

Consolidated financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Bielsk Podlaski, 27 April 2023



FINANCIAL STATEMENTS 2022

UNIBEP GROUP

Consolidated financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (*amounts in the tables are expressed in PLN, unless otherwise stated*)



Contents

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	6
CONSOLIDATED PROFIT AND LOSS ACCOUNT	8
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED CASH FLOW STATEMENT.....	10
1. <i>General information</i>	<i>11</i>
1.1. Information on the Group and its activities.....	11
1.2. Basis for the preparation of financial statements	12
1.3. Functional currency and presentation currency of the financial statements	12
1.4. Changes to IFRS.....	13
2. <i>Information about the Capital Group.....</i>	<i>15</i>
3. <i>Accounting and consolidation principles adopted.....</i>	<i>21</i>
3.1. Accounting policy.....	21
TANGIBLE FIXED ASSETS.....	21
<i>Intangible assets</i>	<i>22</i>
INVESTMENT PROPERTY	23
<i>Lease</i>	<i>25</i>
<i>Inventory</i>	<i>26</i>
<i>Borrowing costs.....</i>	<i>27</i>
<i>Cash and cash equivalents</i>	<i>27</i>
TRADE AND OTHER RECEIVABLES	28
CONTRACTUAL ASSETS AND LIABILITIES	28
<i>Trade and other liabilities</i>	<i>29</i>
<i>Contingent liabilities and receivables.....</i>	<i>29</i>
<i>Transactions and balances in foreign currency</i>	<i>29</i>
<i>Equity</i>	<i>30</i>
LOANS, OTHER FINANCIAL LIABILITIES	31
<i>Provisions</i>	<i>31</i>
<i>Employee benefits</i>	<i>33</i>
<i>Deferred income tax.....</i>	<i>34</i>
<i>Current income tax.....</i>	<i>34</i>
<i>Segment reporting</i>	<i>34</i>
<i>Revenue from contracts with clients</i>	<i>35</i>
<i>Other operating revenue and expenses</i>	<i>37</i>
<i>Financial revenue and expenses and expected credit losses</i>	<i>38</i>
<i>Statement of cash flows</i>	<i>39</i>
FINANCIAL INSTRUMENTS.....	39
HEDGE ACCOUNTING	42
EQUITY METHOD.....	43
FIXED ASSETS (DISPOSAL GROUP) HELD FOR SALE AND DISCONTINUED OPERATIONS.....	44
3.2. Consolidation principles.....	45
3.3. Rules adopted for conversion of financial data	46
3.4. Selected financial data converted into EUR.....	46
3.4.1. Basic items of the statement of financial position converted into EUR	46
3.4.2. Basic items of the statements of comprehensive income converted into EUR.....	47
3.4.3. Basic items of the cash flow statement converted into EUR.....	48
4. <i>Financial risk management</i>	<i>49</i>

5.	<i>Financial instruments</i>	55
6.	<i>Notes to the consolidated financial statements</i>	59
6.1.	Tangible fixed assets	59
6.2.	Intangible assets	62
6.3.	Investment property	66
6.4.	Investments in entities measured using the equity method	67
6.5.	Trade and other receivables	68
6.6.	Revaluation write-offs and expected credit losses	70
6.7.	Inventory	71
6.8.	Cash and cash equivalents	73
6.9.	Loans granted	73
6.10.	Capitals	74
6.11.	Restrictions on the transfer of securities ownership rights	78
6.12.	Credits, loans and other financial liabilities	78
6.13.	Lease	81
6.14.	Provisions	82
6.15.	Trade and other liabilities	85
6.16.	Current and deferred tax	86
6.17.	Contractual assets and liabilities	89
6.18.	Deposits on contracts with clients	90
6.19.	Information on operating segments	91
6.20.	Revenue from contracts with clients	93
6.21.	Costs by type	94
6.22.	Other revenue and operating expenses	94
6.23.	Financial revenue and expenses, expected credit losses	94
6.24.	Profit (loss) per share	95
6.25.	Discontinued activities	95
6.26.	Notes to the cash flow statement	96
6.27.	Mergers of business entities, loss of control	97
6.28.	Adjustment of an error	99
6.29.	Transactions with related parties	101
6.30.	Members of the Management Board and Supervisory Board of the Parent Company	102
6.31.	Shares held by or rights to shares of the members of the management and supervisory bodies	103
6.32.	Information on personal, factual and organisational relations between members of the Management Board and Supervisory Board and certain shareholders with at least 5% of votes at the General Meeting of Shareholders of Unibep SA	105
6.33.	Salaries of members of the management and supervisory boards of the parent company and of persons and entities closely associated with them	106
6.34.	Transactions with related parties carried out through managerial staff of the Company and the Capital Group companies	107
6.35.	Contracts concluded between the Parent Company UNIBEP SA and members of the management bodies	107
6.36.	Contingent assets and liabilities, guarantees	108
6.36.1.	Contingent assets and liabilities	108
6.36.2.	Guarantees	119
6.37.	Impact of the COVID 19 coronavirus outbreak and the war situation on UNIBEP GROUP's operations	120
6.38.	Events after the balance sheet date	121
6.39.	Employment structure	122
6.40.	Information on contracts with audit firms	123

7. Approval of the financial statements	124
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	as of 31.12.2022	as of 31.12.2021 restated*	as of 01.01.2021
ASSETS				
LONG-TERM FIXED ASSETS				
Tangible fixed assets	6.1	152,303,721.45	141,193,775.94	128,406,693.56
Intangible assets	6.2	23,904,151.66	24,429,540.70	24,566,086.15
Investment property	6.3	63,586,646.26	24,929,600.07	3,903,062.25
Trade and other long-term receivables	6.5	8,162,014.38	7,076,634.04	4,713,073.61
Investments in entities measured using the equity method	6.4	-	4,707,824.92	11,221,015.49
Deposits on contracts with clients	6.18	14,837,228.65	21,125,899.35	25,776,324.20
Loans granted	6.9	79,231,122.13	62,270,500.21	52,608,562.76
Derivative financial instrument assets	5	-	168,138.49	-
Deferred income tax assets	6.16	59,063,285.00	45,899,373.00	43,209,104.00
Total (long-term) fixed assets		401,088,169.53	331,801,286.72	294,403,922.02
SHORT-TERM CURRENT ASSETS				
Inventory	6.7	543,540,093.66	406,648,382.11	306,576,324.19
Trade and other short-term receivables	6.5	384,515,367.72	238,521,888.36	251,455,623.11
Deposits on contracts with clients	6.18	22,299,993.58	19,327,127.73	17,955,748.02
Contractual assets	6.17	301,259,451.67	235,451,409.21	90,947,732.76
Current income tax receivables		12,938,587.53	25,956,067.28	887,677.41
Derivative financial instrument assets	5	1,382,787.29	7,417.97	-
Loans granted	6.9	8,230,065.60	6,309,294.88	1,031,127.40
Cash and cash equivalents	6.8	137,948,189.73	271,460,786.84	264,064,942.76
Current assets other than those held for sale or distribution to owners		1,412,114,536.78	1,203,682,374.38	932,919,175.65
Total (short-term) current assets		1,412,114,536.78	1,203,682,374.38	932,919,175.65
TOTAL ASSETS		1,813,202,706.31	1,535,483,661.10	1,227,323,097.67

*note no. 6.28.

	Note	as of 31.12.2022	as of 31.12.2021 restated*	as of 01.01.2021
LIABILITIES				
Equity				
Share capital	6.10	3,507,063.40	3,507,063.40	3,507,063.40
Capital from sales of shares at premium		63,893,761.02	62,153,761.02	62,153,761.02
Other reserve capitals	6.10	4,443,991.80	-1,290,402.90	-10,119,154.10
Retained profit (loss)	6.10	230,298,029.47	239,152,351.36	220,200,701.00
Equity attributable to shareholders of the parent company		302,142,845.69	303,522,772.88	275,742,371.32
Equity attributable to non-controlling interests		81,811,387.99	68,470,567.37	54,993,510.55
Total equity		383,954,233.68	371,993,340.25	330,735,881.87
Long-term liabilities				
Trade and other long-term liabilities	6.15	12,179,096.95	2,009,299.80	814,835.80
Credits, loans and other financial liabilities – long-term	6.12	126,478,695.93	100,108,035.48	69,812,678.12
Long-term lease liabilities	6.13	43,249,484.26	39,812,948.71	25,681,799.54
Derivative financial instrument liabilities	5	-	4,659,028.29	3,063,900.31
Long-term provisions	6.14	64,439,833.22	58,545,105.75	40,351,181.21
Deposits on contracts with clients	6.18	46,714,420.39	51,622,922.04	54,230,216.60
Deferred income tax liability	6.16	4,915,598.00	12,589,449.00	10,033,634.00
Total long-term liabilities		297,977,128.75	269,346,789.07	203,988,245.58
Short-term liabilities				
Trade and other short-term liabilities	6.15	415,310,568.21	269,506,241.09	261,272,980.21
Contractual liabilities	6.17	322,985,243.51	295,417,277.83	152,490,593.73
Deposits on contracts with clients	6.18	66,018,434.08	47,560,900.09	49,462,462.15
Credits, loans and other financial liabilities – short-term	6.12	39,720,828.40	59,006,702.24	36,269,553.16
Short-term lease liabilities	6.13	31,342,383.41	28,166,607.82	27,783,931.69
Derivative financial instrument liabilities	5	2,213,169.32	7,318,083.88	9,948,708.90
Current income tax liabilities		9,268,837.31	10,545,600.75	5,879,462.53
Short-term provisions	6.14	244,411,879.64	176,622,118.08	149,491,277.85
Short-term liabilities other than those related to assets held for sale		1,131,271,343.88	894,143,531.78	692,598,970.22
Total short-term liabilities		1,131,271,343.88	894,143,531.78	692,598,970.22
Total liabilities		1,429,248,472.63	1,163,490,320.85	896,587,215.80
TOTAL LIABILITIES		1,813,202,706.31	1,535,483,661.10	1,227,323,097.67

*note no. 6.28.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	01.01-31.12.2022	01.01-31.12.2021 restated*
Operating activities			
Revenue from contracts with clients	6.20	2,258,312,070.33	1,714,017,777.80
Costs of products, goods and materials sold		2,110,057,045.87	1,586,721,365.90
Gross profit (loss) on sales		148,255,024.46	127,296,411.90
Selling costs	6.21	20,609,310.22	14,240,804.86
General and administrative costs	6.21	58,287,546.99	61,143,299.40
Other operating revenue	6.22	8,478,029.74	19,544,221.80
Other operating expenses	6.22	14,085,197.88	16,345,295.13
Profit (loss) on operating activities		63,750,999.11	55,111,234.31
Financial revenue	6.23	12,222,011.95	7,164,665.40
Financial expenses	6.23	23,323,594.66	12,771,748.87
Expected credit losses	6.23	11,248,512.25	2,582,327.18
Share in net profits (losses) of subsidiaries measured using the equity method	6.4	500,557.62	5,825,088.30
Pre-tax profit (loss)		41,901,461.77	52,746,911.96
Income tax	6.16	10,040,155.02	10,633,980.87
Net profit (loss) on continued operations		31,861,306.75	42,112,931.09
Net profit (loss)		31,861,306.75	42,112,931.09
of which attributable to:			
shareholders of the parent company		7,444,028.82	28,200,343.17
non-controlling interests		24,417,277.93	13,912,587.92

Profit per share

Profit (loss) per one ordinary share:

Basic profit (basic loss) per share on continued operations 0.23 0.89

Basic profit (basic loss) per share on discontinued operations 0.00 0.00

Profit (loss) per ordinary share 0.23 0.89

Diluted profit (loss) per ordinary share:

Diluted profit (diluted loss) per share on continued operations 0.23 0.89

Diluted profit (diluted loss) per share on discontinued operations 0.00 0.00

Diluted profit (loss) per ordinary share 0.23 0.89

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	01.01-31.12.2022	01.01-31.12.2021 restated*
Net profit (loss)	31,861,306.75	42,112,931.09
Other comprehensive income to be reclassified to profit or loss under specified conditions:	4,584,620.49	5,396,966.20
Effective portion of changes in fair value of cash flows hedges	4,584,620.49	5,396,966.20
Other comprehensive income not to be reclassified to profit or loss:	2,420,803.21	1,450,875.00
Actuarial gains (losses) on defined benefit plans	1,122,265.00	1,450,875.00
Valuation of investment property at fair value at the time of reclassification	1,298,538.21	0.00
Other pre-tax comprehensive income	7,005,423.70	6,847,841.20
Income tax related to items that may be reclassified in later periods	871,077.00	1,025,424.00
Income tax related to items not to be reclassified in later periods	459,952.00	275,666.00
Total other post-tax comprehensive income	5,674,394.70	5,546,751.20
Total comprehensive income	37,535,701.45	47,659,682.29
of which attributable to:		
shareholders of the parent company	13,118,423.52	33,747,094.37
non-controlling interests	24,417,277.93	13,912,587.92

*note no. 6.28.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 01.01.2022 to 31.12.2022

	Share capital	Other reserve capitals	Capital from sales of shares at premium	Retained earnings	Equity attributable to the owners of the parent company	Attributable to non-controlling shareholders	Total equity
As of 31 DECEMBER 2021	3,507,063.40	-1,290,402.90	62,153,761.02	244,175,378.55	308,545,800.07	68,467,278.85	377,013,078.92
Adjustment of an error	0.00	0.00	0.00	-5,023,027.19	-5,023,027.19	3,288.52	-5,019,738.67
As of 1 JANUARY 2022	3,507,063.40	-1,290,402.90	62,153,761.02	239,152,351.36	303,522,772.88	68,470,567.37	371,993,340.25
Dividend recognised as payments to owners	0.00	0.00	0.00	-16,298,350.71	-16,298,350.71	-13,672,060.84	-29,970,411.55
Return of contributions	0.00	0.00	0.00	0.00	0.00	-14,938,248.25	-14,938,248.25
Taking control	0.00	0.00	0.00	0.00	0.00	17,533,851.78	17,533,851.78
Incentive scheme	0.00	60,000.00	1,740,000.00	0.00	1,800,000.00	0.00	1,800,000.00
Current year earnings (losses)	0.00	0.00	0.00	7,444,028.82	7,444,028.82	24,417,277.93	31,861,306.75
Other combined comprehensive income	0.00	5,674,394.70	0.00	0.00	5,674,394.70	0.00	5,674,394.70
Comprehensive income	0.00	5,674,394.70	0.00	7,444,028.82	13,118,423.52	24,417,277.93	37,535,701.45
Changes in equity	0.00	5,734,394.70	1,740,000.00	-8,854,321.89	-1,379,927.19	13,340,820.62	11,960,893.43
As of 31 DECEMBER 2022	3,507,063.40	4,443,991.80	63,893,761.02	230,298,029.47	302,142,845.69	81,811,387.99	383,954,233.68

For the period from 01.01.2021 to 31.12.2021 restated*

	Share capital	Other reserve capitals	Capital from sales of shares at premium	Retained earnings	Equity attributable to the owners of the parent company	Attributable to non-controlling shareholders	Total equity
As of 31 DECEMBER 2020	3,507,063.40	-10,119,154.10	62,153,761.02	220,200,701.00	275,742,371.32	54,993,510.55	330,735,881.87
Adjustment of an error	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As of 1 JANUARY 2021	3,507,063.40	-10,119,154.10	62,153,761.02	220,200,701.00	275,742,371.32	54,993,510.55	330,735,881.87
Dividend recognised as payments to owners	0.00	0.00	0.00	-9,684,223.91	-9,684,223.91	0.00	-9,684,223.91
Loss of control	0.00	0.00	0.00	435,531.10	435,531.10	-435,531.10	0.00
Incentive scheme	0.00	3,282,000.00	0.00	0.00	3,282,000.00	0.00	3,282,000.00
Profit (loss)	0.00	0.00	0.00	28,200,343.17	28,200,343.17	13,912,587.92	42,112,931.09
Other combined comprehensive income	0.00	5,546,751.20	0.00	0.00	5,546,751.20	0.00	5,546,751.20
Comprehensive income	0.00	5,546,751.20	0.00	28,200,343.17	33,747,094.37	13,912,587.92	47,659,682.29
Changes in equity	0.00	8,828,751.20	0.00	18,951,650.36	27,780,401.56	13,477,056.82	41,257,458.38
As of 31 DECEMBER 2021	3,507,063.40	-1,290,402.90	62,153,761.02	239,152,351.36	303,522,772.88	68,470,567.37	371,993,340.25

*note no. 6.28.

CONSOLIDATED CASH FLOW STATEMENT

	01.01-31.12.2022	01.01-31.12.2021 restated*
Cash flows from operating activities		
Gross profit (loss)	41,901,461.77	52,746,911.96
Total adjustments:	-23,274,490.63	-22,988,934.82
Amortisation:	25,582,215.69	21,957,844.64
Exchange rate profits (losses)	163,839.69	155,498.63
Interest and profit sharing (dividend)	5,470,062.51	2,591,986.77
Profit (loss) on investment activities	-1,714,611.06	-8,646,333.32
Change in provisions	66,857,185.95	36,544,176.78
Change in inventory	-56,323,359.54	-107,427,538.45
Change in receivables	-200,049,274.78	-128,193,380.59
Change in short-term liabilities excluding financial liabilities	137,254,570.59	156,423,996.38
Other adjustments	-515,119.68	3,604,814.34
Cash from operating activities	18,626,971.14	29,757,977.14
Income tax paid/refunded	-22,851,246.03	-32,770,416.04
Net cash from operating activities	-4,224,274.89	-3,012,438.90
Cash flows from investment activities		
Acquisition of tangible fixed assets, intangible assets, investment properties	-70,726,628.68	-7,985,809.30
Proceeds from sales of tangible fixed assets and intangible assets	7,360,004.83	3,974,644.46
Proceeds from sales of investments accounted for using the equity method	0.00	4,226,000.00
Purchase of shares in investments accounted for using the equity method	0.00	-6,025,000.00
Interest received	5,936,196.51	2,765,766.53
Dividend received	0.00	8,681,240.85
Loans repaid by third parties	0.00	0.00
Loans granted to third parties	-17,880,411.65	-14,943,432.44
Loans granted to related parties	0.00	-979,520.00
Cash from taking control	23,868,574.14	0.00
Other (including execution of derivative instruments)	-5,829,497.70	-867,150.53
Net cash from investment activities	-57,271,762.55	-11,153,260.43
Cash flows from financial activities		
Inflows from loans, credits, bonds and bills of exchange	176,342,456.98	120,875,766.66
Repayment of loans, credits, bonds and bills of exchange	-168,987,719.09	-68,433,432.27
Acquisition of own shares/refund of contributions	-13,138,248.25	0.00
Payment of liabilities arising from lease contracts	-15,040,983.31	-14,104,195.54
Interest paid	-21,868,658.53	-7,009,884.70
Dividend paid	-29,357,500.37	-9,643,747.50
Net cash from financial activities	-72,050,652.57	21,684,506.65
Net change in cash due to exchange rate differences	-133,546,690.01	7,518,807.32
Exchange rate differences	34,092.90	-122,963.24
Net change in cash	-133,512,597.11	7,395,844.08
Opening balance of cash	271,460,786.84	264,064,942.76
Closing balance of cash	137,948,189.73	271,460,786.84
- including: of limited disposability	40,176,709.34	61,259,301.33

*note no. 6.28.

Explanatory notes to the cash flow statement are included in Note 6.26.

1. General information

1.1. Information on the Group and its activities

The UNIBEP capital group was established in 2004 as a result of the establishment of the limited liability company UNIHOUSE, in which 100% of the capital was acquired by UNIBUD BEP Sp. z o.o. (currently UNIBEP SA).

As of 31.12.2022, the UNIBEP Group was composed of the following entities: Unidevelopment SA, Budrex Sp. z o.o., UNEX Costruction Sp. z o.o., Unibep PPP Sp. z o.o., Unihouse SA, Seljedalen AS, Lovsetvegen 4 AS, MP Sp. z o.o., Idea Sp. z o.o., Nowa Idea Sp. z o.o. (formerly Idea Sp. z o.o. Sp. k.), Unigo Sp. z o.o., Lykke Szczęśliwicka Sp. z o.o. S.K.A., Hevelia Szczęśliwicka Sp. z o.o. S.K.A., Szczęśliwicka Sp. z o.o., Monday Development Sp. z o.o., Sokratesa Sp. z o.o., Osiedle Idea Sp. z o.o., Osiedle Marywilska Sp. z o.o., Bukowska 18 Sp. z o.o. (formerly Bukowska 18 MP Sp. z o.o. Sp.k.), Zielony Sołacz Tarasy MP Sp. z o.o. Sp.k., Monday Kosmonautów MP Sp. z o.o. Sp.k., URSA PARK Smart City Sp. z o.o., Sp.k. URSA Sky Smart City Sp. z o.o. Sp.k. Fama Development Sp. z o.o., Fama Development Sp. z o.o. Sp. j. (formerly Fama Development Sp. z o.o. Sp.k.), 1 Fama Development Sp. z o.o. Sp.k., Coopera Idea Sp. z o.o. (formerly Coopera IDEA Sp. z o.o. Sp.k.), Mickiewiczza Idea Sp. z o.o. Sp.k., Asset Idea Sp. z o.o. (formerly Asset Idea Sp. z o.o. Sp.k.), UNI1 Sp. z o.o. (formerly UNI1 Idea Sp. z o.o. Sp.k.), UNI2 Sp. z o.o., UNI3 Sp. z o.o., UNI4 Sp. z o.o., UNI5 Sp. z o.o., UNI6 Sp. z o.o., UNI7 Sp. z o.o., UNI8 Sp. z o.o., UNI9 Sp. z o.o., UNI10 Sp. z o.o., UNI11 Sp. z o.o., UNI12 Sp. z o.o., UNI13 Sp. z o.o.

A diagram of the UNIBEP Group and detailed information on its composition is provided in Section 2.

Changes in the composition of the UNIBEP Group are discussed in Section 2, 6.27.

The parent company UNIBEP Spółka Akcyjna is registered in the District Court in Białystok, 12th Commercial Department of the National Court Register in the Register of Entrepreneurs under the number 0000231271.

The Company is registered under the Tax Identification Number (NIP) 543-02-00-365 and the Business Registry Number (REGON) 000058100.

The registered office of UNIBEP SA is located in Bielsk Podlaski, at ul. 3 Maja 19, Poland.

The address of the registered office of the entity is ul. 3 Maja 19, 17-100 Bielsk Podlaski, Poland.

State of registration: Poland.

Principal place of business: Poland.

Unibep SA is not a subsidiary of any other entity which would hold a total or partial interest therein.

There is no entity controlling Unibep SA, therefore Unibep SA is the ultimate parent of the Group.

According to the Polish Classification of Activities, the core business of the parent company is the performance of general construction work related to the erection of buildings in Poland and abroad. The Group's activities include a wide range of construction and assembly services, road construction, property development, manufacturing and other activities.

1.2. Basis for the preparation of financial statements

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board as adopted by the European Union under the IFRS Regulation (European Commission 1606/2002), hereinafter referred to as "EU IFRS".

EU IFRS include standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for use in the EU.

During preparation of the financial statements for 2022, the Group applied the same accounting principles as in preparation of the annual financial statements for 2021 except for changes to the standards as well as new standards and interpretations approved by the European Union, binding for the reporting periods which begin on or after 1 January 2022. In 2022, the Group adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Board, approved for use in the EU, applying to the activity of the Group and binding for the reporting periods from 1 January 2022.

The financial statements were prepared using the historical cost principle, except for derivative financial instruments measured at fair value and assets measured at fair value through other comprehensive income, in accordance with the Accounting Principles presented below. These consolidated financial statements, except for the consolidated cash flow statement, were prepared on an accrual basis.

The financial statements present financial data for the period from 1 January 2022 to 31 December 2022 and comparative financial data for the period from 1 January 2021 to 31 December 2021.

The consolidated financial statements were prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As of the signing of these financial statements, the Management Board of parent company is not aware of any facts or circumstances which would imply a threat to the Company continuing as a going concern for a period of at least 12 months of the balance sheet date due to an intended or forced discontinuance or material limitation of its activity.

1.3. Functional currency and presentation currency of the financial statements

The functional currency of the parent company and the presentation currency of these separate financial statements is Polish zloty (PLN). All amounts in these consolidated financial statements are presented in Polish zlotys, unless indicated otherwise.

1.4. Changes to IFRS

In preparing the consolidated financial statements, the same general principles have been adopted as those applied in preparing the consolidated financial statements for the year ended 31 December 2021, which were published on 7 April 2022.

The following new standards, changes to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) enter into force for the first time in the financial statements of the Group for 2022:

- **amendments to IFRS 3 'Business Combinations',**
- **amendments to IAS 16 'Property, Plant and Equipment',**
- **amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets',**
- **amendments to IFRS 9 'Financial Instruments',**
- **amendments to IFRS 16 'Leases',**
- **Annual improvements 2018-2020.**

The above amendments to the standards do not have a material impact on the financial statements.

Standards and amendments to standards that have already been published but are not yet effective:

In preparing these financial statements, the Group has not applied the following standards and amendments to other standards which have been published and endorsed for application in the EU but which are not yet effective:

- **Amendments to IAS 1 'Presentation of Financial Statements' and Practice Statement 2** – Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** (effective for annual periods beginning on or after 1 January 2023),
- **IFRS 17 'Insurance Contracts'** and amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023).

Standards and amendments to standards adopted by the IASB but not yet endorsed by the EU:

IFRSs as endorsed by the EU do not currently differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards and amendments to standards which, as at the date of this report, have not yet been adopted for application:

- **IFRS 14 'Regulatory Accruals'** – in accordance with the European Commission's decision, the endorsement process for the preliminary version of the standard will not be initiated until the final version is issued (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'** - Transactions for the sale or contribution of assets between an investor and its associate or joint venture - the work leading to the approval of these amendments has been postponed indefinitely by the EU – the effective date has been postponed indefinitely by the IASB,
- **Amendments to IAS 1 'Presentation of Financial Statements'** - Classification of liabilities as current or non-current and Classification of liabilities as current or non-current - Deferred effective date (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 'Presentation of Financial Statements'**: clarification by the IAS Board of what information about an entity's accounting policies is material and needs to be disclosed in the financial statements, the measurement basis of financial instruments is expected to be considered as material information (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'**: a definition of accounting estimate was introduced to the standard: Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 'Income Taxes'** - Deferred tax on assets and liabilities arising from a single transaction. The Council introduced the principle that deferred tax assets and liabilities must be recognised, e.g. when temporary differences of equal amounts occur for leases (separate temporary difference from the liability and from the right of use) or for rehabilitation liabilities (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 16 'Leases'** - clarification of requirements in relation to the measurement of the lease liability arising from sale and leaseback transactions. This is to prevent inappropriate recognition of the profit or loss on a transaction for the retained right-of-use portion when the lease payments are variable and do not depend on an index or rate effective for annual periods beginning on or after 1 January 2024),
- **Amendments to IFRS 17 'Insurance Contracts'** - First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after 1 January 2023).

According to the estimates of the companies of the Group, the above-mentioned new standards and changes to the existing standards would have had no material effect on the financial statements had they been applied by the Group as of the balance sheet date. The Group intends to implement the above regulations within the timeframes prescribed for application by the standards or interpretations.

2. Information about the Capital Group

In addition to the Parent Company UNIBEP SA, the UNIBEP Group as at 31.12.2022 comprised:

1. **Unidevelopment SA** with its registered office in Warsaw established on 09.04.2008 – registered on 29.04.2008 in the Register of Entrepreneurs under the number 0000304859, Business Registry Number (REGON) 141412526, Tax Identification Number (NIP) 5213483781. On 30.04.2013, the change of the legal form of the Company from a limited liability company to a joint-stock company – KRS0000454437 was registered. UNIBEP SA holds 97.63% of the shares in this Company. The entity is consolidated using the full method.
2. **UNEX Construction Sp. z o.o.** with its registered office in Warsaw (formerly VIZELA Investments Sp. z o.o.). On 04.07.2011, 100% of shares in this Company were taken up by UNIBEP SA. The Company is entered in the National Court Register under KRS number 0000381511, National Business Registry Number (REGON) 142872709, Tax Identification Number (NIP) 5272651352. The Company is consolidated using the full method.
3. **BUDREX Sp. z o.o.** with its registered office in Białystok, the Company registered in the National Court Register under the number 0000073755, Business Registry Number (REGON) 051980964, Tax Identification Number (NIP) 9661544351, 100% of shares in this Company are held by UNIBEP SA. The Company implements bridge projects. The Company is consolidated using the full method.
4. **UNIBEP PPP Sp. z o.o.** with its registered office in Bielsk Podlaski. On 12.12.2017, UNIBEP SA took up 100% of shares in this Company. The Company was registered in the National Court Register under the number 0000708771, Business Registry Number (REGON) 368966772, Tax Identification Number (NIP) 5432185055. The Company is consolidated using the full method.
5. **Unihouse SA**, with its registered office in Bielsk Podlaski. The Company is entered in the National Court Register under the number 0000793054, Tax Identification Number (NIP) 5432187657, Business Registry Number (REGON) 383776590. Unibep SA is the sole owner of Unihouse SA. The Company is consolidated using the full method.
6. **Seljedalen AS** org. no. 912 118 169, with its registered office in Trondheim, Norway, was acquired on 10.09.2013. UNIBEP SA holds 50% of the shares. The Company was established to carry out developer activities on the Norwegian market. The Company is measured using the equity method.
7. **Lovsetvegen 4 AS** org. no. 912 575 543 with its registered office in Melhus. The Company was established in 19.09.2013. 100% of shares were acquired on 23.09.2015 by Seljedalen AS. The Company conducts development and property rental activities. The Company is measured using the equity method.
8. **Idea Sp. z o.o.** with its registered office in Warsaw. The date of acquisition of control by Unidevelopment SA is 18.12.2015. Unidevelopment SA holds 100% of shares. The Company is consolidated using the full method. The Company is entered in the National Court Register under KRS number 0000226688, Tax Identification Number (NIP) 5213418163, National Business Registry Number (REGON) 140696042. The Company is consolidated using the full method.
9. **Nowa Idea Sp. z o.o. (formerly Idea Sp. z o.o. Sp.k.)** with its registered office in Warsaw. The shareholders in the Company are: Unidevelopment SA – 98% and Idea Sp. z o.o. – 2%. Company details – National Court Register number: 0000908454, Business Registry Number (REGON): 142567076, Tax Identification Number (NIP): 5213578406. The Company is consolidated using the full method.
10. **MP Sp. z o.o.** with its registered office in Poznań. Unidevelopment SA is the owner of 100% of shares of the Company. The Company is entered in the National Court Register under the number 0000394406, Tax Identification Number (NIP) 9721235146, Business Registry Number (REGON) 301902422. The Company is consolidated using the full method.
11. **Unigo Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 30.10.2012, the Company was entered in the National Court Register under the number 0000436818, Tax Identification Number (NIP) 5213639562, Business Registry Number (REGON) 146366618. The Company is consolidated using the full method.

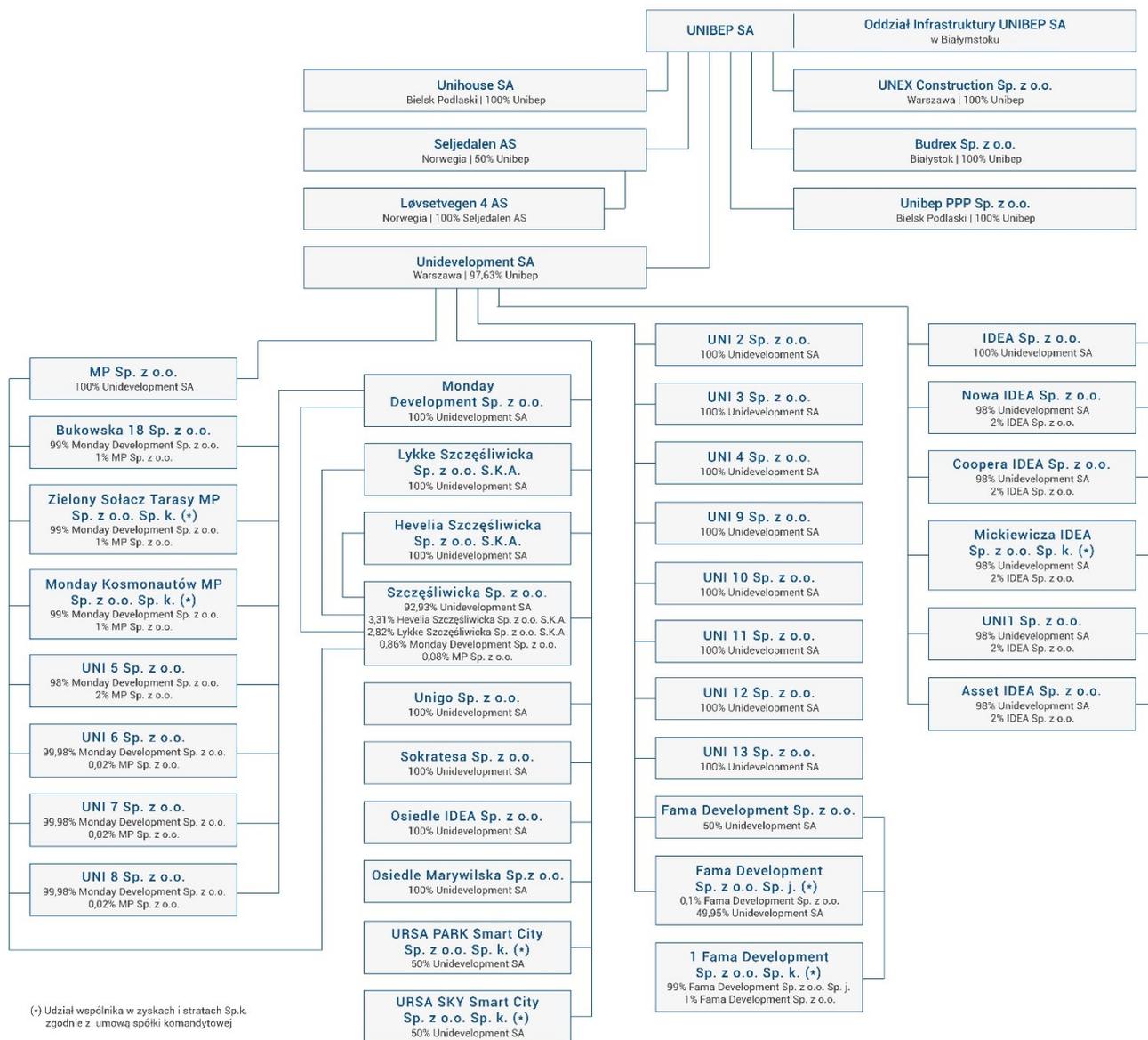
12. **Hevelia Szczęśliwicka Sp. z o.o. SKA**, with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. The general partner is Spółka Szczęśliwicka Sp. z o.o., there is no limited partner. On 03.10.2013, the Company was entered in the National Court Register under the number 0000479378, Business Registry Number (REGON) 146903861, Tax Identification Number (NIP) 5213656425. The Company is consolidated using the full method.
13. **Lykke Szczęśliwicka Sp. z o.o. SKA**, with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. The general partner is Spółka Szczęśliwicka Sp. z o.o. There is no limited partner. On 03.10.2013, the Company was entered in the National Court Register under the number 0000479375, Business Registry Number (REGON) 146903855, Tax Identification Number (NIP) 5213656454. The Company is consolidated using the full method.
14. **Szczęśliwicka Sp. z o.o.** with its registered office in Warsaw. On 03.03.2014, the Company was entered in the National Court Register under the number 0000500220, Business Registry Number (REGON) 147129636, Tax Registration Number (NIP) 5213667529. As at 31.12.2022, shares in the Company were held by: Unidevelopment SA 92.93%, Hevelia UDM Sp. z o.o. SKA 3.31%, Lykke Szczęśliwicka Sp. z o.o. SKA 2.82%, Monday Development Sp. z o.o. 0.86%, MP sp. z o.o. 0.08%. The Company is consolidated using the full method.
15. **Monday Development Sp. z o.o.**, with its registered office in Poznań. The Company is entered in the National Court Register under the number 0000848409, Business Registry Number (REGON) 301054767, Tax Identification Number (NIP) 7811832838. Unidevelopment SA is the sole shareholder of the Company. The core business of Monday Development Sp. z o.o. is property development. The Company is consolidated using the full method.
16. **Sokratesa Sp. z o.o.** (formerly: Kosmonautów Sp. z o.o.), with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 07.09.2016, the Company was registered in the National Court Register under the number 0000635566, Business Registry Number (REGON) 365338348, Tax Identification Number (NIP) 9721266394. The Company is consolidated using the full method.
17. **Osiedle Idea Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 07.11.2016, the Company was registered in the National Court Register under the number 0000645217, Business Registry Number (REGON) 365800901, Tax Identification Number (NIP) 5213754381. The Company is consolidated using the full method.
18. **Osiedle Marywilka Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. The Company was registered in the National Court Register on 20.01.2009 under the number 0000321850, Business Registry Number (REGON) 141720541, Tax Identification Number (NIP) 5213518261. The Company is consolidated using the full method.
19. **Bukowska 18 Sp. z o.o. (formerly Bukowska 18 MP Sp. z o.o. Sp.k.)** with its registered office in Poznań. 99% of the contribution is owned by Monday Development Sp. z o.o. and 1% by MP Sp. z o.o. Company details – National Court Register number: 0000908804, Business Registry Number (REGON): 367998178, Tax Identification Number (NIP): 9721277340. The Company is consolidated using the full method.
20. **Zielony Sołacz Tarasy MP Sp. z o.o. Sp.k.** with its registered office in Poznań. 99% of the contribution is owned by Monday Development Sp. z o.o. and 1% by MP Sp. z o.o. The Company is registered under the number 0000689262, Tax Identification Number (NIP) 9721277334, Business Registry Number (REGON) 367998066. The Company is consolidated using the full method.
21. **Monday Kosmonautów MP Sp. z o.o. Sp.k.** (formerly: Monday Malta Monday Palacza Sp. z o.o. Sp.k.) with its registered office in Poznań. 99% of the contribution is owned by Monday Development Sp. z o.o. and 1% by MP Sp. z o.o. The Company is registered under the number 0000689250, Tax Identification Number (NIP) 9721277328, Business Registry Number (REGON) 367991928. The Company is consolidated using the full method.
22. **URSA PARK Smart City Sp. z o.o. Sp.k.** with its registered office in Warsaw. The Company is registered in the National Court Register under number: 0000352523, National Business Registry Number (REGON) 142370014, Tax Identification Number (NIP) 5252476443. The share of Unidevelopment SA in the profits/losses of the

Company is 50%. The Company is consolidated using the full method in connection with the amendment of the investment agreement (discussion in Section 6.27).

23. **Ursa SKY Smart City Sp. z o.o. Sp.k.** with its registered office in Warsaw. The Company is registered in the National Court Register under the number 0000846053, Business Registry Number (REGON) 386295418, Tax Identification Number (NIP) 5213899116. The share of Unidevelopment SA in the profits/losses of the Company is 50%. The Company is consolidated using the full method in connection with the amendment of the investment agreement (discussion in Section 6.27).
24. **Fama Development Sp. z o.o.** with its registered office in Poznań. Unidevelopment SA holds 50% of shares. The Company is registered under the National Court Register (KRS) number 0000699449, Business Registry Number (REGON) 368514780, Tax Identification Number (NIP) 6692540559. The Company is consolidated using the full method.
25. **Fama Development Sp. z o.o. Sp.j. (formerly Fama Development Sp. z o.o. Sp.k.)** with its registered office in Poznań. As at 31.12.2021, the Group holds the following shares in the company: Unidevelopment SA 49.95% and Fama Development Sp. z o.o. 0.1%. The Company is registered under the National Court Register (KRS) number 0000932842, Business Registry Number (REGON) 368545131, Tax Identification Number (NIP) 6692540677. The Company is consolidated using the full method.
26. **1 FAMA DEVELOPMENT Sp. z o.o. Sp.k.** with its registered office in Poznań registered on 21.09.2020 in the National Court Register. Tax Identification Number (NIP): 7812012988, National Court Register Number (KRS): 0000860960, Business Registry Number (REGON): 387069658. The shares in the Company are held by: 99% - Fama Development Sp. z o.o. sp. k. (limited partner) and 1% - Fama Development Sp. z o.o. (general partner). The Company is consolidated using the full method.
27. **Coopera IDEA Sp. z o.o. (formerly Coopera Idea Sp. z o.o. Sp.k.)** with its registered office in Warsaw. Unidevelopment SA owns 98% of the contribution and Idea Sp. z o.o. owns 2% of the contribution. The Company is registered under the National Court Register number 0000908591, Business Registry Number (REGON): 380657725, Tax Identification Number (NIP): 5213832767. The Company is consolidated using the full method.
28. **Mickiewiczza IDEA Sp. z o.o. Sp.k.** with its registered office in Warsaw. Unidevelopment SA owns 98% of the contribution and Idea Sp. z o.o. owns 2% of the contribution. On 11.07.2018, the Company was registered under the National Court Register number 0000740041, Business Registry Number (REGON) 380731829, Tax Identification Number (NIP) 5213833821. The Company is consolidated using the full method.
29. **Asset IDEA Sp. z o.o. (formerly Asset IDEA Sp. z o.o. Sp.k.)** with its registered office in Warsaw. Unidevelopment SA owns 98% of the contribution and Idea Sp. z o.o. owns 2% of the contribution. The Company is registered under the National Court Register number 0000907612, Business Registry Number (REGON): 380725639, Tax Identification Number (NIP): 5213833666. The Company is consolidated using the full method.
30. **UNI1 Sp. z o.o. (formerly UNI1 IDEA Sp. z o.o. Sp.k.)** with its registered office in Warsaw. Unidevelopment SA owns 98% of the contribution and Idea Sp. z o.o. owns 2% of the contribution. The Company is registered under the National Court Register number 0000904419, Business Registry Number (REGON): 381908750, Tax Identification Number (NIP): 5213848047. The Company is consolidated using the full method.
31. **UNI2 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 14.07.2021, the Company was entered in the National Court Register under the number 0000910953, Business Registry Number (REGON) 38947680100000, Tax Identification Number (NIP) 5242922237. The Company is consolidated using the full method.
32. **UNI3 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 14.03.2021, the Company was entered in the National Court Register under the number 0000888651, Business Registry Number (REGON) 38842810200000, Tax Identification Number (NIP) 5242915208. The Company is consolidated using the full method.
33. **UNI4 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 03.03.2021, the Company was entered in the National Court Register under the number 0000886543, Business Registry

Number (REGON) 38834703600000, Tax Identification Number (NIP) 5242914605. The Company is consolidated using the full method.

34. **UNI5 Sp. z o.o.**, with its registered office in Poznań. 98% of the shares are held by Monday Development Sp. z o.o. and 2% by MP Sp. z o.o. On 15.03.2021, the Company was entered in the National Court Register under the number 0000888712, Business Registry Number (REGON) 38840855900000, Tax Identification Number (NIP) 9721315460. The Company is consolidated using the full method.
35. **UNI6 Sp. z o.o.** with its registered office in Poznań. 99.98% of the shares are held by Monday Development Sp. z o.o. and 0.02% by MP Sp. z o.o. On 23.03.2021, the Company was entered in the National Court Register under the number 0000890939, Business Registry Number (REGON) 38847619900000, Tax Identification Number (NIP) 9721315715. The Company is consolidated using the full method.
36. **UNI7 Sp. z o.o.** with its registered office in Poznań. 99.98% of the shares are held by Monday Development Sp. z o.o. and 0.02% by MP Sp. z o.o. On 18.03.2021, the Company was entered in the National Court Register under the number 0000889874, Business Registry Number (REGON) 38843747200000, Tax Identification Number (NIP) 9721315589. The Company is consolidated using the full method.
37. **UNI8 Sp. z o.o.** with its registered office in Poznań. 99.98% of the shares are held by Monday Development Sp. z o.o. and 0.02% by MP Sp. z o.o. On 23.07.2021, the Company was entered in the National Court Register under the number 0000909626, Business Registry Number (REGON) 38951581400000, Tax Identification Number (NIP) 9721318895. The Company is consolidated using the full method.
38. **UNI9 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 20.07.2021, the Company was entered in the National Court Register under the number 0000912510, Business Registry Number (REGON) 38951531700000, Tax Identification Number (NIP) 5242922444. The Company is consolidated using the full method.
39. **UNI10 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 10.06.2021, the Company was entered in the National Court Register under the number 0000905262, Business Registry Number (REGON) 38917056800000, Tax Identification Number (NIP) 5242920451. The Company is consolidated using the full method.
40. **UNI11 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 01.06.2021, the Company was entered in the National Court Register under the number 0000903948, Business Registry Number (REGON) 38912487000000, Tax Identification Number (NIP) 5242920037. The Company is consolidated using the full method.
41. **UNI12 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 11.06.2021, the Company was entered in the National Court Register under the number 0000905818, Business Registry Number (REGON) 38919128600000, Tax Identification Number (NIP) 5242920505. The Company is consolidated using the full method.
42. **UNI13 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of shares. On 20.07.2021, the Company was entered in the National Court Register under the number 0000912543, Business Registry Number (REGON) 38951530000000, Tax Identification Number (NIP) 5242922450. The Company is consolidated using the full method.



(*) Udział wspólnika w zyskach i stratach Sp.k. zgodnie z umową spółki komandytowej

Name of the entity and legal form	Registered office	Objective of the enterprise	Nature of the relationship	Consolidation method applied	Date of taking control/ shares	Percent of the share capital held	Share in total number of votes at the general meeting
Unidevelopment SA	Warsaw	property development activities	subsidiary	full method	09.04.2008	97.63%	97.63%
UNEX Construction Sp. z o.o.	Warsaw	performance of construction projects	subsidiary	full method	04.07.2011	100%	100%
Budrex Sp. z o.o.	Biadystok	works related to construction of bridges and tunnels	subsidiary	full method	01.07.2015	100%	100%
UNIBEP PPP Sp. z o.o.	Bielsk Podlaski	performance of construction projects	subsidiary	full method	06.11.2017	100%	100%
Unihouse SA	Bielsk Podlaski	performance of construction projects	subsidiary	full method	01.04.2019	100%	100%
Seljedalen AS	Trondheim, Norway	property development activities	jointly controlled entity	equity method	10.09.2013	50%	50%
Lovsetvegen 4 AS	Melhus, Norway	property development activities	indirectly jointly controlled entity	equity method	23.09.2015	50%	50%
MP Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	10.08.2011	97.63%	97.63%
IDEA Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.09.2011	97.63%	97.63%
Nowa IDEA Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.09.2011	97.63%	97.63%
Unigo Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	26.10.2012	97.63%	97.63%
Lykke Szczecińska Sp. z o.o. S.K.A.	Warsaw	property development activities	indirect subsidiary	full method	03.10.2013	97.63%	97.63%
Hevelia Szczecińska Sp. z o.o. S.K.A.	Warsaw	property development activities	indirect subsidiary	full method	03.10.2013	97.63%	97.63%
Szczecińska Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	04.02.2014	97.63%	97.63%
Monday Development Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	05.01.2016	97.63%	97.63%
Sokratesa Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	14.07.2016	97.63%	97.63%
Osiedle Idea Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	14.07.2016	97.63%	97.63%
Osiedle Marywilska Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	08.12.2016	97.63%	97.63%
Bukowska 18 Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	11.08.2017	97.63%	97.63%
Zielony Sołacz Tarasy MP Sp. z o.o. Sp.k.	Poznań	property development activities	indirect subsidiary	full method	11.08.2017	97.63%***	97.63%***
Monday Kosmonautów MP Sp. z o.o. Sp.k.	Poznań	property development activities	indirect subsidiary	full method	11.08.2017	97.63%***	97.63%***
URSA PARK Smart City Sp. z o.o. Sp.k.	Warsaw	property development activities	indirect subsidiary	full method	02.03.2022	48.82%**	0%***
URSA SKY Smart City Sp. z o.o. Sp.k.	Warsaw	property development activities	indirect subsidiary	full method	02.03.2022	48.82%**	0%***
Fama Development Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	22.02.2018	48.82%**	48.82%***
Fama Development Sp. z o.o. Sp.j.	Poznań	property development activities	indirect subsidiary	full method	22.02.2018	48.82%***	48.82%***
1 Fama Development Sp. z o.o. Sp.k.	Poznań	property development activities	indirect subsidiary	full method	21.09.2020	48.82%***	48.82%***
Coopera IDEA Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	03.07.2018	97.63%	97.63%
Mickiewicza IDEA Sp. z o.o. Sp. k.	Warsaw	property development activities	indirect subsidiary	full method	11.07.2018	97.63%***	97.63%***
Asset IDEA Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	10.07.2018	97.63%	97.63%
UNI1 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	29.11.2018	97.63%	97.63%
UNI 3 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	10.03.2021	97.63%	97.63%
UNI 4 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	25.02.2021	97.63%	97.63%
UNI 5 Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	09.03.2021	97.63%	97.63%
UNI 6 Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	09.03.2021	97.63%	97.63%
UNI 7 Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	16.03.2021	97.63%	97.63%
UNI 2 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	12.05.2021	97.63%	97.63%
UNI 8 Sp. z o.o.	Poznań	property development activities	indirect subsidiary	full method	12.05.2021	97.63%	97.63%
UNI 9 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	12.05.2021	97.63%	97.63%
UNI 10 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	12.05.2021	97.63%	97.63%
UNI 11 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	12.05.2021	97.63%	97.63%
UNI 12 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	12.05.2021	97.63%	97.63%
UNI 13 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	12.05.2021	97.63%	97.63%

* total share including participation in the unlimited partner company

** share in profits/losses of the Company

*** in a limited partnership, the share of the votes in the general partner company – influence through the Management Board

**** the share in profits/losses of the Company is distributed in two stages, in the first stage the shareholder contributions are returned, in the second stage the remaining profit is distributed among the shareholders, with the Unibep Group receiving 48.82%

3. Accounting and consolidation principles adopted

3.1. Accounting policy

These financial statements were prepared in accordance with the principles described below, taking into account the applicable amendments to the International Financial Reporting Standards ("IFRS") in the EU.

TANGIBLE FIXED ASSETS

Tangible fixed assets include own items: Tangible fixed assets, Tangible fixed assets under construction and Right-of-use assets.

Tangible fixed assets are assets maintained by the Group in order to use them in the production process or in the supply of goods and services or for administrative purposes with an expected economic useful life of over one year.

Tangible fixed assets include, in particular, the following groups:

- land (including land intended for surface mining, e.g. gravel mine);
- buildings, premises, civil and water engineering structures;
- technical equipment and machines;
- vehicles;
- other tangible fixed assets;
- expenditure in third party tangible fixed assets;

Tangible fixed assets are recognised in the accounting records if and only if the following two criteria are met simultaneously:

- there is a probability that the Group will obtain future economic benefits related to a given asset;
- the acquisition price or manufacturing cost of an asset by the Group can be determined in a reliable manner.

At the time of initial recognition, an item of tangible fixed assets that qualifies for recognition as an asset is measured at acquisition price or manufacturing cost.

Commenced investments related to tangible fixed assets under construction are measured at the amount of total costs directly related to their purchase or manufacture, including the financial expenses, less the impairment write-offs.

After the initial recognition, tangible fixed assets are disclosed at acquisition price or manufacturing cost ("cost") less total amortisation write-offs and total impairment losses.

Tangible fixed assets, including land intended for strip mining, are depreciated on a straight-line basis in order to spread their initial value, less residual value and accumulated redemption and impairment losses, over the period corresponding to their estimated useful lives.

Depreciation is calculated on the basis of the cost of the asset less its residual value.

Depreciation rates are determined based on the expected useful life, which is reviewed annually by the Group Companies. Useful lives of particular groups of tangible fixed assets are presented below:

- land intended for strip mining – 10 years;
- buildings, premises and civil engineering structures – between 5 to 40 years;
- technical equipment and machines – between 2 to 15 years;
- vehicles – between 3 to 8 years;
- other tangible fixed assets – between 2 to 10 years.

In justified, individual cases the above-mentioned periods may be extended.

The above-mentioned useful lives and the residual value of individual tangible fixed assets are reviewed at least at the end of each financial year and if expectations differ from previous estimates, changes are recognised prospectively as changes in accounting estimates.

Low-value tangible fixed assets with a value not exceeding PLN 3,500, except for power tools, may be amortised once, in the month in which they were purchased, if the simplification adopted in this way does not significantly distort financial results and assets. A one-off purchase of a larger number of low value tangible fixed assets may be recognised and amortised as one collective asset. For items classified as equipment, due to their low value, the Group applies the simplified approach consisting in a one-off recognition of the asset value in the cost of material consumption at the time of putting the assets into use. In subsequent periods, off-balance sheet equipment records are kept.

Depreciation of fixed assets begins when they are available for use, which means bringing the asset to the location and conditions necessary for it to be used as intended by management. In practice, the Group adopts a simplification and depreciation starts at the beginning of the month following the month in which the tangible fixed asset became available for use.

If there are indications of possible impairment loss of tangible fixed assets, these assets are reviewed for possible impairment loss.

The amount of impairment losses is determined as the excess of the carrying amount of these items over their recoverable amount.

Impairment losses are recognised in profit or loss under "Other operating expenses".

An assessment shall be made at each reporting date to determine whether there is any objective evidence that the loss write-off may be reversed. A possible reversal of a previously recognised revaluation write-off is recognised in the income statement under "Other operating revenue", respectively.

Subsequent expenditure is recognised in the carrying amount of a given fixed asset or recognised as a separate fixed asset only when it is probable that this item will generate economic benefits for the Group, and the cost of the item can be measured reliably.

The costs of current maintenance of tangible fixed assets and their maintenance affect the financial result in the period in which they were incurred.

INTANGIBLE ASSETS

Intangible assets are recognised if it is probable that they will generate economic benefits in the future. The initial recognition of intangible assets is made according to their acquisition prices or manufacturing cost. In the subsequent period of use, the measurement is made at the acquisition price or manufacturing cost less redemption and impairment losses.

Intangible assets held by the Group, except for intangible assets with indefinite useful lives, are amortised on a straight-line basis over the period corresponding to their estimated useful lives, i.e. in principle 2-10 years. This period may be extended in justified cases.

Goodwill arising on acquisition results from the occurrence, as of the acquisition date, of an excess of the cost of acquisition of the entity over the share of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary.

Goodwill is not amortised and is subject to impairment testing. In order to test for possible impairment, goodwill acquired as a result of the merger is allocated to cash generating units. Allocations are made to those cash generating units or groups of cash generating units which are expected to benefit from the synergy of merger which created this goodwill. Each unit or group of units to which the goodwill is allocated represents the lowest level in the entity at which the goodwill is monitored for internal management purposes. Nevertheless, a single cash generating unit cannot be larger than an operating segment established in accordance with the principles described in the *Segment Reporting* section. Entities generating cash flows to which goodwill is allocated are tested for impairment once a year (at the end of the financial year) or more frequently, if it can be credibly assumed that impairment has occurred. The impairment test consists of comparing the carrying amount of the

cash generating unit with its recoverable value, i.e. the higher of two amounts: fair value less selling costs and value in use. If the recoverable value of the entity generating cash flows is smaller than its carrying amount, the impairment loss is allocated first in order to decrease the carrying amount of goodwill allocated to this entity, and then to other assets of this entity, proportionally to the carrying amount of individual assets of this entity. An impairment loss recognised for goodwill is not reversed in the following period.

Impairment losses are recognised in profit or loss under "Other operating expenses".

Research work includes innovative and planned search for solutions undertaken with the aim of acquiring and assimilating new scientific and technical knowledge. At the stage of research work, the Group is not yet able to prove the existence of such intangible assets which will generate economic benefits in the future.

Development work is the practical application of research findings or other knowledge in planning or designing the production of new or substantially improved materials, devices, products, processes, systems or services prior to serial production or use. At the development stage, the Group is able to identify such an intangible asset which will generate economic benefits in the future.

In the case of difficulties in separating research and development work in the implemented project, the Group treats the entire work as research work.

Research work does not lead to creation of an asset, therefore the costs of such work are recognised in the costs of the period when they are incurred, as well as the costs of development works that do not meet the criteria for capitalisation.

INVESTMENT PROPERTY

Investment property is classified as property (including land, buildings or parts thereof) owned, perpetual usufructuary or leased by the Group, which at the same time represents a source of rental revenue or is held due to expected appreciation in value. The Group also classifies as investment property land constituting the so-called 'land bank', i.e. land for which the use has not been determined.

Land used by the Group under a leasehold agreement may be classified and accounted for as investment property if, and only if, the land would otherwise meet the definition of investment property measured at fair value. In such a case, the initial value is determined in accordance with the lease recognition rules described in the Leases section.

Investment properties also include properties that meet the above criteria but are still under construction or adaptation.

Reclassification of individual properties to/from investment properties is made when there is a change of use confirmed by:

- commencement of use of the property by the owner – in the case of a transfer from investment property to property, plant and equipment;
- start of adaptation of the property for sale – in case of transfer of investment properties to inventory;
- termination of the owner's use of the property – in the case of a transfer from property, plant and equipment, to investment property;
- handing over to a third party for use under an operating lease agreement – in the case of a transfer from inventory to investment property.

When investment properties carried at fair value are transferred to property, plant and equipment or inventory, the cost to be adopted for their recognition in accordance with the accounting policies described in the "Property, plant and equipment" and "Inventory" sections is equal to the fair value determined at the date of change in use of the property. The impact of the valuation at the date of reclassification of investment property to property, plant and equipment or inventory is recognised as gains/losses on the fair value measurement of investment property, i.e. under "Other operating revenue/expenses" item.

When an asset measured in accordance with the principles described under "Property, plant and equipment" section is transferred to investment property, such property should be measured at fair value. The difference resulting in a decrease in the existing value of the property is recognised under "Other operating expenses". In

turn, the excess of the valuation over the carrying amount of the property at the date of change of use is recognised under "Other operating revenue" to the extent that it represents the reversal of a previously recognised impairment loss on property, plant and equipment. The remaining excess is recognised in other comprehensive income and as an increase in the revaluation reserve shown within equity.

If a property previously recognised in inventory becomes an investment property, carried at fair value, the difference between the fair value of the property, determined at the date of transfer, and its previous carrying amount is recognised in profit or loss under "Other operating revenue" or "Other operating expenses".

Maintenance costs for investment properties are recognised under "Other operating expenses".

An investment property is recognised as an asset of the Group if and only if:

- obtaining future economic benefits associated with the property is probable, and
- its acquisition price or manufacturing cost can be reliably measured.

At the time of initial recognition, investment properties are recognised at the acquisition price or manufacturing cost. Costs directly related to the acquisition of an investment property increase its acquisition price. Such costs include, but are not limited to, legal fees, brokerage, taxes paid and other transaction costs. The acquisition price is the amount of cash or cash equivalents paid or the fair value of the consideration transferred in the case of non-cash settlements, e.g. in the situation of a payment in the form of a residential property if such a non-cash asset exchange transaction has economic substance.

After initial recognition, investment properties are measured at fair value.

The fair value determination hierarchy is based on three levels of input acquisition. Level one contains input information from the active market.

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

Level three contains unobservable data used when information from the first two measurement levels cannot be obtained. This includes any measurements with subjective input data.

Completed investment properties are measured at fair value using the valuation method that is most reasonable in the circumstances and maximises the use of assumptions derived from the market. The method adopted is applied consistently from one reporting period to the next unless a change is justified.

Investment properties under construction are generally measured at fair value. However, if it is not possible to reliably determine fair value then valuation is carried out at cost until it is possible to determine the fair value or construction is completed (whichever occurs first).

In assessing the fair value of investment property under construction, the following factors, among others, are taken into account:

- the state of preparation for and/or degree of implementation of the investment;
- the anticipated costs of preparing and implementing the investment;
- projected revenue from rental space;
- other relevant factors for the investment in question.

Gains or losses arising from changes in the fair value of investment property affect profit or loss in the period in which the change occurs and are recognised under "Other operating revenue/expenses".

Maintenance costs for investment properties are recognised under "Other operating expenses".

The Group ceases to recognise investment property on its balance sheet when it is disposed of, or when it is permanently withdrawn from use, if no future economic benefits are expected.

Gains or losses arising from the withdrawal or disposal of investment property determined as the difference between the net proceeds and the carrying amount of the relevant asset are recognised in the result of the period in which the disposal or withdrawal took place under "Other operating revenue/expenses, respectively.

LEASE

The contract includes a lease if all of the following conditions are met:

- the asset is identified (note: an asset is not identified if the supplier has a significant right to replace the asset),
- the client is entitled to virtually all economic benefits,
- the client determines how and for what purposes the asset is used or it is determined by a higher level of authority, but the client operates the asset or has designed it.

Lease with a lessee

If the contract meets the definition of a lease, then, at the beginning of the lease, the lessee recognises a right-of-use asset and a lease liability in its statements of financial position.

The right-of-use asset is initially recognised in the value of the lease liability, and then increased by:

- any lease payments made on or before the commencement date less any lease incentives received,
- the initial direct costs of the lessee relating to the contract,
- estimate of costs to be borne by the lessee at the end of the contract.

After the commencement date, the right-of-use asset is measured using the cost model.

In order to apply the cost model, the right-of-use asset is measured at the cost:

- less total amortisation (redemption) write-offs and total impairment losses;
- adjusted for any revaluation of the lease liability.

The lease liability is initially measured at the current value of future lease payments over the lease term, discounted at the rate specified in the lease contract. Otherwise, if this rate cannot be determined, the incremental borrowing rate of the lessee should be used.

Lease payments to be recognised in the measurement of the lease liability at the initial recognition date shall include:

- fixed lease payments minus any applicable lease incentives – fixed lease payments include, in principle, fixed lease payments, which may contain elements of volatility as such, but are generally unavoidable;
- variable fees depending only on the index or rate;
- amounts paid by the lessee in respect of the guaranteed residual value;
- call option exercise price;
- penalties for lease termination – are recognised only if it has been assumed in determining the lease term that there is reasonable assurance that the lessee will exercise the termination option.

After initial recognition, the lease liability is measured through:

- an increase in the carrying amount to reflect interest on the lease liability;
- a decrease in the carrying amount to reflect the lease payments made;
- revaluating the carrying amount to reflect any reassessment or change in the lease or to reflect revalued substantially fixed lease payments.

The revaluation amount of the lease liability is regarded as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining amount of the revaluation is recognised in the financial result.

If a contract meets the definition of a lease but the payments are variable (not index or rate dependent but, for example, turnover), the cost of such contracts is not included in the measurement of the lease liability but is recognised directly in profit or loss.

The Group identified the following types of significant lease contracts:

- right of perpetual usufruct of land,

- office lease contracts,
- machines and equipment lease contracts,
- vehicle lease contracts.

The Group allows for taking advantage of simplifications concerning all short-term leases (shorter than 12 months) and leases with respect to which the underlying asset has a low value (below PLN 20,000). No financial liabilities and related right-of-use assets are recognised for these contracts. Lease payments in such a situation are recognised as expenses on a straight-line basis over the lease term.

When identifying lease contracts, the Group makes estimates and applies judgements that have a significant effect on the value of lease liabilities and right-of-use assets. This mainly concerns the discount rate adopted for the valuation of liabilities and the duration of the leases (including the possibility of prolonging or early termination of the lease contract). Estimates that affect subsequent reporting periods also include the depreciation rate and residual values adopted for individual assets.

The lease term is the non-cancellable lease term, which covers the aggregate of:

- possible renewal periods of the lease contract if the lessee has reasonable assurance that it will exercise this option; and
- possible lease contract notice periods if the lessee has reasonable assurance that it will not exercise this option.

The exercise of the option to extend/terminate the lease by companies of the Group should take into account all relevant facts and circumstances known and controlled by the Group.

The Group qualifies the right of perpetual usufruct of land on the implemented development projects in inventory and discloses it as an asset in the inventory note under the line "Right-of-use assets".

Costs associated with the lease of the right of perpetual usufruct of land during the development project are charged to inventory. The above allocation method is related to the fact that it applies to land on which the Group implements development projects, which are subject to adjustments (including utilities, obtaining land development conditions, removing legal defects, etc.). In connection with the entry into force of the Act on transformation of the right of perpetual usufruct of developed land for housing purposes into the right of ownership of such land, the Group treats transformation fees analogously to fees for perpetual usufruct.

Liabilities under the lease of the rights of perpetual usufruct of development land are disclosed in short-term liabilities, which is related to the so-called operating cycle of sales of inventory (current assets). At the moment of handing over the obligation to pay for perpetual usufruct or transformation fee in the form of notarial deeds of sales of finished products, the obligation to pay for perpetual usufruct or transformation fee is transferred to the purchaser of the share in the land belonging to the premises sold. Until now, this asset and liability under the lease of the right of perpetual usufruct of development land remain on the Group's balance sheet.

Costs associated with the lease of the right to use office space and vehicles are charged to amortisation and finance costs on leases. The asset is carried in the balance sheet under property, plant and equipment, while the liability is carried under long-term or short-term liabilities, respectively.

INVENTORY

The inventory includes assets that meet the following criteria:

- held for sale in the ordinary course of the Group's business;
- being produced for sale or in the form of materials or raw materials consumed in the production process or in the provision of services;
- the right of perpetual usufruct of land (in the case of property development companies).

In the case of property development projects, the Group's specialised companies provide support services in the form of services aimed at leading to the selection and subsequent acquisition of properties while incurring the associated costs. If a decision is made to discontinue a particular project, these costs are transferred to "Other operating expenses".

Inventory items stored at construction sites for construction specific purposes or that are processed by the

Company or by a subcontractor and in regards to which it is certain they can be easily used for other contracts or sold are not considered as inventory items. Such items are charged directly to contract costs and are thus included in the measurement of the contract according to the progress.

Inventory is measured at the lower of these two values: acquisition price or manufacturing cost and selling price.

Net selling price is the selling price which can be obtained as of the balance sheet date, excluding value added tax and excise tax, less rebates, discounts and similar price adjustments, as well as costs related to adapting the item to be sold and making this sale.

Expenditure of inventory, except for land and inventory acquired for development activity, is determined using the first-in, first-out (FIFO) method. The distribution of land and inventory related to development activity, such as apartments, premises, etc., is determined using the detailed identification method.

The Group recognises revaluation write-offs on inventory based on the current sales or use plans. Net recoverable amount is the estimated net selling price as defined above ("Post-initial recognition measurement" section).

Inventory write-offs are recognised in profit or loss for the period at manufacturing cost.

BORROWING COSTS

Borrowing costs directly attributable to qualifying assets are capitalised as a part of the acquisition price or manufacturing cost of these items.

Capitalisation of borrowing costs allocated to assets begins when:

- expenditures for the asset are being incurred;
- the borrowing costs are incurred; and
- activities necessary to prepare the asset for its intended use or sale are in progress.

In the case of development activities, in the opinion of the Group, the above conditions are jointly met at the time of commencement of work on the land designated for development (including commencement of necessary technical and administrative work prior to commencing physical construction, such as obtaining permits) and obtaining financing.

Capitalisation of borrowing costs is discontinued when substantially all activities necessary to prepare the qualifying asset for its intended use or sale have been completed. In the case of development projects, in the Group's view, this occurs when the occupancy permit is obtained.

The items of qualifying assets of UNIBEP Group may include, e.g. inventory relating to development activity, tangible fixed assets, intangible assets.

Interest on the lease of the right of perpetual usufruct of land forms part of the general financing costs of an asset.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand and cash at bank accounts. Cash equivalents, on the other hand, include short-term highly liquid investments that are readily convertible to specific amounts of cash that are subject to an insignificant risk of changes in value, e.g.:

- cheques and bills of exchange payable within less than 3 months;
- cash in transit (as of the balance sheet date), between different bank accounts of the entities, including cash withdrawn from the bank account of an entity, using an ATM, based on a credit card;
- term deposits with a bank with a maturity shorter than 3 months;
- treasury bonds, maturing up to 3 months.

At the time of initial recognition, cash is recognised at its nominal value, and after the initial recognition as of the balance sheet date, cash is recognised at its nominal value, including any impairment losses. In the case of cash equivalents, the nominal value of bank term deposits is the value of funds at the disposal of the Group, which also includes interest accrued by the bank on deposits until the balance sheet date.

TRADE AND OTHER RECEIVABLES

Trade and other receivables mainly comprise trade receivables, receivables from taxes, subsidies, customs duties, social security contributions and health insurance, advances granted for the delivery of fixed assets as well as goods, materials and services and other receivables not classified in other asset lines. This item also includes "Prepayments".

Trade receivables are the amounts due from clients for goods sold or services provided in the ordinary course of the business of the Group.

Trade and other financial receivables constituting financial assets are classified as "measured at amortised cost".

Trade and other financial receivables are measured in accordance with the rules presented for this category in the "Financial instruments" Section.

At the time of initial recognition, trade and other receivables constituting financial assets are recognised at fair value. For short-term receivables, the fair value is equal to the nominal amount.

Receivables that do not constitute financial assets are disclosed in the amount due.

After initial recognition, trade and other receivables constituting financial assets are carried at amortised cost (corresponding to the amount payable in the case of short-term receivables) less any impairment losses recognised.

At the end of each reporting period, the Group measures the expected credit losses in accordance with the methodology described in "Financial instruments". Write-offs for expected credit losses are recognised as a deduction from the carrying amount of receivables and, on the other side, as charging the financial result, under a separate "Expected credit losses" item.

Prepayments are expenses incurred at the balance sheet date that represent deferred costs. Recognition is made if the costs incurred are related to multiple reporting periods. Insurance, guarantees, structure-settled VAT, as well as other costs meeting the above definition, among others, constitute items of prepayments.

Prepayments are initially recognised at the amount paid. Prepayments are written off on the time basis or on the basis of the amount of service. The time and the method of settlement should depend on the nature of settled costs.

In order to settle the costs in time, the requirement to include them in the assets of the Group should be met, and therefore it must be certain that a given asset will bring economic benefits in the future.

CONTRACTUAL ASSETS AND LIABILITIES

Contractual assets and liabilities arise from the application of IFRS 15 "Revenue from contracts with clients".

The Group transfers control over a good or service over time and thus fulfils the obligation to provide the service and recognises revenue over time if one of the following conditions is met:

- the client simultaneously receives and benefits from the service as it is provided,
- as a result of provision, an asset is created or improved and control over that asset is exercised by the client as it is created or improved,
- as a result of the provision of the service, there is no item with an alternative use for the Group and the Group has an enforceable right to pay for the provision of service to date.

Generally, the Group recognises the transfer of control over time in the case of construction contracts, including construction of facilities from modules and panels manufactured by the Group, property construction contracts and contracts for the execution of a development project commissioned by an investor, provided that the item related to land sales is not included in revenue and expenses related to the performance of the contract (the sales of land are shown as "Revenue from sales of goods and materials").

In the case of transfer of control by the Group over time, revenue is determined using the percentage of completion method. The Group determines the progress of performance of the contract by determining the

share of costs incurred from the date of contract conclusion until the date of revenue recognition in the estimated total costs of the contract. In cases justified by the nature of the contract, the Group may determine the percentage of completion of the contract according to other methods.

The "Contractual liabilities" item also includes advances received from clients for the performance of the contract, including advances received within the framework of the development activity and initial fees paid by tenants during construction of investment properties.

Development advances and initial fees paid by lessees during the construction period of development properties are initially recognised at the nominal value of cash received. Development advances are an element of the selling price and will affect the financial result when the revenue on sales is recognised.

TRADE AND OTHER LIABILITIES

Trade liabilities are obligations payable for goods or services which have been delivered or provided and have been invoiced or otherwise formally confirmed with the supplier. Reverse factoring liabilities (reverse factoring, confirming-supply financing, etc.) are treated as trade liabilities.

Other liabilities comprise tax, customs and social security liabilities, payroll liabilities, advances received for deliveries, other liabilities of similar nature and deferred revenue.

Trade liabilities are classified as "financial liabilities" and measured in accordance with the policy presented in the "Financial instruments" section.

The item "Trade and other liabilities" also includes "Deferred income" and "Accruals".

Deferred income constitutes received funds in respect of payments to be made in subsequent reporting periods, which will give rise to a title to recognise the relevant revenue. Its settlement in time is aimed at maintaining the principle of matching revenue and expenses.

The Group classifies the following items as deferred income:

- subsidies;
- interest on bills of exchange settled in time;
- settlement of the right of perpetual usufruct of land received free of charge.

Subsidies received in cash are recognised at nominal value and non-monetary subsidies are recognised at fair value. Subsidies are recognised if reasonable certainty exists that the subsidy will be received and the entity will comply with the criteria for receiving the subsidy. Subsidies to property, plant and equipment and development work included in deferred income are recognised gradually in profit or loss by way of equal write-offs over the estimated useful life of the asset. Subsidies to costs are recognised as revenue in the period, in which the entity recognises the cost to be offset by the subsidy.

CONTINGENT LIABILITIES AND RECEIVABLES

A contingent liability is an obligation to provide services that are contingent on the occurrence of specified events. Contingent liabilities are not shown in the balance sheet, but are disclosed in the notes.

Contingent receivables are not disclosed in the balance sheet, however, they are disclosed in the notes if the effect of measures embodying economic benefits is probable.

TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Transactions denominated in foreign currencies are recognised in PLN, using simplification, at the average exchange rate announced by the Central Bank on the day preceding the date of the transaction/operation. Monetary items of assets and liabilities expressed in a foreign currency are converted as of the balance sheet date according to the rate effective on this day. Exchange rate differences resulting from the settlement of transactions in foreign currencies and from the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies are recognised as financial revenue or expenses.

Realised exchange differences relating to receivables, liabilities from operating activities of the Group and foreign exchange are recognised in operating revenue or expenses. Unrealised exchange differences relating

to operating activities and other realised and unrealised exchange differences are recognised under financial revenue or expenses and presented per balance under the "Financial revenue" or "Financial expenses" item, respectively.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are converted at the rate preceding the date of the transaction/operation (especially for entities using PLN as their functional currency, the conversion is made at the average exchange rate of the National Bank of Poland applicable on the day preceding the transaction). Non-monetary foreign currency balance sheet items measured at fair value are converted at the exchange rate effective on the date when the fair value was estimated (in particular for entities with PLN as their functional currency, the conversion is made on the basis of the average rate of exchange published by the NBP on the date when the fair value was estimated).

EQUITY

In the Statement of Financial Position and the Statement of Changes in Equity, equity is disclosed under the following separate items: share capital, other reserves, share premium account, retained earnings, equity attributable to non-controlling interests.

The Group's share capital is the Parent Company's share capital recognised at nominal value in accordance with the provisions of the Commercial Companies Code (CCC) and the Parent Company's Articles of Association.

The capital created in accordance with the CCC requirements is not subject to distribution, but may be used to cover the losses of the entity.

The share capital as of the initial recognition is presented at nominal value.

Other reserve capitals include in particular:

- revaluation reserve;
- reserve capital for the implementation of the incentive scheme.

Share premium account is also created.

Retained earnings (losses) present capitals created from retained earnings based on decisions of the governing bodies and in accordance with the CCC: supplementary capital, reserve capital for share buy-backs, other capitals. In addition, this item also includes retained earnings/losses and current year earnings/losses.

Non-controlling interests are the capital established in accordance with the rules presented in the "Consolidation rules" section.

The share capital as of the initial recognition is presented at nominal value.

Where a reserve (special purpose) capital is created for share buy-backs, the share buy-backs are presented as a reduction of this reserve. The acquisition, sale, issue or cancellation of own equity instruments by the Group does not result in any gain or loss being recognised in consolidated profit or loss. Consideration paid or received shall be recognised directly in equity. Own shares may be acquired and retained by the parent company or another entity that is a member of the Group. The redemption of own shares is accounted for as share premium in correspondence with other lines of capital, e.g.: share capital, share redemption capital in accordance with shareholder/partner resolutions on redemption of own equity instruments.

The liability on the adopted dividend is recognised at the time of establishing the shareholder right to receive the dividend, as a reduction of equity.

As for the recipient of a dividend, revenue and a receivable are recognised when the shareholder's right to receive the dividend is established.

Advance dividend is recognised in accordance with the principles set out above.

LOANS, OTHER FINANCIAL LIABILITIES

Financial liabilities are presented in the Statement of Financial Position under the following separate items:

- credits, loans and other financial liabilities;
- lease liabilities;
- derivative financial instrument liabilities.

The item "Credits, loans and other financial liabilities" includes liabilities in respect of:

- credits and loans;
- bonds;
- purchase of shares;
- settlements with shareholders.

Financial liabilities are recognised in accordance with the principles described in the "Financial instruments" section.

PROVISIONS

Provisions are an obligation to make payments of a reliably determined value, resulting from past events, that will result in the use of the existing or future assets of the entity, the amount or payment term of which is uncertain.

Provisions are created in an amount corresponding to the estimated expenditure necessary to meet the current obligation as of the balance sheet date. The most reasonable estimate of the expenditure required to settle the present obligation is the amount that the Group would reasonably expect to pay in performing the obligation as of the balance sheet date or for which it would transfer the obligation to a third party.

Where the expected effect of the change in time value of money is material, the amount of the provision is determined by discounting the forecast future cash flows to current value using an interest rate which reflects the current market assessment of the time value of money and the risk factors, if any, associated with this type of liability. A subsequent increase in the provision due to the passage of time, reflecting the reversal of the discounting made, is recognised in financial expenses.

The amount of the created provision also includes future events which may affect the amount necessary for the Group to fulfil its obligation, if there is sufficient and objective evidence that such events will occur.

Provision for guarantee repairs

The provision is created in connection with the guarantee obligations of companies of the Group, resulting from the construction services provided. The amount of the provision is determined on the basis of the experience of the Group with the number of guarantee repairs performed. As a rule, a provision is created in the amount of 0.5% of net income resulting from individual construction contracts. The exception is modular construction and construction, where a provision is created up to 2% - 3% of net income, as well as residential construction – a provision amounting to 1% of net income. In justified cases, a provision is created in an individually determined amount on the basis of a decision of the Management Board, which may deviate from the above-mentioned framework.

Provision for repairs under the developer warranty granted

In case of execution of development projects, the Group is obliged to provide a warranty for defects in the finished products sold. Therefore, provisions are created for estimated costs of performing the obligation within the scope of warranty. The value of the provision is calculated according to the following formula:

$$R = \sum P_i * W_i$$

where:

R – the value of the provision in PLN

P_i – the estimated number of flats (in units) after expiry of the guarantee granted by the general contractor

W_i – estimated value of guarantee repair (in PLN)

The value of the W indicator is estimated by the Execution Department and approved by the Unit Manager.

The provision in question is created as of the date of obtaining a use permit and recognised on the other side in the selling costs.

Provision for losses on construction contracts

When it is probable that the costs directly related to the performance of the contract will exceed total revenue, the expected loss (surplus of total estimated expenses over total estimated revenue) is charged to expenses in the period and recognised in the manufacturing costs of products and services sold.

Provision for estimated costs of completion of a development project

As of the date of obtaining the use permit for the investment, the Group estimates the value of costs which have to be incurred before the completion of the development project. The above applies in particular to the costs of subcontractor services which have not been provided as of the date of obtaining the use permit.

Provision for disputes

In the case of legal proceedings against the Group, the legal department and external law firms providing services to the Group in consultation with the Management Board make a detailed analysis of potential risks associated

with the proceedings and on this basis a decision is made on the necessity to recognise a provision for disputes.

The estimates and related assumptions are based on historical experience or opinions of independent experts, and other factors which are considered rational in the given circumstances, and their results provide grounds for the judgement of the carrying amount, which does not directly result from other sources.

Other provisions

The Group Companies also make provisions for the audit of financial statements, other costs and other.

Recognition of provisions

In principle, provisions on the other side are included in the current period expenses. The provision for the estimated costs of development project completion is an exception.

The provision for the estimated costs of development project completion is recognised on the other side, as an inventory item. At the time of sales of the relevant finished goods, the sale is transferred (together with the cost of the finished product sold) to the manufacturing cost of products and services sold. The write-off is established proportionally to the share of finished products sold in the total investment cost.

The accounting records of other provisions charged to expenses consist of:

- an increase in the manufacturing costs of products and services sold – in the case of provision for costs of subcontractors, guarantee repairs, construction and provision for disputes concerning contracts currently executed;
- an increase in selling costs – in the case of a provision for repairs covered by the developer's statutory warranty;
- an increase in other operating expenses – if they are related indirectly to operating and financing activities of the Group or if they are related to random events and provisions for disputes concerning the contracts submitted to the service.

Analogously, the amount of provisions is increased if the risk of obligation performance has increased.

The provision is used in connection with creation of a liability for which it was created. The provision may be used only for the purpose for which it was originally established.

If the obligation performance becomes certain, the exchange of the provision for a liability results in a decrease in the provision and an increase in liabilities.

The reversal of part or all of the unused provision in the event of a reduction or cessation of the risk justifying its creation, as of the date on which it proved to be unnecessary, involves a decrease of the provision and:

- a decrease in the manufacturing costs of products and services sold – in the case of provision for guarantee repairs, construction provision and provision for disputes concerning contracts currently executed;

- a decrease in selling costs – in the case of a provision for repairs covered by the developer warranty;
- a decrease in other operating expenses – if the provision concerns indirectly operating activities, financial activities or random events, as well as a provision for disputes concerning contracts submitted to the service.

EMPLOYEE BENEFITS

The Group is obliged by the applicable legal provisions to collect and pay contributions towards employee pension benefits. In accordance with the IAS 19 "Employee Benefits", these benefits constitute a national program in the form of a specific contributions program. The obligation to contribute to the pension plan is recognised as an employee benefit expense charged to the financial result for the period in which the employees render their services. By nature, these costs are recognised as social security and other benefits, except for benefits that have been capitalised in property, plant and equipment or inventory.

Provisions for retirement and pension severance pay

The employees of companies of the Group are entitled to receive retirement severance pay of a certain amount upon retirement. This benefit is classified as a post-employment plan of specific benefits.

Provisions for the above are estimated by an actuary using the projected unit credit method. Actuarial gains/losses are recognised in other comprehensive income. Other changes in the provision are recognised in the financial result or capitalised in inventory if the changes concern production employees.

Other provisions for employee benefits

The Group recognises provisions in the amount of anticipated payments to employees for short-term cash bonuses if the Group has a legal or customary obligation to make such payments based on the services provided by employees in the past and the obligation can be reliably estimated.

In particular, the Group creates the following provisions for short-term employee benefits:

- 1) provision for the performance of material tasks;
- 2) provision for facility-based bonuses;
- 3) provision for monthly bonuses;
- 4) provision for annual awards;
- 5) provision for annual managerial bonuses;
- 6) provision for the Management Board bonus;
- 7) provision for unused holiday leaves.

The basis for calculating the provision for unused holidays is a summary of the number of days of leave unused by employees, as of the balance sheet date. The amount of the provision per employee is determined on the basis of the product of the number of unused days of leave of the given employee and his/her gross daily remuneration increased by social security contributions of the employer.

Provisions for employee bonuses are recognised when:

- the entity has a present legal or customary obligation to make such payments as a result of meeting certain criteria, and
- a reliable estimate of such a provision is possible. For example, a provision for facility-based bonuses is recognised when it becomes probable that the contract will be successfully completed and the facility-based bonuses will be due to employees. The valuation of the provision takes into account the fact that some employees may leave without obtaining the right to receive payments.

In principle, the above provisions are created as part of the costs of the period. An exception is made for provisions related to production employees, which are capitalised as inventory manufacturing cost.

DEFERRED INCOME TAX

For financial reporting purposes, deferred tax is calculated in relation to temporary differences between the tax value of assets and liabilities and their carrying amount disclosed in the financial statements, as of the reporting date. The provision for deferred tax is recognised in relation to all taxable temporary differences:

- except where the provision for deferred tax arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business merger and, at the time of the transaction, affects neither the gross financial result nor taxable profit or tax loss, and
- except when the timing of the reversal of temporary differences is controlled by the investor and it is probable that temporary differences will not reverse in the foreseeable future in the case of taxable temporary differences associated with investments in subsidiaries or affiliates and interests in joint ventures
- in the case of lease contracts, the Group applies the so-called "net approach", i.e. it recognises deferred tax on temporary differences that are equal to the difference between the accounting value of the right-of-use assets and the accounting value of the lease liabilities.

Deferred tax assets are recognised for all deductible temporary differences, as well as unused tax credits and unused tax losses carried forward to subsequent years, to the extent that it is probable that taxable income will be available, against which the above-mentioned differences, assets and losses can be utilised:

- except where the deferred tax assets related to negative temporary differences arise from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the time of the transaction, affects neither the gross profit or loss nor the taxable profit or tax loss, and
- in the case of deductible temporary differences arising from investments in subsidiaries or affiliates and interests in joint ventures, a deferred tax asset is recognised in the statements of financial position only to the extent that it is probable that the aforementioned temporary differences will be reversed in the foreseeable future and that taxable profit will be available, against which the negative temporary differences can be offset.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the asset can be realised.

Deferred tax assets and provisions are measured at the tax rates that are expected to apply in the period when the asset is realised or the provision is released, based on tax rates (and tax laws) effective on the reporting date or which are certainly going to be effective as of the reporting date. In the case of taxable foreign operations conducted within one entity, e.g.: a foreign branch, representative office, for the purposes of calculating deferred tax a simplified tax rate appropriate to the tax residency of the entity is applied.

Income tax is recognised in profit or loss, except when income tax is related to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income, and to items recognised in equity, in which case it is recognised directly in equity.

The Group offsets deferred tax assets against deferred tax provisions if, and only if, it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and is levied by the same taxation authority.

CURRENT INCOME TAX

Current tax liabilities and receivables for the current and previous periods are measured at the amounts expected to be paid to the tax authorities (to be reimbursed from the tax authorities) using tax rates and tax regulations legally or actually in force as of the reporting date.

SEGMENT REPORTING

The operating segments of the Group constitute a part of business activities of the Group, in connection with which the Group may earn revenue and incur expenses, and its results are subject to regular

review by the main decision-making body, while the results of the review are used to make decisions on the allocation of resources to individual segments. Operating segments identified on the basis of internal reports are subject to periodic reviews by the chief operating decision maker – the management board of the parent company.

Operating segments that show similarities in their long-term profits or losses and economic characteristics may be aggregated into reporting segments if qualitative criteria and quantitative thresholds are met. Within the qualitative criteria, the operating segments must be similar in each of the following aspects:

- the type of products and services offered;
- the type of production process;
- the type or group of clients who purchase the goods or services offered;
- methods used to distribute products or provide services;
- the type of regulatory environment (if applicable).

Operating segments are recognised separately if any of the quantitative thresholds listed below is met:

- recognised segment revenue (both those generated from sales to external clients and from exchanges between segments) constitute 10 percent or more of total external and internal revenue of all operating segments;
- the profit or loss of the segment listed as absolute value constitutes 10 percent or more of the greater of the following absolute values: the combined profit of all operating segments that did not list a loss; and the combined loss of all operating segments that listed a loss;
- assets assigned to a segment constitute 10 percent or more of total assets.

If total external revenue attributable to operating segments is less than 75 per cent of the Group's consolidated revenue, additional reportable segments are identified, even if they do not reach the 10 per cent thresholds set out above. The above approach is applied until the revenue from the reportable segments reaches at least 75 per cent of the Group's consolidated revenue.

Data on segment revenue, expenses, assets and liabilities is presented in accordance with the information regularly presented to the key operating decision-maker.

The segment result is determined at the level of gross profit on sales.

REVENUE FROM CONTRACTS WITH CLIENTS

Revenue is received gross economic benefits in a given period, generated as a result of the ordinary activity of the Group, resulting in the increase of equity, other than an increase of capital resulting from payments of the shareholders. Revenue includes only received or due proceeds of economic benefits, therefore amounts collected on behalf of third parties (e.g. value added tax) do not constitute revenue of the Group. In addition, revenue is listed less of any returns, rebates and discounts.

The Group recognises revenue taking into account the 5-step model described below. This model may be applied to individual contracts or to a portfolio of contracts (or obligations to provide services) with similar characteristics if an entity reasonably expects that the effect of applying the principles listed below on its financial statements will not differ materially from applying the principles listed below to individual contracts (or obligations to provide services). The Group Companies analyse whether they act as a contractor or an agent.

Identification of a contract with a client

A contract with a client meets its definition when all the following criteria are met:

- the parties to the contract have approved it and are obliged to fulfil the obligations arising therefrom;
- the entities are able to identify the rights of each party concerning the goods or services to be transferred;
- the entities are able to identify the terms of payment for the goods or services to be transferred;

- the contract has economic substance, i.e. the risk, time of performance or amount of future cash flows is expected to change as a result of the contract;
- it is probable that the entity will receive the remuneration it will be entitled to in exchange for goods or services that will be provided to the client.

Identification of performance obligations

For a portfolio of contracts with similar characteristics, companies of the Group assess the goods or services promised in the contract with the client and identify each promise to deliver to the client separately identifiable goods or services (or a package of goods or services) or groups of separate goods or services which are substantially the same and where the delivery to the client is of the same nature as an obligation to provide service.

The Group uses the following criteria when separating groups of goods: by client category – public and private, and by price category – flat rate and costing.

Transaction price determination

In order to determine the transaction price, the Group takes into account the terms of the contract and its usual commercial practices. The transaction price is the amount of remuneration which the Group expects to receive in exchange for the delivery of promised goods or services to the client, excluding amounts collected on behalf of third parties (for example, certain sales taxes, fuel surcharge, excise tax).

The Group takes into account all the following factors when determining the transaction price:

- variable remuneration;
- conditions limiting the recognition of variable elements of remuneration;
- the existence of a significant element of financing;
- non-cash remuneration;
- remuneration paid to the buyer.

As a rule, prices are fixed, contractual and subject to change by agreement with the client. The variable element are possible penalties.

Each contract is one performance obligation.

Allocation of the transaction price to individual obligations to provide service

The Group assigns a transaction price to each obligation to provide service (or to separate goods or services) in an amount reflecting the amount of remuneration which the Group expects to receive in return for the delivery of the promised goods or services to the client.

Recognition of revenue at the time of (or in the course of) meeting the obligations to provide service

Performance obligations may be fulfilled over time or at a certain time. The Group recognises revenue when the performance obligations is met by transferring significant risks to the client, as a result of which the client obtains control over this asset. In property development activities, the moment of performance is considered to be the moment of signing the acceptance report and receiving the keys to the flat. Revenue is recognised as amounts equal to the transaction price allocated to a given obligation to provide service. In other activities, the moment of performance is the moment of issuance of the invoice.

The Group transfers control over a good or service over time and thus fulfils the obligation to provide the service and recognises revenue over time if one of the following conditions is met:

- the client simultaneously receives and benefits from the service as it is provided,
- as a result of provision, an asset is created or improved and control over that asset is exercised by the client as it is created or improved,
- as a result of the provision of the service, there is no item with an alternative use for the Group and the Group has an enforceable right to pay for the provision of service to date.

Generally, the Group recognises the transfer of control over time in the case of construction contracts, including construction of facilities from modules and panels manufactured by the Group, property construction contracts and contracts for the execution of a development project commissioned by an investor, provided that the item related to land sales is not included in revenue and expenses related to the performance of the contract (the sales of land are shown as "Revenue from sales of goods and materials").

In the case of transfer of control by the Group over time, revenue is determined using the percentage of completion method. The Group determines the progress of performance of the contract by determining the share of costs incurred from the date of contract conclusion until the date of revenue recognition in the estimated total costs of the contract. In cases justified by the nature of the contract, the Group may determine the percentage of completion of the contract according to other methods.

If the outcome of the contract cannot be estimated reliably, revenue is recognised to the extent that it is probable that the revenue will be recovered, and contract costs are recognised as expenses in the period in which they are incurred.

If it is probable that total costs related to the performance of the contract will exceed total revenue, the expected loss (surplus of total estimated expenses over total estimated revenue) is charged to the expense in the period and is shown in the manufacturing costs of products and services sold.

If the value of estimated revenue using the percentage of completion method exceeds the invoiced revenue, the resulting difference is recognised under "Net revenue from sales of products and services" and recognised assets under "Contractual assets". On the other hand, if the value of estimated revenue using the percentage of completion method is lower than the invoiced revenue, the resulting difference is recognised under "Net revenue from sales of products and services" and the liability is recognised under "Contractual liabilities".

The following items of revenue from contracts with clients are recognised in the Group's statement of comprehensive income:

- 1) Net revenue from sales of products and services;
- 2) Net revenue from sales of goods and materials,

The products and services sold by the Group include, in particular: sales of construction services, developer sales including investor replacement and commercialisation services, sales related to modular construction, sales of other services and sales of products. At the same time, penalties and compensation calculated by the recipients of services to the Group in the course of the project are recognised as a decrease in net revenue from sales of products and services.

The realised exchange rate differences related to transactions with clients and the result of the realisation of derivative financial instruments are also recognised in the revenue from sales if the hedged item had an effect on the revenue from sales, together with the discount on deposit receivables.

Revenue from sales of goods and materials includes, in particular, sales of land where the Group does not carry out development projects, sales of flats purchased for further resale, sales of design documentation purchased for further resale and sales of other assets classified as materials.

OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue and expenses include expenses and revenue indirectly related to the operating activities of the entity, in particular revenue and expenses related to:

- creation and reversal of revaluation write-offs on property, plant and equipment, intangible assets, equity instruments, cash and cash equivalents and inventory other than in property development activities;
- sales of tangible fixed assets, tangible fixed assets under construction and intangible assets;
- creation and reversal of provisions, except for provisions recognised in manufacturing costs, selling costs or general and administrative costs;
- received or accrued penalties and fines, compensation for contracts transferred to the service and court fees incurred and received;

- on account of charges with penalties and fines; compensation for contracts transferred to the service;
- revenue from guarantee deposits;
- revenue from operating leases and the result on the sales of tangible fixed assets subject to leaseback of operating lease nature;
- profits or losses arising from reclassification of investment properties from/to inventory;
- received subsidies to revenue and expenses;
- costs of membership fees;
- profits from bargain purchases;
- result on sales of subsidiaries;
- taking over projects;
- revaluation of financial assets;
- and other revenue and expenses not directly related to the core operating activities of the Group.

FINANCIAL REVENUE AND EXPENSES AND EXPECTED CREDIT LOSSES

Financial revenue and expenses include mainly items of revenue and expenses related to financing of operations of the Group.

The financial revenue related to financing operations of the Group include, in particular:

- net exchange rate profits arising from liabilities related to financing activities (loans, credits, bonds, lease, etc.);
- net foreign exchange profits on loans granted in foreign currencies;
- interest on receivables, loans granted and funds accumulated in the form of bank deposits;
- profits on unrealised exchange rate differences on settlements;
- revenue from unwinding and changes in the estimation of the refund period for the discounted receivables;
- revenue from fair value measurement of derivative instruments, for which no hedge accounting was applied;
- profits from implementation of derivative instruments, to which cash flow hedge accounting is applied, if the hedged item affects financial revenue;
- the ineffective part of profits related to hedging instruments.

The financial expenses associated with financing operations of the Group include, in particular:

- interest on a bank overdraft in a current account;
- interest on short-term and long-term loans, credits, debt financial instruments and other sources of financing;
- unwinding and changing the estimation of the discount return period on long-term liabilities;
- net exchange rate losses arising from liabilities which are the source of financing for operations of the Group;
- net exchange rate losses on loans granted in foreign currencies;
- losses on realisation and fair value measurement of derivative instruments, to which no hedge accounting was applied;
- losses on realisation of derivative instruments, to which cash flow hedge accounting is applied, if the hedged item affects financial expenses;
- the ineffective part of losses related to hedging instruments;
- costs of issuing bonds financing operations of the Group (these costs constitute an element of interest cost calculated using the effective interest rate).

Expected credit losses include:

- revenue and expenses related to the establishment and reversal of revaluation write-offs and expected credit losses on receivables, deposits, contractual assets and loans.

STATEMENT OF CASH FLOWS

The cash flow statement is prepared using the indirect method, whereby the pre-tax result is adjusted for the effects of non-monetary transactions or cash payments not related to operating activities and for items of revenue and expenses associated with cash flows from investing or financing activities.

The Group classifies interests received as investment activities, as they result mainly from investments undertaken by the Group. On the other hand, interest paid is shown in financial activities, as it constitutes, in particular, an element of the financing cost.

The cash flow statement discloses, under a separate item, the value of cash and cash equivalents in respect of which the Group has limited rights of disposal.

FINANCIAL INSTRUMENTS

Financial assets

The Group has, in particular, such financial assets as:

- bonds;
- derivative instruments;
- trade receivables;
- loans granted;
- deposits under construction contracts (i.e. deposits retained by recipients of construction services);
- cash and cash equivalents;
- other financial receivables.

The Group recognises a financial asset or a financial liability in the statements of financial position if and only if it becomes bound by the contractual provisions of the instrument.

Upon initial recognition, all financial instruments are measured at fair value. In the case of financial assets which are not measured at fair value through the financial result after the initial recognition date, the initial fair value is adjusted by transaction costs directly attributable to the acquisition.

Financial assets that are debt instruments are classified as measured at initial recognition at amortised cost or at fair value on the basis of:

- the entity's business model for financial asset management
- and
- characteristics of contractual cash flows for a financial asset.

Debt instruments are measured at initial recognition at their amortised cost if both conditions are met, i.e.:

- the financial asset is held in accordance with a business model which aims to maintain financial assets for the purpose of obtaining contractual cash flows,
- and
- the terms of the agreement related to the financial asset give rise to cash flows on specified dates which are merely the repayment of principal amount and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income if both conditions are met, i.e.:

- the financial asset is held according to a business model which aims both to receive contractual cash flows and to sell the financial asset,
- and
- the terms of the agreement related to the financial asset give rise to cash flows on specified dates which are merely the repayment of principal amount and interest on the outstanding principal amount.

All other debt instruments are measured at fair value through profit or loss after initial recognition.

Notwithstanding the above, at the time of initial recognition, the Management Board may classify a financial asset as measured at fair value through profit or loss, if such classification reduces or eliminates an inconsistency in measurement or recognition.

Derivative instruments not covered by hedge accounting are measured at fair value through profit or loss.

Equity (share) instruments

Financial assets constituting investments in equity instruments which are not held for trading are measured at fair value:

- through other comprehensive income,
or
- through profit or loss.

On initial recognition, the choice is made for each instrument separately.

Equity instruments that are not held for trading may be measured at fair value through other comprehensive income, however, such classification may not be changed.

Dividend received from these investments is recognised in profit or loss, unless they represent recovery of part of the initial cost of this investment. Changes in fair value are recognised in other comprehensive income, without the possibility of reclassification of previous profits and losses between the profit and loss account and other comprehensive income.

Equity instruments held for trading are measured at fair value through profit or loss.

Unquoted equity instruments are measured at fair value.

Debt instruments

IFRS 9 distinguishes three categories of financial assets: those measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss.

The classification depends on the business model of the financial asset management and whether the contractual cash flows are solely payments of principal and interest, the so-called SPPI test.

The SPPI test is considered to be passed when only equity and interest constitute cash flows. Under the basic terms of a credit contract, they may include the time value of money, credit risk, liquidity risk, administrative costs, profit margin. By contrast, a test shall be considered unsuccessful when the exposure is not exposed to risks and volatilities unrelated to the underlying terms of the credit contract, e.g. exposure to volatility of equity or commodity prices, interest-bearing assets expressed as a multiplier of the basic interest rate, bonds convertible into shares.

Financial assets that do not pass the cash flow test are recognised at fair value through profit or loss.

The entity's business model means the way in which an entity manages its financial assets in order to generate cash flows and create value for the Company. The business model of the entity determines whether the cash flows will come from the collection of contractual cash flows, the sales of financial assets or both.

If a financial instrument is held for the purpose of collecting cash flows, it may be classified as measured at amortised cost only if it additionally meets the requirement for principal and interest payments only. Debt instruments may be classified as at fair value through other comprehensive income if they meet the principal and interest payment only requirement (SPPI) and are held in a portfolio in which the Group holds both assets to collect cash flows and sells the assets. Financial assets that do not contain cash flows that come exclusively from principal and interest payments (SPPI) must be measured at fair value through profit or loss.

The recognition of a financial asset is discontinued only if:

- a) the contractual rights to cash flows from the financial asset have expired,
or
- b) the financial asset has been transferred and this transfer qualifies for derecognition (by transferring substantially all risks and benefits of ownership).

When a financial asset is derecognised in its entirety, the difference between the carrying amount calculated at the date of derecognition and the payment received (including any newly acquired assets after deducting any newly incurred liabilities) is recognised in the profit and loss account.

As of the balance sheet date, in order to estimate expected credit losses in relation to trade receivables and loans granted, the Group applies the simplified method using the provision ratio, which takes into account historical data. Other methods of estimating expected credit losses may also be used.

Impairment

IFRS9 requires the determination of stages to assess whether a financial instrument is performing (Stage 1), under-performing (Stage 2) or non-performing (Stage 3). In Stage 1, the expected credit loss is calculated as the loss that arises during the 12 months following the balance sheet date, in Stage 2, - over the lifetime of the instrument. Assets classified as Stage 3 are impaired and expert knowledge is required to estimate the expected credit loss (in principle, such assessment should be performed outside the tool). The tool supports the stage assignment process and helps classify instruments into Stage 1, Stage 2 or Stage 3. This qualitative assessment is built into the tool in the form of questions that should confirm the existence or non-existence of a specific condition ("yes" or "no" answers in the questionnaire). The initial decision as to whether an instrument will qualify for Stage 1, Stage 2, or Stage 3 is shown on the "Result" tab. The user makes the final assessment after taking into account all facts and circumstances, including information (if any) that is not included in the tool (i.e. an arbitrary decision may be made, regardless of the results provided by the tool).

A financial asset is impaired due to credit risk when one or more events have occurred that have an adverse effect on the estimated future cash flows of the financial asset. Objective evidence that a financial asset is impaired due to credit risk is considered to be:

- significant financial difficulties on the part of the issuer/recipient;
- significant breach of the terms of the contract, e.g. default or non-payment of interest or principal;
- the granting by the Group to the borrower/recipient, for reasons related to the borrower's financial difficulties, of a facility that the lender would not otherwise consider
- a high probability that the borrower/recipient/issuer will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a financial asset due to financial difficulties;
- the purchase or origination of a financial asset at a deep discount indicating that credit losses have been incurred.

A single isolated event does not yet necessarily indicate an impairment of assets, each case being analysed individually.

As of the balance sheet date, the Group applied a simplified model acceptable under IFRS 9, based on a group analysis of a homogeneous portfolio of receivables in order to estimate the expected credit losses in relation to trade receivables and guarantee deposits. The model uses data about invoices issued within 2-5 years before the analysis date in order to create a write-off matrix that sets default rates for specific payment delays, i.e. overdue periods. Default factors are then used to calculate the expected credit losses for the entire homogeneous portfolio of receivables.

Taking into account the above methodology of calculation of expected credit losses, the value of receivables may also be updated on an individual basis, in particular with regard to:

- receivables from business partners put in liquidation or bankruptcy;
- receivables disputed by debtors and payment of which is overdue, and according to the assessment of the property and financial situation of the debtor, repayment of the contractual receivables is subject to significant risk.

As a result of individual analysis, if despite significant overdue period of the receivables the Group has a credible declaration of the business partner payment, the creation of the write-off may be withheld.

For loans, long-term receivables and other similar items, expected credit losses are calculated on the basis of an internal assessment (determined by the module, i.e. my IFRS9 application, in which the methodology based on the requirements of the standard is embedded) or external ratings, if available. The module estimates the probability of default as of the initial recognition date and as of the balance sheet date. This is based on a comparison of the borrower's financial data at the date of the loan and at the balance sheet date, and takes into account additional information arising from the answers to supplementary questions that are part of the model. The module classifies the exposure into one of the three grades (1-3) of the expected credit loss model. In the case of classification into Grade 1 or Grade 2, the module calculates the amount of the impairment loss based on: (1) the individually assigned rating (determined on the basis of the financial data provided) and market default profiles for that rating; (2) the repayment schedule of the loan or long-term receivable; and (3) expected recoveries from collateral and other credit risk mitigating instruments.

The Group also estimates the expected credit losses related to the contractual assets, using the default factor calculated for receivables from the first overdue range.

Financial liabilities

At initial recognition, financial liabilities are recognised at the fair value of the consideration received for them. Transaction costs are included in the initial recognition of financial liabilities.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method, with the exception of the following:

- a) financial liabilities measured at fair value through profit or loss. Such a liability, including derivatives being liabilities, is measured at fair value.
- b) financial liabilities arising when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing engagement approach.

The measurement of financial liabilities relating to a hedging instrument is subject to hedge accounting requirements.

A financial liability is no longer recognised if and only if the liability has expired, that is when the obligation specified in the contract has been fulfilled, discontinued or the deadline for its recovery has expired.

HEDGE ACCOUNTING

Companies of the Group use derivative instruments in order to hedge against the risk of exchange rate volatility related to transactions settled in foreign currencies.

Derivative instruments, mainly options or forward contracts, are intended to hedge future cash flows.

Criteria for applying hedge accounting

For these derivative instruments, the hedge accounting rules can be applied only if all conditions for the application of hedge accounting are met, i.e.:

- at the time of establishing the hedge, formalised documentation of the hedging relationship has been prepared, defining the adopted risk management objective and the hedging strategy. The documentation designates the hedging instrument that hedges a given item or transaction and specifies the type of risk it hedges against. The Group companies determine the manner in which the effectiveness of the hedging instrument in compensating for changes in cash flows from the hedged transaction will be assessed in terms of mitigating the risk against which the company of the Group is hedged;
- the hedge is expected to be highly effective in offsetting changes in cash flows, in accordance with a documented risk management strategy for that particular hedging relationship;
- for cash flow hedge accounting, a cash flow hedge is related to a forecast transaction that is highly probable and subject to the risk of changes in cash flows that could affect the financial result;
- the effectiveness of the hedge can be reliably assessed, i.e. the fair value of the hedged item or its cash flows and the fair value of the hedging instrument can be reliably measured;
- the hedge is verified on an ongoing basis and its high effectiveness is established in all reporting periods for which the hedge was established.

If the above conditions are not met, the derivative instrument is subject to the measurement rules applicable to financial assets measured through the financial result.

Cash flow hedges

This is a hedge of the risk of fluctuations in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and (ii) may affect the financial result. Cash flow hedges are recognised as follows:

- the part of profits or losses related to the hedging instrument that constitute an effective hedge is recognised in other comprehensive income and shown in the revaluation reserve, while the ineffective part of profits or losses related to the hedging instrument is recognised in the financial result under "Financial revenue" or "Financial expenses", respectively;
- if the hedged planned transaction results in recognition of a financial asset or a financial liability, the associated gains or losses recognised in other comprehensive income (effective hedge) are transferred to the financial result in the same period or periods in which the hedged cash flows affect the financial result and are presented in the same item as the hedged item;
- if the hedged planned transaction results in recognition of a non-financial asset or a non-financial liability, the amounts recognised directly in other comprehensive income (effective hedge) are recognised in the financial result in the same period or periods in which the acquired assets or acquired liabilities affect the result for the period and are presented in the same item in which the effect of the hedged item is presented.

EQUITY METHOD

In accordance with this method, the value is recognised at cost, including transaction costs, as of the date of acquisition of shares in a jointly controlled entity or affiliate, and in subsequent periods after the acquisition, it is adjusted for changes in the net assets of the entity on which the Group has significant influence, in accordance with its share in that entity. This means that profit or loss attributable to the Group is included in the profit or loss of the Group and other comprehensive income attributable to the Group is included in its other comprehensive income. In other words, the Group presents its share in the profit or loss of the affiliate or joint venture as a part of its result in "Share in net profits (losses) of entities measured using the equity method" line and separately presents the share of the Group as a part of other comprehensive income of the affiliate or joint venture.

Any distribution of results of an entity transferred to the Group (e.g. an affiliate or joint venture paying a dividend to the Group) reduces the value of the investment in the affiliate, and/or joint venture when the dividend is approved (the right of the Group to receive the dividend arises).

Investments in entities measured using the equity method are tested for impairment if objective evidence of impairment exists.

The amount of the impairment loss on investments in entities measured using the equity method is determined in accordance with the requirements of IAS 36 Impairment, i.e. it corresponds to the difference between the carrying amount of the financial asset and its recoverable amount (the higher of its value in use and fair value less costs to sell the asset). The revaluation write-off is not allocated to individual assets comprising the accounting value of investments in entities measured using the equity method. The amount of the impairment loss is recognised in the "Impairment of investments in entities measured using the equity method".

When objective evidence of impairment of an investment ceases to exist, the investment must be tested for impairment again and, if necessary, the impairment loss recognised must be reversed, up to an amount not exceeding the carrying amount of the investment that would have been determined had no impairment loss been recognised.

FIXED ASSETS (DISPOSAL GROUP) HELD FOR SALE AND DISCONTINUED OPERATIONS

Fixed assets (disposal group) are classified as held for sale if their carrying amount will be recovered mainly through a sale transaction and the sale is considered highly probable. Fixed assets or a disposal group are measured at the lower of the following two amounts: their carrying amount and fair value less selling costs. Fixed assets held for sale or assets of the disposal group held for sale are listed in a separate item under current assets. Liabilities of the disposal group intended for sale are listed in a separate item under current liabilities.

Discontinued operations are an element of an entity that has been disposed of or is classified as held for sale, and:

- is a separate, important field of activity or geographical area of activity;
- is part of a single coordinated disposal plan for a separate, important field of activity or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

If operations are classified as discontinued operations, the presentation of data in the statement of comprehensive income and the cash flow statement for the financial year is amended in accordance with the detailed guidelines of IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', respectively, and data for the comparative period is restated to reflect operations that have been discontinued as of the balance sheet date.

3.2. Consolidation principles

Consolidated financial statements include financial statements of the parent company and statements of entities controlled by the parent company (subsidiaries), jointly controlled entities and associates prepared as of the balance sheet date or other reporting date.

In order to determine whether the Group exercises control over the entity, a detailed analysis of facts and circumstances indicating the existence of control is performed. In particular, the following elements shall be considered:

- exercising power over an entity – where power is understood as the Group's possession of currently existing and significant rights that enable it to manage on an ongoing basis the relevant activities of the entity, i.e. those that have a significant impact on the returns generated by the entity, e.g. sales and purchases of goods and services, management of financial assets, acquisition or disposal of assets, and financing activities;
- exposure to, or right to, variable returns on investments – variable returns are returns that are not fixed and can change as a result of the actions of the unit invested in, for example, dividend, interest, service charges, changes in the fair value of the investment, tax benefits.

Transactions in exchange of shares between entities under common control, in the absence of specific regulations in IAS/IFRS, are recognised in the separate financial statements of the parent company without results,

and the possible profit from the valuation of the exchanged shares is recognised in the reserve capital from exchange of shares.

The financial results of entities acquired or sold during the year are included in the consolidated financial statements from/until their acquisition or disposal, respectively.

Consolidation of subsidiaries using the full method is carried out in accordance with the following principles:

- all relevant assets and liabilities of subsidiaries and the parent company are aggregated in full, regardless of the proportion of ownership of the subsidiary by the parent company;
- after aggregation, consolidation adjustments and exclusions are made;
- all relevant items of revenue and expense of subsidiaries and the parent company are aggregated in full regardless of the proportion of ownership of the subsidiary by the parent company;
- after aggregation, consolidation adjustments and exclusions are made.

Jointly controlled entities and associates are consolidated using the equity method.

Non-controlling interest is the capital of subsidiaries that is not attributable, directly or indirectly, to the parent company.

These shares are presented in the Group's consolidated statement of financial position within equity (separately from the equity of the owners of the parent company) in the "Non-controlling interests" item.

Transactions with non-controlling shareholders that do not result in a loss of control are reported as equity transactions. The difference between the fair value of the consideration transferred and the share acquired in the carrying amount of net assets of the subsidiary is recognised in equity under the "Retained earnings" item. Gains or losses on the disposal of non-controlling interests are determined similarly. These gains or losses are also disclosed in equity under the "Retained earnings" item.

The consolidated net result is attributed to the shareholders of the parent company and non-controlling interests.

3.3. Rules adopted for conversion of financial data

The financial statements of foreign entities are converted for consolidation purposes into the Polish currency in the following manner:

- particular items of assets and liabilities of the balance sheet, except for equity, are converted according to the average exchange rate announced for the given currency by the National Bank of Poland as of the balance sheet date;
- relevant items of the profit and loss account are translated at the exchange rate being the arithmetic mean of average exchange rates as of the last day of each month of the reporting period, announced for the given currency by the National Bank of Poland;
- the equity of the entity is converted according to the average exchange rate as of the day of taking control, announced for the given currency by the National Bank of Poland,
- exchange gains and losses arising as a result of such conversion are recognised in the consolidated balance sheet directly in equity, as a separate item.

The financial data in NOK have been converted according to the following rules:

- particular items of assets and liabilities of the balance sheet, except for equity – according to the average exchange rate of the National Bank of Poland applicable on 31 December 2022 – PLN/NOK 0.4461, 31 December 2021 – PLN/NOK 0.4608
- relevant items of the profit and loss account – at the average exchange rate in the period from 1 January 2022 to 31 December 2022 – PLN/NOK 0.4642 and in the period from 1 January 2021 to 31 December 2021 – PLN/NOK 0.4505
- equity of the entity – according to the average exchange rate of the National Bank of Poland as at the date of taking control over the entity.

3.4. Selected financial data converted into EUR

3.4.1. Basic items of the statement of financial position converted into EUR

	as of 31.12.2022		as of 31.12.2021 restated		as of 01.01.2021	
	PLN	EUR	PLN	EUR	PLN	EUR
Fixed assets	401,088,169.53	85,521,689.06	331,801,286.72	72,140,124.09	294,403,922.02	63,795,597.21
Current assets	1,412,114,536.78	301,096,939.55	1,203,682,374.38	261,704,216.72	932,919,175.65	202,158,094.75
Total assets	1,813,202,706.31	386,618,628.61	1,535,483,661.10	333,844,340.81	1,227,323,097.67	265,953,691.96
Equity	383,954,233.68	81,868,319.94	371,993,340.25	80,878,666.84	330,735,881.87	71,668,519.08
Liabilities and provisions for liabilities	1,429,248,472.63	304,750,308.67	1,163,490,320.85	252,965,673.97	896,587,215.80	194,285,172.88
Total liabilities	1,813,202,706.31	386,618,628.61	1,535,483,661.10	333,844,340.81	1,227,323,097.67	265,953,691.96

For conversion of the data from the statements of financial position as of 31 December 2022, the EUR exchange rate set by the NBP of that date, i.e. the rate of PLN/EUR 4.6899, was adopted.

To convert the data of the statement of financial position as of 31 December 2021, the EUR exchange rate established by the NBP at that date, i.e. the rate of PLN/EUR 4.5994, was adopted.

For conversion of the data from the statements of financial position as of 1 January 2021, the EUR exchange rate set by the NBP of that date, i.e. the rate of PLN/EUR 4.6148, was adopted.

3.4.2. Basic items of the statements of comprehensive income converted into EUR

	01.01.- 31.12.2022		01.01.-31.12.2021 restated	
	PLN	EUR	PLN	EUR
Revenue from contracts with clients	2,258,312,070.33	481,691,033.07	1,714,017,777.80	374,444,080.35
Costs of products, goods and materials sold	2,110,057,045.87	450,068,691.40	1,586,721,365.90	346,634,924.28
Gross profit (loss) on sales	148,255,024.46	31,622,341.67	127,296,411.90	27,809,156.07
Profit (loss) on operating activities	63,750,999.11	13,597,892.44	55,111,234.31	12,039,592.42
Gross profit (loss)	41,901,461.77	8,937,453.19	52,746,911.96	11,523,082.90
Net profit (loss)	31,861,306.75	6,795,918.94	42,112,931.09	9,199,984.95
Total comprehensive income	37,535,701.45	8,006,249.91	47,659,682.29	10,411,727.43

To convert the data of the statement of comprehensive income for the period from 01.01.2022 to 31.12.2022, the average EUR exchange rate was adopted, calculated as the arithmetic mean of the rates in force on the last day of each month in the given period, determined by the NBP on that day, i.e. the rate of PLN/EUR 4.6883.

To convert the data of the statement of comprehensive income for the period from 01.01.2021 to 31.12.2021, the average EUR exchange rate was adopted, calculated as the arithmetic mean of the rates applicable on the last day of each month in the given period, established by the NBP on that day, i.e. the rate of PLN/EUR 4.5775.

3.4.3. Basic items of the cash flow statement converted into EUR

	01.01.- 31.12.2022		01.01.-31.12.2021 restated	
	PLN	EUR	PLN	EUR
A. Cash flows from operating activities	-4,224,274.89	-901,024.87	-3,012,438.90	-658,096.97
B. Cash flows from investment activities	-57,271,762.55	-12,215,891.17	-11,153,260.43	-2,436,539.69
C. Cash flows from financial activities	-72,050,652.57	-15,368,183.04	21,684,506.65	4,737,194.24
D. Total net cash flows (A +/- B +/- C)	-133,546,690.01	-28,485,099.08	7,518,807.32	1,642,557.58
E. Exchange rate differences	34,092.90	7,271.91	-122,963.24	-26,862.53
F. Opening balance of cash	271,460,786.84	59,020,912.91	264,064,942.76	57,221,318.97
G. Closing balance of cash	137,948,189.73	29,413,887.23	271,460,786.84	59,020,912.91

To convert the data of cash flow statement for the period from 01.01.2022 to 31.12.2022, the following EUR exchange rates were adopted:

- to calculate data from items A, B, C, D, E – average exchange rate calculated as the arithmetic mean of the exchange rates applicable on the last day of each month in the given period, established by the NBP on that day, i.e. the rate of PLN/EUR 4.6883;
- to calculate data from the F item – the exchange rate established by the NBP as of 31 December 2021, i.e. the rate of PLN/EUR 4.5994,
- to calculate data from the G item – the exchange rate established by the NBP as of 31 December 2022, i.e. the rate of PLN/EUR 4.6899.

To convert the data of the cash flow statement for the period from 01.01.2021 to 31.12.2021, the following EUR exchange rates were adopted:

- to calculate data from items A, B, C, D, E – average exchange rate calculated as the arithmetic mean of the exchange rates applicable on the last day of each month in the given period, established by the NBP on that day, i.e. the rate of PLN/EUR 4.5775;
- to calculate data from the F item – the exchange rate established by the NBP as of 31 December 2020, i.e. the rate of PLN/EUR 4.6148,
- to calculate data from the G item – the exchange rate established by the NBP as of 31 December 2021, i.e. the rate of PLN/EUR 4.5994.

4. Financial risk management

In conducting its operations, the Group is exposed to various types of financial risk: currency risk, interest rate risk, credit risk and liquidity risk. The Management Board verifies and determines the principles of management of each of the above risks.

Currency risk

As a part of its operating activities, the Group enters into contracts which are (or may be) denominated or expressed in foreign currencies. In terms of export earnings, hedging against currency 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. As a result, the Group's level of currency risk in the case of export contracts is limited to an amount close to the margin realised – this applies to contracts in Belarus and Ukraine whose final settlement took place in 2022. In the case of contracts executed in Norway and Sweden, the natural hedging mechanism is estimated at approx. 20%. Natural hedging for contracts performed in Poland and expressed in EUR does not exceed 10%.

It is the intention of the Group to close the foreign currency position by balancing foreign currency transactions related to revenue and expenses. The Group has signed contracts with banks, concerning foreign currency transactions, which offers the possibility of using hedging instruments, provided that closing a natural position in the given period is not possible.

The strategy of the Group related to financial instruments hedging the foreign exchange risk is based on the procedure of foreign exchange risk management adopted by the Management Board, which assumes:

- 1) hedging amounts not greater than the planned net foreign exchange flows,
- 2) using simple and predictable tools, e.g. Forward options, sale of put option.

Analysing the planned foreign currency transactions that may occur in 2023 based on the current order portfolio, the Group estimates the maximum total foreign exchange risk exposure to be approx. EUR 48.1 million, NOK 26 million and SEK 40 million (a year ago it was: EUR 44.3 million, NOK 261.6 million and SEK 54.8 million).

The table below shows the estimated sensitivity of the net income to EUR, NOK and SEK exchange rate fluctuations (assuming no hedging through financial instruments):

	CURRENCY EXCHANGE RATE INCREASE/DECREASE	THE INFLUENCE ON NET PROFIT OR LOSS 2023	IMPACT ON NET PROFIT OR LOSS 2022
RATE INCREASE	PLN/EUR +0.20	+7,798,680	+7,501,410
	PLN/SEK +0.05	+1,620,000	+2,218,266
	PLN/NOK +0.05	+1,053,000	+10,594,962
RATE DECREASE	PLN/EUR -0.20	-7,798,680	-7,501,410
	PLN/SEK -0.05	-1,620,000	-2,218,266
	PLN/NOK -0.05	-1,053,000	-10,594,962

Some of the Group's assets and liabilities are denominated in foreign currencies and then converted into Polish zloty on the basis of the average rate of exchange published by the National Bank of Poland on the valuation date. The carrying value of assets and liabilities of the Group with significant value determined in foreign currencies as of the balance sheet date is as follows:

Assets	31.12.2022	31.12.2021
EUR	16,487,971.17	6,369,196.77
- fixed assets	-	142,345.16
- inventory	73,472.49	98,631.12
- receivables	16,073,856.71	5,944,419.28
- cash	340,641.97	183,801.21
NOK	37,209,479.39	86,977,242.75
- fixed assets	-	120,972.20
- inventory	101,068.52	116,068.52
- receivables (including loans granted)	34,184,622.63	68,706,033.60
- cash	2,923,788.24	18,034,168.43
SEK	4,070,784.73	10,552,335.41
- fixed assets	-	202,200.00
- inventory	859,986.93	1,042,366.73
- receivables	418,549.01	9,213,968.53
- cash	2,792,248.79	93,800.15

Liabilities	31.12.2022	31.12.2021
EUR	1,108,523.53	4,435,545.73
- liabilities	1,108,523.53	4,435,545.73
NOK	14,861,743.46	41,891,824.29
- liabilities	14,861,743.46	41,891,824.29
SEK	8,165,870.16	4,101,417.39
- liabilities	8,165,870.16	4,101,417.39

Taking into account the above-mentioned values of assets and liabilities of the Group expressed in foreign currencies, the sensitivity of the net income to changes in exchange rates is as follows:

	CURRENCY EXCHANGE RATE INCREASE/DECREASE	THE INFLUENCE ON NET PROFIT OR LOSS 2023	IMPACT ON NET PROFIT OR LOSS 2022
RATE INCREASE	PLN/EUR +0.20	+2,491,471	+313,251
	PLN/SEK +0.05	-165,851	+261,262
	PLN/NOK +0.05	+905,083	+1,825,959
RATE DECREASE	PLN/EUR -0.20	-2,491,471	-313,251
	PLN/SEK -0.05	+165,851	-261,262
	PLN/NOK -0.05	-905,083	-1,825,959

In order to hedge against the foreign exchange risk, the Group enters into derivative transactions. The rules governing the use of derivatives are included in the foreign exchange risk management procedure mentioned above.

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). Profits and losses determined as of the settlement date are disclosed in the result account.

The total nominal value of FX Forward contracts as at 31 December 2022 was EUR 17.7 million, SEK 15 million and NOK 40 million (as at 31 December 2021, it was EUR 41 million, SEK 75 million and NOK 211.7 million).

Taking into account the above-mentioned values of forward contracts, the sensitivity of the net income to FX rate changes (which translate into changes in the value of forward contracts) is as follows:

	CURRENCY EXCHANGE RATE INCREASE/DECREASE	THE INFLUENCE ON NET PROFIT OR LOSS 2023	IMPACT ON NET PROFIT OR LOSS 2022
RATE INCREASE	PLN/EUR +0.20	-2,867,886	-6,649,290
	PLN/SEK +0.05	-607,500	-3,037,500
	PLN/NOK +0.05	-1,620,000	-8,572,433
RATE DECREASE	PLN/EUR -0.20	+2,867,886	+6,649,290
	PLN/SEK -0.05	+607,500	+3,037,500
	PLN/NOK -0.05	+1,620,000	+8,572,433

Summarising the changes in future revenue, changes in assets and liabilities and changes in the value of hedging instruments due to changes in foreign exchange rates, the total sensitivity of net income to changes in foreign exchange rates is presented in the table below:

	CURRENCY EXCHANGE RATE INCREASE/DECREASE	THE INFLUENCE ON NET PROFIT OR LOSS 2023	IMPACT ON NET PROFIT OR LOSS 2022
RATE INCREASE	PLN/EUR +0.20	+7,422,265	+1,165,371
	PLN/SEK +0.05	+846,649	-557,972
	PLN/NOK +0.05	+338,083	+3,848,489
RATE DECREASE	PLN/EUR -0.20	-7,422,265	-1,165,371
	PLN/SEK -0.05	-846,649	+557,972
	PLN/NOK -0.05	-338,083	-3,848,489

Interest rate risk

Interest rate risk is mainly related to the use of bank loans, lease and bank deposits by the Group. These transactions are mainly based on variable interest rates (based on WIBOR for transactions denominated in PLN or on EURIBOR for some leases), which exposes the Group to the risk of changes in profit or loss and cash flows.

The Group invests its financial surpluses in the form of short-term deposits. Deposits are based on fixed interest rates and are usually concluded for a period of 3-7 days. The amount of interest obtained depends, i.e., on the interest rates.

Given the current level of credit financing, it is assumed that the effects of a change in interest rates will not have a significant impact on the results for 2023. The Group analyses potential interest rate changes on an ongoing basis, creating appropriate scenarios. All interest-bearing liabilities in the Group amount to 13.2% of the balance sheet total and no significant changes are expected by the end of 2023.

At the same time, the Group companies grant loans whose interest rate is variable and based on WIBOR 6M plus an appropriate margin (in the case of loans in Poland). These loans are also exposed to interest rate changes. In the case of loans granted in Norway, the interest rate is fixed (depending on NIBOR on the date of signing the loan) and therefore the loans are not exposed to the risk of interest rate changes.

The amounts of interest-bearing liabilities and assets exposed to interest rate risk are presented in the table below:

	31.12.2022	31.12.2021
Loans granted	87,461,188	68,579,795
Bank credits, bonds, lease	240,791,392	227,094,294
Cash	137,948,190	271,460,787
TOTAL	466,200,769	567,134,876

In order to carry out the interest rate sensitivity analysis, on the basis of historical changes in value and on the basis of the Group's knowledge and experience in the financial markets, changes in interest rates which are "reasonably possible" were estimated as at 31.12.2022 at -2/+2 percentage point for the Polish zloty in the case of bank loans, bonds and lease liabilities, and -1/+1 percentage point for other areas (a year ago it was -1/+1 and -0.5/+0.5, respectively).

The table below presents the sensitivity of the net financial result to interest rate changes:

	Changes to interest rates	The influence on net financial result for 2023	Impact on net profit or loss for 2022
Loans granted	+/-200 bp	+/-1,416,871	+/-1,110,993
Bank credits, bonds, leases	+/-200 bp	+/-3,900,821	+/-3,678,928
Cash	+/-100 bp	+/-1,117,380	+/-2,198,832

Credit risk

The financial assets of the Group exposed to credit risk are primarily cash held in bank accounts or deposits, loans granted to external entities, and trade receivables.

In order to minimise the risk related to the loss of funds held in bank accounts or deposits, the Group Companies cooperate in this respect only with institutions of stable and reliable financial standing. At the same time, the Group takes steps to disperse the cash in such a way that no significant amount of it is deposited with just one financial institution. Cash is sent to bank accounts maintained outside Poland only in such amounts as to secure the nearest payments, which are made from such accounts.

When granting loans to external entities, the Group follows the general rule that they may be granted only in connection with projects implemented by the Group. If loans were granted to unrelated entities, this was done only in connection with the implemented projects, when the projects had secured financing and when the loans were covered by at least 100% of the established securities.

Before signing a contract, each business partner is evaluated in terms of their ability to meet financial obligations. Most of the current contracts are performed for proven and reliable partners (subsequent contracts). In the event of doubt as to the ability of the business partner to pay, contract signing is subject to the provision of appropriate security (financial 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 the provided services. However, it cannot be ruled out that a possible downturn in the property market will affect investors' ability to pay, and thus increase the Group's credit risk.

When determining the risk of impairment of receivables from partners (trade receivables increased and deposits retained by investors), the Group performs both individual assessment of receivables and uses a model to estimate the expected credit losses (receivables not covered by individual assessment). The model uses historical data on the rotation of receivables between individual overdue baskets. On this basis, the probability of non-payment is determined for each basket. The product of the probability thus calculated and the volume of receivables from the given basket determines the expected credit loss for each basket.

Data on expected credit losses as at 31.12.2022 are presented in the table below:

Item/days of delay	0	up to 90	91-180	181-360	361-720	Over 720	Total
Receivables from business partners	198,670,761	52,391,621	10,456,682	6,966,382	14,281,592	48,442,330	331,209,369
Expected loss rate	0.06%	0.79%	8.09%	9.16%	23.43%	100.00%	16.24%
Expected loss	109,733	413,573	846,230	638,341	3,346,298	48,442,330	53,796,479
Deposits withheld by business partners	26,020,321	4,562,338	1,842,383	1,910,426	3,149,007	2,801,858	40,286,333
Expected loss rate	0.20%	0.75%	0.38%	12.94%	0.25%	100.00%	7.82%
Expected loss	51,143	34,042	6,926	247,137	8,005	2,801,858	3,149,111
Contractual assets	301,259,452	-	-	-	-	-	301,259,452
Expected loss rate	0.05%	-	-	-	-	-	0.05%
Expected loss	150,746	-	-	-	-	-	150,746
Total expected loss	311,623	447,616	853,156	885,451	3,354,303	51,244,188	57,096,336

In 2022, the Group wrote down receivables for a total of PLN 69.4 thousand, and in 2021 these were receivables for PLN 480.7 thousand.

The exposure of the Group to the maximum credit risk is presented in the table below:

	31.12.2022	31.12.2021
Cash	137,948,190	271,460,787
Receivables from business partners	314,550,112	198,400,481
Loans granted	87,461,188	68,579,795
Total	539,959,490	538,441,063

Liquidity risk

In order to minimise the liquidity risk, the Group tries to maintain an adequate amount of cash (as at 31 December 2022, the Group's bank accounts had PLN 138 million in cash) and concludes credit facility contracts, which serve as additional security of liquidity. In addition, it forecasts and monitors cash flows on an ongoing basis. These activities are supported by systemic solutions for determining expected revenue and measuring actual expenditures, broken down by individual business lines of the Group. The relevant departments in the Group forecast cash flows over the next 12 months and analyse a very detailed statements of income and expenses over the next 30 days. If necessary, an increase in the available credit limits is negotiated in advance.

As at 31 December 2022, the Group had the following credit limits in current accounts with the following banks:

- PKO BP SA in the amount of PLN 15 million, valid until November 2023,
- BNP Paribas Bank Polska SA in the amount of 20 million PLN, valid until January 2024,
- Santander Bank Polska SA in the amount of PLN 10 million, valid until September 2023,
- mBank SA in the amount of PLN 10 million, valid until February 2023,
- mBank SA in the amount of PLN 5 million, valid until June 2023,
- BGK in the amount of PLN 25 million, valid until February 2023,
- BGK in the amount of PLN 5 million, valid until February 2023,
- ING Bank Śląski SA in the amount of PLN 5 million, valid until June 2023,
- ING Bank Śląski SA in the amount of PLN 5 million, valid until June 2023,
- Santander Bank Polska SA in the amount of PLN 8 million, valid until September 2023,
- Santander Bank Polska SA in the amount of PLN 12 million, valid until September 2023,
- Bank Polska Kasa Opieki SA in the amount of PLN 10 million, valid until January 2024.

The Group is not afraid of losing the availability of financing despite the fact that financial institutions analyse the company's financial results on an ongoing (quarterly) basis. The credit contracts contain provisions on maintaining minimum financial ratios, 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, should it experience the risks related to, among others, deterioration of the market situation, limitation of the credit activity of banks, and also makes it possible to take advantage of market opportunities (e.g. acquisitions).

The Group tries to sign contracts only with reliable, financially sound partners who have access to bank financing. Moreover, in contracts for specific construction or road works, the Company always tries to establish performance bonds and to remove defects in the form of bank or insurance guarantees, and not in the form of its own cash retained by investors. This is possible thanks to the wide access of the Group to guarantee limits both in banks and insurance companies. As of 31 December 2022, the Group had such limits in the total amount of PLN 1,176 million. Their use amounted to 59.8%, i.e. PLN 703 million. At the same time, in contracts with subcontractors, if possible, contractual provisions are created which make the payments to subcontractors conditional upon receipt of funds from the investor.

In order to finance investment purchases, the Group uses its own funds and long-term bank credits, ensuring appropriate durability of the financing structure for this type of assets. Large residential and commercial projects are and will be implemented in the form of special purpose companies. New projects will be financed from own funds of the Group and from bank credits. In addition, the Company issued own bonds with a nominal value of PLN 100 million. This relates to series G and H with redemption dates in March and November 2024, respectively.

Taking into account the actions taken and described above, the financial condition of the Group, the current liquidity ratio of 1.25 and the collateral provided by the credit lines, in the Group's opinion the risk of loss of liquidity is moderate.

As at 31 December 2022, aging of the Group's liabilities is presented in the table below (data in PLN):

	up to 1 month	from 2 to 3 months	from 4 to 12 months	over 1 year	TOTAL
- trade liabilities and other liabilities	267,327,537	146,988,898	960,416	33,717	415,310,568
- deposits withheld from suppliers	5,499,336	11,005,273	49,513,826	71,524,753	137,543,187
- lease liabilities	1,048,372	2,096,744	9,435,350	43,428,775	56,009,241
- liabilities due to credits and borrowings (excluding overdrafts)	993,535	1,959,795	21,303,191	13,727,204	37,983,725
- bond liabilities	-	2,085,000	7,210,837	107,267,837	116,563,674
- off-balance sheet liabilities (guarantees, sureties, etc.)	-	2,394,173	107,653,529	593,042,857	703,090,559
Total	274,868,779	166,529,884	196,077,148	829,025,143	1,466,500,954

Capital management

The main objective of capital management of the Group is to maintain a good credit rating and safe capital ratios which would support the operating activities of companies of the Group 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, companies of the Group may buy back their own shares, return capital to shareholders, issue new shares and pay dividend. In 2022, 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 credits and loans and other external sources of financing, trade and other liabilities, deposits on construction contracts, amounts due to clients under construction contracts, advances received and current income tax liabilities less cash and cash equivalents.

CAPITAL MANAGEMENT (PLN)

	31.12.2022	31.12.2021
	Group	Group
Interest-bearing credits, loans and bonds	240,791,392	227,094,294
Trade and other liabilities	874,689,770	688,639,354
Cash and cash equivalents	137,948,190	271,460,787
Net debt	977,532,972	644,272,861
Equity	383,954,234	371,993,340
Net capital and debt	1,361,487,206	1,021,285,940
	71.80%	63.08%

5. Financial instruments

Carrying amount

The tables below present carrying amounts of all financial instruments of the Group, broken down by classes and categories of assets and liabilities:

As of 31.12.2022

	Financial assets measured at amortised cost	Financial assets measured at fair value through financial result	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Hedging instruments in cash flow hedge accounting	Total
Deposits on construction contracts	37,137,222.23	-	-	-112,732,854.47	-	-75,595,632.24
Trade and other financial receivables*	277,420,578.80	-	-	-	-	277,420,578.80
Loans granted	87,341,187.72	-	-	-	-	87,341,187.72
Derivative financial instruments in cash flow hedge accounting	-	1,737,987.09	-181,969.31	-	-2,386,399.81	-830,382.03
Cash and cash equivalents	137,948,189.73	-	-	-	-	137,948,189.73
Credits, loans and other external sources of financing	-	-	-	-240,791,392.00	-	-240,791,392.00
Trade liabilities	-	-	-	-334,689,874.76	-	-334,689,874.76
	539,847,178.48	1,737,987.09	-181,969.31	-688,214,121.23	-2,386,399.81	-149,197,324.78

* excluding receivables from advances

As of 31.12.2021 restated

	Financial assets measured at amortised cost	Financial assets measured at fair value through financial result	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Hedging instruments in cash flow hedge accounting	Total
Deposits on construction contracts	40,453,027.08	-	-	-99,183,822.13	-	-58,730,795.05
Trade and other financial receivables*	152,758,736.78	-	-	-	-	152,758,736.78
Loans granted	68,579,795.09	-	-	-	-	68,579,795.09
Derivative financial instruments in cash flow hedge accounting	-	175,556.46	-5,006,091.87	-	-6,971,020.30	-11,801,555.71
Cash and cash equivalents	271,460,786.84	-	-	-	-	271,460,786.84
Credits, loans and other external sources of financing	-	-	-	-227,094,294.25	-	-227,094,294.25
Trade liabilities	-	-	-	-237,691,553.51	-	-237,691,553.51
	533,252,345.79	175,556.46	-5,006,091.87	-563,969,669.89	-6,971,020.30	-42,518,879.81

* excluding receivables from advances

Derivative instruments are measured at fair value at the balance sheet date. 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.

Items of revenue, expenses, profits and losses recognised in the statement of comprehensive income by category of financial instruments

For the period from 01.01.2022 to 31.12.2022

	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Interest revenue/expenses	7,900,839.70	-20,034,038.82	-12,133,199.12
Profits/losses on exchange differences	690,883.22	-4,363,258.31	-3,672,375.09
Expected credit losses (creation/release) *	-11,199,421.73	-	-11,199,421.73
Total	-2,607,698.81	-24,397,297.13	-27,004,995.94

* - trade and other receivables -9,301,261.59
 - deposits under construction contracts -1,769,500.14
 - loans 128,660.00

For the period from 01.01.2021 to 31.12.2021

	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Interest revenue/expenses	5,061,077.45	-	-3,990,477.03	1,070,600.42
Profits/losses on exchange differences	-2,165,772.26	-	-426,743.80	-2,592,516.06
Expected credit losses (creation/release) *	-2,516,627.00	-	-	-2,516,627.00
Profit/loss on disposal/execution of financial instruments	-	-905,523.82	-	-905,523.82
Total	378,678.19	-905,523.82	-4,417,220.83	-4,944,066.46

* - trade and other receivables -744,804.66
 - deposits under construction contracts -91,390.34
 - loans -1,680,432.00

Financial assets and liabilities measured at fair value

Financial assets measured at fair value

For the period from 01.01.2022 to 31.12.2022

	Tier 1	Tier 2	Tier 3	Total
Financial instruments measured at fair value through profit or loss	-	-	-	-
Derivative financial instruments in cash flow hedge accounting	-	1,382,787.29	-	1,382,787.29
Total	-	1,382,787.29	-	1,382,787.29

For the period from 01.01.2021 to 31.12.2021

	Tier 1	Tier 2	Tier 3	Total
Financial instruments measured at fair value through profit or loss	-	-	-	-
Derivative financial instruments in cash flow hedge accounting	-	175,556.46	-	175,556.46
Total	-	175,556.46	-	175,556.46

Financial liabilities measured at fair value**For the period from 01.01.2022 to 31.12.2022**

	Tier 1	Tier 2	Tier 3	Total
Financial instruments measured at fair value through profit or loss	-	-	-	-
Derivative financial instruments in cash flow hedge accounting	-	2,213,169.32	-	2,213,169.32
Total	-	2,213,169.32	-	2,213,169.32

For the period from 01.01.2021 to 31.12.2021

	Tier 1	Tier 2	Tier 3	Total
Financial instruments measured at fair value through profit or loss	-	-	-	-
Derivative financial instruments in cash flow hedge accounting	-	11,977,112.17	-	11,977,112.17
Total	-	11,977,112.17	-	11,977,112.17

Derivative financial instruments**Financial assets under measurement of derivative instruments****Forward foreign exchange contracts**

	as of 31.12.2022	as of 31.12.2021
measured in hedge accounting		
Forward	1,382,787.29	175,556.46
TOTAL:	1,382,787.29	175,556.46

Financial liabilities under measurement of derivative instruments**Exchange forward contracts**

	as of 31.12.2022	as of 31.12.2021
measured through profit or loss		
IRS	-	-
TOTAL:	-	-
measured in hedge accounting		
Forward	2,213,169.32	11,977,112.17
TOTAL:	2,213,169.32	11,977,112.17

The total nominal value of FX Forward contracts as at 31 December 2022 was NOK 40 million, EUR 17.7 million and SEK 15 million (NOK 211.7 million, EUR 41 million and SEK 75 million as at 31 December 2021). The periods of expected settlements related to the hedges held are presented in the table below:

Hedged currency/deadline	Q1 2023	Q2 2023	Q3 2023	TOTAL
NOK	40,000,000.00	-	-	40,000,000.00
EUR	4,703,000.00	8,000,000.00	5,000,000.00	17,703,000.00
SEK	-	-	15,000,000.00	15,000,000.00

Forward NOK (average) rate 0.4459

Forward EUR (average) rate 4.7099

Forward SEK (average) rate 0.4833

Financial assets under Forwards transactions measured at fair value

	as of 31.12.2022	as of 31.12.2021
less than 1 year	1,382,787.29	7,417.97
from 1 to 3 years	-	168,138.49
TOTAL:	1,382,787.29	175,556.46

Financial liabilities under Forwards transactions measured at fair value

	as of 31.12.2022	as of 31.12.2021
less than 1 year	2,213,169.32	7,318,083.88
from 1 to 3 years	-	4,659,028.29
TOTAL:	2,213,169.32	11,977,112.17

The impact of derivative instruments and hedging transactions on the items of the profit and loss account and on the statement of comprehensive income is presented below:

	as of 31.12.2022	as of 31.12.2021
Revenue from sales	-4,360,132.10	-11,057,892.60
Financial revenue and expenses:	3,116,434.98	-5,091,436.52
From execution of derivative instruments	-	-905,523.82
From measurement of derivative instruments	3,116,434.98	-4,185,912.70
The impact of derivative instruments on the profit or loss for the period	-1,243,697.12	-16,149,329.12
Statement on comprehensive income in the part concerning other comprehensive income		
Impact of hedging transactions:	4,584,620.49	5,396,966.20
Impact of measurement of hedging transactions (effective part)	-21,162,860.21	-15,693,829.50
Reclassification to revenue from sales in connection with the execution of a hedged item	25,747,480.70	21,090,795.70
TOTAL COMPREHENSIVE INCOME	3,340,923.37	-10,752,362.92

6. Notes to the consolidated financial statements

6.1. Tangible fixed assets

	as of 31.12.2022	as of 31.12.2021
Own tangible fixed assets	92,653,321.05	86,794,007.53
Right-of-use assets	59,650,400.40	54,399,768.41
Total tangible fixed assets	152,303,721.45	141,193,775.94

Own tangible fixed assets

	as of 31.12.2022	as of 31.12.2021
Land	7,702,505.74	7,884,050.12
Buildings, premises, civil and water engineering structures	62,446,499.25	57,500,508.31
Technical equipment and machines	14,684,242.16	15,522,478.62
Vehicles	386,915.70	514,419.33
Other tangible fixed assets	2,623,990.14	2,991,687.52
Tangible fixed assets under construction	4,809,168.06	2,380,863.63
Own tangible fixed assets	92,653,321.05	86,794,007.53

Right-of-use assets

	as of 31.12.2022	as of 31.12.2021
Land	5,779,241.82	5,267,160.51
Buildings, premises, civil and water engineering structures	12,489,781.46	13,039,911.75
Technical equipment and machines	15,582,676.95	11,701,257.65
Vehicles	23,701,645.52	21,640,978.58
Other right-of-use assets	2,097,054.65	2,750,459.92
Right-of-use assets	59,650,400.40	54,399,768.41

Change in own tangible fixed assets

For the period from 01.01.2022 to 31.12.2022

	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Tangible fixed assets under construction	Total tangible fixed assets
Opening balance of gross value	8,051,280.96	78,051,390.42	41,395,204.95	7,067,779.68	8,762,669.81	2,380,863.63	145,709,189.45
Increases	-	8,795,094.35	9,200,918.49	2,798,066.68	743,999.37	17,436,699.39	38,974,778.28
Purchase	-	757,003.67	1,996,814.03	77,737.20	594,356.50	17,431,730.61	20,857,642.01
Acceptance from the investment	-	8,038,090.68	5,927,382.86	128,746.77	50,313.97	-	14,144,534.28
Acceptance from lease	-	-	1,276,721.60	2,591,582.71	99,328.90	-	3,967,633.21
Other	-	-	-	-	-	4,968.78	4,968.78
Decreases	94,552.54	1,339,926.70	7,902,738.58	2,330,048.46	295,016.83	15,008,394.96	26,970,678.07
Sales	94,552.54	359,634.65	7,459,707.36	2,071,841.05	172,418.35	-	10,158,153.95
Liquidation	-	310,175.85	443,031.22	117,971.23	122,598.48	-	993,776.78
Transfer from the investment	-	-	-	-	-	14,860,446.96	14,860,446.96
Transfer to the investment property	-	670,116.20	-	-	-	-	670,116.20
Other	-	-	-	140,236.18	-	147,948.00	288,184.18
Closing balance of gross value	7,956,728.42	85,506,558.07	42,693,384.86	7,535,797.90	9,211,652.35	4,809,168.06	157,713,289.66
Opening balance of redemption	167,230.84	20,550,882.11	25,872,726.33	6,553,360.35	5,770,982.29	-	58,915,181.92
Increases	86,991.84	2,867,780.30	4,871,675.49	2,800,594.15	1,050,982.58	-	11,678,024.36
Current amortisation	86,991.84	2,867,780.30	3,595,562.23	246,718.92	1,001,318.18	-	7,798,371.47
Redemption of items accepted from lease	-	-	1,276,113.26	2,553,875.23	49,664.40	-	3,879,652.89
Decreases	-	358,603.59	2,735,259.12	2,205,072.30	234,302.66	-	5,533,237.67
Redemption of tangible fixed assets sold and liquidated	-	358,603.59	2,735,259.12	2,205,072.30	234,302.66	-	5,533,237.67
Closing balance of redemption	254,222.68	23,060,058.82	28,009,142.70	7,148,882.20	6,587,662.21	-	65,059,968.61
Opening balance of net value	7,884,050.12	57,500,508.31	15,522,478.62	514,419.33	2,991,687.52	2,380,863.63	86,794,007.53
Closing balance of net value	7,702,505.74	62,446,499.25	14,684,242.16	386,915.70	2,623,990.14	4,809,168.06	92,653,321.05

For the period from 01.01.2021 to 31.12.2021

	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Tangible fixed assets under construction	Total tangible fixed assets
Opening balance of gross value	7,436,842.90	78,421,281.59	45,380,057.47	6,505,040.24	8,298,597.82	407,196.94	146,449,016.96
Increases	680,600.60	574,780.78	4,885,570.06	2,320,570.98	1,135,616.82	3,318,662.60	12,915,801.84
Purchase	-	104,006.40	3,180,656.71	108,704.50	797,183.24	3,318,662.60	7,509,213.45
Acceptance from the investment	680,600.60	470,774.38	169,323.55	-	100,187.38	-	1,420,885.91
Acceptance from lease	-	-	1,535,589.80	2,211,866.48	238,246.20	-	3,985,702.48
Decreases	66,162.54	944,671.95	8,870,422.58	1,757,831.54	671,544.83	1,344,995.91	13,655,629.35
Sales	66,162.54	896,824.05	7,006,436.84	1,757,831.54	244,672.72	-	9,971,927.69
Liquidation	-	47,847.90	1,793,185.74	-	330,872.11	-	2,171,905.75
Transfer from the investment	-	-	60,300.00	-	96,000.00	1,264,585.91	1,420,885.91
Other	-	-	10,500.00	-	-	80,410.00	90,910.00
Closing balance of gross value	8,051,280.96	78,051,390.42	41,395,204.95	7,067,779.68	8,762,669.81	2,380,863.63	145,709,189.45
Opening balance of redemption	148,299.04	17,671,662.60	27,518,245.11	5,889,312.60	5,163,161.27	-	56,390,680.62
Increases	18,931.80	3,304,437.14	4,822,369.65	2,233,057.57	1,093,557.64	-	11,472,353.80
Current amortisation	18,931.80	3,304,437.14	3,413,366.56	242,456.07	888,333.14	-	7,867,524.71
Redemption of items accepted from lease	-	-	1,409,003.09	1,990,601.50	205,224.50	-	3,604,829.09
Decreases	-	425,217.63	6,467,888.43	1,569,009.82	485,736.62	-	8,947,852.50
Redemption of tangible fixed assets sold and liquidated	-	425,217.63	6,467,888.43	1,569,009.82	485,736.62	-	8,947,852.50
Closing balance of redemption	167,230.84	20,550,882.11	25,872,726.33	6,553,360.35	5,770,982.29	-	58,915,181.92
Opening balance of net value	7,288,543.86	60,749,618.99	17,861,812.36	615,727.64	3,135,436.55	407,196.94	90,058,336.34
Closing balance of net value	7,884,050.12	57,500,508.31	15,522,478.62	514,419.33	2,991,687.52	2,380,863.63	86,794,007.53

Change in right-of-use assets

For the period from 01.01.2022 to 31.12.2022

	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other right-of-use assets	Total
Opening balance of gross value	7,749,503.88	16,254,685.22	21,117,704.15	32,506,382.58	5,802,282.82	83,430,558.65
Increases	1,034,682.84	1,515,196.33	9,866,650.01	8,697,793.48	426,022.02	21,540,344.68
Contract conclusion and change	921,334.84	1,515,196.33	9,866,650.01	8,697,793.48	426,022.02	21,426,996.68
Other	113,348.00	-	-	-	-	113,348.00
Decreases	154,955.80	261,461.93	1,276,721.60	3,671,995.11	99,328.90	5,464,463.34
Contract expiry and change	-	261,461.93	1,276,721.60	3,671,995.11	99,328.90	5,309,507.54
Other	154,955.80	-	-	-	-	154,955.80
Closing balance of gross value	8,629,230.92	17,508,419.62	29,707,632.56	37,532,180.95	6,128,975.94	99,506,439.99
Opening balance of redemption	2,482,343.37	3,214,773.47	9,416,446.50	10,865,404.00	3,051,822.90	29,030,790.24
Increases	377,841.23	1,814,167.62	5,984,622.37	6,543,482.61	1,029,762.79	15,749,876.62
Current amortisation	377,841.23	1,814,167.62	5,984,622.37	6,543,482.61	1,029,762.79	15,749,876.62
Decreases	10,195.50	10,302.93	1,276,113.26	3,578,351.18	49,664.40	4,924,627.27
Redemption on contract expiry	-	10,302.93	1,276,113.26	3,578,351.18	49,664.40	4,914,431.77
Other	10,195.50	-	-	-	-	10,195.50
Closing balance of redemption	2,849,989.10	5,018,638.16	14,124,955.61	13,830,535.43	4,031,921.29	39,856,039.59
Opening balance of net value	5,267,160.51	13,039,911.75	11,701,257.65	21,640,978.58	2,750,459.92	54,399,768.41
Closing balance of net value	5,779,241.82	12,489,781.46	15,582,676.95	23,701,645.52	2,097,054.65	59,650,400.40

For the period from 01.01.2021 to 31.12.2021

	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other right-of-use assets	Total
Opening balance of gross value	7,749,503.88	13,010,496.56	15,604,075.92	20,474,369.58	5,705,554.58	62,544,000.52
Increases	-	3,244,188.66	9,384,563.86	16,524,798.58	334,974.44	29,488,525.54
Contract conclusion and change	-	3,244,188.66	9,384,563.86	16,524,798.58	334,974.44	29,488,525.54
Decreases	-	-	3,870,935.63	4,492,785.58	238,246.20	8,601,967.41
Contract expiry and change	-	-	3,870,935.63	4,492,785.58	238,246.20	8,601,967.41
Closing balance of gross value	7,749,503.88	16,254,685.22	21,117,704.15	32,506,382.58	5,802,282.82	83,430,558.65
Opening balance of redemption	2,169,823.28	1,947,720.56	7,945,608.43	9,998,835.81	2,133,655.22	24,195,643.30
Increases	312,520.09	1,267,052.91	4,986,426.75	5,197,932.26	1,123,392.18	12,887,324.19
Current amortisation	312,520.09	1,267,052.91	4,986,426.75	5,197,932.26	1,123,392.18	12,887,324.19
Decreases	-	-	3,515,588.68	4,331,364.07	205,224.50	8,052,177.25
Redemption on contract expiry	-	-	3,515,588.68	4,331,364.07	205,224.50	8,052,177.25
Closing balance of redemption	2,482,343.37	3,214,773.47	9,416,446.50	10,865,404.00	3,051,822.90	29,030,790.24
Opening balance of net value	5,579,680.60	11,062,776.00	7,658,467.49	10,475,533.77	3,571,899.36	38,348,357.22
Closing balance of net value	5,267,160.51	13,039,911.75	11,701,257.65	21,640,978.58	2,750,459.92	54,399,768.41

Amortisation of tangible fixed assets was recognised in the following items of the profit and loss account:

	01.01-31.12.2022	01.01-31.12.2021
Manufacturing costs of products and services sold	18,836,789.81	16,323,852.69
<i>residential and commercial construction</i>	2,252,137.01	1,627,866.76
<i>infrastructure</i>	11,287,277.31	9,895,458.23
<i>property development activities</i>	412,953.29	215,608.26
<i>modular construction</i>	4,637,763.56	4,584,919.44
<i>energy and industrial construction</i>	246,658.64	-
Sales costs	328,958.70	464,588.17
General and administrative costs	4,380,996.48	3,919,584.39
TOTAL	23,546,744.99	20,708,025.25

As at 31.12.2022, security was established on tangible fixed assets and the right of perpetual usufruct of land for a total value of PLN 124,883,393.00 in the form of registered pledges and mortgages for credits, loans and performance bonds, assignment of rights under an insurance policy for the subject of security up to PLN 48,500,000.

As at 31.12.2022, the use of credits, loans and bank guarantees amounted to PLN 22,293,197.41, the net value of tangible fixed assets pledged as security amounted to PLN 44,570,585.84.

As of 31.12.2021, security for the value of PLN 110,227,000.00 in the form of registered pledges and mortgages for credits, loans, letters of credit and bank guarantees up to PLN 63,500,000 was established over tangible fixed assets and the right of perpetual usufruct of land.

As of 31.12.2021, the use of credits and loans amounted to PLN 6,384,000, bank guarantees amounted to PLN 9,460,151, the net value of tangible fixed assets pledged as security amounted to PLN 47,118,622.75.

As of 31.12.2022, liabilities due to purchase of property, plant and equipment and intangible assets amounted to PLN 207,516.78.

The total value of compensation received or due in respect of those tangible fixed assets that were impaired or lost in the respective reporting periods amounted to:

- for the year ended 31.12.2022 – PLN 107,657.14,
- for the year ended 31.12.2021 – PLN 38,192.68.

6.2. Intangible assets

	as of 31.12.2022	as of 31.12.2021
Costs of completed development works	4,025,117.66	4,253,597.28
Goodwill	15,185,543.41	15,390,373.20
Acquired concessions, patents, licences and similar assets, including:	2,985,541.64	3,380,617.67
<i>computer software</i>	1,662,096.62	2,267,419.76
<i>other intangible assets, including licences</i>	1,323,445.02	1,113,197.91
Intangible assets under construction	1,707,948.95	1,404,952.55
Intangible assets	23,904,151.66	24,429,540.70

Change in intangible assets

For the period from 01.01.2022 to 31.12.2022

	Costs of completed development works	Goodwill	Computer software	Acquired concessions, licences, patents	Intangible assets under construction	Total
Opening balance of gross value	5,053,387.26	15,390,373.20	6,531,076.19	2,268,831.16	1,404,952.55	30,648,620.36
Increases	8,100.00	-	483,891.93	1,238,658.19	748,574.67	2,479,224.79
Purchase	8,100.00	-	138,735.00	644,163.31	748,574.67	1,539,572.98
Acceptance from the investment	-	-	345,156.93	25,914.88	-	371,071.81
Other	-	-	-	568,580.00	-	568,580.00
Decreases	-	204,829.79	82,635.05	119,005.41	445,578.27	852,048.52
Liquidation	-	-	82,635.05	119,005.41	74,506.46	276,146.92
Transfer from the investment	-	-	-	-	371,071.81	371,071.81
Other adjustments	-	204,829.79	-	-	-	204,829.79
Closing balance of gross value	5,061,487.26	15,185,543.41	6,932,333.07	3,388,483.94	1,707,948.95	32,275,796.63
Opening balance of redemption	799,789.98	-	4,263,656.43	1,155,633.25	-	6,219,079.66
Increases	236,579.62	-	1,089,215.07	1,028,411.08	-	2,354,205.77
Current amortisation	236,579.62	-	1,078,247.24	720,643.84	-	2,035,470.70
Other	-	-	10,967.83	307,767.24	-	318,735.07
Decreases	-	-	82,635.05	119,005.41	-	201,640.46
Redemption of liquidated items	-	-	82,635.05	119,005.41	-	201,640.46
Closing balance of redemption	1,036,369.60	-	5,270,236.45	2,065,038.92	-	8,371,644.97
Opening balance of net value	4,253,597.28	15,390,373.20	2,267,419.76	1,113,197.91	1,404,952.55	24,429,540.70
Closing balance of net value	4,025,117.66	15,185,543.41	1,662,096.62	1,323,445.02	1,707,948.95	23,904,151.66

For the period from 01.01.2021 to 31.12.2021

	Costs of completed development works	Goodwill	Computer software	Acquired concessions, licences, patents	Intangible assets under construction	Total
Opening balance of gross value	5,053,387.26	15,390,373.20	5,944,604.17	2,053,831.16	1,207,876.30	29,650,072.09
Increases	-	-	770,763.09	215,000.00	723,766.39	1,709,529.48
Purchase	-	-	329,072.95	-	723,766.39	1,052,839.34
Acceptance from the investment	-	-	441,690.14	215,000.00	-	656,690.14
Decreases	-	-	184,291.07	-	526,690.14	710,981.21
Liquidation	-	-	134,701.07	-	-	134,701.07
Transfer from the investment	-	-	49,590.00	-	526,690.14	576,280.14
Closing balance of gross value	5,053,387.26	15,390,373.20	6,531,076.19	2,268,831.16	1,404,952.55	30,648,620.36
Opening balance of redemption	563,479.13	-	3,644,609.10	875,897.71	-	5,083,985.94
Increases	236,310.85	-	753,515.04	279,735.54	-	1,269,561.43
Current amortisation	236,310.85	-	753,515.04	279,735.54	-	1,269,561.43
Decreases	-	-	134,467.71	-	-	134,467.71
Redemption of liquidated items	-	-	134,467.71	-	-	134,467.71
Closing balance of redemption	799,789.98	-	4,263,656.43	1,155,633.25	-	6,219,079.66
Opening balance of net value	4,489,908.13	15,390,373.20	2,299,995.07	1,177,933.45	1,207,876.30	24,566,086.15
Closing balance of net value	4,253,597.28	15,390,373.20	2,267,419.76	1,113,197.91	1,404,952.55	24,429,540.70

The Group's companies created development works for new products on their own.

Amortisation of intangible assets was recognised in the following items of the profit and loss account:

	01.01-31.12.2022	01.01-31.12.2021
Manufacturing costs of products and services sold	528,463.10	488,393.92
General and administrative costs	979,729.48	748,338.63
Selling costs	527,278.12	13,086.84
Total amortisation of intangible assets	2,035,470.70	1,249,819.39

Ownership structure of intangible assets:

	as of 31.12.2022	as of 31.12.2021
Own	23,904,151.66	24,429,540.70
Total ownership structure of intangible assets	23,904,151.66	24,429,540.70

As of 31 December 2022 and 31 December 2021, entities comprising the Group did not have any encumbrances on intangible assets of a legal or bond nature.

In 2022, the main component of intangible assets was goodwill arising from the acquisition of:

- companies currently known as the Parent Company's Infrastructure Branch;
- road and bridge construction company Budrex Sp. z o.o.;
- Monday Development SA and MP Sp. z o.o.;
- a trademark recognised as a result of taking control of Monday Development Sp. z o.o.

Oddział Infrastruktury UNIBEP SA – goodwill as of 31.12.2022 amounts to PLN 5,628,983.78.

In order to determine the value in use of the acquired goodwill, a valuation using the income method was used – discounted cash flows (DCF) for the cash generating unit to which the goodwill was allocated, using a weighted average cost of capital (WACC) of 12.53%. The forecasts approved by the management of the Parent Company cover the period of 2023-2027. The valuation was based on elements such as:

- growth dynamics expressed in terms of the dynamics of revenue from sales;
- investment expenditures;
- capital requirements;
- cost of capital.

The residual value for discounted cash flows was calculated on the basis of the perpetuity formula with a 1% increase.

The value in use as at 31 December 2022, as determined by the valuation, amounts to PLN 109,252 thousand.

Budrex Sp. z o.o. – the goodwill as of 31.12.2022 amounts to PLN 1,056,851.38.

In order to determine the value in use of the acquired goodwill, a discounted cash flow (DCF) analysis was carried out for the cash generating unit to which the goodwill was allocated, using a weighted average cost of capital (WACC) of 12.53%. These analyses were based on forecasts of future cash flows and planned cash income and expenditures. The residual value for discounted cash flows was calculated on the basis of the perpetuity formula with a 1% increase.

The value in use was determined as a part of tests of the Company for impairment of goodwill as of 31 December 2022 and amounted to PLN 21,480 thousand.

Development companies on the Poznań market – as of 31.12.2022, goodwill – PLN 4,193,539.11 and a trademark in the amount of PLN 4,372,372.00.

In accordance with IAS 36, the Group performed an impairment test of the goodwill of Monday Development SA, MP Sp. o.o. and the trademark that arose at the date of acquisition. When testing for impairment, a cash generating unit (CGU Poznań) was identified. The valuation of CGU Poznań was carried out using the income method - discounted cash flows generated by development projects planned to be implemented on the Poznań market by such entities as: Monday Development Sp. z o.o., Bukowska 18 Sp. z o.o., Uni 5 Sp. z o.o., Fama Development Sp. z o.o. S.j. Monday Development Sp. z o.o. plans to carry out new development projects in the

form of special purpose vehicles. CGU Poznań is a group of assets owned by the Group, including intangible assets, which are responsible for the operations in Poznań.

The valuation of CGU Poznań was carried out using the income method of discounted cash flows based on financial projections for the years 2022-2027.

The discounted cash flow valuation takes into account elements of the business such as:

- growth rate expressed in terms of sales revenue growth rate;
- operating expense structure;
- capital expenditure to purchase new land and carry out further investments;
- net working capital requirements;
- the cost of capital reflecting the risk of the business.

On the basis of the obtained data, the carrying amount was compared with the recoverable value of the cash generating unit. There were no indications to make revaluation write-offs on impairment losses.

As of 31.12.2022

Total goodwill subject to impairment test	4,193,539.11
Trademark assigned to a cash generating unit	4,372,372.00
Residual value	291,938,000.00
Market value of own capitals	33,706,000.00

Specification	P 2022	P 2023	P 2024	P 2025	P 2026	P 2027
Discount rate during the period (WACC)	13.93%	13.93%	13.93%	13.93%	13.93%	13.93%
Discount factor	1.000	0.878	0.770	0.676	0.593	0.521

As of 31.12.2021

Total goodwill subject to impairment test	4,193,539.11
Trademark assigned to a cash generating unit	4,372,372.00
Residual value	273,513,000.00
Market value of own capitals	770,767,000.00

Specification	P 2021	P 2022	P 2023	P 2024	P 2025	P 2026	P 2027	P 2028
Discount rate during the period (WACC)	4.94%	4.94%	4.94%	4.94%	4.94%	4.94%	4.94%	4.94%
Discount factor	1.00	0.95	0.91	0.87	0.82	0.79	0.75	0.71

Sensitivity analysis of the valuation of CGU Poznań as of 31.12.2022

	Market value of own capitals [PLN thousand]	
Base value	333,706	333,706
Change from base value (+/-)	+3pprc	-3pprc
Impact of changes in inflation	349,260	324,056
Impact of changes in weighted average cost of debt (without tax shield)	330,305	337,711
Impact of simultaneous changes in inflation and weighted average cost of debt (without tax shield)	343,421	326,564

6.3. Investment property

Investment property held by the Group as of 31.12.2022 includes:

- at Nowa Idea Sp. z o.o. it is commercial land held as a 'land bank';
- at UNI3 Sp. z o.o. it is land with a hotel building leased to an external entity;
- Office building with land at ul. Rejonowa 9, Bielsk Podlaski (plot 1302/1 KW B11P/00012039/1) with an area of 1,438 m2 (including the usable area of the building of 310.08 m2).

During 2022, the investment property in Fama Development Sp. z o.o. Sp. j. was reclassified to inventory due to the change of use of the property. Until the date of the reclassification, the building was leased to tenants and the Company benefited from the long-term lease. Due to the current strong growth in the attractiveness of the PRS market, and in particular the commercial dormitory market, the Company has adopted a project budget in December 2022 to demolish and build from scratch a dormitory for sale.

In accordance with the decision of the Unihouse's Management Board, as of 01.12.2022, the property previously used for office-administrative purposes has been reclassified to investment property in view of its use to generate benefits through the rental of premises and parking spaces.

	as of 31.12.2022	as of 31.12.2021
Opening balance of gross carrying amount	24,890,000.00	3,903,062.25
Increases	54,787,412.56	21,026,537.82
- reclassification of investment property	662,772.72	5,626,594.61
- revaluation at fair value	5,168,799.67	15,399,943.21
- purchase of investment property	48,955,840.17	-
Decreases	16,090,766.30	-
- reclassification to inventory	16,090,766.30	-
Closing balance	63,586,646.26	24,929,600.07

The second level of the fair value determination hierarchy was used to value the investment properties. The fair value of investment properties is based on expert opinions issued by independent appraisers.

The following were used to determine the valuation of the properties:

- at Nowa Idea Sp. z o.o. – the comparative approach, the average price adjustment method;
- at UNI3 Sp. z o.o. – the comparative approach, the pari-mutuel comparison method for valuing the property as a whole and the average price correction method for determining the value of land;
- at Unihouse SA – the comparative approach, the pari-mutuel comparison method for the valuation of property as a whole.

The profit and loss account includes the following amounts:

- investment property rental income PLN 1,087,597.11;
- direct operating expenses (including repair and maintenance costs) incurred in connection with the use of the investment property that generated rental income during the period PLN 448,580.40;
- direct operating expenses (including repair and maintenance costs) incurred in connection with the use of the investment property that did not generate rental income during the period PLN 48,665.65.

As of 31.12.2022, security was established on the investment property for the total value of PLN 19,543,607.00 in the form of registered pledges and mortgages for credits, loans and bank guarantees. The net value of the investment property constituting the security was PLN 12,400,272.72.

6.4. Investments in entities measured using the equity method

Investments in entities measured using the equity method are presented in the table below:

	as of 31.12.2022	as of 31.12.2021
Opening balance	4,707,824.92	11,221,015.49
Increases	1,854,537.18	18,135,693.99
Share in profits	1,177,547.40	7,904,231.00
Companies measured using the equity method – change in presentation	676,989.78	10,231,462.99
Decreases	6,562,362.10	24,648,884.56
Shares in losses	676,989.78	8,613,998.35
Change in the nature of the relationship to subsidiaries	5,885,372.32	-
Dividend payment	-	8,681,240.85
Refunded contributions	-	7,251,000.00
Disposal of shares	-	102,645.36
Investments in entities measured using the equity method	-	4,707,824.92

List of jointly controlled entities and affiliates as of 31 December 2022:

Name of the entity	Nature of the relationship	Registered office	Share in capital and the number of votes (%)	
			31.12.2022	31.12.2021
Seljedalen AS	Jointly controlled entity	Trondheim/Norway	50%	50%
Lovsetvegen 4 AS	Indirectly jointly controlled entity	Melhus/Norway	50%	50%
URSA PARK Smart City Sp. z o.o. Sp.k.	Indirect affiliate	Warsaw/Poland	-	48.82%*)
URSA SKY Smart City Sp. z o.o. Sp.k.	Indirect affiliate	Warsaw/Poland	-	48.82%*)

*) the share in total number of votes at the general meeting of shareholders is 0

Selected financial data of entities measured using the equity method:

Selected financial data of the jointly controlled entity Seljedalen AS are as follows:

Seljedalen AS	as of 31.12.2022	as of 31.12.2021
Fixed assets	-	-
Current assets	80,400.80	778.98
Long-term liabilities	81,549.20	21,196.80
Short-term liabilities	1,698,524.59	1,536,434.54
Revenue from sales	-	-
Profit (loss) on continued operations	-200,149.27	-91,035.84
Post-tax profit (loss) on discontinued operations	-	-
Other comprehensive income	-	-
Comprehensive income for the period	-200,149.27	-91,035.84
Dividend received from an affiliate / jointly controlled entity	-	-

Seljedalen AS	as of 31.12.2022	as of 31.12.2021
Net assets	-1,699,672.99	-1,556,852.36
Group share in a jointly controlled entity	50.00%	50.00%
Other adjustments	-6,385,000.72	-6,184,772.02
Carrying amount of the Group shares in the affiliate	-7,234,837.22	-6,963,198.20

Selected financial data of the jointly controlled entity Lovsetvegen 4 AS are as follows:

Lovsetvegen 4 AS	as of 31.12.2022	as of 31.12.2021
Fixed assets	24,981.60	21,196.80
Current assets	629,316.65	1,149,109.84
Long-term liabilities	-	-
Short-term liabilities	8,001,529.34	7,706,836.22
Revenue from sales	-	104,111.11
Profit (loss) on continued operations	-961,569.87	-2,858,833.76
Post-tax profit (loss) on discontinued operations	-	-
Other comprehensive income	-	-
Comprehensive income for the period	-961,569.87	-2,858,833.76
Dividend received from an affiliate / jointly controlled entity	-	-

Lovsetvegen 4 AS	as of 31.12.2022	as of 31.12.2021
Net assets	-7,347,231.09	-6,536,529.58
Group share in a jointly controlled entity	50%	50%
Other adjustments	-	-
Carrying amount of the Group shares in the affiliate	-3,673,615.55	-3,268,264.79

Selected financial data of the indirect affiliate URSA PARK Smart City Sp. z o.o. Sp.k. are as follows:

URSA PARK Smart City Sp. z o.o. Sp.k.	as of 31.12.2022	as of 31.12.2021
Fixed assets	-	668,979.00
Current assets	-	6,108,856.83
Long-term liabilities	-	-
Short-term liabilities	-	4,567,526.16
Revenue from sales	-	68,046,842.35
Profit (loss) on continued operations	-	22,492,473.92
Post-tax profit (loss) on discontinued operations	-	-
Other comprehensive income	-	-
Comprehensive income for the period	-	22,492,473.92
Dividend received from an affiliate / jointly controlled entity	-	-
URSA PARK Smart City Sp. z o.o. Sp.k.	as of 31.12.2022	as of 31.12.2021
Net assets	-	2,210,309.67
Group share in a jointly controlled entity	0.00%	48.82%
Other adjustments	-	-1,078,962.67
Carrying amount of the Group shares in the affiliate	-	110.51

Selected financial data of the indirect affiliate URSA SKY Smart City Sp. z o.o. Sp.k. are as follows:

URSA SKY Smart City Sp. z o.o. Sp.k.	as of 31.12.2022	as of 31.12.2021
Fixed assets	-	12,755,230.76
Current assets	-	84,345,488.04
Long-term liabilities	-	21,700,683.70
Short-term liabilities	-	55,356,898.13
Revenue from sales	-	82,046,383.51
Profit (loss) on continued operations	-	12,912,428.44
Post-tax profit (loss) on discontinued operations	-	-
Other comprehensive income	-	-
Comprehensive income for the period	-	12,912,428.44
Dividend received from an affiliate / jointly controlled entity	-	8,681,240.85
URSA SKY Smart City Sp. z o.o. Sp.k.	as of 31.12.2022	as of 31.12.2021
Net assets	-	20,043,136.97
Group share in a jointly controlled entity	0.00%	48.82%
Other adjustments	-	-5,077,345.06
Carrying amount of the Group shares in the affiliate	-	4,707,714.41

As of 31.12.2022, contingent liabilities related to jointly controlled companies and associates amounted to PLN 7,583,700.00, and as of 31.12.2021 amounted to PLN 19,742,006.59. Contingent liabilities relate to corporate guarantees issued.

Share in profits / (losses) of entities measured using the equity method:

	01.01-31.12.2022	01.01-31.12.2021
Share in profits	1,177,547.40	7,904,231.00
Share in losses	676,989.78	2,079,142.70
Total	500,557.62	5,825,088.30

6.5. Trade and other receivables

Trade and other long-term receivables

	as of 31.12.2022	as of 31.12.2021
Long-term prepayments	8,162,014.38	7,076,634.04
Insurance	6,449,675.14	5,845,430.02
Other	1,712,339.24	1,231,204.02
Trade and other long-term receivables	8,162,014.38	7,076,634.04

Trade and other short-term receivables

	as of 31.12.2022	as of 31.12.2021 restated
Net trade and other receivables	377,039,438.60	232,733,676.02
Trade receivables	277,412,890.03	150,711,617.52
Receivables from tax, subsidy, customs, social security and other benefits	50,763,413.84	32,948,227.04
Other non-financial receivables	21,865,693.23	14,880,154.93
Other financial receivables	7,688.77	2,047,119.26
Advances granted for deliveries:	26,989,752.73	32,146,557.27
for the purchase of goods, materials and services	26,989,752.73	32,146,557.27
Short-term prepayments	7,475,929.12	5,788,212.34
Insurance	5,116,375.74	3,645,292.89
Other	2,359,553.38	2,142,919.45
Trade and other short-term receivables	384,515,367.72	238,521,888.36
Expected credit losses on receivables	53,796,479.08	47,222,638.50
Gross trade and other short-term receivables	438,311,846.80	285,744,526.86

Trade receivables – with maturity from the balance sheet date:

	as of 31.12.2022	as of 31.12.2021 restated
up to 1 month	129,459,384.01	83,867,661.50
over 1 month up to 3 months	64,371,454.29	29,542,438.64
over 3 months up to 6 months	4,727,330.24	6,275,913.57
over 6 months up to 1 year	2,860.00	-
overdue receivables	78,851,861.49	31,025,603.81
NET TRADE RECEIVABLES	277,412,890.03	150,711,617.52

Trade receivables do not bear interest and usually have a payment period of 30-60 days.

As of 31 December 2022, the estimated expected credit losses amounted to PLN 53,796,479.08. Changes in the expected credit losses are presented in Note 6.6. Expected credit losses have been created to the best of knowledge and experience of Group members, through a detailed analysis of the receivables repayment risk. Expenses and revenue related to expected credit losses are presented in the profit and loss account under "Expected credit losses".

Overdue trade receivables – with breakdown into overdue receivables in the period:

	as of 31.12.2022	as of 31.12.2021 restated
up to 1 month	18,900,610.62	12,612,960.88
over 1 month up to 3 months	33,077,437.31	990,961.16
over 3 months up to 6 months	9,610,451.76	1,493,932.52
over 6 months up to 1 year	6,328,068.32	5,417,532.77
over 1 year	10,935,293.48	10,510,216.48
OVERDUE NET TRADE RECEIVABLES	78,851,861.49	31,025,603.81

	as of 31.12.2022	as of 31.12.2021 restated
Short-term receivables	384,515,367.72	238,521,888.36
from related parties not subject to consolidation exclusions	273.89	2,912,135.01
from other entities	384,515,093.83	235,609,753.35
Expected credit losses on receivables (positive value)	53,796,479.08	47,222,638.50
Gross short-term receivables	438,311,846.80	285,744,526.86

The trade and other receivables currency structure is as follows:

	as of 31.12.2022	as of 31.12.2021 restated
Receivables in PLN	297,273,139.10	182,767,805.77
Receivables in USD	1,370.00	650.00
Receivables in USD after conversion into PLN	6,030.47	2,639.00
Receivables in EUR	14,725,540.13	4,685,755.12
Receivables in EUR after conversion into PLN	69,068,094.49	21,456,643.45
Receivables in RUB	-	73,893.00
Receivables in RUB after conversion into PLN	-	5,030.69
Receivables in NOK	32,897,255.63	60,637,622.82
Receivables in NOK after conversion into PLN	14,675,168.65	27,936,685.59
Receivables in BYN	218,238.03	515,514.66
Receivables in BYN after conversion into PLN	282,727.36	818,743.36
Receivables in SEK	418,549.01	3,879,293.87
Receivables in SEK after conversion into PLN	176,334.66	1,737,956.93
Receivables in UAH	24,006,372.92	25,497,325.24
Receivables in UAH after conversion into PLN	3,033,320.12	3,795,810.98
Receivables in GBP	104.40	104.40
Receivables in GBP after conversion into PLN	552.87	572.59
TOTAL	384,515,367.72	238,521,888.36

Advances are presented according to the historical rate.

The credit risk of the Group is primarily assigned to trade receivables. The amounts presented in the balance sheet are net amounts, including the expected credit losses. As of the balance sheet date 31.12.2022 and as of 31.12.2021, there were no receivables from a single external business partner exceeding 10% of total receivables.

The risk related to this financial asset is described in Section 4 of these financial statements – “Financial risk management”, subsection “Credit risk”.

6.6. Revaluation write-offs and expected credit losses

EXPECTED CREDIT LOSSES

	01.01-31.12.2022	01.01-31.12.2021
Opening balance	55,657,023.43	53,545,466.09
Trade and other receivables	47,222,638.50	46,948,603.68
Deposits on construction contracts	1,379,610.65	1,288,220.31
Contractual assets	101,655.86	35,955.68
Loans granted	6,953,118.42	5,272,686.42
Increases	16,100,318.18	12,100,021.55
Trade and other receivables	13,859,707.55	9,643,463.40
Deposits on construction contracts	1,954,070.65	687,933.73
Contractual assets	157,879.98	87,368.42
Loans granted	128,660.00	1,681,256.00
Decreases	7,579,226.94	9,988,464.21
Trade and other receivables	7,285,866.97	9,369,428.58
Deposits on construction contracts	184,570.51	596,543.39
Contractual assets	108,789.46	21,668.24
Loans granted	0.00	824.00
Closing balance	64,178,114.67	55,657,023.43
Trade and other receivables	53,796,479.08	47,222,638.50
Deposits on construction contracts	3,149,110.79	1,379,610.65
Contractual assets	150,746.38	101,655.86
Loans granted	7,081,778.42	6,953,118.42

REVALUATION WRITE-OFFS

	01.01-31.12.2022	01.01-31.12.2021
Opening balance	19,453,815.09	12,518,737.53
Inventory	12,022,797.39	11,622,575.47
Cash	896,162.06	896,162.06
Shares measured using the equity method	6,534,855.64	-
Increases	10,908,951.14	15,285,557.65
Inventory	10,908,951.14	8,750,702.01
Shares measured using the equity method	-	6,534,855.64
Decreases	9,467,517.70	8,350,480.09
Inventory	2,036,500.00	8,350,480.09
Cash	896,162.06	-
Shares measured using the equity method	6,534,855.64	-
Closing balance	20,895,248.53	19,453,815.09
Inventory	20,895,248.53	12,022,797.39
Cash	-	896,162.06
Shares measured using the equity method	-	6,534,855.64

6.7. Inventory

	as of 31.12.2022	as of 31.12.2021
Materials	76,857,839.44	37,788,079.01
Semi-finished products and work in progress	254,250,383.69	253,723,607.44
Finished products	177,104,807.15	73,735,236.53
Goods	42,012,762.91	37,873,966.61
Right-of-use assets	14,209,549.00	15,550,289.91
GROSS INVENTORY	564,435,342.19	418,671,179.50
Inventory revaluation write-offs	20,895,248.53	12,022,797.39
Inventory	543,540,093.66	406,648,382.11

Information on inventory write-offs is presented in Note 6.6.

As of 31.12.2022, the value of inventory on which the security in the form of mortgages was established amounted to PLN 145,375,091.62. In accordance with the credit agreements, the security was between 150% and 200% of the credit amount. As of 31.12.2022, the liability under these credits amounted to PLN 4,722,559.11.

As of 31.12.2021, the value of inventory on which the security in the form of mortgages was established amounted to PLN 53,611,820.52. In accordance with the credit agreements, the security constituted from 150% of the credit amount. As of 31.12.2021, the liability under these credits amounted to PLN 2,010,765.70.

By 31.12.2022, borrowing costs of PLN 8,442.8 thousand were capitalised in inventory, while in 2021, borrowing costs of PLN 10,909.6 thousand were capitalised in inventory.

The value of inventory expected to be used/sold in more than 12 months from 31.12.2022 amounted to PLN 301,360 thousand, while as of 31.12.2021, it amounted to PLN 226,101 thousand.

In the period from 01.01.2022 to 31.12.2022, the manufacturing costs of products and services sold and the costs of goods and materials sold included PLN 226,196.5 thousand under the sale of inventory. In 2021, this was PLN 135,405.7 thousand.

As of 31.12.2022

	Residential and commercial construction	Energy and industrial development	Infrastructure	Property development activities	Modular construction	Total
Gross inventory	36,161,323.37	10,367,090.92	31,927,312.48	471,661,459.74	14,318,155.68	564,435,342.19
Inventory revaluation write-offs	-	-	-	20,776,698.53	118,550.00	20,895,248.53
Net inventory	36,161,323.37	10,367,090.92	31,927,312.48	450,884,761.21	14,199,605.68	543,540,093.66

As of 31.12.2021

	Residential and commercial construction	Infrastructure	Property development activities	Modular construction	Total
Gross inventory	10,448,838.30	15,000,626.48	380,125,905.85	13,095,808.87	418,671,179.50
Inventory revaluation write-offs	-	-	11,904,247.39	118,550.00	12,022,797.39
Net inventory	10,448,838.30	15,000,626.48	368,221,658.46	12,977,258.87	406,648,382.11

As at the date of taking control of Ursa Park Smart City Sp. z o.o. Sp. k. ("Ursa Park") and Ursa Sky Smart City Sp. z o.o. Sp. k. ("Ursa Sky"), these Companies reported the following inventory:

- semi-finished products and work in progress 59,797,813.51
- finished products 7,208,757.59

6.8. Cash and cash equivalents

	as of 31.12.2022	as of 31.12.2021
Cash in PLN	133,747,795.56	261,486,049.41
Cash in EUR	340,641.97	341,910.03
Cash in EUR after conversion into PLN	1,621,927.87	1,572,580.98
Cash in USD	1,303.68	1,936.37
Cash in USD after conversion into PLN	5,738.54	7,861.66
Cash in RUB	-	15,087,428.68
Cash in RUB after conversion into PLN	-	896,162.06
Cash in NOK	2,923,788.24	18,034,168.46
Cash in NOK after conversion into PLN	1,346,608.70	8,310,144.82
Cash in BYN	993.18	24,899.44
Cash in BYN after conversion into PLN	1,286.66	40,180.23
Cash in UAH	11,824.88	12,716.81
Cash in UAH after conversion into PLN	1,487.57	1,890.99
Cash in SEK	2,792,248.79	93,800.13
Cash in SEK after conversion into PLN	1,223,344.83	42,078.75
Total	137,948,189.73	272,356,948.90
Cash revaluation write-off	-	896,162.06
Cash and cash equivalents	137,948,189.73	271,460,786.84

Cash at bank bears interest at variable rates. Short-term deposits are made for various periods, depending on the Group's current demand for cash and are subject to interest rates set for them. As at the balance sheet date of 31.12.2022, the fair value of cash and cash equivalents amounted to PLN 137,948,189.73.

The disclosed in 2021 cash revaluation write-off resulted from the Company estimates of the possibility of payment of funds accumulated on accounts in OAO AKB "Probizniesbank" – in bankruptcy. UNIBEP SA reported its claims and they were accepted and confirmed by the receiver. By 31.12.2021, the receiver paid PLN 207,849.60, with no payments recorded in 2022. In 2022, the entire amount of the cash revaluation write-off was written off due to lack of recoverability.

The risk related to this asset is described in Section 4 of the Financial Risk Management report.

6.9. Loans granted

As of 31.12.2022

Name of the borrower	Contract date	Amount granted	Repayment date	Closing balance of carrying amount
JB Investment Societe En Commandite Speciale	10.06.2021	PLN 3,000,000.00	31.12.2023	PLN 3,343,041.61
JB Investment Societe En Commandite Speciale	27.10.2021	PLN 17,000,000.00	31.12.2024	PLN 18,649,715.48
JB Investment Societe En Commandite Speciale	10.12.2020	PLN 3,000,000.00	31.12.2023	PLN 3,305,772.80
JB Investment Societe En Commandite Speciale	09.10.2020	PLN 499,380.00	31.12.2023	PLN 529,494.70
JB Investment Societe En Commandite Speciale	22.02.2018	PLN 55,251,231.18	30.09.2024	PLN 60,581,406.65
JB Investment Societe En Commandite Speciale	02.04.2018	PLN 853,600.18	31.12.2023	PLN 931,756.49
Unibep Group's UNITAENT Foundation	21.11.2022	PLN 120,000.00	28.02.2023	PLN 120,000.00
Total				PLN 87,461,187.73

As of 31.12.2021

Name of the borrower	Contract date	Amount granted	Repayment date	Closing balance of carrying amount
JB Investment Societe En Commandite Speciale	10.06.2021	PLN 3,000,000.00	31.12.2022	PLN 3,095,834.27
JB Investment Societe En Commandite Speciale	27.10.2021	PLN 7,000,000.00	31.12.2024	PLN 6,971,310.75
JB Investment Societe En Commandite Speciale	10.12.2020	PLN 3,000,000.00	31.12.2022	PLN 2,365,833.80
JB Investment Societe En Commandite Speciale	09.10.2020	PLN 499,380.00	31.12.2023	PLN 487,650.28
JB Investment Societe En Commandite Speciale	22.02.2018	PLN 55,251,231.18	30.09.2024	PLN 54,811,539.18
JB Investment Societe En Commandite Speciale	02.04.2018	PLN 853,600.18	31.12.2022	PLN 847,626.81
Total				PLN 68,579,795.09

As of 31.12.2022, the expected credit losses on loans granted amount to PLN 7,081,778.42.

The risk management of this asset is described in Section 4 of these financial statements.

6.10. Capitals

The share capital of the Parent Company is divided into 35,070,634 (in words: thirty-five million, seventy thousand, six hundred and thirty-four) shares with a nominal value of PLN 0.10 per share.

The ownership structure of share capital as of the individual balance sheet dates presented in the financial statements is presented in the tables below.

As of 31.12.2022

SHAREHOLDER	Number of shares held as of the balance sheet date	Share nominal value	Share in the capital at the balance sheet date (%)
Zofia Mikołuszko	8,800,000	880,000.00	25.09
Beata Maria Skowrońska	5,500,000	550,000.00	15.68
Wojciech Stajkowski	2,500,000	250,000.00	7.13
Bożenna Lachocka	2,500,000	250,000.00	7.13
PTE Allianz Polska SA (5)	3,753,805	375,308.50	10.70
PKO BP Bankowy OFE	2,098,756	209,875.60	5.98
Free float	7,018,073	701,807.30	20.02
Own shares (1)(2)(3)(4)	2,900,000	290,000.00	8.27
Total	35,070,634	3,507,063.40	100.00

(1) 1,000,000 own shares were purchased on 7 February 2017, of which the Company informed in current report no. 10/2017.

(2) Another 1,000,000 own shares were purchased on 29 May 2019, as announced by the Company in its current report no. 28/2019.

(3) 1,500,000 own shares were purchased on 27 February 2020, of which the Company informed in current report no. 7/2020.

(4) 600,000 own shares were disposed of by the Company as part of the Incentive Scheme for the assessment year 2021 (Rb 43/2022).

(5) PTE Allianz Polska SA merged with Aviva PTE Aviva Santander SA on 30 December 2022. As of this date, the merged entity operates under the name PTE Allianz Polska SA and manages three funds: Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Dobrowolny Fundusz Emerytalny, Drugi Allianz Polska Otwarty Fundusz Emerytalny [change of name from Aviva Otwarty Fundusz Emerytalny Aviva Santander] (Rb 2/2023)

As of 31.12.2021

SHAREHOLDER	Number of shares held as of the balance sheet date	Share nominal value	Share in the capital at the balance sheet date (%)
Zofia Mikołuszko	8,800,000	880,000.00	25.09
Beata Maria Skowrońska	5,500,000	550,000.00	15.68
Wojciech Stajkowski	2,500,000	250,000.00	7.13
Bożenna Lachocka	2,500,000	250,000.00	7.13
AVIVA OFE AVIVA Santander SA	3,418,920	341,892.00	9.75
PKO BP Bankowy OFE	2,098,756	209,875.60	5.98
Free float	6,752,958	675,295.80	19.26
Own shares (1)(2)(3)	3,500,000	350,000.00	9.98
Total	35,070,634	3,507,063.40	100.00

(1) 1,000,000 own shares were purchased on 7 February 2017, of which the Company informed in current report no. 10/2017.

(2) 1,000,000 own shares were purchased on 29 May 2019, of which the Company informed in current report no. 28/2019.

(3) 1,500,000 own shares purchased on 27 February 2020 on the basis of the Resolution of the Management Board of the Company of 4 February 2020 on the buy-back of own shares, Resolution No. 32 of the Ordinary General Meeting of Shareholders of the Company of 13 June 2017 on authorising the Management Board of the Company to purchase own shares and adopting the UNIBEP SA own share buy-back programme, amended by Resolution No. 4 of the Extraordinary General Meeting of Shareholders of the Company of 28 February 2019 and Resolution No. 33 of the Ordinary General Meeting of Shareholders of the Company of 13 June 2017 on increasing the amount of the reserve capital from the funds coming from the reserve capital for the buy-back of own shares, amended by Resolution No. 5 of the Extraordinary General Meeting of Shareholders of the Company of 28 February 2019.

The composition of shareholders as at the date of publication of this report is presented in the table below:*

SHAREHOLDER	Number of shares held	Percentage of the share capital (%)	Number of votes	Percentage of the total number of votes (%)
Zofia Mikołuszko **	8,800,000	25.09	8,800,000	25.09
Beata Maria Skowrońska	5,500,000	15.68	5,500,000	15.68
Wojciech Stajkowski	2,500,000	7.13	2,500,000	7.13
Bożenna Lachocka	2,500,000	7.13	2,500,000	7.13
PTE Allianz Polska SA (5)	3,753,805	10.70	3,753,805	10.70
PKO BP Bankowy OFE	2,098,756	5.98	2,098,756	5.98
Free float	7,018,073	20.02	7,018,073	20.02
Own shares (1)(2)(3)(4)	2,900,000	8.27	2,900,000	8.27
Total	35,070,634	100.00	35,070,634	100.00

* Based on information provided to the Issuer pursuant to Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the "MAR Regulation" and the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading of 29 July 2005, as amended.

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

(1) 1,000,000 own shares were purchased on 7 February 2017, of which the Company informed in current report no. 10/2017.

(2) Another 1,000,000 own shares were purchased on 29 May 2019, as announced by the Company in its current report no. 28/2019.

(3) 1,500,000 own shares were purchased on 27 February 2020, of which the Company informed in current report no. 7/2020.

(4) 600,000 own shares were disposed of by the Company as part of the Incentive Scheme for the assessment year 2021 (Rb 43/2022).

(5) PTE Allianz Polska SA merged with Aviva PTE Aviva Santander SA on 30 December 2022. As of this date, the merged entity operates under the name PTE Allianz Polska SA and manages three funds: Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Dobrowolny Fundusz Emerytalny, Drugi Allianz Polska Otwarty Fundusz Emerytalny [change of name from Aviva Otwarty Fundusz Emerytalny Aviva Santander] (Rb 2/2023).

All shares of the Group are dematerialised and traded on the regulated market of the Warsaw Stock Exchange.

No non-cash contributions were made to the share capital of the Parent Company.

As of 31.12.2022 and 31.12.2021, subsidiaries did not hold any shares of the parent company.

The supplementary capital from the sales of shares above their nominal value, presented in the statements of financial position and in the statement of changes in equity, as of 31.12.2022 amounts to 63,893,761.02, was created as a result of:

- issue of the Company's shares on the WSE – PLN 57,113,921.99,
- sales of own shares – PLN 2,312,569.03,
- acquisition of shares under the Incentive Scheme – PLN 4,467,270.00.

The recorded increase in this capital in 2022 of PLN 1,740,000.00 is due to the purchase of shares by participants in the Incentive Scheme.

The specification of other equity items is presented in the tables below:

Other reserve capitals

	as of 31.12.2022	as of 31.12.2021
Actuarial gains (losses) on defined benefit plans	905,956.00	-3,079.00
Effective part of changes in fair value of hedging instruments in hedge accounting	-1,932,983.81	-5,646,527.30
Revaluation of tangible fixed assets	2,129,019.61	1,077,203.40
Reserve capital for the incentive scheme	3,342,000.00	3,282,000.00
Other reserve capitals	4,443,991.80	-1,290,402.90

Retained earnings

	as of 31.12.2022	as of 31.12.2021 restated
Supplementary capital created from retained earnings	200,157,977.70	205,586,214.76
Reserve capital for the buy-back of own shares created from retained earnings	14,413,500.00	14,413,500.00
Capital on sale of shares at a premium to cover losses	-1,759,894.03	-1,759,894.03
Revaluation reserve intended to cover losses	-1,092,358.40	-1,092,358.40
Net profit (loss) brought forward	11,134,775.38	-6,195,454.14
Current net profit (loss)	7,444,028.82	28,200,343.17
Retained profit (loss)	230,298,029.47	239,152,351.36
Accounting value	302,142,845.69	303,522,772.88
Number of ordinary shares	32,170,634.00	31,570,634.00
Accounting value per share (in PLN)	9.39	9.61

INCENTIVE SCHEME

On 15 June 2020, the Ordinary General Meeting of Shareholders of UNIBEP SA adopted assumptions of 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 of Shareholders earmarked all own shares of the Company, i.e. 3,500,000 shares, for the implementation of the Incentive Scheme. The General Meeting of Shareholders authorised the Supervisory Board to establish the Rules of the Incentive Scheme specifying detailed principles for implementation of this Scheme, including the rules for conclusion of the Scheme Participation Agreements. The acquisition price of the shares under the Incentive Scheme shall not be less than 1 PLN per share. The General Meeting of Shareholders of UNIBEP SA authorised the Supervisory Board to establish the acquisition price of shares for each of the participants of the Incentive Scheme. This price may vary between transactions, under which the shares are acquired.

On 4 November 2020, the Supervisory Board of UNIBEP SA adopted the Rules of the Incentive Scheme of UNIBEP SA (hereinafter referred to as the "Scheme").

Incentive Scheme for 2021:

On 14 January 2021, the Supervisory Board of the Company decided on the implementation of the Scheme for the financial year 2021, in particular: establishing the criteria for the allocation of shares, adopting the list of participants in the Scheme, and establishing the selling price of shares under the Scheme.

In accordance with the above-mentioned decision of the Supervisory Board:

1. the list of participants in the 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 directed for acquisition by an eligible participant of the Scheme for the assessment year 2021 is PLN 3 per share;
4. the eligible participants of the 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 Gołąbiewski, 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.

On 17 May 2022, the Supervisory Board of the Company adopted a resolution on the positive verification of the Company's share allocation criteria for the assessment year 2021 and decided to offer under the Scheme: 220,000 shares to President of the Management Board of the Company Mr Leszek Marek Gołąbiewski, 190,000 shares to Vice-President of the Management Board of the Company Mr Sławomir Kiszycki, 140,000 shares to Vice-President of the Management Board of the Company Mr Krzysztof Mikołajczyk and 50,000 shares to Member of the Management Board of the Company Mr Adam Poliński. The Supervisory Board's resolution on the positive verification of the Company's share allocation criteria for the assessment year 2021 will take effect

subject to the approval of the financial statements for 2021 by the General Meeting of Unibep SA, as of the date on which this condition is fulfilled.

In connection with the approval by the Parent Company's General Meeting of the financial statements for 2021, on 22 June 2022 the Company's Supervisory Board made offers to sell the Company's shares to Mr Leszek Marek Gołąbiewski – 220,000 shares in the Company, Mr Sławomir Kiszycki – 190,000 shares in the Company, Mr Krzysztof Mikołajczyk – 140,000 shares in the Company and Mr Adam Poliński – 50,000 shares in the Company, and the aforementioned persons submitted on the same date declarations of acceptance of the offers to sell the Company's shares addressed to them.

Incentive Scheme for 2022:

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

In accordance with the above-mentioned decision of the Supervisory Board:

1. The list of participants of the Scheme in 2022 includes members of the Management Board of UNIBEP SA and members of the Management Board of Unidevelopment SA;
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: financial criteria, i.e. achieving the set financial targets of UNIBEP SA and the Unibep Group, non-financial criteria, in particular: remaining a member of the Management Board of UNIBEP SA, adopting an ESG strategy for UNIBEP SA and the Unibep Group, adopting greenhouse gas emission reduction targets for UNIBEP SA in specific time perspectives;
3. The criteria for the allocation of UNIBEP SA's shares to members of the Management Board of Unidevelopment SA for the assessment year 2022 include: financial criteria, i.e. achieving the set financial targets of Unidevelopment SA and the Unidevelopment Group, non-financial criteria, in particular: remaining a member of the Management Board of Unidevelopment SA, adopting an ESG strategy for Unidevelopment SA and the Unidevelopment Group.
4. The selling price of shares which may be directed for acquisition by an eligible participant of the Scheme for the assessment year 2022 is PLN 3 per share;
5. The eligible members of the Management Board of UNIBEP SA (provided that the allocation criteria are met jointly) will be offered for the assessment year 2022 at least 600,000 shares of UNIBEP SA, including at least 200,000 shares to Mr Leszek Marek Gołąbiewski, 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 SA (provided that the allocation criteria are met jointly) will be offered for the assessment year 2022 at least 600,000 shares of UNIBEP SA, including at least 210,000 shares to Mr Zbigniew Gościcki, at least 130,000 shares to Mrs Ewa Prześdziecka, at least 130,000 shares to Mr Mirosław Szczepański, at least 130,000 shares to Mr Mariusz Przystupa.

An actuarial valuation of the Incentive Scheme for the assessment year 2022 was carried out. The valuation was based on the finite difference method. The valuation was carried out as at 28.01.2022 with an underlying asset exchange rate of PLN 9.08. A volatility of 43% and a risk-free rate of 3.3% were assumed. In accordance with the revaluation the value of the Incentive Scheme for the assessment year 2022 amounted to PLN 6,552,000.00, with 3,276,000.00 relating to the Scheme addressed to the Management Board of the subsidiary Unidevelopment SA. As the economic parameters were not met, the assumption was made that the Management Board of UNIBEP SA not acquire the right to purchase UNIBEP SA shares and therefore no costs were charged to the period for this part of the actuarial valuation.

6.11. Restrictions on the transfer of securities ownership rights

As at the date of publication, there are no known limitations regarding the execution of voting rights by the owners of a specific part or number of shares, as well as of limitations regarding the transfer of ownership rights to the securities of the Company.

6.12. Credits, loans and other financial liabilities

	as of 31.12.2022	as of 31.12.2021
Credits, loans and other financial liabilities – long-term	126,478,695.93	100,108,035.48
Credit liabilities	34,122,142.07	2,010,765.70
Loan liabilities	-	1,800,165.17
Bond liabilities	92,356,553.86	96,297,104.61
Credits, loans and other financial liabilities – short-term	39,720,828.40	59,006,702.24
Liabilities for bank account overdrafts	16,891,218.69	8,388,075.57
Credit liabilities	13,257,617.68	24,795,976.46
Loan liabilities	1,807,900.76	1,847,528.46
Bond liabilities	7,764,091.27	23,975,121.75
Total	166,199,524.33	159,114,737.72

LONG-TERM CREDIT LIABILITIES 31.12.2022

Bank name	Amount of credit	Value as of the balance sheet date	Repayment date	Type of credit
ING Bank Śląski SA	PLN 20,000,000.00	PLN 10,285,844.50	31.05.2025	working capital credit
Bank Millennium SA	PLN 21,000,000.00	PLN 21,068,566.82	19.05.2024	working capital credit
Bank Spółdzielczy	PLN 5,000,000.00	PLN 2,767,730.75	01.08.2025	Working capital credit
Santander Bank Polska SA	PLN 37,861,000.00	PLN 0.00	17.07.2024	property development credit
Santander Bank Polska SA	PLN 3,000,000.00	PLN 0.00	17.07.2024	VAT credit
PKO BP SA	PLN 121,200,000.00	PLN 0.00	31.08.2024	property development credit
PKO BP SA	PLN 5,000,000.00	PLN 0.00	31.08.2024	VAT credit
TOTAL		PLN 34,122,142.07		

LONG-TERM CREDIT LIABILITIES 31.12.2021

Bank name	Amount of credit	Value as of the balance sheet date	Repayment date	Type of credit
Santander Bank Polska SA	PLN 46,507,500.00	PLN 2,010,765.70	30.04.2023	property development credit
Santander Bank Polska SA	PLN 3,000,000.00	PLN 0.00	30.04.2023	VAT credit
Total:		PLN 2,010,756.70		

SHORT-TERM LIABILITIES ON CREDITS 31.12.2022

Bank name	Amount of credit	Value as of the balance sheet date	Repayment date	Type of credit
PKO BP SA*	PLN 10,000,000.00	PLN 0.00	30.11.2023	revolving bank overdraft
Santander Bank Polska SA**	PLN 10,000,000.00	PLN 0.00	30.09.2023	revolving bank overdraft
BNP Paribas Bank Polska SA	PLN 20,000,000.00	PLN 0.00	26.01.2024	revolving bank overdraft
mBank SA	PLN 10,000,000.00	PLN 0.00	24.02.2023	revolving bank overdraft
Bank Gospodarstwa Krajowego	PLN 25,000,000.00	PLN 0.00	28.02.2023	revolving bank overdraft
Pekao SA	PLN 10,000,000.00	PLN 0.00	31.01.2024	revolving bank overdraft
ING Bank Śląski SA	PLN 20,000,000.00	PLN 6,857,378.52	31.05.2025	working capital credit
Santander Bank Polska SA	PLN 10,000,000.00	PLN 0.00	30.09.2023	revolving bank overdraft
PKO BP SA*	PLN 5,000,000.00	PLN 0.00	30.11.2023	revolving bank overdraft
Bank Gospodarstwa Krajowego	PLN 5,000,000.00	PLN 2,099,584.78	03.02.2023	revolving bank overdraft
ING Bank Śląski SA	PLN 5,000,000.00	PLN 0.00	29.06.2023	revolving bank overdraft
Pekao SA	PLN 10,000,000.00	PLN 9,972,664.79	31.01.2023	revolving bank overdraft
Santander Bank Polska SA	PLN 8,000,000.00	PLN 2,802,920.42	30.09.2023	revolving bank overdraft
ING Bank Śląski SA	PLN 5,000,000.00	PLN 2,016,048.70	30.06.2023	revolving bank overdraft
Pekao SA	PLN 10,000,000.00	PLN 0.00	31.01.2023	revolving bank overdraft
Bank Spółdzielczy	PLN 5,000,000.00	PLN 1,677,680.05	01.08.2025	working capital credit
mBank SA	PLN 5,000,000.00	PLN 0.00	30.06.2023	revolving bank overdraft
Santander Bank Polska SA	PLN 12,000,000.00	PLN 0.00	30.09.2023	revolving bank overdraft
Lubelski Bank Spółdzielczy	PLN 9,000,000.00	PLN 4,722,559.11	31.12.2023	Working capital credit
TOTAL		PLN 30,148,836.37		

*Under the trilateral contract: UNIBEP SA, UNIHOUSE SA, PKO BP SA

**Overdraft drawn on Santander Bank Polska SA for the amount of 10,000,000.00 to be repaid on 30.09.2023 is to be used jointly by UNIBEP SA and UNIHOUSE SA.

SHORT-TERM CREDIT LIABILITIES 31.12.2021

Bank name	Amount of credit	Value as of the balance sheet date	Repayment date	Type of credit
PKO BP SA*	PLN 10,000,000.00	PLN 0.00	30.11.2022	revolving bank overdraft
Santander Bank Polska SA**	PLN 10,000,000.00	PLN 0.00	30.09.2022	revolving bank overdraft
BNP Paribas Bank Polska SA	PLN 20,000,000.00	PLN 0.00	30.09.2022	revolving bank overdraft
mBank SA	PLN 10,000,000.00	PLN 0.00	24.02.2022	revolving bank overdraft
Bank Gospodarstwa Krajowego	PLN 25,000,000.00	PLN 0.00	28.02.2022	revolving bank overdraft
Santander Bank Polska SA	PLN 8,000,000.00	PLN 0.00	30.09.2022	revolving bank overdraft
ING Bank Śląski SA	PLN 5,000,000.00	PLN 0.00	29.06.2022	revolving bank overdraft
ING Bank Śląski SA	PLN 15,000,000.00	PLN 2,778,317.68	22.10.2022	investment credit
Santander Bank Polska SA	PLN 10,000,000.00	PLN 8,388,075.57	30.09.2022	revolving bank overdraft
PKO BP SA*	PLN 5,000,000.00	PLN 0.00	30.11.2022	revolving bank overdraft
Bank Gospodarstwa Krajowego	PLN 5,000,000.00	PLN 0.00	28.02.2022	revolving bank overdraft
ING Bank Śląski SA	PLN 5,000,000.00	PLN 0.00	07.06.2022	revolving credit
mBank SA	PLN 3,000,000.00	PLN 0.00	30/06/2022	revolving bank overdraft
Bank Millenium SA	PLN 21,800,000.00	PLN 22,017,658.78	02.09.2022	Working capital credit
Santander Bank Polska SA	PLN 10,000,000.00	PLN 0.00	30.06.2021	revolving bank overdraft
Total		PLN 33,184,052.03		

*Under the trilateral contract: UNIBEP SA, UNIHOUSE SA, PKO BP SA

**Overdraft drawn on Santander Bank Polska SA for the amount of 10,000,000.00 to be repaid on 30.09.2022 is to be used jointly by UNIBEP SA and UNIHOUSE SA.

LONG-TERM LOAN LIABILITIES 31.12.2022

As of 31.12.2022, the Group did not have any long-term loan liabilities.

LONG-TERM LOAN LIABILITIES 31.12.2021

Lender name	Loan amount	Value as of the balance sheet date	Repayment date	Loan type
ING Bank Śląski SA	PLN 10,000,000.00	PLN 1,800,165.17	29.12.2023	corporate loan
TOTAL:		PLN 1,800,165.17		

SHORT-TERM LOAN LIABILITIES 31.12.2022

Lender name	Loan amount	Value as of the balance sheet date	Repayment date	Loan type
ING Bank Śląski SA	PLN 10,000,000.00	PLN 1,807,900.76	29.12.2023	corporate loan
TOTAL:		PLN 1,807,900.76		

SHORT-TERM LOAN LIABILITIES 31.12.2021

Lender name	Loan amount	Value as of the balance sheet date	Repayment date	Loan type
ING Bank Śląski SA	PLN 10,000,000.00	PLN 1,847,528.46	29.12.2023	corporate loan
TOTAL:		PLN 1,847,528.46		

ISSUED BONDS AS OF 31.12.2022

Name of liability	Issue amount PLN	Value as of the balance sheet date PLN	Issue date	Redemption date
Series G bonds, 3-year, unsecured, interest-bearing	PLN 50,000.00 / 500,000 pieces, PLN 100.00 each	50,512,033.05	31.03.2021	31.03.2024
Series H bonds, 3-year, unsecured, interest-bearing	PLN 50,057,000.00 / 500,570 pieces, PLN 100.00 each	49,608,612.08	24.11.2021	24.11.2024
		100,120,645.13		

ISSUED BONDS AS OF 31.12.2021

Name of liability	Issue amount PLN	Value as of the balance sheet date PLN	Issue date	Redemption date
Series F bonds, 3-year, unsecured, interest bonds	PLN 34,000,000.00 / 340,000 pieces, PLN 100.00 each	20,073,317.39	15.02.2019	15.02.2022
Series G bonds, 3-year, unsecured, interest-bearing	PLN 50,000,000.00 / 500,000 pieces, PLN 100.00 each	50,188,999.20	31.03.2021	31.03.2024
Series H bonds, 3-year, unsecured, interest-bearing	PLN 50,057,000.00 / 500,570 pieces, PLN 100.00 each	50,009,909.77	24.11.2021	24.11.2024
		120,272,226.36		

Series G bonds and series H bonds are listed on the Catalyst market operated by the Warsaw Stock Exchange as part of the alternative trading system.

Interest payment date of series G bonds: 31.03.2023, 30.09.2023, 31.03.2024.

Interest payment date of series H bonds: 24.05.2023, 24.11.2023, 24.05.2024, 24.11.2024.

The maturity structure of credits, loans and long-term bonds is as follows:

	as of 31.12.2022	as of 31.12.2021
over 1 year to 3 years	126,478,695.93	100,108,035.48
Total	126,478,695.93	100,108,035.48

Credits taken out in foreign currency were converted at the balance sheet valuation rate, i.e. 30.12.2022.

Credits and long-term bonds were measured with the use of the adjusted acquisition price method.

The contractual maturity structure of undiscounted cash flows under credits, loans and bonds is as follows:

As of 31.12.2022

	Carrying amount	Undiscounted contractual cash flows
up to 1 year	39,720,828.40	71,323,098.71
over 1 year to 3 years	126,478,695.93	121,173,718.32
Total	166,199,524.33	192,496,817.03

As of 31.12.2021

	Carrying amount	Undiscounted contractual cash flows
up to 1 year	59,006,702.24	60,432,306.23
over 1 year to 3 years	100,108,035.48	110,752,380.69
Total	159,114,737.72	171,184,686.92

During the reporting period, none of the credit contracts were terminated and there was no demand for early redemption of bonds.

6.13. Lease

The Group's entities have concluded lease contracts concerning the use of land, commercial premises, storage yards, vehicles and machines.

	as of 31.12.2022	as of 31.12.2021
Long-term lease liabilities	43,249,484.26	39,812,948.71
Short-term lease liabilities	31,342,383.41	28,166,607.82
Total	74,591,867.67	67,979,556.53

Present value of lease payments:

	as of 31.12.2022	as of 31.12.2021
Less than 1 year	31,342,383.41	28,166,607.82
From 1 year to 5 years	35,553,624.45	30,563,912.17
Over 5 years	7,695,859.81	9,249,036.54
Total	74,591,867.67	67,979,556.53

Lease – supplementary data

	01.01-31.12.2022	01.01-31.12.2021
Amortisation	15,749,876.62	12,887,324.19
Amortisation capitalised in inventory	934,293.00	66,018.00
Interest expenses	2,606,250.75	1,946,430.25
Interest capitalised in inventory	4,417,991.00	3,328,702.75
Total expenditures on lease contracts	20,846,246.15	15,985,549.99
Short-term lease expenses	12,724,221.68	7,780,441.84
Low-value lease expenses below PLN 20 thousand	7,802,726.73	372,378.06

Information on risks is presented in Section 4 of these financial statements.

6.14. Provisions

Employee benefit liabilities recognised in the statements of financial position:

	as of 31.12.2022	as of 31.12.2021
Retirement severance pay	2,645,956.00	3,341,902.00
current liability as of the balance sheet date	2,645,956.00	3,341,902.00
Disability severance pay	258,318.00	280,934.00
current liability as of the balance sheet date	258,318.00	280,934.00
Liabilities for retirement and disability benefits, including:	2,904,274.00	3,622,836.00
- long-term part	2,639,621.75	3,309,777.00
- short-term part	264,652.25	313,059.00

Changes in the liability on retirement and disability benefits are presented in the table below:

	as of 31.12.2022	as of 31.12.2021
Opening balance of current liability	3,622,836.00	4,454,194.10
interest expenses	135,903.00	66,827.00
current employment costs	599,888.00	725,397.62
current service cost - adjustment of previous year	0.00	36,492.00
benefits paid	-255,930.00	-217,915.72
past service cost - adjustment of previous year	0.00	58,991.00
actuarial gains/losses, including those arising from:	-1,198,423.00	-1,501,150.00
- adjustments of actuarial assumptions ex post	74,333.00	-119,314.00
- changes in demographic assumptions	-147,292.00	-386,740.00
- changes in financial assumptions	-1,125,464.00	-995,096.00
Closing balance of current liability	2,904,274.00	3,622,836.00

Charges to the account under retirement and disability benefits are as follows:

	as of 31.12.2022	as of 31.12.2021
employment value	599,888.00	761,890.00
interest expenses	135,903.00	66,827.00
employment value - adjustment of previous year	-96,320.00	-
past service cost - adjustment of previous year	-	8,716.00
Other adjustments	-76,158.00	-
Costs recognised in the profit and loss account	563,313.00	837,433.00
actuarial gains/losses recognised in the period	-988,900.00	-1,450,875.00
Costs recognised in other comprehensive income	-988,900.00	-1,450,875.00
including costs of employee benefits recognised in the profit and loss account under:		
- manufacturing costs	161,519.71	675,699.41
- general and administrative costs	268,428.29	161,733.59

The Group companies used independent actuaries' valuations to determine their employee benefit provisions, the latest actuarial valuation being as at 31.12.2022.

The actuarial assumptions are based on the following parameters for the years 2023-2026:

- discount rate in 2023 6.73%
- discount rate in 2022 3.92%
- the projected long-term increase in the Group's salary base in 2023 and beyond is 3.0%, and 5.0% in subsequent years.

As of 31.12.2023, the actuarial projection of the current values of the Group's future liabilities towards its employees is as follows:

ITEM/BENEFIT	Retirement severance pay	Disability severance pay	TOTAL
current liability value as of 31.12.2022	2,645,956	258,318	2,904,274
current liability value as of 31.12.2023	3,043,119	281,033	3,324,152
<i>including:</i>			
short-term part	154,388	51,340	205,728
long-term part	2,888,731	229,693	3,118,424

As of 31.12.2023, the projection of the amount of provisions for employee benefits presented above is only indicative. The amount of liabilities as of the above date, in accordance with IAS 19, may differ significantly from the above forecast, in particular due to the failure to take into account actuarial gains and losses, which will be known only at the date of provision creation.

According to IAS 19, the amount of the provision for the above date should take into account any significant change

in assumptions that occurs in the meantime, in particular significant changes in the structure, current workforce, engagement of new employees, actual rather than projected salary increases, turnover levels, discounts, etc.

In estimating the forecast, it was assumed that, at the time the forecast is expected to be made, employees of the Entity will neither have reached retirement age by that time nor have already received their retirement or disability severance pay. If these assumptions are not fully met, a deviation of the above forecast from the actual amount of future provisions should also be expected.

Provision sensitivity analysis

The discount rate, the salary increase rate and the rotation rate are key actuarial assumptions that affect the provisions for employee benefits. The choice of the discount rate is related to the current situation on the treasury bond market, while the choice of the planned remuneration increases reflects the strategy of the Group in terms of shaping the remuneration policy in the future. In addition, the provisions for employee benefits are affected by the employee turnover rate depending on the historical turnover of the Group employees.

In accordance with IAS 19, the Group discloses a sensitivity analysis for each significant actuarial assumption at the end of the reporting period, showing the effect changes in the relevant actuarial assumptions would have on the liability.

The results of the calculations are as follows as of 31.12.2022:

PARAMETER/BENEFIT	Retirement severance pay	Disability severance pay	Unused holiday leaves	TOTAL
Initial amounts of provisions	2,645,956	258,318	8,095,663	10,999,937
Turnover coefficient -1.0%	2,744,506	268,685	8,095,663	11,108,854
Turnover coefficient +1.0%	2,556,829	248,750	8,095,663	10,901,242
probability of retirement -0.5%	2,660,756	215,895	8,095,663	10,972,314
probability of retirement +0.5%	2,631,294	300,632	8,095,663	11,027,589
Technical discount rate -0.50%	2,784,457	265,825	8,095,663	11,145,945
Technical discount rate +0.50%	2,518,445	251,297	8,095,663	10,865,405
<i>base increases</i>				
Salary in the Company -1.0%	2,623,998	256,680	8,095,663	10,976,341
Salary in the Company +1.0%	2,683,524	260,654	8,095,663	11,039,841
Minimum salary -1.0%	2,429,683	246,600	8,095,663	10,771,946
Minimum salary +1.0%	2,908,948	271,900	8,095,663	11,276,511

The results of the calculations are as follows as of 31.12.2021:

PARAMETER/BENEFIT	Retirement severance pay	Disability severance pay	Unused holiday leaves	TOTAL
Initial amounts of provisions	3,341,902	280,934	6,930,464	10,553,300
Turnover coefficient -1.0%	3,506,799	294,488	6,930,464	10,731,751
Turnover coefficient +1.0%	3,194,911	268,567	6,930,464	10,393,942
Technical discount rate -1.0%	3,553,505	290,696	6,930,464	10,774,665
Technical discount rate +1.0%	3,149,483	271,770	6,930,464	10,351,717
<i>base increases</i>				
Salary in the Company -1.0%	3,295,986	278,360	6,930,464	10,504,810
Salary in the Company +1.0%	3,413,879	284,498	6,930,464	10,628,841
Minimum salary -1.0%	3,040,104	266,622	6,930,464	10,237,190
Minimum salary +1.0%	3,718,178	297,679	6,930,464	10,946,321

	01.01-31.12.2022	01.01-31.12.2021
OPENING BALANCE OF OTHER LONG-TERM PROVISIONS	55,235,328.75	36,217,487.13
Guarantee repairs	45,003,865.76	36,217,487.13
Companies measured using the equity method	10,231,462.99	-
Increases	22,017,949.70	25,524,516.25
Guarantee repairs	22,013,949.70	15,293,053.26
Guarantee repairs – change in presentation	4,000.00	-
Companies measured using the equity method – change in presentation	-	10,231,462.99
Release	15,453,066.98	6,506,674.63
Guarantee repairs – transfer to short-term	12,444,074.23	6,474,174.63
Guarantee repairs	3,008,992.75	32,500.00
CLOSING BALANCE OF OTHER LONG-TERM PROVISIONS	61,800,211.47	55,235,328.75
Guarantee repairs	51,568,748.48	45,003,865.76
Companies measured using the equity method	10,231,462.99	10,231,462.99
	01.01-31.12.2022	01.01-31.12.2021 restated
OPENING BALANCE OF OTHER SHORT-TERM PROVISIONS	176,309,059.08	149,170,777.83
Employee benefits	29,645,400.86	25,879,909.70
Guarantee repairs	4,827,262.18	6,267,781.07
Planned losses in long-term contracts	2,325,125.31	925,628.02
Costs of subcontractors	135,130,923.83	113,101,018.63
Disputes	2,782,532.00	918,042.00
Other costs	1,597,814.90	2,078,398.41
Increases	1,446,121,132.75	1,016,414,051.17
Employee benefits	37,676,353.60	35,007,052.50
Guarantee repairs	15,002,666.98	6,558,434.63
Planned losses in long-term contracts	8,807,180.76	1,631,041.65
Costs of subcontractors	1,351,373,539.55	965,950,404.09
Disputes	2,672,856.92	1,949,622.00
Other costs	28,406,545.16	5,225,376.30
Guarantee repairs – change in presentation	1,505,000.00	92,120.00
Companies measured using the equity method	676,989.78	-
Use	1,377,791,885.88	989,224,666.41
Employee benefits	33,487,529.54	31,241,561.34
Guarantee repairs	11,679,558.93	8,091,073.52
Planned losses in long-term contracts	7,010,517.19	231,544.36
Costs of subcontractors	1,298,888,693.78	943,920,498.89
Disputes	612,731.00	72,132.00
Other costs	26,112,855.44	5,667,856.30
Other decreases	491,078.56	51,103.51
Employee benefits	469,352.63	-
Guarantee repairs – presentation in the long-term	4,000.00	-
Disputes	-	13,000.00
Other costs	17,725.93	38,103.51
CLOSING BALANCE OF OTHER SHORT-TERM PROVISIONS	244,147,227.39	176,309,059.08
Companies measured using the equity method	1,676,989.78	-
Employee benefits	33,364,872.29	29,645,400.86
Guarantee repairs	9,651,370.23	4,827,262.18
Planned losses in long-term contracts	4,121,788.88	2,325,125.31
Costs of subcontractors	187,615,769.60	135,130,923.83
Disputes	4,842,657.92	2,782,532.00
Other costs	2,873,778.69	1,597,814.90

As at the date of taking control of Ursa Park Smart City Sp. z o.o. Sp.k. ("Ursa Park") and Ursa Sky Smart City Sp. z o.o. Sp.k. ("Ursa Sky"), these companies reported the following provisions for a total of PLN 6,417,701.08:

- guarantee repairs	60,500.00
- costs of subcontractors	5,100,035.36
- disputes	536,118.00
- other costs	721,047.72

6.15. Trade and other liabilities

Long-term trade and other liabilities:

	as of 31.12.2022	as of 31.12.2021
Trade liabilities	9,790,000.00	-
Other liabilities	414,633.37	-
Deferred revenue – long-term	1,974,463.58	2,009,299.80
Received subsidies	1,961,755.16	1,974,805.38
Other	12,708.42	34,494.42
Trade and other long-term liabilities	12,179,096.95	2,009,299.80

Short-term trade and other liabilities:

	as of 31.12.2022	as of 31.12.2021
Trade liabilities	334,689,874.76	237,691,553.51
Tax, customs, insurance liabilities	20,848,625.19	17,682,094.57
Payroll liabilities	2,558,685.39	2,972,385.02
Advances received for deliveries	402,000.00	-
Accruals	54,988,717.95	9,646,203.59
Special funds	16,852.66	15,450.16
Other liabilities	1,666,473.46	1,364,715.60
Trade and other liabilities	415,171,229.41	269,372,402.45
Deferred income – short-term	139,338.80	133,838.64
Other	21,786.00	21,786.00
Received subsidies	117,552.80	112,052.64
Trade and other short-term liabilities	415,310,568.21	269,506,241.09

Trade liabilities – maturing from the balance sheet date:

	as of 31.12.2022	as of 31.12.2021
up to 1 month	178,413,893.80	143,162,890.52
over 1 month up to 3 months	66,368,204.77	43,029,159.80
over 3 months up to 6 months	861,579.76	1,057,465.24
over 6 months up to 1 year	98,836.65	216,029.03
over 1 year	33,716.85	252,444.90
overdue liabilities	88,913,642.93	49,973,564.02
TRADE LIABILITIES	334,689,874.76	237,691,553.51

Overdue trade liabilities:

	as of 31.12.2022	as of 31.12.2021
up to 1 month	78,910,848.59	44,376,400.79
over 1 month up to 3 months	8,500,861.92	3,868,720.00
over 3 months up to 6 months	261,085.00	541,144.38
over 6 months up to 1 year	267,362.28	301,317.31
over 1 year	973,485.14	885,981.54
OVERDUE TRADE LIABILITIES	88,913,642.93	49,973,564.02

Short-term liabilities – by currency:

	as of 31.12.2022	as of 31.12.2021
Liabilities in PLN	404,471,312.53	249,506,814.19
Liabilities in RUB	-	307.60
Liabilities in RUB after conversion into PLN	-	16.67
Liabilities in EUR	509,296.24	1,088,112.12
Liabilities in EUR after conversion into PLN	2,388,548.45	5,004,662.88
Liabilities in UAH	189,171.51	996.66
Liabilities in UAH after conversion into PLN	23,797.77	148.20
Liabilities in NOK	11,182,828.61	31,079,878.67
Liabilities in NOK after conversion into PLN	4,988,659.84	14,321,608.10
Liabilities in SEK	8,155,436.16	1,348,249.88
Liabilities in SEK after conversion into PLN	3,435,885.26	604,824.89
Liabilities in BYN	1,825.06	42,242.12
Liabilities in BYN after conversion into PLN	2,364.36	68,166.16
Total	415,310,568.21	269,506,241.09

Advances are presented according to the historical rate.

6.16. Current and deferred tax

Deferred income tax assets and provisions are created based on the rate of 19% due to the assumed possibility of settling a significant part of assets and provisions in the Polish CIT, also with respect to foreign markets for taxable and deductible temporary differences concerning assets and liabilities.

Changes in deferred income tax assets and liabilities by title are as follows:

For the period from 01.01.2022 to 31.12.2022

	Opening balance of assets	Creation / (use) of an asset through the profit and loss account	Creation / (use) of an asset through other comprehensive income	Closing balance of assets
Provision for guarantee repairs	9,375,418.00	2,245,302.00	0.00	11,620,720.00
Provision for employee benefits	6,571,305.00	1,153,023.00	0.00	7,724,328.00
Provision for costs of subcontractors	23,681,329.00	16,390,447.00	0.00	40,071,776.00
Provision for liabilities	408,113.00	4,805.00	0.00	412,918.00
Contracts (decrease in revenue "-")	2,166,662.00	8,293,998.00	0.00	10,460,660.00
Contracts – provision for losses	441,774.00	-292,059.00	0.00	149,715.00
Production not completed for tax purposes	29,022,621.00	-1,748,493.00	0.00	27,274,128.00
Unrealised foreign exchange rate losses	671,234.00	305,178.00	0.00	976,412.00
Unpaid interest	11,540.00	-954.00	0.00	10,586.00
Receivables discounting	196,226.00	333,664.00	0.00	529,890.00
Difference between tax base and carrying amount of inventory	7,879,944.00	13,384,450.00	0.00	21,264,394.00
Write-off of other assets	9,003,998.00	2,933,921.00	0.00	11,937,919.00
Valuation of derivative instruments	1,412,005.00	-583,950.00	0.00	828,055.00
Costs of acquisition of shares	188,844.00	0.00	0.00	188,844.00
Valuation of credits, loans, bonds, bills of exchange	72,023.00	-56,563.00	0.00	15,460.00
Other titles	536,116.00	250,929.00	0.00	787,045.00
Tax loss	10,511,199.00	-4,371,898.00	0.00	6,139,301.00
Actuarial gains and losses accounted for in the revaluation reserve	136,242.00	0.00	-106,416.00	29,826.00
Revaluation reserve – valuation of derivative instruments	1,324,493.00	0.00	-871,077.00	453,416.00
Total	103,611,086.00	38,241,800.00	-977,493.00	140,875,393.00

As at the date of taking control of Ursa Park Smart City Sp. z o.o. Sp. k. ("Ursa Park") and Ursa Sky Smart City Sp. z o.o. Sp. k. ("Ursa Sky"), these companies reported deferred tax assets of PLN 658,775.00.

For the period from 01.01.2021 to 31.12.2021 restated

	Opening balance of assets	Creation / (use) of an asset through the profit and loss account	Creation / (use) of an asset through other comprehensive income	Closing balance of assets
Provision for guarantee repairs	8,072,202.00	1,303,216.00	-	9,375,418.00
Provision for employee benefits	5,530,128.00	1,041,177.00	-	6,571,305.00
Provision for costs of subcontractors	21,985,103.00	1,696,226.00	-	23,681,329.00
Provision for liabilities	42,155.00	365,958.00	-	408,113.00
Contracts (decrease in revenue "-")	3,712,029.00	-1,545,367.00	-	2,166,662.00
Contracts – provision for losses	175,870.00	265,904.00	-	441,774.00
Production not completed for tax purposes	9,242,267.00	19,780,354.00	-	29,022,621.00
Unrealised foreign exchange rate losses	727,973.00	-56,739.00	-	671,234.00
Unpaid interest	12,742.00	-1,202.00	-	11,540.00
Receivables discounting	6,710.00	189,516.00	-	196,226.00
Difference between tax base and carrying amount of inventory	4,361,361.00	3,518,583.00	-	7,879,944.00
Write-off of other assets	8,625,780.00	378,218.00	-	9,003,998.00
Valuation of derivative instruments	337,498.00	1,074,507.00	-	1,412,005.00
Costs of acquisition of shares	188,844.00	0.00	-	188,844.00
Valuation of credits, loans, bonds, bills of exchange	29,111.00	42,912.00	-	72,023.00
Other titles	556,353.00	-20,237.00	-	536,116.00
Tax loss	2,989,742.00	7,521,457.00	-	10,511,199.00
Actuarial gains and losses accounted for in the revaluation reserve	278,826.00	-	-142,584.00	136,242.00
Revaluation reserve – valuation of derivative instruments	2,349,917.00	-	-1,025,424.00	1,324,493.00
Total	69,224,611.00	35,554,483.00	-1,168,008.00	103,611,086.00

For the period from 01.01.2022 to 31.12.2022

	Opening balance of provisions	Creation / (use) of a provision through the profit and loss account	Creation / (use) of a provision through other comprehensive income	Closing balance of provisions
Contracts (increase in revenue "+")	44,735,773.00	12,326,481.00	-	57,062,254.00
Lease (net value of tangible fixed assets – lease liability)	111,299.00	-265,459.00	-	-154,160.00
Liabilities discounting	2,844,421.00	1,860,673.00	-	4,705,094.00
Penalties accrued, but not received	2,492,346.00	171,124.00	-	2,663,470.00
Interest not received	693,982.00	-415,337.00	-	278,645.00
Unrealised foreign exchange gains	398,420.00	16,081.00	-	414,501.00
Difference between tax base and carrying amount of inventory	12,364,663.00	2,256,276.00	-	14,620,939.00
Valuation of bonds, credits, loans, bills of exchange	35,956.00	173,798.00	-	209,754.00
Valuation of derivative instruments	494,203.00	629,495.00	-	1,123,698.00
Difference between tax and carrying value of tangible fixed assets, investment properties	5,994,579.00	-680,124.00	-	5,314,455.00
Revaluation reserve – valuation of investment property at the time of reclassification	-	-	246,722.00	246,722.00
Actuarial gains and losses accounted for in the revaluation reserve	135,520	-	106,814.00	242,334.00
Total	70,301,162.00	16,073,008.00	353,536.00	86,727,706.00

For the period from 01.01.2021 to 31.12.2021 restated

	Opening balance of provisions	Creation / (use) of a provision through the profit and loss account	Creation / (use) of a provision through other comprehensive income	Closing balance of provisions
Contracts (increase in revenue "+")	17,286,383.00	27,449,390.00	-	44,735,773.00
Lease (net value of tangible fixed assets – lease liability)	51,419.00	59,880.00	-	111,299.00
Liabilities discounting	1,740,719.00	1,103,702.00	-	2,844,421.00
Penalties accrued, but not received	2,452,746.00	39,600.00	-	2,492,346.00
Interest not received	172,939.00	521,043.00	-	693,982.00
Unrealised foreign exchange gains	673,242.00	-274,822.00	-	398,420.00
Difference between tax base and carrying amount of inventory	10,197,508.00	2,167,155.00	-	12,364,663.00
Valuation of bonds, credits, loans, bills of exchange	60,143.00	-24,187.00	-	35,956.00
Valuation of derivative instruments	215,020.00	279,183.00	-	494,203.00
Difference between tax value and balance sheet value of tangible fixed assets	3,196,584.00	2,797,995.00	-	5,994,579.00
Actuarial gains and losses accounted for in the revaluation reserve	2,438.00	-	133,082.00	135,520.00
Total	36,049,141.00	34,118,939.00	133,082.00	70,301,162.00

As at the date of taking control of "Ursa Park" and "Ursa Sky", these companies reported a deferred tax liability of PLN 3,059,129.00.

RECONCILIATION

	01.01-31.12.2022	01.01-31.12.2021 restated
Gross profit before tax	41,901,461.77	52,746,911.96
At a tax rate of 19%	7,961,277.74	10,021,913.27
Difference in burden for foreign operations	467,201.64	531,869.01
Permanent differences not covered by current and deferred tax	-100,207.62	-438,094.47
Other	1,711,883.26	518,293.06
Actual income tax expense	10,040,155.02	10,633,980.87
Effective tax rate	23.96%	20.16%

INCOME TAX RECOGNISED IN EQUITY

	01.01-31.12.2022	01.01-31.12.2021
Current income tax	-	-
Deferred income tax	1,331,029.00	1,301,090.00
Net profit/loss tax on revaluation of cash flow hedges	871,077.00	1,025,424.00
Income tax on valuation of investment property at the time of reclassification	246,722.00	-
Tax on actuarial gains and losses under the defined benefit plan recognised in accordance with paragraph 128 of IAS 19	213,230.00	275,666.00
Employee Benefits		
(Tax advantage)/tax burden recognised in other comprehensive income	1,331,029.00	1,301,090.00

Tax rates on the markets where the Group operates are as follows:

Republic of Belarus – 18%

Ukraine – 18%

Kingdom of Norway – 22%

Kingdom of Sweden – 20.6%

As of 31.12.2022, the Group companies recognise tax loss assets of PLN 6,139.3 thousand. All tax losses that can be accounted for have been deferred.

When creating the deferred tax asset related to tax losses in the above amount, the Group estimated the probability of generating such tax income within the next 5 years, which would allow for the settlement of tax losses. The estimation was made on the basis of financial plans and historical values within the scope of activity taxation.

Since 1 April 2019, the Parent Company has been in the process of tax inspection in Germany for the years 2014-2016 in the area of corporate tax, tax on goods and services and tax on industrial and commercial activities. As previously reported, on 30.09.2020, the Company was provided with a decision determining the amount of the tax liability based on the application of the cost method for tax settlements and the rejection of the method used by the Company. In principle, the decision did not provide a justification for the application of the cost method. The Parent Company appealed the decision, as its position, supported by the opinion of German advisors, had not changed. On 19.01.2021, the Company was informed that the documentation submitted for the appeal would be reviewed. As of the date of publication of these financial statements, the Parent Company has not received any information as to the standpoint of the appeal authority.

On 20.05.2022, a cassation hearing was held before the Supreme Administrative Court in the case of UNIBEP SA's complaint against the tax interpretation concerning the detailed rules for determining the amount of loss incurred on the German market for individual years to be deducted in CIT. The Supreme Administrative Court rejected the Company's complaint. The judgement has no material impact on the Group's report.

A tax audit is being carried out at the subsidiary Monday Development Sp. z o.o. on the basis of the authorisation of the Head of the Wielkopolski Customs and Fiscal Office in Poznań with regard to CIT for the year 2019. The scheduled date for completion of the audit under the order is 20.06.2023.

Generally, the Group recognises that tax settlements and other settlements (i.a. under employment, customs, transactions with foreign entities) are and may in the future be subject to inspection by Polish and foreign tax authorities as well as other central and local offices and institutions, which are entitled to impose significant penalties. The arrears revealed as a result of the inspection are encumbered with interest. Tax and other settlements mentioned above may be subject to inspection at any time within 5 years from the end of the financial year to which they relate, and on foreign markets – up to 10 years.

Tax risk, both in Poland and on foreign markets, occurs and we treat it as typical in our business activity. The Group reduces the tax risk abroad by using services of specialised tax and accounting offices accredited in the given country as well as audit firms and law firms.

6.17. Contractual assets and liabilities

For the period from 01.01.2022 to 31.12.2022

	Opening balance	Change in the valuation of long-term contracts	Revenue recognised in the current period included in the liabilities for the previous year	Reduction as a result of acquiring an unconditional right to payment	Advances received for executed contracts	Closing balance
Valuation of long-term contracts	235,451,409.21	301,259,451.67	-	-235,451,409.21	-	301,259,451.67
Contractual assets	235,451,409.21	301,259,451.67	-	-235,451,409.21	-	301,259,451.67
Advances received from contracts with clients	284,013,795.57	-	-131,077,761.92	-	114,993,108.07	267,929,141.72
Valuation of long-term contracts	11,403,482.26	55,056,101.79	-11,403,482.26	-	-	55,056,101.79
Contractual liabilities	295,417,277.83	55,056,101.79	-142,481,244.18	-	114,993,108.07	322,985,243.51

As at the date of taking control of Ursa Park Smart City Sp. z o.o. Sp.k. ("Ursa Park") and Ursa Sky Smart City Sp. z o.o. Sp.k. ("Ursa Sky"), these companies reported contractual liabilities in the form of advances received from clients amounting to PLN 57,946,716.32.

For the period from 01.01.2021 to 31.12.2021 restated

	Opening balance	Change in the valuation of long-term contracts	Revenue recognised in the current period included in the liabilities for the previous year	Reduction as a result of acquiring an unconditional right to payment	Advances received for executed contracts	Closing balance
Valuation of long-term contracts	90,947,732.76	230,575,835.48	-	-86,072,159.03	-	235,451,409.21
Contractual assets	90,947,732.76	230,575,835.48	-	-86,072,159.03	-	235,451,409.21
Advances received from contracts with clients	132,514,396.39	-	-55,303,981.52	-	206,803,380.70	284,013,795.57
Valuation of long-term contracts	19,976,197.34	11,316,961.78	-19,889,676.86	-	-	11,403,482.26
Contractual liabilities	152,490,593.73	11,316,961.78	-75,193,658.38	-	206,803,380.70	295,417,277.83

The Group recognises revenue from construction contracts in accordance with the percentage of completion method, measured by the share of costs incurred from the date of contract conclusion to the date of revenue determination

in the total costs of service provision. If it is probable that the total contract costs will exceed the total revenue, the expected loss is charged to operating expenses.

	as of 31.12.2022	as of 31.12.2021
The total amount of the transaction price attributed to the provision of service which remained unfulfilled at the end of the reporting period, to be provided during the period:		
up to 1 year	2,068,607,660.44	1,336,263,376.63
over 1 year	1,351,139,286.64	884,497,933.88

6.18. Deposits on contracts with clients

	as of 31.12.2022	as of 31.12.2021
Retained by recipients – to be returned after 12 months	14,837,228.65	21,125,899.35
Retained by recipients – to be returned within 12 months	22,299,993.58	19,327,127.73
Total net deposits on contracts with clients retained by recipients	37,137,222.23	40,453,027.08
Revaluation write-off on receivables from deposits	3,149,110.79	1,379,610.65
Total deposits under construction contracts retained by recipients after gross revaluation write-off	40,286,333.02	41,832,637.73
Retained from suppliers – to be returned after 12 months	46,714,420.39	51,622,922.04
Retained from suppliers – to be returned within 12 months	66,018,434.08	47,560,900.09
Total deposits retained from suppliers	112,732,854.47	99,183,822.13

DISCOUNT

	as of 31.12.2022	as of 31.12.2021
Discount of deposits on contracts with clients retained by recipients	2,788,262.14	1,032,464.74
Discount of deposits retained from suppliers	24,810,332.16	15,200,820.54

Information on expected credit losses on the deposit is presented in Note 6.6.

As of 31 December 2022, the largest deposits retained by one recipient amounted to 37.33% (9.56% for one project) of all the receivables from deposits. As of 31 December 2021, the largest deposits retained by one recipient amounted to 49.37% (8.34% for one project) of all the receivables from deposits. The table below presents the age analysis of deposits on construction contracts at nominal value after discount which are overdue as of the reporting date but for which no impairment losses have been incurred:

Deposits due on construction contracts, overdue, unpaid in the period:

	as of 31.12.2022	as of 31.12.2021
up to 1 month	5,663,963.90	4,265,308.10
over 1 month up to 3 months	760,324.30	1,627,484.60
over 3 months up to 6 months	2,642,843.27	1,659,220.66
over 6 months up to 1 year	2,046,364.98	825,731.27
over 1 year	3,882,840.91	2,176,395.00
Total overdue deposits on contracts with clients	14,996,337.36	10,554,139.63

6.19. Information on operating segments

SEGMENT REPORTING AS OF 31.12.2022

	Residential and commercial construction	Infrastructure	Property development activities	Modular construction	Energy and industrial construction	Sales adjustments for other segments	Total amount regarding the entire Group
Revenue from contracts with clients	1,053,610,190.20	492,964,844.64	333,062,152.09	213,500,389.51	312,192,050.72	-147,017,556.83	2,258,312,070.33
<i>external sales</i>	915,961,091.50	492,453,070.25	331,997,987.99	205,157,223.50	312,192,050.72	-	2,257,761,423.96
<i>sales to other segments</i>	137,649,098.70	511,774.39	1,064,164.10	8,343,166.01	-	-147,017,556.83	550,646.37
Costs of products, goods and materials sold	1,032,922,657.71	459,952,089.28	233,145,518.86	245,835,570.50	284,023,434.89	-145,822,225.37	2,110,057,045.87
Gross profit on sales	20,687,532.49	33,012,755.36	99,916,633.23	-32,335,180.99	28,168,615.83	-1,195,331.46	148,255,024.46
% gross profit on sales	1.96%	6.70%	30.00%	-15.15%	9.02%	0.81%	6.56%
Sales costs			X				20,609,310.22
General and administrative costs			X				58,287,546.99
Results on other operating activities			X				-5,607,168.14
Operating activities profit			X				63,750,999.11
Financial revenue							12,222,011.95
including: interest revenue	46,119.86	-1,902,213.93	7,158,813.30	-80,881.07	-	-	5,221,838.16
derivative instruments	144,881.42	-	-	4,645,643.70	-548,310.53	-	4,242,214.59
Financial expenses			X				23,323,594.66
including: interest expenses	12,297,195.39	2,783,664.01	2,776,508.24	2,030,812.89	63,481.12	-	19,951,661.65
derivative instruments	-1,458,142.61	-	-	-137,885.45	-548,310.53	-	-2,144,338.59
Expected credit losses			X				11,248,512.25
Share in net profits (losses) of subsidiaries measured using the equity method			X				500,557.62
Pre-tax profit			X				41,901,461.77
Income tax			X				10,040,155.02
Net profit			X				31,861,306.75

SEGMENT REPORTING AS OF 31.12.2021 restated

	Residential and commercial construction	Infrastructure	Property development activities	Modular construction	Sales adjustments for other segments	Total amount regarding the entire Group
Revenue from contracts with clients	941,795,425.25	381,879,954.83	285,890,494.80	261,799,570.41	-157,347,667.49	1,714,017,777.80
<i>external sales</i>	785,634,093.13	381,674,842.67	284,909,271.59	261,799,570.41	-	1,714,017,777.80
<i>sales to other segments</i>	156,161,332.12	205,112.16	981,223.21	-	-157,347,667.49	-
Costs of products, goods and materials sold	884,695,666.23	374,016,380.00	220,630,636.20	254,609,531.31	-147,230,847.84	1,586,721,365.90
Gross profit on sales	57,099,759.02	7,863,574.83	65,259,858.60	7,190,039.10	-10,116,819.65	127,296,411.90
% gross profit on sales	6.06%	2.06%	22.83%	2.75%	6.43%	7.43%
Sales costs			X			14,240,804.86
General and administrative costs			X			61,143,299.40
Results on other operating activities			X			3,198,926.67
Operating activities profit			X			55,111,234.31
Financial revenue						7,164,665.40
including: interest revenue	6,804.68	2,754,187.35	2,334,304.76	205,712.09	-	5,301,008.88
derivative instruments	1,420,903.53	-	-	80,156.39	-	1,501,059.92
Financial expenses			X			12,771,748.87
including: interest expenses	3,658,449.73	758,324.19	1,470,972.42	715,064.35	-	6,602,810.69
derivative instruments	2,199,599.49	-	-	4,392,896.95	-	6,592,496.44
Expected credit losses			X			2,582,327.18
Share in net profits (losses) of subsidiaries measured using the equity method			X			5,825,088.30
Pre-tax profit			X			52,746,911.96
Income tax			X			10,633,980.87
Net profit			X			42,112,931.09

As of 31.12.2022

	Residential and commercial construction	Infrastructure	Energy and industrial construction	Property development activities	Modular construction	Amounts not allocated to segments	Total
Assets	324,566,663.90	192,773,150.25	678,079,845.26	190,931,040.51	210,884,172.98	215,967,833.41	1,813,202,706.31
Total assets	324,566,663.90	192,773,150.25	678,079,845.26	190,931,040.51	210,884,172.98	215,967,833.41	1,813,202,706.31
Equity	-	-	-	-	-	383,954,233.68	383,954,233.68
Liabilities	460,750,039.26	182,711,555.79	324,901,247.54	175,666,485.26	152,062,979.18	133,156,165.60	1,429,248,472.63
Total liabilities	460,750,039.26	182,711,555.79	324,901,247.54	175,666,485.26	152,062,979.18	517,110,399.28	1,813,202,706.31
Amortisation	5,272,589.02	11,687,071.66	3,077,769.56	398,924.14	5,145,861.31	-	25,582,215.69

As of 31.12.2021 restated

	Residential and commercial construction	Infrastructure	Property development activities	Modular construction	Amounts not allocated to segments	Total
Assets	232,709,836.63	161,210,391.97	538,292,899.69	267,769,586.43	335,500,946.38	1,535,483,661.10
Total assets	232,709,836.63	161,210,391.97	538,292,899.69	267,769,586.43	335,500,946.38	1,535,483,661.10
Equity	-	-	-	-	371,993,340.25	371,993,340.25
Liabilities	328,463,589.56	148,487,355.47	319,927,624.00	218,941,068.86	147,670,682.96	1,163,490,320.85
Total liabilities	328,463,589.56	148,487,355.47	319,927,624.00	218,941,068.86	519,664,023.21	1,535,483,661.10
Amortisation	4,220,764.81	10,297,022.55	2,374,619.62	5,065,437.66	-	21,957,844.64

The cost of obtaining information on revenue from external clients for particular products and services included in the segments is associated with excessive cost of obtaining such revenue.

INFORMATION ON GEOGRAPHICAL AREAS

	Revenue from external clients		Fixed assets *	
	01.01-31.12.2022	01.01-31.12.2021 restated	as of 31.12.2022	as of 31.12.2021
DOMESTIC	2,058,936,931.59	1,381,275,774.71	113,506,695.02	102,656,196.63
EXPORT, including:	199,375,138.74	332,742,003.09	62,701,178.09	62,967,120.01
Scandinavia, including:	123,272,809.90	202,710,716.46	39,689,362.17	51,694,305.25
- Norway	66,953,908.22	186,168,041.39	22,997,050.16	47,399,542.29
- Sweden	18,587,425.40	16,542,675.07	5,748,988.75	4,294,762.96
- Other	37,731,476.28	-	10,943,323.26	-
Eastern market, including:	412,020.88	83,786,722.41	253,323.35	233,894.79
- Belarus	89,009.52	3,569,481.11	98,418.46	152,677.68
- Ukraine	323,011.36	80,217,241.30	154,904.89	81,217.11
Germany	75,414,307.96	46,244,564.22	22,678,451.22	11,038,919.97
Total	2,258,312,070.33	1,714,017,777.80	176,207,873.11	165,623,316.64

* fixed assets, i.e. tangible fixed assets and intangible assets

The geographical distribution of revenue from sales corresponds to the location of clients and is consistent with the internal organisational structure of the Group.

The distribution of the total amount of fixed assets and investment expenditures corresponds to their use in the activities of each of the territorial segments.

In 2022 and 2021, the Group did not obtain revenue from individual external clients exceeding 10% of total revenue.

6.20. Revenue from contracts with clients

NET REVENUE FROM SALES OF PRODUCTS AND SERVICES (MATERIAL STRUCTURE – TYPES OF ACTIVITIES)

	01.01-31.12.2022	01.01-31.12.2021 restated
Total revenue from sales of products – domestic	2,034,485,766.77	1,368,442,211.02
Sales of construction services	1,702,623,031.97	1,082,858,058.30
Sales of development property	327,347,021.86	282,094,422.84
Sales of other services	4,515,712.94	3,489,729.88
Total revenue from sales of products – export	199,375,138.74	332,694,768.61
Sales of construction services	199,201,493.74	332,694,688.49
Sales of other services	173,645.00	80.12
Net revenue from sales of products and services	2,233,860,905.51	1,701,136,979.63

NET REVENUE FROM SALES OF PRODUCTS AND MATERIALS (MATERIAL STRUCTURE – TYPES OF ACTIVITIES)

	01.01-31.12.2022	01.01-31.12.2021
Sales of goods – domestic	1,018,000.00	191,759.02
Property development activities	1,018,000.00	191,759.02
Sales of materials – domestic	23,433,164.82	12,641,804.67
Construction activities	23,433,164.82	12,641,804.67
Sales of materials – export	-	47,234.48
Construction activities	-	47,234.48
Net revenue from sales of goods and materials	24,451,164.82	12,880,798.17

Breakdown of revenue by client category

	01.01-31.12.2022	01.01-31.12.2021 restated
Public client	638,436,609.81	436,865,829.06
Private client	1,619,875,460.52	1,277,151,948.74
Revenue from contracts with clients	2,258,312,070.33	1,714,017,777.80

Breakdown of revenue by price category

	01.01-31.12.2022	01.01-31.12.2021 restated
Flat rate	2,091,404,342.92	1,518,220,742.13
Cost estimation	166,907,727.41	195,797,035.67
Revenue from contracts with clients	2,258,312,070.33	1,714,017,777.80

6.21. Costs by type

	01.01-31.12.2022	01.01-31.12.2021
Amortisation	25,582,215.69	21,957,844.64
Consumption of materials and energy	630,466,339.63	556,726,889.18
External services	1,241,948,713.13	969,716,443.24
Taxes and charges	7,033,821.76	7,356,065.22
Payroll	192,493,407.52	171,368,623.31
Social insurance and other benefits	42,138,283.75	36,608,399.19
Other costs by type	44,339,940.36	26,093,540.56
Total costs by type	2,184,002,721.84	1,789,827,805.34
Change in inventory, products and accruals	71,187,306.05	-70,740,925.70
Manufacturing cost of products for internal purposes	-112,549,585.20	79,757,071.16
General and administrative costs	-58,287,546.99	-61,143,299.40
Selling costs	-20,609,310.22	-14,240,804.86
Manufacturing costs of products and services sold	2,063,743,585.48	1,563,945,704.22

6.22. Other revenue and operating expenses

OTHER OPERATING REVENUE

	01.01-31.12.2022	01.01-31.12.2021
Profit on disposal of non-financial fixed assets	1,958,914.45	928,299.00
Release of provisions and revaluation of non-financial assets	1,257,307.49	14,392,076.14
Settlement of obtaining control	1,078,971.68	-
Written-off liabilities	189,460.50	810,493.62
Penalties and compensation	1,501,581.43	1,288,951.44
Other	2,491,794.19	2,124,401.60
Other operating revenue	8,478,029.74	19,544,221.80

OTHER OPERATING EXPENSES

	01.01-31.12.2022	01.01-31.12.2021
Provision for liabilities	2,136,738.92	1,200,000.00
Creation of provisions and revaluation of non-financial assets	1,996,168.12	6,847,963.64
Costs of disputable issues	3,304,611.16	1,104,066.68
Damage to property and compensations	2,559,612.80	2,375,274.73
Other	4,088,066.88	4,817,990.08
Other operating expenses	14,085,197.88	16,345,295.13

6.23. Financial revenue and expenses, expected credit losses

FINANCIAL REVENUE

	01.01-31.12.2022	01.01-31.12.2021
Interest:	7,900,839.70	5,127,331.59
including interest calculated using the effective interest rate	7,872,202.12	5,073,355.81
interest on loans granted	7,056,064.58	2,326,085.51
interest on receivables	-1,985,944.86	2,908,669.23
valuation of credits, loans and bonds	1,076,620.99	752,044.49
interest revenue from deposits	1,602,380.55	-925,721.78
bank interest	123,080.86	12,278.36
other interest	28,637.58	53,975.78
Total other financial revenue	4,321,172.25	2,037,333.81
Financial revenue	12,222,011.95	7,164,665.40

Other financial revenue

	01.01-31.12.2022	01.01-31.12.2021
Foreign exchange gains	-	123,197.11
Other, including:	4,321,172.25	1,914,136.70
valuation of derivative instruments	4,242,214.59	571,978.73
commissions on financial operations	78,957.66	409,821.23
Other	-	3,255.55
reversal of valuation of derivative instruments	-	929,081.19
Total other financial revenue	4,321,172.25	2,037,333.81

FINANCIAL EXPENSES

	01.01-31.12.2022	01.01-31.12.2021
Interest, including:	20,034,038.82	4,637,790.35
interest on credits, loans and bonds	16,017,440.03	3,835,627.86
interest on lease	2,826,319.92	1,961,905.82
Other	798,642.99	647,520.88
valuation of credits, loans and bonds	-475,420.89	593,486.65
interest on liabilities	309,258.71	157,756.13
interest expenses on deposits	557,798.06	-2,558,506.99
Total other financial expenses	3,289,555.84	8,133,958.52
Financial expenses	23,323,594.66	12,771,748.87

Other financial expenses

	01.01-31.12.2022	01.01-31.12.2021
Foreign exchange losses	3,672,375.09	-
Other, including:	-382,819.25	8,133,958.52
commissions	1,508,143.21	1,264,439.51
bank guarantees	29,370.00	15,335.00
execution of derivative instruments	-	905,523.82
valuation of derivative instruments	-2,144,338.59	5,686,972.62
Other	224,006.13	261,687.57
Total other financial expenses	3,289,555.84	8,133,958.52

EXPECTED CREDIT LOSSES

	as of 31.12.2022	as of 31.12.2021
Trade receivables	9,301,261.59	744,804.66
Deposits on contracts with clients	1,769,500.14	91,390.34
Loans granted	49,090.52	65,700.18
Contractual assets	128,660.00	1,680,432.00
Expected credit losses	11,248,512.25	2,582,327.18

6.24. Profit (loss) per share

Calculation of the weighted average number of ordinary shares and the number of diluting shares

	01.01-31.12.2022	01.01-31.12.2021 restated
Number of ordinary shares	32,170,634.00	31,570,634.00
Weighted average number of ordinary shares in the period	31,874,743.59	31,570,634.00
Number of ordinary diluted shares	32,170,634.00	31,570,634.00
Net profit (loss)	31,861,306.75	42,112,931.09
of which attributable to:		
shareholders of the parent company	7,444,028.82	28,200,343.17
Profit (loss) per share	0.23	0.89

6.25. Discontinued activities

In 2022 and 2021, discontinued operations did not occur.

6.26. Notes to the cash flow statement

	01.01-31.12.2022	01.01-31.12.2021 restated
Amortisation:	25,582,215.69	21,957,844.64
amortisation of tangible fixed assets and intangible assets	25,582,215.69	21,957,844.64
Exchange rate profits (losses)	163,839.69	155,498.63
exchange rate differences on cash, credits, loans, leases, income tax	163,839.69	155,498.63
Interest and profit sharing (dividend)	5,470,062.51	2,591,986.77
interest received on bills of exchange, granted loans, bonds – total	-5,430,747.91	-2,326,085.51
interest paid on credits, loans, bonds and factoring – total	16,017,440.03	3,835,736.95
commissions on credits, bonds, guarantees, factoring – paid	1,446,771.51	1,217,812.67
commissions received	-78,957.66	-411,540.67
accrued commissions – costs of issue of bonds	266,585.80	297,603.04
total other interest received	-245,587.72	-129,242.02
other unreceived accrued interest	-475,420.89	-2,783,805.33
valuation of credits, bonds, loans received	-625,974.32	595,097.22
remaining interest to be paid	65,482.24	72,462.03
other interest paid – total	668,295.02	198,395.58
interest on lease	2,889,976.04	2,025,552.81
dividend received	-11,796,966.29	-
Profit (loss) on investment activities results from:	-1,714,611.06	-8,646,333.32
revenue from disposal of tangible fixed assets	-7,361,128.92	-3,974,284.46
net value of disposed-of tangible fixed assets	5,801,543.92	2,990,079.43
revaluation of fixed assets	-849,954.74	-
revenue from disposal of financial assets	-	-64,266.95
costs of disposal of financial assets	-	1,000.00
valuation of loans granted, bills of exchange, external bonds and investment certificates	-1,076,620.99	-753,655.06
Derivative instruments	-557,055.48	5,091,436.52
revaluation of financial assets and liabilities	1,907,019.21	-6,111,554.50
share in net profits/losses of subsidiaries measured using the equity method	1,500,557.62	-5,825,088.30
result on settlement of the merger	24,683.16	-
Other	-1,103,654.84	-
Change in provisions results from the following items:	66,857,185.95	36,544,176.78
balance sheet change in provisions for liabilities	73,684,489.03	45,324,764.77
value of provisions taken over as a result of obtaining control	-6,897,701.08	-
change in provisions not affecting the current profit or loss	1,070,398.00	-8,780,587.99
other adjustments	-1,000,000.00	-
Change in inventory results from the following items:	-56,323,359.54	-107,427,538.45
balance sheet change in inventory	-136,891,711.55	-107,427,538.45
interest capitalised in inventory	962,521.82	-
value of inventory taken over as a result of obtaining control	67,006,571.10	-
Other adjustments	12,599,259.09	-
Change in inventory results from the following items:	-200,049,274.78	-128,193,380.59
balance sheet change in short-term receivables	-214,774,387.67	-132,941,321.41
balance sheet change in long-term receivables	5,203,290.36	2,286,864.42
change in financial and investment receivables	7,892,147.82	2,103,505.87
change in prepayments and accruals of inter-periodic financial expenses	-218,091.71	357,570.53
receivables taken over as a result of taking control	1,847,766.42	-
Change in short-term liabilities, excluding financial liabilities, results from the following items:	137,254,570.59	156,423,996.38
balance sheet change in short-term liabilities	191,829,826.79	149,258,382.92
balance sheet change in long-term liabilities	5,261,295.50	-1,412,830.56
change in investment liabilities	-49,291.10	-62,049.65
Operating liabilities taken over as a result of taking control	-59,138,383.85	-
other adjustments	-648,876.75	8,640,493.67
The value of the item "Other adjustments" consists of:	-515,119.68	3,604,814.34
Other adjustments	-515,119.68	322,814.34
incentive scheme	-	3,282,000.00
Income tax paid/refunded	-22,851,246.03	-32,770,416.04

Change in financial liabilities

	01.01-31.12.2022	01.01-31.12.2021
Opening balance of credits, loans and other financial liabilities	159,114,737.72	106,082,231.28
Opening balance of lease liabilities	67,979,556.53	53,465,731.23
Opening balance	227,094,294.25	159,547,962.51
Capital flow (+)credits, loans and other financial liabilities	176,342,456.98	120,875,766.66
Capital flow (-)credits, loans and other financial liabilities	-168,987,719.09	-68,433,432.27
Increase in lease liabilities (+)	22,306,060.10	30,356,665.78
Capital flow(-) of lease liabilities	-15,827,037.52	-14,104,195.54
Accrued interest (+)	8,579,770.41	6,718,661.58
Interest paid (-)	-8,579,770.41	-6,718,661.58
Valuation (+/-) credits, loans and other financial liabilities	-475,420.89	595,097.22
Valuation (+/-) of lease liabilities	-76,784.31	-44,121.74
Other (-/+)credits, loans and other financial liabilities	205,469.61	-4,925.17
Other (-/+) lease liabilities	210,072.87	-1,694,523.20
Closing balance, including:	240,791,392.00	227,094,294.25
Credits, loans and other financial liabilities	166,199,524.33	159,114,737.72
Lease liabilities	74,591,867.67	67,979,556.53

The balance of cash and cash equivalents shown in the consolidated cash flow statement consists of the following items:

	as of 31.12.2022	as of 31.12.2021
Cash at bank and in hand	137,948,189.73	271,460,786.84
including:		
exchange rate differences on balance sheet valuation	-148,610.52	-114,517.62
TOTAL	137,799,579.21	271,346,269.22

The restricted cash flow statement shows that funds with limited disposability are related to the funds accumulated in trust accounts in development activities and in VAT accounts kept in connection with the split payment mechanism.

6.27. Mergers of business entities, loss of control

In connection with the amendment on 2 March 2022, by virtue of Annex 4, the investment agreement of 22 February 2017 (as amended) and the amendment of the execution agreements thereto, control was assumed by the subsidiary Unidevelopment SA over the 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").

The following activities were also carried out on that day:

- amendments to the Articles of Association of Ursa Park and Ursa Sky – concerning the exclusion of decisions regarding the adoption of budgets and schedules of material and financial projects from matters exceeding the ordinary management of the company, i.e. requiring the consent of the limited partners,
- amendment to the Articles of Association of Smart City sp. z o.o. with its registered office in Warsaw ("Smart City") – concerning, among others, the change in the principles of representation of Smart City and appointment of the management board, as well as the scope of the matters constituting the matters exceeding the ordinary management of the company and making the decisions on running the company's matters • dismissing Mrs Iwona Makarewicz from the Management Board of Smart City,
- dismissing Mrs Iwona Makarewicz from the Management Board of Smart City,
- appointing an independent proxy by Unidevelopment in Ursa Park and Ursa Sky.

The settlement of the merger was carried out as at 28.02.2022. The results of the preliminary settlement are presented in the following specifications.

1. URSA SKY SMART CITY SP. Z O.O. SP.K

Direct acquirer	Unidevelopment SA
Indirect acquirer	Unibep SA
Acquiree	Ursa Sky Smart City Sp. z o.o. Sp. k.
Date of takeover of control	02.03.2022.

In order to determine the method of merger settlement, the Group carried out two tests under IFRS 3:

- concentration test – i.e. whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets;
- the 'significant process' test – to assess whether the set of assets and activities acquired comprises a significant process and whether there are deliverables.

Below is the positive result of the concentration test carried out:

Identified assets acquired	Carrying amount at the date of takeover of control	Fair value at balance sheet date	Concentration test	% concentration
ASSETS				
Intangible assets	334,084.36	334,084.36	334,084.36	0%
Inventory	67,006,571.10	104,042,000.52	104,042,000.52	99%
Receivables	152,681.47	152,681.47	152,681.47	0%
Cash and cash equivalents	19,711,826.30	19,711,826.30	-	-
Short-term settlements	37,203.84	37,203.84	37,203.84	0%
TOTAL ASSETS	87,242,367.07	124,277,796.49	104,565,970.19	100%

Accordingly, management decided to treat the transaction under review as an asset acquisition and to account for it at acquisition cost. Attributing a net asset value of PLN 5,818,292.19 to the Unibep Group and PLN 16,501,972.52 to non-controlling capital. The above values were determined on the basis of contributions made to date and realised gains/losses up to the settlement of the merger.

2. URSA PARK SMART CITY SP. Z O.O. SP. K

Direct acquirer	Unidevelopment SA
Indirect acquirer	Unibep SA
Acquiree	Ursa Park Smart City Sp. z o.o. Sp.k.
Date of takeover of control	02.03.2022.

Identified assets acquired, liabilities and contingent liabilities	Carrying amount at the date of takeover of control	Fair value at balance sheet date	Difference
ASSETS			
Long-term assets	658,775.00	658,775.00	-
Receivables	1,702,789.11	1,702,789.11	-
Cash and cash equivalents	4,156,747.84	4,156,747.84	-
TOTAL ASSETS	6,518,311.95	6,518,311.95	-
LIABILITIES			
Liabilities, provisions and accruals	4,173,111.57	4,173,111.57	-
TOTAL LIABILITIES	4,173,111.57	4,173,111.57	-
NET ASSETS	2,345,200.38	2,345,200.38	-

Share in the profit of the Parent Company

Unibep SA 48.82%

Equity attributable to non-controlling interests 51.18%

Carrying amount of shares accounted for using the equity method	65,955.15
Difference between net asset value and carrying amount of shares valued using the equity method	1,078,971.68

6.28. Adjustment of an error

The Unibep SA Capital Group has re-verified the documentation and carried out a legal re-examination of the issuance of the debit note to the Consortium Member Trakcja SA. In the course of this analysis, it was considered that important elements – such as the debtor's asset and financial situation and the complicated legal situation regarding the dispute (including the division of the works between the consortium members and the amount of the costs performed within the scope of work of the consortium member, in connection with the execution of the majority of these works by another company of the Unibep Capital Group), which affected the recognition of this document as a receivable from the consortium member, had been omitted.

The conclusion of the actions carried out is an adjustment of the consolidated financial statements, mainly with regard to the receivable item of PLN 7,236 thousand and the retained earnings in the amount of PLN 5,034 thousand.

In addition, an error was corrected in the 2021 report regarding the timing of the recognition of tax revenue from the sale of premises and the corresponding tax cost of sales.

In the first year of the Group's tax operation, Unidevelopment (hereafter PGK DEV) and Monday Development (hereafter PGK MDV) recognised revenue from the development sale of flats and the directly related deductible costs, representing own costs of sales of finished goods, too early in their corporate income tax accounts.

The companies belonging to PGK DEV and to PGK MDV assumed that the moment of obtaining revenue from sales of premises in the constructed buildings, subject to CIT, was the date of the official handover of the premises to its purchaser, and not the moment of concluding the notarial deed transferring the ownership of the premises to the purchaser. The adjustment mainly affected income tax in the current portion of PLN 11,546,000 and deferred portion of PLN 11,407,000.

Below are tabular data showing the differences resulting from the aforementioned adjustments in the presentation of the 2021 financial statements compared to the Group's approved financial statements for the period.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	as of 31.12.2021 published	Adjustment of an error	as of 31.12.2021 restated
ASSETS			
LONG-TERM FIXED ASSETS			
Deferred income tax assets	44,689,361.00	1,210,012.00	45,899,373.00
Total (long-term) fixed assets	330,591,274.72	1,210,012.00	331,801,286.72
SHORT-TERM CURRENT ASSETS			
Trade and other short-term receivables	245,757,724.40	-7,235,836.04	238,521,888.36
Contractual assets	233,824,009.24	1,627,399.97	235,451,409.21
Current income tax receivables	14,410,262.28	11,545,805.00	25,956,067.28
Current assets other than those held for sale or distribution to owners	1,197,745,005.45	5,937,368.93	1,203,682,374.38
Total (short-term) current assets	1,197,745,005.45	5,937,368.93	1,203,682,374.38
TOTAL ASSETS	1,528,336,280.17	7,147,380.93	1,535,483,661.10

	as of 31.12.2021 published	Adjustment of an error	as of 31.12.2021 restated
LIABILITIES			
Retained profit (loss)	244,175,378.55	-5,023,027.19	239,152,351.36
Equity attributable to shareholders of the parent company	308,545,800.07	-5,023,027.19	303,522,772.88
Equity attributable to non-controlling interests	68,467,278.85	3,288.52	68,470,567.37
Total equity	377,013,078.92	-5,019,738.67	371,993,340.25
Long-term liabilities			
Deferred income tax liability	1,182,400.00	11,407,049.00	12,589,449.00
Total long-term liabilities	257,939,740.07	11,407,049.00	269,346,789.07
Short-term liabilities			
Short-term provisions	175,862,047.48	760,070.60	176,622,118.08
Short-term liabilities other than those related to assets held for sale	893,383,461.18	760,070.60	894,143,531.78
Total short-term liabilities	893,383,461.18	760,070.60	894,143,531.78
Total liabilities	1,151,323,201.25	12,167,119.60	1,163,490,320.85
TOTAL LIABILITIES	1,528,336,280.17	7,147,380.93	1,535,483,661.10

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	01.01.-31.12.2021 published	Adjustment of an error	01.01.-31.12.2021 restated
Revenue from contracts with clients	1,712,390,377.83	1,627,399.97	1,714,017,777.80
Costs of products, goods and materials sold	1,578,725,459.26	7,995,906.64	1,586,721,365.90
Gross profit (loss) on sales	133,664,918.57	-6,368,506.67	127,296,411.90
Profit (loss) on operating activities	61,479,740.98	-6,368,506.67	55,111,234.31
Pre-tax profit (loss)	59,115,418.63	-6,368,506.67	52,746,911.96
Income tax	11,982,748.87	-1,348,768.00	10,633,980.87
Net profit (loss) on continued operations	47,132,669.76	-5,019,738.67	42,112,931.09
Net profit (loss)	47,132,669.76	-5,019,738.67	42,112,931.09
of which attributable to:			
shareholders of the parent company	33,223,370.36	-5,023,027.19	28,200,343.17
Non-controlling interests	13,909,299.40	3,288.52	13,912,587.92

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	01.01.-31.12.2021 published	Adjustment of an error	01.01.-31.12.2021 restated
Net profit (loss)	47,132,669.76	-5,019,738.67	42,112,931.09
Total comprehensive income	52,679,420.96	-5,019,738.67	42,112,931.09
of which attributable to:			
shareholders of the parent company	38,770,121.56	-5,023,027.19	33,747,094.37
Non-controlling interests	13,909,299.40	3,288.52	13,912,587.92

PROFIT (LOSS) PER SHARE

	as of 31.12.2021 published	Adjustment of an error	as of 31.12.2021 restated
Net profit (loss)	47,132,669.76	-5,019,738.67	42,112,931.09
of which attributable to:			
shareholders of the parent company	38,770,121.56	-5,023,027.19	33,747,094.37
Non-controlling interests	13,909,299.40	3,288.52	13,912,587.92
Profit (loss) per share	1.05	-0.16	0.89

STATEMENT OF CHANGES IN EQUITY

	01.01.-31.12.2021 published	Adjustment of an error	01.01.-31.12.2021 restated
Retained profit (loss)	244,175,378.55	-5,023,027.19	239,152,351.36
Equity attributable to shareholders of the parent company	308,545,800.07	-5,023,027.19	303,522,772.88
Attributable to non-controlling shareholders	68,467,278.55	-3,288.82	68,470,567.37
Total equity	377,013,078.92	-5,019,738.67	371,993,340.25

CONSOLIDATED CASH FLOW STATEMENT

	01.01.-31.12.2021 published	Adjustment of an error	01.01.-31.12.2021 restated
Cash flows from operating activities			
I. Gross profit (loss)	59,115,418.63	-6,368,506.67	52,746,911.96
II. Total adjustments:	-29,357,441.49	6,368,506.67	-22,988,934.82
5. Change in provisions	35,784,106.18	760,070.60	36,544,176.78
7. Change in receivables	-133,801,816.66	5,608,436.07	-128,193,380.59
Cash from operating activities	29,757,977.14	-	29,757,977.14

6.29. Transactions with related parties

As of 31.12.2022

	Trade and other receivables	Trade and other liabilities
Jointly controlled, indirectly jointly controlled entities	273.89	32,032.92
Total transactions with related parties	273.89	32,032.92

As of 31.12.2021

	Trade and other receivables	Trade and other liabilities	Contractual assets
Jointly controlled, indirectly jointly controlled entities	1,525,467.68	33,088.47	-
Indirect affiliates	1,386,667.33	12,095.61	1,957,897.17
Total transactions with related parties	2,912,135.01	45,184.08	1,957,897.17

For the period from 01.01.2022 to 31.12.2022

	Other operating expenses
Jointly controlled, indirectly jointly controlled entities	1,459,584.86
Total transactions with related parties	1,459,584.86

For the period from 01.01.2021 to 31.12.2021

	Revenue from contracts with clients	Purchase of products, goods and materials	Financial revenue	Other operating expenses
Jointly controlled, indirectly jointly controlled entities	-	-	-1,610.57	1,279,044.00
Indirect affiliates	83,899,533.85	47,507.90	8,775,710.03	-
Total transactions with related parties	83,899,533.85	47,507.90	8,774,099.46	1,279,044.00

6.30. Members of the Management Board and Supervisory Board of the Parent Company

The Management Board and Supervisory Board of UNIBEP GROUP is represented by the Management Board and the Supervisory Board of the UNIBEP SA Parent Company.

MANAGEMENT BOARD

The Management Board of UNIBEP SA acts on the basis of the provisions of the Commercial Companies Code, the Articles of Association of the Company, and the By-Laws of the Management Board. 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 shall be determined by the Supervisory Board.

As of the balance sheet date of these financial statements, the Management Board of UNIBEP SA includes the following persons:

- Leszek Marek Gołbiewski – President of the Management Board
- Sławomir Kiszycki – Vice-President of the Management Board
- Krzysztof Mikołajczyk – Vice-President of the Management Board
- Adam Poliński – Member of the Management Board

On 15 December 2022, the Supervisory Board of Unibep SA adopted a resolution on appointing Mr Przemysław Janiszewski as a member of the Management Board of the Company effective from 1 January 2023.

As of the day of drawing up these financial statements, the Management Board of UNIBEP SA includes the following persons:

- Leszek Marek Gołbiewski – President of the Management Board
- Sławomir Kiszycki – Vice-President of the Management Board
- Krzysztof Mikołajczyk – Vice-President of the Management Board
- Adam Poliński – Member of the Management Board
- Przemysław Wojciech Janiszewski – Member of the Management Board

SUPERVISORY BOARD

The Supervisory Board of UNIBEP SA acts on the basis of the provisions of the Commercial Companies Code, the Articles of Association of the Company, and the By-Laws of the Supervisory Board. 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.

As of the balance sheet date of drawing up these financial statements, the Supervisory Board of UNIBEP SA includes the following persons:

- Jan Mikołuszko – Chairman of the Supervisory Board
- Beata Maria Skowrońska – Deputy Chairman of the Supervisory Board

- Wojciech Jacek Stajkowski – Member of the Supervisory Board
- Jarosław Mariusz Bełdowski – Member of the Supervisory Board (independent)
- Michał Kołosowski – Member of the Supervisory Board (independent)
- Paweł Markowski – Member of the Supervisory Board (independent)
- Dariusz Marian Kacprzyk – Member of the Supervisory Board (independent)

On 26 January 2023, Dariusz Marian Kacprzyk resigned from the Supervisory Board of Unibep SA. On 1 March 2023, the General Meeting passed a resolution to appoint Mr Jakub Marek Karnowski to the Supervisory Board.

As of the day of drawing up these financial statements, the Supervisory Board of UNIBEP SA includes the following persons:

- Jan Mikołuszko – Chairman of the Supervisory Board
- Beata Maria Skowrońska – Deputy Chairman of the Supervisory Board
- Wojciech Jacek Stajkowski – Member of the Supervisory Board
- Jarosław Mariusz Bełdowski – Member of the Supervisory Board (independent)
- Michał Kołosowski – Member of the Supervisory Board (independent)
- Paweł Markowski – Member of the Supervisory Board (independent)
- Jakub Marek Karnowski – Member of the Supervisory Board (Independent Member)

6.31. Shares held by or rights to shares of the members of the management and supervisory bodies

In connection with the incentive scheme – for the 2021 assessment year – Unibep SA's members of the management body acquired in 2022:

- Leszek Marek Gołąbicki – 220,000 shares in the company
- Sławomir Kiszycki – 190,000 shares in the company
- Krzysztof Mikołajczyk – 140,000 shares in the company
- Adam Poliński – 50,000 shares in the company

Management Board – as of the balance sheet date

No.	Name and surname (company)	Position	Number of shares held	Number of votes	Percentage in the total number of votes
1	Leszek Marek Gołąbicki	President of the Management Board	910,000	910,000	2.59%
2	Sławomir Kiszycki	Vice-President of the Management Board	190,000	190,000	0.54%
3	Krzysztof Mikołajczyk	Vice-President of the Management Board	140,000	140,000	0.40%
4	Adam Poliński	Member of the Management Board	50,000	50,000	0.14%

Supervisory Board – as of the balance sheet date

No.	Name and surname (company)	Position	Number of shares held	Number of votes	Percentage in the total number of votes
1	Jan Mikołuszko	Chairman of the Supervisory Board	21,620	21,620	0.06%
2	Beata Maria Skowrońska	Deputy Chairman of the Supervisory Board	5,500,000	5,500,000	15.68%
3	Wojciech Jacek Stajkowski	Member of the Supervisory Board	2,500,000	2,500,000	7.13%
4	Jarosław Mariusz Bełdowski	Member of the Supervisory Board	-	-	---
5	Michał Kołosowski	Member of the Supervisory Board	-	-	---
6	Paweł Markowski	Member of the Supervisory Board	-	-	---
7	Dariusz Marian Kacprzyk	Member of the Supervisory Board	-	-	---

Balance according to the knowledge of UNIBEP SA as of 31.12.2022

Bożenna Lachocka, member of the Supervisory Board of Unidevelopment SA is the holder of 2,500,000 shares of Unibep SA, the number of votes is 2,500,000, which gives 7.13% of the total number of votes.

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

There is no employee share ownership plan implemented at the Parent Company. The Incentive Scheme is described in Section 6.10.

6.32. Information on personal, factual and organisational relations between members of the Management Board and Supervisory Board and certain shareholders with at least 5% of votes at the General Meeting of Shareholders of Unibep SA

MANAGEMENT BOARD OF THE PARENT COMPANY

- **Leszek Marek Gołbiewski** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Sławomir Kiszycki** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Krzysztof Mikołajczyk** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Adam Poliński** – is not related to any shareholder holding at least 5% of votes at the General Meeting of UNIBEP SA.
- **Przemysław Wojciech Janiszewski** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.

SUPERVISORY BOARD OF THE PARENT COMPANY

- **Jan Mikołuszko** – remains in the joint marital property regime with a shareholder (Mrs Zofia Mikołuszko) holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Beata Maria Skowrońska** – shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Wojciech Jacek Stajkowski** – shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Jarosław Mariusz Beldowski** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Michał Kołosowski** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Paweł Markowski** – is not related to any shareholder holding at least 5% of votes at the General Meeting of UNIBEP SA.
- **Dariusz Marian Kacprzyk** – was not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of UNIBEP SA.
- **Jakub Marek Karnowski** – is not related to any shareholder holding at least 5% of votes at the General Meeting of UNIBEP SA.

6.33. Salaries of members of the management and supervisory boards of the parent company and of persons and entities closely associated with them

SALARIES OF THE MANAGEMENT BOARD:

For the period from 01.01.2022 to 31.12.2022

Name and surname	Remuneration	Bonus for profit for 2021 paid in 2022	Total
Leszek Marek Gołbiewski	803,095.25	706,990.05	1,510,085.30
Stawomir Kiszycki	723,727.58	706,990.05	1,430,717.63
Krzysztof Mikołajczyk	701,789.64	706,990.05	1,408,779.69
Adam Poliński	513,414.26	471,326.70	984,740.96
Total	2,742,026.73	2,592,296.85	5,334,323.58

For the period from 01.01.2021 to 31.12.2021

Name and surname	Remuneration	Bonus for profit for 2019 paid in 2020	Total
Leszek Marek Gołbiewski	744,000.00	557,289.48	1,301,289.48
Stawomir 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

* in 2021, bonuses for 2020 in the amount of 226,632.24 not related to the function of a member of the Management Board were paid

SALARIES OF THE SUPERVISORY BOARD:

For the period from 01.01.2022 to 31.12.2022

Name and surname	Revenue	Revenue of a member of the Supervisory Board under an employment contract with UNIBEP SA	Other titles	Total
Jan Mikołuszko	456,000.00	-	-	456,000.00
Beata Maria Skowrońska	144,000.00	-	41,722.86	185,722.86
Wojciech Jacek Stajkowski	86,727.27	59,483.93	-	146,211.20
Jarostaw Mariusz Bełdowski	60,000.00	-	-	60,000.00
Michał Kotosowski	84,000.00	-	-	84,000.00
Paweł Markowski	60,000.00	-	-	60,000.00
Dariusz Marian Kacprzyk	60,000.00	-	-	60,000.00
Total	950,727.27	59,483.93	41,722.86	1,051,934.06

For the period from 01.01.2021 to 31.12.2021

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 Maria Skowrońska	144,000.00	-	144,000.00
Wojciech Jacek Stajkowski	60,000.00	60,000.00	120,000.00
Jarostaw Mariusz Bełdowski	60,000.00	-	60,000.00
Michał Kotosowski	84,000.00	-	84,000.00
Paweł Markowski	60,000.00	-	60,000.00
Dariusz Marian Kacprzyk	60,000.00	-	60,000.00
Total:	924,000.00	60,000.00	984,000.00

In 2022, remuneration from the employment relationship was paid to relatives of the members of the Management Board and Supervisory Board in the amount of PLN 1,043.03 thousand, and in the comparable period PLN 1,104.46 thousand.

6.34. Transactions with related parties carried out through managerial staff of the Company and the Capital Group companies

In the period from 01.01.2022 to 31.12.2022, members of the Management Board and Supervisory Board of the Parent Company made purchases in the Group companies for a total of PLN 1,924 thousand, and an in-kind contribution was granted to a person closely related to a member of the Supervisory Board for an amount of PLN 55.3 thousand. During the period, purchases were made from related parties through the Management Board and Supervisory Board for a total of PLN 2,430.8 thousand.

6.35. Contracts concluded between the Parent Company UNIBEP SA and members of the management bodies

The President of the Management Board, the Vice-President of the Management Board and the Member of the Management Board of UNIBEP SA were employed by UNIBEP SA on the basis of managerial contracts concluded for the duration of the term of office of the Management Board (fixed-term employment contract) in connection with their work and function on the Management Board until 19 January 2022.

Changes introduced in 2022

Since 20 January 2022, UNIBEP has separated the sources of remuneration for members of the Management Board based on two forms of remuneration, i.e. by appointment and under an employment contract.

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:

- The President of the Management Board of UNIBEP SA Mr Leszek Marek Gołąbiewski and the Vice-Presidents of the Management Board of UNIBEP SA Mr Sławomir Kiszycki and Mr Krzysztof Mikołajczyk are entitled to an annual bonus of 1.5% for 2022 and for subsequent years,
- Member of the Management Board of UNIBEP SA Mr Adam Poliński is entitled to an annual bonus of 1% for 2022 and for subsequent years.

The remuneration to which members of the Management Board are entitled under permanent employment contracts was determined in the form of monthly rates.

- Mr Leszek Marek Gołąbiewski is employed as Company Director
- Mr Sławomir Kiszycki is employed as Financial Director
- Mr Krzysztof Mikołajczyk is employed as Construction Director
- Mr Adam Poliński is employed as 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 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.

6.36. Contingent assets and liabilities, guarantees

6.36.1. Contingent assets and liabilities

Contingent liabilities on guarantees and sureties granted to other entities are mainly guarantees issued by banks and insurance companies to the benefit of business partners of UNIBEP Group Companies to secure their claims under construction contracts. In the case of using the guarantees issued for their benefit, banks and insurance companies are entitled to the right of recourse against the Companies.

Guarantees provided to the clients are an alternative way of securing the retained guarantee deposits.

	as of 31.12.2022	as of 31.12.2021
CONTINGENT ASSETS	4,800.00	100,000.00
From other entities	4,800.00	100,000.00
Bills of exchange received as security	4,800.00	100,000.00
CONTINGENT LIABILITIES	144,526,768.97	174,289,622.11
To related parties	19,225,952.00	50,889,581.17
Sureties granted	19,225,952.00	50,889,581.17
To other entities	127,286,205.29	123,400,040.94
Disputes	125,286,205.29	121,400,040.94
Sureties granted	2,000,000.00	2,000,000.00

Disputes

The following changes have taken place in relation to the information on disputes included in the Unibep Group's consolidated financial statements for 2021 and Q3 2022:

Claims against Unibep SA

- In the action for payment of PLN 1,249 thousand brought by **LC Corp Invest XV Sp. z o.o. PROJEKT 6 Spółka Komandytowa** due to defects occurring on the contract LC Corp - Ząbki. Unibep SA does not accept the claim. On 18 November 2022, a court settlement was reached between the parties in the case, under which Unibep SA paid PLN 250 thousand to the investor as compensation. With the settlement, the investor waived the remaining claims against the company. The case can be considered closed.
- On 26 November 2021, Unibep SA was sued by **Seniorenpark Wunstorf GmbH** for the payment of EUR 233 thousand for the costs of rectifying defects and faults on the contract Retirement Home - Südbrookmerland. The plaintiff is the owner of a retirement and care home in Wunstorf, which Unibep

SA was building as general contractor. In the course of the proceedings, replies to the claims of both parties were filed. On 18 January 2023, a mediation took place at the Lüneburg court covering the indicated case concerning the construction of a retirement home in Wunstorf. The case is to be handled together with the Krefeld construction case. We look forward to the next mediation meeting.

The parties have agreed to mediation proceedings to settle all legal disputes (judicial and extrajudicial) pending or likely to be pending between Unibep SA and the Lindhorts Group companies. As part of the proceedings, Unibep SA is seeking payment of EUR 500 thousand and the Lindhorts Group – EUR 450 thousand. The parties intend to reach agreement on four projects **Krefeld, Retirement Home – Wunstorf, Retirement Home – Bad Oeynhausen, Retirement Home – Südbrookmerland**. Accordingly, the litigation cases from Seniorenpark Wunstorf GmbH and against Aureus Residenzbau GmbH will be joined for joint consideration. An expert was appointed in the case to verify the quality of the work carried out. Subsequently, further mediations are to take place.

- In a compensation case for PLN 4,873 thousand concerning **fatal accidents** at the Plaza construction site in Suwałki (conducted by a consortium of Unibep SA and Mostostal Białystok). The case is at the stage of supplementary expert opinions on occupational health and safety. The date of the next hearing has not been set yet. Due to the insurance held by the Company and the consortium member, the case should not encumber the costs of Unibep SA.
- In the action brought by **FLAMPOL Tomasz Woźniak Sp. k.** for the payment of PLN 82 thousand the Court issued an order for payment. The plaintiff's claim for the payment of remuneration jointly and severally by Klimar Plus, Unibep and WX Office Development 2 in connection with the implementation of the project Ogrodowa Office in Łódź. Unibep SA takes the view that the plaintiff was not notified and therefore there is no joint and several liability of Unibep SA for the liability of Klimar Plus. A court expert opinion was issued in the case. At a hearing on 20 June 2022, the court heard the plaintiff's case and set a date for judgement to be passed on 28 November 2022. On 28 November 2022, the Court opened the hearing and adjourned it to a further date on 17 April 2023. The reason for this action was that the Court had become aware of doubts about the defendant's legal position. On 17 April 2023, the court closed the hearing and adjourned its judgement until 17 May 2023.
- On 20 January 2020, an order for payment was issued to **Deven sp. z o.o. Sp.k.** charging jointly and severally Unibep SA and Klimar Plus Sp. z o.o. with the amount of PLN 554 thousand. The plaintiff demands the payment of remuneration in connection with the performance of the contract Ogrodowa Office in Łódź. The expert drew up the opinion in the case.–By order of 5 January 2023, the court dismissed the expert's request for an award of fees and reimbursement of expenses, supporting the defendant's position. We are awaiting the court's next action.
- **Partner Group Sp. z o.o.** filed a suit for the payment of PLN 86 thousand. It concerns the contract Ogrodowa Office in Łódź. The plaintiff's claim for the payment of remuneration jointly and severally by Klimar Plus and Unibep SA. In a judgement of 30 November 2022, the court awarded the defendants jointly and severally the sum of PLN 83 thousand, including Unibep SA with interest. It dismissed the remainder of the claim. Unibep SA has filed an appeal in the case. The file was referred to the Court of Second Instance. The date of the hearing has not been set yet.
- **TEKNIKA AVG Sp. z o.o.** filed a suit against Unibep SA for the payment of PLN 103 thousand. The plaintiff demands payment for works performed at the construction site Ogrodowa Office in Łódź. Unibep SA takes the view that remuneration in the amount claimed is undue due to the fact that the plaintiff's works were not accepted and, moreover, were performed defectively. Consequently, the Company commissioned another contractor at its own expense to rectify the defects that had arisen and called on the plaintiff to pay by way of compensation. The expert prepared an opinion in the case to which, on 20 January 2023, Unibep SA filed objections. We are awaiting the Court's decision on the admission of the supplementary opinion evidence.

- On 11 March 2020, we received a statement of claim from **RAFBUD Konstrukcje Sp. z o.o. Sp. k.** for payment of PLN 445 thousand as remuneration, relates to the construction of Żoliborz Artystyczny. The plaintiff's claim is dismissed due to the deduction of the amount claimed in connection with imposing on the Contractor a contractual penalty for delay in the performance of the subject of the contract and charging the Contractor with the costs of formwork repair. In Q4 2021, at a hearing, the Court of First Instance delivered a judgement awarding payment of PLN 183 thousand plus interest and legal costs. On 27 December 2021, an appeal was filed in the case. On 28 July 2022, an appeal hearing was held, at which the court issued a judgement reversing the judgement under appeal and remanding the case back to the Regional Court. On 5 December 2022, a court settlement was reached, under which Unibep SA will pay PLN 120 thousand to the plaintiff. The court issued an order discontinuing the proceedings in view of the settlement. The case can be considered closed.
- By a statement of claim of 1 April 2021, **Alu GLAS Sp. z o.o.** is claiming payment of PLN 337 thousand on account of remuneration in connection with the implementation of the investment Ogrodowa Office in Łódź on account of the return of the first part of the guarantee deposit. We are sued jointly and severally with the investor WX Office Development 2. On 28 October 2022, the court issued a judgement awarding defendants Unibep SA and WX Office Development 2 Sp. z o.o. jointly and severally the amount of PLN 196 thousand, together with statutory interest for delays and legal costs. All parties to the proceedings have appealed. We are currently awaiting the appeal hearing date to be set.
- In September 2021, Unibep SA received an order for payment for the amount of PLN 31 thousand under the writ-of-payment proceedings issued by the District Court in Płock. The action brought by **PPHU BENON**. The plaintiff claims repayment of the first part of the guarantee deposit from the contract Mlekovita milk powder factory. We have filed an objection to the payment order. On 1 April 2022, the Court passed a judgement awarding payment to the plaintiff of the sum of PLN 38 thousand plus interest. On 23 May 2022, an appeal was filed. We are waiting for the appeal hearing date to be set.
- On 18 March 2022, we received a statement of claim for payment of PLN 326 thousand. Plaintiff **AJD Andrzej Średnicki** is seeking the return of deposits from several construction sites Dzielna 64, Mozaiki Mokotów Stage 4 and 5, Pereca Matexi, Kapelanów, Motorowa, ul. Verdięgo in Warsaw. The receivables were set off against the Defendant's claim in relation to the charging of contractual penalties to the plaintiff. On 29 April 2022, the Court issued an order dismissing the claim and awarding the plaintiff's costs to the defendant. The Court order is final and binding. The case can be considered closed.
- **Daniel Modelski** brought an action against Unibep SA for the payment of the second part of the deposit retained in the amount of PLN 40 thousand as a performance security on the contract In City. In April 2021, a judgement was passed awarding the claim in favour of the plaintiff. The judgement is not final, an appeal against the judgement was filed. On 17 November 2022, the Court of Appeal dismissed Unibep SA's appeal in its entirety. The case can be considered closed.
- In the action brought by **Adam Karbowski** for the payment of a claim in the amount of PLN 39 thousand on account of reimbursement of the second part of the guarantee deposit, which had been set off by Unibep SA against the costs of substitute repairs of defects and faults on the project Berenson residential development in Warsaw. A final hearing was held on 1 February 2023, at which the expert witness responded to the objections to the opinion. On 15 February 2023, a judgement was issued in which the plaintiff's claims were upheld in their entirety. It has been decided not to appeal against this judgement. The case can be considered closed.
- The action from 2018 brought by **PRO PARTE Daniel Modelski**, the plaintiff claims payment of receivables due to return of the second part of the guarantee deposit in the amount of PLN 55 thousand obtained by virtue of transfer of receivables between him and the bankruptcy trustee representing AL-BUD Sp. z o.o. in liquidation bankruptcy. The case concerns the contract Okecie Business Centre. On 6 October 2022, a judgement was entered in the case dismissing the claim. The ruling is not final.

- On 2 February 2022, we received a statement of claim filed by **Daniel Modelski, doing business as PRO PARTE**, for the payment of PLN 20 thousand as reimbursement of the second part of the guarantee deposit retained on the contract Mozaika Mokotów Stage 2. The receivable claimed is one of several receivables which the plaintiff acquired from the receiver of AL-BUD Sp. z o.o. by means of a receivables transfer agreement. On 15 February 2023, the parties reached a settlement before a mediator, whereby Unibep SA undertook to pay PLN 16 thousand. The settlement was approved by the Court.
- On 11 April 2022, we received a statement of claim filed by **Daniel Modelski, doing business as PRO PARTE**, for the payment of PLN 24 thousand as reimbursement of the second part of the guarantee deposit retained on the contract Pod Brzozami II. The receivable claimed is one of several receivables which the plaintiff acquired from the receiver of PLENERIA Sp. z o.o. Sp. komandytowa by means of a receivables transfer agreement. On 28 November 2022, a settlement was reached before a mediator. It was agreed to pay the amount of PLN 18 thousand as the principal, without interest and without legal costs. On 22 December 2022, the District Court for the Capital City of of Warsaw issued an order approving the settlement and discontinuing the proceedings. The case can be considered closed.
- **Daniel Modelski, doing business as PRO PARTE**, by a statement of claim of December 2021, seeks payment of PLN 65 thousand as reimbursement of the guarantee deposit retained from the assignor Pleneria Sp. z o.o. Sp.k. on the Saska Kępa I contract. On 28 November 2022, a settlement was reached before a mediator. A payment of EUR 48 thousand was agreed for the principal amount due, without interest and without legal costs. On 22 December 2022, the District Court for the Capital City of of Warsaw issued an order approving the settlement and discontinuing the proceedings. Unibep SA has complied with the terms of the settlement. The case was closed.
- On 20 June 2022, Unibep SA received a claim for payment of PLN 166 thousand from the plaintiff **Daniel Modelski, doing business as PRO PARTE** for the return of the guarantee deposit retained from the assignor AL-BUD Sp. z o.o. on the Imielin contract. On 4 July 2022, Unibep SA has filed a statement of defence. We are currently awaiting further action from the Court.
- The claim for PLN 1,331 thousand relates to compensation in connection with an accident on 16 November 2017 at a construction site in Heimdal, Norway, of **a Unihouse SA employee** who was crushed by a module during assembly. On 29 July 2020, the injured party's statement of claim was served against AXA Ubezpieczenia TUIR SA, Unibep SA and Unihouse SA. All three entities were sued in solidum. The District Court ordered all defendants jointly and severally to pay monthly compensation to the plaintiff. The case is currently at the stage of preparation of opinions by court-appointed physicians. We are waiting for the hearing date to be set.
- On 31 December 2021, the plaintiff **City Motive Group Sp. z o.o.** brought an action against Unibep SA for payment of remuneration in connection with the implementation of the project Dzielna 64 in the amount of PLN 268 thousand, which was not paid due to the substitute works introduced. On 25 October 2022, a final judgement was issued in which the conciliation court dismissed the statement of claim in its entirety. A motion for an enforceability clause was filed and granted. The case can be considered closed.
- On 14 September 2022, Unibep SA was sued for payment of remuneration in the amount of PLN 92 thousand to the subcontractor **Elektrotermex Sp. z o.o.** in connection with the execution of the Fama Jeżyce I investment. The subcontractor was not reported to the General Contractor (Unibep SA). Furthermore, it is apparent from the statement of claim that the subcontractor who subcontracted the work to the plaintiff as a further subcontractor was not employed on the site in question. At the hearing on 22 March 2023, a witness from the Unibep side was heard. The next hearing is set for 11 May 2023. At the same time, settlement negotiations are ongoing between the parties.

- On 23 June 2022, **Total Teknisk AS** has filed a statement of claim with the Oslo Court for payment of NOK 2,369 thousand plus statutory interest. The claim relates to the Energiparken and Sandbaktunet project. The statement of claim relates to claims for defects and claims for payment of part of the remuneration under 5 execution agreements that the plaintiff concluded with Unibep SA/Unihouse Oddział Unibep in Bielsk Podlaski and claims of agreed payment where the defendant, in addition to acting as a subcontractor to Total Teknisk, in part of the project was also the contractor for design and construction work. A request has been made in the statement of claim to merge the case with the pending proceedings between Investor Lovsetvegen 4 AS and TOTAL TEKNISK AS. On 24 August 2022, Total Teknisk made settlement proposals to both Unibep SA and Lovesetvegen, which were rejected. On 15 November 2022, the parties reached a settlement in which Total Teknisk withdrew its claims against Unibep SA in entirety. The case can be considered closed.
- On 10 June 2022, we received a statement of claim in which we were sued jointly and severally with **MAKSBUD Sp. z o.o.** and **TRAKT Sp. z o.o.** for payment of compensation and damages in the amount of PLN 89 thousand for an accident sustained by **an injured person** during the construction of a road as part of the investment "Construction of voivodeship road No. 690 on the section of Ciechanowiec Ostrożany". On 24 June 2022, a statement of defence was filed with a request for transfer to the Łomża Court due to the material jurisdiction of the case. By order of 15 July 2022, the case was transferred to a court of competent jurisdiction. At a hearing on 10 November 2022, the expert issued an opinion in the case, to which Unibep SA filed objections by letter dated 7 February 2023. The opposing party also filed objections. Unibep SA has applied to the Court for a traffic engineering opinion. The Court allowed the requested opinion. A list of questions for the expert is currently being prepared. The case was adjourned without a date being set.

In addition to the cases described above, legal proceedings are pending against the Company for a total amount of PLN 1,030 thousand.

Cases filed by Unibep SA

- The investor, **Aureus Residenzbau GmbH**, retained part of the remuneration paid to Unibep SA for the execution of the Krefeld contract. On 27 August 2020, a hearing was held at which the Court awarded Unibep SA the sum of EUR 218 thousand plus interest. The investor lodged an appeal. Unibep SA has joined this appeal. On 18 January 2023, a mediation took place at the Lüneburg court covering, among other things, the indicated case concerning the construction of Krefeld and the construction of the Retirement Home.
- Due to the ineffectiveness of court enforcement conducted against Atelier Żoliborz sp. z o.o., on 25 July 2022, Unibep filed a statement of claim for payment against **Sylwester Andrzej Oldadek**, a member of the management board of the above-mentioned company, on the basis of Article 299 of the Commercial Companies Code. The claim in question relates to the principal due to Atelier Żoliborz sp. z o.o., interest on the principal, as well as the costs of court and enforcement proceedings. The total claim amounts to PLN 3,132 thousand. On 22 December 2022, the Court issued a default judgement acknowledging the claim in its entirety, making the judgement enforceable. On 5 April 2023, an application for enforcement was submitted to the bailiff.
- In the case of 21 November 2021 against **SGB Posadzki Przemysłowe Sp. z o.o.** for reimbursement by the defendant of costs for substitute removal of defects in the amount of PLN 897 thousand at the construction site of the ROSTI Bianor production building. The expert issued an opinion in the case to which Unibep SA filed objections. We are awaiting the Court's next action.
- On 2 February 2021, Unibep SA filed a statement of claim against **Warszawska Spółdzielnia Mieszkaniowa** for payment of remuneration in the amount of PLN 841 thousand for the performance of

works on the Talarowa investment. On 7 November 2022, the Court ordered Warszawska Spółdzielnia Mieszkaniowa to pay PLN 227 thousand plus interest. The remainder of the claim was dismissed. We have received the grounds to the Court's judgement. Unibep SA has filed an appeal in the case and we are awaiting a hearing date to be set.

- Unibep SA filed a statement of claim against **Warszawska Spółdzielnia Mieszkaniowa**. The claim includes the demand for repayment by the defendant of the amount paid from the bank guarantee in the amount of PLN 2,179 thousand that was supposed to secure due performance of the contract during the statutory warranty period on the project Niedzielskiego Stage II. The statement of claim was filed in September 2021. We are waiting for the date of the first hearing to be set. The case was referred to mediation.
- On 25 October 2022, UNIBEP SA filed a statement of claim against **Spółdzielnia Mieszkaniowa "Na Skraju"** for the return of unreturned parts of the guarantee deposits in the amount of PLN 1,573 thousand retained in connection with the realisation of contracts for the general contractor of the "Cynamonowy Dom" investment. The case was referred to ordinary proceedings. We are awaiting for the defendant to file a statement of defence.
- Unibep SA brought an action to establish that the right of **Medical University of Łódź** to payment of PLN 500 thousand secured by a bid guarantee did not exist. In addition, the Company applied for security for the claim to establish the non-existence of the right of the Medical University of Łódź to payment of the bid security amount under the bid guarantee. On 1 December 2021, the Regional Court of Łódź prohibited the guarantor Generali TU SA from paying the amount secured by the guarantee. On 10 February 2022, the first hearing for the determination of the non-existence of the right of the Medical University of Łódź to payment of the claim under the bid guarantee took place. The Court of First Instance ruled that the Medical University of Łódź had no claim against Unibep SA. The defendant filed an appeal. At a hearing on 16 November 2022, the Court dismissed the appeal. The case can be considered closed.
- On 23 December 2022, Unibep SA filed a statement of claim jointly with ZUE SA against the **City of Katowice and Tramwaje Śląskie SA** for payment of PLN 13,401 thousand as remuneration for the casing of the platform wind shelter at the Zawodzie construction site. Unibep SA is suing for the difference between the remuneration estimated on the basis of the pre-assessment and that calculated according to the as-built measurement. We are awaiting further action on the case.
- On 23 June 2020, Unibep SA filed a statement of claim against the subcontractor **Piotr Górka DAVI Budownictwo** for unsettled advances of PLN 151 thousand at the Galeria Stela construction site in Cieszyn. During the course of the works, the Contractor stopped the works without notice and left the site. The Court referred the parties to mediation but despite settlement proposals from Unibep SA, no settlement was reached. The expert issued an opinion in the case. Both parties raised objections to the opinion issued and a supplementary opinion was issued. On 20 December 2022, a judgement was passed awarding Unibep the sum of PLN 151 thousand plus interest and court costs. Unibep SA has applied to the Court to justify the judgement. The ruling is not final.
- On 29 July 2022, a statement of claim was filed against **AMW SINEVIA Sp. z o.o.** for amending the obligation relationship under the agreement concluded between the parties by increasing Unibep's remuneration by PLN 2,445 thousand. The claim relates to a subcontract with AMW SINEVIA for the construction of the Polish Army Museum in Ossów. We have received a the defendant's statement of defence. The Court ordered Unibep SA to file a response to the statement of defence and also referred the parties to mediation, setting a deadline of one month. Mediation meetings were held on 11-12 January 2023. The parties agreed to extend the duration of the mediation.
- On 26 June 2020, Unibep SA filed a statement of claim against the insurer **Sopockie Towarzystwo Ubezpieczeniowe Ergo Hestia SA** for payment in the amount of PLN 174 thousand in connection with

theft at the construction site Obrzeźna. Hearings were held at which witnesses were heard in the case. The court admitted expert evidence requested by Unibep SA. We are currently awaiting an opinion in the case.

- In a statement of claim filed by the consortium of Unibep SA and Most Sp. z o.o. against **Podlaskie Voivodeship Roads Authority** for payment of approx. PLN 44,622 thousand for contractual penalties and additional works on the Sokółka - Dąbrowa Białostocka investment. The opposing party filed a claim for a total amount of approx. PLN 105,998 thousand plus interest. In November 2018, the Company was served with a statement of claim filed by Podlaskie Voivodeship Roads Authority against the Consortium for additional payment of a contractual penalty in the amount of PLN 8,286 thousand due to withdrawal from the contract. At the first hearings, which took place in June and September 2019, witnesses were heard. Then, 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, the Podlaskie Voivodeship Roads Authority increased the claim by an additional amount of PLN 103,998 thousand in connection with the Consortium's call for payment of the accounting note. Further witnesses will be heard and requests for evidence on the acceptance of expert opinions will be examined in the course of the legal proceedings. In May 2021, the Court ordered the admission of evidence of written witness statements, the opinion of the Scientific and Research Institute and set a deadline of one year for the opinion. On 1 May 2021, the Court issued a partial judgement awarding payment to Unibep SA of PLN 799 thousand and to Most Sp. z o.o. in Sopot of PLN 61 thousand with immediate enforceability effect. On 21 September 2021, the defendant filed a statement of defence and limited the claim in the scope of the claimed contractual penalty by the amount of PLN 8,286 thousand with interest. On 31 December 2021, an increase of the statement of claim was filed by UNIBEP SA by the amount paid by the defendant from the guarantee of PLN 8,286 thousand. On 11 April 2022, Unibep SA has applied to the Court to refer the Parties to mediation. The defendant also filed a letter accepting the Unibep SA's application. Mediation proceedings are currently underway.

To sum up, a court dispute is pending between the parties, in which statements of claim for payment brought by the Consortium for the total amount of approx. PLN 44,622 thousand and brought by the Contracting Entity for the total amount of approx. PLN 105,998 thousand plus interest have been joined for joint examination.

- Unibep SA on 12 July 2018 filed a statement of claim against the **Municipality of Łapy** for the payment of PLN 2,134 thousand in connection with the implementation of the infrastructure of investment areas in Łapy. The defendant filed a response to the statement of claim, which was served in August 2018. The case was referred to mediation with no settlement result. A hearing was held in April 2019, at which the Municipality of Łapy announced that it had filed a counterclaim for the amount of PLN 3,369 thousand. The statement of counterclaim was served in August 2019, to which a reply was filed. In April 2021, an expert witness opinion was received by the Court which was favourable to Unibep SA. The expert maintained their position in the case, issuing a supplementary opinion in May 2021 and an oral opinion in September 2021. On 8 October 2021, a judgement was delivered upholding Unibep SA's claim in its entirety and dismissing Municipality of Łapy's counterclaim. The Municipality of Łapy filed an appeal in the case to which Unibep SA filed a reply on 1 February 2022. The appeal hearing took place on 9 January 2023, at which the Court indicated that it would examine additional evidence on its own, without ruling out another expert opinion. We are awaiting further action from the court.
- In July 2020, Unibep SA brought an action against **Podlaskie Voivodeship Roads Authority** in connection with the construction of the DW 682 Łapy Markowszczyzna road for PLN 1,318 thousand for additional electrical works. The Court admitted the expert evidence and the parties paid the advances. We are awaiting an expert opinion.
- In a statement of claim dated 23 March 2022 against the **Podlaskie Voivodeship Roads Authority**, Unibep SA is seeking payment of PLN 92 thousand for additional works in connection with soil replacement on the DW 682 Łapy Markowszczyzna investment. By an order of the Court of 19 April 2022, the proceedings were suspended and subsequently discontinued as a result of the suspension. The

statement of claim was resubmitted on 31 December 2022, after which the Court issued a payment order by writ of payment on 11 January 2023. The defendant filed an objection, but at the request of the parties the case was suspended due to the ongoing mediation in the Sokółka – Dąbrowa Białostocka case.

- On 22 December 2021, Unibep SA filed a statement of claim against the **Podlaskie Voivodeship Roads Authority** for payment of PLN 5,731 thousand for additional works in connection with the construction of DW 682 Łapy Markowszczyzna road. The Court, at the defendant's request, required Unibep SA to submit additional documents, which were submitted with the response to the statement of defence on 19 May 2022. At the hearing on 28 September 2022, the Court heard some of the defendant's witnesses and the Court set a deadline for the filing of the plaintiff's clarifying statement of case. At the hearing on 8 February 2023, witnesses mainly from the UNIBEP SA side were heard. At hearings on 8 February and 26 April 2023, witnesses in the case were heard. The case was adjourned to 9 August 2023.
- On 21 January 2022, Unibep SA filed a statement of claim against the **Podlaskie Voivodeship Roads Authority** for payment of remuneration in the amount of PLN 3,338 thousand in connection with the construction of DW 682 Łapy Markowszczyzna road. The claim relates to the increased costs incurred by Unibep SA due to the prolonged implementation of the project. The Court required the plaintiff to file pleadings, which were filed. A reply to the statement of defence is currently being drafted and we are awaiting the date of the first hearing.
- On 29 March 2019, the Consortium of Unibep SA and PORR SA filed a statement of claim against the **General Directorate for National Roads and Motorways** for payment of PLN 16,926 thousand in total (including Unibep SA PLN 5,078 thousand) for additional works on the project: reconstruction of the S8 national road. In April 2019, an order for payment under the writ of payment proceedings was issued against which the defendant filed an objection. 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. The Court has received an appeal to the judgement filed by the defendant. On 27 September 2022, a response to the appeal was filed. On 7 March 2023, the parties entered into a settlement agreement under which the defendant will pay Unibep SA the amount of PLN 6,000 thousand.
- On 27 April 2020, Unibep SA and Przedsiębiorstwo Budownictwa Komunikacyjnego Sp. z o.o. brought a joint action against the **Podlaskie Voivodeship Roads Authority** for payment of PLN 4,453 thousand in total, of which PLN 1,391 thousand is Unibep SA's claim for payment for additional works under a contract for the construction of voivodeship road 645 along the Nowogród - Łomża section. The first hearing was held on 22 September 2021. The expert gave his opinion in the case, to which the plaintiff filed objections. The expert issued a supplementary opinion upholding his position. At a hearing on 11 January 2023, The case was referred back to mediation. The defendant withdrew from mediation and the case returned to court. The last hearing was held on 1 March 2023, at which the Court partially heard the expert. Due to deficiencies and inaccuracies in the opinion, the file was sent back to the expert. We are awaiting the setting of the next hearing date at which the expert in the case is to be heard again.
- In July 2022, Unibep SA filed a statement of claim against the **City of Ostrołęka** in connection with the increased costs of works on the investment of Reconstruction of ul. Goworowska in Ostrołęka. The statement of claim amounts to PLN 499 thousand. The court served a copy of the statement of claim on the opposing party, inquiring about the possibility of referring the case to mediation. The defendant filed a statement of defence, disputing the existence and amount of the claim. The first hearing was held on 7 February 2023. The court referred the parties to mediation, setting a deadline of 30 May 2023, and the hearing was adjourned to 29 June 2023.

- On 25 August 2022, the consortium of Unibep SA and Przedsiębiorstwo Budownictwa Komunikacyjnego Sp. z o.o. in Łomża filed a statement of claim against the **General Directorate of National Roads and Motorways in Białystok** in connection with the deduction of the amount of PLN 157 thousand (PLN 79 thousand in favour of Unibep) for winter road maintenance on the contract for the extension of national road No. 63 Wygoda – Zambrów. The defendant has filed a statement of defence, and work is underway on the consortium's side on a response to the statement of defence.
- Unibep SA filed a statement of claim on 14 September 2022 against the **Podlaskie Roads Authority in Ostrołęka** for the amount of PLN 1,341 thousand, concerning the valorisation of remuneration in connection with the implementation of the investment of district road No. 2544W Baranowo – Wyzel – Chojniki. On 24 October 2022, a statement of defence in the case was received. On 7 November 2022, the plaintiff filed a response to the letter from the Ostrołęka County. We are awaiting further action by the Court.
- On 22 August 2022, a statement of claim was filed against the **Municipality of Zabłudów** for payment of PLN 473 thousand in connection with the extension of the Ostrówki – Dawidowicze municipal road. The claim involves the valorisation of the contractual remuneration by the Court. A settlement was reached before a mediator on 17 January 2023. The case can be considered closed.
- In December 2022, Unibep SA filed a statement of claim against the **City of Łomża** for compensation in the amount of PLN 196 thousand in connection with the increased costs of implementing the investment of the Extension of ul. Jaworowa in Łomża, which were incurred in connection with the subsequent execution of works. A settlement was reached before a mediator in the case, whereby the City of Łomża agreed to pay an amount of PLN 120 thousand to Unibep SA as compensation.
- On 28 October 2022, the consortium of Unibep SA and Przedsiębiorstwo Drogowo-Mostowe SA filed a statement of claim against the **Voivodeship Roads Authority in Lublin** for a total amount of PLN 32,097 thousand, the value of Unibep SA's claim PLN 7,700 thousand. The statement of claim concerns the valorisation of the contract for the extension of voivodeship road No. 835 on the section between Bitgoraj – the voivodeship border. In January 2023, an agreement was signed to refer the case to mediation before the Arbitration Court of the General Prosecutor's Office of the Republic of Poland. The case is currently in mediation.
- On 29 December 2022, Unibep SA filed a statement of claim for payment of PLN 400 thousand against the Investor **PHN SPV 2 Sp. z o.o.** The Investor did not return the retained guarantee deposit in connection with the construction of Domaniewska Office Hub. On 8 March 2023, the Court issued an order for payment by writ of payment, ordering the defendant to pay the claimed amount plus interest and to pay the costs of the proceedings. We are awaiting for the Court to serve the order to the defendant.
- On 6 February 2023, a statement of claim was filed against **Prymat Sp. z o.o.**, with its registered office in Jastrzębie Zdrój, for payment of PLN 2,070 thousand in connection with the Investor's failure to pay the amount due for remuneration for construction works. The claim relates to the Prymat Jastrzębie contract. On 23 February 2023, a copy of the statement of claim was sent to the defendant. We are currently awaiting further action from the Court.

Cases filed by Unibep SA and Budrex Sp. z o.o.

- On 20 August 2019, Unibep SA and Budrex Sp. z o.o. filed a statement of claim against the **Podlaskie Voivodeship Roads Authority** for payment of PLN 4,744 thousand for additional works performed on the Łapy Markowszczyzna investment in connection with a change in the technology of the works carried out in the amount of PLN 1,051 thousand incurred by Budrex Sp. z o.o. and increased costs of transporting aggregates – PLN 3,658 thousand incurred by Unibep SA and PLN 36 thousand incurred by Budrex Sp. z o.o. By order of the Court dated 6 March 2020, evidence from the opinion of the Institute

for Construction Analysis was admitted. The Institute presented an opinion in the case in which it acknowledged Budrex's claim for the amount of PLN 207 thousand, and in the case of Unibep SA the amount of PLN 1,995 thousand. On 29 June 2022, a judgement was passed, according to which the Court awarded Budrex Sp. z o.o. the amount of PLN 207 thousand together with interest from the Podlaskie Voivodeship Roads Authority in Białystok, and the amount of PLN 60 thousand from the plaintiffs to the defendant as reimbursement for the costs of legal representation. The ruling is not final. On 3 October 2022, Unibep SA and Budrex Sp. z o.o. have appealed the case. The Podlaskie Voivodeship Roads Authority also joined the appeal. We are awaiting the date of the appeal hearing.

Actions brought by Budrex Sp. z o.o.

- On 6 November 2019, Budrex Sp. z o.o. filed a statement of claim against **Polaqua Sp. z o.o.** for payment of PLN 2,589 thousand, in which it seeks payment from the defendant in connection with the defendant's execution of a call for payment under an insurance guarantee. The defendant, under the pretext of contractual penalties due from the plaintiff for untimely performance of construction works on the contract extension of national road No. 8 Warsaw - the Białystok, Ostrów Mazowiecka bypass, executed a guarantee in the amount of PLN 2,196,000. In the opinion of Budrex Sp. z o.o., the claim for contractual penalties had no basis. On 21 February 2023, an opinion was issued in the case in which the Institute challenges the legitimacy and amount of the contractual penalties charged by Polaqua Sp. z o.o. The parties were invited to comment on the opinion.
- On 30 December 2021, Budrex Sp. z o.o. filed a statement of claim in the District Court in Warsaw against **Polaqua Sp. z o.o.** covering a claim for payment of remuneration for contractual and additional works performed, in the total amount of PLN 560 thousand in connection with the extension of national road no. 8 Warsaw – Białystok, Ostrów Mazowiecka bypass. The defendant filed a statement of defence, requesting that Budrex Sp. z o.o.'s claims be dismissed in their entirety. It also raised a possible allegation of a set-off of Budrex's claim against the claims for the accrued contractual penalties. A response to the statement of defence has been filed with the Court. The case was referred to mediation. The mediation proceedings are ongoing.
- On 16 August 2022, Budrex Sp. z o.o. filed a statement of claim against the **Podlaskie Voivodeship Roads Authority** for payment of PLN 547 thousand in connection with the construction of DW 682 Łapy Markowszczyzna road. The claim relates to increased costs incurred by Budrex Sp. z o.o. in connection with the prolonged implementation of the project. By order of 9 November 2022, the case was merged for joint consideration with the Unibep SA case for payment of PLN 3,338 thousand for increased costs incurred due to the prolonged implementation of the investment by Unibep SA. The case is currently at the stage of exchanging pleadings.
- In the statement of claim of 30 September 2022, Budrex Sp. z o.o. claims from **Trakcja PRKiL SA** reimbursement of the costs incurred for the performance of the defendant's scope of works under the Łochów - Topór contract in the amount of PLN 8,192 thousand. The court issued an order for payment by writ of payment. The defendant filed an objection against the order for payment. The case was referred to mediation. The mediation proceedings are ongoing.
- On 30 December 2022, Budrex Sp. z o.o. filed a statement of claim against **PKP Polskie Linie Kolejowe SA** for the payment of PLN 2,210 thousand. The statement of claim relates to increased general and administrative costs due to the prolongation of the Łochów - Topór investment due to subcontractors' fault. We are currently awaiting further action from the Court.

Actions brought against Budrex Sp. z o.o.

- In April 2021, **Trakcja PRKiL SA** filed a statement of claim for payment of remuneration on the Łochów-Topór contract in the amount of PLN 544 thousand. In June 2021, Budrex Sp. z o.o. filed a response to

the statement of claim to dismiss the claim in its entirety. The case was referred to mediation. In September 2021, the mediation ended without a settlement. On 31 May 2022, the court closed the case and, in a judgement of 29 July 2022, awarded Trakcja PRKiL SA the amount of PLN 324 thousand plus statutory interest. It dismissed the remainder of the claim. The ruling is not final. On 6 October 2022, an appeal was filed by Budrex Sp. z o.o. We are currently awaiting the appeal hearing date to be set.

- On 30 December 2021, **Polaqua Sp. z o.o.** filed a statement of claim in court against Budrex Sp. z o.o. covering a claim for payment of contractual penalties in the amount of PLN 3,487 thousand for untimely performance of works on the contract for the extension of national road no. 8 Warsaw - Białystok, Ostrów Mazowiecka bypass. On 23 June 2022, the defendant filed a response to the statement of claim, which included requests for evidence and a request for suspension of proceedings pending the resolution of cases previously brought concerning the legitimacy of charging contractual penalties to Budrex Sp. z o.o. Polaqua Sp. z o.o. filed a response to the statement of claim. There was an exchange of pleadings. On 16 January 2023, Polaqua submitted the documents requested by Budrex Sp. z o.o. Budrex Sp. z o.o. filed a preparatory letter with the Court. We are currently awaiting further action from the Court.

Cases filed by Unihouse SA

- In a statement of claim dated June 2020 Unihouse SA is demanding payment of remuneration in the amount of PLN 246 thousand from the investor **Eco Campus Sopot Sp. z o.o.** in connection with the construction of dormitories in Sopot. The position of Unihouse SA is that the developer has made too many deviations from the original concept and demands payment of remuneration before making further amendments. At the hearing on 9 June 2021, witnesses from the Unihouse side and on 4 August 2021, other witnesses were heard. In October 2022, Unihouse SA requested that the expert evidence be disregarded, but the Court did not grant the request. The Court ordered the defendant to make an advance payment for producing evidence in the form of an opinion. The advance has been paid and we are awaiting the drafting of the opinion. The opinion in the case was issued in early April 2023, to which Unihouse SA raised objections. We are awaiting the court's position on the issue of a supplementary opinion.
- Unihouse SA has filed a statement of claim with the Oslo Court for the payment of NOK 900 thousand in connection with **Taj Eiendom**'s failure to implement the provisions of the concluded agreement. The defendant is withholding payment of the aforementioned amount due to new defects appearing on the Nittebergia project. On 20 October 2022, the Court issued a judgement ordering Taj Eiendom to pay to Unihouse the amount due including interest and court costs. On 12 December 2022, the investor paid NOK 615 thousand. Unihouse will claim the remaining amount once the defects identified in the judgement have been rectified and Unihouse has secured documentation for the rectification of the defects.
- On 27 January 2023, Unihouse SA has filed a statement of claim with the Court for payment of a claim of NOK 22,852 thousand against **Fidelis Insurance Ireland DAC**. Unihouse made several claims under the guarantee in November 2022, but guarantor Fidelis and their co-venturer Standard Garanti AS did not pay the claim for the company. The claim under the guarantee was made in connection with the non-payment of receivables by the Investor Bekkefaret Bolig AS for the Klovertunet contract. The insurer has filed its own recourse claim against the Investor and is requesting that the two statements of claim be joined. Unihouse opposes the merger of the two cases. On 26 April, Fidelis' request for the acceptance of its recourse claim against the Investor was granted and the Investor's request for the acceptance of the Investor's claim against Unihouse was dismissed. The Investor has until 31 May to declare whether its claim is to be treated as a separate case.
- On 3 March 2023, Unihouse SA has referred the case to the Arbitration Committee against the Investor **Signaturhagen Konsberg**. The company is seeking payment of PLN 6,036 thousand due to delays in the Signaturhagen project. We are currently awaiting Signaturhagen's response in the case.

- On 21 April 2023, Unihouse SA filed a statement of claim to pay a claim of NOK 2,154 thousand against the investor **Selvaag**. The claim relates to the unpaid part of the last payment and the remuneration for additional works on the Bispelva contract. The investor has submitted its claims in the amount of NOK 600 thousand arguing that the claims should be set off against each other. We are currently awaiting further action from the court.
- On 21 April 2023, Unihouse SA filed a statement of claim against the Investor **MM9 Utbygging AS**. The claim relates to non-payment for contractual and ancillary works in the amount of NOK 1,120 thousand in connection with the implementation of the Marie Michelets contract. We are awaiting further action from the court.

Cases against Unihouse SA

- Unihouse SA has sent a letter requesting payment of NOK481 thousand to **subcontractor Patrick Tomrer** in relation to costs incurred for delays in subcontract works on the Nardobakken contract. The subcontractor has filed a statement of claim against Unihouse SA with the Court for the payment of NOK 729 thousand. On 21 December 2022, the parties reached a settlement in which Unihouse SA agreed to pay Tomrer NOK 400 thousand. The settlement has been implemented and the case can be considered closed.

Actions brought against GN INVEST UDM Sp. z o.o. S.K.A.

- An action was initiated before the District Court for Warsaw Mokotów brought by the **purchaser of a residential unit** concerning the Project Point House. On 18 May 2017, the plaintiff filed a lawsuit against the Company for payment of PLN 40 thousand. On 25 May 2017, the Company sent a reply to the statement of claim, requesting that the claim be dismissed in its entirety. On 4 October 2022, the Company received a judgement of the Court of First Instance, in which the Court found the claim to be well-founded and awarded the plaintiff the sum of PLN 40 thousand plus interest. On 13 December 2022, the Company appealed against the judgement of the Court of First Instance. We are waiting for the hearing date to be set.

An action brought against Osiedle IDEA Sp. z o.o.

- On 16 December 2021, the Company received a statement of claim from the purchaser of the premises for payment of PLN 100 thousand as reimbursement of the cost of removal of a defect on the project Osiedle Idea Ogrody Radom. Witnesses were heard in the case and the Court required the parties to submit evidence theses for the construction expert and adjourned the hearing without a date. We are awaiting an expert opinion.

Action brought against Szczęśliwicka Sp. z o.o.

- On 16 March 2022, Szczęśliwicka Sp. z o.o. received a statement of claim for payment of PLN 1,460 thousand. Proceedings were initiated by the **Wspólnota Mieszkaniowa** in respect of claims for defects in the buildings at the Osiedle 360 investment. On 5 April 2022, the Company sent a response to the claim to the Court. On 31 August 2022, the Company has received a response from the plaintiff to the Company's statement of defence. We are awaiting further action on the case.

6.36.2. Guarantees

	as of 31.12.2022	as of 31.12.2021
GUARANTEES GRANTED	875,712,358.30	579,301,707.68
To related parties	47,179,340.87	30,973,617.91
To other entities	828,533,017.43	548,328,089.77
GUARANTEES RECEIVED	158,566,651.31	176,100,021.99
From other entities	158,566,651.31	176,100,021.99

In 2022, a guarantee for the amount of PLN 354,507,051.66 was granted and guarantees were received in the amount of PLN 51,958,570.16.

6.37. Impact of the COVID 19 coronavirus outbreak and the war situation on UNIBEP GROUP's operations

Information on the possible effect of the COVID-19 coronavirus epidemic on Unibep's and the Group's operations

In the recent period, the impact of the coronavirus outbreak on the Group's operations has been very limited. However, the occurrence of extraordinary cases in the future that are negative for the Issuer and the industry as a whole and the consequences thereof cannot be ruled out with 100% certainty.

The situation in the Unibep Group has not materially changed compared to previous quarters and the information contained in the regular reports for 2022. Publicly available information on the state of the pandemic prompts us to take appropriate action both internally and with our business partners. The risks associated with the threat and their potential impact on the company's smooth operations, on-time delivery and cost growth are continuously monitored.

The level of threat to the business that resulted from the situation and that was described in the previous annual report is currently not material. Covid-19 does not force the need to revise plans and strategies, closing risks associated with broken supply chains. It does not affect the investment decisions of our potential buyers, our sales opportunities or the development of business relationships. There is also no significant impact on our credit risk and liquidity. We currently see no problems with the ability to move our staff as well as our subcontractors, both within the country and between the markets of the countries in our operational area. There are no indications of asset impairment. The constraints seen in 2021 on the operation of public and local government bodies and the associated remote working in the recent period do not present difficulties.

Much more significant impact for the prospects and developments are the hostilities on Ukrainian territory.

Russia's invasion of Ukraine. Information on the impact of the war situation 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 are events that affect the Company's and the Group's operations and future financial performance.

On 24 February 2022, the Management Board of Unibep SA has released information on the current assessment of the impact of the armed conflict in Ukraine on the Unibep Group's operations in this market.

The situation described in the report for Q3 2022 and earlier remains unchanged. The Company does not currently carry out construction work in Ukraine. In the domestic market, it does not identify significant risks in the implementation of contracts and accepted work schedules. In the opinion of the Management Board of Unibep SA, the armed conflict does not give rise to a need for write-offs.

At the date of publication of this report, it is not the Group's intention to withdraw from the Ukrainian market. The Group maintains its intention to implement projects, while further cooperation and performance of contracts in Ukraine invariably depends on the development of the geopolitical situation in the region. However, the Group's presence in the post-conflict reconstruction project in Ukraine is under consideration.

Our subcontractors and other business partners include entities employing Ukrainian nationals. Since the start of the conflict, the impact on contract implementation and accepted work schedules has been monitored on an ongoing basis. The Group does not identify any significant risks from this area. Contractors are completing the works without significant downtime and the risk of downtime is much lower than in the first months of the war.

The armed conflict, however, projects many adverse economic trends. The main risks and threats defined at the beginning of the armed conflict, namely the non-standard increase in the price of energy, fuels and construction materials, their limited availability and the disruption of supply chains, remain valid. In addition, we are following the phenomenon of high inflation, the stalling of investments, including those financed by EU

programmes. The whole thing creates difficulties for reliable contract valuation and, consequently, long-term planning.

Despite the ongoing turbulence in material prices and problems with supply chains, our contractual obligations are being met on an ongoing basis. What is felt periodically, however, is the limited access to fossil raw materials directly affecting production and maintenance costs. High inflation and a developing recession are affecting the economy and the business climate. This translates negatively into contract profitability.

The Unibep Group monitors the development of the conflict in Ukraine and assesses its impact on the Group's operations, including the execution of concluded contracts. The Company is analysing the situation and building scenarios for action in case the conflict escalates further. 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.

Estimating the impact of the aforementioned phenomena on the Unibep Group's operations is difficult, as these phenomena occur in correlation with others and their dependence is multidimensional. The complicated geopolitical situation has certainly reduced both acquisition activity and execution efficiency, which has an impact on the profitability of almost all segments and may also have its consequences in future periods, especially in businesses that place their activities mainly outside the domestic market.

6.38. Events after the balance sheet date

Changes in the Group structure

1. On 2 January 2023, the National Court Register registered the merger of Szczęśliwicka Sp. z o.o. with the companies: Osiedle Marywilska Sp. z o.o., Osiedle Idea Sp. z o.o., "Mickiewicza Idea spółka z ograniczoną odpowiedzialnością" Sp.k., Zielony Sołacz Tarasy MP spółka z ograniczoną odpowiedzialnością Sp.k., Monday Kosmonautów MP spółka z ograniczoną odpowiedzialnością Sp.k.
2. On 23.03.2023, the District Court in Białystok, 12th Commercial Department of the National Court Register registered an increase in the share capital of Unihouse SA. As at the date of publication of these statements, the company's share capital amounts to PLN 2,830,000.00.
3. On 3 April 2023, the District Court in Białystok, 12th Commercial Department of the National Court Register issued a decision on the merger of UNIBEP SA with its registered office in Bielsk Podlaski and BUDREX Sp. z o.o. with its registered office in Białystok. The merger was effected through the transfer of all assets of the acquired company, i.e. BUDREX Sp. z o.o., to the acquiring company, i.e. UNIBEP SA. Thus, UNIBEP SA entered, as of the date of the merger, into all rights and obligations of BUDREX Sp. z o.o. and became a party to all binding agreements concluded by BUDREX Sp. z o.o.

Conclusion of financial agreements

- On 5 January 2023, Unibep SA signed an annex to the agreement for the provision of contractual insurance guarantees with WIENER TU SA extending the agreement until 10.12.2023.
- On 10 January 2023, Unibep SA signed an annex to the agreement for the provision of contractual insurance guarantees with Sopockie Towarzystwo Ubezpieczeń ERGO Hestia SA increasing the guarantee limit to PLN 100 million.
- On 23 January 2023, Unibep SA signed an insurance guarantee agreement for an indefinite period with Towarzystwo Ubezpieczeń Wzajemnych "TUW" in the amount of PLN 15 million.
- On 26 January 2023, UNIBEP SA extended the overdraft and guarantee line agreement with Paribas Bank Polska SA for the total amount of PLN 143 million. The agreement was extended until 26 January 2024.
- On 27 January 2023, Unibep SA, Budrex Sp. z o.o. and Unihouse SA extended their overdraft and guarantee line agreement with Bank Polska Kasa Opieki SA for the total amount of PLN 70 million. The agreement was extended until 31 January 2024.

- On 2 February 2023, Unibep SA signed an annex to the contractual guarantee agreement with TUIR Allianz Polska SA extending the agreement until 31.12.2023.
- On 10 February, Unibep SA and Unihouse SA signed a tripartite overdraft and guarantee line agreement with mBank SA for the total amount of PLN 80 million. The agreement is effective until 29 January 2024 and replaced the previous financing agreement.
- On 28 February 2023, Unibep SA extended the overdraft and guarantee line agreement with BGK BP SA for the total amount of PLN 110 million. The agreement was extended until 29 February 2024.
- On 28 February 2023, Unihouse SA extended the overdraft and guarantee line agreement with BGK BP SA for the total amount of PLN 20 million. The agreement was extended until 29 February 2024.
- On 5 April 2023, Unidevelopment SA issued 23,500 series E bonds with a total value of PLN 23.5 million. The bonds will be redeemed no later than 3 years from the date of issue.

Information on other significant events after the balance sheet date are included in the Report of the Management Board on Activities of the UNIBEP Group for 2022 – Section 6.5.

6.39. Employment structure

AVERAGE EMPLOYMENT

	01.01.-31.12.2022	01.01.-31.12.2021
White-collar workers	1,023	967
Blue-collar workers	526	621
Total	1,549	1,588

6.40. Information on contracts with audit firms

On 22.06.2022, the Supervisory Board of the Parent Company selected Grant Thornton Polska Prosta Spółka Akcyjna (formerly Grant Thornton Polska spółka z ograniczoną odpowiedzialnością Spółka komandytowa) with its registered office in Poznań, ul. Abpa Antoniego Baraniaka 88E to review and audit the financial statements for the period 2022-2024. The audit firm was selected on 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 the UNIBEP Group".

The Parent Company entered into a contract on 28.07.2022 for the review and audit of the separate and consolidated statements, which stipulates an annual remuneration of PLN 379 thousand per annum plus additional costs.

The total remuneration of Grant Thornton Polska Prosta Spółka Akcyjna for the audit of the statements of the other Group companies for 2022 amounts to PLN 393.3 thousand plus additional costs.

On 21.01.2019, the Parent Company also concluded a contract for auditing the financial statements of UNIBEP SA on the Norwegian market in accordance with Norwegian standards with Deloitte AS Dronning Eufemias gate 14, NO-0103 Oslo for a value of 370,000 NOK plus additional costs.

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 audit firms did not provide any other services to the Parent Company and the Group in 2022.

The Group 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 06.02.2018. 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 (with the exception that such an audit was ordered again) 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 the following: 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 by statutory auditors, audit firms or members of their network of certain services other than statutory audit services. The aforementioned policy provides for listing prohibited services, which do not constitute financial audit activities, as well as permitted services, which are not financial audit activities, and also 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 is in force at the Company and in the Capital Group of the Company.

7. Approval of the financial statements

The Group prepared the financial statements for 2021 in accordance with the International Accounting Standards. On 21 June 2022, these financial statements were approved by the Ordinary General Meeting of Shareholders of UNIBEP SA.

These financial statements were authorised by the Management Board of UNIBEP SA on 27.04.2023.

The publication date of these financial statements is 27.04.2023.

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD OF THE PARENT COMPANY

President of the Management Board

Leszek Marek Gołqbiecki

Vice-President of the Management Board

Sławomir Kiszycki

Vice-President of the Management Board

Krzysztof Mikołajczyk

Member of the Management Board

Adam Poliński

Member of the Management Board

Przemysław Wojciech Janiszewski

SIGNATURE OF THE PERSON ENTRUSTED WITH BOOKKEEPING

Chief Accountant

Krzyszyna Kobylińska



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