

More and more projects are also appearing in the area of military construction. Events such as geopolitical crises and trends created by major powers have necessitated the renovation, modernisation or expansion of Polish military facilities. Current events in Ukraine – the war declared by Russia on a democratic and independent country – reinforce the belief that the trend towards militarisation and related construction projects will intensify in the coming years. At this point, it is worth mentioning Unibep SA's projects for the army. In 2019, we signed a contract with Wojskowe Zakłady Elektroniczne S.A., with its registered office in Zielonka, for the construction of a Maintenance Centre for NSM Missiles. The facility was successfully completed. The

new complex enables Wojskowe Zakłady Elektroniczne to assemble, modernise and certify missiles which are the primary armament of the Maritime Missile Unit. The net value of the project is PLN 28.5 million. In 2021 we concluded a contract for the construction of a complex of buildings with accompanying infrastructure for the needs of the Military Unit in Węgorzewo (PLN 128.9 million net). We are also working on the construction of the Polish Army Museum in Ossów. Our company has the relevant safety certificates to carry out construction work for the military.

Unibep SA consistently implements the decision made in previous years to continue activities related to the development of BIM technology. This is the future of the construction industry and we must be part of this change. The first facilities using this technology have either been commissioned or are under construction. One example is the Unique Tower apartment building completed in 2021, located in Warsaw's Wola district at 51 Grzybowska Street. It consists of 3 towers, the highest of which is almost 100 metres high. There is another ambitious project designed in BIM also worth mentioning, the Copernican Revolution Lab in Warsaw which is a public utility building. We also use BIM technology in the design of housing estates. One such estate is the project called Fama Jeżyce, which is being constructed on a nearly 8-hectare site of the former Wiepofama production plant in Poznań. Ultimately, the entire residential complex will comprise 2,500 flats. Our experience and competence in this area allow Unibep SA to acquire complex and technically ambitious projects.

In territorial terms, the Warsaw market is still the most important, followed by Poznań. Our presence in the latter is mainly related to activities as part of the Group's property development segment, where Unibep SA is the primary general contractor. The company is also active in other regions of Poland and intends to further develop its activities there.

The procurement market has adapted to the conditions caused by the

pandemic. The initial turbulence has subsided and the situation has stabilised. The industry has not been badly affected.

What is important for general contracting is the situation that followed the outbreak of war in Ukraine. It creates uncertainty and carries risks for the smooth and efficient continuation of operations. This situation may cause an outflow of workers from Ukraine, who were employed mainly by subcontractors cooperating with Unibep SA. As a consequence, we cannot rule out situations where it will be difficult to keep deadlines or milestones.

2021 saw a noticeable increase in the prices of basic construction materials (steel, concrete, mineral wool, polystyrene). Prices for services were also rising. The upward trend continues. The situation in Ukraine is only exacerbating the upward spiral in prices. To some extent, this may be accompanied by sanctions related to the import of construction materials from Russia and Belarus. The rise in prices can influence government policy and credit and guarantee policies of financial institutions. The willingness of investors to make new investments may diminish and their launch may be postponed, as was the case in 2020 after the introduction of the state of epidemic in our country.

In export markets, the company constructs residential, retail, office and sports buildings, hotels and logistics centres. The export of construction services is conducted by the Parent Company Unibep SA as well as the companies and representative offices present in the countries where operations are carried out. In 2021, we commissioned only one facility in the area of construction exports, a shopping centre in Kharkiv, Ukraine.

So far, Unibep SA's export activity has been focused on the eastern markets: Belarusian (since 2010) and Ukrainian (since 2017). In these markets, three shopping centres were completed in the past years: in Grodno, Kiev, and Kharkiv. Taking into account all of Unibep SA's activities in Belarus so far, one of the most important projects executed by the company in this country

was the four-star Victoria Business Centre hotel in Minsk. The facility, with an area of approximately 29 thousand square metres, has 255 suites, a banquet hall, three conference rooms, a spa area with a swimming pool, a bar and a restaurant for 300 guests. The hotel is also accompanied by a multi-storey car park for 300 cars. In turn, among the projects carried out by Unibep SA in Ukraine, the construction of a modern shopping centre with an area of about 52 thousand m² in Kharkiv deserves special mention. The total value of the contract was approximately EUR 44.8 million net, which was equivalent to approximately PLN 191.0 million net.

Unibep SA does not currently carry out any projects in the eastern markets. The Management Board of Unibep SA already last year decided to withdraw in practice from the Belarusian market, resulting in an agreement to terminate two contracts concluded with the municipal company Akwa Minsk. The contracts concerned the construction of two sports and recreation complexes in Minsk. The reason for this decision is the unstable socio-economic situation in Belarus, which does not guarantee the safety of business there. At the same time, the Management Board of Unibep SA declares that the company still wants to be active in the Ukrainian market and wants to carry out the projects for which contracts have been signed, of course as long as the geopolitical situation in the region allows it. Back in mid-December 2021, we signed a conditional contract for the construction of a shopping and entertainment centre in Zaporizhzhia, Ukraine, for approximately PLN 260 million net. In view of the above, the decision was made to retain the Unibep representative office in Lviv. In 2021, we also concluded a conditional contract for the construction of an office complex with a shopping and entertainment centre in Lviv. The conditions for the contract to enter into force have not been met. The war in Ukraine means that we will not continue the construction of the Shehyni border crossing and that we will not fulfil our acquisition intentions in the near term.



A new business segment, i.e. energy and industrial construction, was separated in 2021 on the basis of general contracting. Its development is to be based on the organic growth of a dedicated division organised within the structures of Unibep SA, as well as on potential acquisition processes (M&A), bearing in mind in particular new technologies, environmental and consumer trends in response to the needs related to the necessity of transforming the Polish economy towards a zero- and low-emission one; focusing on the assumptions of the green economy, the intention is to implement projects with high energy efficiency.

In previous periods, the share of industrial and energy construction in Unibep SA's sales grew year-on-year. 2021 was an important year in the context of activities mainly related to the acquisition of further contracts for the construction of facilities in this segment. The structures for carrying out tasks in this direction also continue to be developed. The main goal that Unibep wants to achieve in the energy and industrial business is the implementation of so-called "turnkey" projects, with all the required technology.

In 2020, Unibep signed contracts for the following projects: Polimery Police, Waste Water Treatment Plant in Bielsk Podlaski, Mlekovi-ta Freezer Facility in Wysokie Mazowieckie. Of these, the Polimery Project, involving the construction of a polymer plant on the premises of Zakłady Chemiczne in Police and implemented by Grupa Azoty, deserves special mention. It is worth noting that this is one of the biggest investment projects in the industrial segment currently carried out in Poland (net value of PLN 87.2 million). In turn, in 2021 Unibep SA expanded its order portfolio to include a contract for the construction of the new Olefins III Complex at PKN ORLEN SA's production plant in Płock (remuneration of PLN 40.3 million net). In addition, the company signed a turnkey contract for the implementation of the task cal-

led “Adaptation of the heat source at Energetyka Cieszyńska to the applicable environmental regulations” (remuneration of PLN 33.9 million net). Our task is to carry out a comprehensive construction of 3 oil/gas fired water boilers including the required infrastructure for fuel oil management, gas supply to the boilers and heat extraction from the new source. On 28 March 2022, a construction contract was concluded for the reconstruction and extension of a storage and production hall in Mszczonów. As a result of the conclusion of this contract, the estimated value of the Issuer’s portfolio to be implemented in the Energy and Industrial Construction for 2022 and subsequent years amounts to approximately PLN 235.0 million.

Unibep SA focuses on selected issues in the field of power construction: water and steam gas-fired boiler plants, thermal waste treatment plants, cogeneration installations based on gas engines and gas turbines, hydrogen-fired boilers, modernisation of heat sources and heat accumulators. In the industrial business it focuses on: production plants (including technology), storage halls, waste incineration plants, sewage treatment plants, power plants, combined heat power plants and heating plants, technical buildings for industry and energy, engineering structures for technology and manufacturing, line facilities (pipelines, overpasses, conveyors), steel and reinforced concrete structures. We want to complement all our construction projects in the field of industry and energy with services related to the supply and installation of supporting technologies and facilities. We want to participate in the start-up and commissioning process of the project and provide the necessary maintenance and repair.



MODULAR CONSTRUCTION SEGMENT

Unihouse SA - a producer of timber frame buildings and a general contractor for residential and commercial construction. The company’s comprehensive turnkey

construction projects are widely applicable and ideal for a wide variety of projects ranging from multi-family buildings to hotels, retirement homes and dormitories. It has a high production capacity of up to 2,000 modules per year, several years of warranty service and is able to ensure perfect repeatability of buildings while maintaining the highest quality of construction.

The company has been consistently carrying out projects in Scandinavian markets for years. In 2021, the main market was Norway, where 4 contracts were completed and further 5 investment projects were started.

In contrast, 1 contract was executed for the Swedish market in 2021. The development of this market in 2022 may be facilitated by our participation in the Sveriges Almannans Kambhus programme, where the first contract for the construction of a building consisting of 112 modules with an area of approximately 3.5 thousand m² has already been won.

The German market, where the company has already signed 5 contracts for the implementation of projects, will certainly be promising. The first building as part of a project consisting in total of four residential buildings for staff of a Stuttgart clinic was already completed in Q4 2021. Production for another contract was also started and a further 3 projects are in the pipeline.

In addition to the German market, the company plans to develop modular construction in Poland in 2022, based on two potential areas. The first one is public procurement, where the company has already carried out three projects for GIS in Gdańsk, participated in tendering procedures for the preparation of the functional and utility programme (FUP) (e.g. residential buildings in Ostrzeszów) and in procedures for the construction of housing estates (e.g. Ogińskiego estate in Gdańsk). The company also cooperates with Polskie Domy Drewniane – the first construction project was completed at the end of 2021 and there are prospects for continued cooperation. The second area is commercial procurement, mainly for hotels from representatives of international hotel chains. In addition to these are-

as, the Company will implement the first PPP contract for the Municipality of Małkinia Górna.

Unihouse continuously monitors production costs, including fixed costs, and optimises processes in the factory and on construction sites, focusing on achieving the profitability targets in individual projects. The company’s aim is to capitalise on the growing interest in energy-efficient and green construction – this applies to the Scandinavian as well as the German and Polish markets. The company’s portfolio is currently around PLN 346 million.

This is yet another year where the modular construction segment showed an improvement in gross sales profit along with an increase in sales compared to the previous period. Unihouse SA is responsible for running the business. Despite Covid-19 restrictions (border closure by Norway), module production continued as planned in 2021. However, the company continues to incur costs related to the pandemic situation – these relate to the factory, construction and logistics (purchasing, transport) areas.

In the current complex geopolitical situation, Unihouse notices a very high risk of supply chain disruptions, with consequent restrictions in material supply and increases in raw material prices, which will translate into higher prices for transport and strategic materials used in production.

Disrupted supply chains have a very negative impact on productivity and efficiency at the Production Plant. Above-average increases in direct costs are noticeable in the basic cost groups, i.e. wages, materials. The current situation related to the increase in the prices of fossil fuels affects the significant increase in transport costs – Unihouse SA is very sensitive to such increases due to the existing sea transport costs.

Notwithstanding the above, all contracts are currently on schedule.

Thanks to good cooperation with contracting entities we can assume that the notifications submitted for the adjustment of contracts will allow constructive discussions to be held on this subject when the contracts are closed. The company relies on cooperation with proven

partners, and works and agrees on product standardisation.

Looking ahead to 2022, it is very important to ensure continuity of production and efficient use of our own resources and capacities – taking into account the needs of investors and the growing awareness of the technology on offer.



INFRASTRUCTURE SEGMENT

The Infrastructure Branch of Unibep SA and Budrex Sp. z o. o. deal with comprehensive execution of road works, including utilities and execution of engineering works. So far, road builders have been building mainly for local authorities in Podlasie and Mazovia, but also, among others, for the General Directorate for National Roads and Motorways, the Podlaskie Voivodeship Roads Authority in Białystok, and in 2020 contracts were signed for the construction of roads in the Lubelskie and Warmińsko-Mazurskie Voivodeships. The Infrastructure Branch and Budrex are also subcontractors to general contractors building roads in north-eastern Poland.

In recent years, the Group has built up competences and acquired several contracts for the construction of expressways (either alone as part of a consortium or as a subcontractor). The segment's activity is also focused on projects in the area of district, voivodeship and local roads in the north-eastern region of the country. The bridge part of the business, in turn, has gained experience from working on projects throughout Poland. It is being developed as part of Budrex-Kobi Sp. z o.o. which was acquired in 2015 (currently Budrex Sp. z o.o.).

Due to the unstable situation on the border with Belarus, in December 2021, the Ministry of the Interior and Administration announced a tender to select companies that meet the government's criteria to the highest degree, in particular have experience in the construction of linear engineering structures, possess their own equipment and staff facilities. The consortium of Unibep S.A. and Budrex Sp. z o.

o. was awarded the contract for the construction of two sections of the barrier with a total length of 80.7 km. This is an important project from the perspective of national security. The investor of the whole project is the Polish Border Guard.

The development prospects for the infrastructural construction segment are assessed as good. Both the Infrastructure Branch of Unibep SA and Budrex sp. z o.o. are well prepared for the 2022 tasks.

In planning for 2022, phenomena related to the increase in asphalt and fuel prices were taken into account. At the same time, it is difficult to accurately estimate the negative impact of the increase in the cost of materials, which has a significant impact on the profitability of contracts. The road and bridge business portfolio offers the opportunity to maintain process activity at the level of previous years. Construction of the barrier on the border with Belarus is a very promising project in terms of finances for 2022. Both the Infrastructure Branch of Unibep SA and Budrex sp. z o.o. have solid foundations to make proper use of the acquired competences and significantly influence the Group's performance in 2022. The experience gained in the implementation of contracts in the "design and build" formula may bring benefits in future projects.

In 2021, the extension of national road "63" on the Zambrów - Wygoda section was completed. Construction of two viaducts was completed: in Łochów (Jasiorówka) and in Topór in the Stoczek commune. The contract for all bridges on the S61 expressway was completed.

There was no material impact of the Covid-19 situation on operational efficiency within the segment in 2021. An inconvenience caused by the new situation was the limitation in communication with government and local authorities, as well as representatives of the contracting entities. This had the effect of temporarily reducing efficiency in decision-making and agreement-making.

In 2022, the construction of sections 3 and 4 of the wall on the border with Belarus will be important for the business. The extension of

the last section of voivodeship road No. 835 - from Biłgoraj to the border of the voivodeship will be a notable project.. Other significant works include the construction of engineering structures as part of the S61 Szczuczyn - Budzisko expressway construction project on the section between the Ełk Południe and Wysokie junctions. The planned S61 expressway will form part of the international E67 road connecting Central Europe with Scandinavia. The launch of a number of investment projects in the region of north-eastern Poland is an opportunity for Budrex to achieve further stable results. In addition, both the road and bridge segments intend to expand their business. The Infrastructure Branch of Unibep SA is strengthening its position in the Podlaskie Voivodeship and is in the process of expanding in the Warmińsko-Mazurskie Voivodeship. In 2022, a bitumen production plant is planned to be put into operation in Szczytno.

The assumptions regarding development prospects treat as neutral the events described in previous annual reports, concerning the withdrawal from the contract for the construction of the road project Dąbrowa Białostocka - Sokółka, as well as other claims which are or will be pursued in court.



PROPERTY DEVELOPMENT SEGMENT

The property development business within the Unidevelopment Group is one of the key businesses within the Unibep Group in terms of performance. In recent periods, its performance has been at a good level.

The Unidevelopment Group operates in the segment of multi-family buildings, mainly in the Warsaw and Poznań agglomerations. The Group carried out the projects as a general contractor which was commissioned on the vast majority of projects to Unibep SA.

Unidevelopment Group companies signed 921 development/preliminary contracts in 2021 and handed over 908 flats to their customers,

of which 417 and 478 were part of JV projects, respectively.

As of 31 December 2021, the Uni-development Group had 670 flats available for sale, including 206 in the Warsaw market, 387 in the Poznań market, and 77 in other markets.

At the end of 2021, the Group offered 446 flats as part of JV projects, including 86 in the Warsaw market under a project jointly carried out with CPD SA and 381 in the Poznań market under a project jointly carried out with JB Investment Societe commandite speciale SCSp.

The Group continues its good cooperation with CPD SA on the construction of a housing estate in Warsaw's Ursus district. To date, 1,266 flats have been built and sold as part of the joint venture with this partner, with a further 201 flats under construction and sale.

In 2021, the construction of 270 flats began as part of the second of the eight stages of the Fama Jeżyce project carried out in Poznań together with JB Investment Societe commandite speciale SCSp. As part of the project, a total of approximately 2,500 flats are planned to be built on a property with a total area of approx. 7.5 ha at J.H. Dąbrowskiego Street in Poznań.

In 2021, the construction of 665 flats as part of 5 projects began, including 213 flats as part of 2 projects in Warsaw, 270 flats as part of 1 project in Poznań, and 182 flats as part of 2 projects in Radom. On the other hand, sales as part of 6 projects started, including 5 projects whose construction started in 2021 and 1 project in the Warsaw market whose construction started in 2020.

In 2021, 5 projects were completed and commissioned, totalling 830 flats, including 272 flats in the Warsaw market, 421 flats in the Poznań market, and 137 flats in the Radom market.

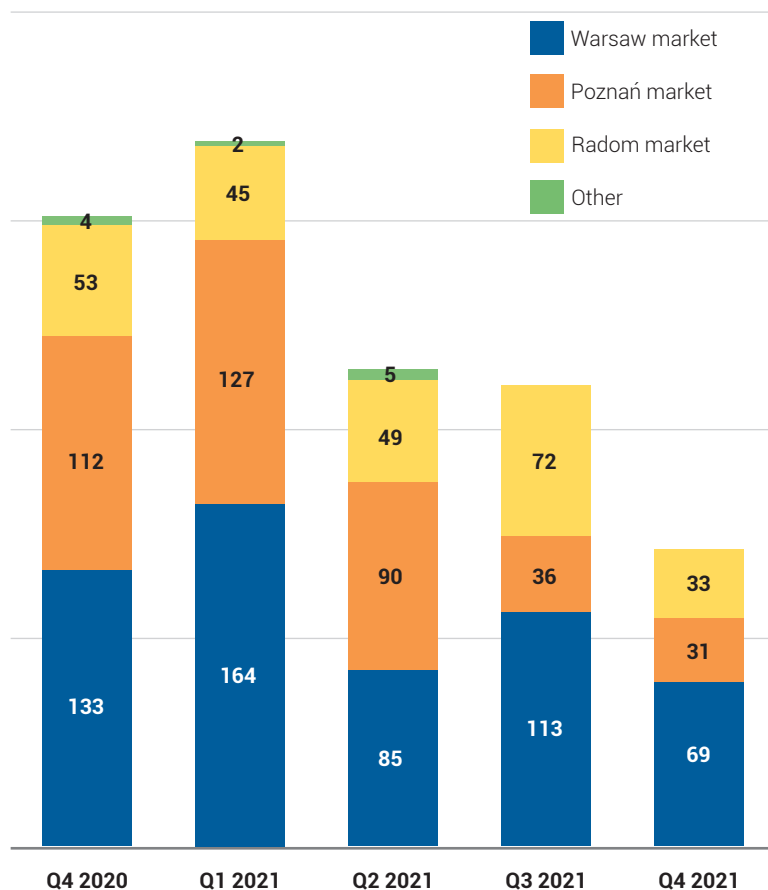
As at 31 December 2021, there were 6 development projects under construction with a total of 866 flats and 13 commercial premises.

As at 31 December 2021, there were 3 projects under construction in the Warsaw market (including 1 JV project), 1 project in the Poznań market (including 1 JV project), and 2 projects in the Radom market.

DEVELOPER/PRELIMINARY SALES AND DELIVERED TO CUSTOMERS

Market	Developer/preliminary sales	Delivered to customers
Warsaw market	431	433
Poznań market	284	331
Radom market	199	136
Other markets	7	8
Total	921	908
including JV	417	478

SALES OF DEVELOPMENT PROPERTY



PROJECTS FOR WHICH CONSTRUCTION AND/OR SALES PROCESS COMMENCED BETWEEN 01/01/2021 AND 31/12/2021

	Number of flats	Number of commercial premises
Coopera Estate Stage 3B	89	-
Latte	124	5
URSA Sky Stage 2 (JV4) ¹⁾	201	3
Warsaw market	414	8
Fama Jeżyce Stage 2 (JV) ¹⁾	270	5
Poznań market	270	5
Idea Leo Estate (E5)	170	-
Idea Ogrody Estate	12	-
Radom market	182	-
TOTAL	866	13

¹⁾ joint ventures

PROJECTS FOR WHICH CONSTRUCTION WAS COMPLETED AND AN OCCUPANCY PERMIT OBTAINED BETWEEN 01/01/2021 AND 31/12/2021

	Number of flats	Number of commercial premises
Coopera Estate Stage 3A	89	-
URSA Sky Stage 1 (JV4) ¹⁾ *	183	9
Warsaw market	272	9
Bookowska 18	170	5
Fama Jeżyce Stage 1 (JV) ¹⁾	251	11
Poznań market	421	16
Idea Omega Estate (E2)	137	-
Radom market	137	-
TOTAL	830	25

¹⁾ joint ventures

* project recognised by subordinated entities measured using the equity method

PROJECTS IN PROGRESS AS AT 31/12/2021

	Number of flats	Number of commercial premises
Coopera Estate Stage 3B	89	-
Latte	124	5
URSA Sky Stage 2 (JV4) ¹⁾	201	3
Warsaw market	414	8
Fama Jeżyce Stage 2 (JV) ¹⁾	270	5
Poznań market	270	5
Idea Leo Estate (E5)	170	-
Idea Estate MDM 12 Stage 1	12	-
Radom market	182	-
TOTAL	866	13

¹⁾ joint ventures

In 2022, the Unidevelopment Group will start the construction of 817 flats (6 development projects), including 168 in the Warsaw market (2 projects), 369 in the Poznań market (1 project), 149 in the Radom market (2 projects), and 131 in the Tri-City market (1 project). These flats will be on offer in 2022 and beyond.

As at 31 December 2021, there were approximately 6.4 thousand flats in the pipeline in attractive locations mainly in Warsaw, Poznań, Radom and the Tri-City. The largest share in the number of flats in the pipeline is accounted for by the multi-stage Fama Jeżyce project in the Poznań market - implemented as a joint venture with JB Investment Societe commandite speciale SCSp.

The Group's development strategy assumes further consistent development of this com-

PROJECTS STARTING IN 2022

	Number of flats	Number of commercial premises	Planned start date
Pauza Ochota	56	4	Q1 2022
Sadyba Spot	112	7	Q3 2022
Warsaw market	168	11	
Fama Jeżyce Stage 3 (JV) ¹⁾	369	12	Q1 2022
Poznań market	369	12	
Idea Ogrody Estate (MDM12) E2	12	-	Q3 2022
Idea Venus Estate (E7)	137	7	Q2 2022
Radom market	149	7	
Gdańsk (Kusocińskiego) Stage 1	131	-	Q2 2022
Tri-City market	131	-	
TOTAL	817	30	

¹⁾ joint ventures

PROJECTS IN PREPARATION AS AT 31/12/2021

	Number of flats	Number of commercial premises	Start date
Coopera Estate Stage 4	82	3	Q4 2023
Pauza Ochota	56	4	Q1 2022
Powsińska	112	7	Q3 2022
Przejazdna	290	-	Q4 2024
Omulewska	247	-	Q2 2023
Warsaw market	787	14	
Idea Ogrody Estate (MDM12) E2	12	-	Q3 2022
Idea Ogrody Estate (MDM12) E3	12	-	Q3 2023
Idea Ogrody Estate (MDM12) E4	12	-	Q3 2024
Idea Venus Estate (E7)	137	7	Q2 2022
Idea Orion Estate (E3)	157	7	Q2 2023
Idea Aurora Estate (E4)	157	7	Q2 2024
Idea Estate (other)	1,172	67	Q2 2025 ³⁾
Radom market	1,659	88	
Fama Jeżyce Stage 3 (JV) ¹⁾	369	12	Q1 2022
Fama Jeżyce Stage 4-8 (JV) ¹⁾	1,647	57	Q2 2023 ²⁾
Botaniczna	102	-	Q3 2023
Poznań market	2,118	69	
Kusocińskiego Stage 1	131	-	Q2 2022
Kusocińskiego Stage 2	162	2	Q2 2023
Wioślarska (Gdynia)	785	4	Q4 2023 ⁴⁾
Tri-City market	1,078	6	
TOTAL	5,642	177	
¹⁾ joint ventures; ²⁾ construction start date for stage 4			
³⁾ construction start date for stage 6; ⁴⁾ start date for stage 1			
Częstochowa ⁵⁾	800	-	Q4 2023
Silesian market	800	-	

⁵⁾ as at the date of publication of the report, the Issuer abandoned the project

pany and building an attractive offer for customers in the Warsaw, Poznań, Radom and Tri-City markets.

Expansion of the land bank guarantees the ability to prepare and launch further development projects and the achievement of financial results in subsequent years adequate to the environment and market situation. The Management Board of Unidevelopment SA consistently pursues this goal, primarily by acquiring attractive properties both in Warsaw and Poznań, where the Group's position and brand is well-established, and recently in the Tri-City, optimising internal management processes and strengthening human resources.

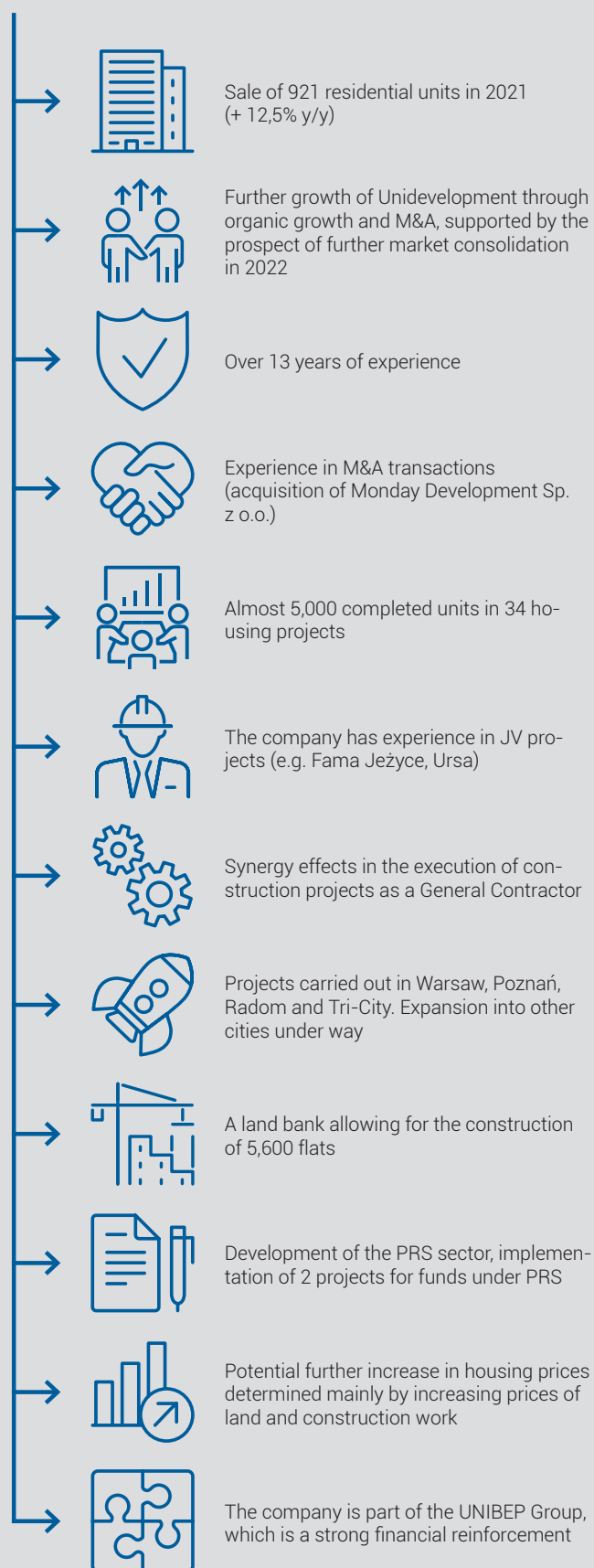
In addition, we are planning to attract an investor/investors for projects in the dormitory and rental housing segment for implementation in the coming years and to enter further new development markets.

As part of cooperation with JB Investment Societe commandite speciale SCSp, work is in progress on preparing for the next stages of a development project involving the construction and sale of approx. 2,500 flats in the Jeżyce district of Poznań. The project strengthens the Group's position in the Poznań market.

In addition, development projects in the newly acquired Tri-City market in 2021, with the potential to build approximately 1,100 flats, are in the pipeline.

The Management Board of Unidevelopment has ambitious development goals, and is currently analysing a scenario including the possibility of carrying out a public offering and introducing shares of Unidevelopment S.A. on the regulated market operated by the Warsaw Stock Exchange, assuming that regardless of the structure of a possible public offering, the intention would be to maintain Unibep SA's control over Unidevelopment SA.

grupa unidevelopment



SELECTED FINANCIAL DATA FROM THE CONSOLIDATED INCOME STATEMENT OF THE UNIDEVELOPMENT GROUP

PLN thousand	for the 12 months ended	
	31/12/2021	31/12/2020
Net sales	285,890	242,524
EBITDA	49,921	20,803
EBIT	47,480	18,803
Net profit	42,085	26,899

SELECTED FINANCIAL DATA FROM THE CONSOLIDATED INCOME STATEMENT OF THE UNIDEVELOPMENT GROUP

PLN thousand	As of	
	31/12/2021	31/12/2020
Fixed assets	132,102	108,640
Current assets	566,975	350,002
Total assets	699,077	458,642
Equity	275,354	242,269
Debt capital	423,724	216,373
Total liabilities	699,077	458,642



BACK OFFICE

Its roles include supporting the planning, organisation, leadership and control of all businesses. The activities conducted in 2021 are aimed at improving and optimising processes in all areas of the Group's operations.

Ongoing and current topics for the future include:

- efficient functioning of the office responsible for quality, procurement and OHS processes on ongoing contracts,

- proper functioning of internal control and the coordination of quality, risk management and internal audit activities,

- optimisation of IT processes and development of IT systems providing access to management information (Microsoft Dynamics AX 2012, Microsoft Dynamics CRM, Microsoft Power BI, Microsoft MS Project, Microsoft Azure, WEBCON BPS, IBM Cognos, Consolia),

- development of internal and external communication systems, i.e. Intranet, Microsoft Outlook, Microsoft Teams, Microsoft OneDrive,

- Microsoft SharePoint, Microsoft Yammer, Microsoft Planner,
- stock exchange reporting, including in XBRL and XHTML format,
- creation of tax capital groups,
- implementation of an e-invoice flow process,
- work on obtaining EU funding,
- involvement in the development of the BIM concept technology,
- ensuring liquidity to ensure operational efficiency and confidence in market partners.

MAIN FACTORS LIKELY TO AFFECT THE FUTURE FINANCIAL PERFORMANCE OF THE PARENT COMPANY AND THE GROUP

External factors:

- the uncertain macroeconomic situation related to the war in Ukraine,
- availability of materials and changes in material prices related to the situation in the domestic market and aggravated by the situation in Ukraine,
- availability of subcontractors' services and changes in prices for construction work related to the situation in the domestic market and in Ukraine,
- disruption to the maintenance of

the supply chain and the resulting impact on the timely completion of all orders, including obligations to contracting entities,

- rising prices of construction materials,
- limitations in obtaining qualified staff,
- the uncertain macroeconomic situation related to coronavirus and its impact on individual economies, including markets in which the Company operates,
- temporary closure of foreign markets, e.g. the Norwegian market during the pandemic,
- the risk of restrictions on movement and quarantine imposed by countries in which the Group companies operate,
- maintenance of strong competition, fierce price competition,
- the risk of a decline in orders from domestic developers and public procurement,
- the uncertain political situation in Belarus affecting the economic settlement of ongoing transactions,
- rising land prices and limited access to investment land,
- limited availability of external financing,
- high volatility on the foreign ex-



change market, large fluctuations in exchange rates and currency spreads,

- the possibility of taking advantage of EU funding for research and development activities,
- variable interest rates - impact on the cost and availability of external financing,
- accumulation of public procurement, especially in the infrastructure projects market.

Internal factors:

- good financial standing, financial liquidity, access to credit and guarantee limits with banks and insurance companies,
- a good order portfolio in all Group businesses,
- increased activity in the energy and industrial segment,
- development of new activities, diversification of operations in particular businesses of the Unibep Group,
- geographic diversification and activation of operations in the field of modular construction - activities related to the presence in the Polish and German markets,
- building a land bank and the possibility of launching further own development projects in new mar-

- kets,
- development and use of new electronic communication tools - caused by the epidemiological situation,
- optimisation of Microsoft Dynamics AX 2012 enterprise management system and other systems supporting operational processes in the Group companies, such as Microsoft Dynamics CRM, AX People, IBM Cognos, Microsoft Power BI, Microsoft Azure,
- activities related to the implementation of the BIM concept technology,
- improvement of process and production efficiency through the use of organisational units: Technical Office, Quality and Technology Office, Design Department (architects, statisticians, design engineers), R&D Department,
- reduction of export activities in the Belarusian and Ukrainian markets,
- relatively high reliance on the construction of buildings, including residential premises,
- relatively high reliance on the Warsaw market.

5. Financial position

OF THE UNIBEP GROUP

5.1 DESCRIPTION OF ESSENTIAL ECONOMIC AND FINANCIAL DATA

As at 31 December 2021, the consolidated value of the Unibep Group's assets increased by PLN 301,013 thousand compared to the end of December 2020. This was due to an increase in the value of fixed assets by approximately 12.3% (PLN 36,187 thousand) and an increase in the value of current assets by 28% (PLN 264,826 thousand).

Fixed assets:

The change in the value of fixed assets as of 31 December 2021 compared to 31 December 2020 was first and foremost due to the following:

- an increase in the value of investment property by PLN 21,027 thousand,
- an increase in the value of fixed assets by PLN 12,787 thousand,
- a decrease in investments in entities measured using the equity method by PLN 6,513 thousand

Current assets:

The increase in current assets was mainly due to:

- a decrease in the value of contractual assets by PLN 142,876 thousand,
- an increase in the value of inventories by PLN 100,072 thousand,
- an increase in the value of current tax receivables by PLN 13,523 thousand,

Liabilities:

The changes in liabilities resulted from:

- an increase in equity by PLN 46,277 thousand,
- an increase in long-term liabilities by PLN 53,951 thousand, where the most significant changes involved:
 - an increase in loans, borrowings and other financial liabilities by PLN 30,295 thousand,
 - an increase in long-term provisions by PLN 18,194 thousand,
 - an increase in lease liabilities by PLN 14,131 thousand,
 - a decrease in deferred tax provisions by PLN 8,851 thousand,
 - an increase in short-term liabilities by PLN

200,784 thousand, where the most significant changes involved:

- an increase in contractual liabilities by PLN 142,927 thousand,
- an increase in short-term provisions by PLN 26,371 thousand,
- an increase in loans, borrowings and other financial liabilities by PLN 22,737 thousand.

Most of the financial indicators of Unibep Group were at a similar or slightly higher level in 2021 compared to the previous year. Profitability increased, both at the EBIT and net profit levels.

The return on equity ratio (ROE) remains at a good level (13.32%), its value increased by 1.99 p.p. compared to the previous year.

In 2021, the Group's sales revenue maintained the previous year's level (an increase of 2%).

By segment, revenue growth compared to 2020 was demonstrated by all segments except for a slight decrease in residential and commercial construction. Taking gross profit on sales as a criterion, the performance was improved in comparison with the previous year by property development activity and modular construction.

In 2021, selling costs remained at a similar level (a decrease of 4% compared to 2020), which is related to the expansion of property development activity and the launch of new projects. General administrative costs increased by approximately 8%. Significantly, the level and profitability of EBIT exceeded the ratios of 2020.

At the Parent Company level, net profit was at the previous year's level, with a slight 1 per cent decrease in sales. Cash at the end of the year at a high level of PLN 107,168 thousand, with negative cash flows from operating activities of minus PLN 60,506 thousand.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	PLN thousand, as of		Change	Change [%]
	31/12/2021	31/12/2020		
ASSETS				
Long-term fixed assets				
Fixed assets	141,194	128,407	12,787	10.0%
Intangible assets	24,430	24,566	-137	-0.6%
Investment property	24,930	3,903	21,027	538.7%
Trade and other long-term receivables	7,077	4,713	2,364	50.1%
Investments in entities measured using the equity method	4,708	11,221	-6,513	-58.0%
Deposits on contracts with customers	21,126	25,776	-4,650	-18.0%
Loans granted	62,271	52,609	9,662	18.4%
Derivative financial instrument assets	168	0	168	
Deferred tax assets	44,689	43,209	1,480	3.4%
Total (long-term) fixed assets	330,591	294,404	36,187	12.3%
Short-term current assets				
Inventory	406,648	306,576	100,072	32.6%
Trade and other short-term receivables	245,758	251,456	-5,698	-2.3%
Deposits on contracts with customers	19,327	17,956	1,371	7.6%
Contractual assets	233,824	90,948	142,876	157.1%
Current tax receivables	14,410	888	13,523	1523.4%
Derivative financial instrument assets	7	0	7	
Loans granted	6,309	1,031	5,278	511.9%
Cash and cash equivalents	271,461	264,065	7,396	2.8%
Current assets other than those held for sale or distribution to owners	1,197,745	932,919	264,826	28.4%
Total (short-term) current assets	1,197,745	932,919	264,826	28.4%
TOTAL ASSETS	1,528,336	1,227,323	301,013	24.5%
LIABILITIES				
Shareholders' equity				
Share capital	3,507	3,507	0	0.0%
Share premium account	62,154	62,154	0	0.0%
Other reserves	-1,290	-10,119	8,829	-87.2%
Retained earnings (losses)	244,175	220,201	23,975	10.9%
Equity attributable to shareholders of the parent	308,546	275,742	32,803	11.9%
Equity attributable to non-controlling interests	68,467	54,994	13,474	24.5%
Total equity	377,013	330,736	46,277	14.0%
Long-term liabilities				
Trade and other long-term liabilities	2,009	815	1,194	146.6%
Loans, borrowings and other financial liabilities – long-term	100,108	69,813	30,295	43.4%
Long-term lease liabilities	39,813	25,682	14,131	55.0%
Derivative financial instrument liabilities	4,659	3,064	1,595	52.1%
Long-term provisions	58,545	40,351	18,194	45.1%
Deposits on contracts with customers	51,623	54,230	-2,607	-4.8%
Deferred tax provisions	1,182	10,034	-8,851	-88.2%
Total long-term liabilities	257,940	203,988	53,951	26.4%
Short-term liabilities				
Trade and other short-term liabilities	269,506	261,273	8,233	3.2%
Contractual liabilities	295,417	152,491	142,927	93.7%
Deposits on contracts with customers	47,561	49,462	-1,902	-3.8%
Loans, borrowings and other financial liabilities – short-term	59,007	36,270	22,737	62.7%
Short-term lease liabilities	28,167	27,784	383	1.4%
Derivative financial instrument liabilities	7,318	9,949	-2,631	-26.4%
Current income tax liabilities	10,546	5,879	4,666	79.4%
Short-term provisions	175,862	149,491	26,371	17.6%
Short-term liabilities other than those related to assets held for sale	893,383	692,599	200,784	29.0%
Total short-term liabilities	893,383	692,599	200,784	29.0%
Total liabilities	1,151,323	896,587	254,736	28.4%
TOTAL LIABILITIES	1,528,336	1,227,323	301,013	24.5%

CONSOLIDATED INCOME STATEMENT

OPERATING ACTIVITIES	PLN thousand		Change	Change [%]
	01/01 - 31/12/2021	01/01 - 31/12/2020		
Revenue from contracts with customers	1,712,390	1,682,337	30,053	1.8%
Costs of products, goods and materials sold	1,578,725	1,543,610	35,116	2.3%
Gross profit (loss) on sales	133,665	138,727	-5,063	-3.6%
Selling costs	14,241	14,830	-589	-4.0%
General administrative costs	61,143	56,454	4,690	8.3%
Other operating revenue	19,544	7,267	12,277	168.9%
Other operating expenses	16,345	14,919	1,427	9.6%
Profit (loss) on operating activities	61,480	59,792	1,687	2.8%
Financial revenue	7,165	6,817	348	5.1%
Financial expenses	12,772	14,494	-1,722	-11.9%
Expected credit losses	2,582	13,054	-10,471	-80.2%
Share in net profits (losses) of subsidiaries measured using the equity method	5,825	15,542	-9,717	-62.5%
Profit (loss) before tax	59,115	54,604	4,512	8.3%
Income tax	11,983	17,451	-5,468	-31.3%
Net profit (loss) on continued operations	47,133	37,153	9,980	26.9%
Net profit (loss)	47,133	37,153	9,980	26.9%

CONSOLIDATED CASH FLOW STATEMENT

	PLN thousand	
	01/01 - 31/12/2021	01/01 - 31/12/2020
CASH FLOWS FROM OPERATING ACTIVITIES		
I. Gross profit (loss)	59,115	54,604
II. Total adjustments:	-29,357	78,563
1. Amortisation and depreciation:	21,958	18,492
2. Foreign exchange gains (losses)	155	-313
3. Interest and profit sharing (dividend)	2,592	3,396
4. Profit (loss) on investing activities	-8,646	-14,758
5. Change in provisions	35,784	22,089
6. Change in inventories	-107,428	22,167
7. Change in receivables	-133,802	11,229
8. Change in short-term liabilities excluding financial liabilities	156,424	16,312
9. Other adjustments	3,605	-52
Cash from operating activities	29,758	133,167
10. Income tax paid/refunded	-32,770	-11,861
Net cash from operating activities	-3,012	121,307
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets and intangible assets	-7,986	-18,680
Proceeds from disposal of fixed assets and intangible assets	3,975	1,466
Proceeds from sales of investments accounted for using the equity method	4,226	7,199
Acquisition of shares in investments accounted for using the equity method	-6,025	-6,650
Interest received	2,766	2,729
Dividend received	8,681	14,567
Loans repaid by third parties	0	21
Loans granted to third parties	-14,943	-7,886
Loans granted to related entities	-980	-211
Other (including exercise of derivative instruments)	-867	105
Net cash from investing activities	-11,153	-7,341
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans, borrowings, bonds and bills of exchange	120,876	68,408
Repayment of loans, borrowings, bonds and bills of exchange	-68,433	-57,307
Acquisition of own shares	0	-13,850
Payment of liabilities under lease contracts	-14,104	-10,839
Interest paid	-7,010	-7,600
Dividend paid	-9,644	-7,242
Net cash from financing activities	21,685	-28,429
NET CHANGE IN CASH EXCLUDING EXCHANGE RATE DIFFERENCES	7,519	85,536
Exchange rate differences	-123	51
Net change in cash	7,396	85,587
OPENING BALANCE OF CASH FLOWS	264,065	178,478
CLOSING BALANCE OF CASH FLOWS	271,461	264,065
including restricted cash	61,259	81,522

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PLN thousand	Share capital	Other reserves	Share premium account	Retained profit	Equity attributable to owners of the parent	Equity of non-controlling shareholders	Total equity
As of 31/12/2020	3,507	-10,119	62,154	220,201	275,742	54,994	330,736
As of 01/01/2021	3,507	-10,119	62,154	220,201	275,742	54,994	330,736
Dividend recognised as payments to owners				-9,684	-9,684	0	-9,684
Loss of control				436	436	-436	0
Incentive scheme		3,282		0	3,282		3,282
Profit (loss)				33,223	33,223	13,909	47,133
Accumulated other comprehensive income		5,547			5,547		5,547
Comprehensive income		5,547		33,223	38,770	13,909	52,679
Changes in equity		8,829		23,975	32,803	13,474	46,277
As of 31/12/2021	3,507	-1,290	62,154	244,175	308,546	68,467	377,013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PLN thousand	Share capital	Other reserves	Share premium account	Retained profit	Equity attributable to owners of the parent	Equity of non-controlling shareholders	Total equity
As of 31/12/2019	3,507	491	62,154	204,687	270,838	5,890	276,728
Adjustment of an error				-776	-776	49,178	48,402
As of 01/01/2020	3,507	491	62,154	203,911	270,062	55,068	325,130
Dividend recognised as payments to owners				-7,088	-7,088		-7,088
Purchase of own shares				-13,850	-13,850		-13,850
Profit (loss)				37,227	37,227	-74	37,153
Accumulated other comprehensive income		-10,610			-10,610		-10,610
Comprehensive income		-10,610		37,227	26,617	-74	26,543
Changes in equity		-10,610		16,290	5,680	-74	5,606
As of 31/12/2020	3,507	-10,119	62,154	220,201	275,742	54,994	330,736



COMPANY STATEMENT OF FINANCIAL POSITION

	PLN thousand, as of		Change	Change [%]
	31/12/2021	31/12/2020		
ASSETS				
Long-term fixed assets				
Fixed assets	55,375	46,178	9,197	19.9%
Intangible assets	8,750	8,720	30	0.3%
Investments in subsidiaries	159,673	159,673	0	0.0%
Investments in jointly controlled entities	8	8	0	0.0%
Deposits on contracts with customers	26,533	29,201	-2,667	-9.1%
Loans granted	70,555	29,777	40,778	136.9%
Trade and other long-term receivables	5,621	3,779	1,842	48.7%
Deferred tax assets	28,595	30,753	-2,158	-7.0%
Total (long-term) fixed assets	355,110	308,089	47,021	15.3%
Short-term current assets				
Inventory	19,906	14,604	5,302	36.3%
Trade and other short-term receivables	180,162	206,817	-26,655	-12.9%
Deposits on contracts with customers	24,662	20,331	4,331	21.3%
Contractual assets	90,172	47,217	42,955	91.0%
Current tax receivables	13,124	138	12,986	9380.0%
Derivative financial instrument assets	7	0	7	
Loans granted	48,281	33,409	14,872	44.5%
Cash and cash equivalents	107,168	182,789	-75,621	-41.4%
Current assets other than those held for sale or distribution to owners	483,483	505,306	-21,823	-4.3%
Total (short-term) current assets	483,483	505,306	-21,823	-4.3%
TOTAL ASSETS	838,593	813,395	25,198	3.1%
LIABILITIES				
Shareholders' equity				
Share capital	3,507	3,507	0	0.0%
Share premium account	62,154	62,154	0	0.0%
Other reserves	31,738	26,479	5,258	19.9%
Retained earnings (losses)	111,753	104,423	7,330	7.0%
Equity attributable to shareholders of the parent	209,152	196,563	12,589	6.4%
Total equity	209,152	196,563	12,589	6.4%
Long-term liabilities				
Loans, borrowings and other financial liabilities – long-term	96,297	33,047	63,250	191.4%
Long-term lease liabilities	27,407	18,652	8,755	46.9%
Long-term derivative financial instrument liabilities	0	2,321	-2,321	-100.0%
Long-term provisions	37,030	33,032	3,998	12.1%
Deposits on contracts with customers	48,459	52,171	-3,712	-7.1%
Total long-term liabilities	209,193	139,223	69,971	50.3%
Short-term liabilities				
Trade and other short-term liabilities	193,726	191,315	2,411	1.3%
Contractual liabilities	19,053	71,699	-52,646	-73.4%
Deposits on contracts with customers	41,112	45,728	-4,616	-10.1%
Loans, borrowings and other financial liabilities – short-term	23,975	31,079	-7,104	-22.9%
Short-term lease liabilities	7,878	7,264	613	8.4%
Short-term derivative financial instrument liabilities	2,037	1,541	496	32.2%
Current income tax liabilities	4	3,384	-3,380	-99.9%
Short-term provisions	132,463	125,600	6,863	5.5%
Short-term liabilities other than those related to assets held for sale	420,248	477,609	-57,361	-12.0%
Total short-term liabilities	420,248	477,609	-57,361	-12.0%
Total liabilities	629,441	616,832	12,609	2.0%
TOTAL LIABILITIES	838,593	813,395	25,198	3.1%

COMPANY INCOME STATEMENT

OPERATING ACTIVITIES	PLN thousand		Change	Change [%]
	01/01 - 31/12/2021	01/01 - 31/12/2020		
Revenue from contracts with customers	1,254,683	1,268,273	-13,589	-1.1%
Costs of products, goods and materials sold	1,197,092	1,188,038	9,054	0.8%
Gross profit (loss) on sales	57,591	80,235	-22,644	-28.2%
General administrative costs	45,301	42,207	3,094	7.3%
Other operating revenue	3,284	5,903	-2,619	-44.4%
Other operating expenses	4,221	7,389	-3,168	-42.9%
Profit (loss) on operating activities	11,354	36,542	-25,188	-68.9%
Financial revenue	17,021	12,036	4,985	41.4%
Financial expenses	6,075	12,294	-6,218	-50.6%
Expected credit losses	1,988	12,992	-11,004	-84.7%
Profit (loss) before tax	20,312	23,293	-2,980	-12.8%
Income tax	3,511	6,531	-3,020	-46.2%
Net profit (loss) on continued operations	16,802	16,762	40	0.2%
Net profit (loss)	16,802	16,762	40	0.2%

COMPANY CASH FLOW STATEMENT

	PLN thousand	
	01/01 - 31/12/2021	01/01 - 31/12/2020
CASH FLOWS FROM OPERATING ACTIVITIES		
I. Gross profit (loss)	20,312	23,293
II. Total adjustments:	-62,401	62,661
1. Amortisation and depreciation:	13,772	12,008
2. Foreign exchange gains (losses)	4	79
3. Interest and profit sharing (dividend)	-9,772	-4,622
4. Profit (loss) on investing activities	15	1,450
5. Change in provisions	11,584	8,133
6. Change in inventories	-5,302	4,080
7. Change in receivables	-17,491	39,910
8. Change in short-term liabilities excluding financial liabilities	-58,708	1,508
9. Other adjustments	3,498	116
Cash from operating activities	-42,089	85,953
10. Income tax paid/refunded	-18,417	-5,712
Net cash from operating activities	-60,506	80,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets and intangible assets	-6,236	-5,567
Proceeds from disposal of fixed assets and intangible assets	3,870	1,181
Interest received	3,951	3,688
Dividend received	8,787	5,858
Loans repaid by related entities	55,774	21,000
Loans granted to related entities	-111,580	-27,384
Other (including exercise of derivative instruments)	-906	-187
Net cash from investing activities	-46,339	-1,411
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans, borrowings, bonds and bills of exchange	100,057	2,625
Repayment of loans, borrowings, bonds and bills of exchange	-44,150	-6,740
Acquisition of own shares	-	-13,850
Payment of liabilities under lease contracts	-10,239	-8,084
Interest paid	-5,001	-5,631
Dividend paid	-9,471	-6,946
Net cash from financing activities	31,196	-38,626
NET CHANGE IN CASH EXCLUDING EXCHANGE RATE DIFFERENCES	-75,649	40,205
Exchange rate differences	28	63
Net change in cash	-75,621	40,267
OPENING BALANCE OF CASH FLOWS	182,789	142,522
CLOSING BALANCE OF CASH FLOWS	107,168	182,789
including restricted cash	17,949	19,810

COMPANY STATEMENT OF CHANGES IN EQUITY

PLN thousand	Share capital	Other reserves	Share premium account	Retained earnings	Total equity
FOR THE PERIOD FROM 01/01/2021 TO 31/12/2021					
Opening balance of equity	3,507	26,479	62,154	104,423	196,563
Dividend recognised as payments to owners				-9,471	-9,471
Incentive scheme		3,282			3,282
Current year earnings (losses)				16,802	16,802
Other comprehensive income		1,976			1,976
Comprehensive income		1,976		16,802	18,778
Changes in equity		5,258		7,330	12,589
Closing balance of equity	3,507	31,738	62,154	111,753	209,152

COMPANY STATEMENT OF CHANGES IN EQUITY

PLN thousand	Share capital	Other reserves	Share premium account	Retained earnings	Total equity
FOR THE PERIOD FROM 01/01/2020 TO 31/12/2020					
Opening balance of equity	3,507	29,407	62,154	108,456	203,524
Dividend recognised as payments to owners				-6,946	-6,946
Purchase of own shares				-13,850	-13,850
Current year earnings (losses)				16,762	16,762
Other comprehensive income		-2,928			-2,928
Comprehensive income		-2,928		16,762	13,834
Changes in equity		-2,928		-4,033	-6,961
Closing balance of equity	3,507	26,479	62,154	104,423	196,563



5.2 PERFORMANCE OF OPERATING SEGMENTS

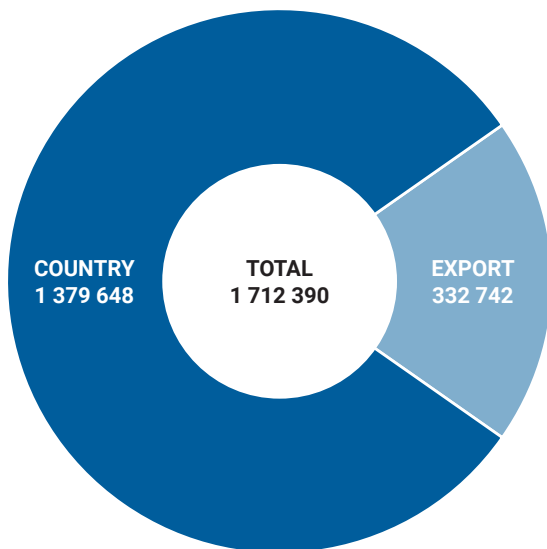
CONSOLIDATED SEGMENT REPORTING AS OF 31/12/2021

PLN thousand	Residential and commercial construction	Infrastructure	Property development activity	Modular construction	Adjustments of sales to other segments	Total amount for the entire Group
Revenue from contracts with customers	941,795	380,253	285,890	261,800	-157,348	1,712,390
– external sales	785,634	380,047	284,909	261,800		1,712,390
– sales to other segments	156,161	205	981	0	-157,348	0
Costs of products, goods and materials sold	884,696	366,020	220,631	254,610	-147,231	1,578,725
Gross profit on sales	57,100	14,232	65,260	7,190	-10,117	133,665
% gross profit on sales	6.06%	3.74%	22.83%	2.75%	6.43%	7.81%
Selling costs						14,241
General administrative costs						61,143
Profit/loss on other operating activities						3,199
Operating profit						61,480
Financial revenue, including:						7,165
– interest revenue	7	2,754	2,334	206		5,301
– derivative instruments	1,421			80		1,501
Financial expenses, including:						12,772
– interest expenses	3,658	758	1,471	715		6,603
– derivative instruments	2,200			4,393		6,592
Expected credit losses						2,582
Share in net profits (losses) of subsidiaries measured using the equity method						5,825
Profit before tax						59,115
Income tax						11,983
Net profit						47,133

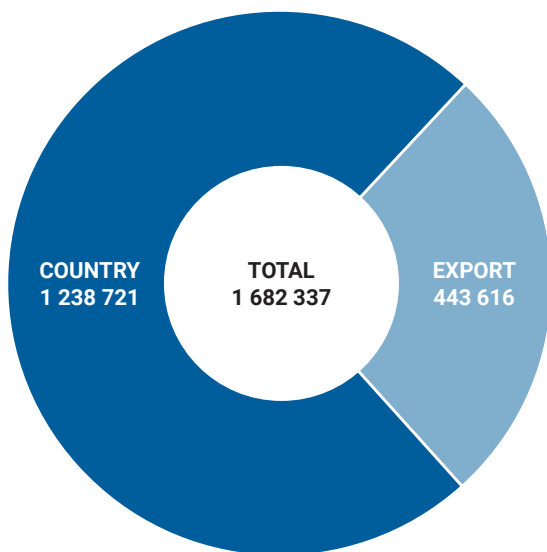
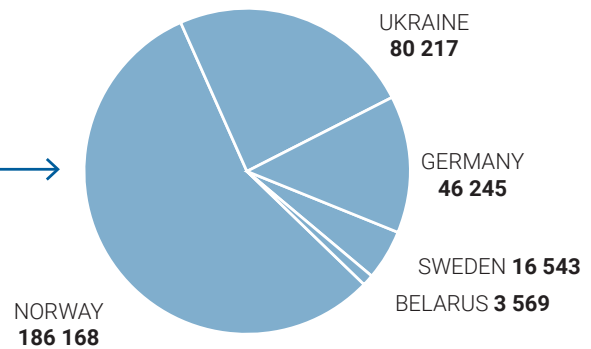
CONSOLIDATED SEGMENT REPORTING AS OF 31/12/2020

PLN thousand	Residential and commercial construction	Infrastructure	Property development activity	Modular construction	Adjustments of sales to other segments	Total amount for the entire Group
Revenue from contracts with customers	943,110	378,950	242,524	211,328	-93,575	1,682,337
– external sales	850,719	378,803	241,521	211,293		1,682,337
– sales to other segments	92,390	147	1,003	35	-93,575	0
Costs of products, goods and materials sold	879,482	340,729	185,325	217,729	-79,655	1,543,610
Gross profit on sales	63,627	38,221	57,199	-6,401	-13,919	138,727
% gross profit on sales	6.75%	10.09%	23.58%	-3.03%	14.88%	8.25%
Selling costs						14,830
General administrative costs						56,454
Profit/loss on other operating activities						-7,651
Operating profit						59,792
Financial revenue, including:						6,817
– interest revenue	62	255	2,401	122		2,840
– derivative instruments	176			717		893
Financial expenses, including:						14,494
– interest expenses	3,649	686	873	757		5,965
– derivative instruments	1,342			-793		549
Expected credit losses						13,054
Share in net profits (losses) of subsidiaries measured using the equity method						15,542
Profit before tax						54,604
Income tax						17,451
Net profit						37,153

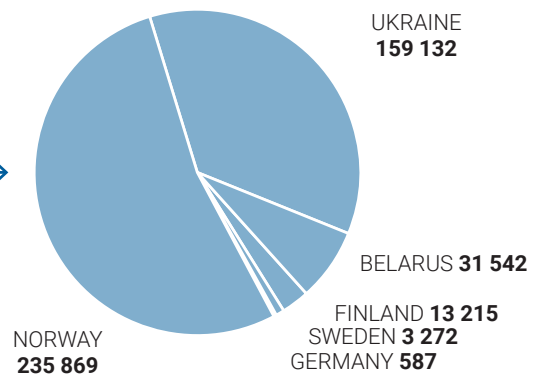
INFORMATION ON GEOGRAPHICAL AREAS – GROUP DATA



REVENUE FROM EXTERNAL CUSTOMERS – PERIOD ENDED 31/12/2021 [PLN THOUSAND]



REVENUE FROM EXTERNAL CUSTOMERS – PERIOD ENDED 31/12/2020 [PLN THOUSAND]



COMPANY SEGMENT REPORTING AS OF 31/12/2021

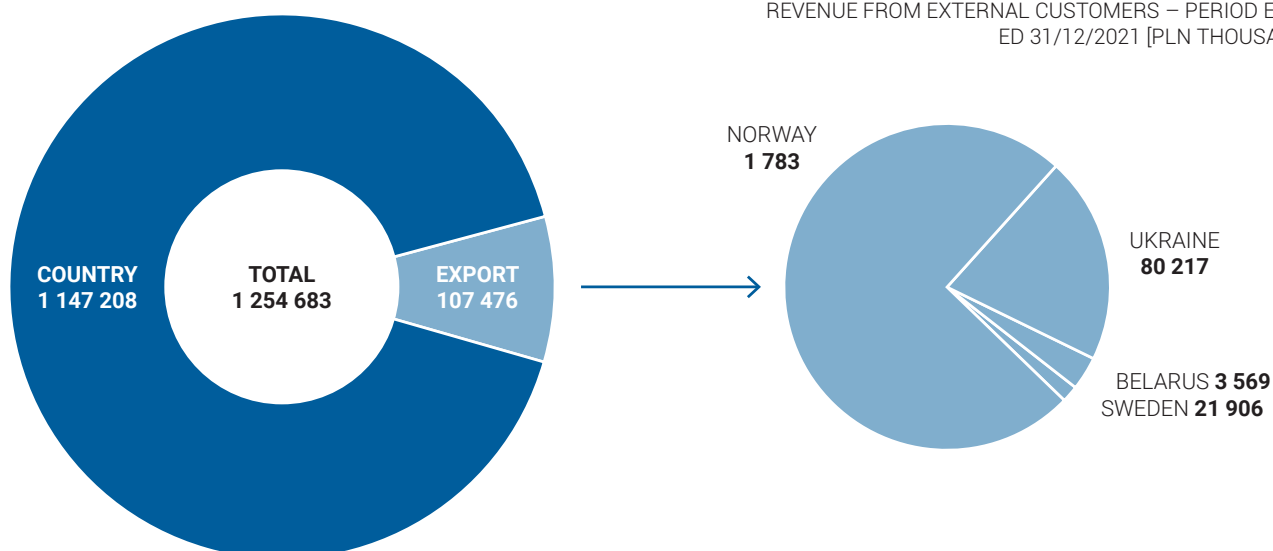
PLN thousand	Residential and commercial construction	Infrastructure	Other modular construction activities	Total
Revenue from contracts with customers	941,825	289,170	23,689	1,254,683
– external sales	941,825	289,170	23,689	1,254,683
– sales to other segments	-	-	-	-
Costs of products, goods and materials sold	887,451	277,823	31,818	1,197,092
Gross profit on sales	54,374	11,346	-8,129	57,591
% gross profit on sales	5.77%	3.92%	-34.32%	4.59%
Selling costs				-
General administrative costs				45,301
Profit/loss on other operating activities				-937
Operating profit				11,354
Financial revenue, including:				17,021
– interest revenue	3,353	2,754	51	6,158
– derivative instruments	1,421		5	1,426
Financial expenses, including:				6,075
– interest expenses	4,092	647	38	4,777
– derivative instruments	2,200		17	2,216
Expected credit losses				1,988
Profit before tax				20,312
Income tax				3,511
Net profit				16,802

COMPANY SEGMENT REPORTING AS OF 31/12/2020

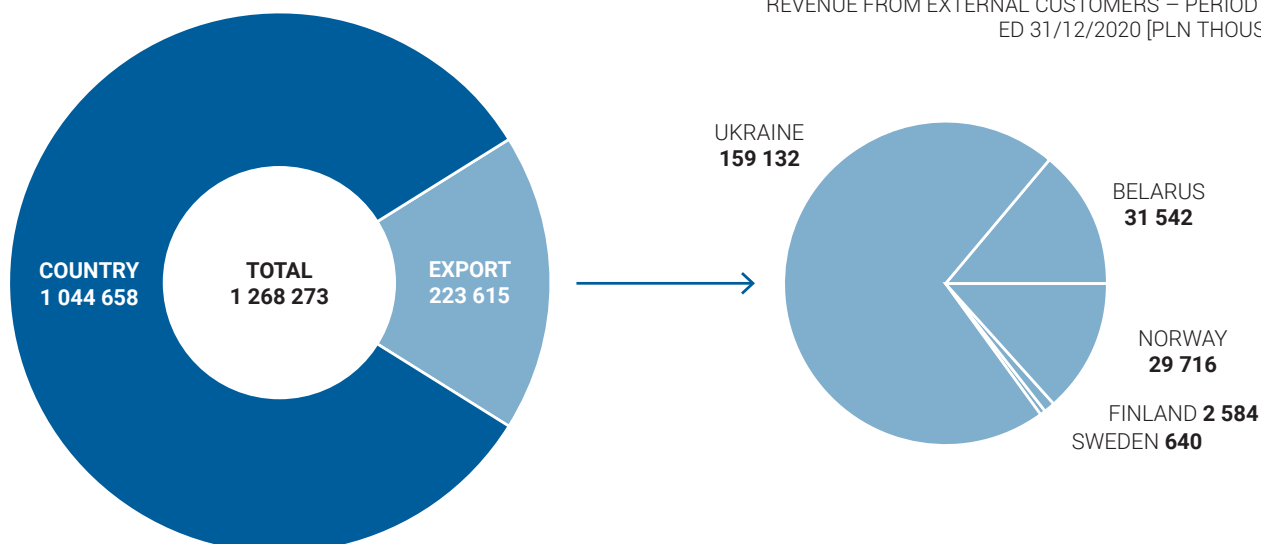
PLN thousand	Residential and commercial construction	Infrastructure	Other modular construction activities	Total
Revenue from contracts with customers	943,141	291,781	33,351	1,268,273
– external sales	943,141	291,781	33,351	1,268,273
Costs of products, goods and materials sold	879,486	260,251	48,301	1,188,038
Gross profit on sales	63,655	31,530	-14,950	80,235
% gross profit on sales	6.75%	10.81%	-44.83%	6.33%
General administrative costs				42,207
Profit/loss on other operating activities				-1,486
Operating profit				36,542
Financial revenue, including:				12,036
– interest revenue	3,156	234	66	3,456
– derivative instruments	176		-214	-38
Financial expenses, including:				12,294
– interest expenses	4,278	491	129	4,899
– derivative instruments	1,342		-185	1,157
Expected credit losses				12,992
Profit before tax				23,293
Income tax				6,531
Net profit				16,762

INFORMATION ON GEOGRAPHICAL AREAS – DATA OF THE PARENT COMPANY – UNIBEP SA

REVENUE FROM EXTERNAL CUSTOMERS – PERIOD ENDED 31/12/2021 [PLN THOUSAND]



REVENUE FROM EXTERNAL CUSTOMERS – PERIOD ENDED 31/12/2020 [PLN THOUSAND]



5.3 EXTRAORDINARY EVENTS AFFECTING THE FINANCIAL PERFORMANCE

In the opinion of the Management Board, there were no extraordinary events for the business in 2021 which would generally affect the financial performance or presentation of the financial performance of the Parent Company and the Unibep Group.

All events and performance during the year were monitored on an ongoing basis, and the final sales performance and net profit are consistent with the forecasts and expectations of the Management Board in this area.

2021 was another year in which

the company struggled with the COVID-19 coronavirus epidemic. Because of the many aspects affected by the constraints related to the epidemic (supply chain, cooperation with subcontractors, cooperation with suppliers and contracting entities as well as labour aspects), it is extremely difficult to reduce the impact of the epidemic to a specific value expressing, for example, the value of increased costs of operating in a pandemic environment or the financial benefits of cooperation with subcontractors.

The Group operates in many mar-

kets. Therefore there are several risks characteristic for companies operating in so-called developing economies, e.g. risks related to frequent legislative amendments, different interpretations of regulations, low efficiency of courts, exchange rate fluctuations, interest rates, prices of goods and services, and many others, including political risks.

The main risk factors and threats related to the Group's operations and its market environment are described in Section 8.1. *Description of risks and threats.*

5.4 CAPITAL MANAGEMENT – ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

The main objective of the Parent Company's and Unibep Group's capital management is to maintain a good credit rating and safe capital ratios which would support the operating activities of the Group companies and increase the value for their shareholders.

The Group manages its capital structure and makes changes to it as a result of economic conditions. In order to maintain or adjust the capital structure, the Group compa-

nies may buy back their own shares, return capital to shareholders, issue new shares and pay dividends. In 2021, no changes were made to the objectives and process rules in this area.

The Group monitors its capital using the leverage ratio calculated as the ratio of net debt to total capital increased by net debt. The net debt of the Group includes interest-bearing loans and borrowings and other external sources of financing,

trade liabilities and other liabilities, deposits under construction contracts, amounts due to clients under construction contracts, advances received and current income tax liabilities less cash and cash equivalents.

CAPITAL MANAGEMENT

PLN thousand	31/12/2021		31/12/2020	
	GROUP	ENTITY	GROUP	ENTITY
Interest-bearing loans, borrowings and bonds	227,094	155,557	172,561	93,904
Trade and other liabilities	688,639	304,391	523,449	364,281
Cash and cash equivalents	271,461	107,168	264,065	182,789
Net debt	644,273	352,780	431,945	275,395
Shareholders' equity	377,013	209,152	330,371	196,563
Net equity and debt	1,021,286	561,932	762,316	471,958
	63.08%	62.78%	56.66%	58.35%

5.5 INFORMATION ON THE DIVIDEND POLICY AND DIVIDEND PAID IN 2021

On 17 June 2021, the General Meeting of Unibep S.A. adopted a reso-

lution on the payment of dividend for 2020, according to which the

dividend payable to shareholders from net profit for 2020 amounts to

PLN 0.30 per share (after excluding the Company's own shares). The resolution of the General Meeting of Unibep S.A. sets the dividend date (D) as 1 July 2021 and the dividend payment date (P) as 12 July 2021. The dividend for 2020 amounted to PLN 9,471 thousand.

Information on the adoption by the Company of the resolution on the payment of dividend for 2020 was provided in current report No. 35/2021.

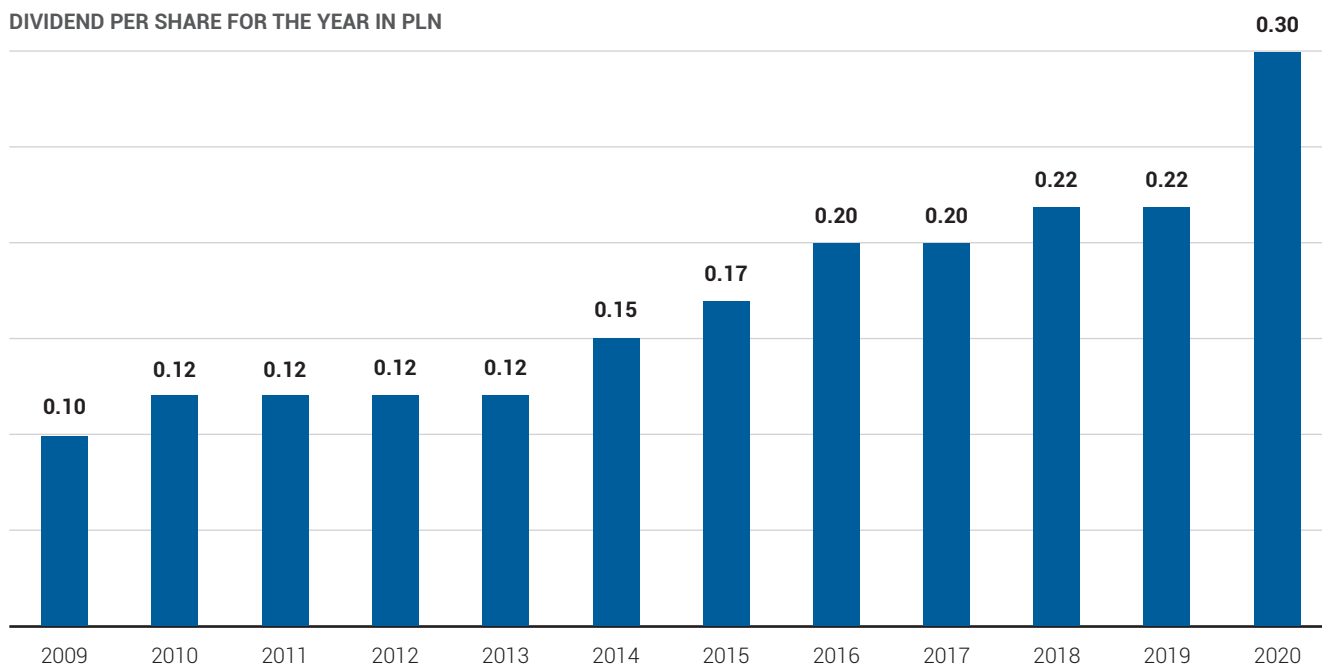
On 9 November 2021, the Dividend Policy of Unibep S.A. was adopted, according to which the intention of the Issuer's Management Board is to recommend to the Annual General Meeting, after obtaining a positive opinion of the Supervisory Board of the Company, the payment of the dividend in the amount of from 20% to 50% of the consolidated net profit disclosed in the financial statements of the Unibep Group for a given financial year, taking into account

in particular the following factors:

1. prospects,
2. future profits,
3. cash requirements,
4. financial position of the Unibep Group,
5. development plans of the Unibep Group.

Detailed information on the Dividend Policy was provided in current report No. 56/2021.

DIVIDEND PER SHARE FOR THE YEAR IN PLN



5.6 INFORMATION ON LOANS, BORROWINGS, SURETIES AND GUARANTEES

In 2021, the Issuer signed the following financial agreements:

- On 22 January 2021, Coopera IDEA Sp. z o.o. Sp. k entered into a loan agreement with PKO Bank Polski SA, under which the Bank granted the Borrower an investor loan in the amount of PLN 53.7 million and a VAT loan agreement in the amount of PLN 5.0 million. The agreements were concluded for a period until 31 December 2022.
- On 28 January 2021, Unibep S.A. and Unihouse S.A. entered into a guarantee facility agreement in the amount of SEK 250 million with Nordic Guarantee Insurance Ltd. The agreement was signed for an indefinite period.
- On 17 February 2021, Unibep SA. signed a guarantee facility agreement in the amount of PLN 15 million with Uniqa TU S.A. The agreement was concluded for a period until 31 December 2022.
- On 26 March 2021, Unibep SA. signed a guarantee facility agreement in the amount of PLN 2 million with TUiR Warta S.A. The agreement was signed for an indefinite period.
- On 8 October 2021, Sokratesa Sp. z o.o. signed with Santander Bank Polska S.A. a property development loan agreement and a VAT loan agreement in the total amount of PLN 49.5 million. The agreements were concluded for a period until 30 April 2023.
- In addition, the following agreements were extended in 2021:
 - On 21 February 2021, UNIBEP S.A. extended the overdraft and guarantee facility agreement with mBank S.A. in the total amount of PLN 50 million. The agreement was extended until 24 February 2022.
 - On 2 February 2021, UNIHOUSE S.A. extended the overdraft and guarantee facility agreements with BGK in the total amount of PLN 20 million. The agreements were extended until 28 February 2022.
 - On 10 February 2021, Unihouse

S.A. technically extended the overdraft and guarantee facility agreement with ING Bank Śląski S.A. in the total amount of PLN 35 million. The agreement was extended until 8 June 2021. On 7 June 2021, the parties signed an addendum extending the agreement until 7 June 2022.

- On 24 June 2021, ING Bank Śląski S.A. and Budrex Sp. z o.o. extended the supplier financing and overdraft facility agreement in the total amount of PLN 7 million. The agreement was extended until 29 June 2022.
- On 25 June 2021, Unidevelopment S.A. signed an addendum to the overdraft facility agreement with Santander Bank Polska S.A. Under the addendum, the value of the loan was increased from PLN 7 million to PLN 10 million and the term was extended to 30 June 2022.
- On 25 June 2021, Unidevelopment S.A. extended the overdraft facility agreement with mBank S.A. in the amount of PLN 3 million. The agreement was extended until 30 June 2022.
- On 3 July 2021, BNP Paribas Bank Polska S.A. and Unibep S.A. technically extended the overdraft and guarantee facility agreement until 31 October 2021. On 27 October, the agreement (in the total amount of PLN 143 million) was extended until 30 September 2022.
- On 16 September 2021, Budrex Sp. z o.o. extended the overdraft facility agreement with Santander Bank Polska S.A. in the total amount of PLN 8 million. The agreement was extended until 30 September 2022.
- On 20 September 2021, Unibep S.A., Unihouse S.A. and Santander Bank Polska S.A. extended the overdraft and guarantee facility agreement in the total amount of PLN 70 million. The agreement was extended until 30 September 2022.
- On 24 November 2021, Unibep S.A., Unihouse S.A. and PKO BP S.A. extended the overdraft and guarantee facility agreement in the total amount of PLN 75 million. The agreement was extended until 30 November 2022.

In addition to the agreements entered into or extended in 2021 re-

ferred to above, as at 31 December 2021, the Issuer had the following loan agreements:

- Agreement between Unihouse S.A. and ING Bank Śląski S.A. for an investment loan of PLN 15 million for the expansion of the house production plant in Bielsk Podlaski. The loan will be repaid by the end of October 2022.
 - Agreement between Unihouse S.A. and ING Bank Śląski S.A. for a corporate borrowing of PLN 10 million. The borrowing was granted until the end of December 2023.
- Contractual guarantee agreements with the following Insurance Companies:
- Europa SA for the amount of PLN 20 million, concluded for an indefinite period,
 - Euler Hermes S.A. for the amount of PLN 50 million, concluded for an indefinite period,
 - Generali S.A. for the amount of PLN 43 million, concluded for a period until 31 December 2022,
 - ERGO Hestia S.A. for the amount of PLN 30 million, concluded for an indefinite period,
 - Inter Risk S.A. for the amount of PLN 35 million concluded for a period until 9 August 2022,
 - KUKA S.A. for the amount of PLN 100 million, concluded for an indefinite period,
 - TUiR Allianz Polska S.A. for the amount of PLN 70 million, concluded for a period until 30 September 2022,
 - Zurich Insurance plc for the amount of EUR 15 million, concluded for an indefinite period,
 - CREDENDO Excess & Surety SA for the amount of PLN 70 million concluded for an indefinite period,
 - WIENER TU SA Vienna Insurance Group for the amount of PLN 7 million concluded for a period until 10 December 2022.

Agreements on treasury transactions made for an indefinite period with:

- BNP Paribas Bank Polska SA with a limit of PLN 13.3 million,
- mBank SA with a limit of PLN 5 million,
- PKO BP SA with a limit of PLN 69.7 million,
- Santander Bank Polska SA with a

limit of PLN 12.5 million,

- BGK with a limit of PLN 10 million.

In the course of its activity and due to its nature, UNIBEP SA and its subsidiaries grant performance bonds for construction works and receive such bonds from subcontractors and investors. As at 31 December 2021, the value of bonds issued on behalf of UNIBEP Group companies amounted to PLN 576 million. At the same time, UNIBEP Group companies were in possession of bonds issued to their benefit with a value of PLN 177.6 million.

The total nominal value of FX Forward contracts as at 31 December 2021 was EUR 41 million, SEK 75 million and NOK 211.7 million. The remaining time to settle derivative instruments opened as at 31 December 2021 is from 98 to 546 days.

As at 31 December 2021, Unibep Group companies had the following loan agreements in which they were the lender (loans granted to entities outside the Group):

- Unidevelopment S.A. with JB Investment Societe En Commandite Speciale in the amount of PLN 3 million valid until 31 December 2022.
- Unidevelopment S.A. with JB Investment Societe En Commandite Speciale in the amount of PLN 7 million valid until 31 December 2024.
- Monday Development Sp. z o.o. with JB Investment Societe En Commandite Speciale in the amount of PLN 3 million valid until 31 December 2024.
- Monday Development Sp. z o.o. with JB Investment Societe En Commandite Speciale in the amount of PLN 499 thousand valid until 31 December 2023.
- Fama Development Sp. z o.o. sp. j. with JB Investment Societe En Commandite Speciale in the amount of PLN 55.3 million valid until 30 September 2024.
- Fama Development Sp. z o.o. sp. j. with JB Investment Societe En Commandite Speciale in the amount of PLN 853.6 thousand valid until 31 December 2022.

Other information on off-balance sheet items is presented in Note 6.35 to the Consolidated Financial Statements for 2021.

5.7 INVESTMENTS

The structure of major capital investments or major equity investments made within the issuer's group in the financial year

The UNIBEP Group had no capital investments in 2021 (it made no purchases of investment and capital fund units). Short-term financial surpluses were invested in bank deposits or allocated to loans to the Group companies or external entities.

Assessment of the potential for implementing investment plans

The development potential of the Group's individual businesses and their ability to achieve financial objectives makes it possible to establish targeted investment programmes. This has an impact on the development of the entire Group and the increase in the company's value. The Group's financial position is favourable to the implementation of its investment plans.

The implementation of investment plans will largely depend on the situation prevailing during the year and the prospects in each of the businesses. The macroeconomic situation in Poland and abroad may condition the launch or postponement of specific activities. Ensuring financial liquidity is a priority.

As part of modular construction carried out by Unihouse SA, the capital expenditure that will be incur-

red in 2022 will mainly be related to optimising manufacturing processes, increasing productivity and reducing unused production capacity. This is largely a continuation of activities started in previous periods. The company's development directions set by standardisation, digitalisation, automation and the development of the BIM concept oblige the company to invest in IT systems that will improve the supervision of production and the entire organisation.

The infrastructure segment once again recorded very strong financial performance in 2021 remaining with a good outlook for the years ahead. As in previous periods, planned investments are aimed at renewing and expanding the equipment potential to facilitate the execution of major contracts and at completing the current ones with the expected results. Investment in the equipment base is associated with the need to reduce dependence on subcontractors and the ability to respond more quickly to changes and needs of ongoing construction projects. Business development and territorial expansion require investments in equipment and in increasing the volume and quality of bitumen production.

The importance of the property development segment in the UNIBEP Group's 2021 performance was

again essential. The same may happen in the coming years. The development group analyses needs for purchases of land or shares in development projects with a view to achieving and disclosing financial benefits in the coming years. Growing the business and being able to provide an interesting product range to customers requires operational efficiency and investment in the development of IT systems.

The computerisation, digitisation and automation in the investment programmes of our businesses is a sign of the times. The year 2021 once again confirmed the significant role of this area as support in the implementation of the operational processes of the individual businesses.

The objectives for 2022 include the continuation of programmes started earlier by the Group as part of the development of IT systems providing access to management information (Microsoft Dynamics AX 2012, Microsoft Dynamics CRM, Microsoft Power BI, Microsoft MS Project, WEBCON BPS, IBM Cognos, Consolia). New initiatives also emerged, including the design of a new model for the controlling process in ongoing construction projects.

5.8 USE OF PROCEEDS FROM THE ISSUE OF SECURITIES

On 29 March 2021, Unibep SA purchased 28,877 of its own series E ordinary bearer bonds with a total nominal value of PLN 2,887,700.00 million in order to redeem them.

On 31 March 2021, Unibep SA issued 500,000 unsecured series G coupon bonds with a nominal value of PLN 100 per bond. Consequently, the value of the issue amounted to PLN 50 million. The bonds will be redeemed on 31 March 2024. The goal of the bond issue is to finance redemption of series E bonds, and

in the remaining scope - to increase the financial capacity of the Issuer and of the Issuer's Group to implement investment projects (understood as implementing development projects or construction contracts) as part of the business activity conducted by the Issuer or the Issuer's subsidiaries, with no specific project being earmarked as funded with proceeds from the bond issue.

On 26 April 2021, at the request of the Issuer, Unibep SA made an early redemption of 271,123 series E

bonds with a total nominal value of PLN 27,112,300, i.e. all unredeemed series E bonds of the Issuer.

On 24 November 2021, Unibep SA issued 500,057 series H bonds with a total nominal value of PLN 50,057,000. The bonds will be redeemed on 24 November 2024. The goal of the bond issue is to finance redemption of series F bonds, and in the remaining scope - to increase the financial capacity of the Issuer and of the Issuer's Group to implement investment projects (understo-

UNIBEP SA BONDS – AS OF 31 DECEMBER 2021

	Currency	Nominal value	Carrying amount	Short-term liabilities	Long-term liabilities	Redemption date
UNIBEP SA series F bonds	PLN	19,850,000	20,073,317.39	20,073,317.39	0.00	15/02/2022
UNIBEP SA series G bonds	PLN	50,000,000	50,188,999.21	1,575,822.63	48,613,176.58	31/03/2024
UNIBEP SA series H bonds	PLN	50,057,000	50,009,909.76	2,325,981.73	47,683,928.03	24/11/2024
TOTAL bonds		119,907,000	120,272,226.36	23,975,121.75	96,297,104.61	

As at 31 December 2021, the leverage ratio for the series G and H bonds was - 0.09, and the net financial debt/EBITDA ratio was 0.39.

od as implementing of development projects or construction contracts) as part of the business activity conducted by the Issuer or the Issuer's subsidiaries, with no specific project being earmarked as funded with proceeds from the bond issue.

In November-December 2021, as part of several operations, UNIBEP S.A. made an early redemption of series F bonds for a total amount of PLN 14,150,000 million.

5.9 FINANCIAL INSTRUMENTS - RISKS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND METHODS ADOPTED

RISK MANAGEMENT

In conducting its operations, the Group is exposed to various types of financial risk: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Management Board reviews and establishes principles for managing each of the aforementioned risks.

FOREIGN EXCHANGE RISK

As part of its operations, the Group enters into contracts which are (or may be) denominated or expressed in foreign currencies. In terms of export earnings, hedging against foreign exchange risk is primarily effected through a natural hedging mechanism, which consists in signing contracts with subcontractors in the currency of the contract, thus transferring the risk to them. Therefore, the Company's foreign exchange risk in the case of export contracts is limited to an amount close to the achieved margin – this is related to contracts performed in Belarus and Ukraine in 2021. In the case of contracts performed in Norway and Sweden, the natural hedging mechanism is estimated at approx. 20%. Natural security for contracts performed in Poland and expressed in EUR does not exceed 10%.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative transactions to hedge against foreign exchange risk. Derivative instruments are measured as at the balance sheet date, at reliably determined fair value. The fair value of derivative instruments is estimated using a model based on, among others, the value of foreign exchange rates (average NBP rates) as at the balance sheet date and interest rate differences between the quoted and base currencies. The periodical measurement of financial instruments is partly recognised in equity (internal value of derivatives) and partly in financial revenue or expenses of the reporting period (time value of derivatives). Gains and losses determined at the settlement date are recognised in the income statement.

INTEREST RATE RISK

Interest rate risk is mainly related to the use of bank loans, lease, issued bonds, and bank deposits, by the Group. The above transactions are based mainly on a variable interest rate, which exposes the Group to the risk of changes in the profit or loss and cash flows. In order to hedge against the interest rate risk, the

TYPES OF FINANCIAL RISK



Company may enter into IRS-type transactions hedging the payment of interest on interest-bearing liabilities with long maturities. Lease is not material to the Group's financing (it relates mainly to lower value projects). The Group invests its financial surpluses in the form of short-term deposits. The deposits are based on fixed interest rates and are usually concluded for a period of 3-7 days. The amount of interest earned will depend, among other things, on the interest rates.

CREDIT RISK

The Group applies a moderate credit exposure policy towards individual financial institutions, while cooperating with highly reliable institutions. In order to secure current and future liquidity, the Group has multi-purpose credits and limits

with selected banks. The Group also executes development projects through special purpose vehicles directly financed by financial institutions. The Group is not afraid of losing the availability of financing despite the fact that financial institutions analyse the Group's financial performance on an ongoing (quarterly) basis.

LIQUIDITY RISK

In order to mitigate the liquidity risk, the Group maintains an adequate amount of cash and concludes credit facility contracts which serve as additional security of liquidity (e.g. agreements with PKO BP SA, Santander Bank Polska SA, mBank SA, BNP Paribas Bank Polska SA, BGK, ING Bank Śląski S.A.). In addition, the Group's entities may issue bonds in order to secure adequate

liquidity in the Group. At the end of 2021, the entire Group had issued bonds with a total value of PLN 120 million.

A detailed description of risks and actions aimed at reducing and minimising their impact on the Group's operations is presented in the Financial Statements.

The actions taken by the Parent Company with regard to financial risk management are consistent with those at the Group level.

5.10 FORECASTS OF FINANCIAL PERFORMANCE

The UNIBEP Group and UNIBEP SA did not publish forecasts of financial performance for 2021.

5.11 PRINCIPLES OF PREPARATION OF FINANCIAL STATEMENTS AND BASIS FOR PUBLICATION

This Management Report on the Unibep Group's Activities in 2021 contains information the scope of which is specified in § 70-71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities [...] (the Regulation).

The consolidated annual report, which includes the consolidated financial statements and this management report, was prepared on the basis of § 70 and § 71 § 60(2) of the Regulation. The principles governing the preparation of annual financial statements are set out in subsequent notes to those statements.

Pursuant to §71(8) of the Regulation, this report also includes disclosures required for the Report on the

activities of the Parent Company.

The statement on non-financial information referred to in Article 55(2b) in conjunction with Article 49b of the Accounting Act was prepared in the form of a separate Sustainability Report for 2021. At the same time, having regard to §71(8) of the Regulation referred to above, the Sustainability Report also includes the disclosures required for the Parent Company referred to in Article 49b(2) of the Accounting Act, which are necessary to assess the development, performance and standing of the Parent Company and the impact of its operations on the issues referred to in Article 49b(2) (3) of the Accounting Act, and thus no separate statement on financial information dedicated solely to the Parent Company was prepared.



6. Description OF SIGNIFICANT EVENTS

6.1 MATERIAL CONTRACTS RELATED TO OPERATING ACTIVITIES



RESIDENTIAL AND COMMERCIAL CONSTRUCTION SEGMENT

1. Conclusion of a preliminary contract for the construction of an office complex in Lviv, Ukraine

On 28 January 2021, UNIBEP S.A. signed a preliminary contract with a property developer with its registered office in Lviv, setting out the basic terms and conditions of the target construction contract, under which the Issuer would construct on a turnkey basis a complex of office buildings with a shopping and entertainment centre in Lviv.

The consideration for the performance of the subject of the contract as set out in the preliminary contract is approximately EUR 67.6 million net. The project implementation period was set at 24 months from the date of signing the contract. (RB 4/2021)

As the conditions were not met, the

contact did not enter into force.

2. Conclusion of a contract for the implementation of a housing project at Grzybowska Street in Warsaw

On 1 March 2021, UNIBEP S.A. signed a contract for the implementation of a housing project as a general contractor at Grzybowska Street in Warsaw.

The contracting entity is Matexi Polska sp. z o.o. with its registered office in Warsaw. The remuneration for the implementation of the project is approximately PLN 72.2 million net. The project implementation period is 25.5 months from the date of handing over the construction site. (RB 12/2021)

The construction site was handed over in Q1 2021.

3. Conclusion of a contract for the implementation of a housing project at Pełczyńskiego Street in Warsaw

On 11 March 2021, UNIBEP S.A. signed a contract for the implementa-

tion of a housing project at Pełczyńskiego Street in Warsaw as a general contractor.

The contracting entity is Towarzystwo Budownictwa Społecznego Warszawa Północ Sp. z o.o. with its registered office in Warsaw. The Issuer's remuneration for the implementation of the project is approximately PLN 57.0 million net. The project will be carried out in the period Q1 2021 - Q1 2023. (RB 15/2021)

4. Conclusion of a conditional contract for the implementation of a housing project at Brneńska Street in Poznań

On 19 March 2021, UNIBEP S.A. signed a construction contract for the implementation of a housing project as a general contractor at Brneńska Street in Poznań.

The contracting entity is Vantage Development S.A. with its registered office in Wrocław. The work is expected to be completed in Q3 2022. The Company's remuneration

for the implementation of the project is approximately PLN 40.2 million net. (RB 17/2021)

On 22 March 2021, UNIBEP S.A. received a written order from the contracting entity to start the work. (RB 18/2021)

5. Conclusion of a contract for the implementation of a housing project at Sielawy Street in Poznań

On 9 April 2021, Unibep S.A. signed a contract for the implementation of a housing project at Sielawy Street in Poznań as a general contractor.

The contracting entity is "Duże Naramowice - Projekt Echo - 111 spółka z ograniczoną odpowiedzialnością" spółka komandytowo - akcyjna with its registered seat in Kielce, which is part of Echo Investment Group. The Issuer's remuneration for the implementation of the project is approximately PLN 64 million net. The project will be implemented in the period Q2 2021 - Q3 2022. (RB 23/2021)

6. Conclusion of a contract for the construction of a warehouse building in Jastrzębie-Zdrój

On 23 April 2021, Unibep S.A. signed a contract for the construction of a warehouse building in Jastrzębie-Zdrój as a general contractor.

tractor.

The contracting entity is PRYMAT Sp. z o.o. with its registered office in Jastrzębie-Zdrój. Remuneration for the execution of the contract will amount to approximately PLN 14.8 million net. The project will be implemented in the period Q2 2021 - Q2 2022. (RB 26/2021)

7. Conclusion of a contract for the implementation of the second stage of a housing project at Jana Kazimierza/Karlińskiego Street in Warsaw

On 19 May 2021, Unibep S.A. signed a contract for the implementation of the second stage of the housing project called "Wola Gabriela" at Jana Kazimierza/Karlińskiego Street in Warsaw as a general contractor.

The contracting entity is SOKRATESA DEVELOPMENT Sp. z o.o. with its registered office in Warsaw. The Issuer's remuneration for the implementation of the project is approximately PLN 33.44 million net. The project implementation period is 19.5 months from the date of handing over the construction site. (RB 29/2021)

8. Conclusion of a contract for the construction of the Polish Army Museum in Ossów in an open



shell

On 8 June 2021, Unibep S.A. entered into a contract for the performance of construction work as a subcontractor involving the construction of the open shell building of the Polish Army Museum in Ossów.

The contract was entered into with AMW SINEVIA Sp. z o.o. with its registered office in Nowy Dwór Mazowiecki, which is the general contractor of the project for which the Polish Army Museum in Warsaw is the investor. The Issuer's remuneration for the implementation of the project is a cost estimate and amounts to approximately PLN 21.5 million net. The project implementation period is 5 months from the date of signing the contract. (RB 33/2021)

9. Conclusion of a contract for the implementation of a housing project at Marywilka Street in Warsaw

On 23 June 2021, Unibep S.A. signed a contract for the design and construction as a general contractor of a residential, office and commercial complex at Marywilka Street in Warsaw.

The contracting entity is VICTORIA DOM S.A. with its registered office in Warsaw. Remuneration for the implementation of the project will amount to approximately PLN 154.7 million net in total. The project will be implemented in the period Q2 2021 - Q4 2023 (RB 37/2021)

10. Signing of an addendum to the subcontract with Hyundai Engineering Co., Ltd.

On 28 June 2021, Unibep S.A. signed an addendum to the subcontract for the execution of finishing and construction work under the project called "Construction of the Polimery Police complex, consisting of PDH (propylene dehydrogenation) plant, PP (polypropylene) plant, PP logistics infrastructure including auxiliary units and interconnections as well as a handling and storage terminal", carried out by Hyundai for Grupa Azoty Poliolefin S.A.

Unibep S.A. informed about the conclusion of the contract with Hyundai Engineering Co., Ltd in current report No. 13/2020.

The subject of the addendum is



the change of unit rates, the increase of the scope of works and consequently the increase of the total estimated remuneration of the Issuer by approx. EUR 7.5 million net, which is equivalent to approx. PLN 34.2 million net. The total estimated remuneration for the performance of the contract, including the contents of the annex, is approximately EUR 19.1 million net, which is equivalent to approximately PLN 87.2 million net. (RB 40/2021)

An addendum on the project scope and deadline is being drafted.

11. Conclusion of a contract for the implementation of the second stage of a housing project at Powstańców Street in Cracow

On 30 June 2021, Unibep S.A. signed a contract for the execution of construction work as a general contractor as part of the second stage of the housing project called "Viva Piast", located at Powstańców Street in the Nowa Huta district of Cracow.

The contracting entity is VICTORIA DOM S.A. with its registered office in Warsaw. The Issuer's remuneration for the implementation of the project is approximately PLN 28.9 million net. The project will be implemented in the period Q3 2021 - Q4 2022. (RB 41/2021)

12. Conclusion of a conditional

contract for the implementation of a multi-family housing project at Korczaka street in Katowice

On 30 June 2021, Unibep S.A. signed a conditional contract for the implementation of a multi-family housing project at Korczaka Street in Katowice as a general contractor.

The contracting entity is MDR Katowice 2 sp. z o.o. with its registered office in Warsaw. The total remuneration for the implementation of the project amounts to PLN 132.2 million net. The project implementation period is 30 months from the date of entry into force of the contract. (RB 42/2021)

On 19 November 2021, Unibep S.A. received notification from the contracting entity that all conditions for the contract to come into force had been fulfilled on 19 November 2021. (RB 59/2021)

13. Conclusion of a contract for the implementation of a housing project at Kuflewska Street in Warsaw

On 12 July 2021, Unibep S.A. signed a contract for the implementation of a housing project at Kuflewska Street in Warsaw as a general contractor.

The contracting entity is Robotnicza Spółdzielnia Mieszkaniowa "PRAGA" with its registered office in Warsaw. The project will be im-

plemented in the period Q3 2021 - Q3 2023. The Issuer's remuneration for the performance of the contract is approximately PLN 35.4 million net. (RB 44/2021)

14. Conclusion of a contract for the implementation of a housing project at E. Habicha Street in Warsaw

On 21 July 2021, Unibep S.A. signed a contract for the execution of construction work as a general contractor as part of the housing project called "Osiedle Ursus Factory 6/7" at E. Habicha Street in Warsaw.

The contracting entity is VICTORIA DOM S.A. with its registered office in Warsaw. The Issuer's total remuneration for the implementation of the project is approximately PLN 120.0 million net. The project will be implemented in the period Q3 2021 - Q4 2023. (RB 45/2021)

15. Conclusion of a contract for the expansion of a production and storage hall in Białystok

On 11 August 2021, Unibep S.A. signed a contract for the expansion of a production and storage hall at Kalicińskiego Street in Białystok as a general contractor.

The contracting entity is "Biawar Produkcja" Sp. z o.o. with its registered office in Białystok. The project will be implemented in the period Q3 2021 - Q2 2022. The Issuer's re-

muneration for the performance of the contract is approximately PLN 24 million net. (RB 46/2021)

16. Signing of an addendum to the subcontract with Hyundai Engineering Co., Ltd. for the construction project in Police

On 17 August 2021, Unibep S.A. signed an addendum with Hyundai Engineering Co., Ltd. with its registered office in Seoul, acting through Hyundai Engineering Co., Ltd S.A. Branch in Poland, to another subcontract specifying the principles of cooperation between Hyundai and the Issuer in carrying out a specific stage of work as part of the innovative "Polimery Police" project carried out by Hyundai for Grupa Azoty Polyolefins S.A.

In connection with the signing of the addendum, the Issuer's estimated remuneration for the performance of the contract increased from approximately EUR 2.32 million to approximately EUR 4.22 million net. (RB 47/2021)

An addendum on the project scope and deadline is being drafted.

17. Conclusion of a contract for the construction of a tourist and recreational accommodation facility at Postępu Street in Warsaw

On 9 September 2021, Unibep S.A. signed a contract for the implementation of a housing project at Po-

stępu Street in Warsaw as a general contractor.

The contracting entity is Postęp Property Sp. z o.o. with its registered office in Warsaw, owned by YIT DEVELOPMENT Sp. z o.o. with its registered office in Warsaw. The Issuer's remuneration for the implementation of the project is approximately PLN 64.0 million net. The project implementation period is 21 months from the start of works. (RB 50/2021)

18. Conclusion of a contract for the implementation of the second stage of the housing project called "SOHO" at Żupnicza Street in Warsaw

On 29 October 2021, Unibep SA signed a contract for the implementation of the second stage of the housing project called "SOHO" at Żupnicza Street in Warsaw as a general contractor.

The contracting entity is Yawa Sp. z o.o. 4 Sp. k. with its registered office in Warsaw, a company owned by Yareal Polska Sp. z o.o. The Issuer's remuneration for the implementation of the project is approximately PLN 108.5 million net. The project will be carried out in the period Q4 2021 - Q3 2023 (RB 54/2021)

19. Selection of the tender submitted by Unibep S.A. in the tendering procedure for the construction of the campus of the Academy of Music in Bydgoszcz

On 26 November 2021, the Feliks Nowowiejski Academy of Music in Bydgoszcz, selected the tender submitted by the Issuer as the most advantageous in the procedure for the award of a public contract conducted as an open tender for the implementation of the project called "Construction of the campus of the Feliks Nowowiejski Academy of Music in Bydgoszcz with internal and external infrastructure at 9-11 Chodkiewicza Street in Bydgoszcz".

The price of the tender submitted by the Issuer is approximately PLN 392.8 million gross. (RB 64/2021)

The contract with the contracting entity was signed on 24 January 2022. (RB 7/2022)

20. Conclusion of a contract for the implementation of the housing project called "Złota Praga" at Drwęcka Street in Warsaw

On 1 December 2021, Unibep SA signed a contract for the construc-



tion of a multi-family residential building at Drwęcka Street in Warsaw as a general contractor.

The contracting entity is Spółdzielnia Mieszkaniowa OSIEDLE MŁODYCH with its registered office in Warsaw. The project will be implemented in the period Q4 2021 – Q3 2023. The Issuer's remuneration for the performance of the contract is PLN 35.0 million net. (RB 65/2021)

21. Conclusion of a conditional contract for the construction of a shopping and entertainment centre in Zaporizhzhia, Ukraine

On 16 December 2021, Unibep SA signed a conditional contract for the construction of a shopping and entertainment centre in Zaporizhzhia, Ukraine, as a general contractor.

The contracting entity is the Ukrainian company KHORTITSA MOLL LLC with its registered office in Zaporizhzhia, an entity belonging to the Ukrainian BUDHOUSE Group holding. The project implementation period is 30 months from the start of work, which requires prior acceptance of the construction site, payment by the contracting entity of part of the advance payment and provision to the Company of complete design and construction documentation necessary to commence the work. The Company's remuneration for the implementation of the project is approximately EUR 56.0 million net, which is equivalent to approximately PLN 260.0 million net. (RB 70/2021)

In light of the current war in Ukraine, the Issuer believes that there is no realistic chance of implementing the project.

22. Selection of the tender submitted by the Consortium with the participation of Unibep S.A. in the tendering procedure for the implementation of the task called "Construction of a complex of buildings with accompanying infrastructure for the needs of the Military Unit in Węgorzewo - procedure No. 47/RB"

On 30 December 2021, Rejonowy Zarząd Infrastruktury (District Infrastructure Administration) in Olsztyn, selected the tender submitted by the consortium consisting of Unibep S.A. with its registered office in Bielsk Podlaski [Consortium Leader] and TYTAN Systemy Bezpie-

czeństwa sp. z o.o. with its registered office in Białystok [Consortium Partner] for the implementation of the task called "Construction of a complex of buildings with accompanying infrastructure for the needs of the Military Unit in Węgorzewo - procedure No. 47/RB" as the most advantageous.

The price of the tender submitted by the Consortium is approximately PLN 128.9 million net, which is approximately PLN 158.5 million gross. The project implementation period is 560 days from the date of signing the contract. (RB 75/2021)

The contract with the contracting entity was signed on 11 January 2022. (RB 3/2022)



ENERGY AND INDUSTRIAL CONSTRUCTION SEGMENT

23. Conclusion of a contract for the implementation of the task called "Adaptation of the heat source at Energetyka Cieszyńska to current environmental regulations"

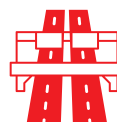
On 14 December 2021, Unibep S.A. signed a turnkey contract for the implementation of the task called "Adaptation of the heat source at Energetyka Cieszyńska to current environmental regulations".

The contracting entity is Energetyka Cieszyńska Sp. z o.o. with its registered office in Cieszyn. The Issuer's remuneration for the performance of the contract is approximately PLN 33.9 million net. The project will be implemented in the period Q1 2022 – Q4 2022. (RB 66/2021)

24. Conclusion of a subcontract under the project concerning the construction of the new Olefins III Complex at the production plant of PKN ORLEN S.A. in Płock

On 15 December 2021, Unibep SA signed a subcontract with Hyundai Engineering Poland Spółka z ograniczoną odpowiedzialnością, Tecnicas Reunidas S.A. spółka jawna with its registered office in Warsaw.

Remuneration for the performance of the contract is approximately EUR 8.8 million net, which is equivalent to approximately PLN 40.5 million net. The project will be implemented in the period Q4 2021 – Q2 2022. (RB 69/2021)



INFRASTRUCTURE SEGMENT

25. Conclusion by the Consortium with the participation of Unibep Group companies of a contract for the implementation of the road project called "Design and construction of the S19 road along the Ploski - Haćki section"

On 29 January 2021, a consortium of the following companies: Unibep S.A. with its registered office in Bielsk Podlaski (Consortium Leader), Budrex Sp. z o.o. with its registered office in Białystok (Consortium Partner) and Value Engineering Sp. z o.o. with its registered office in Warsaw (Consortium Partner), signed a contract for the implementation of the road project called "Design and construction of the S19 road along the Ploski – Haćki section."

The contracting entity is the State Treasury – General Directorate for National Roads and Motorways (GDDKiA), Branch in Białystok.

The remuneration due to the Consortium for the performance of the subject of the contract is approx. PLN 248.3 million net (i.e. approx. PLN 305.4 million gross), including remuneration of the Issuer of approx. PLN 194.5 million net, and remuneration of the Issuer's subsidiary, Budrex Sp. z o.o. of approx. PLN 47.8 million net. The project implementation period is 36 months from the date of conclusion of the contract (excluding winter periods). (RB 5/2021)

26. Conclusion by the Consortium with the participation of Unibep S.A. of a contract for the implementation of the road project called "Design and construction of the S19 road along the Krynice (from existing DK65) - Dobrzyniewo (without a junction) - Białystok Zachód (with a junction) section"

On 19 May 2021, a Consortium (comprised of PORR S.A. with its registered office in Warsaw as the Consortium Leader and Unibep S.A. with its registered office in Bielsk Podlaski as the Consortium Partner) concluded a contract for the implementation of the road project called "Design and construction of the S19

Porosły Junction, Poland



road along the Krynice (from existing DK65) - Dobrzniewo (without a junction) - Białystok Zachód (with a junction) section”.

The contracting entity is the State Treasury – General Directorate for National Roads and Motorways (GDDKiA), Branch in Białystok. The remuneration due to the Consortium for the performance of the subject of the contract is approx. PLN 329.8 million net (i.e. approx. PLN 405.6 million gross), including the Issuer’s remuneration of approx. PLN 164.9 million net. The project implementation period is 36 months from the date of conclusion of the contract (excluding winter periods). (RB 28/2021)

27. Conclusion of a contract for the implementation of a road project

On 28 June 2021, Unibep S.A. entered into a contract for the implementation of the road project called “Design and execution of construction work for the task: “Extension of district road No. 1867 (Wierzbiny) - Drygały - Skarżyn from km 0+000 to km 11+200” as a general contractor.

The contracting entity is the District of Pisz - the District Roads Authority in Pisz. The Issuer’s remuneration for the performance of the contract is approximately PLN 33.8 million net. The project will be implemented in the

period Q3 2021 - Q4 2022. (RB 39/2021)

28. Selection of the tender submitted by the Consortium of Unibep S.A. and Budrex sp. z o.o. in the procedure for the implementation of the third and fourth parts of the task called “Construction of state border security installations”

On 17 December 2021, Unibep S.A. received information from the Plenipotentiary of the Commander-in-Chief of the Polish Border Guard for the preparation and implementation of the state border security about the selection of the tender submitted by the consortium consisting of Unibep S.A. with its registered office in Bielsk Podlaski [Consortium Leader] and its subsidiary Budrex sp. z o.o. with its registered office in Białystok [Consortium Partner, Budrex], in the procedure conducted pursuant to the Act of 29 October 2021 on the construction of state border security installations, for the implementation of the third and fourth parts of the task called “Construction of state border security installations”.

The contracting entity is the State Treasury - Commander-in-Chief of the Polish Border Guard with its registered office in Warsaw. The price of the tender submitted by the Consortium totals approximately PLN 197.5 million net, including approxi-

mately PLN 58.4 million in remuneration payable to the Issuer, and approximately PLN 139.0 million net in remuneration payable to Budrex. The declared project implementation period is 150 days from the date of conclusion of the contract for the implementation of the project. (RB 72/2021)

On 4 January 2022, the relevant contracts were concluded with the contracting entity. (RB 1/2022)



PROPERTY DEVELOPMENT SEGMENT

29. Acquisition of rights to properties located in the Mokotów district in Warsaw by a subsidiary

On 26 February 2021, a company forming part of the Issuer’s Group, LYKKE UDM Spółka z o.o. S.K.A. with its registered office in Warsaw and natural persons entered into two agreements for the acquisition of rights to adjacent properties, i.e.: i) an agreement for the acquisition of an interest in a land property (Agreement 1); and ii) an agreement for the transfer of ownership of a land property (Agreement 2), located in the Mokotów district of Warsaw.

The total price for the acquisition

of the rights to the aforementioned properties is approximately PLN 12.0 million. (RB 10/2021)

On 15 December 2021, LYKKE Szcześliwicka spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna with its registered office in Warsaw (formerly: LYKKE UDM Spółka z o.o. S.K.A. with its registered office in Warsaw) and a sole trader signed an agreement for the purchase of another property located in Warsaw, in the Mokotów district (adjacent to the previously purchased ones). The net value of the transaction is PLN 13 million.

This property, together with the properties previously purchased, will be used for a development project involving the construction of approximately 110 residential units. The aforementioned project will commence in Q3 2022 (RB 68/2021)

30. Purchase by a subsidiary of properties located in Gdańsk

On 15 March 2021, UNI 4 Sp. z o.o. with its registered office in Warsaw, a company forming part of the Issuer's Group, a subsidiary of Unidevelopment S.A., and a limited partnership with its registered office in Gdańsk, signed an agreement for the purchase of two properties located in the Piecki-Migowo district of Gdańsk.

The agreement provides for the transfer to the Buyer of ownership of a property with an area of approximately 0.17 hectares (Property 1) and a property with an area of approximately 0.56 hectares (Property 2) for a total price of PLN 30.0 million net.

The property will be used for investment purposes in connection with a development project involving the construction of 290 residential units. The aforementioned project is scheduled to commence in Q2 2022. (RB 16/2021)

31. Conclusion of a contract for the implementation of a housing project in Radom

On 8 October 2021, a contract was signed for the construction of twelve single-family (duplex) semi-detached two-storey buildings with internal gas fittings in Radom at Listopadowa Street on a general contractor basis. The general contractor is a natural person trading as MARIUSZ WÓJCICKI FIRMA PRO-



DUKCYJNO-HANDLOWO-USŁUGOWA "EMAR", and the contracting entity is a subsidiary of Unidevelopment S.A., i.e. Nowa Idea Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw.

The project will be implemented in the period Q4 2021 – Q4 2022. The contractor's remuneration is PLN 3.75 million.

32. Conclusion of agreements regarding the purchase of properties located in the Białołęka district of Warsaw by a subsidiary

On 24 November 2021, UNI 2 Sp. z o.o. with its registered office in Warsaw, a company belonging to the Issuer's Group, a subsidiary of Unidevelopment S.A., and a general partnership with its registered office in Łąski, signed an agreement (Agreement 1) on the purchase of two properties located in Warsaw, in the Białołęka district (Property) and a preliminary agreement (Agreement 2) on the purchase of two adjacent properties located in Warsaw, in the Białołęka district.

The purchased properties will be used for investment purposes in connection with a development project involving the construction of approximately 290 residential units. The aforementioned project is scheduled to commence in Q1 2025. (RB 62/2021)

33. Conclusion of a package of preliminary agreements regarding the purchase of properties located in the Chylonia district of Gdynia by a subsidiary

On 14 December 2021, UNI 10 Sp. z o.o. with its registered office in Warsaw, a company forming part of the Issuer's Group and a subsidiary of Unidevelopment S.A., signed a package of preliminary agreements with separate entities, i.e. a general partnership and natural persons, regarding the purchase of adjacent properties located in Gdynia, in the Chylonia district.

The purchased properties will be used for investment purposes in connection with a multi-stage development project involving the construction of approximately 800 residential units. The aforementioned project is scheduled to commence in Q3 2024. (RB 67/2021)

34. Conclusion by a subsidiary of a preliminary agreement for the purchase of a land property in Częstochowa.

On 16 December 2021, UNI 12 Sp. z o.o. with its registered office in Warsaw, a company forming part of the Issuer's Group and a subsidiary of Unidevelopment S.A., and a joint-stock company with its registered office in Częstochowa signed a preliminary agreement concerning the

acquisition of the right of perpetual usufruct of properties constituting the buildings of the former “Stary Browar”, located in Częstochowa in the area of Ogrodowa Street.

The final agreement should be concluded no later than by 31/12/2022, after the circumstances stipulated in the Agreement, including obtaining a satisfactory result for the buyer of a property due diligence, have been fulfilled. (RB 71/2021)

On 24 March 2022, the buyer decided to withdraw from the agreement due to the unsatisfactory, according to the buyer’s assessment, result of the due diligence carried out, and prepared an appropriate statement to be submitted to the seller in accordance with the procedure provided for withdrawal from the agreement. (RB 23/2022)



MODULAR CONSTRUCTION SEGMENT

35. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Signaturhagen” in the Norwegian market, using modular technology.

On 2 February 2021, a subsidiary

of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, concluded a contract for the implementation of the project called “Signaturhagen” in Kongsberg, Norway, using modular technology.

The contracting entity is Signaturhagen Kongsberg AS with its registered office in Oslo, Norway. Remuneration for the performance of the contract is approximately NOK 80.2 million net, which is equivalent to approximately PLN 34.9 million net. (RB 7/2021)

The contract is being implemented as agreed. The project is expected to be completed in Q2 2022.

36. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Sentrumsgården Buvika” in the Norwegian market, using modular technology

On 5 February 2021, a subsidiary of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, concluded a contract for the implementation of the project called “Sentrumsgården Buvika” in Buvika near Trondheim, Norway.

The contracting entity is Saltnesand Utbygging AS with its registered office in Trondheim, Norway.

Remuneration for the performance of the contract is approximately NOK 56.7 million net, which is ap-

proximately PLN 24.7 million net. (RB 9/2021)

The contract is being implemented as agreed. The project is expected to be completed in Q3 2022.

37. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Bjertnes” in the Norwegian market, using modular technology

On 1 March 2021, a subsidiary of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, concluded a contract for the implementation of the project called “Bjertnes” in Nittedal near Oslo, Norway.

The contracting entity is Bjertnes AS with its registered office in Skjetten, Norway. Remuneration for the performance of the contract is NOK 104.5 million net, which is approximately PLN 45.4 million net. (RB 11/2021)

The contract is being implemented as agreed. The project is expected to be completed in Q4 2022.

38. Conclusion by a subsidiary of a contract for the construction of a multi-family residential building in Gdańsk

On 16 March 2021, a subsidiary of the Issuer, i.e. Unihouse SA, received from the contracting entity a signed contract for the construction of a multi-family, quadruplex resi-



dential building at Cienista Street in Gdańsk.

The contracting entity is Gdańska Infrastruktura Społeczna Sp. z o.o. with its registered office in Gdańsk. The contract was completed in 2021. The contract value is approx. PLN 2.8 million net.

39. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Marie Michelets Veg 9” in the Norwegian market, using modular technology

On 28 April 2021, a subsidiary of the Issuer, Unihouse S.A. with its registered office in Bielsk Podlaski, received information that on the same day the contracting entity MM9 UTBYGGING AS with its registered office in Trondheim, Norway, had signed a contract dated 23 April 2021 for the implementation of the project called “Marie Michelets Veg 9” in Trondheim, Norway, using modular technology.

Remuneration for the performance of the contract is approximately NOK 45.7 million net, which is approximately PLN 21.0 million net. (RB 27/2021) Construction work is scheduled to commence in Q2 2022, and the project is scheduled to be completed in Q4 2022.

40. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Torggata 4” in the Norwegian market, using modular technology

On 2 July 2021, a subsidiary of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, received information that on 29 June 2021 Torggata 2 Sarpsborg AS with its registered office in Jessheim, Norway, had signed a contract for the implementation of the project called “Torggata 4” in Sarpsborg, Norway, using modular technology.

Remuneration for the performance of the contract is approximately EUR 3.4 million net, which is equivalent to approximately PLN 15.3 million net. (RB 43/2021)

Production and further work is scheduled to commence in Q3 2022, with the proviso that the contract is conditional on the contracting entity obtaining permission to commence work.

41. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called

“Kernen” in the German market, using modular technology

On 20 August 2021, a subsidiary of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, received information that on 19 August 2021 the consortium ARGE Kernen Beinsteiner Straße consisting of AH Aktiv-Haus GmbH with its registered office in Stuttgart and WOLFF & MÜLLER Hoch- und Industrie-bau GmbH & Co. KG Zweigniederlassung Modulares Wohnen with its registered office in Stuttgart, signed a contract for the implementation of the project called “Kernen” in Kernen, Germany, using modular technology.

Remuneration for the performance of the contract is EUR 3.35 million net, which is approximately PLN 15.4 million net. (RB 48/2021)

Construction work is scheduled for Q2 2022, with completion of the project scheduled for Q4 2022.

42. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Finnsta” in the Swedish market, using modular technology

On 19 November 2021, a subsidiary of the Issuer, UNIHOUSE S.A., with its registered office in Bielsk Podlaski, concluded a contract for the implementation of the project called “Finnsta” in Bro Kommun near Stockholm, Sweden, using modular technology.

The contracting entity is Markarydsbostäder AB, Stockholm, an entity owned by Hembla AB with its registered office in Stockholm. Remuneration for the performance of the contract is approximately SEK 40.6 million net, which is equivalent to approximately PLN 18.8 million net. (RB 58/2021)

Production is scheduled to start in Q4 2022, and construction work in 2023, with the proviso that the entry into force of the contract in the production part depends on the contracting entity obtaining a building permit.

43. Conclusion of the first implementing agreement as part of the housing programme “Allmännyttans Kombohus” in Sweden

With referenceto the contents of current report No. 23/2020 dated 1 June 2020 regarding the conclusion of a framework agreement for par-

ticipation in the programme for the construction of standard residential buildings using modular technology for Swedish municipal companies as part of the housing programme “Allmännyttans Kombohus”, on 20 December 2021, Unibep S.A. concluded the first implementing agreement as part of the programme for the implementation of the project called “Skattegrden” in Linköping, Sweden, using modular technology.

The contracting entity is AB Stångåstaden, a municipal company based in Linköping, Sweden. Remuneration for the performance of the agreement is approximately SEK 60.0 million net, which is equivalent to approximately PLN 27.0 million net. (RB 73/2021)

Construction work is scheduled to commence in Q3 2022, with the proviso that construction work will commence once the contracting entity has obtained a building permit.

44. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Künzelsau Taläcker” in the German market, using modular technology

On 23 December 2021, a subsidiary of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski concluded with the consortium ARGE Künzelsau Taläckerallee, consisting of the following companies: AH Aktiv-Haus GmbH with its registered office in Stuttgart and WOLFF _ MÜLLER Hoch- und Industrie-bau GmbH _ Co. KG Zweigniederlassung Modulares Wohnen with its registered office in Stuttgart, a contract for the implementation of the project called “Künzelsau Taläcker” in Künzelsau, Germany, using modular technology.

Remuneration for the performance of the contract is EUR 7.99 million net, which is approximately PLN 37 million net. (RB 74/2021)

Construction work is scheduled to commence in Q3 2022 and the project is scheduled to be completed in Q1 2023.

6.2 TRANSACTIONS WITH RELATED ENTITIES

In the period covered by this report, contracts concluded between UNIBEP S.A. and its subsidiaries were made on an arm's length basis and did not differ from other transactions of this type on the market.

Notwithstanding the above, below is a list of the most important contracts concluded between related entities of the Group:

1. Conclusion of a contract for the implementation of stage 3B of a housing project at Coopera Street in Warsaw

On 14 January 2021, Unibep S.A. signed a contract for the implementation of stage 3B of a housing project at Coopera Street in Warsaw as a general contractor.

The contracting entity is an indirect subsidiary of the Issuer, Coopera Idea Spółka z o.o. Sp. k. with its registered office in Warsaw, in which Unidevelopment S.A. is a shareholder. The project will be implemented in the period Q1 2021 - Q2 2022. The Issuer's estimated remuneration for the performance of the contract is approximately PLN 22.7 million net. (RB 1/2021)

2. Conclusion of a contract for the implementation of a housing project in Poznań

On 1 April 2021, Unibep S.A. signed a contract for the implementation of another housing project at Jana Henryka Dąbrowskiego Street in Poznań as a general contractor.

The contracting entity is an indirect subsidiary of the Issuer, 1 Fama Development Spółka z o.o. Sp.

K. with its registered office in Poznań, an indirect subsidiary of Unidevelopment S.A. The project will be implemented in the period Q2 2021 - Q4 2022. The Issuer's remuneration for the performance of the contract is approximately PLN 65.9 million net. (RB 22/2021)

3. Conclusion of a contract for the implementation of a housing project at Sokratesa Street in Warsaw

On 24 June 2021, Unibep S.A. signed a contract for the implementation of a housing project at Sokratesa Street in Warsaw as a general contractor.

The contracting entity is Sokratesa sp. z o.o. with its registered office in Warsaw, in which a subsidiary of the Issuer Unidevelopment S.A. holds 100% of shares. The project will be implemented in the period Q3 2021 - Q4 2022. The Issuer's estimated remuneration for the performance of the contract is approximately PLN 39.9 million net. (RB 38/2021)

4. Intra-group loans:

- a. On 28 June 2021, Unibep S.A. granted a loan of PLN 50 million to Unidevelopment S.A. The loan was granted until 31 March 2024.
- b. On 30 June 2021, Unidevelopment S.A. repaid a loan of PLN 20 million to Unibep S.A.
- c. On 1 September 2021, Unibep S.A. granted a loan of PLN 3 million to Budrex Sp. z o.o. The loan was granted until 31 December 2021.
- d. On 10 December 2021, Unibep S.A. granted a loan of PLN 20 mil-

lion to Unidevelopment S.A. The loan was granted until 9 December 2024.

- e. On 29 December, Unibep S.A. granted a loan of PLN 10 million to Budrex Sp. z o.o. The loan was granted until 31 December 2022.
- f. On 30 December 2021, Budrex Sp. z o.o. repaid a loan of PLN 3.2 million to Unibep S.A. On 31 December 2021, Budrex Sp. z o.o. repaid a loan of PLN 3 million to Unibep S.A. and made partial repayment of a loan of PLN 2.6 million.

Intra-group loan agreements are entered into between companies within the Unibep Group. In particular, the loan transactions granted within the Unidevelopment Group to subsidiary special purpose vehicles in order to implement development projects should be noted.

These transactions are made at arm's length, are a liquidity and cash surplus management tool at Unibep Group level and have no impact on the consolidated financial statements.

Information on transactions with related entities is additionally included in the Consolidated Financial Statements in Note 6.28.

6.3 SIGNIFICANT FINANCIAL AGREEMENTS

Apart from the agreements described in Section 5.6, Unibep Group companies did not enter into any other significant financial agreements.

6.4 OTHER SIGNIFICANT EVENTS

1. Introduction of the state of epidemic in the territory of the Republic of Poland. Information on the possible impact of the Covid-19

coronavirus epidemic on the operations of Unibep and the Group

The year 2021 was another period of the COVID-19 coronavirus pan-

demic, which forced construction companies to revise their existing plans and strategies from the outset. Ultimately, the construction indus-

186 Puławska Street, Warsaw, Poland



try was one of the few sectors which resisted the crisis brought about by the pandemic. The numerous “black scenarios” about the unavailability of materials and workers, having to interrupt ongoing contracts or refrain from starting new investments did not ultimately materialise. In the past period, Unibep Group companies did not experience any major turbulence in this respect. Periodic disruptions in the supply of materials, restrictions imposed by Norway on the movement of persons or the significantly slower issuing of necessary permits by public administration bodies than in previous years were tangible issues felt during the crisis. With disrupted supply chains and soaring material prices, contract efficiency and margins were under constant supervision, and maintaining expected margins required significant efficiency from the management.

The current development directions of the Unibep Group and the time perspective for their implementation largely take into account the situation related to the state of epidemic threat in our country. Past and current actions are aimed at a flexible approach to adapting its ac-

tivities to the opportunities and constraints arising from the situation in the markets.

The situation in the Unibep Group has not changed significantly compared to the previous quarters of 2021. However, publicly available information on the state of the pandemic prompts us to take appropriate action both internally and with our business partners. A crisis team, established in 2020 and chaired by the President of the Management Board of Unibep SA, is in place at all times to continuously monitor the risks associated with the threat and their potential impact on the Company’s smooth operations, on-time delivery and increased costs.

The Management Board of Unibep SA continuously monitors its own and the environment’s current situation and its possible impact on the Group’s operating prospects. The opportunities and risks associated with the business, the feasibility of achieving business objectives and the potential impact of the coronavirus epidemic on the tangible and intangible assets, the development of business contacts, sales opportunities and activity on the markets of interest to the Group, the effects of ad-

ministrative decisions and decisions of contracting entities are assessed on an ongoing basis. Credit risk and liquidity have been assessed. The situation was analysed in both short- and long-term. In the opinion of the Management Board, there are no significant circumstances limiting the possibility of realisation of business and investment plans by the Parent Company or Unibep Group companies.

Future negative financial effects caused by the COVID-19 pandemic cannot be ruled out, but for the time being the biggest negative impact on the market on a micro and macro level is caused by the hostilities in Ukraine. The possible closure of borders could limit imports from other countries in Europe and around the world. Consequently, this may limit the ability of the Unibep Group to perform its contractual obligations, particularly outside Poland.

Norway’s imposition of restrictions on the movement of persons had an impact on the higher cost of living of workers in Norway than in previous periods. It cannot be ruled out that the situation may cause further restrictions in the future periods, which could result in lower levels of

human resources available both to the Group and to its subcontractors employing workers from abroad.

The analysis of assets in our possession indicates that there are no material premises for impairment of fixed and current assets and as of today, their adjustment is not necessary. We decided that the assets will be used for the current and future portfolio of contracts.

Development plans within the Company also take into account the current market situation. The analysis to date allows us to conclude that in view of the current epidemic situation, the Management Board does not see a risk of a threat to the continuation of operations in all areas of the Group, however, depending on its further development, a reduction in revenue relative to that expected in some areas of operations cannot be ruled out. We do not rule out the possibility that the situation caused by the next wave of the pandemic may temporarily limit the investment expenditure of contracting entities.

Since the beginning of the pandemic, the Group has assumed that diversification of its business could limit any future negative economic impact associated with the state of the pandemic. The assumed development of energy and industrial construction in the next few years is one of the responses to the risk of reduced activity caused by the pandemic.

Transport and movement restrictions were not as limiting in the Polish market in 2021 as in the earlier period. Nor, in the opinion of management, will they have a material impact on the results for 2022 and subsequent periods for the business conducted in Poland.

The operation of our businesses during the period covered by these financial statements was constrained by the slowdown in the work of government and local government administration bodies and supervision on the part of contracting entities as a result of work being carried out remotely. At present, the approach of administration bodies in this respect is becoming more lenient, which can only improve the operational efficiency of our businesses.

In 2021, temporary limitations in

the organisational efficiency of the back office within the Group could be observed, which was related to periodically higher sickness rates and the consequent introduction of remote working for some employees. The pandemic situation also resulted in new channels of communication and the development of electronic systems. However, remote work did not significantly affect the achievement of the business objectives of the Group within individual business segments.

Our liquidity situation is constantly monitored. We do not expect significant potential payment turbulence on ongoing contracts and its impact on our liquidity. As in previous periods, every ongoing contract in residential and commercial, modular and infrastructure construction has secured financing. Our development group operates in a special purpose vehicle model, which means that, as a rule, for each new project, it ensures its financing before it is launched. Our credit situation is in order.

At the same time, the Unibep Group implements all decisions and recommendations of the authorities and monitors the situation on an ongoing basis, and in making its decisions is guided by concern for the health of its employees and the long-term value of the Unibep Group.

The above assessment has been made to the best knowledge of the Management Board of Unihouse S.A. The scale of the consequences of the COVID-19 pandemic and its impact on the Unibep Group's operations in 2021 was limited, but its further impact on the operations of the Group companies depends on factors that are beyond the control of the Unibep Group and subject to dynamic change. As a result, it is not possible to determine clearly the impact of the COVID-19 pandemic on the Unibep Group's further operations, performance, forecasts and financial position. Experience gained by Unibep Group in the 2020-2021 period in connection with the outbreak of the pandemic allows us to conclude that, in the face of today's variables, we do not see any going concern risk.

Additional extraordinary negative events for the Issuer and the

industry as a whole and the consequences thereof cannot be ruled out 100%. However, phenomena of this type are monitored on an ongoing basis, and the actions taken within the Group are intended to minimise their potential effects should they occur.

2. Changes in the management boards of Unibep SA Group companies

Since 1 January 2021, Adam Poliński, who headed the Infrastructure Branch of Unibep SA, has been the new fourth member of the Management Board of Unibep SA.

Since 1 January 2021, Ewa Przeździecka has been holding the position of Vice-President of the Management Board of Unidevelopment SA. She was previously a Member of the Management Board of this company.

The Management Board of Unihouse SA also changed on that day, and is now composed of three members. Since the new year, Marcin Gołębiowski has been the President of the Management Board, Sławomir Kiszycki has been the Vice-President, and Roman Jakubowski has become a Member of the Management Board.

On 15 September 2021, Roman Jakubowski resigned from the position of a Member of the Management Board of Unihouse SA. Since 22 November 2021, Jacek Grzybowski has been a Member of the Management Board, Commercial Director at Unihouse SA.

3. Termination of the investment agreement concluded by Unibep S.A. and Unidevelopment S.A. with the CPD Group concerning a joint construction project in the Ursus district of Warsaw

On 31 March 2021, the Investment Agreement concluded between the Issuer, the Issuer's subsidiary Unidevelopment S.A. with its registered office in Warsaw, and the companies: CPD S.A. with its registered office in Warsaw, Challenge Eighteen sp. z o.o. with its registered office in Warsaw, Lakia Enterprise Ltd with its registered office in Nicosia and Smart City Sp. z o.o. Sp.k. with its registered office in Warsaw, was terminated by mutual agreement.

The conclusion of the investment

agreement for a joint venture for the construction of a multi-family building complex in the Ursus district of Warsaw under the name “Smart City” was reported in current report No. 63/2014.

The Investment Agreement was terminated in view of its timely completion and settlement by the parties, i.e. completion of the joint development project.

An investment agreement concerning the adjacent properties is currently in force and being performed, the conclusion of which was announced by the Issuer in current report No. 55/2018. (RB 21/2021)

4. Conclusion of a contract for the implementation of the task called “Construction of council flats in the Municipality of Małkinia Górna in the public-private partnership formula”

On 28 May 2021, the consortium of companies (Consortium) consisting of Unibep PPP Sp. z o.o. with its registered office in Bielsk Podlaski (Consortium Leader) and Unibep S.A. with its registered office in Bielsk Podlaski (Consortium Partner) entered into a contract with the Municipality of Małkinia Górna (Public Partner) for the implementation of the task called “Construction of council flats in the Municipality of Małkinia Górna in the public-private partnership formula”. The subject of the contract is the design and construction using modular technology of a municipal building consisting of 44 residential units on a property located in Małkinia Górna, and subsequent provision of maintenance services by the Consortium for the project. The Public Partner’s own contribution is the provision of land properties on which the project will be implemented. Financing for the implementation of the project will be provided by the Consortium in the form of own funds or external financing.

The performance of the subject of the contract can be divided into two stages - the Works Stage, which will last 24 months from the date of conclusion of the contract, and the Maintenance Stage - lasting 120 months from the date of completion of the Works Stage. The total value of the contract, i.e. remuneration for the execution of works and re-

muneration for maintenance, is approximately PLN 9.1 million net. The remuneration will be payable separately for the Works Stage and the Maintenance Stage in equal monthly instalments over a period of 10 years commencing with the completion of the Works Stage. (RB 32/2021)

Unihouse SA will carry out the construction works.

5. Information on the completion of the process of analysing business prospects for the modular construction segment in the Unibep Group

With reference to current report no. 46/2020 of 3 September 2020 concerning commencement of the process of analysing business prospects for the modular construction segment in the Unibep Group, the Management Board of Unibep S.A. informed in current report no. 25/2021 of 20 April 2021 that the process of the aforementioned analyses had been completed, on the basis of which the decision was made to continue pursuing the adopted assumptions for development of the modular construction business within the Unibep Group.

6. Appointment of the Proxy of the Management Board for Green Building at Unibep SA

On 2 August 2021, Mr Przemysław Janiszewski took up the position of the Proxy of the Management Board for Green Building at Unibep SA. As the Proxy of the Management Board, he will be responsible for the development of the broadly defined green building segment.

7. Unihouse promotes the symbiosis of nature, technology and art

On 18 August 2021, the official presentation of a work by Prof. Leon Tarasewicz, which had been exhibited in the Polish Pavilion during Expo 2020 in Dubai, took place in the Unihouse SA Modular House Production Plant in Bielsk Podlaski. The theme of the World Expo hosted by Dubai was sustainability. The vision of Xylopolis proposed by the Podlaskie Voivodeship, a city of the future, based on an organic symbiosis of nature and technology, is the answer to challenges posed by this issue. Unihouse SA, which has specialised in modern timber construction for more than 13 years, is a promoter of such a symbiosis.

8. Adoption of the Dividend Policy of Unibep S.A.

On 9 November 2021, the Dividend Policy of Unibep S.A. was adopted, according to which the intention of the Issuer’s Management Board is to recommend to the Annual General Meeting, after obtaining a positive opinion of the Supervisory Board of the Company, the payment of the dividend in the amount of 20% to 50% of the consolidated net profit disclosed in the financial statements of the Unibep Group for a given financial year, taking into account in particular the following factors: i) prospects, ii) future profits, iii) cash requirements, iv) financial position of the Unibep Group, v) development plans of the Unibep Group. (RB 56/2021)

9. Guidelines of the Supervisory Board of Unibep S.A. regarding a new business segment, i.e. energy and industrial construction and the property development segment

On 9 November 2021, the Supervisory Board of Unibep S.A. issued guidelines to the Management Board of the Company relating to:

- the creation of a new business segment in the form of energy and industrial construction, based on the organic growth of a dedicated division organised within the structures of the Issuer, as well as on potential acquisition processes (M&A), bearing in mind in particular new technologies, environmental and consumer trends in response to the needs related to the necessity of transforming the Polish economy towards a zero- and low-emission model; focusing on the assumptions of the green economy, the intention is to implement projects with high energy efficiency;
- the analysis of a scenario involving a potential public offering and floating of shares of the company’s subsidiary, Unidevelopment S.A., responsible for the property development segment in the Unibep Group, on the regulated market operated by the Warsaw Stock Exchange, assuming that regardless of the structure of a possible public offering, the intention would be to maintain the Issuer’s control over Unidevelopment. (RB 57/2021)

1. Russia's invasion of Ukraine. Information on the impact of the war on the Unibep Group's operations

The armed conflict that began on 24 February 2022 in Ukraine and its consequences, as well as the actions taken by international communities against Russia were events that affected the Company's and the Group's operations and future financial performance. Apart from the design work carried out on the contract concerning the Shehyni road border crossing, Unibep does not currently carry out any construction work in Ukraine, Belarus or Russia. None of our Polish employees are based in these territories. The Company's representative office remains located in Lviv. As at the date of publication of these financial statements, the Company's has no intention of withdrawing from the Ukrainian market, and Unibep maintains its intention to implement its projects, while further cooperation and implementation of contracts in Ukraine depends on the development of the geopolitical situation in the region.

At the same time, the Company reiterates that it has limited its operations on the Belarusian market to the maximum extent possible due to the unstable social and economic situation in that country, which does not guarantee the safety of its activities there. Unibep does not carry out any construction work in the Republic of Belarus, nor does it make efforts to obtain new contracts. The Company's intention is to withdraw from the Belarusian market after fulfilling its service obligations to existing customers.

According to the information available to the Company, there are entities employing Ukrainian citizens among its subcontractors and collaborating companies on the Polish market. The Group is in ongoing contact with its business partners and monitors the impact of the conflict on the performance of contracts to which the Group entities are a party. At present, Unibep does not identify any risks in this area. Contractors are completing the works without any downtime.

As at the date of publication of these financial statements, the armed conflict in Ukraine is not an indication of impairment of the Unibep Group's

assets. However, the war in Ukraine presents a huge challenge for the construction industry. Many private investors have held back their decisions and are waiting to see how the situation will develop.

The main risks and threats mainly include abnormal increases in the prices of energy, fuel and construction materials, their low availability and disrupted supply chains. As of today, this causes difficulties in terms of reliable contract valuation and, consequently, long-term planning.

The Group recognises problems in ensuring continuity

in the supply chain caused by the above-mentioned factors and observes an increase in material prices, but executes contracts on an ongoing basis and without major disruptions. The Group has not experienced any significant delays in the implementation of its projects due to the impact of the armed conflict in Ukraine. It cannot be ruled out that in the event of an escalation of the conflict or as a result of sanctions imposed on Russia by the international community, the conflict may significantly affect the Group's operations, either directly or indirectly. Some of the limitations associated with this are noticeable. The problem affects areas such as:

- interrupted or disrupted supply chains, which may result in restrictions on the availability of raw materials from Ukraine and Russia
- availability of raw materials and materials
- influence on the level of prices of purchased materials (in particular steel, fuels and crude oil derivatives)
- an outflow of workers from Ukraine, which may have an impact on the availability of workers in the construction sector
- increased investment financing costs
- assessment of Poland's attractiveness by foreign investors.

As at the date of publication of these financial statements, the impact of the aforementioned phenomena on the construction industry, including the Unibep Group's operations, as well as the scale of these phenomena, are difficult to assess. However, Unibep is continuously monitoring the possi-

ble impact of the conflict in Ukraine on the Group's operations, including the performance of concluded contracts. The Company is analysing the situation and building scenarios for action in case the conflict escalates. The Company's representatives are in regular contact with business partners (contracting entities, subcontractors, material suppliers), engage in a dialogue with non-governmental organisations, as well as contracting entities from the public sector.

The conflict is an event occurring after the balance sheet date and did not affect the data presented for the period covered by these financial statements, i.e. the period from 01/01/2021 to 31/12/2021.

2. Conclusion by the Consortium of Unibep S.A. and Budrex sp. z o.o. of two contracts for the implementation, of respectively the third and fourth parts of the task called "Construction of state border security installations along the section of the Podlaski Border Guard Regional Unit"

On 4 January 2022, the consortium consisting of Unibep S.A. with its registered office in Bielsk Podlaski [Consortium Leader] and its subsidiary Budrex sp. z o.o. with its registered office in Białystok [Consortium Partner, Budrex] entered into two contracts: for the implementation, of respectively the third part [Agreement 1] and the fourth part [Agreement 2] of the task called "Construction of state border security installations along the section of the Podlaski Border Guard Regional Unit". (RB 1/2022)

The Issuer informed about the selection of the tender in current report No. 72/2021.

3. Conclusion by the Consortium with the participation of Unibep S.A. of a contract for the implementation of the task called "Construction of a complex of buildings with accompanying infrastructure for the needs of the Military Unit in Węgorzewo - procedure No. 47/RB"

On 11 January 2022, the consortium consisting of Unibep S.A., with its registered office in Bielsk Podlaski [Consortium Leader], and TYTAN Systemy Bezpieczeństwa sp. z o.o., with its registered office in Białystok [Consortium



Partner], entered into a contract [Contract] for the implementation of the task called “Construction of a complex of buildings with accompanying infrastructure for the needs of the Military Unit in Węgorzewo - procedure No. 47/RB” (RB 3/2022)

The Issuer informed about the selection of the tender in current report No. 75/2021.

4. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Neubau einer Seniorenresidenz” in the German market, using modular technology

On 13/01/2022, a subsidiary of the Issuer, UNIHOUSE S.A., with its registered office in Bielsk Podlaski, concluded with Carestone Projekt I GmbH, with its registered office in Hannover, a contract for the implementation of the project called “Neubau einer Seniorenresidenz” in Mittelkalbach, Germany, using modular technology.

Remuneration for the performance of the contract is approximately EUR 6.6 million net, which is approximately PLN 29.9 million net. Construction work is scheduled to commence in Q3 2022, provided that the contracting entity obtains a building permit within the timeframe specified in the Contract, and the completion of the project is set for Q1 2023. (RB

4/2022)

5. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the project called “Kriftel Raiffeisenstraße” in the German market, using modular technology

On 14 January 2022, a subsidiary of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, concluded with the consortium ARGE Wohnanlage Kriftel consisting of the following companies: AH Aktiv-Haus GmbH with its registered office in Stuttgart and WOLFF _ MÜLLER Hoch- und Industrie-bau GmbH _ Co. KG Zweigniederlassung Modulares Wohnen with its registered office in Stuttgart, a contract for the implementation of the project called “Kriftel Raiffeisenstraße” in Kriftel, Germany, using modular technology.

Remuneration for the performance of the contract is approximately EUR 6.5 million net, which is approximately PLN 29.3 million net. Construction work is scheduled to commence in Q3 2022, and the project is scheduled to be completed in Q2 2023. (RB 5/2022)

6. Information on the implementation of the Incentive Scheme for 2022

On 19 January 2022, the Supervisory Board of Unibep S.A. adopted resolutions on adopting the list of participants in the Incentive Scheme for

2022, establishing criteria for the allocation of shares and the selling price of shares under the Incentive Scheme for the assessment year 2022. (RB 6/2022)

Further details on the Programme are provided in Section 7.4 of this report.

7. Conclusion of a contract for the construction of the campus of the Academy of Music in Bydgoszcz

On 24 January 2022, Unibep SA concluded a contract for the implementation of the project called “Construction of the campus of the Feliks Nowowiejski Academy of Music in Bydgoszcz with internal and external infrastructure at 9-11 Chodkiewicza Street in Bydgoszcz”.

The contracting entity is the Feliks Nowowiejski Academy of Music in Bydgoszcz. The project will be implemented in the period Q1 2022 - Q4 2023. (RB 7/2022)

The Issuer informed about the selection of the tender in current report No. 64/2021.

8. Certification of quality management systems

On 31 January 2022, DEKRA Certification Sp. z o.o. reconfirmed the compliance of the integrated quality, occupational health and safety and environmental management system in place at UNIBEP SA and UNIHOUSE

SA with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

9. Conclusion by UNIHOUSE S.A. of a contract for the implementation of the first stage of the project called “Solfast Park” in the Norwegian market, using modular technology.

On 7 February 2022, a subsidiary of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, concluded with vre Eikervei 126 AS, with its registered office in Drammen, a contract for the implementation of the first stage of the project called: “Solfast Park” in Drammen, Norway, using modular technology.

Remuneration for the performance of the contract is approximately NOK 57.6 million net, which is approximately PLN 26.0 million net. Construction work is scheduled to commence in Q4 2022 and the project is scheduled to be completed in Q2 2023. (RB 9/2022)

10. Selection of the tender submitted by the Consortium with the participation of Unibep S.A. and Budrex Sp. z o.o. in the tendering procedure for the construction of the Bielsk Podlaski bypass

On 9 February 2022, Unibep SA received a notification from the General Directorate for National Roads and Motorways, Branch in Białystok, on the selection, as the most advantageous, of the tender submitted by the consortium consisting of: Unibep S.A. with its registered office in Bielsk Podlaski [Consortium Leader], Budrex Sp. z o.o. [Consortium Partner; Budrex] and Value Engineering Sp. z o.o. with its registered office in Warsaw [Consortium Partner] in the procedure for the award of a public contract called “Design and construction of the Bielsk Podlaski bypass along national road No. 66 on the section from existing DK 19 to existing DK 66”.

The price of the tender submitted by the consortium is approximately PLN 63.2 million net, i.e. approximately PLN 77.7 million gross, including approximately PLN 49.9 million net as remuneration payable to the Issuer, and approximately PLN 11.8 million net as remuneration payable to Budrex. The declared project implementation period is 32 months from the date of conclusion of the contract (excluding winter periods). (RB 10/2022)

11. Orders for UNIHOUSE S.A. for the production of modules

On 10 February 2022, a subsidiary

of the Issuer, UNIHOUSE S.A. with its registered office in Bielsk Podlaski, confirmed acceptance of three orders for the delivery of modules, received from Adapteo Oyj with its registered office in Finland in performance of the framework delivery agreement for 2020 - 2022 between the parties.

UNIHOUSE S.A.’s remuneration for the execution of the orders is approximately PLN 18.3 million net. The modules will be manufactured in Q2 2022. (RB 11/2022)

On 1 March 2022, UNIHOUSE confirmed acceptance of another order for the delivery of modules in performance of the framework delivery agreement for 2020 - 2022 with the contracting entity. The total remuneration for the order is approximately PLN 11.4 million net. The modules will be manufactured in Q2 and Q3 2022. (RB 17/2022)

Both orders contain a stipulation that the commencement of the work is subject to UNIHOUSE’s prior receipt of the bonds provided for in the Framework Agreement.

12. Changes in the Management Board of Budrex Sp. z o.o.

As of 10 February 2022, Mr Dariusz Wawrzak ceased to hold the position of Vice-President of the Management Board, Production Director. His duties

were taken over by Mr Andrzej Koziol.

13. Conclusion of a contract for the implementation of a housing project at Tadeusza Joteyki Street in Warsaw

On 16 February 2022, Unibep S.A. signed a contract for the implementation of a housing project at Tadeusza Joteyki Street in Warsaw as a general contractor.

The contracting entity is Uni 1 Sp. z o.o. with its registered office in Warsaw, in which a subsidiary of the Issuer Unidevelopment S.A. holds 100% shares. The project is scheduled to commence in Q1 2022, and to be completed in Q3 2023. The Issuer’s estimated remuneration for the performance of the contract is approximately PLN 34.5 million net. (RB 12/2022)

14. Conclusion of a contract for the implementation of the fifth stage of the housing project called “19. Dzielnica” at Kolejowa Street in Warsaw

On 23 February 2022, Unibep SA concluded a contract for the implementation of the fifth stage of the housing project called “19. Dzielnica” at Kolejowa Street in Warsaw.

The contracting entity is PRO URBA INVEST V Sp. z o.o. with its registered office in Warsaw. The project will be implemented in the period Q1 2022 – Q4 2023. The Issuer’s remuneration for the performance of the contract is



approximately PLN 106.7 million net. (RB 13/2022)

15. Update of information on the conclusion of a preliminary agreement for the purchase of a land property in Częstochowa by a subsidiary

With reference to the contents of current report No. 71/2021 of 16 December 2021, informing of the conclusion of a preliminary agreement between UNI 12 Sp. z o.o. with its registered office in Warsaw, a company forming part of the Issuer's Group, a subsidiary of Unidevelopment S.A., and a joint-stock company with its registered office in Częstochowa, concerning the acquisition of the right of perpetual usufruct of properties constituting the buildings of the former "Stary Browar" located in Częstochowa in the area of Ogrodowa Street, on 23 February 2022, the parties signed an addendum to the Agreement, by virtue of which the date for withdrawal from the Agreement by the buyer in the event that the result of due diligence is not satisfactory was changed to 7 April 2022. (RB 14/2022)

On 24 March 2022, the buyer decided to withdraw from the agreement due to the unsatisfactory, according to the buyer's assessment, result of the due diligence carried out, and prepared an appropriate statement to be submitted

to the seller in accordance with the procedure provided for withdrawal from the agreement. (RB 23/2022)

16. Agreements on the termination of conditional contracts in the Belarusian market

On 28 February 2022, Unibep SA concluded two termination agreements with the municipal enterprise "Akwa Mińsk", with its registered office in Minsk, concerning, respectively, the conditional contract for the construction of a sports and recreation complex at Kazimirovskaja Street in Minsk, the conclusion of which was reported by the Issuer, among others, in current report No. 53/2019, and the conditional contract for the construction of the "FOK LUCHINY" sports and recreation facility at Luchiny Street in Minsk, which was reported by the Issuer in current report No. 55/2019. According to the aforementioned agreements, the contracts will be terminated on 4 March 2022. (RB 16/2022)

17. Taking control of the Ursa Park and Ursa Sky project

On 2 March 2022, by virtue of Addendum No. 4, the Investment Agreement dated 22 February 2017 (as amended) ("Investment Agreement") and the implementing agreements thereto were amended, pursuant to which Unide-

velopment SA took the sole control of companies Ursa Park Smart City spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw ("Ursa Park") and Ursa Sky Smart City spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw ("Ursa Sky").

Accordingly, the following activities were also carried out on that day:

- amending the Articles of Association of Ursa Park and Ursa Sky,
- amending the Articles of Association of Smart City sp. z o.o.,
- appointing an independent proxy by Unidevelopment in Ursa Park and Ursa Sky.

18. Conclusion of financial agreements

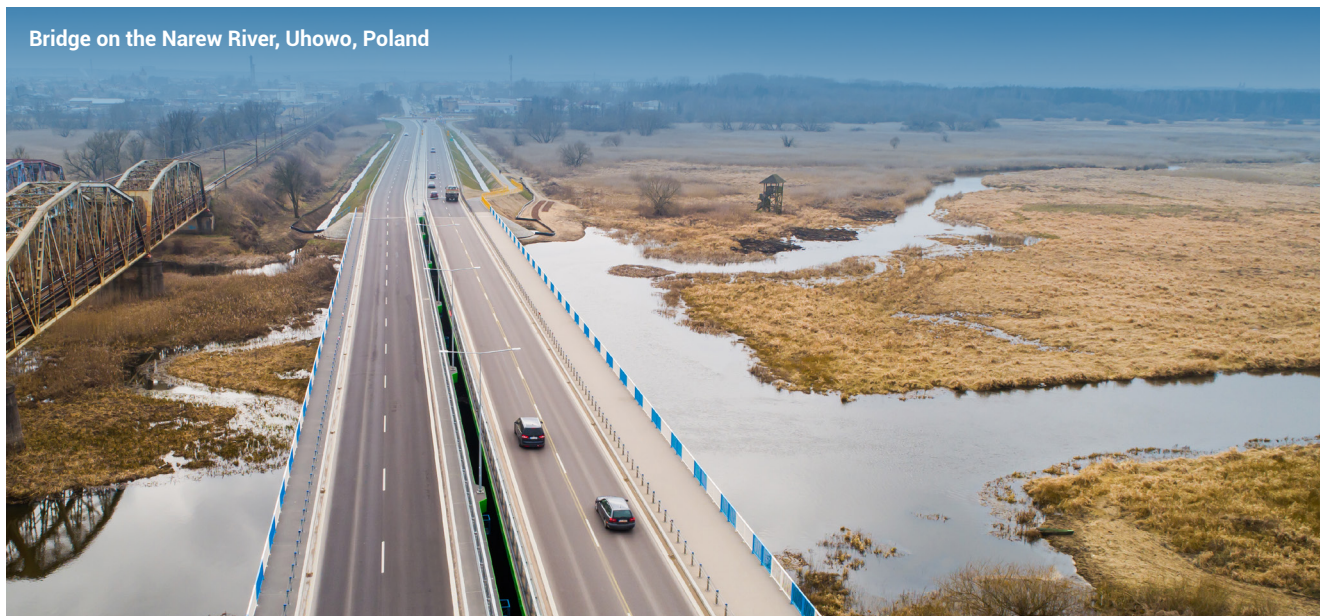
On 15 February 2022, Unibep redeemed 198,500 series E bonds with a total value of PLN 19,850,000 million. The redemption took place on the maturity date of this series of bonds.

On 17 February 2022, Unibep S.A. and mBank S.A. extended the overdraft and guarantee facility agreement in the total amount of PLN 50 million. The agreement was extended until 24 February 2023.

On 25 February 2022, Unibep S.A. and BGK extended the overdraft and guarantee facility agreement in the total amount of PLN 70 million.



Bridge on the Narew River, Uhowo, Poland



The agreements were extended until 28 February 2023.

On 28 February 2022, Unibep S.A. and BGK extended the overdraft and guarantee facility agreement in the total amount of PLN 20 million. The agreements were extended until 28 February 2023.

19. Selection of the tender submitted by Unibep S.A. in the tendering procedure for the performance of construction works as part of the project called “Extension of voivodeship road No. 513 along the Lidzbark Warmiński - Wozławki section”

On 10 March 2022, Unibep SA received a notification from the Voivodeship Roads Authority in Olsztyn on the selection of the tender submitted by the Issuer in the procedure for the award of a public contract called “Extension of voivodeship road No. 513 along the Lidzbark Warmiński - Wozławki section” as the most advantageous.

The price of the tender submitted by the Issuer is approximately PLN 145.1 million net, i.e. approximately PLN 178.5 million gross. The declared project implementation period is 24 months from the date of conclusion of the contract, excluding winter periods. (RB 19/2022)

On 30 March 2022, Unibep SA concluded a contract for the implementation of the task. The contracting entity is the Warmińsko-Mazurskie Voivodeship - the Voivodeship Roads Authority with its registered office in Olsztyn. (RB 25/2022)

20. Conclusion of a contract for the implementation of the third stage of a housing project at Jana Henryka

Dąbrowskiego Street in Poznań

On 11 March 2022, Unibep SA signed a contract for the implementation of the third stage of a housing project at Jana Henryka Dąbrowskiego Street in Poznań as a general contractor.

The contracting entity is a subsidiary of Unidevelopment S.A., Fama Development spółka z ograniczoną odpowiedzialnością spółka jawna, with its registered office in Poznań. The project will be carried out in the period Q1 2022 -Q4 2023. The Issuer’s remuneration for the performance of the contract is PLN 119.9 million net. (RB 20/2022)

21. Conclusion of a contract for the implementation of stage DE of a housing project at Szwedzka Street in Warsaw

On 22 March 2022, Unibep SA signed a construction contract (Contract) for the implementation of stage DE of a housing project at Szwedzka Street in Warsaw as a general contractor.

The contracting entity is a company forming part of the OKAM CAPITAL Group, i.e. SZWEDZKA E Sp. z o.o. with its registered office in Warsaw.

The project will commence after the contracting entity issues a written order to commence the work, which should take place in Q2 2022, whereas the work is expected to be completed in Q3 2024. The Issuer’s remuneration for the implementation of the project is PLN 108.0 million net. (RB 21/2022)

22. Conclusion of preliminary agreements for the purchase of properties located in the Włochy district of Warsaw

On 23 March 2022, UNI 13 Sp. z o.o., with its registered office in War-

saw, a company forming part of the Issuer’s Group and subsidiary of Unidevelopment S.A., and natural persons concluded preliminary agreements for the acquisition of the ownership of three adjacent properties with the total area of approximately 7,5 thousand m², located in the Włochy district of Warsaw, for the total price of approximately PLN 34.7 million.

The promised agreements in respect of the properties will be concluded in stages, no later than until 30 June 2023, once the conditions set out in the agreement have been fulfilled. If the promised agreements are concluded, the buyer intends to use the properties for a development project with the potential to construct approximately 200 residential units. (RB 22/2022)

23. Conclusion of a contract for the reconstruction and extension of a storage and production hall in Mszczonów

On 28 March 2022, Unibep SA concluded a construction contract for the reconstruction and extension of a storage and production hall in Mszczonów.

The contracting entity is Mondi Warszawa Sp. z o.o. with its registered office in Mszczonów. The Issuer’s remuneration for the implementation of the project is PLN 164.0 million net. The project will commence in Q2 2022 and will be completed in Q3 2023. (RB 24/2022)

7. Statement

ON THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES BY UNIBEP SA IN 2021



7.1 DEFINITION OF THE SET OF CORPORATE GOVERNANCE PRINCIPLES APPLIED IN THE COMPANY

In 2021, the Company applied the corporate governance principles under the name “Best Practice for WSE Listed Companies 2021” adopted by the Stock Exchange Board by resolution of 29 March 2021 and effective from 1 July 2021. In connection with the entry into force of the aforementioned set of corporate governance principles, the Company published a statement on the status of the Company’s compliance with the recommendations and principles contained in the set. The text of this statement is available on the Company’s website at www.unibep.pl (in the Investor Relations section). The full text of the applicable corporate governance principles contained in the aforementioned documents is available on the dedicated WSE corporate governance website at www.gpw.pl/dobre-praktyki2021.

The Company provides all shareholders with equal access to information about the Company, in particular by publishing current and periodic reports, which are then published on the corporate website. The Management Board of the Company constantly undertakes actions aimed at providing equal and full access of all investors to the information about the situation and events taking place in the Company.

7.2 PRINCIPLES WAIVED BY THE ISSUER

In 2021, the Company did not apply the following principles of the Best Practice: 1.3.1., 1.3.2., 1.4. 2.1., 2.2., 2.4., 3.10., 4.1., 4.3., 6.3. and 6.2. which is complied with by the Company as of the date of publication of this report.

1. Disclosure Policy, Investor Communications

1.3. The Company also integrates ESG factors in its business strategy, including in particular:

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

Although the Company has not developed a long-term development strategy in the form of a single document, it customarily includes ESG factors in its activities in order to comply with applicable regulations and given the importance of the interaction of business activities with environmental, social and corporate governance factors. The results of these activities are presented in the Company's annually published sustainability reports.

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

Although the Company has not developed a long-term development strategy in the form of a single document, it customarily includes ESG factors in its activities in order to comply with applicable regulations and given the importance of the interaction of business activities with environmental, social and corporate governance factors. The results of these activities are presented in the Company's annually published sustainability reports.

1.4. To ensure quality communication with stakeholders on the adopted business strategy, the Company publishes on its website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG informa-

tion concerning the strategy should among others:

The Company has not developed a development strategy in the form of a single document. The business of the Company and its Group is built on five complementary segments: domestic general contracting, general contracting abroad, road and bridge infrastructure, modular construction and property development activity. In the Company's opinion, the development of a single document containing a long-term action plan covering all the businesses of the Company and its Group would be difficult at the moment, given the current dynamically changing market situation, particularly in the construction industry environment. The Company prioritises its individual businesses and adapts its operating strategy on an ongoing basis to the dynamically changing environment.

2. Management Board and Supervisory Board

2.1. The company should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board or the general meeting, respectively. The diversity policy defines diversity goals and criteria in areas such as gender, education, expertise, age, and professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

The Company has not adopted a diversity policy for management and supervisory board members in the form of a single document. The Company aims to ensure the versatility and diversity of its bodies, but the specific nature of the industry in which it operates makes it difficult to meet all the required criteria. Due to the location of the Company's registered office in Podlasie, which is considered to be a melting pot of nationalities, cultures and communities, employees and members of the Company's bodies come from different backgrounds and cultures, represent different ways of thinking and points of view and have different life and professional experien-

ces. The Company's policy is that any discrimination in employment, in particular on the grounds of sex, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnic origin, religion, sexual orientation, etc., is unacceptable. With regard to the management and supervisory bodies, the Company explains that the composition of the Management Board and Supervisory Board of the Company is diverse in terms of education, expertise, age and professional experience, but the bodies concerned lack gender diversity in particular. There is currently one woman on the Company's seven-member Supervisory Board, while the Management Board is composed entirely of men. As the Company recognises the need for and seeks to ensure diversity in the bodies, it will consider adopting a formal policy in this regard in the future.

2.2. Decisions to elect members of the management board or the supervisory board of the company should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

The Company has not developed a diversity policy in the form of a single document, but in the interest of the stability and effectiveness of the Company's operations, those who make decisions on the appointment of members of the Management Board or the Supervisory Board of the Company in practice seek to ensure that the composition of those bodies is diverse.

2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.

The Company's corporate documents contain provisions on the need to use secret ballot in selected cases. In the Company's opinion, such a voting method allows free decision-making on personnel matters.

3. Internal Systems and Functions

3.10. A company traded on the

WIG20, mWIG40 or sWIG80 index has its internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

Not applicable. The Company is not currently traded on any of the specified indices.

4. General Meeting and Shareholder Relations

4.1. The company should enable its shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

To date, the Company has not held a general meeting by means of electronic communication (e-meeting). The Company's shareholders have not raised such expectations. In the event that shareholders raise an expectation to ensure participation in a general meeting by means of electronic communication (e-meeting), and provided that the Company is in a position to provide the technical infrastructure necessary for such general meeting to proceed, the Company intends to apply Principle 4.1.

4.3. The Company provides a public real-life broadcast of the general meeting.

The Company believes that the current method of informing the interested parties about the course of the general meeting (publishing the content of adopted resolutions and information about votes against, etc.) ensures transparency of the Company's operations and protects the rights of shareholders. The Company also informs that if there is any interest on the part of shareholders in recording the course of the General

Meeting in audio/video format, the Management Board of the Company will consider taking steps towards the introduction of this principle.

6. Remuneration

6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

In 2021, the Company did not apply this principle, giving the following justification:

The Company has an incentive scheme under which members of the Management Board of the Company and Group companies and their key managers may purchase own shares bought back by the Company under the terms and conditions set by the Supervisory Board, as authorised by the general meeting. The scheme makes the ability to purchase shares in the Company conditional on the fulfilment of the allocation criteria adopted by the Supervisory Board for the relevant assessment year, including in particular set financial targets of the Company and its Group. The Company, recognising the appropriateness of considering non-financial factors and multi-year criteria in shaping the variable remuneration of the Management Board and key managers, will consider applying the principle in the future.

As of the date of publication of this report, the Company already applies this principle, as notified in EBI Report 1/2022 dated 20 January 2022 with the following commentary:

The Company has an incentive scheme under which members of the Management Board of the Company

and Group companies and their key managers may purchase own shares bought back by the Company under the terms and conditions set by the Supervisory Board, as authorised by the general meeting. The scheme makes the ability to purchase shares in the Company conditional on the fulfilment of the allocation criteria adopted by the Supervisory Board for the relevant assessment year, including in particular the set financial targets of the Company and its Group, and from 2022 onwards also the assessment of non-financial criteria in the ESG area.

6.3. If one of the company's incentive schemes includes a stock option programme for managers, the implementation of the stock option programme should depend on the achievement by beneficiaries, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

The Company, recognising the appropriateness of considering non-financial factors and multi-year criteria in shaping the variable remuneration of the Management Board and key managers, will consider applying the principle in the future.

7.3 DESCRIPTION OF THE MAIN FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS APPLIED IN THE ISSUER'S COMPANY WITH RESPECT TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS

The Management Board of the Company is responsible for the Company's internal control system and the effectiveness of its operation; control functions are also per-

formed by the Supervisory Board. The organisation of the work relating to the preparation of the annual and interim financial statements is the responsibility of the Financial

Director and his deputy. Only designated employees from Accounting, Finance, Controlling, Legal, Communications, Investor Relations and Human Resources Departments are

involved in their preparation.

The financial data underlying the financial statements and interim reports are derived from the accounting and financial system in which transactions are recorded in accordance with the Company's accounting policies (approved by the Management Board) based on International Financial Reporting Standards. UNIBEP SA keeps its accounting books in the integrated Microsoft Dynamics AX 2012 IT system. The modular structure of the system ensures a clear division of competences, consistency of operations entered in the accounting books, and controllability. The flexibility of the system allows it to be adapted to

changing accounting principles or other legal standards, on an ongoing basis. Access to information resources of an IT system is restricted by the relevant authorisations granted to authorised employees exclusively on an as-needed basis.

Annual and interim financial statements are respectively audited and reviewed by an auditor. The tasks of the auditor include in particular: the preliminary and basic audit of the annual financial statements and the review of the interim financial statements. The auditor is selected by the Supervisory Board, on the recommendation of the Audit Committee of the Supervisory Board, having first collected offers

from audit firms guaranteeing high service standards and the required independence. The results of the audit and review are presented by the auditor to the Company's management and published in the auditor's report.

The Company implements the changes required by external laws and regulations relating to financial reporting requirements on an ongoing basis.

7.4 INFORMATION ON SHARES AND SHAREHOLDER STRUCTURE

Unibep SA is a company with majority Polish capital, listed on the Warsaw Stock Exchange since 2008.

In 2021, the share price of Unibep SA increased by 24.10%. By comparison, the Warsaw Stock Exchange main index, WIG, rose by 21.52% and WIG - CONSTRUCTION rose by 2.76%.

In 2021, the share price of Unibep SA at the close of trading on the WSE ranged from PLN 8.18 (04/01/2021) to PLN 14.80 (28/07/2021).

At the end of 2021, Unibep SA's market value increased to PLN

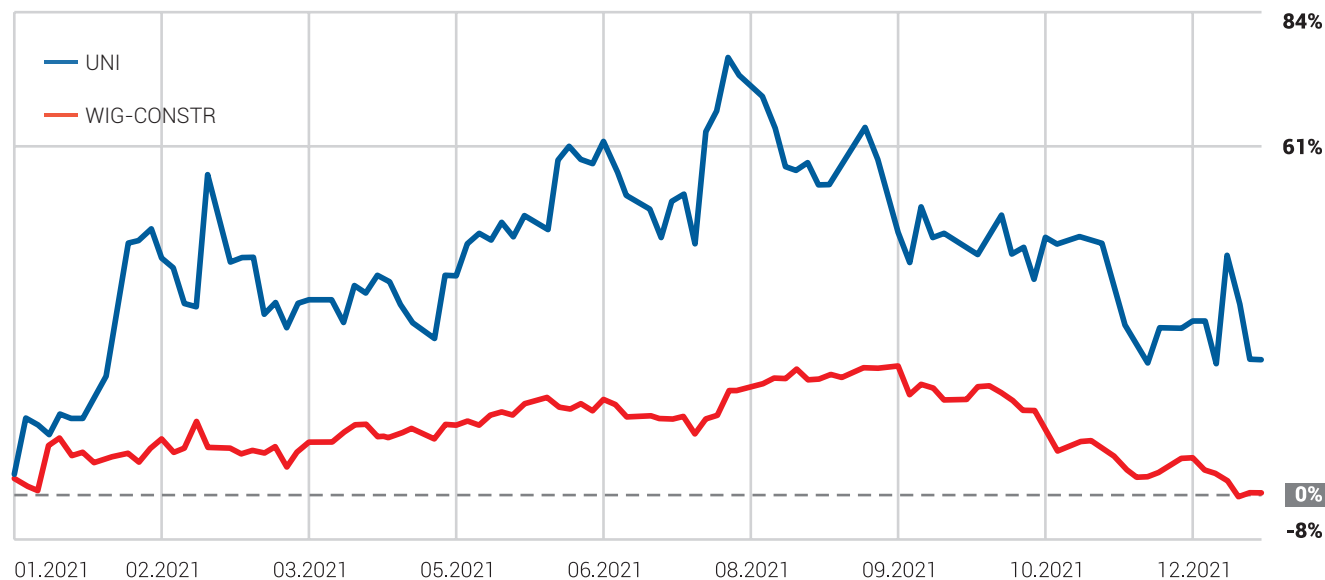
361,227,530 (from PLN 291,086,262 at the end of 2020).

The P/BV ratio (share price/book value per share attributable to shareholders of the parent) was approximately 1.16 at the end of 2021 (compared to 1.06 in the previous year) and the P/E ratio (price/earnings per ordinary share attributable to shareholders of the parent) was approximately 7.68 at the end of 2021 (compared to 7.82 in the previous year).

LISTING INFORMATION

Index	WIG-Poland Investor MS WIG-CONSTR WIG
Industry	Construction
Market/Segment	WSE Basic
WSE ticker	UNI
ISIN	PLUNBEP00015
Number of shares	35,070,634
Share capital	PLN 3,507,063.40

SHARE PRICE OF UNIBEP SA AGAINST WIG-CONSTRUCTION IN THE PERIOD FROM 1/01/2021 TO 31/12/2021



SHAREHOLDER STRUCTURE AS AT 31 DECEMBER 2021 AND AS AT THE DATE OF PUBLICATION OF THIS REPORT

Name and surname	Number of shares held	Share in the share capital [%]	Nominal value	Number of votes	Share in the total number of votes [%]
Zofia Mikołuszk*	8,800,000	25.09	880,000	8,800,000	25.09
Beata Maria Skowrońska	5,500,000	15.68	550,000	5,500,000	15.68
Wojciech Stajkowski	2,500,000	7.13	250,000	2,500,000	7.13
Bożenna Lachocka	2,500,000	7.13	250,000	2,500,000	7.13
Aviva Otwarty Fundusz Emerytalny Aviva Santander SA	3,418,928	9.75	341,892	3,418,928	9.75
PKO BP Bankowy OFE	2,098,756	5.98	209,875.6	2,098,756	5.98
Free Float	6,752,958	19.26	675,295.8	6,752,958	19.26
Own shares (1)	3,500,000	9.98	350,000	3,500,000	9.98
Total	35,070,634	100	3,507,063.4	35,070,634	100

* Mrs Zofia Mikołuszk remains in the joint marital property regime with Mr Jan Mikołuszk.

(1) 1,000,000 own shares were purchased on 7 February 2017, as reported by the Company in current report No. 10/2017. Another 1,000,000 own shares were purchased on 29 May 2019, as reported by the Company in current report No. 28/2019. 1,500,000 own shares were purchased on 27 February 2020, as reported by the Company in report No. 7/2020.

Share Capital Structure

As of 31 December 2021, the share capital of UNIBEP SA amounted to PLN 3,507,063.40 and was divided into 35,070,634 shares with a nominal value of PLN 0.10 each (the division of shares into series is presented in the table below).

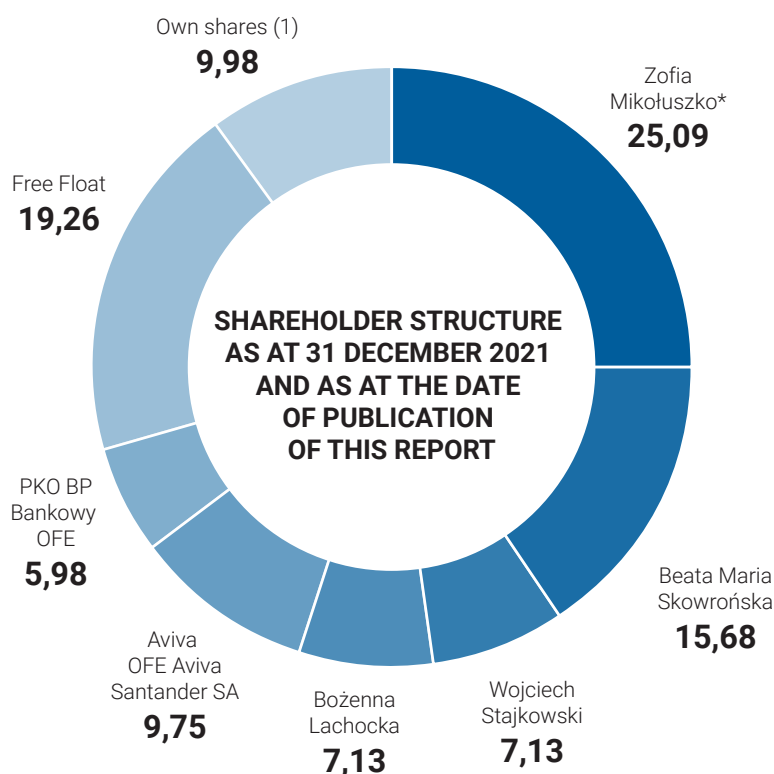
All shares of the Company are dematerialised and, excluding own shares, are traded on the regulated market of the Warsaw Stock Exchange. In the period from the date of publication of the previous report (report for Q3 2021) to the date of this report, the Company has not received notifications from major shareholders regarding changes in their shareholdings in the Company.

There were no changes in the shareholder structure of Unibep SA in 2021.

Potential changes in the shareholder structure and agreements between shareholders or bondholders

The Issuer is not aware of any agreements which might result in future changes in the proportions of shares held by the existing shareholders and bondholders.

In the period from the date of publication of the previous interim report (interim report for Q3 2021), there were no changes in the holdings of Management and Supervisory Board members.



DIVISION OF SHARES INTO SERIES

Series	Share type	Number of shares
A	bearer	27,227,184
B	bearer	6,700,000
C	bearer	1,048,950
D	bearer	94,500
Total		35,070,634

LIST OF SHARES OF THE GROUP ENTITIES HELD BY MANAGEMENT AND SUPERVISORY BOARD MEMBERS. AS AT 31 DECEMBER 2021 AND AS AT THE DATE OF PUBLICATION OF THIS REPORT

Name and surname	Position	Number of shares held equals number of votes	Nominal value of shares [PLN]	Share in share capital and total number of votes [above 5%]
Management Board				
Leszek Marek Gołąbiecki	President of the Management Board	690,000	69,000.00	1.97%
Sławomir Kiszycki	Vice-President of the Management Board	0	0	-
Krzysztof Mikołajczyk	Vice-President of the Management Board	0	0	-
Adam Poliński	Member of the Management Board	0	0	-
Supervisory Board				
Jan Mikołuszko	Chairman of the Supervisory Board	21,620	2,162.00	0.06%
Beata Maria Skowrońska	Vice-President of the Management Board	5,500,000	550,000.00	15.68%
Wojciech Jacek Stajkowski	Member of the Supervisory Board	2,500,000	250,000.00	7.13%
Jarosław Mariusz Beldowski	Member of the Supervisory Board	0	0	-
Michał Kołosowski	Member of the Supervisory Board	0	0	-
Paweł Markowski	Member of the Supervisory Board	0	0	-
Dariusz Marian Kacprzyk	Member of the Supervisory Board	0	0	-

Management and Supervisory Board members do not hold any shares in any entities from the UNIBEP Group. Supervisory Board members do not hold any rights to shares of the Issuer.

Restrictions on voting rights or on the transfer of ownership of securities

The Issuer is not aware of any restrictions on the exercise of voting rights by holders of a certain proportion or number of shares or restrictions on the transfer of ownership of the Company's securities.

Holders of securities giving special control rights

The Company did not issue any securities which give special control rights.

Information on the control system of employee share schemes

There is no employee share scheme implemented in the Company.

Incentive scheme

On 15 June 2020, the Annual General Meeting of UNIBEP SA adopted assumptions for the Incentive Scheme for the members of the

Management Board and key managers. Under the Scheme, the Company will be able to sell its own shares to such persons. The General Meeting earmarked all own shares of the Company, i.e. 3,500,000 shares, for the implementation of the Incentive Scheme. The General Meeting authorised the Supervisory Board to establish the Rules of the Incentive Scheme specifying detailed principles for implementation of this Scheme, including the rules for the conclusion of Scheme Participation Agreements. The purchase price of the shares under the Incentive Scheme will not be less than 1 PLN per share. The General Meeting of UNIBEP SA authorised the Supervisory Board to establish the purchase price of shares for each of the participants of the Incentive Scheme. This price may vary between individual share purchase transactions. On 4 November 2020, the Supervisory Board of UNIBEP SA adopted the Rules of the Incentive Scheme of UNIBEP S.A. (hereinafter referred to as the "Scheme").

The detailed assumptions of the scheme are described in the report for Q3 2020 in Section 6.3 Incentive Scheme.

On 14 January 2021, the Supervi-

sory Board of the Company decided on the implementation of the Incentive Scheme for the current financial year, in particular: establishing the criteria for the allocation of shares, adopting the list of participants in the Incentive Scheme, and establishing the selling price of shares under the Incentive Scheme.

In accordance with the decision of the Supervisory Board:

1. the list of participants in the Incentive Scheme includes members of the Management Board of the Company;
2. the criteria for the allocation of the Company's shares for the assessment year 2021 in particular include remaining a member of the Management Board of the Company as well as meeting the set financial targets of the Company and the Unibep Group;
3. the selling price of shares which may be allocated for purchase by an eligible participant of the Incentive Scheme for the assessment year 2021 is 3 PLN per share;
4. the eligible participants of the Incentive Scheme [provided that the aforementioned allocation criteria are met] will be offered at least 600,000 shares for the assessment year 2021, including at least

220,000 shares to Mr Leszek Marek Gołąbiecki, at least 190,000 shares to Mr Sławomir Kiszycki, at least 140,000 shares to Mr Krzysztof Mikołajczyk and at least 50,000 shares to Mr Adam Poliński.

Managers have no other entitlements to the Issuer's shares.

On 19 January 2022, the Supervisory Board of UNIBEP S.A. adopted resolutions on adopting the list of participants in the Incentive Scheme for 2022, establishing criteria for the allocation of shares and the selling price of shares under the Incentive Scheme for the assessment year 2022.

In accordance with the decision of the Supervisory Board of UNIBEP S.A.:

1. The list of participants in the Incentive Scheme in 2022 includes members of the Management Board of UNIBEP S.A. and members of the Management Board of Unidevelopment S.A.
2. The criteria for the allocation of UNIBEP SA's shares to members of the Management Board of UNIBEP SA for the assessment year 2022 include: a) financial criteria, i.e. achieving the set financial targets of UNIBEP S.A. and the Unibep Group, b) non-financial criteria, in particular: remaining a member of the Management Board of UNIBEP SA, adopting an ESG strategy for UNIBEP S.A. and the Unibep Group, adopting greenhouse gas emission reduction targets for UNIBEP S.A. in specific time perspectives.
3. The criteria for the allocation of UNIBEP S.A.'s shares to members of the Management Board of Unidevelopment S.A. for the assessment year 2022 include: a) financial criteria, i.e. achieving the set financial targets of Unidevelopment S.A. and the Unidevelopment Group, b) non-financial criteria, in particular: remaining a member of the Management Board of Unidevelopment S.A., adopting an

ESG strategy for Unidevelopment S.A. and the Unidevelopment Group.

4. The selling price of shares which may be allocated for purchase by an eligible participant of the Incentive Scheme for the assessment year 2022 is 3 PLN per share.
5. The eligible members of the Management Board of UNIBEP S.A. [provided that the allocation criteria are met jointly] will be offered at least 600,000 shares of UNIBEP S.A. for the assessment year 2022, including at least 200,000 shares to Mr Leszek Marek Gołąbiecki, at least 200,000 shares to Mr Sławomir Kiszycki, at least 100,000 shares to Mr Krzysztof Mikołajczyk and at least 100,000 shares to Mr Adam Poliński.
6. The eligible members of the Management Board of Unidevelopment S.A. [provided that the allocation criteria are met jointly] will be offered for at least 600,000 shares of UNIBEP S.A. for the assessment year 2022, including at least 210,000 shares to Mr Zbigniew Gościcki, at least 130,000 shares to Ms Ewa Przeździecka, at least 130,000 shares to Mr Mirosław Szczepański, at least 130,000 shares to Mr Mariusz Przystupa.

Investor relations

A key element of Unibep S.A.'s effective functioning as a listed company is professional communication with capital market stakeholders, and building and maintaining an appropriate information policy is an area of investor relations activities. Market participants may have different expectations and the role of investor relations is to provide current and potential investors with an objective view of the Company's activities, including its financial position, and to enable equal access to information. The way this communication is shaped has a major impact on the value of the Company, as

access to information plays a decisive role in making informed investment decisions.

In order to ensure reliable communication with investors and analysts, Unibep S.A. provides users with its corporate website, which includes the "Investor Relations" site that is updated on an ongoing basis. Active communication with the market takes place through the organisation of various conferences, including those summarising financial performance, as well as through participation in conferences and roadshows organised by professional capital market institutions and direct meetings with representatives of Polish financial institutions.

Aiming to ensure the highest standards in the area of investor relations, representatives of Unibep SA represented the Company in 2021 at domestic conferences organised by professional capital market institutions, participated in meetings with representatives of financial institutions and capital market institutions.

In order to ensure equal access to information for investors and analysts, the Company provides users with its corporate website which includes the "Investor Relations" site. As part of the improvement of investor service, Unibep SA intends to improve and develop investor relations communication tools in 2022.

As part of its stock exchange reporting, Unibep SA published 75 current reports in 2021

MANAGEMENT BOARD

The Management Board of UNIBEP SA acts on the basis of the provisions of the Commercial Companies Code, the Articles of Association, and the By-Laws of the Management Board. In its work, the Management Board also complies with the principles of the "Best Practice for WSE Listed Companies". According to the By-Laws, the Management Board of the Company consists of one or more members. Members of the Management Board, including the President of the Management Board, are appointed and dismissed by the Supervisory Board for a joint three-year term of office. The number of members of the Management Board is determined by the Supervisory Board.

In 2021, there were no changes to the composition of the Management Board of the Company.

As at the date of preparation of this report, the Management Board of the Company is composed of the following persons:

- **Leszek Marek Gołąbiecki** - President of the Management Board, at the same time holding the position of the Managing Director of the Company,
- **Sławomir Kiszycki** - Vice-President of the Management Board, at the same time holding the position of the Financial Director,
- **Krzysztof Mikołajczyk** - Vice-President of the Management Board, at the same time holding the position of the Construction Director,
- **Adam Poliński** - Member of the Management Board, at the same time holding the position of the Director of the Infrastructure Branch.

On 14 May 2020, Mr Leszek Marek Gołąbiecki, Mr Sławomir Kiszycki and Mr Krzysztof Mikołajczyk were appointed to the Management Board of the Company for the sixth term of office commencing at the end of the Annual General Meeting, i.e. on 15 June 2020, whereas Mr Adam Poliński was appointed to the Management Board of Unibep S.A. for the current, sixth term of office, on 4 November 2020, effective as of 1 January 2021.

The Management Board manages the Company's affairs and represents it before third parties. All matters re-

lated to the management of the Company's affairs not reserved by law or the Articles of Association to the competence of the General Meeting or the Supervisory Board shall fall within the scope of the Management Board's duties.

Resolutions of the Management Board are adopted by an absolute majority of votes. In the event of a tie, the President of the Management Board has the casting vote.

The Management Board is entitled to pay an advance to shareholders against the expected dividend at the end of the financial year, if the Company has sufficient funds for the payment and other conditions set out in the Dividend Policy adopted by the Company on 9 November 2021 are met. The payment of an advance shall be subject to the approval of the Supervisory Board.

The following persons are entitled to submit declarations of will and sign documents on behalf of the Company: the President of the Management Board, acting on their own, or two members of the Management Board acting jointly, a member of the Management Board acting jointly with a proxy or two proxies acting jointly. The Articles of Association do not provide for any special rights for the Company's managers; in particular, the Company's managers are not authorised to make decisions on the issue or redemption of shares.

The By-Laws of the Management Board specify in detail the manner in which the Management Board operates. The By-Laws are adopted by the Management Board and approved by the Supervisory Board. In contracts and in disputes between the Company and a Management Board member, the Company is represented by the Supervisory Board or by a proxy appointed by a resolution of the General Meeting. The same procedure applies to other actions related to an employment relationship or any other legal relationship between a member of the Management Board and the Company.

Competences of the Supervisory Board also include the signing of contracts with members of the Management Board of the Company, determining remuneration of the President

and members of the Management Board of the Company and their bonus schemes, as well as exercising the rights resulting from the employment relationship towards members of the Management Board, on behalf of the Company. The Management Board of the Company does not have any special rights related to the issue or redemption of shares.

Contracts concluded between UNIBEP SA and members of the management bodies

In connection with their work and functions in the Management Board, the President of the Management Board, Vice-Presidents of the Management Board and Member of the Management Board of UNIBEP S.A. were employed by UNIBEP S.A. in 2021 under fixed-term managerial contracts - until the expiry of the term of office of the member of the Management Board in relation to the expiry of the three-year sixth term of the Management Board (fixed-term employment contract).

Leszek Marek Gołąbiecki, President of the Management Board and Company Director, Sławomir Kiszycki, Vice-President of the Management Board and Financial Director, and Krzysztof Mikołajczyk, Vice-President of the Management Board and Construction Director were bound by fixed-term employment contracts concluded on 16 June 2020 - until the expiry of the term of office of the member of the Management Board in relation to the expiry of the three-year sixth term of the Management Board.

Adam Poliński, Member of the Management Board and Director of the Infrastructure Branch, was bound by a fixed-term employment contract concluded on 30/12/2020 - until the expiry of the term of office of the member of the Management Board in relation to the expiry of the three-year sixth term of the Management Board. Mr Adam Poliński was appointed member of the Management Board of the Company for the sixth term of office as of 01/01/2021.

Pursuant to the provisions of the aforementioned contracts, the President of the Management Board of UNIBEP S.A., Leszek Marek Goł-

REMUNERATION OF THE MANAGEMENT BOARD FOR THE PERIOD: 01/01/2021 - 31/12/2021 UNIBEP SA

Name and surname	Remuneration	Bonus for profit for 2020 paid in 2021	Total
Leszek Marek Gołąbiecki	744,000.00	557,289.48	1,301,289.48
Sławomir Kiszycki	672,000.00	557,289.48	1,229,289.48
Krzysztof Mikołajczyk	610,348.84	557,289.48	1,167,638.32
Adam Poliński	480,716.56	226,632.24	707,348.80
Total	2,507,065.40	1,898,500.68	4,405,566.08

Vice-President of the Management Board of UNIBEP SA, Mr. Sławomir Kiszycki, received remuneration for 2021 from UNIHOUSE SA in the amount of PLN 120,000.00 for serving on the Management Board of Unihouse SA. Management personnel otherwise do not receive remuneration for serving on subsidiaries of UNIBEP SA.

biecki, and the Vice-Presidents of the Management Board of UNIBEP S.A., Sławomir Kiszycki and Krzysztof Mikołajczyk, were entitled to an annual bonus for 2020 and for subsequent years, constituting 1.5% of consolidated net profit of the UNIBEP Group in each financial year, on the condition of meeting the financial plan of the UNIBEP Group for a given year adopted by the Management Board and the Supervisory Board.

Pursuant to the provisions of the contract, Member of the Management Board, Director of the Infrastructure Branch of UNIBEP S.A. Adam Poliński, was entitled to an annual bonus for 2021 and for subsequent years, constituting 1% of consolidated net profit of the UNIBEP Group in each financial year, on the condition of meeting the financial plan of the UNIBEP Group for a given year adopted by the Management Board and the Supervisory Board.

In addition to remuneration, the employer guaranteed to pay the President of the Management Board, Vice-Presidents of the Management Board and Member of the Management Board severance amounting to 3 times the average monthly remuneration of an employee of the company in the event of termination of the employment contract from the employer for reasons not attributable to the President, Vice-President or Member of the Management Board, . The President of the Management Board, Vice-Presidents of the Management Board and Member of the Management Board were not entitled to other remuneration components as set out

in the Corporate Collective Labour Agreement.

The President of the Management Board, Vice-Presidents of the Management Board and Member of the Management Board of UNIBEP S.A. had concluded non-competition contracts with the Company for the duration of the employment relationship (the non-competition clause is binding for the duration of the employment relationship) and non-competition contracts after termination of employment (the non-competition clause is binding for 6 months after termination of the employment relationship). For the duration of the non-competition clause (for a period of 6 months), the President of the Management Board, Vice-Presidents of the Management Board and Member of the Management Board were entitled to compensation amounting to 25% of the remuneration received by these persons prior to the termination of their employment relationship, to be paid in six equal instalments.

Changes introduced in 2022

Since 20 January 2022, the Company has separated the sources of remuneration for members of the Management Board based on two forms of remuneration, i.e. by appointment (Re. 1) and under an employment contract (Re. 2).

Re. 1. The remuneration to which the President of the Management Board, Vice-Presidents of the Management Board and Member of the Management Board are entitled by virtue of their appointment is determined in the form of monthly rates.

In relation with their function in the Management Board, Members of the Management Board are entitled to an annual bonus calculated based on the consolidated net profit of the UNIBEP Group for each financial year, provided that the financial plan of the UNIBEP Group for a given year adopted by the Management Board and the Supervisory Board is met.

In accordance with the Resolutions of the Supervisory Board:

a) the President of the Management Board of UNIBEP S.A., Mr Leszek Marek Gołąbiecki, and the Vice-Presidents of the Management Board of UNIBEP S.A., Mr Sławomir Kiszycki and Mr Krzysztof Mikołajczyk, are entitled to an annual bonus of 1.5% for 2022 and subsequent years,

b) Member of the Management Board of UNIBEP S.A., Mr Adam Poliński, is entitled to an annual bonus of 1% for 2022 and subsequent years.

Re. 2. The remuneration to which members of the Management Board are entitled under permanent employment contracts was determined in the form of monthly rates.

a) Mr Leszek Marek Gołąbiecki is employed as the CEO

b) Mr Sławomir Kiszycki is employed as the Financial Director

c) Mr Krzysztof Mikołajczyk is employed as the Construction Director

d) Mr Adam Poliński is employed as the Director of the Infrastructure Branch

If the employment contracts of the above employees are terminated by the employer for reasons not attributable to the employees, the employer will compensate the employee in the

REMUNERATION OF THE SUPERVISORY BOARD FOR THE PERIOD: 01/01/2021 - 31/12/2021 UNIBEP SA

Name and surname	Revenue	Revenue of a member of the Supervisory Board under an employment contract with UNIBEP SA	Total
Jan Mikołuszko	456,000.00	-	456,000.00
Beata Skowrońska	144,000.00	-	144,000.00
Wojciech Stajkowski	60,000.00	60,000.00	120,000.00
Jarosław Beldowski	60,000.00	-	60,000.00
Michał Kołosowski	84,000.00	-	84,000.00
Paweł Markowski	60,000.00	-	60,000.00
Dariusz Kacprzyk	60,000.00	-	60,000.00
Total	924,000.00	60,000.00	984,000.00

Beata Maria Skowrońska - Vice-Chairwoman of the Supervisory Board of UNIBEP SA, received remuneration for 2020 from UNIDEVELOPMENT SA in the amount of PLN 48,000.00 for serving as a member of the Supervisory Board of UNIDEVELOPMENT SA. Members of the Supervisory Board otherwise do not receive remuneration for serving on subsidiaries of UNIBEP SA.

amount of 3 times the average monthly remuneration of an employee of the company. The amount of compensation will include compensation for refraining from competitive activities and the amount of severance pay due to the Employee under applicable legislation in connection with the termination of the employment contract for reasons not attributable to the Employee.

The aforementioned employees entered into non-competition contracts with the Company for the duration of the employment relationship (the non-competition clause is binding for the duration of the employment relationship) and non-competition contracts after termination of employment (the non-competition clause is binding for 6 months after termination of the employment relationship). For the duration of the non-competition clause, employees are entitled to compensation equal to 60% of the remuneration received by the employee prior to the termination of the employment relationship for a period of six months, which will be paid to the employee in six equal instalments by the 10th of each month, by transfer to an account specified by the employee.

SUPERVISORY BOARD

The Supervisory Board of UNIBEP SA acts on the basis of the provisions of the Commercial Companies Code, the Articles of Association, and the

By-Laws of the Management Board. In its work, the Supervisory Board also complies with the principles of the Best Practice for WSE Listed Companies. The Supervisory Board is composed of 5 to 7 members, appointed and dismissed by the General Meeting for a joint three-year term of office. In the case of group voting, the General Meeting determines the number of members of the Management Board for a given term of office, by adopting a resolution prior to their election. At least two independent members should be appointed to the Management Board. Independent members of the Management Board are persons who meet all of the below criteria:

- independence criteria within the meaning of corporate governance principles applicable to companies admitted to trading on the domestic regulated market, and
- independence criteria within the meaning of regulations governing the functioning of an audit committee.

Each shareholder may propose candidates for an independent member of the Supervisory Board in writing to the Management Board of the Company, no later than 7 working days before the date of the General Meeting during which such a member is to be elected. Such proposals must specify the personal details of the candidate and justification for their candidacy, and include a description of the

candidate's qualifications and professional experience. Proposals must be accompanied by a written declaration of the interested person expressing their consent to be a candidate for the Supervisory Board and confirming that they meet the independence criteria, as well committing to promptly notify of no longer meeting the independence criteria. If no candidates meeting the independence criteria are proposed under the above procedure, the candidate for an independent member of the Supervisory Board shall be proposed by the Management Board of the Company at the General Meeting.

On 15 June 2020, the General Meeting passed a resolution on the election of the Supervisory Board of the Company for the sixth term.

In 2021 and as of the date of this report, the Supervisory Board of the Company is composed of the following persons:

- 1. Jan Mikołuszko** – Chairman of the Supervisory Board,
- 2. Beata Maria Skowrońska** – Vice-Chairwoman of the Supervisory Board,
- 3. Wojciech Stajkowski** – Member of the Supervisory Board,
- 4. Jarosław Mariusz Beldowski** – Member of the Supervisory Board (independent),
- 5. Michał Kołosowski** – Member of the Supervisory Board (independent),

6. Paweł Markowski – Member of the Supervisory Board (independent),

7. Dariusz Marian Kacprzyk – Member of the Supervisory Board (independent).

The Supervisory Board holds meetings at least once every 3 months. The Chairman of the Supervisory Board or their deputy are required to convene a meeting of the Supervisory Board, including upon a written request of a member of the Supervisory Board or the Management Board of the Company. The meeting should be held within 2 weeks of receiving the request.

Members of the Board may participate in Board meetings using means of direct remote communication, provided that such means enable simultaneous communication and identification of all persons participating in the meeting (e.g. teleconference, videoconference), and the notice of the Board meeting provides information about the possibility of participating in the Board meeting in such manner.

A member of the Supervisory Board may cast their vote in writing, through another member of the Supervisory Board. Votes cast in writing cannot pertain to issues added to the agenda at the meeting of the Supervisory Board.

The Supervisory Board may adopt resolutions outside the meeting in writing or by means of direct remote communication. Such a resolution is valid if all members of the Supervisory Board have been notified of the content of the draft resolution.

For resolutions of the Supervisory Board to be valid, all members of the Supervisory Board must be invited in writing to the meeting, and at least half of its members must be present at the meeting, unless the provisions of the Commercial Companies Code provide otherwise. Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In the event of an equal number of votes, the Chairman of the Supervisory Board has the casting vote. The Supervisory Board adopts its internal by-laws by way of a resolution. The Company communicates changes in the composition of the Supervisory Board by means of current reports.

COMMITTEES OF THE SUPERVI-

SORY BOARD

In accordance with the By-Laws of the Supervisory Board, permanent or ad hoc committees acting as collective advisory and opinion-forming bodies of the Supervisory Board may be appointed within the Supervisory Board. In particular, a permanent Audit Committee and Strategy Committee can operate within the structure of the Supervisory Board.

Committees are appointed by the Supervisory Board from among its members, by way of a resolution. The committee elects a Chairman of the Committee from among its members. The committee is composed of 3 to 5 members. The majority of members of the Audit Committee, including the Chairman of the Audit Committee, must meet the independence criteria within the meaning of the by-laws governing the functioning of the audit committee. Individual members of the Audit Committee must demonstrate knowledge and skills in the field of the industry in which the Company operates, as well as in accounting and auditing of financial statements.

Such committees submit an annual report on their activities to the Supervisory Board.

The Audit Committee of the sixth term of office has been in place since 15 June 2020. The composition of the Audit Committee in 2021 and as at the date of this report:

1. Michał Kołosowski - Chairman of the Committee, an independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on Statutory Auditors;

2. Wojciech Jacek Stajkowski,

3. Dariusz Marian Kacprzyk - an independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on Statutory Auditors.

Members of the sixth term of the Audit Committee, Wojciech Jacek Stajkowski and Michał Kołosowski, possess knowledge of and skills in the industry in which the Company operates. In addition, Michał Kołosowski has knowledge of and skills in the field of accounting or auditing financial statements.

Wojciech Jacek Stajkowski is a graduate of the Faculty of Foreign Trade at the SGH Warsaw School of Economics. He has been involved in foreign trade since the very beginning of his professional career. He has

held managerial positions in representative offices and subsidiaries of Polimex Cekop in the markets of the Middle East and Germany for many years. From 1996 to 2008, he worked for Grundig Polska, where he was the Managing Director and a member of the Management Board, at the same time being the Director of Distribution of the Grundig Group for Central and Eastern Europe, and a member of the Management Board of Grundig Magyarország. In later years he ran his own business and cooperated with Unibep S.A. as a representative of the Management Board for new markets. He was also Chairman of the Audit Committee of the Management Board of Unibep S.A. for the fourth term. Wojciech Stajkowski speaks English, German and Russian.

Michał Kołosowski received a master's degree in Economics with a major in Accounting and Finance, and holds a Diploma in International Financial Reporting awarded by the Association of Chartered Certified Accountants (an international organisation of finance, accounting and management professionals). Between 2000 and 2004, he worked as an assistant of an auditor at Roedl&Partner, and then gained experience as a Senior Associate at PricewaterhouseCoopers between 2004 and 2007. Michał Kołosowski has been a partner in the audit department of the UHY ECA Group since 2007. He is also a member of the Supervisory Board and the Chairman of the Audit Committee at Betacom S.A. He has extensive experience in auditing financial statements, preparing consolidation packages, preparing financial due diligence analyses, and transforming financial statements into documents compliant with the IAS/IFRS and US GAAP standards. He is an expert in providing services for real estate companies and closed-end investment funds. He is the author of numerous articles and a lecturer in the field of accounting. He speaks English and German.

The tasks of the Audit Committee include in particular:

- submitting the recommendation referred to in Article 16(2) of Regulation No. 537/2014 to the Supervisory Board;
- discussing the nature and scope of the audit with the Company's auditors prior to the commencement of

- each audit of the annual financial statements;
- informing the Supervisory Board about the results of the audit, and explaining how the audit contributed to the reliability of financial reporting in the Company, as well as of the role played by the Audit Committee during the audit;
- reviewing the Company's individual and consolidated interim and annual financial statements,
- discussing any problems or qualifications raised during the audit,
- analysing comments addressed to the Management Board and made by the Company's auditors, and replies made by the Management Board;
- reviewing transactions made with related entities;
- monitoring the effectiveness of the internal control system, risk management, supervision of legal compliance, and the internal audit functions;
- accepting internal audit programmes;
- analysing reports of the Company's internal auditors and replies made by the Management Board in relation to the observations contained in such reports;
- cooperating with the Company's organisational units responsible for audit and control, and periodic evaluation of their work, as well as providing opinions on the level of remuneration of the people employed in these organisational units;
- carrying out an annual assessment of the need to separate the internal audit function within the Company - in the event that this function has not been separated in the Company;
- monitoring the performance of financial reviews, in particular a review performed by an audit firm, taking into account any and all conclusions and findings of the Audit Supervision Committee resulting from an audit carried out in the audit firm;
- controlling and monitoring the independence of an auditor and audit firm, in particular where services other than audit are provided to the Company by the audit firm;
- assessing the independence of an auditor, and approving the provision of permitted non-audit services by the auditor to the Company;

- developing a policy and procedure for the selection of an audit firm to perform the audit;
- monitoring the process of financial reporting;
- submitting recommendations aimed at ensuring reliability of the financial reporting process in the Company;
- making decisions on any other issues related to the Company's audit, which were brought to the attention of the Audit Committee or Supervisory Board.

In 2021, the Audit Committee held 4 meetings on 30 March 2021, 16 April 2021, 30 August 2021 and 24 November 2021, which were aimed at carrying out the tasks entrusted to the Committee, which included analysis of the Company's financial statements, evaluation of the risk management system, and evaluation of the internal control system.

The Strategy Committee of the sixth term of office has been in place since 15 June 2020. The composition of the Strategy Committee in 2021 and as at the date of this report:

- Jan Mikołuszko** – Chairman of the Committee
- Beata Maria Skowrońska**
- Jarosław Mariusz Beldowski**
- Paweł Markowski**

The task of the Strategy Committee is to give opinions and recommendations to the Supervisory Board on planned investments and divestments having a significant impact on the Company's assets.

The tasks of this Committee include in particular:

- evaluating the impact of planned and ongoing investments and divestments on the shape of the Company's assets;
- evaluating actions, agreements, letters of intent and other documents relating to activities aimed at acquiring, selling, encumbering or otherwise disposing of material assets of the Company;
- providing opinions on all strategic documents submitted to the Supervisory Board by the Management Board;
- providing opinions on the Company's development strategy, including long-term financial plans.

The Strategy Committee met three times in 2021: on 17 March 2021, 8 June 2021 and 1 October 2021. In 2021,

the Strategy Committee undertook activities related to the implementation of the tasks entrusted to the Committee, in particular concerning the assessment of the development directions of the Group's individual businesses in future years and their competitive advantages, including in the area of technology and innovation.

DESCRIPTION AND POWERS OF THE GENERAL MEETING, SHAREHOLDERS' RIGHTS, AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Description of the operation of the General Meeting.

The General Meeting of UNIBEP SA acts in compliance with the Commercial Companies Code, the Articles of Association, the By-Laws of the General Meeting, and also takes into account the principles contained in the corporate governance principles adopted by the Warsaw Stock Exchange. All corporate documents and information related to the date, agenda, and adopted resolutions are available on the Company's website at www.unibep.pl (in the Investor Relations section). An Annual General Meeting is convened by the Management Board, within 6 months of the end of each financial year. An Extraordinary General Meeting is convened by the Management Board, the Supervisory Board, or shareholders representing at least half of the share capital, or at least half of all votes in the company. A shareholder or shareholders representing at least 1/20 (one-twentieth) of the share capital may request that the Management Board convene an Extraordinary General Meeting and put certain matters on its agenda. The request to convene an Extraordinary General Meeting and put certain issues on its agenda should be submitted to the Management Board in writing or in electronic form. The Management Board should convene the Extraordinary General Meeting within two weeks from the date of submitting the request. There is a special email address (wza@unibep.pl) provided on the Company's website, which may be used in the cases specified in the Commercial Companies Code related to the General Meeting. General Meetings are

held either at the Company's registered office or in Warsaw. The General Meeting may adopt resolutions only on the issues included on the agenda. The Supervisory Board, a shareholder, or shareholders representing at least 1/20 (one-twentieth) of the share capital may request that specific issues be put on the agenda for the next General Meeting. Such a request should be submitted to the Management Board not later than within 21 days before the scheduled date of the Meeting. The request must contain a justification or a draft resolution, concerning the proposed item on the agenda. The request may be submitted in electronic form.

In addition to other matters reserved by applicable laws, the competences of the General Meeting include the following:

1. reviewing and approving the Management report on the Company's activities and the financial statements for the previous financial year;
 2. adopting a resolution on the distribution of profits or coverage of losses;
 3. acknowledging the fulfilment of duties by members of the company's bodies;
 4. adopting a resolution on amending the Articles of Association;
 5. adopting a resolution on merging with another Company and transformation of the Company;
 6. adopting a resolution on dissolution and liquidation of the Company;
 7. adopting a resolution on the issue of subscription warrants, convertible bonds and bonds with priority rights;
 8. adopting a resolution on the sale and lease of an enterprise or an organised part thereof and on establishing a limited property right thereon;
 9. any decisions concerning claims for compensation for damage caused during the formation of the Company, or in the course of exercising management or supervision over it;
 10. adopting a resolution on compulsory buyout of shares, pursuant to Article 418 of the Commercial Companies Code;
 11. appointing and dismissing members of the Supervisory Board.
- If the General Meeting resolves

to distribute part or all of the profit to shareholders, the General Meeting is competent to determine the date on which the list of shareholders entitled to a dividend for the relevant financial year is established (record date) and to indicate the date of payment of the dividend. Acquisition or disposal of property, the right of perpetual usufruct, or a share in property does not require a resolution of the General Meeting.

Other shareholders' rights and their exercise

A shareholder or shareholders representing at least one-twentieth of the share capital may, before the date of the General Meeting, submit to the company in writing or by means of electronic communication draft resolutions on the items placed on the agenda of the General Meeting or on the items to be placed on the agenda.

During the General Meeting, each shareholder may propose draft resolutions concerning the items on the agenda.

Only persons being shareholders of the Company on the Record Date have the right to participate in the General Meeting. The Record Date is the day falling sixteen (16) days before the General Meeting.

Holders of temporary certificates, pledgees and users with voting rights are entitled to participate in the General Meeting, if they are entered in the share register at least one week before the General Meeting is held.

A shareholder who is a natural person may participate in the General Meeting and exercise their voting rights either in person or through a proxy. A shareholder who is not a natural person may participate in the General Meeting and exercise their voting rights through a person authorised to make declarations of will on their behalf or through a proxy.

Rules for amending the Issuer's Articles of Association

In addition to other matters reserved by applicable laws, the competences of the General Meeting include adopting a resolution amending the Articles of Association. Resolutions of the General Meeting shall be adopted by an absolute majority of votes, unless the Articles of Association or the Commercial Companies Code provide

for stricter requirements. The Articles of Association do not provide for stricter requirements with respect to voting on a resolution amending the Articles of Association.

The General Meeting may adopt a resolution on a significant change in the objects of the Company without the obligation to buy out shareholders who do not agree to the change, if the resolution is adopted by a majority of 2/3 of votes in the presence of shareholders representing at least half of the share capital.

REMUNERATION POLICY

UNIBEP S.A. adopted the document "Remuneration Policy of the Supervisory and Management Bodies of UNIBEP S.A." (Remuneration Policy). This Remuneration Policy became effective on 15 June 2020. The Management Board positively assesses the adopted Remuneration Policy from the point of view of its objectives, in particular the long-term increase in value for shareholders and the stability of the company's operations.

Remuneration of supervisory personnel

With respect to supervisory personnel, the Remuneration Policy states that it is the responsibility of the Company's General Meeting to determine the remuneration principles for members of the Supervisory Board for serving on the Supervisory Board. The level of remuneration for members of the Supervisory Board should be sufficient to attract, retain, and motivate the persons necessary to ensure the correct supervision over the Company. The remuneration of these persons should be adequate to the scope of tasks entrusted to individual Board members and should also take into account the performance of additional functions. At the same time, remuneration for members of the Supervisory Board should not depend on options and other derivative instruments, or any other variable components, and should not depend on the Company's financial performance. The main components of the remuneration system for members of the Supervisory Board include:

- a fixed monthly salary,
- additional benefits.

Remuneration of management

personnel

With respect to management personnel, the Remuneration Policy provides that the the Supervisory Board is the body authorised to determine the remuneration principles for members of the Management Board for serving on the Management Board. The remuneration of members of the Management Board should correspond to the size of the enterprise and be reasonable in relation to the Company's economic results, while the level of remuneration for members of the Management Board should be sufficient to attract, retain, and motivate the persons necessary to ensure the proper management of the Company. When determining and verifying the amount of remuneration for members of the Management Board, the Supervisory Board should take into account in particular the scope of duties and responsibilities, the workload necessary to properly perform the entrusted scope of duties, and the level of remuneration in similar positions paid by other entities operating on the market. Incentive programs should make the level of remuneration for members of the Management Board dependent on the actual long-term financial situation of the Company and on a long-term increase of value for shareholders, as well as on the stability of the Company's operations.

The main components of the remuneration system for members of the Management Board include:

- a fixed monthly base salary,
- an annual bonus,
- compensation resulting from termination of an employment contract with a member of the Management Board for reasons not attributable to them,
- compensation under the non-competition clause after termination of employment,
- additional benefits.

Members of the Management Board are entitled to an annual bonus in the amount determined as a percentage, depending on the achievement of the financial or material goals defined by the Supervisory Board, calculated on the basis of consolidated net profit of the UNIBEP SA Group for each financial year, determined on the basis of consolidated financial statements of the UNIBEP SA Group, approved by an authorised body. The Supervisory

Board determines the amount of a bonus and the conditions for granting it to individual members of the Management Board, by means of a resolution. Additional benefits for members of the Management Board may include a company car, tools and technical equipment necessary to perform the duties of a member of the Management Board, payment of travel costs, fuel cards, reimbursement of documented necessary expenses incurred in connection with the performance of duties to the extent and in the amount appropriate to the functions entrusted, benefits under OHS regulations, civil liability insurance contract for members of the Management Board, private medical packages, benefits under the Company's Social Benefits Fund, training courses and participation in other events whose subject matter relates to the type of work performed and aimed at improving qualifications.

Remuneration of key managers

With respect to key managers, the Remuneration Policy indicates that the body authorised to determine the principles of remuneration of key managers is the Management Board, which determines the remuneration on the basis of the Corporate Collective Labour Agreement implemented in the Company, the rules of awarding bonuses to white-collar workers. The remuneration for key managers should correspond to the size of the enterprise and be reasonable in relation to the Company's economic results, while the level of remuneration for key managers should be sufficient to attract, retain, and motivate the persons necessary to ensure the proper management of the Company. When determining and verifying the amount of remuneration for key managers, the Company should take into account in particular the scope of duties and responsibilities, the workload necessary to properly perform the entrusted scope of duties, and the level of remuneration for a similar position applied by other entities operating on the market. Incentive programs should make the level of remuneration for key managers dependent on the actual long-term financial situation of the Company and on a long-term increase of value for shareholders, as well as on the stability of the

Company's operations.

The main components of the remuneration system for key managers include:

- a fixed monthly base salary,
- a monthly bonus,
- a performance bonus,
- additional benefits.

Key managers are entitled to a monthly bonus, depending on the timely and proper performance of tasks determined by the scope of activities, granted and paid in accordance with the principles set out in detail in the rules of awarding bonuses to white-collar workers. Key managers are also entitled to a performance bonus dependent on the financial or material targets set by the Management Board within the areas supervised, awarded and paid on the terms and conditions set out in detail in the Performance Bonus Regulations. Additional benefits for key managers may include a company car, tools and technical equipment necessary to perform their duties, reimbursement of travel and representation expenses to the extent and in the amount appropriate to the functions entrusted to them, private medical insurance, or training to improve qualifications. The Management Board of the Company is responsible for carrying out performance appraisal of key managers.

The Company does not grant separate retirement benefits or benefits of similar nature in relation to former management and supervisory personnel. Moreover, the Company does not have any administrative bodies referred to in § 70(7)(18) of the Regulation of the Minister of Finance on current and periodic information (...).

7.6 DIVERSITY POLICY TOWARDS THE MANAGEMENT AND SUPERVISORY BODIES

The Company has not developed a formalised diversity policy in the form of a single document, but certain rules of conduct in this respect have been developed over the years, including the previously mentioned rules of conduct entitled “Unity of Principles and Objectives”, which each newly recruited employee of the Company must review.

Due to the location of the Company’s registered office in Podlasie, which is considered to be a melting pot of nationalities, cultures and communities, employees and members of the Company’s bodies come from different backgrounds and cultures, represent different ways of thinking and points of view and have different life and professional experiences. There are age differences among the Company’s employees and governing bodies. In addition to employees who are between thirty and fifty years of age, who make up the largest age group at over 61%, people over the age of fifty constitute approx. 17% of the Company’s employees. Over 21% of employees are under the age of thirty. The Unibep Group employs both women and men in middle and senior management positions, as well as in specialist positions. Women account for approx. 30% of all employees.

The Company tries to make skilful use of the diversity in the labour market, as it believes that activities promoting diversity help create a team of people who cooperate with and complement each other.

According to the principles adopted by Unibep, any discrimination in employment, whether direct or indirect, in particular on grounds of sex, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnic origin, belief, sexual orientation, being employed on a fixed-term contract or a permanent contract, or on a full-time or part-time basis, is unacceptable.

The Company places great emphasis on the policy of equal treatment and diversity management, especially in the area of recruiting,

evaluating performance, training, promoting, and remunerating. The activities carried out in the area of diversity include, among others, inclusion of its principles in internal documents, such as its organisational culture or the Corporate Collective Labour Agreement. An important part of implementing the diversity principles is creating the right atmosphere at work so that employees feel valued and respected, with the opportunity to develop and fully realise their professional potential.

The Company declares that the composition of the Management Board and Supervisory Board of the Company is diversified, in terms of education, age, and professional experience, with regard to the management and supervisory bodies. The construction industry is a specific industry and in selecting management staff, the Company is guided primarily by objective criteria, including the competencies necessary to properly perform the functions of the management board, knowledge, experience or characteristics desirable in the construction industry and in individual areas of management, in accordance with the specific nature of the positions of the individual members of the Company’s Management Board. Women account for 14.3% of members of the Supervisory Board. There is no gender diversity on the Company’s Management Board.

Detailed information on the diversity policy can be found in the Unibep Group Sustainability Report for 2021 in Section 4.2. Diversity as a value.



EMPLOYMENT IN THE GROUP (PERSONS) AS AT:

- 31/12/2021: **1616**
- 31/12/2020: **1560**



EMPLOYMENT IN THE COMPANY (PERSONS) AS AT:

- 31/12/2021: **853**
- 31/12/2020: **795**



AVERAGE EMPLOYMENT IN THE GROUP (PERSONS) AS AT:

- 31/12/2021: **1586**
- 31/12/2020: **1524**



AVERAGE EMPLOYMENT IN THE COMPANY (PERSONS) AS AT:

- 31/12/2021: **815**
- 31/12/2020: **800**



BLUE-COLLAR WORKERS (PERSONS) IN THE GROUP AS AT:

- 31/12/2021: **597**
- 31/12/2020: **624**



BLUE-COLLAR WORKERS (PERSONS) IN THE COMPANY AS AT:

- 31/12/2021: **197**
- 31/12/2020: **213**



WHITE-COLLAR WORKERS (PERSONS) IN THE GROUP AS AT:

- 31/12/2021: **1019**
- 31/12/2020: **936**



WHITE-COLLAR WORKERS (PERSONS) IN THE COMPANY AS AT:

- 31/12/2021: **656**
- 31/12/2020: **582**

7.7 INFORMATION ON THE AUDIT FIRM

The Parent Company and the following subsidiaries: Unidevelopment S.A., Osiedle Marywilaska sp. z o.o., Coopera Idea Sp. z o.o., Monday Kosmonautów Sp. z o.o. Sp. k., Budrex Sp. z o.o., Unihouse S.A. concluded contracts for audits and reviews of financial statements with Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Warsaw at ul. Al. Jana Pawła II 22.

The total annual remuneration for 2021 is PLN 594,000 plus additional costs (including PLN 222,000 for audits and PLN 97,000 for reviews at Unibep SA). In addition, the remuneration for 2021 in connection with the contracts signed with Deloitte AS will be NOK 360,000 plus additional costs.

The total annual remuneration for 2020 is PLN 592,000 plus additional costs (including PLN 240,000 for audits and PLN 97,000 for reviews at Unibep SA). In addition, the remuneration for 2020 in connection with the contracts signed with Deloitte AS was NOK 360,000 plus additional costs.

Cooperation regarding services involving auditing the company and consolidated financial statements of Unibep SA is based on the agreement on the provision of financial review services and other assurance engagements dated 26/07/2019. This agreement provides for the selected entity to perform audit/review activities for the annual and interim company and consolidated financial statements of Unibep S.A. for the years 2019-2021, respectively.

The audit firm was selected by the Company's Supervisory Board on the basis of the recommendation of the Audit Committee. The recommendation of the Audit Committee for the selection of the audit firm met the applicable conditions. The recommendation was drawn up in accordance with the "Policy on the selection of an audit firm to carry out a statutory audit of the financial statements of Unibep SA and Unibep Group".

On 21/01/2019, the Parent Company also concluded an agreement

with Deloitte AS Dronning Eufemias gate 14, NO-0103 Oslo for the audit of the financial statements of UNIBEP S.A.'s operations in the Norwegian market, in accordance with Norwegian standards, worth NOK 370,000 plus additional costs. The subject matter of this agreement was the performance of services as part of the audit of the financial statements and thus the provision of services by the above-mentioned Deloitte Group entity did not require additional approval.

On 21/05/2021, Unihouse SA entered into an agreement with Deloitte AS Dronning Eufemias gate 14, NO-0103 Oslo for the audit in accordance with Norwegian standards of the financial statements of Unihouse SA's operations in the Norwegian market. The subject matter of this agreement was the performance of services as part of the audit of the financial statements and thus the provision of services by the above-mentioned Deloitte Group entity did not require additional approval.

On 10/05/2021, the Parent Company also entered into an agreement with Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office in Warsaw at ul. Al. Jana Pawła II 22, for the evaluation of the report on the remuneration of the Management Board and Supervisory Board of Unibep SA for the years 2019 - 2020 worth PLN 16,000.

Entities authorised to audit financial statements did not provide any other services to the Parent Company and the Group in 2021.

However, the selected entity conducted audits/reviews of Unibep S.A.'s financial statements for the years 2017-2020.

The Company implemented the "Policy on the selection of an audit firm to carry out a statutory audit of the financial statements of Unibep SA and the Unibep Group", drawn up by the Audit Committee and adopted by the Supervisory Board by way of a resolution on 6th February 2018. The aforementioned Policy stipulates that the appointment of an audit firm shall be made by the

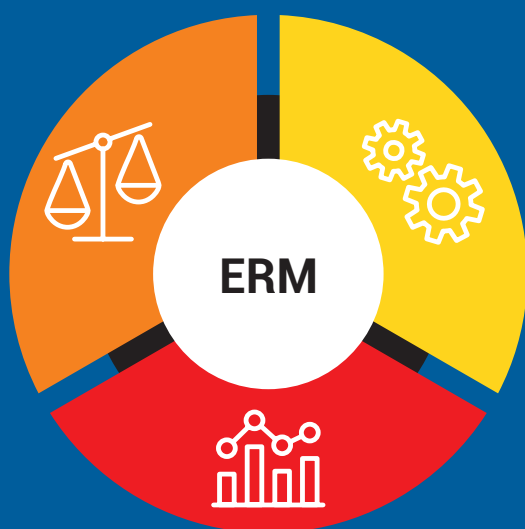
Supervisory Board on the basis of a recommendation of the Audit Committee, which (except where an audit order is renewed) shall submit to the Management Board at least two proposals of audit firms, at the same time recommending one of them and justifying their preference. The recommendation of the Audit Committee must not be influenced by third parties. Other objectives of the Policy include defining criteria for verification of audit firms and the duration of cooperation with a selected audit firm.

Furthermore, on 06/02/2018, the Supervisory Board adopted the "Policy on the provision by the audit firm performing the audit, by entities related to the audit firm and by a member of the network of the audit firm of permitted non-audit services provided to Unibep SA". The main objective of this Policy is to eliminate the threat of lack of independence in the case of provision of certain services other than statutory audit services by statutory auditors, audit firms or members of their network. The aforementioned Policy provides for listing prohibited services other than financial audit activities, as well as permitted services other than financial audit activities, and specifies that the provision of permitted services, which do not constitute financial audit activities is only possible after prior approval by the Audit Committee. The Policy applies to the Company and the Company Group.

8. Other

INFORMATION

Corporate risk management process



8.1 DESCRIPTION OF RISKS AND THREATS

Risk, interpreted as an uncertain event, is an inherent part of every business activity. Each of the risks discussed below may have a material adverse effect on the Unibep Group's operations, financial position and development prospects, as well as on its financial performance should it occur.

RISK RELATED TO THE MACROECONOMIC SITUATION IN POLAND

A deterioration of the economic situation in Poland may be accompanied by a number of negative macroeconomic phenomena, which may have a negative impact on sectors of the economy, including the construction sector. The Polish economy is strongly connected with the European Union, both politically and economically. In connection with the globalisation of national economies, and in particular with the liberalisation of capital and labour flows, a global crisis may also have a negative impact on the Polish economy. Such events are manifested by an economic downturn

or economic crisis, phenomena that are not conducive to increasing consumer and business investment expenditure. The industry in which the Issuer's Group operates depends on circumstances that include the economic situation in Poland. Factors such as the rate of economic growth, capital expenditures, interest rates, inflation, tax policy, foreign exchange rates, and the level of consumption have a significant impact on the scale of operations in the construction industry, which directly affects the financial position and development prospects of the Issuer's Group. A slower economic growth rate, lower capital expenditures of companies and lower salaries, higher taxes and interest rates, as well as a limited access to debt financing may adversely affect the operations, results, financial position or development prospects of companies from the industries in which the Issuer's Group operates.

RISK RELATED TO THE IMPACT OF THE PANDEMIC ON THE ECONOMY AND THE ISSUER

Restrictions related to the impact of the coronavirus pandemic (COVID-19) affect directly and/or indirectly social life and the economic situation and their results may include increasing the level of unemployment, reducing the level of consumption, limiting the possibility of running business freely, increasing the risk of loss of liquidity of entrepreneurs. There is a risk that the aforementioned restrictions and their negative effects may translate into increased likelihood that some of the following risk factors affecting the Issuer Group's ability to service its debt will materialise. The effects of the pandemic are affecting and may adversely affect the business and financial performance of the Issuer's Group.

RISK RELATED TO WARFARE IN UKRAINE

The armed conflict that began on 24 February 2022 in Ukraine and its consequences, as well as the actions taken by international communities against Russia are events that affect the Company's and the Group's operations and future financial per-

formance is. Apart from the design work carried out on the contract concerning the Shehyni road border crossing, Unibep does not currently carry out any construction work in Ukraine, Belarus or Russia. The Company has no intention of withdrawing from the Ukrainian market. Unibep maintains its intention to implement projects, while further cooperation and performance of contracts in Ukraine depends on the development of the geopolitical situation in the region.

There are entities employing Ukrainian citizens among Unibep's subcontractors and collaborating companies on the Polish market. The Group is in ongoing contact with its business partners and monitors the impact of the conflict on the performance of contracts to which the Group entities are a party. At present, Unibep does not identify any risks in this area. Contractors are completing the works without any downtime.

The war in Ukraine is a huge challenge for the construction industry, including Unibep. Many private investors have held back their decisions and are waiting to see how the situation will develop. As of today, this causes difficulties in terms of reliable contract valuation and, consequently, long-term planning.

It cannot be ruled out that in the event of an escalation of the conflict or as a result of sanctions imposed on Russia by the international community, the conflict may significantly affect the Group's operations, either directly or indirectly. Some of the limitations associated with this are noticeable. The problem affects such areas as: interrupted or disrupted supply chains, which may result in restrictions on the availability of raw materials from Ukraine and Russia; availability of raw materials and materials; influence on the level of prices of purchased materials (in particular steel, fuels and crude oil derivatives); an outflow of workers from Ukraine, which may have an impact on the availability of workers in the construction sector; increased investment financing costs; assessment of Poland's attractiveness by foreign investors.

The Company is analysing the situation and building scenarios for

action in case the conflict escalates. The Company's representatives are in regular contact with business partners (contracting entities, subcontractors, material suppliers), engage in a dialogue with non-governmental organisations, as well as contracting entities from the public sector.

FOREIGN EXCHANGE RISK

As part of their operations, the Issuer's Group companies enter into contracts that are (or may be) denominated or expressed in foreign currencies. In terms of export earnings, hedging against foreign exchange risk is primarily effected through a natural hedging mechanism, which consists of signing agreements with subcontractors in the currency of the agreement, thus transferring the risk to them.

It is the intention of the Issuer's Group to close the foreign currency position by balancing foreign currency transactions related to revenue and expenses. The Issuer has signed contracts concerning foreign currency transactions with banks, enabling it to use hedging instruments, provided that closing a natural position in the given period is not possible.

The strategy of the Issuer's Group regarding financial instruments hedging foreign exchange risk is based on the following two main assumptions:

1. hedging amounts not greater than the planned foreign exchange flows,
2. using simple and predictable tools, e.g. forward or unrealistic forward.

The Issuer's Group enters into specific transactions denominated in foreign currencies. As a result, there is a risk of exchange rate fluctuations. This risk is managed under the approved foreign exchange risk management procedure. The Issuer's Group is particularly exposed to fluctuations of NOK/PLN, SEK/PLN and EUR/PLN exchange rates, hence it continuously analyses fluctuations of such exchange rates. The Issuer's Group enters into derivative transactions in order to hedge its exposure to foreign exchange risk. The rules governing the use of derivatives are included

in the foreign exchange risk management procedure.

CREDIT RISK

In the event of default, financial institutions have grounds for terminating loan agreements and may proceed to enforce repayment, or exercise their right to satisfy their claims against collateral assets. It cannot be ruled out that in the event of default, creditor banks may exercise their right to file for the debtor's bankruptcy in court. Failure by the Issuer's Group to meet its credit obligations will increase interest rates, which will increase the Issuer's indebtedness and may result in other obligations of the Issuer becoming due and payable. The Issuer's Group applies a policy of moderate credit exposure towards individual financial institutions while cooperating with highly reliable institutions. The Issuer's Group has multi-purpose loans and credit facilities in several banks, where it maintains significant unused credit limits in order to secure current liquidity for the future. In addition, the Group carries out development projects through special purpose vehicles directly financed by financial institutions. The Group is not afraid of losing the availability of financing, although financial institutions analyse the Group's financial performance on an ongoing (quarterly) basis. The loan agreements contain provisions on maintaining minimum financial indicators, such as solvency, interest cover, capitalisation and EBITDA, which are reviewed and analysed. The Group monitors the aforementioned provisions on an ongoing basis and in good time, in order to renegotiate said limitations in the event of an emerging possibility of coming closer to the required thresholds. This provides the Group with financial security in the event of occurrence of risks that include deterioration of the market situation or limitation of the banks' credit activity, and also enables it to take advantage of market opportunities (e.g. acquisitions).

COUNTERPARTY CREDIT RISK

Trade receivables are also among the Group's assets exposed to an

increased credit risk. Before signing a contract, each counterparty is assessed in terms of its ability to meet its financial obligations. A significant portion of the current contracts are performed for proven and reliable partners (subsequent contracts). In case of doubts regarding the counterparty's ability to pay, entering into a contract is subject to establishing appropriate security (in cash or on property). In addition, contracts signed with investors include clauses providing for the right to suspend the performance of works if there is a delay in the payment of amounts due for provided services. If possible, contractual provisions which make payments to subcontractors conditional on receiving funds from the investor are also agreed. However, it cannot be ruled out that a possible downturn in the property market and the construction industry will affect investors' ability to pay, and thus increase the credit risk of the Group's counterparties.

LIQUIDITY RISK

There is a risk that the Group's contracting entity will not make the agreed payments, despite completing a given stage of work, which may lead to reducing the Group's financial liquidity and, in extreme cases, to financial losses. In order to mitigate the liquidity risk, the Group maintains an adequate amount of cash and enters into credit facility contracts with banks, which serve as additional liquidity security. It is the intention of the Group's companies to sign contracts only with reliable and financially sound partners, who have access to bank financing. The Group uses its own funds to finance investment purchases, ensuring that the financing structure for this type of assets is sufficiently sustainable. In view of the fact that the investment programme is also implemented through subsidiaries (the majority of shares in the companies belong to UNIEBP S.A. or its subsidiary, i.e. UNIDEVELOPMENT S.A.), the Group grants internal loans for its implementation. Large residential and commercial projects are and will be implemented through . New projects are financed from the company's own funds, bank loans

or bond issues. Liquidity management is supported by the current system of monitoring expected revenues and expenditures, by means of an appropriate IT system module. Taking into account the aforementioned measures taken, the Group's financial condition and the security provided with credit facilities, liquidity risk should be considered limited.

POLITICAL RISK IN THE EASTERN MARKETS

Due to the situation across Poland's eastern border, the Issuer's Group is particularly exposed to the political risks of these markets. At present, it is expected that it may not be possible to obtain new significant contracts in the Ukrainian market in the coming periods. In addition, the Group has for the time being cancelled contracts in Russia and Belarus.

In view of the recent events in Ukraine, threats and actions (including those of a military nature) that are difficult to foresee should be taken into account, the course of which may significantly destabilise the Group's operations.

In the case of contracts previously performed in the East, schedules of works and expenditure have always been prepared in such a way as to minimise the risk of the Issuer's Group related to the possible necessity of early completion of the performed works.

RISK RELATED TO EXPANDING INTO NEW MARKETS

The Group strives to diversify its operations and seek new sources of profit. Operating in new markets entails the need to know in detail the principles of functioning in and cooperating e.g. with local authorities, institutions, and business partners. A company expanding into a new market is usually exposed to greater operating costs (e.g. costs of promoting the company or its products) and costs of removing various barriers at the initial stage of operations. As a result, the first periods of operations in a new market may involve greater costs or losses, and it may take longer to achieve the expected profitability. Entering a new market also entails tax risks arising

from the need to get familiar with new principles and regulations characteristic for a given country.

RISK RELATED TO LAUNCHING NEW SEGMENTS AS PART OF EXISTING BUSINESS LINES OPERATING IN THE CURRENT MARKETS

Apart from expanding into new markets in the geographical sense, the Group introduces new products/services in the markets in which it currently operates. Examples include activities in the property development segment, in the area of commercial investments (PRS market) and work on new products from the modular house production plant (e.g. nursing homes). As a result, there is a number of different types of risks related to launching new products on the market. The Group strives to minimise these risks through measures such as carefully preparing for operations in a new area or cooperating with experienced partners and advisers. As a rule, such projects (depending on their scale or specific conditions) are carried out in the form of special purpose vehicles, which partially reduces the Group's risk.

RISK RELATED TO THE OPENING OF A NEW SEGMENT

Unibep SA seeks to diversify its operations and therefore a decision was made to create a new business segment - in the energy and industrial sector. There is a risk that these projects will prove to be capital intensive and subject to early stage risks in the initial development of the segment. Underperformance of the segment may carry the risk of lower earnings for the Group. The impact can also be reflected on the Group's individual balance sheet items, such as an increase in receivables translating into a lower cash balance. The opening of the new energy and industrial segment is also associated with organisational changes in the Unibep Group and, consequently, the need to incur related costs.

RISK OF NON-ACTION OR LACK OF FINANCIAL PERFORMANCE RELATED TO PUBLIC-PRIVATE PARTNERSHIP

The Group expects that engaging in activities as part of public-private partnerships (PPP) will yield economic benefits. However, we cannot rule out that the outcome of these activities will be so unfavourable that expenses will be incurred and the Group will not make efforts to be an active participant in this process. On the other hand, activities connected with developing activity as part of PPP bring risks similar to those of developing a new market or launching a new product on the market. Entry barriers, getting familiar with market principles, operating costs - these and other aspects may give rise to the risk of lower than expected profitability of a new business. Undertaking activities as part of PPP, however, is essentially in line with the strategy of diversifying activities and ultimately reducing risks. The Group's activities are based on several pillars, which allows reducing temporary risks and lower efficiency in particular areas.

RISK RELATED TO THE INABILITY TO CONTINUE COMMENCED PROJECTS AND THE INABILITY TO PERFORM THE CONTRACT DESPITE SIGNING AGREEMENTS DUE TO DIFFICULTIES EXPERIENCED BY THE CONSTRUCTION AND PROPERTY DEVELOPMENT SECTORS AND STRICTER REQUIREMENTS REGARDING THE FINANCING OF DEVELOPMENT PROJECTS

Performance of a contract often depends on obtaining financing by the Investor, which is reflected in the contractual provisions. As a result, signing an agreement alone does not guarantee that an investment project will be implemented (or completed in its entirety). This may lead to a loss of some of the anticipated revenues and profits. Adequate funding has been secured for the vast majority of domestic contracts currently underway. This risk also covers operations carried out on international markets. The parameters for financing transactions must now be verified more intensively.

RISK RELATED TO THE NEGATIVE IMPACT OF CHANGES IN

LEGISLATION ON THE ISSUER'S ACTIVITIES

In recent years, the Polish legal system has undergone frequent changes in regulations and produced inconsistent judicial decisions, which continues today. Attention should also be paid to the process of adapting Polish law to the requirements of the European Union and the impact of European case-law on court decisions in individual cases. It is impossible to predict the influence of changes in law, both those are currently under way and those expected to happen in the future, on the Issuer's activities. Undoubtedly, these factors constitute a potential element of risk and may have a serious impact on the legal environment of business operations, including the Issuer's operations. This applies in particular to the regulations governing the construction, property development and securities markets, as well as employment relations, social insurance, and the broadly-defined civil law system. It is also possible that the catalogue of activities requiring appropriate permits or concessions may be extended. There is a risk of unfavourable changes in regulations or their interpretation in the future. This may have a negative impact on the Issuer's operations, its market position, sales, financial performance, and development prospects.

RISK RELATED TO THE INSTABILITY OF TAX LAWS

In practice, tax authorities apply laws based not only directly on codes, but also on their interpretations by higher authorities or courts. Such interpretations also change, are replaced by other ones, or contradict each other. To some extent, this also applies to case-law. This results in uncertainty as to how the law will be applied by the tax authorities or as to the automatic application of the law in accordance with interpretations available at a given moment, which may not be in line with the various, often complex factual circumstances in business trading. The vagueness of many of the regulations that make up the Polish tax system further contributes to this risk. On the one hand,

this raises doubts as to the correct application of regulations and, on the other, makes it necessary to take more account of the aforementioned interpretations. The instability in the practical application of tax laws may have a negative impact on the operations and financial position of the Issuer's Group.

INTEREST RATE RISK

The Issuer has and will have financial liabilities dependent on current interest rates. In view of the above, the Issuer is exposed to the risk of interest rate fluctuations on its liabilities, particularly significant in the event of high volatility of market interest rates (e.g. under conditions of significant uncertainty or crisis on financial markets). An increase in the level of interest rates will increase the cost of financing and thus reduce the performance profitability of the Issuer's Group. The aforementioned factor has a material adverse effect on the Issuer's development prospects, performance and ability to service its debt (including but not limited to bonds or loans).

RISK OF COMPETITION

Activities of the UNIBEP Group are exposed to the risk of competition. The Group's financial performance may be materially affected by the pricing policy of its competition, which consists in offering general contracting services at lower margins. This may result in the necessity to lower the prices of offered products and services, lower margins and, consequently, lower financial performance of the Group. The main segment of the Issuer's activity, generating more than 50% of revenues, is residential and commercial construction business. In this basic segment of activity, the following entities are considered to be the main competitors of the Group: Erbud, Budimex, Skanska, Hochtief, Strabag, or Warbud.

In the property development segment, the Group competes mainly with developers implementing projects in Warsaw, Poznań and the Tri-City. The property development market in Poland is highly competitive.

Through Unihouse S.A., the Group

operates in the modular construction segment. The Group's main competitors in this segment include entities such as: Moelven Bygg-Modul AB, Lindbäcks Bygg AB, Derome Husproduktion AB, HARMET OÜ, Scandibyg and Kodumaja AS.

In the infrastructure segment, the Unibep Group competes for contracts with Budimex, Mota-Engil, Strabag, Polaqua and Aldesa, among others.

In the energy and industrial construction segment, competitors include Erbud, Budimex, Polimex Energetyka, SBB and Doosan.

RISK OF OPERATING UNDER CONDITIONS OF STRONG COMPETITION FROM OTHER DEVELOPERS

The property development market in Poland which the Group operates in is highly competitive. Competition could have a material adverse effect on the Group's business, cash flows, financial position, financial performance or prospects, and in particular may lead to oversupply of residential properties if too many development projects are completed, or it could lead to an increase in the price of land for new projects, which could affect the profitability of ongoing development projects.

RISK OF FAILURE TO EXPAND THE GROUP'S ACTIVITIES INTO OTHER MARKETS

The Issuer's strategy provides for the expansion of property development activity to new markets in the near future. The Group intends to pursue long-term value growth by increasing the scale of its operations in the Tri-City area. The Group also plans to develop the modular construction segment in the German and Swedish markets in the near future.

In the event of a decision to expand into new markets, the Issuer has carefully analysed potential projects (contracts) before deciding to implement the investment (contract); however, despite careful analysis, the identification and development of future projects (contracts) may not necessarily be successful. In addition, with respect to development projects in locations which are new to the Group, the Issuer may

face more uncertainties as to the administrative, formal, operational and financial needs of development projects, which may translate, for example, into achieving lower margins on these projects than on the Warsaw or Poznań markets.

RISK RELATED TO THE SALE OF FLATS AT REDUCED PRICES BY THE GROUP

The value of a residential property and the associated realisable selling price of the property depends primarily on the location, architectural design and standard of construction. If the attractiveness of the location of a property or project is incorrectly assessed, Group entities may not be able to sell the property at the previously assumed prices, or at all. The need to reduce the selling price in order to attract buyers implies a decrease in the margin achieved by the Issuer's Group, lower cash flows and a negative impact on the Group's financial position and business prospects.

RISK RELATED TO LIABILITY UNDER ENVIRONMENTAL PROTECTION LAW

In accordance with regulations governing environmental protection, entities using land where pollutants or detrimental transformations of natural topography appear may be obliged to remove them, bear the costs of reclamation of such areas or pay administrative penalties. The Group cannot exclude the possibility that Group companies will be obliged to pay compensation, administrative penalties or to perform land reclamation, should any pollution be detected on the land used by such companies. This may have a material adverse effect on the Group's operations, financial position, or financial performance. The Group performs technical and legal surveys of land for future projects in order to mitigate this risk. The occurrence of this risk may expose the Group to negative impacts, including an impact on its operating and financing activities, and on development prospects.

RISK RELATED TO ADAPTING THE ORGANISATION TO REQUIREMENTS COMPLIANT WITH ESG

The implementation of relevant ESG procedures and policies involves a process of identifying and mitigating ESG risks. The actions of investors and shareholders are increasingly focused on ESG, with a range of regulations and guidelines in many countries leading to stricter disclosure and reporting by companies and their governing bodies (D&Os). Growing concerns about social inequality are also leading to new demands on businesses in terms of diversity, pay and supply chains. The reorientation of policies and the consideration of ESG factors in business, in line with the direction given by the European guidelines, is essential these days in order to maintain a competitive advantage.

European Union regulations are increasingly impacting the Group and increasing compliance costs, in particular in the area of regulations and guidelines on climate issues and climate change mitigation. This applies in particular to regulations under way at EU level, including reporting obligations under the two climate objectives of the EU taxonomy. In 2021, the European Commission presented a draft Corporate Sustainability Reporting Directive (CSRD) to replace the Directive of the European Parliament and of the Council (2014/95/EU) on the disclosure of non-financial and diversity information by certain large undertakings and groups (NFRD).

RATIVE, AND INVESTMENT DIFFICULTIES IN THE IMPLEMENTATION OF CONSTRUCTION PROJECTS

During the implementation of a construction project, protests of residents, associations, or non-governmental organisations may occur, hindering the implementation of the investment. Administrative bodies and companies involved in management and supply of utilities may attempt to impose costs on developers for the construction of additional infrastructure not directly related to the development project being carried out or, alternatively, set long deadlines for the construction of infrastructure as part of their own objectives. Moreover,

when constructing the infrastructure provided for in the development project, developers may face difficulties in obtaining permits to dispose of properties necessary to run utility networks (energy, water, sewage, heat), and even obstruction during formal and legal proceedings, on the part of utility providers. Such events may cause difficulties during administrative proceedings, construction of infrastructure (including utilities) and the project as a whole, which may lead to delaying or, in extreme cases, suspending the project, or to a significant increase in the costs of a given project. The factors outlined above could have a material adverse effect on the development prospects, performance and financial position of construction companies, including the Group. This also applies to activities in foreign markets.

RISK OF NEGATIVE IMPACT OF WEATHER CONDITIONS ON THE SCHEDULE OF DEVELOPMENT PROJECTS

Activities in the construction industry are marked by a noticeable susceptibility to weather conditions. Weather conditions typical of a given season of the year are assumed to occur when preparing a schedule for construction projects and budgeting financial performance. The best conditions for construction work usually occur during the summer months, and they deteriorate significantly in the winter months, especially when snow and frost are present (from December to February it is usually impossible to carry out construction work as part of a development project). In addition, construction work may become impossible as a result of weather conditions unusual for a given period, including torrential rains in the summer or very low negative temperatures in the winter months, which also hinders finishing work.

Similarly to other entities operating in the industry, the Group cannot exclude the occurrence of the aforementioned risk, i.e. the occurrence of unusual or extremely unfavourable weather conditions, which may prolong the construction process and delay the date of handing apartments over to cus-

tomers, which in turn may delay the date of posting revenues in the income statement, and at the same time have a significantly negative impact on the development prospects, performance, and financial position of construction companies, including companies of the Group.

RISK OF IMPEDED CONTINUITY OF LAND ACQUISITION

The possibility of acquiring new land in advance provides developers with the ability to maintain regularity in running operations, including revenue. The risk of acquiring insufficient land in good locations to guarantee smooth operations and continued growth cannot be ruled out. In particular, the risk of concentrating demand in the most attractive locations by other developers, the risk of unfavourable trading conditions, as well as delays or difficulties in obtaining financing for a given piece of land cannot be ruled out. Despite the mitigation of risks, purchased land may be burdened with defects, including geological defects in the form of e.g. lack of ground bearing capacity, discovering archaeological findings during the implementation of a project, or soil contamination. It is also possible that owners of adjacent properties will express their objections during the procedure of obtaining a zoning permit and a building permit. The above-mentioned factors may slow down or limit development of developers, including companies of the Group, which may have a negative impact on the scale of their operations, performance, and financial situation. The Group actively searches through real estate markets on which it operates and analyses market offers on an ongoing basis in order to mitigate the mentioned risk. Co-implementation of projects with land owners has a positive impact on the minimisation of the indicated risk, as it makes it possible to obtain attractive land at much lower costs.

RISK RELATED TO LEGAL DEFECTS OF PROPERTIES AND THEIR UNREGULATED LEGAL STATUS

This risk refers to situations where properties purchased or planned to

be purchased by companies of the Group are encumbered with legal defects, i.e. they were the property of an entity other than the seller or encumbered with rights of third parties, and situations where the legal status of a property is not regulated, i.e. where potential sellers are unable to prove their legal title to a given property, in particular when no land and mortgage register was established for it. The existence of the aforementioned legal defects leads to potential claims concerning such properties against companies of the Group by third parties, while an unregulated legal status is related to significant difficulties or inability to purchase a property for the purposes of development activities. Moreover, if companies of the Group sell apartments or buildings located on land encumbered with legal defects, there is a risk that the buyers will make warranty claims for legal defects of the land on which individual premises are located. This may have a material adverse effect on the Group's operations, in particular its financial position or performance. In order to mitigate this risk, the Group conducts a legal analysis of properties selected for acquisition. The occurrence of such a risk may expose the Group to negative impacts on its operating and financing activities, and on its development prospects.

RISK OF AN INCREASE IN THE COSTS OF IMPLEMENTING CONSTRUCTION PROJECTS

To a large extent, financial performance and margins corresponding to development projects carried out by Group companies depend on the transaction prices of the purchased land properties. In the event of a significant increase in prices, the Group may be exposed to a decrease in the level of margins on property development activity, which may have a significant negative impact on the development prospects, performance and financial situation of the Group. Accordingly, there is a risk of increased costs of construction projects, such as land prices, prices of subcontractors or construction materials, forced changes in design, land contamination, adjustment of requirements to new environmental

guidelines or to purchasers' expectations related to the implementation of ESG policies, discovery of archaeological sites or unexploded ordnance and other similar events that could potentially have an impact on cost increases. An increase in the prices of construction materials and subcontractor services, lack of continuity in the supply of materials, which constitute a significant component in project cost estimates, may adversely affect the profitability of individual construction projects. Recent changes in the market for the supply of materials and services indicate a real increase in production costs. This implies a risk that the Group will not be able to fully compensate for their negative impact with the prices of the flats sold. In addition, the phenomenon of difficult access to materials and subcontracting services is evident, thus creating the risk of delays in the execution of contracts. Developers, including the Group companies, are thus materially exposed to adverse effects having an impact on their development prospects, operations, performance and financial position.

PRICE RISK OF MATERIALS

The Group is exposed to price risk related to price increases in the most commonly purchased construction materials, such as steel and concrete, as well as timber, mineral wool and asphalt. The Group endeavours to guarantee price stability in its contracts with producers or material suppliers. In order to mitigate price risk, the Group continuously monitors the prices of the most frequently purchased construction materials, and the contracts signed have parameters appropriately adjusted to the market situation, including the duration of the contract and the contract value. Price risk increases in the case of events caused by so-called force majeure (pandemic, warfare) as well as by increases in other production factors (increases in energy, fuel prices).

These factors and trends are taken into account when calculating the contract price and negotiating with investors and subcontractors. This applies to actions taken in the long term, as well as to the current

situation. A risk therefore exists that in the event of a significant upward trend (i.e. sharp increases in the prices of materials and subcontractor services and labour costs), the contracts currently being acquired will not achieve the planned profitability. This may also be reflected in contracts acquired in earlier periods, if the execution of selected stages of these contracts occurs during a period of price turbulence, and the risk of uncontracted items has not been hedged. The change of price realities on the market of suppliers and producers of construction materials may thus affect the forecasts and performance of the Issuer and the Unibep Group.

RISK ASSOCIATED WITH JOINT AND SEVERAL LIABILITY FOR THE PAYMENT OF REMUNERATION FOR CONSTRUCTION WORK PERFORMED BY SUBCONTRACTORS

As part of the implementation of construction projects, the UNIBEP Group uses the services of specialised contractors of construction work, who often employ their own subcontractors. The risk related to non-performance or improper performance of obligations by such contractors and/or subcontractors, which may adversely affect the implementation of construction projects and, consequently, the UNIBEP Group's future financial performance cannot be ruled out. In addition, due to the joint and several liability of the investor and the contractor for payment of subcontractors' remuneration, the risk of non-performance by contractors or subcontractors of their obligations in this respect cannot be ruled out, thus giving rise to the Group companies' liability as an investor.

In order to minimise the risk, the Group vets its counterparties in terms of procedures, quality control, capacity to deliver, and pursues a policy of diversification of subcontractors, acts in accordance with implemented internal tender procedures, as well as includes clauses that ensure effective and rapid replacement of unreliable subcontractors in contracts. In addition, the Group companies are secured in each contract with their subcontractors by provisions on liability

for improper performance of the work, its timeliness as well as liability during the warranty period. The occurrence of the above risk may expose the Group to adverse effects, including for its operational and financial activities and on its development prospects.

RISK OF DISRUPTED SUPPLY CHAINS

Problems in global logistics are again being exacerbated by the Russian invasion of Ukraine and Chinese policy towards COVID-19, with the emergence of even small outbreaks resulting in the closure of major urban centres and slowing economic activity. The Russian invasion of Ukraine caused disruptions to the supply of energy resources, agricultural raw materials and some industrial goods. At the same time, China's continued tough policy against the COVID-19 pandemic has caused the resurgence of disruptions in the technology and automotive industries. As a result, uncertainty is exacerbated and the cost of smoothly operating disrupted supply chains increases. Russia is a key supplier of oil and natural gas. Russia and Ukraine are also important exporters of industrial raw materials such as nickel, wood and neon gas, which is necessary for the production of semiconductors. Construction companies have felt the massive outflow of workers from Ukraine overnight and are bracing themselves for another wave of price increases and material shortages due to the cut-off of supply chains from Ukraine, Russia and Belarus and the rising prices of raw materials on global markets. It is highly likely that these phenomena will lead to delays on some contracts and contribute to a deterioration in the profitability of construction companies.

The Group recognises the problems in the supply chain caused by the record increase in the prices of energy, fuel and construction materials, but executes contracts on an ongoing basis and without major disruptions. It should be borne in mind that any significant increase in costs may adversely affect the profitability of Unibep Group's projects and, consequently, its financial position. When planning future projects, the

Unibep Group takes into account the risks generated by disturbances in the supply chains that affect the implementation of projects, e.g. the availability and increase in prices of construction materials, labour and employees themselves.

RISK RELATED TO PROHIBITED CONTRACTUAL CLAUSES

The risk of recognising that the applied contract templates contain prohibited clauses is related to the provisions of the Act of 16 February 2007 on Competition and Consumer Protection. The President of the Office of Competition and Consumer Protection may impose a penalty not exceeding 10% of the revenue generated in the financial year preceding the year in which the penalty is imposed on an entrepreneur, if the entrepreneur resorted to a practice infringing on the collective interests of consumers, even if unintentionally. A practice infringing the collective interests of consumers is understood as an unlawful activity of the entrepreneur which is contrary to such interests. First of all, the catalogue of behaviours considered to be practices infringing the collective consumer interests is not finite, and the practices listed in the Act are only examples. This means that the Office of Competition and Consumer Protection may recognise certain market behaviour of developers as practices infringing the collective consumer interests and impose a penalty, even though it is not expressly provided for in the Act. Secondly, the risk lies in the possibility that contractual clauses contained in model contracts used by developers are recognised as prohibited clauses. The vast majority of contracts signed by developers are contracts with consumers. The provisions included in the register of prohibited provisions should be interpreted broadly, and not only decisions with the same wording as the decision included in the register, but also similar decisions should be considered as prohibited, according to the evolving line of jurisprudence, in particular of the Supreme Court. The extent to which a provision in a contract used by an entrepreneur is similar to a provision included in the register may

determine whether that particular provision is regarded as prohibited. Even if the position of the Group is that the contractual provisions used in its contracts signed with consumers are not similar to those listed in the register, there is a risk that the Office of Competition and Consumer Protection will classify a specific provision as prohibited and on this basis impose a penalty on the developer. The Group companies thoroughly analyse the contract templates they use in terms of the possibility of considering the provisions contained therein as prohibited contractual clauses infringing on the interests of consumers.

RISK RELATED TO THE CONSTRUCTION PROCESS

The main feature of construction activity is the necessity to engage significant resources, throughout the whole period of carrying out a project, until the handover of the facility to a counterparty. The services provided by the Group are based on individual agreements, drawn up based on existing conditions and using available procedures and technologies. Due to the length of the entire construction process, there may be various changes regarding the initial terms and conditions negotiated at the beginning of the process. The entire manufacture and construction process involves various types of risk. During this time, the following risks may occur:

- on-going changes regarding design and construction, at almost every stage of the process,
- inadequate initial estimation of the project implementation costs,
- significant changes of costs during project implementation,
- errors in managing the entire construction process,
- errors related to the technical and technological solutions applied.

All of the aforementioned and other negative events may have an impact on the extension of the entire product manufacturing process causing an increase in costs and postponement of payments in time, which in consequence directly leads to a reduction in the Group's performance in respect of a given contract, and may have a negative impact on

the Group's financial position.

RISK RELATED TO INFRASTRUCTURE

Completing a project depends on the provision of the required infrastructure, such as access to public roads, access to utilities, mapping out appropriate internal roads, etc. However, there are situations in which the provision of the necessary infrastructure depends on factors beyond the control of the Group companies (e.g. providing access to the appropriate road or utility network often depends on a decision given by the relevant municipal or communal office). In some cases, the status of the roads required to carry out the investment may be unregulated, or unforeseen complications may occur during the implementation of the project, resulting in delays and additional costs. It may also happen that the competent administrative authorities require the Group companies to perform additional work related to infrastructure, as part of the works included in the carrying out of the investment. Administrative bodies may also expect or even require the investor to carry out some work related to infrastructure which is not necessary for the implementation of a given project, but such bodies may expect it to be carried out as the investor's contribution to the development of the local community in connection with the investment. Should any of the aforementioned factors occur, it may have a significant adverse impact on the operations, financial position, or development prospects of the UNIBEP Group companies by delaying projects already in progress or generating additional project costs.

RISK RELATED TO THE SALE OF DEVELOPMENT PROJECTS

The UNIBEP Group offers units/flats for sale, built as part of their own development projects. Development projects involve a number of risks. There is a risk that the Group sells fewer units than anticipated, and as a consequence its receipts will be reduced. It could also affect the level of sales/profits in a given financial year. The need to quickly recoup cash could entail the need

to adjust prices of flats and/or bring about greater expenditure on promotion, thus affecting the profitability of a project. From the perspective of the Group, there is currently no pressure to release cash quickly at the expense of price reductions (the cash level is stable, while liquidity is additionally secured with the available credit facilities). Currently, there is no need for either a sharp price adjustment or a significant increase in promotion costs, but such actions cannot be ruled out in the future.

RISK RELATED TO COLLATERALS ESTABLISHED ON UNIBEP GROUP'S ASSETS

UNIBEP Group companies take out loans to finance construction projects in progress. Signing loan agreements involves the establishment of collaterals for banks, i.e. on land where investments are planned to be carried out, in order to repay liabilities. The Group is aware of the fact that while loans taken out by special purpose vehicles established by the Group are repaid in a timely manner, the possibility that in the future, when faced with an extremely negative financial situation, the Group could cease to repay its loan liabilities on time, or violate the terms and conditions of loan agreements cannot be ruled out. Consequently, banks would be entitled to satisfy their rights by exercising the rights related to the established collaterals, e.g. by taking over the ownership of the encumbered assets. Such a situation could result in a decrease in the number of assets owned by individual special purpose vehicles of the Group, and in an overall depreciation of assets. To mitigate the risk, the Group pays special attention to the rational management of the financial structure, to forecasting the demand for debt financing before making any decision on the carrying out of each development project, while at the same time manages and forecasts the level of financial liquidity, in a reasonable manner. The occurrence of the aforementioned risk may expose the Group to negative impacts, including an impact on its operating and financing activities, and on development prospects.

RISK RELATED TO INCREASING THE SHARE OF PUBLIC SECTOR CONTRACTS IN THE ORDER PORTFOLIO

In recent years, the Group has also undertaken acquisition activities in the public sector (public procurement). With respect to the public procurement procedure, the date of signing an agreement and commencement of an investment project may in many cases be postponed for reasons such as verification of a contract award procedure by the Public Procurement Office, or appeals and complaints lodged by other bidders. Such circumstances may lead to rescheduling an investment, which may affect the size of the portfolio of contracts in the reporting period. The Group is also exposed to the risk of disputes with a public investor, resulting from different interpretations of contractual provisions, lack of willingness to settle disputes amicably, lack of sufficient ability to make decisions during implementation, etc. (this is mainly applicable to the road construction sector). Potential disputes may result in additional costs for the company and/or impediments to seeking further public contracts. Currently, the road works division of the Group has the greatest share in the public procurement sector, while residential and commercial construction significantly reduced its share of public procurement in the portfolio to the benefit of the private sector (three projects are currently in progress, according to the public procurement procedure).

RISK OF DISPUTES

The UNIBEP Group strives to perform contracts in accordance with contractual terms and conditions. During implementation there may be situations where contractual provisions are interpreted differently. This may result in untimely payments from investors or claims challenging their legitimacy. In such cases, it cannot be excluded that we will ultimately need to resort to litigation to safeguard our rights. The company monitors potential disputes which might arise while performing contracts. Legal services are provided separately for

each segment and if necessary, preventive measures are taken with sufficient advance to minimise the risk of a dispute.

RISK RELATED TO THE EMPLOYMENT OF WORKERS AND RETAINING PROFESSIONAL STAFF

To ensure a high quality products and services, the Group must be managed by professional staff and hire skilled employees. The Group's competitive position and strength has been built with the help of talented and experienced staff. Nevertheless, there is a risk of losing or of a reduction of the pool of experienced and professional management staff. To mitigate that risk, the Group applies an appropriate human resources policy aimed at minimising staff turnover. The occurrence of such a risk could expose the Group to negative effects on its operating activities.

RISK OF FAILURE OF IT SYSTEMS

The risk of a possible partial or total loss of data due to the failure of the Group's computer system or the occurrence of potential hacking attacks on the Group's computer systems could result in delays in the performance of agreements and contracts. In an effort to mitigate the risk, security procedures have been implemented in the entire Group, in the form of data archiving and protection against unauthorised access or loss. The occurrence of this risk may expose the Group to negative impacts, including an impact on its operating and financing activities, and on development prospects.

RISKS RELATED TO PENALTIES FOR NON-EXECUTION OR UNTIMELY EXECUTION OF ORDERS

In connection with the implementation of projects in the construction sector, the Group is exposed to penalties for non-execution or untimely execution of orders. When carrying out construction projects, the Group companies negotiate schedules with contracting entities so as to minimise the potential risk of delays. However, the Issuer assumes the risk of suffering such sanctions or penalties. In the case of receiving non-standard orders or

signing a contract involving extreme terms and conditions (e.g. limited in time), the Group companies demand a higher margin from the project, in order to compensate for the incurred investment risk, and to protect themselves against possible contractual penalties.

RISK RELATED TO GRANTED GUARANTEES

As of the balance sheet date of 31 December 2021, the Group had contingent liabilities of PLN 548.3 million. The contingent liabilities were mainly related to performance bonds and retention bonds, which the Group companies use in the course of their operations, mainly in the scope of construction services. There is a risk of liabilities arising from the exercise of bonds in the event that Group companies fail to perform their contracts. There were only four cases where the Group received requests for payment under a granted bond that were approved. The requested amount was PLN 13.2 million. The Issuer assesses the risk of materialisation of the granted bonds as limited.

RISK RELATED TO CONCENTRATION OF REVENUE FROM SALES

The sources of the Group's revenue from sales are concentrated to a great extent in its residential and commercial construction business. In recent years, over 50% of the UNIBEP Group's revenue has been generated from sales in that segment. In the event of a slowdown in the residential and commercial construction sector, there is a risk that revenue from sales will drop, which may have a negative impact on the financial condition of the Group and the implementation of its strategy.

The Group reduces the risk related to the concentration of revenue from sales by increasing the scale of operations in other segments. In an effort to take advantage of the favourable economic situation in the property development segment, it invested in new projects in Warsaw and Poznań, the effects of which should manifest increasingly in the coming years, in the form of higher revenue and profits. In addition, the Group is developing the modular

house and road construction segments. Entering new markets, such as Sweden, Germany and Ukraine, is an important element of diversifying the source of revenue.

RISK RELATED TO THE PROLONGING OF ADMINISTRATIVE PROCEEDINGS IN THE FIELD OF PROPERTY DEVELOPMENT LAW AND CONSTRUCTION LAW

The Group's activities with respect to development projects involve the need to obtain relevant administrative decisions and permits. The Group entities must in particular obtain decisions on development conditions for properties not covered by a local land development plan and building permits, which may require obtaining additional documents, such as approvals, opinions or consents from owners or holders of adjacent properties. In addition, there is a risk that an ongoing project may be stopped by the competent authorities, in particular as a result of protests by the owners or holders of adjacent properties or for other reasons provided for by law.

Once the construction process is complete, an occupancy permit must be obtained. In some cases, a decision on the division of property must additionally be obtained in the course of the project, and certificates confirming the separation of premises must be obtained to enable their sale. Obtaining the relevant administrative acts is often associated with prolonged administrative proceedings, which creates a risk that it will not be possible to complete individual investment phases within the deadlines planned by the Group. In particular, a delay in issuing an occupancy permit decision by an authorised authority may postpone the dates of delivery of premises and signing of final notarial deeds with purchasers, which determine the date of recording revenue from the sale of flats and premises. These circumstances could have a material effect on the Issuer's business, cash flows, financial position, performance or business prospects.

RISK RELATED TO THE CYCLICAL NATURE OF THE INDUSTRY

The residential property market in Poland is characterised by a cyclical nature, whereby the number of new residential units delivered varies from year to year depending on circumstances such as general macroeconomic factors in Poland, demographic changes in given urban areas, availability of financing and prices of existing residential units. Increased demand for residential properties tends to increase the margins achieved by developers and increase the number of new development projects underway. Due to the significant time lag between the decision to commence a development project and the completion of the project (often resulting from the prolonged process of obtaining the required administrative permits and the time it takes to actually construct the property), there is a risk that once the project is completed, the market will be saturated and the developer will not be able to sell the flats without reducing the selling price, which will result in a reduction of the achieved margin or a loss to the Group. After a period of prosperity, there are usually downward trends in the market, caused by developers' reluctance to start new projects due to lower achievable margins. The above circumstances could have a material impact on the business.

RISK RELATED TO ENSURING APPROPRIATE INFRASTRUCTURE FOR THE GROUP'S DEVELOPMENT PROJECTS

Development projects can only be carried out if the appropriate technical infrastructure required by law is provided (grid connection and connection to public roads). Having to build the relevant infrastructure required as part of a development project or modify existing infrastructure can have a significant impact on the cost of construction work. Due to delays associated with ensuring appropriate infrastructure as part of projects undertaken by the Issuer's Group, there may also be delays in the completion of development projects and unexpected increases in costs. This may have a negative impact on the Group's operations and financial position, as well as on the profitability of its de-

velopment projects.

The Issuer seeks to minimise this risk by obtaining all necessary approvals and opinions from infrastructure managers prior to entering into property purchase agreements.

RISK OF USING INAPPROPRIATE CONSTRUCTION TECHNOLOGY OR USING INCORRECT ARCHITECTURAL DOCUMENTATION FOR THE PROJECT

Changes in the technologies used in the development market, e.g. in terms of materials and components or new technological solutions or the introduction of more efficient project implementation methods, cannot be ruled out. The use of inadequate construction technology and potential errors made by designers in the architectural documentation of a project may lead to the implementation of projects containing technological defects, and their removal will require significant expenditure and prolonging the deadline for the completion of a given project, which may increase the costs of implementation of the project, especially if the mistakes are not detected at an early stage of the project. There is a risk that approved architectural designs contain technical deficiencies or that the construction technology used turns out to be incorrect for the project. The Group mitigates the above risk by careful and ongoing monitoring of the selection of appropriate materials by architects to the assumed standard of the project, however, deficiencies in architectural design and irregularities in construction technology may adversely affect the Group's financial performance, cash flows and reputation.

RISK OF ACCIDENTS AT WORK

The Group's activities are subject to the risk of accidents at work. Potential accidents at work can lead to delays in the construction process, which can result in the contract not being performed on schedule. In addition, the occurrence of an accident at work may result in claims for compensation against the Group. Such events may adversely affect the Group's reputation and financial performance.

RISK RELATED TO LEGAL PROCEEDINGS

The Group's business is subject to the risk of disputes and litigation in connection with projects completed and currently being implemented by the Group. As a result of disputes, the Group may be called upon to perform obligations under the warranty or statutory warranty granted, for example by removing any defects, refunding part of the price or the entire price. Potential disputes and legal proceedings may involve amounts in excess of the value of the contract and may take many years to resolve. Such events may adversely affect the Group's reputation and financial performance. Information on proceedings pending before a court, an authority competent for arbitration proceedings or a public administration authority is included in the Issuer's current and periodic reports.

RISK OF CONTROL BY FOREIGN STATE AUTHORITIES

While operating on foreign markets, the Group is exposed to risk related to the results of audits carried out by various central and local government agencies and institutions. At present, it is difficult to determine clearly the potential impact of such procedures on the Group's performance and operations; however, such events and their effects cannot be excluded. The Group collaborates on an ongoing basis with local advisers in the area of accounting, taxes and human resources, as well as with reputable law firms in order to mitigate the aforementioned risk.

As of the date of this Report, the Parent Company and the UNIBEP Group are parties to pending legal proceedings concerning liabilities and receivables.

The total value of proceedings related to receivables as at the date of this Report is PLN 82,925 thousand and exceeds 10% of the UNIBEP Group's equity (the total value of proceedings concerning receivables of the Parent Company is PLN 78,288 thousand).

Meanwhile the total value of proceedings related to as at the date of this Report is PLN 121,400 thousand and exceeds 10% of the UNIBEP Group's equity (the total value of proceedings concerning liabilities is PLN 120,716 thousand).

The Company has identified a number of significant proceedings. The proceedings between UNIBEP SA and Podlaskie Voivodeship Roads Authority (Investor), and between UNIBEP SA and the General Directorate for National Roads and Motorways (Investor) described below are the highest value claims currently pending before courts.

1) In action brought by the consortium of Unibep SA and Most sp. z o.o. against Podlaskie Voivodeship Roads Authority (PZDW) for payment of PLN 8,286 thousand as a contractual penalty due to withdrawal from the contract and the amount of PLN 36,336 thousand due to additional claims related to the Sokółka - Dąbrowa Białostocka project. In mid-November 2018, the Company was served with a statement of claim filed by Podlaskie Voivodeship Roads Authority against the Consortium for payment of a contractual penalty in the amount of PLN 8,286 thousand due to withdrawal from the contract. At the initial hearings held in June and September 2019, witnesses were heard. On 6 November 2019, the claim was extended by PLN 4,807 thousand for claims arising from the final settlement of the contract. On 26 November 2020, PZDW extended the claim by an additional amount of PLN 103,998 thousand. Further witnesses were heard and requests for admitting

evidence in the form of expert opinions were examined in the course of the proceedings. In May 2021, the Court ordered the admission of evidence in the form of written witness statements and an opinion of the Scientific and Research Institute and set a deadline of one year for the opinion. The Court delivered a judgement on part of the claim in favour of Unibep SA in the amount of PLN 799 thousand with statutory interest and in favour of Most Sp. z o.o. in Sopot in the amount of PLN 61 thousand with statutory interest for delay. On 21 September 2021, the defendant PZDW filed a reply to the statement of claim and reduced the claim in respect of the claimed contractual penalty due to withdrawal by the amount of PLN 8,286 thousand with interest. The defendant PZDW additionally attached the submission with an opinion of the Scientific and Research Institute of Roads and Bridges. Subsequently, on 31 December 2021, an extension of the claim was filed by UNIBEP SA for the amount of PLN 8,286 thousand drawn from the guarantee. The witness statements are currently being analysed.

The Court will decide whether the withdrawal from the contract by the contracting entity and resulting claims are justified, but the Consortium is of the opinion that it has effectively withdrawn from the contract, thus all claims raised by the contracting entity have no legal basis. The Consortium maintains its position that, similarly to the claim of the contracting entity for payment of a contractual penalty for withdrawal from the contract, the claim of the contracting entity for additional damages is also entirely unfounded.

To sum up, a court dispute is currently pending between the parties, in which lawsuits for payment brought by the Consortium for the total amount of approx. PLN 44,622 thousand and by the contracting entity for the amount of approx. PLN 105,998 thousand plus interest have been joined for joint examination.

The Company fully disputes the

damage allegedly suffered by the contracting entity, both as to the existence of the damage and as to its amount. The Issuer still believes that it has effectively withdrawn from the contract, thus all claims raised by the contracting entity have no legal basis. The Company maintains that the circumstances described above allow this dispute to be still considered as neutral for the current performance of the Unibep Group. At the same time, the Issuer stipulates that this aspect will be subjected to thorough analysis, in particular in relation to financial audit activities performed for the purposes of preparing financial statements.

2) The Consortium of UNIBEP SA and PORR SA filed a lawsuit against the General Directorate for National Roads and Motorways (GDDKiA) for payment of PLN 16,926 thousand in total (including Unibep SA PLN 5,078 thousand) for additional works on the project involving remodelling works of the S8 national road. In April 2019, an order for payment in summary proceedings was issued, which the defendant appealed against. After an exchange of pleadings, the first hearing was held on 9 April 2021. After hearing all witnesses in the case, the Court delivered a judgement on 8 December 2021, accepting the claim of PORR SA and Unibep SA in its entirety. An appeal against the judgement filed by GDDKiA was submitted to the court, which has not yet been served on the parties.

3) Unibep SA and Budrex Sp. z o.o. filed a lawsuit against the Podlaskie Voivodeship Roads Authority for payment of PLN 4,744 thousand for additional costs on the Łapy Markowszczyzna project. Witnesses were heard in the case and, by order of the Court dated 6 March 2020, evidence in the form of an opinion of Instytut Analiz Budowlanych (Institute for Construction Analysis) was admitted. The Institute presented an opinion in the case, in which it agreed with Budrex's claim for the amount of PLN 207 thousand and found the claim to be otherwise unfo-

unded, and agreed with Unibep SA's claim for the amount of PLN 1,995 thousand. Objections to the opinion were submitted in September 2020. In June 2021, the expert finally confirmed that the contractor was due additional remuneration for the diversions, but in the amount specified in the opinion, i.e. PLN 2,750 thousand. At a hearing held on 24 January 2022, the Court dismissed a

motion for the admission of live evidence given by the parties, instructed the Institute to express its final position in the case and closed the hearing. We are awaiting for the Institute's opinion.

In addition, Unibep SA filed several lawsuits against the Podlaskie Voivodeship Roads Authority concerning the construction of the DW 682 Łapy Markowszczyzna road in

connection with additional works of a total value of PLN 10,477 thousand.

A detailed description of other legal proceedings is presented in Note 6.35 to the Consolidated Financial Statements for 2021.

8.3 INFORMATION ON CHARITABLE AND SPONSORSHIP ACTIVITIES

For years, the Unibep Group has been focusing not only on increasing its capital, but also on promoting initiatives in its home region of Podlasie. Corporate social responsibility is important to us. With this concept in mind, we build our strategy of action without losing sight of social or environmental interests. Education and scientific development of society are very important elements of Unibep Group's strategy based on corporate social responsibility. We therefore promote sports, finance cultural and environmental activities, and institutions in need

of help, and help young talents in achieving success through the activities of the Unibep Group Unitalent Foundation. Other objectives of the Foundation include promoting pro-entrepreneurial and proactive attitudes, educating, developing and supporting talents in business and other areas and promoting and organising employee volunteering initiatives.

In 2021, Unibep Group donated a total of PLN 150 thousand to the Unitalent Foundation.

Of the above amount, the Foundation donated PLN 36 thousand to so-

cial purposes, while Unibep Group donated an additional PLN 440 thousand directly to social and sports organisations in 2021.

More information on the charitable and sponsorship activities as well as the campaigns in which the Unibep Group participated in 2021 is presented in the Sustainability Report for 2021, which is a separate element of the Consolidated Annual Report for 2021.



Helping and inspiring the young, the talented, the ambitious - mainly secondary schools and universities.



Showcasing good practices of Unibep Group volunteers.



Supporting employees who want to help and are willing to share knowledge and experience.



Inspirational and motivational meetings, including with successful people from the Podlaskie Voivodeship (also those who left our country).



Talent management in secondary schools in Bielsk Podlaski - cooperation with schools, teachers - since the beginning of 2018.



Initiating campaigns for those who are proactive and want to support young talents among Unibep Group employees - organising meetings, exchanging experiences, continuous improvement.

The Unibep Group was ranked 3rd in the Podlasie Golden Hundred of Enterprises ranking. Sixth from the left: Leszek Gołabiecki - President of the Management Board of Unibep SA.



8.4 DISTINCTIONS AND AWARDS

Among the best Polish employers

Unibep SA was ranked 3rd among construction companies and 74th overall on the list of 300 Poland's Best Employers. The list published by the "Forbes" monthly was created based on the opinions of the employees of individual companies themselves.

In another ranking published by wprost.pl, Unibep Group was ranked 2nd among companies in the construction sector and 16th among the 50 best employers in Poland during the pandemic.

LivinnX - a dormitory in Cracow was among the projects awarded the TopBuilder 2021 statuette.

Unibep SA was the general contractor on this project. TopBuilder is one of the most prestigious awards in the Polish construction market, granted by the "Builder" monthly. According to the organisers, it is an award for the highest quality products, novelties and innovations, including proven material, technological and design solutions.

Among the most valuable Polish brands

The Unibep Group was ranked 57th in the "Most Valuable Polish Brands" ranking organised by "Rzeczpospolita". Among companies in the construction industry, the Company was ranked 2nd. The estimated value of the Unibep brand is PLN 213.6 million.

As the organisers of the ranking emphasised, many factors have an impact on brand building - from good quality of investment project implementation, through cooperation with customers to broadly defined communication - both internal and external.

Unibep SA on the list of 500 companies considered trustworthy.

The list was published by "Home&Market" in the June issue of this magazine. The authors of the report took into account three main issues: wheth-

er companies “care about climate, ecology and human well-being”.

Awards received at the Polish Infrastructure and Construction 2021 Congress.

Unibep SA became the Construction Company of the Year, whereas Unihouse SA was recognised as a company that provides green building of the highest quality. . The awards were presented on 22 June 2021.

Unidevelopment SA co-funded a monument

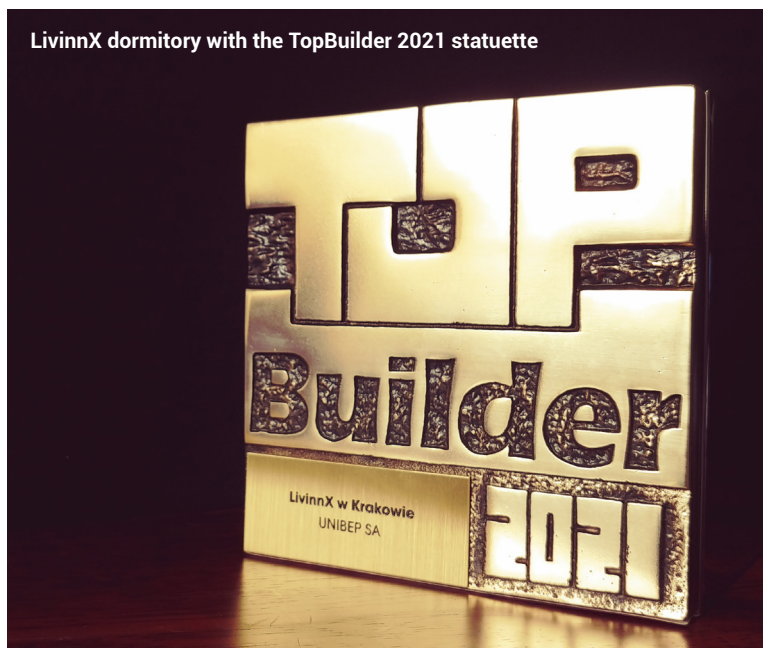
On the 77th anniversary of the Warsaw Uprising, Unidevelopment SA, a development company belonging to the Unibep Group - acting in cooperation with the Polish Association of Developers and its affiliated companies and the Foundation for the Remembrance of the Heroes of the Warsaw Uprising - financed and built a monument to women who stood up against the occupying German army in Warsaw.

Unibep SA in the Safety Week campaign

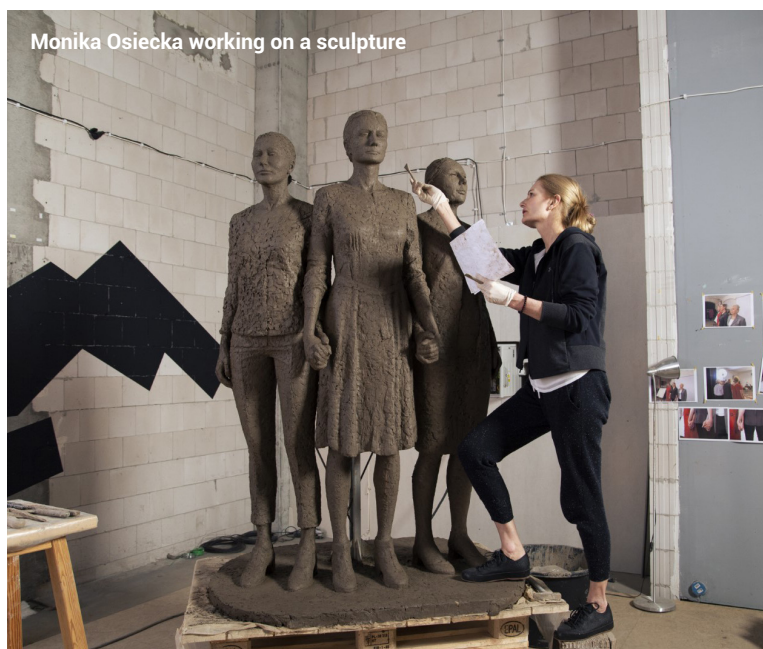
This year’s Safety Week, an educational campaign aimed at all workers in the construction industry and coordinated by the Agreement for Construction Safety, an organisation bringing together dozens of the largest general contractors operating in Poland, was held from 4 to 10 October 2021. The motto of this year’s edition was: “Necessarily safe”. Unibep SA has been part of the Agreement since 2015.

Construction Project of the Year Award for the Porosły Junction

The Porosły Junction infrastructure project near Białystok, carried out by the Infrastructure Branch of Unibep SA, became the winner of the “Construction Project of the Year 2019-2020 in the North-Eastern Region” competition. The award ceremony took place on 26 October 2021 at the Faculty of Construction and Environmental Sciences of the Białystok University of Technology. The construction of the road junction in Porosły won in the category “Transport infrastructure facilities with a length of the main roads from 5 km”.



LivinnX dormitory with the TopBuilder 2021 statuette



Monika Osiecka working on a sculpture



Unibep SA became the Construction Company of the Year

Unihouse SA recognised in the “Quality at a reasonable price” category

Unihouse SA was recognised by the “Newsweek” weekly in the “Quality at a reasonable price” category. The Company was recognised as a manufacturer of modern modular buildings using timber technology.

“Polish Construction Companies 2021” report

The Unibep Group has risen from 6th to 5th position among the largest construction companies in Poland in terms of revenue - informed advisory firm Deloitte in its latest “Polish Construction Companies 2021” report. This is the ninth edition of the ranking presenting the 15 largest construction companies in our country.



The Porosły Junction with the award. From the left: Adam Poliński - Member of the Management Board of Unibep SA and Infrastructure Director, Marcin Dzierżek - Contract Manager.

8.5 INFORMATION ON THE SUSTAINABILITY REPORT

In our Sustainability Report for 2021, prepared according to the GRI Standards, we comprehensively present our approach to sustainability and the principles of responsible business. We present the overall impact of the Unibep Group on the three areas of sustainable operations, which include the environmental area, the social area and the governance area. We focus on topics identified in the process of analysing the Unibep Group’s impact on the environment in which it operates and stakeholder opinion surveys.

We have provided detailed information including non-financial environmental, social and corporate governance (ESG) data in the Sustainability Report for 2021, which is a separate element of the Consolidated Annual Report of the Unibep Group for 2021.

KONIECZNIE BEZPIECZNIE

Wróć
do domu!

TYDZIEŃ
BEZPIECZEŃSTWA
4-10/10/2021



Porozumienie
dla Bezpieczeństwa
w Budownictwie

budimex

EIFFAGE

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GRUPA KAPITAŁOWA

DORA

SKANSKA

STRABAG

unibep

Warbud

Członkowie Zrzeszeni

MCCB

REMBOR
GENERA

Sygnatariusze

9. Statements

BY THE MANAGEMENT BOARD

To the best of our knowledge, the financial statements of UNIBEP S.A. (company and consolidated, respectively) for the 12-month period ended 31 December 2021, and the comparable data have been prepared in compliance with the applicable accounting principles and reflect in a true, fair, and transparent manner the assets, liabilities, financial position and financial performance of Unibep and the Unibep Group, and this Management Report gives a true view of the development, achievements, risks and threats, and the situation of the Issuer and its Group, including a description of the primary threats and risks.

Information of the Management Board on the entity authorised to audit financial statements

Based on the statement by the Supervisory Board of Unibep S.A. on the selection of the audit firm responsible for auditing the annual financial statements, in accordance with the regulations, including those concerning the selection and the procedure for selecting the audit firm, the Management Board of Unibep S.A. informs that:

- a) the audit firm and the members of the team carrying out the audit met the conditions for the preparation of unbiased and independent reports on the audit of the annual financial statements (company and consolidated, respectively) in accordance with the applicable regulations, professional standards, and principles of professional ethics;
- b) the applicable principles related to the rotation of the audit firm and the key statutory auditor, and the mandatory grace periods are complied with;
- c) Unibep S.A. has a policy regarding the selection of an audit firm, and a policy regarding the provision of additional non-audit services to Unibep S.A., by an audit firm, an affiliate of the audit firm, or a member of its network, including services that are conditionally exempt from the audit firm's prohibition.

Leszek Gołąbiecki
President of the
Management Board
Unibep SA

Sławomir Kiszycki
Vice-President of the
Management Board
Unibep SA

Krzysztof Mikołajczyk
Vice-President of the
Management Board
Unibep SA

Adam Poliński
Member of the
Management Board
Unibep SA

