

2023



**CONSOLIDATED FINANCIAL  
STATEMENTS FOR 2023**

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING  
STANDARDS APPROVED BY THE EUROPEAN UNION

BIELSK PODLASKI, 18 APRIL 2024



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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	as of 31.12.2023	as of 31.12.2022
<b>ASSETS</b>			
<b>LONG-TERM FIXED ASSETS</b>			
Tangible fixed assets	6.1	146,814,996.53	152,303,721.45
Intangible assets	6.2	24,631,063.22	23,904,151.66
Investment property	6.3	63,784,310.93	63,586,646.26
Trade and other long-term receivables	6.5	12,467,627.64	8,162,014.38
Deposits on contracts with clients	6.18	6,885,289.18	14,837,228.65
Loans granted	6.9	–	79,231,122.13
Derivative financial instrument assets	5	4,098,447.61	–
Other long-term financial assets		3,751,818.46	–
Deferred income tax assets	6.16	88,381,078.00	59,063,285.00
<b>Total (long-term) fixed assets</b>		<b>350,814,631.57</b>	<b>401,088,169.53</b>
<b>SHORT-TERM CURRENT ASSETS</b>			
Inventory	6.7	457,932,180.10	543,540,093.66
Trade and other short-term receivables	6.5	378,929,269.58	384,515,367.72
Deposits on contracts with clients	6.18	14,109,242.28	22,299,993.58
Contractual assets	6.17	186,762,071.49	301,259,451.67
Current income tax receivables		5,688,437.68	12,938,587.53
Derivative financial instrument assets	5	5,912,703.60	1,382,787.29
Loans granted	6.9	96,108,774.17	8,230,065.60
Cash and cash equivalents	6.8	311,059,614.93	137,948,189.73
<b>Current assets other than those held for sale or distribution to owners</b>		<b>1,456,502,293.83</b>	<b>1,412,114,536.78</b>
<b>Total (short-term) current assets</b>		<b>1,456,502,293.83</b>	<b>1,412,114,536.78</b>
<b>TOTAL ASSETS</b>		<b>1,807,316,925.40</b>	<b>1,813,202,706.31</b>

	Note	as of 31.12.2023	as of 31.12.2022
<b>LIABILITIES</b>			
<b>Equity</b>			
Share capital	6.10	3,507,063.40	3,507,063.40
Capital from sales of shares at premium		65,803,761.02	63,893,761.02
Other reserve capitals	6.10	10,269,281.60	4,443,991.80
Retained profit (loss)	6.10	57,325,084.29	230,298,029.47
<b>Equity attributable to shareholders of the parent company</b>		<b>136,905,190.31</b>	<b>302,142,845.69</b>
Equity attributable to non-controlling interests		76,221,072.21	81,811,387.99
<b>Total equity</b>		<b>213,126,262.52</b>	<b>383,954,233.68</b>
<b>Long-term liabilities</b>			
Trade and other long-term liabilities	6.15	8,147,808.70	12,179,096.95
Credits, loans and other financial liabilities – long-term	6.12	214,744,634.58	126,478,695.93
Long-term lease liabilities	6.13	40,180,669.55	43,249,484.26
Long-term provisions	6.14	85,819,458.29	64,439,833.22
Deposits on contracts with clients	6.18	54,479,614.37	46,714,420.39
Deferred income tax liability	6.16	6,906,238.00	4,915,598.00
<b>Total long-term liabilities</b>		<b>410,278,423.49</b>	<b>297,977,128.75</b>
<b>Short-term liabilities</b>			
Trade and other short-term liabilities	6.15	416,708,917.00	415,310,568.21
Contractual liabilities	6.17	359,148,964.02	322,985,243.51
Deposits on contracts with clients	6.18	68,309,692.66	66,018,434.08
Credits, loans and other financial liabilities – short-term	6.12	43,071,159.31	39,720,828.40
Short-term lease liabilities	6.13	29,662,286.48	31,342,383.41
Derivative financial instrument liabilities	5	–	2,213,169.32
Current income tax liabilities		2,341,842.66	9,268,837.31
Short-term provisions	6.14	264,669,377.26	244,411,879.64
<b>Short-term liabilities other than those related to assets held for sale</b>		<b>1,183,912,239.39</b>	<b>1,131,271,343.88</b>
<b>Total short-term liabilities</b>		<b>1,183,912,239.39</b>	<b>1,131,271,343.88</b>
<b>Total liabilities</b>		<b>1,594,190,662.88</b>	<b>1,429,248,472.63</b>
<b>TOTAL LIABILITIES</b>		<b>1,807,316,925.40</b>	<b>1,813,202,706.31</b>

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	Note	01.01-31.12.2023	01.01-31.12.2022
<b>Operating activities</b>			
Revenue from contracts with clients	6.20	2,429,768,162.86	2,258,312,070.33
Cost of products, goods and materials sold		2,467,591,273.87	2,110,057,045.87
<b>Gross profit (loss) on sales</b>		<b>-37,823,111.01</b>	<b>148,255,024.46</b>
Selling costs	6.21	15,508,956.97	20,609,310.22
General and administrative costs	6.21	71,314,932.22	58,287,546.99
Other operating revenue	6.22	11,108,138.61	8,478,029.74
Other operating expenses	6.22	24,270,488.59	14,085,197.88
<b>Profit (loss) on operating activities</b>		<b>-137,809,350.18</b>	<b>63,750,999.11</b>
Financial revenue	6.23	20,032,192.69	12,222,011.95
Financial expenses	6.23	45,027,467.84	23,323,594.66
Expected credit losses	6.23	14,419,633.54	11,248,512.25
Share in net profits (losses) of subsidiaries measured using the equity method	6.4	-63,421.18	500,557.62
<b>Pre-tax profit (loss)</b>		<b>-177,287,680.05</b>	<b>41,901,461.77</b>
Income tax	6.16	-20,801,958.57	10,040,155.02
<b>Net profit (loss) on continued operations</b>		<b>-156,485,721.48</b>	<b>31,861,306.75</b>
<b>Net profit (loss)</b>		<b>-156,485,721.48</b>	<b>31,861,306.75</b>
of which attributable to:			
shareholders of the parent company		-165,895,405.70	7,444,028.82
non-controlling interests		9,409,684.22	24,417,277.93

**Profit per share**

<b>Profit (loss) per one ordinary share:</b>			
Basic profit (basic loss) per share on continued operations		-5.11	0.23
Basic profit (basic loss) per share on discontinued operations		-	-
<b>Profit (loss) per ordinary share</b>		<b>-5.11</b>	<b>0.23</b>
<b>Diluted profit (loss) per ordinary share:</b>			
Diluted profit (diluted loss) per share on continued operations		-5.11	0.23
Diluted profit (diluted loss) per share on discontinued operations		-	-
<b>Diluted profit (loss) per ordinary share</b>		<b>-5.11</b>	<b>0.23</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	01.01-31.12.2023	01.01-31.12.2022
<b>Net profit (loss)</b>	<b>-156,485,721.48</b>	<b>31,861,306.75</b>
<b>Other comprehensive income to be reclassified to profit or loss under specified conditions:</b>	<b>7,983,222.80</b>	<b>4,584,620.49</b>
Effective portion of changes in fair value of cash flow hedges	7,983,222.80	4,584,620.49
<b>Other comprehensive income not to be reclassified to profit or loss:</b>	<b>-1,232,864.00</b>	<b>2,420,803.21</b>
Actuarial gains (losses) on defined benefit plans	-1,232,864.00	1,122,265.00
Valuation of investment property at fair value at the time of reclassification	-	1,298,538.21
<b>Other pre-tax comprehensive income</b>	<b>6,750,358.80</b>	<b>7,005,423.70</b>
Income tax related to items that may be reclassified in later periods	1,516,813.00	871,077.00
Income tax related to items not to be reclassified in later periods	-234,244.00	459,952.00
<b>Total other post-tax comprehensive income</b>	<b>5,467,789.80</b>	<b>5,674,394.70</b>
<b>Total comprehensive income</b>	<b>-151,017,931.68</b>	<b>37,535,701.45</b>
of which attributable to:		
shareholders of the parent company	-160,427,615.90	13,118,423.52
non-controlling interests	9,409,684.22	24,417,277.93

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 01.01.2023 to 31.12.2023

	Share capital	Other reserve capitals	Capital from sales of shares at premium	Retained profit	Equity attributable to the owners of the parent company	Attributable to non-controlling shareholders	Total equity
<b>As of 31 DECEMBER 2022</b>	<b>3,507,063.40</b>	<b>4,443,991.80</b>	<b>63,893,761.02</b>	<b>230,298,029.47</b>	<b>302,142,845.69</b>	<b>81,811,387.99</b>	<b>383,954,233.68</b>
Adjustment of an error	-	-	-	-	-	-	-
<b>As of 1 JANUARY 2023</b>	<b>3,507,063.40</b>	<b>4,443,991.80</b>	<b>63,893,761.02</b>	<b>230,298,029.47</b>	<b>302,142,845.69</b>	<b>81,811,387.99</b>	<b>383,954,233.68</b>
Dividend recognised as payments to owners	-	-	-	-7,077,539.48	-7,077,539.48	-15,000,000.00	-22,077,539.48
Return of contributions	-	-	-	-	-	-	-
Taking control	-	-	-	-	-	-	-
Incentive scheme	-	357,500.00	1,910,000.00	-	2,267,500.00	-	2,267,500.00
Current year's profit (loss)	-	-	-	-165,895,405.70	-165,895,405.70	9,409,684.22	-156,485,721.48
Other combined comprehensive income	-	5,467,789.80	-	-	5,467,789.80	-	5,467,789.80
<b>Comprehensive income</b>	<b>-</b>	<b>5,467,789.80</b>	<b>-</b>	<b>-165,895,405.70</b>	<b>-160,427,615.90</b>	<b>9,409,684.22</b>	<b>-151,017,931.68</b>
<b>Changes in equity</b>	<b>-</b>	<b>5,825,289.80</b>	<b>1,910,000.00</b>	<b>-172,972,945.18</b>	<b>-165,237,655.38</b>	<b>-5,590,315.78</b>	<b>-170,827,971.16</b>
<b>As of 31 DECEMBER 2023</b>	<b>3,507,063.40</b>	<b>10,269,281.60</b>	<b>65,803,761.02</b>	<b>57,325,084.29</b>	<b>136,905,190.31</b>	<b>76,221,072.21</b>	<b>213,126,262.52</b>

For the period from 01.01.2022 to 31.12.2022

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

	01.01-31.12.2023	01.01-31.12.2022
<b>Cash flows from operating activities</b>		
Gross profit (loss)	-177,287,680.05	41,901,461.77
Total adjustments:	341,814,457.95	-23,274,490.63
Amortisation:	28,400,372.08	25,582,215.69
Exchange rate profits (losses)	-831,784.47	163,839.69
Interest and profit sharing (dividend)	21,425,895.35	5,470,062.51
Profit (loss) on investment activities	-7,900,225.78	-1,714,611.06
Change in provisions	40,404,258.69	66,857,185.95
Change in inventory	84,728,237.46	-56,323,359.54
Change in receivables	133,384,315.70	-200,049,274.78
Change in short-term liabilities excluding financial liabilities	41,630,581.77	137,254,570.59
Other adjustments	572,807.15	-515,119.68
<b>Cash from operating activities</b>	<b>164,526,777.90</b>	<b>18,626,971.14</b>
Income tax paid/refunded	-7,430,376.00	-22,851,246.03
<b>Net cash from operating activities</b>	<b>157,096,401.90</b>	<b>-4,224,274.89</b>
<b>Cash flows from investment activities</b>		
Acquisition of tangible fixed assets, intangible assets, investment properties	-6,553,353.66	-70,726,628.68
Proceeds from sales of tangible fixed assets and intangible assets	1,515,647.28	7,360,004.83
Interest received	12,019,326.53	5,936,196.51
Loans repaid by related parties	120,000.00	-
Loans granted to third parties	-8,553,023.25	-17,880,411.65
Cash from taking control	-	23,868,574.14
Other (including execution of derivative instruments)	5,298,603.57	-5,829,497.70
<b>Net cash from investment activities</b>	<b>3,847,200.47</b>	<b>-57,271,762.55</b>
<b>Cash flows from financial activities</b>		
Inflows from loans, credits, bonds and bills of exchange	367,953,513.49	176,342,456.98
Inflows from sales of shares/incentive scheme	1,975,000.00	1,800,000.00
Repayment of loans, credits, bonds and bills of exchange	-278,630,982.46	-168,987,719.09
Acquisition of own shares/refund of contributions	-	-14,938,248.25
Payment of liabilities arising from lease contracts	-19,500,457.36	-15,040,983.31
Interest paid	-33,045,909.89	-21,868,658.53
Dividend paid	-22,680,566.20	-29,357,500.37
Other cash inflows (outflows)	-3,751,818.46	-
<b>Net cash from financial activities</b>	<b>12,318,779.12</b>	<b>-72,050,652.57</b>
<b>Net change in cash due to exchange rate differences</b>	<b>173,262,381.49</b>	<b>-133,546,690.01</b>
Exchange rate differences	-150,956.29	34,092.90
<b>Net change in cash</b>	<b>173,111,425.20</b>	<b>-133,512,597.11</b>
<b>Opening balance of cash</b>	<b>137,948,189.73</b>	<b>271,460,786.84</b>
<b>Closing balance of cash</b>	<b>311,059,614.93</b>	<b>137,948,189.73</b>
- including: of limited disposability	100,189,345.76	40,176,709.34

Explanatory notes to the statement of cash flows 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 31.12.2023, the Unibep Group was composed of the following entities: Unidevelopment SA, UNEX Construction 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., Bukowska 18 Sp. z o.o. (formerly Bukowska 18 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.), 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., UNI15 Sp. z o.o., UNI16 Sp. z o.o., UNI17 Sp. z o.o., UNI18 Sp. z o.o., UNI19 Sp. z o.o., UNI20 Sp. z o.o., UNI21 Sp. z o.o., UNI22 Sp. z o.o., UNI23 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.

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: ul. 3 Maja 19, 17-100 Bielsk Podlaski, Poland.

Unibep SA is not a subsidiary of any other entity that 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 2023, the Group applied the same accounting principles as in preparation of the annual financial statements for 2022 except for changes to the standards as well as new standards and interpretations approved by the European Union, binding for the reporting periods that begin on or after 1 January 2023. In 2023, 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 2023.

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 statement of cash flows, were prepared on an accrual basis.

The financial statements present financial data for the period from 1 January 2023 to 31 December 2023 and comparative financial data for the period from 1 January 2022 to 31 December 2022.

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 the Parent Company is not aware of any facts or circumstances that 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.

The consolidated financial statements for 2023 have been prepared on a going concern basis and therefore do not include any adjustments relating to different measurement and classification of assets and liabilities that would be necessary if the going concern assumption of the Parent Company and/or the Capital Group as a whole were to prove to be unjustified.

In 2023, the Parent Company of the Capital Group recorded a net loss of PLN 164.309 million and the value of equity as of 31 December 2023 was PLN 45.726 million, while the Capital Group recorded a net loss of PLN 156.486 million and the value of equity as of 31 December 2023 was PLN 213.126 million.

The reported profit or loss in 2023 indicates that there is significant uncertainty about the going concern of the Parent Company and its Capital Group. The Parent Company's Management Board would also like to point out that, as at the date of publication of these financial statements, there is no indication that this risk of the Group as a whole or its subsidiaries as a whole continuing as a going concern is about to materialise; however, notwithstanding the above statements, the Management Board would like to point out the measures it has already taken in the first months of 2024 or intends to take in the coming periods to strengthen the financial position of the Parent Company and the Capital Group as a whole over a period of at least 12 months counting from the date of preparation of these financial statements, as discussed below.

## Economic situation and financial position of the Parent Company and the Capital Group

As a result of the negative financial results indicated above, one of the bank's financial covenants as of 31 December 2023 has been breached. This is presented in the table below:

Definition of a covenant	Permissible limit value of the covenant	Covenant value as of 31 December 2023	Whether breached
Net debt/EBITDA covenant	max 3.0	0.14	Yes (due to negative EBITDA)
Net debt/equity covenant	max 1.0	-0.07	No

In the course of the explanatory actions made in the first three months of 2024 towards banking, insurance institutions or other stakeholders involved in the financing of the Parent Company's and its Capital Group's activities, the Management Board, on the one hand, made appropriate explanations of the situation that had arisen and, on the other hand, drew up plans and actions to optimise the balance sheet items indicated later in the note that made it possible to obtain exemptions in terms of the covenants indicated above as of 31 December 2023. This had the effect of preserving, as at the date of publication of these financial statements, the status quo of all credit and guarantee lines necessary to finance the operations of the Parent Company and its Capital Group.

### Explanation of the economic situation in 2023

The Capital Group's operations for the entire 2023 generated revenue from core activities in the amount of PLN 2,429.768 million, which constituted an increase by approx. 8% as compared to the same period last year. The increase in turnover was mostly attributable to the construction segment (over +8%), mainly as a result of higher sales in the following sectors: energy and industrial construction (+65%) and residential and commercial construction (+9%), while revenue recorded in the infrastructure (-29%) and property development (-5%) sectors dropped.

In the analysed period of 2023, the Capital Group achieved an operating loss of PLN -137.809 million. As compared to the previous year, which recorded an operating profit of PLN 63.751 million, this represents a negative deviation by PLN -201.560 million.

The aforementioned situation was influenced by factors of both an internal and external nature. Undoubtedly, the biggest contributor to this situation was the cumulative materialisation of operational risks that naturally accompany the day-to-day business activities of companies operating in the general contracting segment. On the one hand, the results for 2023 take into account the estimates of higher costs of construction output in the scope of many contracts realised, while on the other hand, in the scope of those contracts where completion dates are approaching, contract valuations take into account final levels of realised revenue. In addition, the valuations of contracts whose timely completion is at risk, has taken into account the negative economic impact on their operating result. By mentioning this issue, the Management Board would like to point out that the presented profit or loss for both the Parent Company and the Capital Group were burdened by necessary provisions, among others, in the scope of two contracts from the energy and industry segment which, as a result of circumstances and organisational and economic difficulties and the lack of appropriate revaluation clauses, as well as actual penalties charged by the ordering party for breaking established implementation schedules, negatively reduced the net profit or loss for the analysed year 2023 by a total of more than PLN 40 million.

The results were negatively affected by the global inflation phenomena. It is worth pointing out, however, that the difficult macroeconomic situation in Poland and worldwide has also affected many investors (e.g. through higher investment financing costs). This has translated into a reduced willingness on the part of employers to renegotiate contractual terms and conditions of the construction contracts to the extent that they would be able to cover the resulting profitability gap in a satisfactory manner. This is particularly true of private contracts.

From the point of view of operating results, the year 2023 passed under the influence of the inflation phenomena, which negatively affected the Capital Group's ability to maintain the profitability levels recorded in the corresponding period of 2022. These include, in particular:

- unprecedented increases in the prices of certain groups of materials, including further increases in 2023 in the prices of certain building materials such as cement and lime (approx. 44%), insulation materials (+22%) or construction chemicals (+16%);
- a permanent shortage of blue-collar workers and certain groups of skilled workers already visible in 2022, and linked to the outflow of workers from Ukraine;
- rising labour costs due to increases in the minimum wage, amended twice in 2023 by the Polish government (by a total of almost 20%), resulting in above-average increases in labour costs.

Over the course of 2023, the Capital Group's Management Board took active steps to attempt to amend the contractual terms and conditions of subcontracted general contracting tasks. Their intensity was high especially in the second half of 2023, however, they ultimately failed to deliver the expected results. In fact, in a very large number of cases, a rigid negotiating attitude was encountered on the part of the employers, often linked to their lack of access to additional sources of financing.

In the group of private contracts, the aforementioned phenomena contributed directly to the decline in the Capital Group's operating profitability in 2023. This is particularly the case in the **residential and commercial** construction sector, where construction contracts do not have the relevant escalation clauses and it is only possible to obtain compensation or annexes increasing the value of contracts based on the relevant agreements between the parties. In addition, during 2023 the domestic market showed a negative trend in the supply of new bids in residential construction resulting in increased competition from general contractors, which resulted in a drop in bid margins. In view of the inflation phenomena indicated above, this has reduced the profitability of the Capital Group's ongoing contracts from this part of the contract portfolio.

On the other hand, as regards public road contracts, under the influence of many appeals made by the Polish Association of Construction-Industry Employers (PZPB), the government side adjusted the indexation limit from 10% to 15%, but in the end this change only applied to contracts signed before the outbreak of war in Ukraine. For the Capital Group, this additional element very often remains unattainable and indexation is only limited to the previous limit of 10%, which did not allow the budgets of ongoing contracts, which were most significantly affected by the rising costs of construction materials and labour, to be fully balanced.

The Capital Group's results also include the costs of a decrease in its headcount as a result of adjusting its level to current economic and market conditions at the modular building factory of Unihouse SA, and the lower-than-assumed resulting effects from contract award procedures in the scope of construction projects acquired in 2023.

In addition to the operating factors indicated above, the Capital Group's profit or loss in 2023 was also affected by the result on financing activities (a deterioration of PLN 17.065 million y/y), mainly due to higher interest expenses and the valuation of financial assets such as write-offs on receivables.

As a result of the above-mentioned non-recurring factors, the estimated net profit of the Capital Group was lower by PLN 188.347 million than in the previous year.

At the end of 2023, the Capital Group's cash balance stood at PLN 311.060 million, as compared to PLN 137.948 million in the same period of the previous year. This item naturally neutralises the financial debt amounting to PLN 328 million as of 31 December 2023 (as compared to PLN 241 million in 2022), resulting in a net financial debt of only around PLN 17 million in the analysed period, as compared to PLN 103 million in the same period of the previous year.

The table below shows the value of the Capital Group's financial liabilities for credits, loans, leases and other financial liabilities, together with an indication of the balance of cash and cash equivalents as of 31 December 2023 and 31 December 2022.

data in PLN thousand	2023	2022	difference	change %
<b>Long-term portion</b>				
Credits, loans and other financial liabilities	214,745	126,479	88,266	69.8
Lease liabilities	40,181	43,249	-3,068	-7.1
<b>Total</b>	<b>254,926</b>	<b>169,728</b>	<b>85,198</b>	<b>50.2</b>
<b>Short-term portion</b>				
Credits, loans and other financial liabilities	43,071	39,721	3,350	8.4
Lease liabilities	29,662	31,342	-1,680	-5.4
<b>Total</b>	<b>72,733</b>	<b>71,063</b>	<b>1,670</b>	<b>2.4</b>
<b>Cumulative values</b>				
Credits, loans and other financial liabilities	257,816	166,200	91,616	55.1
Lease liabilities	69,843	74,591	-4,748	-6.4
<b>Total (A)</b>	<b>327,659</b>	<b>240,791</b>	<b>86,868</b>	<b>36.1</b>
<b>Cash and cash equivalents (B)</b>	<b>311,060</b>	<b>137,948</b>	<b>173,112</b>	<b>125.5</b>
<b>Net financial debt (A-B)</b>	<b>16,599</b>	<b>102,843</b>	<b>-86,244</b>	<b>no data</b>

As indicated in the table above, there is an increase in the balance of total financial debt by PLN 86.868 million y/y (i.e. by approx. 36%) in 2023. However, at the same time, the balance of cash and cash equivalents increased by PLN 173.112 million y/y (i.e. by approx. 125.5%), resulting in a situation where net debt (total financial debt less the balance of cash and cash equivalents) decreased by PLN 86.244 million compared to the same period of the previous year. As a result, its level as of 31 December 2023 is relatively neutral, at PLN 16.6 million.

The Capital Group's Management Board is fully aware of the liquidity risks facing the Group as a whole and the Parent Company in particular in the periods ahead. Therefore, a number of measures have already been taken and agreed in the first months of this year, as indicated below, which make an excellent contribution to maintaining an optimum level of external financing, but also guarantee the liquidity security of both the Capital Group and its component companies.

#### **Extension of credit contracts for working capital loans, overdrafts or guarantee lines and exemption from calculation of financial ratios (the so-called covenants)**

As indicated above, starting from the beginning of the current 2024, the Parent Company's Management Board undertook a series of investigations with financial institutions, which ultimately allowed the maturity of working capital or overdraft financing lines and guarantee lines expiring during this period to be appropriately annexed, as referred to in Section 6.37 of this report "Events after the balance sheet date".

In view of the above, as at the date of publication of this report, the Parent Company has credit lines in the form of working capital loans and bank overdrafts totalling PLN 133.9 million. In the opinion of the Management Board, this is a value that allows for the liquid financing of the Parent Company's operating activities as well as those of its subsidiaries, which the Parent Company finances on an intra-group basis.

The amount of available guarantee lines necessary to finance the Parent Company's needs for performance bonds, guarantees for removal of defects and faults and advance payment refund guarantees amounts to PLN 1,318.4 million. In the opinion of the Management Board, this is a sufficient level to finance the guarantee needs of the Parent Company for a period of at least up to 12 months from the date of these financial statements.

The aforementioned clarification measures, both with financial institutions and bondholders, made it possible to maintain the availability of the credit lines held, which is important from the point of view of the data included in the Consolidated Statement of Financial Position as of 31 December 2023.

In addition, the suspension of the monitoring of one of the covenants, i.e. EBITDA / Net Debt calculated for the consolidated financial data of the Capital Group, is stipulated in most of the credit contracts and in the Terms of Issue of the Bonds. The first monitoring of this covenant will take place on the basis of the consolidated financial data for 2024.



The second covenant, i.e. Net Debt / Equity calculated for the consolidated financial data of the Capital Group as of 31 December 2023, has not been breached and, according to the estimates of the Management Board, will not be breached in the individual quarters of 2024.

Notwithstanding the above, the Management Board is confident that the reorganisation measures referred to below, which are being carried out in the Capital Group, will allow financial discipline to be maintained in terms of the financial covenants indicated over a period of at least 12 months counting from the date of these financial statements.

#### **Optimisation of the Parent Company's activities in its operating segments and individual subsidiaries.**

The overriding aim of the optimisation efforts of the entire Capital Group is to continue operations and maintain a stable financial position. The main elements of these activities are:

- a further increase in the contract award procedures in the Parent Company's **infrastructure** area, which, according to analysts' predictions, will be characterised by stable strong dynamics in the coming years, following the implementation of projects financed by EU funds (cohesion funds) as well as the NIP.

As at 31 December 2023, the Parent Company's order portfolio in this business segment amounted to approx. PLN 1.3 billion, and will undergo further consistent growth in 2024 in line with planned activities. As at the date of publication of these financial statements, the Parent Company has contracts already awarded in this segment in the period from 1 January 2024 to the date of publication for an amount of PLN 398 million, from which it will realise revenue of approx. PLN 48 million in 2024, while the total revenue expected in 2024 from contracts signed in the infrastructure segment as at the date of publication of these financial statements is approx. PLN 671 million.

- a selective approach to contract award procedures with the Parent Company's **residential and commercial** area, in order to win larger and more technologically advanced contracts within its references.

The residential and commercial segment, in view of the recorded slowdown, is characterised by very strong competition, especially from small general contracting entities, which are not public entities and, as a result, do not need to have organisational structures as structured as those listed on the regulated market. Faced with these facts, it is very difficult for entities such as the Parent Company to compete and the only attribute remains the price competition, which contributes to the continuous deterioration of the operating profitability covenant.

Selectivity in the approach to contract award procedures in this business segment will be to seek out those contracts that require an appropriate technological and financial background, and in view of this the Parent Company will be able to gain a greater competitive advantage over small general contractors.

According to the balance sheet as at 31 December 2023, the Parent Company's order portfolio in this business segment amounted to approx. PLN 1.6 billion, and in 2024, in line with the planned measures, will be subject to an appropriate reduction, while at the same time improving aspects of operational profitability. As at the date of publication of these financial statements, the Parent Company has contracts already awarded in this segment in the period from 1 January 2024 to the date of publication for an amount of PLN 101 million, from which it will realise revenue of approx. PLN 2 million in 2024, while the total revenue expected in 2024 from contracts signed in the residential and commercial segment as at the date of publication of these financial statements is approx. PLN 968 million.

- an **industrial and energy** area, focusing in particular on new contract award procedures in the energy area, which is becoming an important driving force for the entire industrial sector in Poland due to the targeted stream of funds coming from the NIP.

In the past year, the **industrial and energy** segment was the part of the Parent Company's business that was characterised by significant losses at the operating level. The focus was on activities in the industrial area, and mainly in the area of private contracts carried out on industrial sites, where the contractual provisions for lump-sum and fixed contract values did not provide the opportunity to at least partially make up for losses resulting from unprecedented increases in certain material items, including rising labour and subcontracting costs.

The Parent Company's Management Board is convinced that the focus of business activities on the energy segment, where many contracts are carried out on the basis of the PPL, will have appropriate revaluation clauses, allowing at least some flexibility in the face of inflationary cost price changes.

As at 31 December 2023, the Parent Company's order portfolio in this business segment amounted to approx. PLN 0.6 billion, and in 2024, in line with planned activities, it will be subject to slow replenishment with new contracts acquired from the energy area. As at the date of publication of these financial statements, the Parent Company has contracts already awarded in this segment in the period from 1 January 2024 to the date of publication for an amount of PLN 87 million, from which it will realise revenue of approx. PLN 61 million in 2024, while the total revenue expected in 2024 from contracts signed in the industrial and energy segment as at the date of publication of these financial statements is approx. PLN 496 million.

Optimisation of activities in the modular segment and focus on the Polish market with SHI-type projects (i.e. Social Housing Initiatives), financed by local government funds, whose activities may be made more dynamic after this year's local elections in Poland.

Notwithstanding the above, the Parent Company's Management Board decided to start looking for a strategic investor for the Capital Group's subsidiary operating in the modular segment, i.e. Unihouse SA, which would allow it to make its operations more dynamic not only in Poland, but also internationally. Initial enquiries are currently being collected from external parties who wish to take part in the bidding process, and final proposals will be known in the subsequent periods of 2024.

#### **Activities concerning the property development segment in the context of land bank management and further development of this segment**

The overriding aim of the optimisation efforts in this area is to optimise the land bank held, while at the same time providing a sustainable opportunity to make the Unidevelopment Capital Group's business activities more dynamic.

On the one hand, having a land bank in place provides a sustainable ability to generate exceptional operational performance in property development activities, but on the other hand, requires continued access to sources of funding for investment activities, including funding for further land acquisitions. The Capital Group's Management Board assumes continued strong growth and the achievement of the aims facing the property development segment in the face of very strong market demand. However, given its responsibility to its stakeholders, including banking institutions, insurers, bondholders and shareholders, the Parent Company's Management Board, in consultation with the Supervisory Board, has initiated a number of actions, including a review of options and scenarios that will reduce the financial debt of the entire Capital Group by, among others, raising capital from the sale of certain assets of the Unidevelopment SA Group as well as by reviewing the fair valuation of certain development projects. These activities will, in the opinion of the Management Board, bring tangible benefits and their effect will be visible in the results in the coming reporting periods.

As indicated in the section on events after the balance sheet date, on 29 March 2024, the Management Boards of selected subsidiaries belonging to the Unidevelopment SA Capital Group adopted resolutions to cease work preparing their selected land properties for the development of residential projects and to hold these land properties in order to obtain benefits from the increase in their value, which entails reclassifying these land properties from inventory to investment properties and valuing the land at fair value. These actions are the first stage of the process of optimising the Unidevelopment Capital Group's structure. The subsequent actions will relate to:

- the analysis of the remaining land bank belonging to the subsidiaries of the Unidevelopment SA Group and taking factual steps to liquidate that part of it that indicates the acquisition of adequate economic benefits already in the coming reporting periods; and
- reviewing the scenarios for the development of the property development segment, including various options, among others, the option of starting cooperation with third party partners. This applies to both joint



ventures projects and the possibility of involving a third party partner in making the activities of Unidevelopment Capital Group more dynamic. This would allow launching new directions of expansion to other complementary housing segments or enable making territorial expansion on the Polish market more dynamic.

### **Strengthening and streamlining internal procedures and optimising the Parent Company's internal structure**

Since the beginning of 2024, the Parent Company has been strengthening its control processes with regard to operational risk management and the management of the cash position on ongoing construction sites.

Particularly noteworthy is the creation of a construction operational controlling team from the beginning of 2024, whose main tasks are to support construction management in the process of identifying operational risks on active construction sites, quantifying and mitigating them. The team is currently building a process approach to managerial reporting, whereby internal communication and rapid addressing of identified risks will take place in a structured and formal manner, without allowing them to materialise significantly.

A separate element of the activities in this area is also the intensification of work on finding adequate IT solutions to support this construction management process. The IT team is currently focusing its tasks on testing new solutions and applications that will contribute to the full results, however, not until 2025.

## **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 standards or interpretations

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 ending 31 December 2022, which were published on 27 April 2023.

**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 beginning on or after 1 January 2023:**

- **Amendments to IAS 1 'Presentation of Financial Statements' and Practice Statement 2** – clarification of significant accounting policies required to be disclosed in the financial statements (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** – introducing to the standard a definition of accounting estimate, *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 12 'Income Taxes'** – the amendment introduces a temporary exception from the recognition and disclosure of deferred tax arising from the implementation of international tax reform ("Pillar Two Model Rules" issued by the OECD) (effective for annual periods beginning on 1 January 2023);
- **IFRS 17 'Insurance Contracts'** and amendments to **IFRS 17**, A new standard governing the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaced the existing IFRS 4 (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IFRS 17 'Insurance Contracts', First-time Adoption of IFRS 17 and IFRS 9** – Comparative Information, the Board established transitional provisions for comparative information for entities that simultaneously implement IFRS 17 and IFRS 9 to reduce potential accounting mismatches arising from differences between these standards (effective for annual periods beginning on or after 1 January 2023).

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

### **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:

- **Amendments to IAS 1 'Presentation of Financial Statements'** – the amendment clarifies that, at the balance sheet date, an entity does not take into account covenants that will have to be met in the future when considering the classification of liabilities as current or non-current. Instead, the entity should disclose these covenants in the notes to the financial statements (effective for annual periods beginning on or after 1 January 2024);

- **Amendments to IAS 1 'Presentation of Financial Statements'** – The IAS Board clarified the classification of liabilities as current or non-current primarily in two respects:
  - it was clarified that the classification depends on the rights that the entity holds at the balance sheet date;
  - the management's intentions with regard to faster or slower payment of the liability are not taken into account;

(effective for annual periods beginning on or after 1 January 2024);

- **Amendments to IAS 7 'Cash Flow Statements' and IFRS 7 'Financial Instruments: Disclosures'** – The amendments clarify the features of arrangements for funding liabilities to suppliers (so-called reverse factoring arrangements) and introduce mandatory disclosures about arrangements with suppliers, including their terms, the amounts of those liabilities, payment terms and information about liquidity risk (effective for annual periods beginning on or after 1 January 2024);
- **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 IAS 21 'The Effects of Changes in Foreign Exchange Rates'** – the amendment clarifies how an entity should assess whether a currency is convertible and how it should determine the exchange rate in the event of non-convertibility, and requires disclosures that enable users of financial statements to understand the impact of currency non-convertibility (effective for annual periods beginning on or after 1 January 2025).

According to the estimates 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 time frames 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 December 2023 comprised:

1. **Unidevelopment SA** with its registered office in Warsaw established on 9 April 2008 – registered on 29 April 2008 in the Register of Entrepreneurs under the number 0000304859, Business Registry Number (REGON) 141412526, Tax Identification Number (NIP) 5213483781. On 30 April 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 4 July 2011, 100% of the shares in this Company were taken up by Unibep SA. The Company is entered in the National Court Register under KRS number 0000381511, Business Registry Number (REGON) 142872709, Tax Identification Number (NIP) 5272651352. The Company is consolidated using the full method.
3. **Unibep PPP Sp. z o.o.** with its registered office in Bielsk Podlaski. On 12 December 2017, Unibep SA took up 100% of the shares in this Company. The Company is 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.
4. **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.
5. **Seljedalen AS** org. No. 912 118 169, with its registered office in Trondheim, Norway, was acquired on 10 September 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.
6. **Lovsetvegen 4 AS** org. No. 912 575 543 with its registered office in Melhus. The Company was established on 19 September 2013. 100% of the shares were acquired on 23 September 2015. The Company conducts development and property rental activities. The Company is measured using the equity method.
7. **Idea Sp. z o.o.** with its registered office in Warsaw. The date of acquisition of control by Unidevelopment SA is 18 December 2015. Unidevelopment SA holds 100% of the 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, Business Registry Number (REGON) 140696042. The Company is consolidated using the full method.
8. **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.
9. **MP Sp. z o.o.** with its registered office in Poznań. Unidevelopment SA is the owner of 100% of the shares of the Company. The Company is entered in the National Court Register under KRS number 0000394406, Tax Identification Number (NIP) 9721235146, Business Registry Number (REGON) 301902422. The Company is consolidated using the full method.
10. **Unigo Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 30 October 2012, the Company was entered in the National Court Register under KRS number 0000436818, Tax Identification Number (NIP) 5213639562, Business Registry Number (REGON) 146366618. The Company is consolidated using the full method.
11. **Hevelia Szcześliwicka Sp. z o.o. SKA** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. The general partner is Spółka Szcześliwicka Sp. z o.o., there is no limited partner. On 3 October 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.
12. **Lykke Szcześliwicka Sp. z o.o. SKA** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. The general partner is Spółka Szcześliwicka Sp. z o.o. There is no limited partner. On 3 October 2013, the Company was entered in the National Court Register under the number 0000479375, Tax Identification Number (NIP) 146903855, Business Registry Number (REGON) 5213656454. The Company is consolidated using the full method.

13. **Szczęśliwicka Sp. z o.o.** with its registered office in Warsaw. On 3 March 2014, the Company was entered in the National Court Register under the number 0000500220, Business Registry Number (REGON) 147129636, Tax Identification Number (NIP) 5213667529. As at 31 December 2023, 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.
14. **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.
15. **Sokratesa Sp. z o.o.** (formerly: Kosmonautów Sp. z o.o.) with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 7 September 2016, the Company was entered 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.
16. **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.
17. **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 the number: 0000352523, 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.
18. **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.
19. **Fama Development Sp. z o.o.** with its registered office in Poznań. Unidevelopment SA holds 50% of the shares. The Company is entered in the National Court Register under the number 0000699449, Business Registry Number (REGON) 368514780, Tax Identification Number (NIP) 6692540559. The Company is consolidated using the full method.
20. **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 December 2023, 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 entered in the National Court Register under the number 0000932842, Business Registry Number (REGON) 368545131, Tax Identification Number (NIP) 6692540677. The Company is consolidated using the full method.
21. **1 FAMA DEVELOPMENT Sp. z o.o. Sp.k.** with its registered office in Poznań registered on 21 September 2020 in the National Court Register. Tax Identification number (NIP): 7812012988, National Court Register (KRS) number: 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.
22. **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.
23. **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.
24. **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.
25. **UNI2 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 14 July 2021, the Company was entered in the National Court Register under the number 0000910953, Business

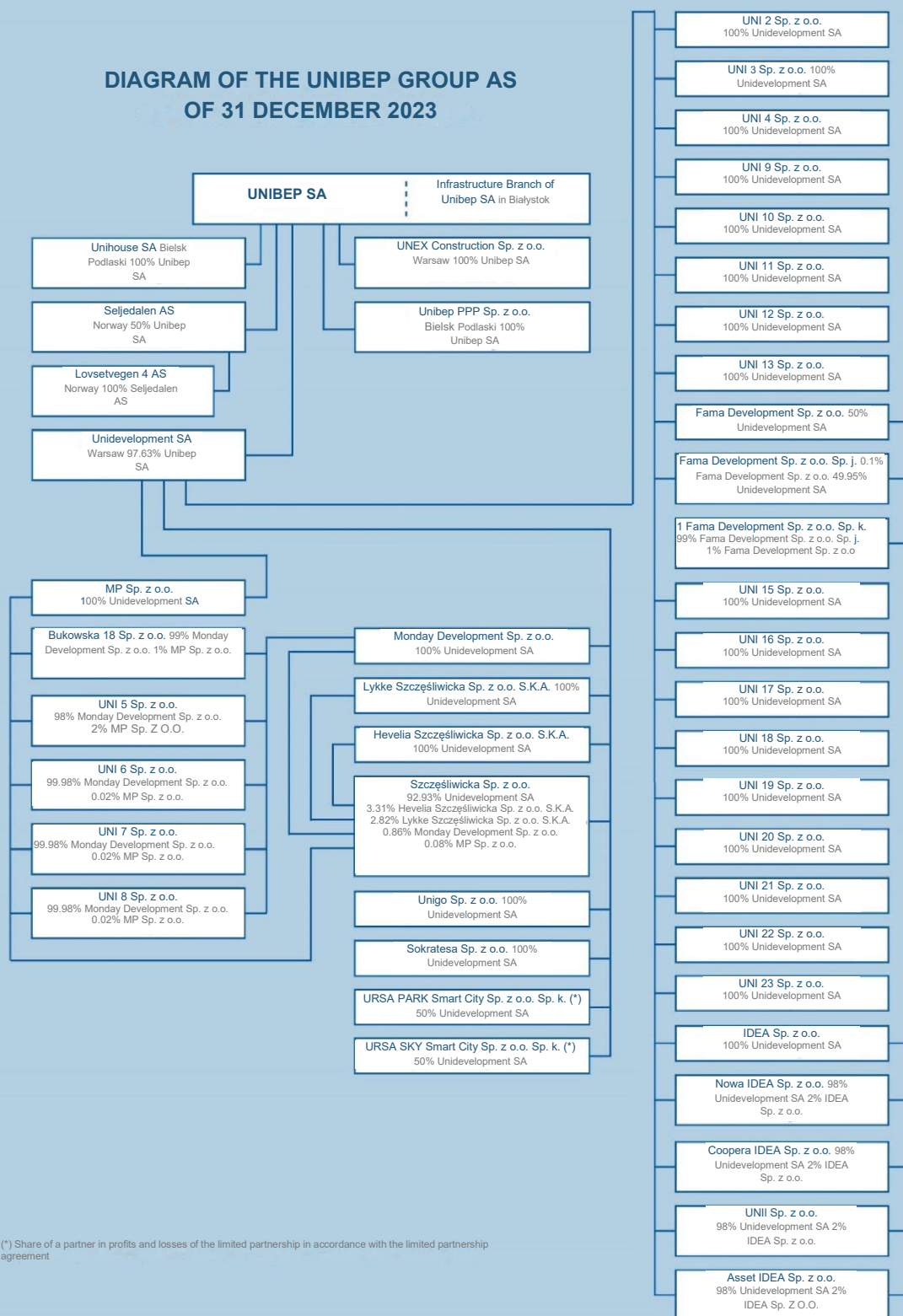


Registry Number (REGO) 38947680100000, Tax Identification Number (NIP) 5242922237. The Company is consolidated using the full method.

26. **UNI3 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 14 March 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.
27. **UNI4 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 3 March 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.
28. **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 March 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.
29. **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 March 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.
30. **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 March 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.
31. **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 July 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.
32. **UNI9 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 20 July 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.
33. **UNI10 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 10 June 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.
34. **UNI11 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 1 June 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.
35. **UNI12 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 11 June 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.
36. **UNI13 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 20 July 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.
37. **UNI15 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 9 November 2023, the Company was entered in the National Court Register under the number 0001068667, Business Registry Number (REGON) 52690860800000, Tax Identification Number (NIP) 5242989135. The Company is consolidated using the full method.
38. **UNI16 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 13 November 2023, the Company was entered in the National Court Register under the number 0001069046, Business Registry Number (REGON) 52693674000000, Tax Identification Number (NIP) 5242989520. The Company is consolidated using the full method.

39. **UNI17 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 13 November 2023, the Company was entered in the National Court Register under the number 0001068934, Business Registry Number (REGON) 52693464600000, Tax Identification Number (NIP) 5242989508. The Company is consolidated using the full method.
40. **UNI18 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 14 November 2023, the Company was entered in the National Court Register under the number 0001069238, Business Registry Number (REGON) 52694888400000, Tax Identification Number (NIP) 5242989721. The Company is consolidated using the full method.
41. **UNI19 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 13 November 2023, the Company was entered in the National Court Register under the number 0001068920, Business Registry Number (REGON) 52693021700000, Tax Identification Number (NIP) 5242989402. The Company is consolidated using the full method.
42. **UNI20 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 14 November 2023, the Company was entered in the National Court Register under the number 0001069243, Business Registry Number (REGON) 52694887800000, Tax Identification Number (NIP) 5242989715. The Company is consolidated using the full method.
43. **UNI21 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 14 November 2023, the Company was entered in the National Court Register under the number 0001069080, Business Registry Number (REGON) 52694097700000, Tax Identification Number (NIP) 5242989632. The Company is consolidated using the full method.
44. **UNI22 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 13 November 2023, the Company was entered in the National Court Register under the number 0001068974, Business Registry Number (REGON) 52693373000000, Tax Identification Number (NIP) 5242989477. The Company is consolidated using the full method.
45. **UNI23 Sp. z o.o.** with its registered office in Warsaw. Unidevelopment SA holds 100% of the shares. On 14 November 2023, the Company was entered in the National Court Register under the number 0001069348, Business Registry Number (REGON) 52695018300000, Tax Identification Number (NIP) 5242989750. The Company is consolidated using the full method.

### DIAGRAM OF THE UNIBEP GROUP AS OF 31 DECEMBER 2023



(\*) Share of a partner in profits and losses of the limited partnership in accordance with the limited partnership agreement



**COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

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%
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%
Sejdedalen 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 Szczesliwicka Sp. z o.o. S.K.A.	Warsaw	property development activities	indirect subsidiary	full method	03.10.2013	97.63%	97.63%
Hevelia Szczesliwicka Sp. z o.o. S.K.A.	Warsaw	property development activities	indirect subsidiary	full method	03.10.2013	97.63%	97.63%
Szczesliwicka 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%
Bukowska 18 Sp. z o.o.	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%
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%
UNI 15 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.11.2023	97.63%	97.63%
UNI 16 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.11.2023	97.63%	97.63%
UNI 17 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.11.2023	97.63%	97.63%
UNI 18 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	08.11.2023	97.63%	97.63%
UNI 19 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.11.2023	97.63%	97.63%
UNI 20 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.11.2023	97.63%	97.63%
UNI 21 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.11.2023	97.63%	97.63%
UNI 22 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	09.11.2023	97.63%	97.63%
UNI 23 Sp. z o.o.	Warsaw	property development activities	indirect subsidiary	full method	13.11.2023	97.63%	97.63%

\* total share including the share in the general partner company

\*\* share in the 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 the profits/losses of the Company is distributed in two stages: in the first stage the shareholders' contributions are returned, and 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 principles

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 initially recognised at acquisition price or manufacturing cost. The acquisition price is increased by all costs directly related to the purchase and adjustment of the asset component to its usable condition.

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 cost or manufacturing cost less depreciation and impairment losses. Tangible fixed assets under construction are not depreciated until their construction is completed and they are put to use.

Depreciation is calculated on a straight-line basis over the estimated useful life of a given asset, and the depreciation rates for 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 the profit or loss 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 tangible 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.

A given item of tangible fixed assets can be removed from the statement of financial position after it is sold off or in the event when no economic benefits are expected from continued use of such an asset. Profits or losses resulting from sale, liquidation or cessation of use of tangible fixed assets are defined as the difference between revenue from sales and the net value of these tangible fixed assets. These profits and losses are recognised in the result in other operating revenue or expenses when the purchaser acquires control of the disposed of fixed assets in accordance with the requirements of IFRS 15.

## INTANGIBLE ASSETS

Intangible assets include trademarks, patents and licences, computer software, development costs and other intangible assets that meet the recognition criteria set out in IAS 38. Intangible assets that have not yet been put into use (intangible assets under construction) are also recognised under this item.

As at the balance sheet date, the intangible assets are disclosed at acquisition cost or manufacturing cost less amortisation and impairment losses.

Intangible assets with indefinite useful life are amortised on a straight-line basis over the period of their economic useful life, i.e. in principle 2-10 years. This period may be extended in justified cases. The useful lives of individual intangible assets are reviewed annually and, if necessary, adjusted from the moment of changing the estimate.

Intangible assets with indefinite useful lives are not amortised, but are tested annually for impairment.

Goodwill is the excess of the sum comprising:

- remuneration transferred, measured at fair value at the acquisition date;
- contingent consideration, measured at fair value at the acquisition date;
- the value of the non-controlling interest in the acquiree measured at fair value or in proportion to the interest in the identified net assets;
- in the case of business combinations carried out in stages, the fair value at the acquisition date of the interest previously held by the acquirer in the acquiree;
- over the fair value of the identifiable net assets at the acquisition date, subject to the exceptions listed in IFRS 3.

Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that cannot be individually identified or separately recognised.

Goodwill is not amortised and is subject to impairment testing. In order to test for possible impairment, goodwill acquired as a result of the combination is allocated to cash generating units. Allocations are made to those cash generating units or groups of cash generating units that are expected to benefit from the synergy of combination that created this goodwill. An impairment loss recognised for goodwill is not reversed in the following period.

Impairment losses are recognised in the 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 that 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 that 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 the 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

The investment property is held for rental revenue and/or appreciation in value and is measured based on a fair value model.

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.

The initial recognition of investment property is at acquisition cost, including transaction costs. At subsequent balance sheet dates, the investment property is valued at fair value, as determined by an independent valuer taking into account the location and nature of the property and current market conditions.

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 that are not active; markets other than quoted markets that 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.

Gains or losses arising from changes in the fair value of investment property are recognised in the result in the period in which the changes occur, under other operating revenue or expenses.

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 "Tangible fixed assets" 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".

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.

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" or "Other operating expenses", respectively.

## LEASES

### Group as a lessee

For each contract entered into, the Group decides whether the contract is or contains a lease.

Three basic aspects are analysed in connection with the above:

- whether the contract relates to an identified asset (note: an asset is not identified if the supplier has a significant right to replace the asset);
- whether the Group is entitled to virtually all economic benefits;
- whether the Group determines how and for what purposes the asset is used.

If the contract meets the definition of a lease, then, at the beginning of the lease, the Group recognises a right-of-use asset and a lease liability in its statement 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 initial recognition, the Group amortises the right-of-use asset on a straight-line basis from the inception date to the end of the use term for the right-of-use asset or until the end of the lease term, whichever of these dates is sooner. If there are indications to do so, the rights of use are tested for impairment less total amortisation (depreciation) write-offs and total impairment losses.

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 included in the value of the lease liability consists of fixed lease payments, variable lease payments that depend on an index or a rate, amounts expected to be paid as a guaranteed residual value and payments concerning purchase options, if their exercise is rationally certain.

In subsequent periods, the lease liability is decreased by payments made and increased by interest charged. Measurement of the lease liability is updated to reflect contractual changes and re-evaluation of the lease term, exercise of a purchase option, guaranteed residual value or lease payments that depend on an index or a rate. As a rule, an update of the value of this liability is recognised as an adjustment of the right-of-use asset.

The Group applies the practical expedients permitted concerning short-term leases and leases of underlying assets that are of low value. In reference to such contracts, instead of recognising a right-of-use asset and a lease liability, lease payments are recognised in profit or loss on a straight-line basis throughout the lease term.

The Group presents the rights of use in the same lines of the statement of financial position as the underlying assets, and the right of perpetual usufruct of land on ongoing development projects in "Inventory" and 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 project development project are recognised under inventory. The above allocation method is related to the fact that it applies to land on which the Group implements the property 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.

## INVENTORY

The inventory is valued at the lower of of the two values: the acquisition price/manufacturing cost and net realisable value. The acquisition price or manufacturing cost comprises the costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition.

The manufacturing cost of finished goods and work in progress comprises direct costs (mainly materials and labour) plus a mark-up of indirect manufacturing costs determined assuming normal capacity utilisation.

The net realisable value is the estimated selling price determined in the ordinary course of business, less the costs of completion and the costs necessary to make the sale.

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.

Expenditure of inventory, except for land and inventory acquired for property development activity, is determined using the first-in, first-out (FIFO) method. The distribution of land and inventory related to the property 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, which are directly attributable to the acquisition, construction or production of a qualifying asset, are activated as part of the acquisition price or manufacturing cost of that asset. Borrowing costs consist of interest and foreign exchange gains or losses to the extent that they adjust interest expenses.



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 property 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 and cash equivalents include cash in hand and in the bank, deposits payable on demand and short-term highly liquid investments (up to 3 months) that are readily convertible to cash and for which the risk of changes in value is insignificant.

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 profit or loss, 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 a 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.

### **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 contracts for construction services, including the construction of facilities from modules and panels produced by the Group.

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 the 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 profit or loss when the revenue on sales is recognised.

### **TRADE AND OTHER LIABILITIES**

Trade liabilities are obligations payable for goods or services that 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 and 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 "Trade and other liabilities" item also includes "Deferred revenue" and "Accruals".

### **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.

If a sale or purchase transaction is preceded by the receipt or payment of an advance in foreign currency, respectively, the advance is recognised at the exchange rate on the day prior to the receipt/payment of the advance. Subsequently, when revenue earned in currency or an expense or asset purchased is recognised in the profit or loss account, these transactions are recognised at the rate of exchange on the date the advance payment is recognised, rather than at the rate of exchange on the date the revenue or expense or asset is recognised.

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 in financial revenue or expenses and presented per balance under the "Financial revenue" or "Financial expenses" item, respectively.

Non-monetary foreign currency balance sheet items measured at fair value are converted at the exchange rate 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 at 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 profit, 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.

Other reserve capitals include in particular:

- capital from the measurement of share-based payments;
- capital from the accumulation of other comprehensive income comprising:
  - revaluation of property, plant and equipment at fair value;
  - valuation of cash flow hedging instruments;
  - actuarial valuation of employee benefit plans.

A share premium account is also created.

Retained profit shows the results of previous years (including those transferred to capital by shareholder resolutions) and the current year's profit or loss.

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

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. Amounts paid or received are 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.

Advance dividends are recognised in accordance with the principles set out above.

### **CREDITS, 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 “Credits, loans and other financial liabilities” item 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. Trade liabilities are described in “Trade and other liabilities” section.

### **PROVISIONS**

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 a change in the 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 that 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 that 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 the Group companies, 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 between 0.5% and 1.5% of net income resulting from individual construction contracts. In the case of modular construction, a provision is created up to 2% - 3% 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 the execution of property 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

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

Wi – estimated value of warranty repair (in PLN)

The value of the W indicator is estimated by the Execution Department and approved by the Entity 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 property development project**

As of the date of obtaining the use permit for the investment, the Group estimates the value of costs that have to be incurred before the completion of the property development project. The above applies in particular to the costs of subcontractor services that have not been provided as of the date of obtaining the use permit, but Group companies are obliged to provide them.

#### **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 that 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 items.

#### **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 provision is reserved 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.

The amount of provisions is increased if the risk of fulfilling the obligation has increased.

The provision is used in connection with the occurrence 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 IAS 19 "Employee Benefits", these benefits constitute a state plan in the form of a defined contribution plan. The obligation to contribute to the pension plan is recognised as an employee benefit expense charged to profit or loss in the period in which the employees render a service. 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 Group companies 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 employee bonuses and awards;
- 2) provision for bonuses for the Management Board;
- 3) provision for unused holiday leave.

Provisions for bonuses for employees and the Management Board 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.

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.

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 costs.

### **INCOME TAX (INCLUDING DEFERRED INCOME TAX)**

The tax burden on the financial result includes current and deferred income taxes that have not been recognised in other comprehensive income or directly in capital.

Current tax burden is calculated based on the tax result (tax base) of a given financial year. Tax profit (loss) differs from accounting profit (loss) before tax due to the temporary reallocation of taxable revenue and deductible expenses to other periods and the exclusion of expense and revenue items that will never be taxable. Tax burdens are calculated using tax rates applicable for a given financial year.

Deferred tax is calculated using the balance sheet method as the tax subject to payment or refund in the future on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred tax provisions are created for all taxable temporary differences, whereas deferred tax asset components are recognised to the extent that it is probable that they will be available, against which the deductible temporary differences can be utilised against recognised future taxable profits. No asset or liability is recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time it occurs, has no effect on either tax or accounting result. No deferred tax liability is recognised on goodwill that is not amortised under tax legislation.

Deferred tax is calculated using the tax rates that will apply when the asset item is realised or the liability is settled, taking as a basis the legislation in force at the balance sheet date. In the case of taxable foreign operations conducted within one entity, e.g. a foreign branch or representative office, for the purposes of calculating deferred tax a simplified tax rate appropriate to the tax residency of the entity is applied.

The value of a deferred tax asset is subject to analysis as of each balance sheet date, and in the event that the expected future tax profits are not sufficient for the realisation of an asset component or a part thereof, it is written off.

If the interpretation of income tax regulations is not clear and it is not possible to make a definite assumption as to which solution will be accepted by the tax authorities, including the courts, the management first assesses whether its interpretation is likely to be accepted by the tax authorities. If so, this interpretation is adopted for the preparation of the financial statements. If not, the uncertainty of income tax related amounts is taken into account using the most likely value or expected value method. The Group assesses possible changes in facts and circumstances affecting the established value. If the value is subject to adjustment, it is treated as a change in estimate in accordance with IAS 8.

### **SEGMENT REPORTING**

In distinguishing operating segments, the Parent Company's Management Board is guided by product lines, which represent the main services and products supplied by the Group. Each segment is managed separately within a product line, due to the specific nature of the services provided and products manufactured requiring different technologies, resources and approaches to implementation.

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 percent of the Group's consolidated revenue, additional reportable segments are identified, even if they do not reach the 10 percent thresholds set out above. The above approach is applied until the revenue from the reportable segments reaches at least 75 percent 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.

The Group's assets not directly attributable to the activities of an operating segment, are not allocated to the assets of the operating segments. The most significant assets not recognised within the operating segments are: income tax assets and tax receivables, cash.

### REVENUE FROM CONTRACTS WITH CLIENTS

Revenue from sales only constitutes revenue from contracts with clients covered by IFRS 15. The following five-step approach determines the way in which revenue from sales is recognised in the Group's consolidated financial statements, including both value and moment of recognition of revenue:

- identification of a contract with a client;
- identification of performance obligations;
- transaction price determination;
- allocation of the transaction price to performance obligations;
- recognition of revenue at the time of or after the fulfilment of performance obligations.

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 the contract and are committed to perform their obligations;
- the Group is able to identify the rights of each party concerning the goods or services to be transferred;
- the Group is 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 Group 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, the Group companies 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 that 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 that the Group expects to receive in exchange for the delivery of the 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.

The provision of construction services by the Group companies is generally considered to give rise to a single performance obligation. Thus, the question of attributing the transaction price to the performance obligation does not need to be estimated.

#### **Allocation of the transaction price to individual performance obligations**

The Group assigns a transaction price to each obligation to provide a service (or to separate goods or services) in an amount reflecting the amount of remuneration that 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 performance obligations**

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

The Group transfers control over a good or service over time and thus fulfils the performance obligation 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 performance, there is no item with an alternative use for the Group and the Group has an enforceable right to pay for the performance to date.

Generally, the Group recognises the transfer of control over time in the case of contracts for construction services, including the construction of facilities from modules and panels produced by the Group, contracts for the construction of property and contracts for the execution of a property development project on behalf of an investor.

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 the 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".

In the profit and loss account, the Group reports revenue under "Revenue from contracts with clients".

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.

Realised exchange rate differences on transactions with clients and the result of the implementation of derivative financial instruments are also recognised in revenue from sales if the hedged item had an impact on revenue from sales, as well as 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 apartments purchased for further resale, sales of design documentation purchased for further resale and sales of other assets classified as materials.

### **OPERATIONAL EXPENSES**

Operating expenses are recognised in the result in accordance with the principle of matching revenue and expenses. The Group presents costs by place of origin in the consolidated financial statements.

### **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 non-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 the 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.

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

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 that 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 Group prepares the statement of cash flows 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 interest received as investment activities, as they result mainly from investments undertaken by the Group. On the other hand, interest paid is shown in financing activities, as it constitutes, in particular, an element of the financing cost.

The statement of cash flows 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 contracts with clients (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 statement 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 that 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.

For measurement subsequent to initial recognition, financial assets other than hedging derivatives, the Group classifies as:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income;
- financial assets measured at fair value through financial result; and
- equity instruments measured at fair value through other comprehensive income.

These categories determine the valuation rules at the balance sheet date and the recognition of valuation gains or losses in profit or loss or other comprehensive income. The Group classifies financial assets into categories on the basis of the Group's business model for managing financial assets and the contractual cash flows specific to the financial asset.

A financial asset is measured at amortised cost if both of the following conditions are met (and it was not designated at initial recognition for measurement at fair value through profit or loss):

- the financial asset is held in accordance with a business model that aims to maintain financial assets for the purpose of obtaining contractual cash flows;
- contractual terms concerning the financial assets give rise to cash flows on specified dates, which include only the repayment of principal and interest on outstanding nominal value.

The Group classifies the following as financial assets at amortised cost:

- loans;
- trade and other receivables (except for trade and other receivables that do not fall under IFRS 9);
- debt securities.

These classes of financial assets are presented in the consolidated statement of financial position by long-term and short-term assets. The valuation of short-term receivables is carried out at the value to be paid due to the insignificant effects of discounting.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held according to a business model that aims both to receive contractual cash flows and to sell the financial asset;
- contractual terms concerning the financial assets give rise to cash flows on specified dates, which include only the repayment of principal and interest on outstanding nominal value.

Changes in the fair value of these assets, with the exception of interest, exchange differences and impairment effects, which are recognised directly in profit or loss, are recognised through other comprehensive income. When a financial asset measured at fair value through other comprehensive income is no longer recognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from capital to profit or loss.

A financial asset is measured at fair value through profit or loss if it does not meet the criteria for measurement at amortised cost or fair value through other comprehensive income and is not an equity instrument designated on initial recognition as at fair value through other comprehensive income. The Group may also classify in this category financial assets designated at initial recognition as measured at fair value through profit or loss if they meet the criteria specified in IFRS 9.

This category includes:

- all derivative instruments shown in the statement of financial position under the separate item "Derivative financial instruments", with the exception of hedging derivative instruments recognised in accordance with the hedge accounting;
- shares of companies other than subsidiaries and affiliates;
- investment fund shares and investment certificates.

Instruments belonging to this category are measured at fair value and the effects of measurement are recognised in profit or loss under "Financial revenue" or "Financial expenses", respectively. Gains and losses on the measurement of financial instruments are determined by changes in the fair value determined on the basis of prices on an active market as at the balance sheet date or using measurement methods if no active market exists.

### Impairment

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 creation 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 deposits on contracts with clients. 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 into 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 a 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. an 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 at the initial recognition date and at 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 three grades (1-3) of the expected credit loss model, with the financial instrument functioning effectively (Grade 1), functioning ineffectively (Grade 2) or not functioning (Grade 3). In

the case of classification into Grade 1 or Grade 2, the module calculates the amount of the impairment loss based on:

- the individually assigned rating (determined on the basis of the financial data provided) and market default profiles for that rating;
- the repayment schedule of the loan or long-term receivable; and (3) expected recoveries from collateral and other credit risk mitigation 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

Financial liabilities are shown under the following items in the statement of financial position:

- credits, loans, other financial liabilities;
- lease liabilities;
- trade and other liabilities;
- deposits on contracts with clients;
- contractual liabilities;
- derivative financial instruments.

At the acquisition date, the Group measures financial liabilities at fair value, i.e. typically according to the fair value of the consideration received for them. The Group includes transaction costs in the initial measurement of all financial liabilities, with the exception of liabilities at fair value through profit or loss.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with the exception of financial liabilities held for trading or designated as measured at fair value through profit or loss.

The category of financial liabilities measured at fair value through profit or loss includes derivative instruments other than hedging instruments. Short-term trade liabilities are measured at the amount payable due to the insignificant effects of discounting.

The measurement of financial liabilities relating to hedging instruments 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

The Group Companies 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 profit or loss;
- 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 profit or loss.

### 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 profit or loss. Cash flow hedges are recognised as follows:

- the part of gains 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 gains or losses related to the hedging instrument is recognised in the profit or loss 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 profit or loss in the same period or periods in which the hedged cash flows affect the profit or loss 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 profit or loss in the same period or periods in which the acquired assets or acquired liabilities affect the profit or loss for the period and are presented in the same item in which the effect of the hedged item is presented.

### MANAGEMENT BOARD'S SUBJECTIVE JUDGEMENTS AND UNCERTAINTY

The preparation of the consolidated financial statements requires the Parent Company's Management Board judgement in making numerous estimates and assumptions, which have an effect on the accounting policies applied and the values of assets, liabilities, revenue and expenses presented. Actual values may differ from the Management Board's estimates. Information on estimates and assumptions that have a significant effect on the consolidated financial statements is presented below.

#### Economic useful lives of fixed assets

The Parent Company's Management Board reviews the economic useful lives of depreciable fixed assets on an annual basis. Every year, the Management Board assesses whether the useful lives of the assets adopted by the Group for depreciation and amortisation purposes reflect the expected future economic benefits of the assets. However, actual benefit periods of these assets in the future may differ from the assumptions, due to such factors as technical obsolescence.

#### Recognition of revenue from contracts with clients

In the case of construction contracts the Group companies recognise revenue as it is fulfilled, using the method of the share of costs incurred up to the date of determining revenue in the total cost of provision (input-based method). The valuation method is described under "Revenue from contracts with clients"

The budgets of the individual contracts are the basic element for valuing the revenue from sales. Budgets are subject to a cyclical, formal updating (revision) process based on current information and are approved by the Management Board. If events occur between official budget revisions that significantly affect the outcome of the contract, the value of total contract revenue or expenses may be updated earlier.

Despite the cyclical revisions made to the best of our knowledge, the budgets on which revenue recognition is based may differ significantly from the budget assumptions set after the balance sheet date or the actual implementation.

## Provisions

### *Provisions for guarantee repairs*

In the case of construction services as well as property development sales, the Group companies are obliged to provide guarantees for their services. The principles for establishing these provisions are described in the Accounting principles under "Provisions". On construction contracts, the amount of provisions for guarantee repair costs is related to the individual construction segments and ranges from 0.3% to 3.0% of revenue of the respective contract.

However, these values are subject to individual analysis and may be increased or decreased where justified. In property development activities, 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<sub>i</sub> – the estimated number of apartments (in units) after expiry of the guarantee granted by the general contractor

W<sub>i</sub> – estimated value of warranty repair (in PLN)

The value of the W indicator is estimated by the Execution Department and approved by the Unit Manager. Although in determining the principles for calculating provisions for guarantee repairs the Group companies use their best knowledge at this point in time, the actual costs of rectifying defects and faults during the warranty and guarantee period may differ significantly from those assumed.

### *Provisions for subcontracted services (uninvoiced services)*

The Group companies carry out the majority of construction contracts as general contractors, making extensive use of subcontractors. The completed construction work is subject to approval by the client in the process of acceptance of the works by signing the relevant protocol and issuing an invoice. At each balance sheet date, there is a certain amount of completed but unconfirmed and uninvoiced works by subcontractors that the Group companies recognise as an expense on an accrual basis. The amount of costs due to completed but uninvoiced works is determined by the technical services of the Group companies on the basis of the physical measurement of the works carried out and may differ from the value determined by the formal acceptance process.

## Current income tax, deferred income tax assets and liabilities, other taxes

Poland and other countries in which the Group Companies operate are subject to a number of regulations relating to taxes, customs duties, social security contributions and foreign exchange regulations. These regulations, especially in Poland, are subject to frequent change, which results in ambiguities and inconsistencies. Frequently occurring differences in opinions on interpretation of tax provisions, both within state bodies and between state bodies and taxpayers, lead to uncertainty and conflicts. Tax settlements and other regulated areas of business might be the subject of audit in the period of five-ten years. The inspection authorities are empowered to impose high penalties and sanctions with penalty interest. There is a risk that these authorities will take a different position to that of the Group Companies in interpreting the legislation, which could have a significant impact on the Group's tax liabilities.



**Provisions for legal proceedings, penalties and damages, write-offs on receivables**

The Management Boards of the Group Companies carry out detailed analyses of the risks arising from legal proceedings against the Group and claims brought by the Group and, on this basis, decide on the possible recognition and amount of provisions and expected credit losses relating to financial assets. The determination of expected credit losses is described in Accounting principles under "Financial instruments - Impairment". The assessment of risks may differ significantly from the resolution of disputes.

## 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 affiliates 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, dividends, 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 the 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 affiliates 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 profit" item. Gains or losses on the disposal of non-controlling interest are determined similarly. These gains or losses are also disclosed in equity under the "Retained profit" item.

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

Jointly controlled entities are recognised in the consolidated financial statements using the 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, and in subsequent periods after the acquisition, it is adjusted for changes in the net assets of the entity, in accordance with its share in that entity.

Any distribution of the entity's results to the Group (e.g. payment of a dividend) reduces the value of the investment in the jointly controlled entity when the dividend is passed (the Group's right 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.

### 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 of jointly controlled companies 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 NBP applicable on 31 December 2023 – PLN/NOK 0.3867, 31 December 2022 – PLN/NOK 0.4461;
- relevant items of the profit and loss account – at the average exchange rate in the period from 1 January 2023 to 31 December 2023 – PLN/NOK 0.3954 and in the period from 1 January 2022 to 31 December 2022 – PLN/NOK 0.4642;
- equity of the entity – according to the average exchange rate of the NBP 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 31.12.2023		as of 31.12.2022	
	PLN	EUR	PLN	EUR
Fixed assets	350,814,631.57	80,684,137.90	401,088,169.53	85,521,689.06
Current assets	1,456,502,293.83	334,982,128.30	1,412,114,536.78	301,096,939.55
<b>Total assets</b>	<b>1,807,316,925.40</b>	<b>415,666,266.20</b>	<b>1,813,202,706.31</b>	<b>386,618,628.61</b>
Equity	213,126,262.52	49,017,079.70	383,954,233.68	81,868,319.94
Liabilities and provisions for liabilities	1,594,190,662.88	366,649,186.50	1,429,248,472.63	304,750,308.67
<b>Total liabilities</b>	<b>1,807,316,925.40</b>	<b>415,666,266.20</b>	<b>1,813,202,706.31</b>	<b>386,618,628.61</b>

For conversion of the data from the statement of financial position as of 31 December 2023, the EUR exchange rate set by the NBP of that date, i.e. the rate of PLN/EUR 4.3480, was adopted.

To convert the data of the statement of financial position as of 31 December 2022, the EUR exchange rate established by the NBP at that date, i.e. the rate of PLN/EUR 4.6899, was adopted.

### 3.4.2. Basic items of the statement of comprehensive income converted into EUR

	01.01.- 31.12.2023		01.01.- 31.12.2022	
	PLN	EUR	PLN	EUR
Revenue from contracts with clients	2,429,768,162.86	536,562,177.12	2,258,312,070.33	481,691,033.07
Costs of products, goods and materials sold	2,467,591,273.87	544,914,599.83	2,110,057,045.87	450,068,691.40
Gross profit (loss) on sales	-37,823,111.01	-8,352,422.71	148,255,024.46	31,622,341.67
Profit (loss) on operating activities	-137,809,350.18	-30,432,238.80	63,750,999.11	13,597,892.44
<b>Gross profit (loss)</b>	<b>-177,287,680.05</b>	<b>-39,150,181.09</b>	<b>41,901,461.77</b>	<b>8,937,453.19</b>
<b>Net profit (loss)</b>	<b>-156,485,721.48</b>	<b>-34,556,514.77</b>	<b>31,861,306.75</b>	<b>6,795,918.94</b>
<b>Total comprehensive income</b>	<b>-151,017,931.68</b>	<b>-33,349,070.68</b>	<b>37,535,701.45</b>	<b>8,006,249.91</b>

To convert the data of the statement of comprehensive income for the period from 1 January 2023 to 31 December 2023, 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 4.5284.

To convert the data of the statement of comprehensive income for the period from 1 January 2022 to 31 December 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.

### 3.4.3. Basic items of the statement of cash flows converted into EUR

	01.01.- 31.12.2023		01.01.- 31.12.2022	
	PLN	EUR	PLN	EUR
A. Cash flows from operating activities	157,096,401.90	34,691,370.44	-4,224,274.89	-901,024.87
B. Cash flows from investment activities	3,847,200.47	849,571.70	-57,271,762.55	-12,215,891.17
C. Cash flows from financial activities	12,318,779.12	2,720,338.12	-72,050,652.57	-15,368,183.05
D. Total net cash flows (A+/-B+/-C)	173,262,381.49	38,261,280.25	-133,546,690.01	-28,485,099.08
E. Exchange rate differences	-150,956.29	-33,335.46	34,092.90	7,271.91
F. Opening balance of cash	137,948,189.73	29,413,887.23	271,460,786.84	59,020,912.91
G. Closing balance of cash	311,059,614.93	71,540,849.80	137,948,189.73	29,413,887.23

To convert the data of the statement of cash flows for the period from 1 January 2023 to 31 December 2023, 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 4.5284;
- to calculate data from item F – the exchange rate established by the NBP as of 31 December 2022, i.e. the rate of PLN/EUR 4.6899;
- to calculate data from item G – the exchange rate established by the NBP as of 31 December 2023, i.e. the rate of PLN/EUR 4.3480.

To convert the data of the statement of cash flows for the period from 1 January 2022 to 31 December 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 item F – 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 item G – the exchange rate established by the NBP as of 31 December 2022, i.e. the rate of PLN/EUR 4.6899.



## 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 that 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 contracts with subcontractors in the currency of the contract, thus transferring the risk to them. It is estimated that the natural hedging mechanism was approx. 10% for contracts executed in Belarus and approx. 20% for contracts executed in Scandinavia and Germany. 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 2024 based on the current order portfolio, the Group estimates the maximum total foreign exchange risk exposure to be approx. EUR 35.9 million, NOK 29.9 million and DKK 76 million (a year ago it was: EUR 48.1 million, NOK 26 million and SEK 40 million).

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

	CURRENCY EXCHANGE RATE INCREASE/DECREASE	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2023	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2022
RATE INCREASE	PLN/EUR +0.20	+ 5,809,464	+ 7,798,680
	PLN/SEK +0.05	-	+ 1,620,000
	PLN/NOK +0.05	+ 1,212,263	+ 1,053,000
	PLN/DKK +0.05	+ 3,078,000	
RATE DECREASE	PLN/EUR -0.20	- 5,809,464	- 7,798,680
	PLN/SEK -0.05	-	- 1,620,000
	PLN/NOK -0.05	- 1,212,263	- 1,053,000
	PLN/DKK -0.05	- 3,078,000	

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 NBP on the valuation date. The carrying value of the Group's assets and liabilities of significant value determined in foreign currencies as at the balance sheet date is as follows:

Assets	31.12.2023	31.12.2022
<b>EUR</b>	<b>7,804,544.80</b>	<b>16,487,971.17</b>
- inventory	-	73,472.49
- receivables	6,975,876.82	16,073,856.71
- cash	828,667.98	340,641.97
<b>NOK</b>	<b>37,238,980.67</b>	<b>37,209,479.39</b>
- inventory	-	101,068.52
- receivables (including loans granted)	36,316,741.39	34,184,622.63
- cash	922,239.28	2,923,788.24
<b>SEK</b>	<b>2,145,051.67</b>	<b>4,070,784.73</b>
- inventory	-	859,986.93
- receivables	1,023,766.36	418,549.01
- cash	1,121,285.31	2,792,248.79

Liabilities	31.12.2023	31.12.2022
<b>EUR</b>	<b>2,366,512.35</b>	<b>1,108,523.53</b>
- liabilities	2,366,512.35	1,108,523.53
<b>NOK</b>	<b>6,987,553.98</b>	<b>14,861,743.46</b>
- liabilities	6,987,553.98	14,861,743.46
<b>SEK</b>	<b>1,454,057.25</b>	<b>8,165,870.16</b>
- liabilities	1,454,057.25	8,165,870.16

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	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2023	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2022
RATE INCREASE	PLN/EUR +0.20	+ 880,961	+ 2,491,471
	PLN/SEK +0.05	+ 27,985	- 165,851
	PLN/NOK +0.05	+ 1,225,183	+ 905,083
RATE DECREASE	PLN/EUR -0.20	- 880,961	- 2,491,471
	PLN/SEK -0.05	- 27,985	+ 165,851
	PLN/NOK -0.05	- 1,225,183	- 905,083

In order to hedge against the foreign exchange risk, the Group enters into derivative transactions. The rules governing the use of derivative instruments 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). Gains and losses determined as of the settlement date are disclosed in profit or loss.

The total nominal value of FX Forward contracts as at 31 December 2023 was DKK 22.8 million and EUR 31.5 million (as at 31 December 2022, it was EUR 17.7 million, SEK 15 million and NOK 40 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	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2023	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2022
RATE INCREASE	PLN/EUR +0.20	- 5,103,000	- 2,867,886
	PLN/SEK +0.05		- 607,500
	PLN/NOK +0.05		- 1,620,000
	PLN/DKK +0.05	- 923,400	
RATE DECREASE	PLN/EUR -0.20	+ 5,103,000	+ 2,867,886
	PLN/SEK -0.05		+ 607,500
	PLN/NOK -0.05		+ 1,620,000
	PLN/DKK +0.05	+ 923,400	

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	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2023	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2022
RATE INCREASE	PLN/EUR +0.20	+ 1,587,425	+ 7,422,265
	PLN/SEK +0.05	+ 27,985	+ 846,649
	PLN/NOK +0.05	+ 2,437,446	+ 338,083
	PLN/DKK +0.05	+ 2,154,600	
RATE DECREASE	PLN/EUR -0.20	- 1,587,425	- 7,422,265
	PLN/SEK -0.05	- 27,985	- 846,649
	PLN/NOK -0.05	- 2,437,446	- 338,083
	PLN/DKK -0.05	- 2,154,600	

## 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.

A lease is not decisive in the financing of the Group companies (it concerns mainly purchases of the vehicle fleet and specialist road machines).

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

Given the current level of credit financing, it is assumed that the effects of a change in interest rates will not have a decisive impact on the results for 2024. The Group analyses potential interest rate changes on an ongoing basis, creating appropriate scenarios. All interest-bearing liabilities in the Group amount to 23.5% of the balance sheet total and no significant changes are expected by the end of 2024.

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 the risk of interest rate changes are presented in the table below:

	31.12.2023	31.12.2022
Loans granted	96,108,774	87,461,188
Bank credits, bonds, lease	327,658,750	240,791,392
Cash and cash equivalents	311,059,615	137,948,190

In order to carry out the interest rate sensitivity analysis, changes in interest rates that are "reasonably possible" were estimated on the basis of historical changes in value and on the basis of the knowledge and experience of the Group in the financial markets as of 31 December 2023 at 2 / +2 percentage point for the Polish zloty in the case of bank credits, bonds and lease liabilities, and -1 / +1 percentage point for other areas.

The table below presents the sensitivity of the net profit or loss to interest rate changes:

	CHANGE IN INTEREST RATES	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2023	IMPACT ON NET PROFIT OR LOSS / CAPITAL FOR 2022
Loans granted	+/-200 bp	+/-1,556,962	+/-1,416,871
Bank credits, bonds, leases	+/-200 bp	+/-5,308,072	+/-3,900,821
Cash and cash equivalents	+/-100 bp	+/-2,519,583	+/-1,117,380

## Benchmark interest rate reform

The ongoing reform of benchmark interest rates (the so-called IBOR) aims to replace the WIBOR and WIBID benchmarks with RFR-type benchmarks. The final moment for the conversion of the benchmarks has been postponed by the Steering Committee of the National Working Group for Benchmarks, from 2025 to the end of 2027.

The Group's contracts for non-derivative financial assets are based on the WIBOR benchmark. The Group does not plan to replace the benchmark before the end of 2027. In case of events requiring the replacement of the existing benchmark, during the term of the contracts, the Group will use the WIRON index or another index recommended by the Financial Supervision Commission or the National Bank of Poland.

Under non-derivative financial liabilities, the Company's contracts are based on the WIBOR benchmark. Some of the contracts contain clauses conditioning the handling of events requiring the replacement of the existing benchmark. For contracts that do not have such provisions, given the willingness of financial institutions to amend accordingly, the Group will expect the relevant provisions to be included. If contracted financial institutions offer the possibility of switching to an alternative benchmark to WIBOR before the end of 2027, the Group will assess the financial adequacy of such an option in each case.

The main risks to which the Group is exposed as a result of the IBOR reform are operational in nature and relate to the updating of contractual terms and conditions, which the Group adjusts in line with the readiness of individual financial institutions to change.

### 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 an 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 December 2023 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	234,067,895	38,210,166	5,051,245	5,111,543	33,375,297	50,006,800	365,822,945
Expected loss rate	0.04%	2.19%	3.46%	10.78%	37.01%	100.00%	17.50%
Expected loss	102,415	836,823	175,000	551,201	12,351,260	50,006,800	64,023,498
Deposits withheld by business partners	17,246,266	42,388	-	581,181	3,324,303	6,674,448	27,868,586
Expected loss rate	0.31%	0.28%	-	0.05%	4.40%	100.00%	24.67%
Expected loss	53,110	121	-	273	146,103	6,674,448	6,874,055
Contractual assets	186,762,071	-	-	-	-	-	186,762,071
Expected loss rate	0.06%	-	-	-	-	-	0.06%
Expected loss	111,005	-	-	-	-	-	111,005
<b>Total expected loss</b>	<b>266,530</b>	<b>836,944</b>	<b>175,000</b>	<b>551,473</b>	<b>12,497,363</b>	<b>56,681,248</b>	<b>71,008,558</b>

The credit risk on loans as at 31 December 2023 is at tier 1 level in the amount of PLN 676,519.00, tier 2 level in the amount of PLN 1,684,994.71 and tier 3 level in the amount of PLN 427,976.29 in the expected credit loss model.

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	638,314	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
<b>Total expected loss</b>	<b>311,623</b>	<b>447,616</b>	<b>853,156</b>	<b>885,451</b>	<b>3,354,303</b>	<b>51,244,188</b>	<b>57,096,336</b>

In 2023, the Group wrote down receivables for a total of PLN 731,800, and in 2022 these were receivables for PLN 69,400.

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

	31.12.2023	31.12.2022
Cash and cash equivalents	311,059,615	137,948,190
Receivables from business partners	323,220,161	314,550,112
Loans granted	96,108,774	87,461,188
<b>Total</b>	<b>730,388,550</b>	<b>539,959,490</b>

### Liquidity risk

In order to minimise the liquidity risk, the Group tries to maintain an adequate amount of cash (as of 31 December 2023, bank accounts of the Group had PLN 311 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 the 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 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 2023, 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 in full until April 2024 and in the amount of PLN 10 million valid until November 2024;
- BNP Paribas Bank Polska SA in the amount of PLN 20 million, valid until January 2024;
- Santander Bank Polska SA in the amount of PLN 18 million, valid until October 2024;
- Santander Bank Polska SA in the amount of PLN 17 million, valid until October 2024;
- mBank SA in the amount of PLN 10 million, valid until February 2024;
- mBank SA in the amount of PLN 5 million, valid until June 2024;
- BGK in the amount of PLN 30 million, valid until February 2024;
- ING Bank Śląski SA in the amount of PLN 5 million, valid until June 2024;
- Pekao SA in the amount of PLN 10 million, valid until January 2025.

The Group is not afraid of losing the availability of financing despite the fact that financial institutions analyse the company's profit or loss 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 2023, the Group had limits in the total amount of PLN 1,410.8 million. Their use amounted to 66.3%, i.e. PLN 934.8 million. At the same time, in contracts with subcontractors, if possible, contractual provisions are created that make the payments to subcontractors conditional upon receipt of funds from the investor.

To finance investment purchases, the Group uses its own funds, long-term bank credits and a lease to ensure that the financing structure for this type of asset is sufficiently sustainable. Large residential and commercial projects are and will be implemented in the form of special purpose companies. New projects will be financed from the Group's own funds and from bank credits. In addition, the Company issued its own bonds with a nominal value of PLN 138 million. Their repayment date is October 2026.

As at 31 December 2023, 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	255,189,821	157,099,858	4,387,769	31,469	<b>416,708,917</b>
- deposits withheld from suppliers	47,109,422	3,333,975	18,732,377	80,030,037	<b>149,205,812</b>
- lease liabilities	972,696	2,062,036	25,539,136	43,856,833	<b>72,430,701</b>
- liabilities due to credits and loans (excluding overdrafts)	2,038,163	2,930,326	23,532,310	32,666,606	<b>61,167,404</b>
- bond liabilities	1,540,678	-	18,624,931	230,738,161	<b>250,903,770</b>
- off-balance sheet liabilities (guarantees, sureties, etc.)	-	1,439,470	155,464,826	855,863,245	<b>1,012,767,541</b>
<b>Total</b>	<b>306,850,780</b>	<b>166,865,664</b>	<b>246,281,350</b>	<b>1,243,186,350</b>	<b>1,963,184,145</b>

## Capital management

The main objective of the capital management of the Group is to maintain a good credit rating and safe capital ratios, which would support the operating activities of the Group companies and increase the value for their shareholders. The Group manages its capital structure and makes changes to it as a result of economic conditions. In order to maintain or adjust the capital structure, the Group companies may buy back their own shares, return capital to shareholders, issue new shares and pay dividends. In 2023, 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 contracts with clients, contractual liabilities and current income tax liabilities less cash and cash equivalents.

## CAPITAL MANAGEMENT (PLN)

	31.12.2023	31.12.2022
	Group	Group
Interest-bearing credits, loans and bonds	327,658,750	240,791,392
Trade and other liabilities	909,136,839	874,689,770
Cash and cash equivalents	311,059,615	137,948,190
Net debt	925,735,974	977,532,972
Equity	213,126,263	383,954,234
Net capital and debt	1,138,862,237	1,361,487,206
Leverage ratio	81.29%	71.80%



## 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 31.12.2023

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	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 contracts with clients	20,994,531.46	-	-	-122,789,307.03	-	-101,794,775.57
Trade and other financial receivables*	302,039,504.70	-	-	-	-	302,039,504.70
Loans granted	96,108,774.17	-	-	-	-	96,108,774.17
Derivative financial instruments in cash flow hedge accounting	-	6,088,248.16	1,673,919.99	-	2,248,983.01	10,011,151.21
Cash and cash equivalents	311,059,614.93	-	-	-	-	311,059,614.93
Credits, loans and other external sources of financing	-	-	-	-327,658,749.92	-	-327,658,749.92
Trade liabilities	-	-	-	-358,979,511.35	-	-358,979,511.35
	<b>730,202,425.26</b>	<b>6,088,248.16</b>	<b>1,673,919.99</b>	<b>-809,427,568.30</b>	<b>2,248,983.01</b>	<b>-69,213,991.83</b>

\* excluding receivables from advances

#### As of 31.12.2022

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	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 contracts with clients	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
	<b>539,847,178.48</b>	<b>1,737,987.09</b>	<b>-181,969.31</b>	<b>-688,214,121.23</b>	<b>-2,386,399.81</b>	<b>-149,197,324.78</b>

\* 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 01.01.2023 to 31.12.2023

	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Interest revenue/expenses	12,572,649.19	-36,114,166.49	-23,541,517.30
Profits/losses on exchange differences	2,009,717.20	-3,521,034.92	-1,511,317.72
Expected credit losses (creation/release) *	14,460,324.37	-	14,460,324.37
<b>Total</b>	<b>29,042,690.76</b>	<b>-39,635,201.41</b>	<b>-10,592,510.65</b>

\* - trade and other receivables 10,631,025.52

- deposits on contracts with clients 3,764,615.85

- loans 64,683.00

#### 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
<b>Total</b>	<b>-2,607,698.81</b>	<b>-24,397,297.13</b>	<b>-27,004,995.94</b>

\* - trade and other receivables -9,301,261.59

- deposits on contracts with clients -1,769,500.14

- loans -128,660.00

#### Financial assets and liabilities measured at fair value

##### Financial assets measured at fair value

#### For the period from 01.01.2023 to 31.12.2023

	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	-	10,011,151.21	-	10,011,151.21
<b>Total</b>	<b>-</b>	<b>10,011,151.21</b>	<b>-</b>	<b>10,011,151.21</b>

#### 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
<b>Total</b>	<b>-</b>	<b>1,382,787.29</b>	<b>-</b>	<b>1,382,787.29</b>

##### Financial liabilities measured at fair value

#### For the period from 01.01.2023 to 31.12.2023

There were no 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
<b>Total</b>	<b>-</b>	<b>2,213,169.32</b>	<b>-</b>	<b>2,213,169.32</b>

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

	as of 31.12.2023	as of 31.12.2022
measured in hedge accounting		
Forward	10,011,151.21	1,382,787.29
<b>Total</b>	<b>10,011,151.21</b>	<b>1,382,787.29</b>

**Financial liabilities under measurement of derivative instruments****Forward foreign exchange contracts**

	as of 31.12.2023	as of 31.12.2022
measured through profit or loss		
IRS	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
measured in hedge accounting		
Forward	-	2,213,169.32
<b>Total</b>	<b>-</b>	<b>2,213,169.32</b>

The total nominal value of FX Forward contracts as at 31 December 2023 was DKK 22.8 million and EUR 31.5 million (NOK 40 million, EUR 17.7 million and SEK 15 million as at 31 December 2022). The periods of expected settlements related to the hedges held are presented in the table below:

Hedged currency/term	Q1 2024	Q3 2024	Q2 2025	Total
DKK	15,200,000.00	7,600,000.00	-	22,800,000.00
EUR	4,000,000.00	12,470,630.00	15,000,000.00	31,470,630.00

Forward DKK (average) rate 0.6115

Forward EUR (average) rate 4.7653

**Financial assets under Forwards transactions measured at fair value**

	as of 31.12.2023	as of 31.12.2022
less than 1 year	5,912,703.60	1,382,787.29
1 to 3 years	4,098,447.61	-
<b>Total</b>	<b>10,011,151.21</b>	<b>1,382,787.29</b>

**Financial liabilities under Forwards transactions measured at fair value**

	as of 31.12.2023	as of 31.12.2022
less than 1 year	-	2,213,169.32
<b>Total</b>	<b>-</b>	<b>2,213,169.32</b>

**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:**

	<b>as of 31.12.2023</b>	<b>as of 31.12.2022</b>
Revenue from sales	5,298,603.57	-4,360,132.10
Financial revenue and expenses:	2,858,310.20	3,116,434.98
From measurement of derivative instruments	2,858,310.20	3,116,434.98
<b>The impact of derivative instruments on the profit or loss for the period</b>	<b>8,156,913.77</b>	<b>-1,243,697.12</b>
<b>Statement on comprehensive income in the part concerning other comprehensive income</b>		
<b>Impact of hedging transactions:</b>	<b>2,137,471.67</b>	<b>4,584,620.49</b>
Impact of measurement of hedging transactions (effective part)	1,655,196.66	-21,162,860.21
Reclassification to revenue from sales due to realisation of a hedged item	482,275.01	25,747,480.70
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>10,294,385.44</b>	<b>3,340,923.37</b>

## 6. Notes to the consolidated financial statements

### 6.1. Tangible fixed assets

	as of 31.12.2023	as of 31.12.2022
Own tangible fixed assets	88,253,114.49	92,653,321.05
Right-of-use assets	58,561,882.04	59,650,400.40
<b>Total tangible fixed assets</b>	<b>146,814,996.53</b>	<b>152,303,721.45</b>

#### Own tangible fixed assets

	as of 31.12.2023	as of 31.12.2022
Land	7,615,513.90	7,702,505.74
Buildings, premises, civil and water engineering structures	64,793,469.32	62,446,499.25
Technical equipment and machines	12,813,833.09	14,684,242.16
Vehicles	325,905.80	386,915.70
Other tangible fixed assets	2,370,905.13	2,623,990.14
Tangible fixed assets under construction	333,487.25	4,809,168.06
<b>Own tangible fixed assets</b>	<b>88,253,114.49</b>	<b>92,653,321.05</b>

#### Right-of-use assets

	as of 31.12.2023	as of 31.12.2022
Land	6,079,985.40	5,779,241.82
Buildings, premises, civil and water engineering structures	11,953,449.02	12,489,781.46
Technical equipment and machines	15,735,288.02	15,582,676.95
Vehicles	23,329,417.46	23,701,645.52
Other right-of-use assets	1,463,742.14	2,097,054.65
<b>Right-of-use assets</b>	<b>58,561,882.04</b>	<b>59,650,400.40</b>

## Change in own tangible fixed assets

For the period from 01.01.2023 to 31.12.2023

	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
<b>Opening balance of gross value</b>	<b>7,956,728.42</b>	<b>85,506,558.07</b>	<b>42,693,384.86</b>	<b>7,535,797.90</b>	<b>9,211,652.35</b>	<b>4,809,168.06</b>	<b>157,713,289.66</b>
<b>Increases</b>	-	<b>6,663,884.67</b>	<b>5,291,830.52</b>	<b>3,043,897.26</b>	<b>2,559,576.50</b>	<b>820,998.85</b>	<b>18,380,187.80</b>
Purchase	-	1,519,122.51	2,344,116.75	170,291.33	659,988.94	820,998.85	5,514,518.38
Acceptance from the investment	-	5,144,762.16	118,155.38	-	-	-	5,262,917.54
Acceptance from lease	-	-	2,829,558.39	2,857,441.93	1,899,587.56	-	7,586,587.88
Other	-	-	-	16,164.00	-	-	16,164.00
<b>Decreases</b>	-	<b>176,231.36</b>	<b>1,898,654.50</b>	<b>1,102,873.22</b>	<b>191,369.99</b>	<b>5,296,679.66</b>	<b>8,665,808.73</b>
Sales	-	157,408.97	1,754,893.15	1,031,523.89	76,517.52	-	3,020,343.53
Liquidation	-	3,665.06	143,761.35	71,349.33	114,852.47	-	333,628.21
Transfer from the investment	-	-	-	-	-	5,262,917.54	5,262,917.54
Other	-	15,157.33	-	-	-	33,762.12	48,919.45
<b>Closing balance of gross value</b>	<b>7,956,728.42</b>	<b>91,994,211.38</b>	<b>46,086,560.88</b>	<b>9,476,821.94</b>	<b>11,579,858.86</b>	<b>333,487.25</b>	<b>167,427,668.73</b>
<b>Opening balance of redemption</b>	<b>254,222.68</b>	<b>23,060,058.82</b>	<b>28,009,142.70</b>	<b>7,148,882.20</b>	<b>6,587,662.21</b>	-	<b>65,059,968.61</b>
<b>Increases</b>	<b>86,991.84</b>	<b>2,973,824.51</b>	<b>6,489,318.36</b>	<b>3,084,207.14</b>	<b>2,804,743.48</b>	-	<b>15,439,085.33</b>
Current amortisation	86,991.84	2,973,824.51	3,759,393.13	240,464.71	1,025,195.60	-	8,085,869.79
Redemption of items accepted from lease	-	-	2,729,925.23	2,843,742.43	1,779,547.88	-	7,353,215.54
<b>Decreases</b>	-	<b>159,304.50</b>	<b>1,225,733.27</b>	<b>1,082,173.20</b>	<b>183,451.96</b>	-	<b>2,650,662.93</b>
Redemption of tangible fixed assets sold and liquidated	-	159,304.50	1,225,733.27	1,082,173.20	183,451.96	-	2,650,662.93
<b>Closing balance of redemption</b>	<b>341,214.52</b>	<b>25,874,578.83</b>	<b>33,272,727.79</b>	<b>9,150,916.14</b>	<b>9,208,953.73</b>	-	<b>77,848,391.01</b>
Closing balance of revaluation write-offs	-	1,326,163.23	-	-	-	-	1,326,163.23
<b>Opening balance of net value</b>	<b>7,702,505.74</b>	<b>62,446,499.25</b>	<b>14,684,242.16</b>	<b>386,915.70</b>	<b>2,623,990.14</b>	<b>4,809,168.06</b>	<b>92,653,321.05</b>
<b>Closing balance of net value</b>	<b>7,615,513.90</b>	<b>64,793,469.32</b>	<b>12,813,833.09</b>	<b>325,905.80</b>	<b>2,370,905.13</b>	<b>333,487.25</b>	<b>88,253,114.49</b>



## 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
<b>Opening balance of gross value</b>	<b>8,051,280.96</b>	<b>78,051,390.42</b>	<b>41,395,204.95</b>	<b>7,067,779.68</b>	<b>8,762,669.81</b>	<b>2,380,863.63</b>	<b>145,709,189.45</b>
<b>Increases</b>	-	<b>8,795,094.35</b>	<b>9,200,918.49</b>	<b>2,798,066.68</b>	<b>743,999.37</b>	<b>17,436,699.39</b>	<b>38,974,778.28</b>
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
<b>Decreases</b>	<b>94,552.54</b>	<b>1,339,926.70</b>	<b>7,902,738.58</b>	<b>2,330,048.46</b>	<b>295,016.83</b>	<b>15,008,394.96</b>	<b>26,970,678.07</b>
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
<b>Closing balance of gross value</b>	<b>7,956,728.42</b>	<b>85,506,558.07</b>	<b>42,693,384.86</b>	<b>7,535,797.90</b>	<b>9,211,652.35</b>	<b>4,809,168.06</b>	<b>157,713,289.66</b>
<b>Opening balance of redemption</b>	<b>167,230.84</b>	<b>20,550,882.11</b>	<b>25,872,726.33</b>	<b>6,553,360.35</b>	<b>5,770,982.29</b>	-	<b>58,915,181.92</b>
<b>Increases</b>	<b>86,991.84</b>	<b>2,867,780.30</b>	<b>4,871,675.49</b>	<b>2,800,594.15</b>	<b>1,050,982.58</b>	-	<b>11,678,024.36</b>
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
<b>Decreases</b>	-	<b>358,603.59</b>	<b>2,735,259.12</b>	<b>2,205,072.30</b>	<b>234,302.66</b>	-	<b>5,533,237.67</b>
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
<b>Closing balance of redemption</b>	<b>254,222.68</b>	<b>23,060,058.82</b>	<b>28,009,142.70</b>	<b>7,148,882.20</b>	<b>6,587,662.21</b>	-	<b>65,059,968.61</b>
<b>Opening balance of net value</b>	<b>7,884,050.12</b>	<b>57,500,508.31</b>	<b>15,522,478.62</b>	<b>514,419.33</b>	<b>2,991,687.52</b>	<b>2,380,863.63</b>	<b>86,794,007.53</b>
<b>Closing balance of net value</b>	<b>7,702,505.74</b>	<b>62,446,499.25</b>	<b>14,684,242.16</b>	<b>386,915.70</b>	<b>2,623,990.14</b>	<b>4,809,168.06</b>	<b>92,653,321.05</b>

## Change in right-of-use assets

For the period from 01.01.2023 to 31.12.2023

	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other right-of-use assets	Total
<b>Opening balance of gross value</b>	<b>8,629,230.92</b>	<b>17,508,419.62</b>	<b>29,707,632.56</b>	<b>37,532,180.95</b>	<b>6,128,975.94</b>	<b>99,506,439.99</b>
<b>Increases</b>	<b>1,054,945.09</b>	<b>1,910,714.49</b>	<b>6,854,325.82</b>	<b>7,615,192.51</b>	<b>547,613.19</b>	<b>17,982,791.10</b>
Contract conclusion and change	1,054,945.09	1,910,714.49	6,854,325.82	7,615,192.51	547,613.19	17,982,791.10
<b>Decreases</b>	<b>13,711.77</b>	<b>2,954,829.86</b>	<b>2,954,829.86</b>	<b>3,910,385.57</b>	<b>1,899,587.56</b>	<b>9,139,492.25</b>
Contract expiry and change	13,711.77	360,977.89	2,954,829.86	3,740,568.73	1,899,587.56	8,969,675.81
Other	-	-	-	169,816.44	-	169,816.44
<b>Closing balance of gross value</b>	<b>9,670,464.24</b>	<b>19,058,156.22</b>	<b>33,607,128.52</b>	<b>41,236,988.29</b>	<b>4,777,001.57</b>	<b>108,349,738.84</b>
<b>Opening balance of redemption</b>	<b>2,849,989.10</b>	<b>5,018,638.16</b>	<b>14,124,955.61</b>	<b>13,830,535.43</b>	<b>4,031,921.29</b>	<b>39,856,039.59</b>
<b>Increases</b>	<b>754,201.51</b>	<b>2,359,741.48</b>	<b>6,523,811.29</b>	<b>7,728,308.38</b>	<b>1,060,886.02</b>	<b>18,426,948.68</b>
Current amortisation	754,201.51	2,359,741.48	6,523,811.29	7,728,308.38	1,060,886.02	18,426,948.68
<b>Decreases</b>	<b>13,711.77</b>	<b>273,672.44</b>	<b>2,776,926.40</b>	<b>3,651,272.98</b>	<b>1,779,547.88</b>	<b>8,495,131.47</b>
Redemption on contract expiry	13,711.77	273,672.44	2,776,926.40	3,617,913.76	1,779,547.88	8,461,772.25
Other	-	-	-	33,359.22	-	33,359.22
<b>Closing balance of redemption</b>	<b>3,590,478.84</b>	<b>7,104,707.20</b>	<b>17,871,840.50</b>	<b>17,907,570.83</b>	<b>3,313,259.43</b>	<b>49,787,856.80</b>
<b>Opening balance of net value</b>	<b>5,779,241.82</b>	<b>12,489,781.46</b>	<b>15,582,676.95</b>	<b>23,701,645.52</b>	<b>2,097,054.65</b>	<b>59,650,400.40</b>
<b>Closing balance of net value</b>	<b>6,079,985.40</b>	<b>11,953,449.02</b>	<b>15,735,288.02</b>	<b>23,329,417.46</b>	<b>1,463,742.14</b>	<b>58,561,882.04</b>

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
<b>Opening balance of gross value</b>	<b>7,749,503.88</b>	<b>16,254,685.22</b>	<b>21,117,704.15</b>	<b>32,506,382.58</b>	<b>5,802,282.82</b>	<b>83,430,558.65</b>
<b>Increases</b>	<b>1,034,682.84</b>	<b>1,515,196.33</b>	<b>9,866,650.01</b>	<b>8,697,793.48</b>	<b>426,022.02</b>	<b>21,540,344.68</b>
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
<b>Decreases</b>	<b>154,955.80</b>	<b>261,461.93</b>	<b>1,276,721.60</b>	<b>3,671,995.11</b>	<b>99,328.90</b>	<b>5,464,463.34</b>
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
<b>Closing balance of gross value</b>	<b>8,629,230.92</b>	<b>17,508,419.62</b>	<b>29,707,632.56</b>	<b>37,532,180.95</b>	<b>6,128,975.94</b>	<b>99,506,439.99</b>
<b>Opening balance of redemption</b>	<b>2,482,343.37</b>	<b>3,214,773.47</b>	<b>9,416,446.50</b>	<b>10,865,404.00</b>	<b>3,051,822.90</b>	<b>29,030,790.24</b>
<b>Increases</b>	<b>377,841.23</b>	<b>1,814,167.62</b>	<b>5,984,622.37</b>	<b>6,543,482.61</b>	<b>1,029,762.79</b>	<b>15,749,876.62</b>
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
<b>Decreases</b>	<b>10,195.50</b>	<b>1,276,113.26</b>	<b>1,276,113.26</b>	<b>3,578,351.18</b>	<b>49,664.40</b>	<b>4,924,627.27</b>
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
<b>Closing balance of redemption</b>	<b>2,849,989.10</b>	<b>5,018,638.16</b>	<b>14,124,955.61</b>	<b>13,830,535.43</b>	<b>4,031,921.29</b>	<b>39,856,039.59</b>
<b>Opening balance of net value</b>	<b>5,267,160.51</b>	<b>13,039,911.75</b>	<b>11,701,257.65</b>	<b>21,640,978.58</b>	<b>2,750,459.92</b>	<b>54,399,768.41</b>
<b>Closing balance of net value</b>	<b>5,779,241.82</b>	<b>12,489,781.46</b>	<b>15,582,676.95</b>	<b>23,701,645.52</b>	<b>2,097,054.65</b>	<b>59,650,400.40</b>

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

	01.01-31.12.2023	01.01-31.12.2022
Manufacturing costs of products and services sold	21,197,736.99	18,836,789.81
<i>residential and commercial construction</i>	2,871,138.67	2,252,137.01
<i>infrastructure</i>	12,090,213.46	11,287,277.31
<i>property development activities</i>	527,769.37	412,953.29
<i>modular construction</i>	4,762,106.79	4,637,763.56
<i>energy and industrial construction</i>	946,508.70	246,658.64
Selling costs	186,275.18	328,958.70
General and administrative costs	5,073,089.74	4,380,996.48
<b>Total</b>	<b>26,457,101.91</b>	<b>23,546,744.99</b>

As at 31 December 2023, security was established on tangible fixed assets and the right of perpetual usufruct of land for a total value of PLN 115,783,393.00 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 December 2023, the use of the credit, loan and bank guarantees amounted to PLN 0.00. Net value of tangible fixed assets constituting the security – PLN 47,664,319.26.

As at 31 December 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 December 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 at 31 December 2023, liabilities due to purchase of property, plant and equipment and intangible assets amounted to PLN 1,864,652.77.

The total value of received or due indemnities in relation to fixed assets that were impaired or lost in the individual reporting periods amounts to:

- for the year ended 31.12.2023 - PLN 34,270.74;
- for the year ended 31.12.2022 - PLN 107,657.14.

## 6.2. Intangible assets

	as of 31.12.2023	as of 31.12.2022
Costs of completed development works	3,788,346.14	4,025,117.66
Goodwill	15,185,543.41	15,185,543.41
Acquired concessions, patents, licences and similar assets, including:	3,448,443.71	2,985,541.64
<i>computer software</i>	1,324,610.45	1,662,096.62
<i>other intangible assets, including licences</i>	2,123,833.26	1,323,445.02
Intangible assets under construction	2,208,729.96	1,707,948.95
<b>Intangible assets</b>	<b>24,631,063.22</b>	<b>23,904,151.66</b>

## Change in intangible assets

For the period from 01.01.2023 to 31.12.2023

	Costs of completed development works	Goodwill	Computer software	Acquired concessions, licences, patents	Intangible assets under construction	Total
<b>Opening balance of gross value</b>	<b>5,061,487.26</b>	<b>15,185,543.41</b>	<b>6,932,333.07</b>	<b>3,388,483.94</b>	<b>1,707,948.95</b>	<b>32,275,796.63</b>
<b>Increases</b>	-	-	<b>941,111.45</b>	<b>1,228,455.61</b>	<b>2,545,595.76</b>	<b>4,715,162.82</b>
Purchase	-	-	324,439.08	-	2,545,595.76	2,870,034.84
Acceptance from the investment	-	-	616,672.37	1,228,455.61	-	1,845,127.98
<b>Decreases</b>	-	-	<b>120,437.81</b>	<b>59,046.00</b>	<b>2,044,814.75</b>	<b>2,224,298.56</b>
Liquidation	-	-	120,437.81	59,046.00	-	179,483.81
Transfer from the investment	-	-	-	-	1,845,127.98	1,845,127.98
Other adjustments	-	-	-	-	199,686.77	199,686.77
<b>Closing balance of gross value</b>	<b>5,061,487.26</b>	<b>15,185,543.41</b>	<b>7,753,006.71</b>	<b>4,557,893.55</b>	<b>2,208,729.96</b>	<b>34,766,660.89</b>
<b>Opening balance of redemption</b>	<b>1,036,369.60</b>	-	<b>5,270,236.45</b>	<b>2,065,038.92</b>	-	<b>8,371,644.97</b>
<b>Increases</b>	<b>236,771.52</b>	-	<b>1,278,597.62</b>	<b>428,067.37</b>	-	<b>1,943,436.51</b>
Current amortisation	236,771.52	-	1,278,538.80	428,067.37	-	1,943,377.69
Other	-	-	58.82	-	-	58.82
<b>Decreases</b>	-	-	<b>120,437.81</b>	<b>59,046.00</b>	-	<b>179,483.81</b>
Redemption of liquidated items	-	-	120,437.81	59,046.00	-	179,483.81
<b>Closing balance of redemption</b>	<b>1,273,141.12</b>	-	<b>6,428,396.26</b>	<b>2,434,060.29</b>	-	<b>10,135,597.67</b>
<b>Opening balance of net value</b>	<b>4,025,117.66</b>	<b>15,185,543.41</b>	<b>1,662,096.62</b>	<b>1,323,445.02</b>	<b>1,707,948.95</b>	<b>23,904,151.66</b>
<b>Closing balance of net value</b>	<b>3,788,346.14</b>	<b>15,185,543.41</b>	<b>1,324,610.45</b>	<b>2,123,833.26</b>	<b>2,208,729.96</b>	<b>24,631,063.22</b>

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
<b>Opening balance of gross value</b>	<b>5,053,387.26</b>	<b>15,390,373.20</b>	<b>6,531,076.19</b>	<b>2,268,831.16</b>	<b>1,404,952.55</b>	<b>30,648,620.36</b>
<b>Increases</b>	<b>8,100.00</b>	-	<b>483,891.93</b>	<b>1,238,658.19</b>	<b>748,574.67</b>	<b>2,479,224.79</b>
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
<b>Decreases</b>	-	<b>204,829.79</b>	<b>82,635.05</b>	<b>119,005.41</b>	<b>445,578.27</b>	<b>852,048.52</b>
Liquidation	-	-	82,635.05	119,005.41	74,506.46	276,146.92
Transfer from the investment	-	-	-	-	371,071.81	371,071.81
Other	-	204,829.79	-	-	-	204,829.79
<b>Closing balance of gross value</b>	<b>5,061,487.26</b>	<b>15,185,543.41</b>	<b>6,932,333.07</b>	<b>3,388,483.94</b>	<b>1,707,948.95</b>	<b>32,275,796.63</b>
<b>Opening balance of redemption</b>	<b>799,789.98</b>	-	<b>4,263,656.43</b>	<b>1,155,633.25</b>	-	<b>6,219,079.66</b>
<b>Increases</b>	<b>236,579.62</b>	-	<b>1,089,215.07</b>	<b>1,028,411.08</b>	-	<b>2,354,205.77</b>
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
<b>Decreases</b>	-	-	<b>82,635.05</b>	<b>119,005.41</b>	-	<b>201,640.46</b>
Redemption of liquidated items	-	-	82,635.05	119,005.41	-	201,640.46
<b>Closing balance of redemption</b>	<b>1,036,369.60</b>	-	<b>5,270,236.45</b>	<b>2,065,038.92</b>	-	<b>8,371,644.97</b>
<b>Opening balance of net value</b>	<b>4,253,597.28</b>	<b>15,390,373.20</b>	<b>2,267,419.76</b>	<b>1,113,197.91</b>	<b>1,404,952.55</b>	<b>24,429,540.70</b>
<b>Closing balance of net value</b>	<b>4,025,117.66</b>	<b>15,185,543.41</b>	<b>1,662,096.62</b>	<b>1,323,445.02</b>	<b>1,707,948.95</b>	<b>23,904,151.66</b>

The Group 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:

	01.01-31.12.2023	01.01-31.12.2022
Manufacturing costs of products and services sold	589,854.96	528,463.10
General and administrative costs	1,235,362.84	979,729.48
Selling costs	118,052.37	527,278.12
<b>Total amortisation of intangible assets</b>	<b>1,943,270.17</b>	<b>2,035,470.70</b>

Ownership structure of intangible assets:

	as of 31.12.2023	as of 31.12.2022
Own	24,631,063.22	23,904,151.66
<b>Total ownership structure of intangible assets</b>	<b>24,631,063.22</b>	<b>23,904,151.66</b>

As of 31 December 2023 and 31 December 2022, entities comprising the Group did not have any encumbrances on intangible assets of a legal or bond nature.

The main component of intangible assets in 2023 was:

- a) goodwill arising from the acquisition of:
  - companies currently known as the Parent Company's Infrastructure Branch;
  - Monday Development SA and MP Sp. z o.o.;
- b) a trademark recognised as a result of obtaining control of Monday Development Sp. z o.o.

**Oddział Infrastruktury Unibep SA** – the value of the cash generating unit as at 31 December 2023 is PLN 6,685,835.16.

In order to determine the value in use of the assets of the acquired company, a valuation was carried out using the income method – discounted cash flow (DCF) – for the cash generating unit, i.e. Oddział Infrastruktury Unibep SA, assuming continued operations as intended. A weighted average cost of capital ("WACC") of 11.11% was used. The forecasts approved by the management of the cash generating unit cover the period of 2024-2028. 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.

As at 31 December 2023, the value in use was determined by the valuation and amounted to PLN 120.399 million.

**Development companies on the Poznań market** – as at 31 December 2020, 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 MP sp. z o.o., Uni 5 Sp. z o.o., Fama Development Sp. z o.o. Sp.j. Monday Development Sp. z o.o. intends to carry out new property development projects in the form of special purpose entities. CGU Poznań is a group of assets owned by the Unidevelopment 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 2023-2028.

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 31.12.2023

Total goodwill subject to impairment test	4,193,539.11
Trademark assigned to a cash generating unit	4,372,372.00
Residual value	61,169,000.00
Market value of own capitals	480,754,000.00

Specification	P 2023	P 2024	P 2025	P 2026	P 2027	P 2028
Discount rate during the period (WACC)	13.28%	13.28%	13.28%	13.28%	13.28%	13.28%
Discount factor	1.000	0.883	0.779	0.688	0.607	0.536

#### As at 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	45,062,000.00
Market value of own capitals	333,706,000.00

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

#### Sensitivity analysis of the valuation of CGU Poznań as of 31.12.2023

	Market value of own capitals [PLN thousand]	
<b>Base value</b>	<b>480,754</b>	<b>480,754</b>
Change from base value (+/-)	+3pprc	-3pprc
Impact of changes in inflation	503,236	467,173
Impact of changes in weighted average cost of debt (without tax shield)	475,858	486,583
Impact of simultaneous changes in inflation and weighted average cost of debt (without tax shield)	494,574	470,743



## 6.3. Investment property

Investment property held by the Group as of 31 December 2023 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 m<sup>2</sup> (including the usable area of the building of 310.08 m<sup>2</sup>).

	as of 31.12.2023	as of 31.12.2022
<b>Opening balance of gross carrying amount</b>	<b>63,586,646.26</b>	<b>24,890,000.00</b>
<b>Increases</b>	<b>1,568,574.38</b>	<b>54,787,412.56</b>
- reclassification of investment property	29,686.91	662,772.72
- revaluation at fair value	228,154.41	5,168,799.67
- purchase of investment property	1,310,733.06	48,955,840.17
<b>Decreases</b>	<b>1,370,909.71</b>	<b>16,090,766.30</b>
- revaluation to fair value	1,370,909.71	-
- reclassification to inventory	-	16,090,766.30
<b>Closing balance</b>	<b>63,784,310.93</b>	<b>63,586,646.26</b>

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 pair-wise comparison method;
- at Unihouse SA – the comparative approach, the pair-wise comparison method for the valuation of the property as a whole.

The profit and loss account includes the following amounts:

- investment property rental income PLN 582,977.60;
- 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 573,420.60;
- 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 27,792.00.

As of 31 December 2023, security was established on the investment property for the total value of PLN 80,773,527.16 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 63,784,310.93.

## 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 31.12.2023	as of 31.12.2022
<b>Opening balance</b>	-	<b>4,707,824.92</b>
<b>Increases</b>	<b>63,421.18</b>	<b>1,854,537.18</b>
Share in profits	-	1,177,547.40
Companies measured using the equity method – change in presentation	63,421.18	676,989.78
<b>Decreases</b>	<b>63,421.18</b>	<b>6,562,362.10</b>
Shares in losses	63,421.18	676,989.78
Change in the nature of the relationship to subsidiaries	-	5,885,372.32
<b>Investments in entities measured using the equity method</b>	<b>-</b>	<b>-</b>

List of jointly controlled entities as at 31 December 2023:

Name of the entity	Nature of the relationship	Registered office	Share in capital and the number of votes (%)	
			31.12.2023	31.12.2022
Seljedalen AS	Jointly controlled entity	Trondheim/Norway	50%	50%
Lovsetvegen 4 AS	Indirectly jointly controlled entity	Melhus/Norway	50%	50%

Selected financial data of entities measured using the equity method:

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

<b>Seljedalen AS</b>	as of 31.12.2023	as of 31.12.2022
Fixed assets	-	-
Current assets	69,695.12	80,400.80
Long-term liabilities	136,505.97	81,549.20
Short-term liabilities	1,400,934.90	1,698,524.59
Revenue from sales	-	-
Profit (loss) on continued operations	-3,679.60	-200,149.27
Post-tax profit (loss) on discontinued operations	-	-
Other comprehensive income	-	-
Comprehensive income for the period	-3,679.60	-200,149.27
Dividend received from an affiliate / jointly controlled entity	-	-
<b>Seljedalen AS</b>	<b>as of 31.12.2023</b>	<b>as of 31.12.2022</b>
Net assets	-1,467,745.75	-1,699,672.99
Group share in a jointly controlled entity	50%	50%
Other adjustments	-6,309,676.17	-6,385,000.72
Carrying amount of the Group shares in the affiliate	<b>-7,043,549.05</b>	<b>-7,234,837.22</b>

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

<b>Lovsetvegen 4 AS</b>	as of 31.12.2023	as of 31.12.2022
Fixed assets	-	24,981.60
Current assets	410,467.09	629,316.65
Long-term liabilities	-	-
Short-term liabilities	6,913,137.34	8,001,529.34
Revenue from sales	-	-
Profit (loss) on continued operations	-151,406.28	-961,569.87
Post-tax profit (loss) on discontinued operations	-	-
Other comprehensive income	-	-
Comprehensive income for the period	-151,406.28	-961,569.87
Dividend received from an affiliate / jointly controlled entity	-	-
<b>Lovsetvegen 4 AS</b>	<b>as of 31.12.2023</b>	<b>as of 31.12.2022</b>
Net assets	-6,502,670.25	-7,347,231.09
Group share in a jointly controlled entity	50%	50%
Other adjustments	-	-
Carrying amount of the Group shares in the affiliate	<b>-3,251,335.13</b>	<b>-3,673,615.55</b>

As of 31 December 2023, contingent liabilities related to jointly controlled companies and affiliates did not arise, and as of 31 December 2022 amounted to PLN 7,583,700.00. Contingent liabilities relate to corporate guarantees issued.

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

	01.01-31.12.2023	01.01-31.12.2022
Share in profits	-	1,177,547.40
Share in losses	63,421.18	676,989.78
<b>Total</b>	<b>-63,421.18</b>	<b>500,557.62</b>

## 6.5. Trade and other receivables

### Trade and other long-term receivables

	as of 31.12.2023	as of 31.12.2022
Trade receivables	426,181.90	-
<b>Long-term prepayments</b>	<b>12,041,445.74</b>	<b>8,162,014.38</b>
Insurance	8,907,326.81	6,449,675.14
Other	3,134,118.93	1,712,339.24
<b>Trade and other long-term receivables</b>	<b>12,467,627.64</b>	<b>8,162,014.38</b>

### Trade and other short-term receivables

	as of 31.12.2023	as of 31.12.2022
<b>Net trade and other receivables</b>	<b>368,815,723.21</b>	<b>377,039,438.60</b>
Trade receivables	301,799,447.78	277,412,890.03
Receivables from tax, subsidy, customs, social security and other benefits	17,006,203.93	50,763,413.84
Other non-financial receivables	17,132,536.36	21,865,693.23
Other financial receivables	240,056.92	7,688.77
Advances granted for deliveries:	32,637,478.22	26,989,752.73
for the purchase of goods, materials and services	32,637,478.22	26,989,752.73
<b>Short-term prepayments</b>	<b>10,113,546.37</b>	<b>7,475,929.12</b>
Insurance	7,188,707.58	5,116,375.74
Other	2,924,838.79	2,359,553.38
<b>Trade and other short-term receivables</b>	<b>378,929,269.58</b>	<b>384,515,367.72</b>
Expected credit losses on receivables	64,023,497.64	53,796,479.08
<b>Gross trade and other short-term receivables</b>	<b>442,952,767.22</b>	<b>438,311,846.80</b>

Trade receivables – with maturity from the balance sheet date:

	as of 31.12.2023	as of 31.12.2022
up to 1 month	162,147,221.12	129,459,384.01
over 1 month up to 3 months	71,911,589.50	64,371,454.29
over 3 months up to 6 months	9,084.58	4,727,330.24
over 6 months up to 1 year	-	2,860.00
overdue receivables	67,731,552.58	78,851,861.49
<b>NET TRADE RECEIVABLES</b>	<b>301,799,447.78</b>	<b>277,412,890.03</b>

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

As of 31 December 2023, the estimated expected credit losses amounted to PLN 64,023,497.64. 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 of:

	as of 31.12.2023	as of 31.12.2022
up to 1 month	30,574,647.92	18,900,610.62
over 1 month up to 3 months	7,635,518.05	33,077,437.31
over 3 months up to 6 months	5,051,245.31	9,610,451.76

over 6 months up to 1 year	5,111,542.71	6,328,068.32
over 1 year	19,358,598.59	10,935,293.48
<b>OVERDUE NET TRADE RECEIVABLES</b>	<b>67,731,552.58</b>	<b>78,851,861.49</b>

	as of 31.12.2023	as of 31.12.2022
<b>Short-term receivables</b>	<b>378,929,269.58</b>	<b>384,515,367.72</b>
from related parties not subject to consolidation exclusions	9,527.16	273.89
from other entities	378,919,742.42	384,515,093.83
Expected credit losses on receivables (positive value)	64,023,497.64	53,796,479.08
<b>Gross short-term receivables</b>	<b>442,952,767.22</b>	<b>438,311,846.80</b>

The trade and other receivables currency structure is as follows:

	as of 31.12.2023	as of 31.12.2022
<b>Receivables in PLN</b>	<b>330,821,059.89</b>	<b>297,273,139.10</b>
Receivables in USD	37,349.11	1,370.00
<b>Receivables in USD after conversion into PLN</b>	<b>146,958.42</b>	<b>6,030.47</b>
Receivables in EUR	6,809,749.26	14,725,540.13
<b>Receivables in EUR after conversion into PLN</b>	<b>30,823,966.76</b>	<b>69,068,094.49</b>
Receivables in NOK	36,138,541.39	32,897,255.63
<b>Receivables in NOK after conversion into PLN</b>	<b>14,248,208.15</b>	<b>14,675,168.65</b>
Receivables in BYN	306,705.25	218,238.03
<b>Receivables in BYN after conversion into PLN</b>	<b>397,392.82</b>	<b>282,727.36</b>
Receivables in SEK	1,023,766.36	418,549.01
<b>Receivables in SEK after conversion into PLN</b>	<b>406,584.61</b>	<b>176,334.66</b>
Receivables in UAH	19,893,787.96	24,006,372.92
<b>Receivables in UAH after conversion into PLN</b>	<b>2,084,576.87</b>	<b>3,033,320.12</b>
Receivables in GBP	104.40	104.40
<b>Receivables in GBP after conversion into PLN</b>	<b>521.97</b>	<b>552.87</b>
<b>Total</b>	<b>378,929,269.58</b>	<b>384,515,367.72</b>

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. The concentration of credit risk in the respective balance periods is as follows:

- as at the balance sheet date of 31 December 2023 from one counterparty, the receivable exceeded 10% of total receivables and amounted to 20.60%;
- as at 31 December 2022, there were no receivables from a single external counterparty 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

	01.01-31.12.2023	01.01-31.12.2022
<b>Opening balance</b>	<b>64,178,114.67</b>	<b>55,657,023.43</b>
Trade and other receivables	53,796,479.08	47,222,638.50
Deposits on contracts with clients	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
<b>Increases</b>	<b>20,283,706.95</b>	<b>16,100,318.18</b>
Trade and other receivables	15,426,623.75	13,859,707.55
Deposits on contracts with clients	4,762,117.47	1,954,070.65
Contractual assets	30,282.73	157,879.98
Loans granted	64,683.00	128,660.00
<b>Decreases</b>	<b>10,663,773.78</b>	<b>7,579,226.94</b>
Trade and other receivables	5,199,605.19	7,285,866.97
Deposits on contracts with clients	1,037,173.46	184,570.51
Contractual assets	70,023.71	108,789.46
Loans granted	4,356,971.42	-
<b>Closing balance</b>	<b>73,798,047.84</b>	<b>64,178,114.67</b>
Trade and other receivables	64,023,497.64	53,796,479.08
Deposits on contracts with clients	6,874,054.80	3,149,110.79
Contractual assets	111,005.40	150,746.38
Loans granted	2,789,490.00	7,081,778.42

## REVALUATION WRITE-OFFS

	01.01-31.12.2023	01.01-31.12.2022
<b>Opening balance</b>	<b>20,895,248.53</b>	<b>19,453,815.09</b>
Inventory	20,895,248.53	12,022,797.39
Cash	-	896,162.06
Shares measured using the equity method	-	6,534,855.64
<b>Increases</b>	<b>9,796,527.42</b>	<b>10,908,951.14</b>
Tangible fixed assets	1,326,163.23	-
Inventory	8,470,364.19	10,908,951.14
<b>Decreases</b>	<b>1,936,479.81</b>	<b>9,467,517.70</b>
Inventory	1,936,479.81	2,036,500.00
Cash	-	896,162.06
Shares measured using the equity method	-	6,534,855.64
<b>Closing balance</b>	<b>28,755,296.14</b>	<b>20,895,248.53</b>
Tangible fixed assets	1,326,163.23	-
Inventory	27,429,132.91	20,895,248.53

## 6.7. Inventory

	as of 31.12.2023	as of 31.12.2022
Materials	43,089,678.80	76,857,839.44

Semi-finished products and work in progress	328,875,360.47	254,250,383.69
Finished products	56,643,859.78	177,104,807.15
Goods	45,460,229.96	42,012,762.91
Right-of-use assets	11,292,184.00	14,209,549.00
<b>GROSS INVENTORY</b>	<b>485,361,313.01</b>	<b>564,435,342.19</b>
Inventory revaluation write-offs	27,429,132.91	20,895,248.53
<b>Inventory</b>	<b>457,932,180.10</b>	<b>543,540,093.66</b>

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

The value of inventory as at 31 December 2023, on which the collateral in the form of mortgages was established, amounted to PLN 296,089,813.19. In accordance with the credit agreements, the security was between 150% and 200% of the credit amount. As at 31 December 2023, the liability under those credits amounted to PLN 38.427 million.

The value of inventory as at 31 December 2022, on which the collateral 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 at 31 December 2022, the liability under those credits amounted to PLN 4.7226 million.

By 31 December 2023, borrowing costs of PLN 8.8819 million were capitalised in inventory, while in 2020, borrowing costs of PLN 8.4428 million were capitalised in inventory.

The value of inventory expected to be used/sold in more than 12 months from 31 December 2023 amounted to PLN 248.4237 million, while as of 31 December 2022, it amounted to PLN 301.360 million.

In the period from 1 January 2023 to 31 December 2021, an amount of PLN 170.9669 million was recognised in the manufacturing costs of products and services sold and in the costs of goods and materials sold, due to the sale of inventory. In 2022, this was PLN 226.1965 million.

#### As of 31.12.2023

	Residential and commercial construction	Energy and industrial construction	Infrastructure	Property development activities	Modular construction	Total
<b>Gross inventory</b>	<b>19,684,230.53</b>	<b>1,484,938.93</b>	<b>26,615,979.66</b>	<b>430,608,805.76</b>	<b>6,967,358.13</b>	<b>485,361,313.01</b>
Inventory revaluation write-offs	-	-	-	27,310,582.91	118,550.00	27,429,132.91
<b>Net inventory</b>	<b>19,684,230.53</b>	<b>1,484,938.93</b>	<b>26,615,979.66</b>	<b>403,298,222.85</b>	<b>6,848,808.13</b>	<b>457,932,180.10</b>

#### As of 31.12.2022

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



## 6.8. Cash and cash equivalents

	as of 31.12.2023	as of 31.12.2022
<b>Cash in PLN</b>	<b>306,574,077.71</b>	<b>133,747,795.56</b>
Cash in EUR	828,667.98	340,641.97
<b>Cash in EUR after conversion into PLN</b>	<b>3,603,048.38</b>	<b>1,621,927.87</b>
Cash in USD	1,261.93	1,303.68
<b>Cash in USD after conversion into PLN</b>	<b>4,965.69</b>	<b>5,738.54</b>
Cash in NOK	922,239.28	2,923,788.24
<b>Cash in NOK after conversion into PLN</b>	<b>356,629.93</b>	<b>1,346,608.70</b>
Cash in BYN	33,758.08	993.18
<b>Cash in BYN after conversion into PLN</b>	<b>43,733.59</b>	<b>1,286.66</b>
Cash in UAH	363,817.94	11,824.88
<b>Cash in UAH after conversion into PLN</b>	<b>37,727.92</b>	<b>1,487.57</b>
Cash in SEK	1,121,285.31	2,792,248.79
<b>Cash in SEK after conversion into PLN</b>	<b>439,431.71</b>	<b>1,223,344.83</b>
<b>Total</b>	<b>311,059,614.93</b>	<b>137,948,189.73</b>

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 December 2023, the fair value of cash and cash equivalents amounted to PLN 311,059,614.93.

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

## 6.9. Loans granted

### As of 31.12.2023

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	31.12.2024	PLN 3,647,419.64
JB Investment Societe En Commandite Speciale	27.10.2021	PLN 20,647,941.13	31.12.2024	PLN 20,526,624.06
JB Investment Societe En Commandite Speciale	10.12.2020	PLN 2,999,535.00	31.12.2024	PLN 3,623,877.34
JB Investment Societe En Commandite Speciale	09.10.2020	PLN 463,189.00	31.12.2024	PLN 574,283.31
JB Investment Societe En Commandite Speciale	22.02.2018	PLN 67,061,751.65	30.09.2024	PLN 66,705,514.78
JB Investment Societe En Commandite Speciale	02.04.2018	PLN 1,036,066.79	31.12.2024	PLN 1,031,055.04
<b>Total</b>				<b>PLN 96,108,774.17</b>

### 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	31.12.2022	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	31.12.2022	PLN 931,756.49
Unibep Group's UNITALENT Foundation	21.11.2022	PLN 120,000.00	28.02.2023	PLN 120,000.00
<b>Total</b>				<b>PLN 87,461,187.73</b>

As of 31 December 2023, the expected credit losses on loans granted amount to PLN 2,789,490.00.

The credit risk is at tier 1 level in the amount of PLN 676,519.00, tier 2 level in the amount of PLN 1,684,994.71 and tier 3 level in the amount of PLN 427,976.29 of the expected credit loss model.

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

### As of 31.12.2023

SHAREHOLDER	Number of shares held as of the balance sheet date	Share nominal value	Share in the capital at the balance sheet date (%)
Zofia Mikotuszkó	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)	3,509,603	350,960.30	10.01
PKO BP Bankowy OFE	2,098,756	209,875.60	5.98
Free float	7,912,275	791,225.70	22.56
Own shares (1)(2)(3)(4)(5)(6)(7)	2,250,000	225,000.00	6.42
<b>Total</b>	<b>35,070,634</b>	<b>3,507,063.40</b>	<b>100.00</b>

(1) 1,000,000 own shares were purchased on 7 February 2017, which the Company announced in current report No. 10/2017. (2) 1,000,000 own shares were purchased on 29 May 2019, which the Company announced in current report No. 28/2019. (3) 1,500,000 own shares were purchased on 27 February 2020, which the Company announced 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 (CR 43/2022). (5) On 30 December 2022, PTE Allianz Polska SA merged with Aviva PTE Aviva Santander SA. 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] (CR 2/2023). (6) 600,000 own shares were disposed of by the Company as part of the Incentive Scheme for the assessment year 2022 (CR 56/2023 and CR 65/2023) (7) 50,000 own shares were disposed of by the Company as part of the Incentive Scheme for the assessment year 2023 to the President of the Management Board of Unibep SA (CR 77/2023); with the shares being credited to the purchaser's investment account on 3 October 2023.

### 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 Mikotuszkó	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)	290,000	29,000.00	8.27
<b>Total</b>	<b>35,070,634</b>	<b>3,507,063.40</b>	<b>100.00</b>

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

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

(3) 1,500,000 own shares were purchased on 27 February 2020, which the Company announced 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 (CR 43/2022).

(5) On 30 December 2022, PTE Allianz Polska SA merged with Aviva PTE Aviva Santander SA. 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] (CR 2/2023)

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 Mikotuszko**	8,800,000	25.09	8,800,000	25.09
Beata Maria Skowrońska	5,250,000	14.97	5,250,000	14.97
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)	3,503,805	9.99	3,503,805	9.99
PKO BP Bankowy OFE	2,098,756	5.98	2,098,756	5.98
Free float	8,168,073	23.29	8,168,073	23.29
Own shares (1)(2)(3)(4)(5)(6)(7)	2,250,000	8.27	2,250,000	6.42
<b>Total</b>	<b>35,070,634</b>	<b>100.00</b>	<b>35,070,634</b>	<b>100.00</b>

\*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 Mikotuszko remains in the joint marital property regime with Mr Jan Mikotuszko

(1) 1,000,000 own shares were purchased on 7 February 2017, which the Company announced in current report No. 10/2017. (2) 1,000,000 own shares were purchased on 29 May 2019, which the Company announced in current report No. 28/2019. (3) 1,500,000 own shares were purchased on 27 February 2020, which the Company announced 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 (CR 43/2022). (5) On 30 December 2022, PTE Allianz Polska SA merged with Aviva PTE Aviva Santander SA. 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] (CR 2/2023). (6) 600,000 own shares were disposed of by the Company as part of the Incentive Scheme for the assessment year 2022 (CR 56/2023 and CR 65/2023) (7) 50,000 own shares were disposed of by the Company as part of the Incentive Scheme for the assessment year 2023 to the President of the Management Board of Unibep SA (CR 77/2023); with the shares being credited to the purchaser's investment account on 3 October 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 December 2023 and 31 December 2022, 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 statement of financial position and in the statement of changes in equity, as of 31 December 2022 amounts to 65,803,761.02 and 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 6,377,270.00.

The recorded increase in this capital in 2023 of PLN 1,910,000.00 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 31.12.2023	as of 31.12.2022
Actuarial gains (losses) on defined benefit plans	-92,664.00	905,956.00
Effective part of changes in fair value of hedging instruments in hedge accounting	4,533,425.99	-1,932,983.81
Revaluation of tangible fixed assets	2,129,019.61	2,129,019.61
Reserve capital for the incentive scheme	3,699,500.00	3,342,000.00
<b>Other reserve capitals</b>	<b>10,269,281.60</b>	<b>4,443,991.80</b>

## Retained profit

	as of 31.12.2023	as of 31.12.2022
Supplementary capital created from retained profit	191,499,916.36	200,157,977.70
Reserve capital for the buy-back of own shares created from retained profit	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	20,159,326.06	11,134,775.38
Current net profit (loss)	-165,895,405.70	7,444,028.82
<b>Retained profit (loss)</b>	<b>57,325,084.29</b>	<b>230,298,029.47</b>
Accounting value	136,905,190.31	302,142,845.69
Number of ordinary shares	32,820,634.00	32,170,634.00
Accounting value per share (in PLN)	4.17	9.39

## INCENTIVE SCHEME

On 15 June 2020, the Ordinary General Meeting 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 earmarked all own shares of the Company, i.e. 3,500,000 shares, for the implementation of the Incentive Scheme.

### Incentive Scheme for 2022 and 2023

On 21 June 2023, the Parent Company's Supervisory Board adopted a resolution on verification of the fulfilment of the Company's share allocation criteria for the assessment year 2022 by eligible participants of the Incentive Scheme and, at the same time, in connection with the fulfilment of the allocation criteria by participants who are members of the management board of the subsidiary – Unidevelopment SA, the Parent Company's Supervisory Board decided on the same date to offer the Company's shares to the following members of the management board of Unidevelopment SA (hereinafter "Beneficiaries"): 210,000 shares to Mr Zbigniew Gościcki, 130,000 shares to Ms Ewa Przeździecka, 130,000 shares to Mr Mirosław Szczepański, 130,000 shares to Mr Mariusz Przystupa.

Following the completion of the following actions: a) the submission of offers by the Company for the sale of the Company's shares, in accordance with the above decision of the Supervisory Board; b) the acceptance by the Beneficiaries of the offers for the sale of the Company's shares; c) the payment in full of the price for the offered shares by each of the Beneficiaries to the Company's account, the Company's shares were credited to the Beneficiaries' bank accounts on 27 July 2023. Consequently, as of the same date, the shares and all corporate rights attached to the Company's shares were transferred to the individual members of the management board of the subsidiary, Unidevelopment SA, and the 2022 Incentive Scheme was thus implemented.

In addition, on 21 June 2023, the Ordinary General Meeting of Shareholders of Unibep SA resolved to extend the Incentive Scheme for members of the Management Board and key managers and determined that shares may be purchased by participants in the Scheme no later than the date falling four months after the date of approval of the Company's financial statements for the financial year 2026.

On 11 September 2023, the Parent Company's Supervisory Board amended the Regulations of the Incentive Scheme, in particular introducing the possibility of the Supervisory Board deciding to conclude an agreement with a person who is a member of the Company's Management Board to participate in the Scheme, at a date and on terms differing from those specified in the Regulations. Subsequently, the Supervisory Board decided to conclude an agreement with the President of the Management Board of the Parent Company for participation in the Scheme on terms different from those set out in the Regulations and established the rules for the participation of the President of the Management Board of the Parent Company in the Scheme.

Under the Incentive Scheme, the President of the Management Board will be able to purchase a maximum of 2,000,000 shares from the Company, including:

- 1) 50,000 shares ("Pool 1") will be available for the manager to purchase in 2023;
- 2) not more than 1,950,000 shares ("Pool 2") will be available for the manager to purchase in 2025, 2026 and 2027, no later than the date falling 4 months after the date on which the Company's General Meeting of Shareholders approves the financial statements of the Company for the financial year 2026 (the "Final Date").

The price at which the President of the Management Board will purchase shares from the Company under the Scheme will be fixed at PLN 3.50 (three Polish zlotys and fifty grosz) per one share.

The President of the Management Board will be entitled to purchase Pool 1 shares from the Company, provided that he is the President of the Management Board of the Company on the date on which the offer to sell Pool 1 shares is made to him by the Company. The Supervisory Board has not established any other criteria for the allocation of Pool 1 shares. The manager will be required not to dispose of the Pool 1 shares within 12 months of their acquisition.

The right of the President of the Management Board to acquire Pool 2 shares will be subject to the fulfilment of criteria set by the Supervisory Board (the "Allocation Criteria"), which should be met in 2024, 2025, 2026 (the "Evaluation Years").

The Allocation Criteria will be determined by the Supervisory Board separately for each Assessment Year by the end of February of the relevant Assessment Year.

Pool 2 shares will be purchased by the manager in 2025, 2026 and 2027 (the "Allocation Years"), no later than the Final Date.

In each Allocation Year, the manager will be entitled to purchase the following number of Pool 2 shares:

- (a) in the Allocation Year 2025 – not more than 450,000 shares;
- (b) in the Allocation Year 2026 – not more than 700,000 shares;
- (c) in the Allocation Year 2027 – not more than 800,000 shares;

In any case, the right of the President of the Management Board to acquire shares, within the Pool 2 shares, in connection with the fulfilment of the Allocation Criteria will only arise if all of the following conditions are met:

- (a) on the last day of the relevant Assessment Year the manager shall become a member of the Management Board; and
- (b) by the date referred to in letter (a), the agreement between the manager and the Company pursuant to which the manager serves as the President of the Management Board of the Company has not been terminated by the manager or has not been terminated by the manager other than by notice; and
- (c) by the date referred to in point (a), the contract between the manager and the Company under which the manager serves as the President of the Management Board of the Company has not been terminated or otherwise terminated by the Company for reasons that would justify termination of the employment contract by the employer for cause.

On 3 October 2023, following the completion of the following actions: i) the submission of the Company's offer to sell 50,000 shares in the Company (Pool 1) to the President of the Management Board, in accordance with the above decision of the Supervisory Board; ii) the acceptance by the President of the Management Board of the offer for the sale of the Company's shares; iii) the payment of the full price for the offered shares by the President of the Management Board to the Company's account, the Company's shares from Pool 1 were credited to the investment account of the President of the Management Board.

In connection with the implementation of "Pool 1", the Group's costs were charged with the amount of PLN 292,500.

On 20 February 2024, the Parent Company's Supervisory Board established for the President of the Management Board of Unibep SA the financial and non-financial criteria for the allocation of the Company's shares for the assessment year 2024 and their weightings. The financial criteria dedicated to the President of the Management Board include the achievement of the Unibep Capital Group's agreed financial targets. The non-financial criteria are, in particular: remaining on the Management Board of Unibep SA, improving occupational safety

and working towards reducing greenhouse gas emissions in the value chain, in line with the ESG Strategy of the Unibep Capital Group.

## 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 31.12.2023	as of 31.12.2022
<b>Credits, loans and other financial liabilities – long-term</b>	<b>214,744,634.58</b>	<b>126,478,695.93</b>
Liabilities on credits	30,728,162.03	34,122,142.07
Bond liabilities	184,016,472.55	92,356,553.86
<b>Credits, loans and other financial liabilities – short-term</b>	<b>43,071,159.31</b>	<b>39,720,828.40</b>
Liabilities on overdrafts	6,663,576.08	16,891,218.69
Liabilities on credits	25,131,959.77	13,257,617.68
Liabilities on loans	0.00	1,807,900.76
Liabilities on bonds	11,275,623.46	7,764,091.27
<b>Total</b>	<b>257,815,793.89</b>	<b>166,199,524.33</b>

### LONG-TERM LIABILITIES ON CREDITS 31.12.2023

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 3,427,149.92	31.05.2025	working capital credit
Bank Spółdzielczy	PLN 5,000,000.00	PLN 969,450.48	01.08.2025	working capital credit
Bank Spółdzielczy w Ostrowi Mazowieckiej	PLN 5,000,000.00	PLN 4,996,691.11	31.08.2025	Revolving credit
BOŚ SA	PLN 20,000,000.00	PLN 11,396,480.98	31.12.2025	working capital credit
BOŚ SA	PLN 64,329,183.54	PLN 9,751,022.57	30.09.2025	property development credit
BOŚ SA	PLN 4,000,000.00	PLN 187,366.97	30.09.2025	VAT credit
<b>Total</b>		<b>PLN 30,728,162.03</b>		

### LONG-TERM LIABILITIES ON CREDITS 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
<b>Total</b>		<b>PLN 34,122,142.07</b>		



**SHORT-TERM LIABILITIES ON CREDITS 31.12.2023**

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	30.11.2024	revolving bank overdraft
Santander Bank Polska SA**	PLN 10,000,000.00	PLN 0.00	14.10.2024	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	29.02.2024	revolving bank overdraft
Bank Gospodarstwa Krajowego	PLN 30,000,000.00	PLN 0.00	29.02.2024	revolving bank overdraft
Bank Polska Kasa Opieki SA	PLN 10,000,000.00	PLN 0.00	31.01.2024	revolving bank overdraft
Santander Bank Polska SA**	PLN 8,000,000.00	PLN 0.00	14.10.2024	revolving bank overdraft
PKO BP SA*	PLN 5,000,000.00	PLN 0.00	30.11.2023	revolving bank overdraft
ING Bank Śląski SA	PLN 5,000,000.00	PLN 0.00	30.06.2024	revolving bank overdraft
mBank SA	PLN 5,000,000.00	PLN 0.00	30.06.2024	revolving bank overdraft
Poznański Bank Spółdzielczy	PLN 5,000,000.00	PLN 0.00	15.08.2024	revolving bank overdraft
PKO BP SA	PLN 5,000,000.00	PLN 0.00	30.04.2024	revolving bank overdraft
Santander Bank Polska SA	PLN 10,000,000.00	PLN 0.00	14.10.2024	revolving bank overdraft
Bank Gospodarstwa Krajowego	PLN 5,000,000.00	PLN 0.00	29.02.2024	revolving bank overdraft
Bank Polska Kasa Opieki SA	PLN 10,000,000.00	PLN 0.00	31.01.2024	revolving bank overdraft
mBank SA	PLN 3,000,000.00	PLN 0.00	29.02.2024	revolving bank overdraft
ING Bank Śląski SA	PLN 20,000,000.00	PLN 7,418,419.45	31.05.2025	working capital credit
PKO Bank Polski SA	PLN 5,000,000.00	PLN 2,126,146.58	31.08.2024	VAT credit
PKO Bank Polski SA	PLN 121,200,000.00	PLN 988,351.56	31.08.2024	property development credit
Santander Bank Polska SA	PLN 17,000,000.00	PLN 6,663,576.08	14.10.2024	revolving bank overdraft
Bank Spółdzielczy	PLN 5,000,000.00	PLN 1,650,985.04	01.08.2025	working capital credit
Lubelski Bank Spółdzielczy	PLN 11,000,000.00	PLN 5,017,212.92	31.12.2024	property development credit
BOŚ SA	PLN 20,000,000.00	PLN 7,930,844.22	31.12.2025	working capital credit
<b>Total</b>		<b>PLN 31,795,535.85</b>		

\*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 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
<b>Total</b>		<b>PLN 30,148,836.37</b>		

\*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.

**LONG-TERM LIABILITIES ON LOANS 31.12.2023**

As at 31.12.2022, the Group did not have any long-term liabilities on loans.

**LONG-TERM LIABILITIES ON LOANS 31.12.2022**

As at 31.12.2022, the Group did not have any long-term liabilities on loans.

**SHORT-TERM LIABILITIES ON LOANS 31.12.2023**

As at 31.12.2023, the Group did not have any short-term liabilities on loans.

**SHORT-TERM LIABILITIES ON LOANS 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
<b>Total</b>		<b>PLN 1,807,900.76</b>		

**ISSUED BONDS AS OF 31.12.2023**

Name of liability	Issue amount PLN	Value as of the balance sheet date PLN	Issue date	Redemption date
Series A bonds	PLN 23,500,000.00 / 23,500 pieces, PLN 1,000 each	24,059,892.82	05.04.2023	05.04.2026
Series B bonds	PLN 11,400,000.00 / 11,400 pieces, PLN 1,000 each	11,760,053.95	05.04.2023	05.04.2026
Series C bonds	PLN 20,000,000.00 / 20,000 pieces, PLN 1,000 each	20,357,643.93	31.07.2023	31.07.2026
Series I bonds, 3-year, unsecured, interest bonds	PLN 138,040,200.00 / 1,380,402 pieces, PLN 100 each	139,114,505.31	19.10.2023	19.10.2026
		<b>195,292,096.01</b>		

**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
		<b>100,120,645.13</b>		

Series A, B, C and I bonds are listed on the Catalyst market operated by the Warsaw Stock Exchange as part of the alternative trading system.

Interest payment date of the Series A and B bonds: 05.04.2024, 05.07.2024, 05.10.2024, 05.01.2025, 05.04.2025, 05.07.2025, 05.10.2025, 05.01.2026, 05.04.2026

Interest payment date of the Series C bonds: 30.04.2024, 31.07.2024, 31.10.2024, 31.01.2025, 30.04.2025, 31.07.2025, 31.10.2025, 31.01.2026, 30.04.2026, 31.07.2026

Interest payment date of the Series I bonds: 19.04.2024, 19.10.2024, 19.04.2025, 19.10.2025, 19.04.2026.

Series G and H 3-year bonds were redeemed early on 13.10.2023 and 15.11.2023.

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

	as of 31.12.2023	as of 31.12.2022
over 1 year to 3 years	214,744,634.58	126,478,695.93
<b>Total</b>	<b>214,744,634.58</b>	<b>126,478,695.93</b>

Credits taken out in foreign currency were converted at the balance sheet valuation rate, i.e. 30.12.2023.

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

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

**As of 31.12.2023**

	Carrying amount	Undiscounted contractual cash flows
up to 1 year	43,071,159.31	48,384,776.85
over 1 year to 3 years	214,744,634.58	272,047,311.15
<b>Total</b>	<b>257,815,793.89</b>	<b>320,432,088.00</b>

**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
<b>Total</b>	<b>166,199,524.33</b>	<b>192,496,817.03</b>

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 31.12.2023	as of 31.12.2022
Long-term lease liabilities	40,180,669.55	43,249,484.26
Short-term lease liabilities	29,662,286.48	31,342,383.41
<b>Total</b>	<b>69,842,956.03</b>	<b>74,591,867.67</b>

Present value of lease payments:

	as of 31.12.2023	as of 31.12.2022
Less than 1 year	29,662,286.48	31,342,383.41
From 1 year to 5 years	33,552,816.56	35,553,624.45
Over 5 years	6,627,852.99	7,695,859.81
<b>Total</b>	<b>69,842,956.03</b>	<b>74,591,867.67</b>

Lease – supplementary data

	01.01-31.12.2023	01.01-31.12.2022
Amortisation	18,426,948.68	15,749,876.62
Amortisation capitalised in inventory	80,700.00	934,293.00
Interest expenses	3,532,763.00	2,606,250.75
Interest capitalised in inventory	353,938.00	4,417,991.00
Total expenditures on lease contracts	21,853,154.07	20,846,246.15
Short-term lease expenses	6,602,446.67	12,724,221.68
Low-value lease expenses below PLN 20,000	4,797,435.51	7,802,726.73

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

**6.14. Provisions**

Employee benefit liabilities recognised in the statement of financial position:

	as of 31.12.2023	as of 31.12.2022
<b>Retirement severance pay</b>	<b>4,207,710.00</b>	<b>2,645,956.00</b>
current liability as of the balance sheet date	4,207,710.00	2,645,956.00
<b>Disability severance pay</b>	<b>358,525.00</b>	<b>258,318.00</b>
current liability as of the balance sheet date	358,525.00	258,318.00
<b>Liabilities for retirement and disability benefits, including:</b>	<b>4,566,235.00</b>	<b>2,904,274.00</b>
- long-term part	4,203,038.00	2,639,621.75
- short-term part	363,197.00	264,652.25

Changes in the liabilities for retirement and disability benefits are presented in the table below:

	as of 31.12.2023	as of 31.12.2022
<b>Opening balance of current liability</b>	<b>2,904,274.00</b>	<b>3,622,836.00</b>
interest expenses	171,163.00	135,903.00
current employment costs	436,545.00	599,888.00
benefits paid	-216,044.00	-255,930.00
actuarial gains/losses, including those arising from:	1,270,297.00	-1,198,423.00
- adjustments of actuarial assumptions ex post	607,440.00	74,333.00
- changes in demographic assumptions	-22,484.00	-147,292.00
- changes in financial assumptions	685,341.00	-1,125,464.00
employee transfers	238,233.00	-
<b>Closing balance of current liability</b>	<b>4,804,468.00</b>	<b>2,904,274.00</b>

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

	as of 31.12.2023	as of 31.12.2022
employment value	436,545.00	599,888.00
interest expenses	171,163.00	135,903.00
employment value - adjustment of previous year	-96,320.00	-96,320.00
Other adjustments	37,433.00	-76,158.00
<b>Costs recognised in the profit and loss account</b>	<b>548,821.00</b>	<b>563,313.00</b>
actuarial gains/losses recognised in the period	1,232,864.00	-988,900.00
<b>Costs recognised in other comprehensive income</b>	<b>1,232,864.00</b>	<b>-988,900.00</b>
including costs of employee benefits recognised in the profit and loss account under:		
- manufacturing costs	383,487.34	161,519.71
- general and administrative costs	165,333.66	268,428.29

The Group companies used independent actuaries' valuations to determine their employee benefit provisions, the latest actuarial valuation being as at 31 December 2023.

The actuarial assumptions are based on the following parameters for the years 2024-2027:

- discount rate in 2024 5.07%
- discount rate in 2023 6.73%
- the projected long-term increase in the Group's salary base in 2024 and beyond is 7.0%, and 3.0-5.0% in subsequent years.

As of 31 December 2024, 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 31.12.2023	4,207,710	358,525	4,566,235
current liability value as of 31.12.2024	4,769,024	395,198	5,164,222
<i>including:</i>			
short-term part	359,160	66,988	426,148
long-term part	4,409,864	328,210	4,738,074

As of 31.12.2024, 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 occur 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 31.12.2023:

PARAMETER/BENEFIT	Retirement severance pay	Disability severance pay	Unused holiday leaves	Total
Initial amounts of provisions	4,207,710	358,525	9,797,797	14,364,032
Turnover coefficient -1.0%	4,384,975	374,162	9,797,797	14,556,934
Turnover coefficient +1.0%	4,048,285	344,161	9,797,797	14,190,243
probability of retirement -0.5%	4,232,560	299,634	9,797,797	14,329,991
probability of retirement +0.5%	4,183,077	417,079	9,797,797	14,397,953
Technical discount rate -0.50%	4,444,310	369,854	9,797,797	14,611,961
Technical discount rate +0.50%	3,991,121	347,907	9,797,797	14,136,825
<i>base increases</i>				
Salary in the Company -1.0%	4,188,414	357,184	9,797,797	14,343,395
Salary in the Company +1.0%	4,241,782	360,499	9,797,797	14,400,078
Minimum salary -1.0%	3,822,962	339,733	9,797,797	13,960,492
Minimum salary +1.0%	4,668,946	379,944	9,797,797	14,846,687

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

	01.01-31.12.2023	01.01-31.12.2022
<b>OPENING BALANCE OF OTHER LONG-TERM PROVISIONS</b>	<b>61,800,211.47</b>	<b>55,235,328.75</b>
Guarantee repairs	51,568,748.48	45,003,865.76
Companies measured using the equity method	10,231,462.99	10,231,462.99
<b>Increases</b>	<b>38,312,697.98</b>	<b>22,017,949.70</b>
Guarantee repairs	38,312,697.98	22,013,949.70
Guarantee repairs – change in presentation	-	4,000.00
<b>Release</b>	<b>18,496,489.16</b>	<b>15,453,066.98</b>
Guarantee repairs – transfer to short-term	12,519,080.85	12,444,074.23
Guarantee repairs	5,977,408.31	3,008,992.75
<b>CLOSING BALANCE OF OTHER LONG-TERM PROVISIONS</b>	<b>81,616,420.29</b>	<b>61,800,211.47</b>
Guarantee repairs	71,384,957.30	51,568,748.48
Companies measured using the equity method	10,231,462.99	10,231,462.99

	01.01-31.12.2023	01.01-31.12.2022
<b>OPENING BALANCE OF OTHER SHORT-TERM PROVISIONS</b>	<b>244,147,227.39</b>	<b>176,309,059.08</b>
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
Companies measured using the equity method	1,676,989.78	-
<b>Increases</b>	<b>1,421,756,059.74</b>	<b>1,446,121,132.75</b>
Employee benefits	28,607,801.26	37,676,353.60
Guarantee repairs	19,059,681.72	15,002,666.98
Planned losses in long-term contracts	30,322,384.11	8,807,180.76
Costs of subcontractors	1,323,610,095.79	1,351,373,539.55
Disputes	14,617,038.83	2,672,856.92
Other costs	5,539,058.03	27,406,545.16
Guarantee repairs – change in presentation	-	1,505,000.00
Companies measured using the equity method	-	1,676,989.78
<b>Use</b>	<b>1,400,660,528.05</b>	<b>1,377,791,885.88</b>
Employee benefits	34,392,281.33	33,487,529.54
Guarantee repairs	7,858,348.17	11,679,558.93
Planned losses in long-term contracts	12,006,679.19	7,010,517.19
Costs of subcontractors	1,341,644,709.02	1,298,888,693.78
Disputes	749,622.00	612,731.00
Other costs	4,008,888.34	26,112,855.44
<b>Other decreases</b>	<b>936,578.82</b>	<b>491,078.56</b>
Employee benefits	-	469,352.63
Guarantee repairs – presentation in the long-term	-	4,000.00
Companies measured using the equity method	936,578.82	-
Other costs	-	17,725.93
<b>CLOSING BALANCE OF OTHER SHORT-TERM PROVISIONS</b>	<b>264,306,180.26</b>	<b>244,147,227.39</b>
Employee benefits	27,580,392.22	33,364,872.29
Guarantee repairs	20,852,703.78	9,651,370.23
Planned losses in long-term contracts	22,437,493.80	4,121,788.88
Costs of subcontractors	169,581,156.37	187,615,769.60
Disputes	18,710,074.75	4,842,657.92
Other costs	4,403,948.38	2,873,778.69
Companies measured using the equity method	740,410.96	1,676,989.78

## 6.15. Trade and other liabilities

Long-term trade and other liabilities:

	as of 31.12.2023	as of 31.12.2022
<b>Trade liabilities</b>	<b>5,939,999.99</b>	<b>9,790,000.00</b>
<b>Other liabilities</b>	<b>363,606.35</b>	<b>414,633.37</b>
<b>Deferred income – long-term</b>	<b>1,844,202.36</b>	<b>1,974,463.58</b>
Received subsidies	1,844,202.36	1,961,755.16
Other	-	12,708.42
<b>Trade and other long-term liabilities</b>	<b>8,147,808.70</b>	<b>12,179,096.95</b>

Short-term trade and other liabilities:

	as of 31.12.2023	as of 31.12.2022
Trade liabilities	358,979,511.35	334,689,874.76
Tax, customs, insurance liabilities	28,448,435.39	20,848,625.19
Payroll liabilities	2,684,566.62	2,558,685.39
Advances received for deliveries	402,000.00	402,000.00
Accruals	24,230,174.88	54,988,717.95
Special funds	18,255.16	16,852.66
Other liabilities	1,815,712.38	1,666,473.46
<b>Trade and other liabilities</b>	<b>416,578,655.78</b>	<b>415,171,229.41</b>
<b>Deferred income – short-term</b>	<b>130,261.22</b>	<b>139,338.80</b>
Other	12,708.42	21,786.00
Received subsidies	117,552.80	117,552.80
<b>Trade and other short-term liabilities</b>	<b>416,708,917.00</b>	<b>415,310,568.21</b>

Trade liabilities – maturing from the balance sheet date:

	as of 31.12.2023	as of 31.12.2022
up to 1 month	154,839,626.68	178,413,893.80
over 1 month up to 3 months	99,370,452.29	66,368,204.77
over 3 months up to 6 months	4,201,746.27	861,579.76
over 6 months up to 1 year	186,022.76	98,836.65
over 1 year	31,468.80	33,716.85
overdue liabilities	100,350,194.55	88,913,642.93
<b>TRADE LIABILITIES</b>	<b>358,979,511.35</b>	<b>334,689,874.76</b>

Overdue trade liabilities:

	as of 31.12.2023	as of 31.12.2022
up to 1 month	91,570,397.43	78,910,848.59
over 1 month up to 3 months	5,937,988.40	8,500,861.92
over 3 months up to 6 months	1,314,819.49	261,085.00
over 6 months up to 1 year	505,452.05	267,362.28
over 1 year	1,021,537.18	973,485.14
<b>OVERDUE TRADE LIABILITIES</b>	<b>100,350,194.55</b>	<b>88,913,642.93</b>



Short-term liabilities – by currency:

	as of 31.12.2023	as of 31.12.2022
<b>Liabilities in PLN</b>	<b>408,165,686.12</b>	<b>404,471,312.53</b>
Liabilities in EUR	1,329,587.97	509,296.24
<b>Liabilities in EUR after conversion into PLN</b>	<b>5,781,048.49</b>	<b>2,388,548.45</b>
Liabilities in UAH	0.66	189,171.51
<b>Liabilities in UAH after conversion into PLN</b>	<b>0.07</b>	<b>23,797.77</b>
Liabilities in NOK	3,765,501.17	11,182,828.61
<b>Liabilities in NOK after conversion into PLN</b>	<b>1,456,119.30</b>	<b>4,988,659.84</b>
Liabilities in SEK	1,443,623.25	8,155,436.16
<b>Liabilities in SEK after conversion into PLN</b>	<b>565,755.94</b>	<b>3,435,885.26</b>
Liabilities in BYN	538,300.76	1,825.06
<b>Liabilities in BYN after conversion into PLN</b>	<b>697,368.62</b>	<b>2,364.36</b>
Liabilities in DKK	73,613.00	-
<b>Liabilities in DKK after conversion into PLN</b>	<b>42,938.46</b>	<b>-</b>
<b>Total</b>	<b>416,708,917.00</b>	<b>415,310,568.21</b>

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:

### Deferred income tax assets

For the period from 01.01.2023 to 31.12.2023

	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	11,620,720.00	5,894,938.00	-	17,515,658.00
Provision for employee benefits	7,724,328.00	-1,050,373.00	-	6,673,955.00
Provision for costs of subcontractors	40,071,776.00	-6,816,935.00	-	33,254,841.00
Provision for liabilities	412,918.00	-51,918.00	-	361,000.00
Contracts (decrease in revenue "-")	10,460,660.00	3,264,126.00	-	13,724,786.00
Contracts – provision for losses	149,715.00	4,113,409.00	-	4,263,124.00
Production not completed for tax purposes	27,274,128.00	-5,277,105.00	-	21,997,023.00
Lease (lease liabilities)	10,988,993.00	2,418,362.00	-	13,407,355.00
Unrealised foreign exchange rate losses	976,412.00	112,546.00	-	1,088,958.00
Unpaid interest	10,586.00	14,972.00	-	25,558.00
Receivables discounting	529,890.00	-358,668.00	-	171,222.00
Difference between tax base and carrying amount of inventory	21,264,394.00	7,453,772.00	-	28,718,166.00
Write-off of other assets	11,937,919.00	2,945,210.00	-	14,883,129.00
Valuation of derivative instruments	828,055.00	874,230.00	-	1,702,285.00
Costs of acquisition of shares	188,844.00	339.00	-	189,183.00
Valuation of credits, loans, bonds, bills of exchange	15,460.00	456,905.00	-	472,365.00
Other titles	787,045.00	53,774.00	-	840,819.00
Tax loss	6,139,301.00	2,179,049.00	-	8,318,350.00
Actuarial gains and losses accounted for in the revaluation reserve	29,826.00	-	154,182.00	184,008.00
Revaluation reserve – valuation of derivative instruments	453,416.00	-	-453,416.00	-
<b>Total</b>	<b>151,864,386.00</b>	<b>16,226,633.00</b>	<b>-299,234.00</b>	<b>167,791,785.00</b>

## 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	-	11,620,720.00
Provision for employee benefits	6,571,305.00	1,153,023.00	-	7,724,328.00
Provision for costs of subcontractors	23,681,329.00	16,390,447.00	-	40,071,776.00
Provision for liabilities	408,113.00	4,805.00	-	412,918.00
Contracts (decrease in revenue "-")	2,166,662.00	8,293,998.00	-	10,460,660.00
Contracts – provision for losses	441,774.00	-292,059.00	-	149,715.00
Production not completed for tax purposes	29,022,621.00	-1,748,493.00	-	27,274,128.00
Lease (lease liabilities)	9,766,411.00	1,222,582.00	-	10,988,993.00
Unrealised foreign exchange rate losses	671,234.00	305,178.00	-	976,412.00
Unpaid interest	11,540.00	-954.00	-	10,586.00
Receivables discounting	196,226.00	333,664.00	-	529,890.00
Difference between tax base and carrying amount of inventory	7,879,944.00	13,384,450.00	-	21,264,394.00
Write-off of other assets	9,003,998.00	2,933,921.00	-	11,937,919.00
Valuation of derivative instruments	1,412,005.00	-583,950.00	-	828,055.00
Costs of acquisition of shares	188,844.00	-	-	188,844.00
Valuation of credits, loans, bonds, bills of exchange	72,023.00	-56,563.00	-	15,460.00
Other titles	536,116.00	250,929.00	-	787,045.00
Tax loss	10,511,199.00	-4,371,898.00	-	6,139,301.00
Actuarial gains and losses accounted for in the revaluation reserve	136,242.00	-	-106,416.00	29,826.00
Revaluation reserve – valuation of derivative instruments	1,324,493.00	-	-871,077.00	453,416.00
<b>Total</b>	<b>113,377,497.00</b>	<b>39,464,382.00</b>	<b>-977,493.00</b>	<b>151,864,386.00</b>

## Deferred income tax liability

## For the period from 01.01.2023 to 31.12.2023

	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 "+")	57,062,254.00	-21,556,369.00	-	35,505,885.00
Lease (net value of right-of-use assets)	10,834,833.00	1,919,258.00	-	12,754,091.00
Liabilities discounting	4,705,094.00	497,044.00	-	5,202,138.00
Penalties accrued, but not received	2,663,470.00	132,609.00	-	2,796,079.00
Interest not received	278,645.00	-111,217.00	-	167,428.00
Unrealised foreign exchange gains	414,501.00	-27,817.00	-	386,684.00
Difference between tax base and carrying amount of inventory	14,620,939.00	5,193,747.00	-	19,814,686.00
Valuation of bonds, credits, loans, bills of exchange	209,754.00	95,539.00	-	305,293.00
Valuation of derivative instruments	1,123,698.00	1,417,310.00	-	2,541,008.00
Difference between tax and carrying value of tangible fixed assets, investment properties	5,314,455.00	56,807.00	-	5,371,262.00
Revaluation reserve – valuation of derivative instruments	-	-	1,063,397.00	1,063,397.00
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	242,334.00	-	-80,062.00	162,272.00
<b>Total</b>	<b>97,716,699.00</b>	<b>-12,383,089.00</b>	<b>983,335.00</b>	<b>86,316,945.00</b>

## 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 right-of-use assets)	9,877,710.00	957,123.00	-	10,834,833.00
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
<b>Total</b>	<b>80,067,573.00</b>	<b>17,295,590.00</b>	<b>353,536.00</b>	<b>97,716,699.00</b>

## RECONCILIATION

	01.01-31.12.2023	01.01-31.12.2022
<b>Gross profit before tax</b>	<b>-177,287,680.05</b>	<b>41,901,461.77</b>
At a tax rate of 19%	-33,684,659.00	7,961,277.74
Difference in burden for foreign operations	1,797,251.08	467,201.64
Permanent differences not covered by current and deferred tax	12,280,545.00	-100,207.62
Other	-1,195,095.65	1,711,883.26
<b>Actual income tax expense</b>	<b>-20,801,958.57</b>	<b>10,040,155.02</b>
Effective tax rate	11.73%	23.96%

## INCOME TAX RECOGNISED IN THE PROFIT AND LOSS ACCOUNT

	01.01-31.12.2023	01.01-31.12.2022
<b>Current income tax</b>	<b>7,807,763.43</b>	<b>35,195,102.02</b>
Related to the financial year	7,807,763.43	35,195,102.02
<b>Deferred income tax</b>	<b>-28,609,722.00</b>	<b>-25,154,947.00</b>
Related to the creation and reversal of temporary differences	-28,609,722.00	-25,154,947.00
<b>Tax burden presented in the profit and loss account</b>	<b>-20,801,958.57</b>	<b>10,040,155.02</b>

## INCOME TAX RECOGNISED IN EQUITY

	01.01-31.12.2023	01.01-31.12.2022
<b>Current income tax</b>	-	-
<b>Deferred income tax</b>	<b>1,282,569.00</b>	<b>1,331,029.00</b>
Net profit/loss tax on revaluation of cash flow hedges	1,516,813.00	871,077.00
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 Employee Benefits	-234,244.00	213,230.00
<b>(Tax advantage)/tax burden recognised in other comprehensive income</b>	<b>1,282,569.00</b>	<b>1,331,029.00</b>

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

Republic of Belarus – 20%

Ukraine – 18%

Kingdom of Norway – 22%

Kingdom of Sweden – 20.6%

Kingdom of Denmark – 22%

Federal Republic of Germany – 15%

As of 31 December 2023, the Group companies recognise tax loss assets of PLN 8.3184 million. Only those losses that, in the Group's opinion, can be settled in tax returns in subsequent years are subject to deferred tax.

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 subject to a 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. In 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. The Parent Company is in the process of appealing to the German tax authorities, as its position on the settlement method used, supported by the opinion of German advisors, has not changed. 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.

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 June 2024.

Generally, the Group recognises that tax settlements and other settlements (i.e. 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 01.01.2023 to 31.12.2023

	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	301,259,451.67	38,234,525.92	-	-152,731,906.10	-	186,762,071.49
<b>Contractual assets</b>	<b>301,259,451.67</b>	<b>38,234,525.92</b>	<b>-</b>	<b>-152,731,906.10</b>	<b>-</b>	<b>186,762,071.49</b>
Advances received from contracts with clients	267,929,141.72	-	-198,198,133.34	-26,969,929.13	244,152,166.06	286,913,245.31
Valuation of long-term contracts	55,056,101.79	53,300,682.02	-36,121,065.10	-	-	72,235,718.71
<b>Contractual liabilities</b>	<b>322,985,243.51</b>	<b>53,300,682.02</b>	<b>-234,319,198.44</b>	<b>-26,969,929.13</b>	<b>244,152,166.06</b>	<b>359,148,964.02</b>

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
<b>Contractual assets</b>	<b>235,451,409.21</b>	<b>301,259,451.67</b>	<b>-</b>	<b>-235,451,409.21</b>	<b>-</b>	<b>301,259,451.67</b>
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
<b>Contractual liabilities</b>	<b>295,417,277.83</b>	<b>55,056,101.79</b>	<b>-142,481,244.18</b>	<b>-</b>	<b>114,993,108.07</b>	<b>322,985,243.51</b>

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 31.12.2023	as of 31.12.2022
<b>The total amount of the transaction price attributed to the provision of service that remained unfulfilled at the end of the reporting period, to be provided during the period:</b>	<b>3,594,728,715.79</b>	<b>3,419,746,947.08</b>
up to 1 year	2,152,218,585.37	2,068,607,660.44
over 1 year	1,442,510,130.42	1,351,139,286.64

## 6.18. Deposits on contracts with clients

	as of 31.12.2023	as of 31.12.2022
Retained by recipients – to be returned after 12 months	6,885,289.18	14,837,228.65
Retained by recipients – to be returned within 12 months	14,109,242.28	22,299,993.58
<b>Total net deposits on contracts with clients retained by recipients</b>	<b>20,994,531.46</b>	<b>37,137,222.23</b>
Revaluation write-off on receivables from deposits	6,874,054.80	3,149,110.79
<b>Total deposits under construction contracts retained by recipients after gross revaluation write-off</b>	<b>27,868,586.26</b>	<b>40,286,333.02</b>
Retained from suppliers – to be returned after 12 months	54,479,614.37	46,714,420.39
Retained from suppliers – to be returned within 12 months	68,309,692.66	66,018,434.08
<b>Total deposits retained from suppliers</b>	<b>122,789,307.03</b>	<b>112,732,854.47</b>

### DISCOUNT

	as of 31.12.2023	as of 31.12.2022
Discount of deposits on contracts with clients retained by recipients	899,558.74	2,788,262.14
Discount of deposits retained from suppliers	27,381,973.23	24,810,332.16

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

As of 31 December 2023, the largest deposits retained by one recipient amounted to 37.35% (17.18% for one project) of all the receivables from deposits. 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. The table below presents the age analysis of deposits on contracts with clients at nominal value after discount that are overdue as of the reporting date but for which no impairment losses have been incurred:

### Deposits due from contracts with clients, overdue, unpaid in the period:

	as of 31.12.2023	as of 31.12.2022
up to 1 month	496,700.71	5,663,963.90
over 1 month up to 3 months	358,111.39	760,324.30
over 3 months up to 6 months	484,200.66	2,642,843.27
over 6 months up to 1 year	769,376.47	2,046,364.98
over 1 year	7,030,608.91	3,882,840.91
<b>Total overdue deposits on contracts with clients</b>	<b>9,138,998.14</b>	<b>14,996,337.36</b>

## 6.19. Information on operating segments

### SEGMENT REPORTING AS OF 31.12.2023

	Residential and commercial construction	Infrastructure	Property development activities	Modular construction	Energy and industrial construction	Sales adjustments for other segments	Total amount for the entire Group
Revenue from contracts with clients	1,147,767,075.16	351,668,508.76	315,818,222.81	222,889,788.01	514,505,046.29	-122,880,478.17	2,429,768,162.86
external sales	1,028,181,573.44	351,668,508.76	314,575,292.93	220,837,741.44	514,505,046.29	-	2,429,768,162.86
sales to other segments	119,585,501.72	-	1,242,929.88	2,052,046.57	-	-122,880,478.17	-
Costs of products, goods and materials sold	1,160,774,704.19	356,823,825.04	233,539,001.97	246,879,295.13	579,305,392.85	-109,730,945.31	2,467,591,273.87
<b>Gross profit on sales</b>	<b>-13,007,629.03</b>	<b>-5,155,316.28</b>	<b>82,279,220.84</b>	<b>-23,989,507.12</b>	<b>-64,800,346.56</b>	<b>-13,149,532.86</b>	<b>-37,823,111.01</b>
% gross profit on sales	-1.13%	-1.47%	26.05%	-10.76%	-12.59%	10.70%	-1.56%
Selling costs			x				15,508,956.97
General and administrative costs			x				71,314,932.22
Results on other operating activities			x				-13,162,349.98
<b>Profit on operating activities</b>			<b>x</b>				<b>-137,809,350.18</b>
Financial revenue							20,032,192.69
including: interest revenue	252,099.63	569,322.91	8,992,835.19	-1,623.81	494,867.30	-	10,307,501.22
Financial expenses			x				45,027,467.84
including: interest expenses	5,233,464.92	3,389,547.76	12,332,657.07	5,575,799.92	448,601.33	-	26,980,071.00
Expected credit losses			x				14,419,633.54
Share in net profits (losses) of subsidiaries measured using the equity method			x				-63,421.18
<b>Pre-tax profit</b>			<b>x</b>				<b>-177,287,680.05</b>
Income tax			x				-20,801,958.57
<b>Net profit</b>			<b>x</b>				<b>-156,485,721.48</b>



## 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 for 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
<b>Gross profit on sales</b>	<b>20,687,532.49</b>	<b>33,012,755.36</b>	<b>99,916,633.23</b>	<b>-32,335,180.99</b>	<b>28,168,615.83</b>	<b>-1,195,331.46</b>	<b>148,255,024.46</b>
% gross profit on sales	1.96%	6.70%	30.00%	-15.15%	9.02%	0.81%	6.56%
Selling 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
<b>Profit on operating activities</b>			<b>x</b>				<b>63,750,999.11</b>
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
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
Expected credit losses			x				11,248,512.25
Share in net profits (losses) of subsidiaries measured using the equity method			x				500,557.62
<b>Pre-tax profit</b>			<b>x</b>				<b>41,901,461.77</b>
Income tax			x				10,040,155.02
<b>Net profit</b>			<b>x</b>				<b>31,861,306.75</b>

**As of 31.12.2023**

	Residential and commercial construction	Infrastructure	Energy and industrial construction	Property development activities	Modular construction	Amounts not allocated to segments	Total
Assets	271,265,898.52	164,227,016.68	197,935,983.97	626,563,906.21	145,368,717.54	401,955,402.48	1,807,316,925.40
<b>Total assets</b>	<b>271,265,898.52</b>	<b>164,227,016.68</b>	<b>197,935,983.97</b>	<b>626,563,906.21</b>	<b>145,368,717.54</b>	<b>401,955,402.48</b>	<b>1,807,316,925.40</b>
Equity	-	-	-	-	-	213,126,262.52	213,126,262.52
Liabilities	490,705,743.29	178,279,427.53	265,078,921.38	352,757,684.39	131,083,517.32	176,285,368.97	1,594,190,662.88
<b>Total liabilities</b>	<b>490,705,743.29</b>	<b>178,279,427.53</b>	<b>265,078,921.38</b>	<b>352,757,684.39</b>	<b>131,083,517.32</b>	<b>389,411,631.49</b>	<b>1,807,316,925.40</b>
Amortisation	6,573,252.86	12,320,022.91	1,349,405.29	2,886,084.76	5,271,606.26	-	28,400,372.08

**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	210,884,172.98	678,079,845.26	210,884,172.98	215,967,833.41	1,813,202,706.31
<b>Total assets</b>	<b>324,566,663.90</b>	<b>192,773,150.25</b>	<b>210,884,172.98</b>	<b>678,079,845.26</b>	<b>210,884,172.98</b>	<b>215,967,833.41</b>	<b>1,813,202,706.31</b>
Equity	-	-	-	-	-	383,954,233.68	383,954,233.68
Liabilities	460,750,039.26	182,711,555.79	152,062,979.18	324,901,247.54	152,062,979.18	133,156,165.60	1,429,248,472.63
<b>Total liabilities</b>	<b>460,750,039.26</b>	<b>182,711,555.79</b>	<b>152,062,979.18</b>	<b>324,901,247.54</b>	<b>152,062,979.18</b>	<b>517,110,399.28</b>	<b>1,813,202,706.31</b>
Amortisation	5,272,589.02	11,687,071.66	398,924.14	3,077,769.56	5,145,861.31	-	25,582,215.69

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

**INFORMATION ON GEOGRAPHICAL AREAS**

	Revenue from external clients		Fixed assets**	
	01.01- 31.12.2023	01.01-31.12.2022	as of 31.12.2023	as of 31.12.2022
<b>DOMESTIC</b>	<b>2,243,779,816.51</b>	<b>2,058,936,931.59</b>	<b>124,518,239.88</b>	<b>113,506,695.02</b>
<b>EXPORT, including:</b>	<b>185,988,346.35</b>	<b>199,375,138.74</b>	<b>46,927,819.87</b>	<b>62,701,178.09</b>
Scandinavia, including:	45,306,522.74	123,272,809.90	13,362,609.12	39,689,362.17
- Norway	5,293,526.35	66,953,908.22	2,159,856.26	22,997,050.16
- Sweden	16,090,408.01	18,587,425.40	4,371,840.37	5,748,988.75
- Denmark	23,922,588.38	16,234,632.28	6,830,912.49	4,708,122.74
- Other	-	21,496,844.00	-	6,235,200.52
Germany	113,863,142.47	75,414,307.96	32,335,354.17	22,678,451.22
Other markets, including:	26,818,681.14	688,020.88	1,229,856.58	333,364.70
- Belarus*	23,676,088.16	89,485.72	211,164.98	98,418.46
<b>Total</b>	<b>2,429,768,162.86</b>	<b>2,258,312,070.33</b>	<b>171,446,059.75</b>	<b>176,207,873.11</b>

\*2023 – Construction of the Polish Embassy in Minsk

\*\* fixed assets, i.e. tangible fixed assets, 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 2023 and 2022, 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)

	01.01-31.12.2023	01.01-31.12.2022
<b>Total revenue from sales of products – domestic</b>	<b>2,230,959,846.09</b>	<b>2,034,485,766.77</b>
Sales of construction services	1,914,622,285.91	1,702,623,031.97
Sales of development property	311,120,685.92	327,347,021.86
Sales of other services	5,216,874.26	4,515,712.94
<b>Total revenue from sales of products – export</b>	<b>185,988,346.35</b>	<b>199,375,138.74</b>
Sales of construction services	185,988,346.35	199,201,493.74
Sales of other services	-	173,645.00
<b>Net revenue from sales of products and services</b>	<b>2,416,948,192.44</b>	<b>2,233,860,905.51</b>

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

	01.01-31.12.2023	01.01-31.12.2022
<b>Sales of goods – domestic</b>	<b>1,039,468.06</b>	<b>1,018,000.00</b>
Property development activities	1,039,468.06	1,018,000.00
<b>Sales of materials – domestic</b>	<b>11,780,502.36</b>	<b>23,433,164.82</b>
Construction activities	11,780,502.36	23,433,164.82
<b>Net revenue from sales of goods and materials</b>	<b>12,819,970.42</b>	<b>24,451,164.82</b>

### Breakdown of revenue by client category

	01.01-31.12.2023	01.01-31.12.2022
Public client	742,904,659.18	638,436,609.81
Private client	1,686,863,503.68	1,619,875,460.52
<b>Revenue from contracts with clients</b>	<b>2,429,768,162.86</b>	<b>2,258,312,070.33</b>

### Breakdown of revenue by price category

	01.01-31.12.2023	01.01-31.12.2022
Flat rate	2,287,629,677.62	2,091,404,342.92
Cost estimation	142,138,485.24	166,907,727.41
<b>Revenue from contracts with clients</b>	<b>2,429,768,162.86</b>	<b>2,258,312,070.33</b>

## 6.21. Expenses by type

	01.01-31.12.2023	01.01-31.12.2022
Amortisation	28,400,372.08	25,582,215.69
Consumption of materials and energy	641,344,244.96	630,466,339.63
External services	1,703,313,439.20	1,241,948,713.13
Taxes and charges	7,147,715.83	7,033,821.76
Remuneration	210,044,475.44	192,493,407.52
Social insurance and other benefits	46,720,766.60	42,138,283.75
Other costs by type	24,793,051.92	44,339,940.36
<b>Total costs by type</b>	<b>2,661,764,066.03</b>	<b>2,184,002,721.84</b>
Change in inventory, products and accruals	8,672,750.20	71,187,306.05
Manufacturing cost of products for internal purposes	-128,654,637.38	-112,549,585.20
General and administrative costs	-71,314,932.22	-58,287,546.99
Selling costs	-15,508,956.97	-20,609,310.22
<b>Manufacturing costs of products and services sold</b>	<b>2,454,958,289.66</b>	<b>2,063,743,585.48</b>

## 6.22. Other revenue and operating expenses

### OTHER OPERATING REVENUE

	01.01-31.12.2023	01.01-31.12.2022
Profit on disposal of non-financial fixed assets	1,142,817.59	1,958,914.45
Release of provisions and revaluation of non-financial assets	1,511,577.32	1,257,307.49
Settlement of obtaining control	-	1,078,971.68
Written-off liabilities	1,078,365.00	189,460.50
Penalties and compensation	3,530,795.82	1,501,581.43
Other	3,844,582.88	2,491,794.19
<b>Other operating revenue</b>	<b>11,108,138.61</b>	<b>8,478,029.74</b>

### OTHER OPERATING EXPENSES

	01.01-31.12.2023	01.01-31.12.2022
Provision for liabilities	14,517,416.83	2,136,738.92
Creation of provisions and revaluation of non-financial assets	1,375,045.25	1,996,168.12
Costs of disputable issues	1,452,373.86	3,304,611.16
Damage to property and compensations	3,454,222.09	2,559,612.80
Other	3,471,430.56	4,088,066.88
<b>Other operating expenses</b>	<b>24,270,488.59</b>	<b>14,085,197.88</b>

## 6.23. Financial revenue and expenses, expected credit losses

### FINANCIAL REVENUE

	01.01-31.12.2023	01.01-31.12.2022
Interest:	12,572,649.19	7,900,839.70
including interest calculated using the effective interest rate	12,571,601.08	7,872,202.12
interest on loans granted	8,556,620.59	7,056,064.58
interest on receivables	1,284,687.69	-1,985,944.86
loan measurement	279,246.19	1,076,620.99
interest revenue from deposits	1,985,901.78	1,602,380.55
bank interest	465,144.83	123,080.86
other interest	1,048.11	28,637.58
Total other financial revenue	7,459,543.50	4,321,172.25
<b>Financial revenue</b>	<b>20,032,192.69</b>	<b>12,222,011.95</b>

### Other financial revenue

	01.01-31.12.2023	01.01-31.12.2022
Other, including:	7,459,543.50	4,321,172.25
valuation of derivative instruments	7,459,523.50	4,242,214.59
commissions on financial operations	-	78,957.66
Other	20.00	-
<b>Total other financial revenue</b>	<b>7,459,543.50</b>	<b>4,321,172.25</b>

### FINANCIAL EXPENSES

	01.01-31.12.2023	01.01-31.12.2022
Interest, including:	36,114,166.49	20,034,038.82
interest on credits, loans and bonds	21,750,787.17	16,017,440.03
interest on lease	3,623,999.28	2,826,319.92
Other	1,221,351.51	798,642.99
valuation of credits, loans and bonds	2,296,914.30	-475,420.89
interest on liabilities	383,933.04	309,258.71
interest expenses on deposits	6,837,181.19	557,798.06
Total other financial expenses	8,913,301.35	3,289,555.84
<b>Financial expenses</b>	<b>45,027,467.84</b>	<b>23,323,594.66</b>

### Other financial expenses

	01.01-31.12.2023	01.01-31.12.2022
Foreign exchange losses	1,511,317.72	3,672,375.09
Other, including:	7,401,983.63	-382,819.25
commissions	3,326,209.53	1,508,143.21
bank guarantees	89,462.60	29,370.00
valuation of derivative instruments	4,601,213.30	-2,144,338.59
Other	-614,901.80	224,006.13
<b>Total other financial expenses</b>	<b>8,913,301.35</b>	<b>3,289,555.84</b>

### EXPECTED CREDIT LOSSES

	as of 31.12.2023	as of 31.12.2022
Trade receivables	10,631,025.52	9,301,261.59
Deposits on contracts with clients	3,764,615.85	1,769,500.14
Loans granted	64,683.00	128,660.00
Contractual assets	-40,690.83	49,090.52
<b>Expected credit losses</b>	<b>14,419,633.54</b>	<b>11,248,512.25</b>

## 6.24. Profit (loss) per share

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

	01.01-31.12.2023	01.01-31.12.2022
Number of ordinary shares	32,820,634.00	32,170,634.00
Weighted average number of ordinary shares in the period	32,442,962.77	31,874,743.59
Number of ordinary diluted shares	32,820,634.00	32,170,634.00
Net profit (loss)	-156,485,721.48	31,861,306.75
of which attributable to:		
shareholders of the parent company	-165,895,405.70	7,444,028.82
Profit (loss) per share	-5.11	0.23
Diluted profit (loss) per 1 share	-5.11	0.23

## 6.25. Discontinued operations

In 2023 and 2022, discontinued operations did not occur.

## 6.26. Notes to the cash flow statement

	01.01-31.12.2023	01.01-31.12.2022
<b>Amortisation:</b>	<b>28,400,372.08</b>	<b>25,582,215.69</b>
amortisation of tangible fixed assets and intangible assets	28,400,372.08	25,582,215.69
<b>Exchange rate profits (losses)</b>	<b>-831,784.47</b>	<b>163,839.69</b>
exchange rate differences on cash, credits, loans, leases, income tax	-831,784.47	163,839.69
<b>Interest and profit sharing (dividend)</b>	<b>21,425,895.35</b>	<b>5,470,062.51</b>
interest received on loans granted, bills of exchange - total	-8,556,633.38	-5,430,747.91
total other interest received	-1,551,338.81	-245,587.72
other unreceived accrued interest	2,937.95	2,143,192.34
commissions received	-	-78,957.66
dividend received	-	-11,796,966.29
interest paid on credits, loans and bonds – total	21,743,643.17	16,017,440.03
remaining interest to be paid	76,186.60	65,482.24
remaining interest to be paid	988,369.57	668,295.02
interest on lease	3,682,871.84	2,889,976.04
commissions on credits, bonds and guarantees – paid	2,042,527.47	1,446,771.51
accrued commissions – costs of issue of bonds	700,416.64	266,585.80
valuation of credits, loans received	2,296,914.30	-475,420.89
<b>Profit (loss) on investment activity results from:</b>	<b>-7,900,225.78</b>	<b>-1,714,611.06</b>
revenue from disposal of tangible fixed assets	-1,682,467.77	-7,361,128.92
net value of disposed-of tangible fixed assets	755,514.58	5,801,543.92
revaluation of fixed assets – reversal of a write-off on other operating revenue	755,064.83	-849,954.74
valuation of loans, bills of exchange	86,232.96	-1,076,620.99
forward contracts – valuation	-2,858,310.20	-6,386,553.18
forward contracts – implementation	-5,298,603.57	5,829,497.70
revaluation of financial assets and liabilities	134,386.84	1,907,019.21
share in profits (losses) of subsidiaries measured using the equity method	63,421.18	1,500,557.62
Other	144,535.37	-1,103,654.84
result on settlement of the merger	-	24,683.16
<b>Change in provisions results from the following items:</b>	<b>40,404,258.69</b>	<b>66,857,185.95</b>
balance sheet change in provisions for liabilities	41,637,122.69	73,684,489.03
change in provisions not affecting the current profit or loss	-1,232,864.00	1,070,398.00
other adjustments	-	-1,000,000.00
value of provisions taken over as a result of obtaining control (the subsidiary's provisions at the date of obtaining control)	-	-6,897,701.08
<b>Change in inventory results from the following items:</b>	<b>84,728,237.46</b>	<b>-56,323,359.54</b>
balance sheet change in inventory	85,607,913.56	-136,891,711.55
interest capitalised in inventory	2,067,375.81	962,521.82
value of inventory acquired as a result of obtaining control (balance of inventory of the subsidiary as at the date of obtaining control with a "+" sign)	-	67,006,571.10
inventory adjustment for retained profit	-	-
other adjustments	-2,947,051.91	12,599,259.09
<b>Change in inventory results from the following items:</b>	<b>133,384,315.70</b>	<b>-200,049,274.78</b>
balance sheet change in short-term receivables	128,274,229.62	-214,774,387.67
balance sheet change in long-term receivables	3,646,326.21	5,203,290.36
change in financial and investment receivables	-24,254.79	7,892,147.82
balance of prepayments and accruals obtained as a result of obtaining control (balance of liabilities of the subsidiary as at the date of obtaining control with the "-" sign)	-	1,847,766.42
change in prepayments and accruals of inter-periodic financial expenses	1,488,014.66	-218,091.71
other adjustments	-	-
<b>Change in short-term liabilities, excluding financial liabilities, results from the following items:</b>	<b>41,630,581.77</b>	<b>137,254,570.59</b>
balance sheet change in short-term liabilities	39,853,327.88	191,829,826.79
balance sheet change in long-term liabilities	3,733,905.73	5,261,295.50
other adjustments	-274,615.39	-648,876.75
operational liabilities taken over as a result of obtaining control (balance of liabilities of the subsidiary as at the date of obtaining control with the "-" sign)	-	-59,138,383.85
change in investment liabilities	-1,682,036.45	-49,291.10
<b>The value of the item "Other adjustments" consists of:</b>	<b>572,807.15</b>	<b>-515,119.68</b>
Other adjustments	280,307.15	-515,119.68
incentive scheme	292,500.00	-
<b>Income tax paid/refunded</b>	<b>-7,430,376.00</b>	<b>-22,851,246.03</b>



**Change in financial liabilities**

	01.01-31.12.2023	01.01-31.12.2022
Opening balance of credits, loans and other financial liabilities	166,199,524.33	159,114,737.72
Opening balance of lease liabilities	74,591,867.67	67,979,556.53
<b>Opening balance</b>	<b>240,791,392.00</b>	<b>227,094,294.25</b>
Capital flow (+)credits, loans and other financial liabilities	367,953,513.49	176,342,456.98
Capital flow (-)credits, loans and other financial liabilities	-278,630,982.46	-168,987,719.09
Increase in lease liabilities (+)	15,070,012.80	22,306,060.10
Capital flow(-) of lease liabilities	-19,500,457.36	-15,827,037.52
Accrued lease interest (+)	3,682,871.84	2,919,168.68
Lease interest paid (-)	-3,682,871.84	-2,919,168.68
Accrued interest on loans, credits and other financial liabilities (+)	6,105,459.90	5,660,601.73
Paid interest on loans, credits and other financial liabilities (-)	-6,105,459.90	-5,660,601.73
Valuation (+/-) credits, loans and other financial liabilities	1,904,273.94	-475,420.89
Valuation (+/-) of lease liabilities	-937,636.61	-76,784.31
Other (-/+ )credits, loans and other financial liabilities	389,464.59	205,469.61
Other (-/+ ) lease liabilities	619,169.53	210,072.87
<b>Closing balance, including:</b>	<b>327,658,749.92</b>	<b>240,791,392.00</b>
Credits, loans and other financial liabilities	257,815,793.89	166,199,524.33
Lease liabilities	69,842,956.03	74,591,867.67

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

	as of 31.12.2023	as of 31.12.2022
<b>Cash at bank and in hand</b>	<b>311,059,614.93</b>	<b>137,948,189.73</b>
<b>including:</b>		
exchange rate differences on balance sheet valuation	-15,822.27	-148,610.52
<b>Total</b>	<b>311,043,792.66</b>	<b>137,799,579.21</b>

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 2023, there was no merger with any external business entities and no loss of control.

On 1 March 2023, the Extraordinary General Meeting of Shareholders of Unibep SA and the Extraordinary Meeting of Shareholders of Budrex Sp. z o.o. passed resolutions on the merger of Unibep SA with the subsidiary. The merger was registered with the National Court Register (KRS) on 3 April 2023.

## 6.28. Transactions with related parties

### As of 31.12.2023

	Trade and other receivables	Trade and other liabilities
Jointly controlled, indirectly jointly controlled entities	9,527.16	27,767.60
<b>Total transactions with related parties</b>	<b>9,527.16</b>	<b>27,767.60</b>

### As of 31.12.2022

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

### For the period from 01.01.2023 to 31.12.2023

	Expected credit losses	Other operating expenses
Jointly controlled, indirectly jointly controlled entities	1,209.34	252.77
<b>Total transactions with related parties</b>	<b>1,209.34</b>	<b>252.77</b>

### For the period from 01.01.2022 to 31.12.2022

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

## 6.29. Members of the Management Board and Supervisory Board of the Parent Company

The Management Board and Supervisory Board of the 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:

- Dariusz Jacek Blocher – President of the Management Board
- Leszek Marek Gołbiewski – Vice-President of the Management Board
- Sławomir Kiszycycki – 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

On 8 December 2023, Mr Sławomir Kiszycycki resigned as Vice-President of the Management Board with effect from 31 December 2023.

On 20 February 2024, Mr Przemysław Wojciech Janiszewski resigned as Member of the Management Board with effect from 5 March 2024.

On 20 February 2024, the Supervisory Board of Unibep SA adopted a resolution on appointing Mr Andrzej Piotr Sterczyński as a Member of the Management Board of the Company with effect from 1 March 2024.

On 29 March 2024, Mr Krzysztof Mikołajczyk resigned as Vice-President of the Management Board with effect from 23 April 2024.

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

- Dariusz Jacek Blocher – President of the Management Board
- Leszek Marek Gołąbiewski – Vice-President of the Management Board
- Krzysztof Mikołajczyk – Vice-President of the Management Board
- Adam Poliński – Member of the Management Board
- Andrzej Piotr Sterczyński – 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 at the balance sheet date and at the date of these 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)

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

### 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	Dariusz Jacek Blocher	President of the Management Board	50,000	5,000	0.14%
2	Leszek Marek Gołąbiewski	Vice-President of the Management Board	910,000	910,000	2.59%
3	Sławomir Kiszycki	Vice-President of the Management Board	190,000	190,000	0.54%
4	Krzysztof Mikołajczyk	Vice-President of the Management Board	140,000	140,000	0.40%
5	Adam Poliński	Member of the Management Board	50,000	50,000	0.14%
6	Przemysław Wojciech Janiszewski	Member of the Management Board	-	-	-

### 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	5,250,000	5,250,000	14.97%
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	-	-	---

Bożenna Lachocka, vice-chairman 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 that give special control rights.

The Incentive Scheme is described in Section 6.10.

## 6.31. Information on personal, factual and organisational relationships 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

- **Dariusz Jacek Blocher** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of Unibep SA.
- **Leszek Marek Gołqbiecki** – 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 Shareholders of Unibep SA.
- **Andrzej Piotr Sterczyński** – 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.
- **Jakub Marek Karnowski** – is not related to any shareholder holding at least 5% of votes at the General Meeting of Shareholders of Unibep SA.

## 6.32. 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 01.01.2023 to 31.12.2023

Name and surname	Remuneration	Bonus for profit for 2022 paid in 2023	Total
Dariusz Jacek Blocher	621,804.80	-	621,804.80
Leszek Marek Gołbiewski	807,600.00	-	807,600.00
Stawomir Kiszycki	727,800.00	-	727,800.00
Krzysztof Mikołajczyk	692,661.56	-	692,661.56
Adam Poliński	564,000.00	-	564,000.00
Przemysław Wojciech Janiszewski*	564,929.52	302,914.29	867,843.81
<b>Total</b>	<b>3,978,795.88</b>	<b>302,914.29</b>	<b>4,281,710.17</b>

\* In 2023, bonuses for 2022 in the amount of 302,914.29 not related to the function of a member of the Management Board were paid.

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
<b>Total</b>	<b>2,742,026.73</b>	<b>2,592,296.85</b>	<b>5,334,323.58</b>

### SALARIES OF THE SUPERVISORY BOARD:

For the period from 01.01.2023 to 31.12.2023

Name and surname	Revenue	Revenue of a member of the Supervisory Board under an employment contract with Unibep SA	Total
Jan Mikołuszko	468,000.00	-	468,000.00
Beata Maria Skowrońska	156,000.00	-	156,000.00
Wojciech Jacek Stajkowski	156,000.00	60,000.00	216,000.00
Jarosław Mariusz Bełdowski	72,000.00	-	72,000.00
Michał Kołosowski	96,000.00	-	96,000.00
Paweł Markowski	72,000.00	-	72,000.00
Jakub Karnowski	62,000.00	-	62,000.00
Dariusz Marian Kacprzyk	4,354.84	-	4,354.84
<b>Total</b>	<b>1,086,354.84</b>	<b>60,000.00</b>	<b>1,146,354.84</b>

**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 Mikotuszko	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
Jarosław Mariusz Bełdowski	60,000.00	-	-	60,000.00
Michał Kołosowski	84,000.00	-	-	84,000.00
Paweł Markowski	60,000.00	-	-	60,000.00
Dariusz Marian Kacprzyk	60,000.00	-	-	60,000.00
<b>Total:</b>	<b>950,727.27</b>	<b>59,483.93</b>	<b>41,722.86</b>	<b>1,051,934.06</b>

In 2023, remuneration from the employment relationship was paid to relatives of the members of the Management Board and Supervisory Board in the amount of PLN 1.07702 million, and in the comparable period PLN 1.04303 million.

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

Between 1 January 2023 and 31 December 2023, members of the Management Board and Supervisory Board of the Parent Company made purchases in Group companies totalling PLN 7,000. During the period, purchases were made from related parties through the Management Board and Supervisory Board totalling PLN 2.4434 million.

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 million, and an in-kind contribution was granted to a person closely related to a member of the Supervisory Board for an amount of PLN 55,300. During the period, purchases were made from related parties through the Management Board and Supervisory Board for a total of PLN 2.4308 million .

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

#### Rules of remuneration for members of the Management Board in force in 2023

In 2023, the members of the Management Board received remuneration on the basis of their appointment and under an employment contract.

The remuneration to which the President of the Management Board, Vice-Presidents of the Management Board and Members of the Management Board are entitled by virtue of their appointment is determined in the form of monthly rates.

In addition to the monthly remuneration, in accordance with the wording of the Resolutions of the Supervisory Board, the members of the Management Board, by virtue of their appointment in connection with their function on the Management Board, are entitled to an annual bonus for 2023, calculated on the consolidated net profit of the Unibep Capital Group attributable to the shareholders of the parent company for each financial year, provided that the financial plan of the Unibep Capital Group adopted for the year by the Management Board and the Supervisory Board is implemented. For 2023, the President of the Management Board of Unibep SA and Vice-Presidents of the Management Board of Unibep SA are entitled to an annual bonus of 1.5%. For 2023, the Members of the Management Board of Unibep SA are entitled to an annual bonus of 1%.



In 2023, the Members of the Management Board were employed under an employment contract as division directors, in accordance with the Company's organisational structure.

The employment contracts stipulate that if the employment contracts of division directors are terminated upon notice 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 the employee. 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, the employees are entitled to compensation amounting to 60% of the salary received by the employee before termination of their employment relationship, for a period of six months, which shall be paid to the employee in six equal instalments.

Additional benefits for members of the Management Board may include a company car, tools and technical equipment necessary to perform the duties of a member of the Management Board, payment of travel costs, fuel cards, reimbursement of documented necessary expenses incurred in connection with the performance of duties to the extent and in the amount appropriate to the functions entrusted, benefits under OHS regulations, civil liability insurance contract for members of the Management Board, private medical packages, benefits under the Company's Social Benefits Fund, training courses and participation in other events whose subject matter relates to the type of work performed and aimed at improving qualifications.

#### **Changes in 2024 in the area of remuneration and bonuses for members of the Management Board**

On 20 February 2024, the Supervisory Board of the Company decided to change, as of 1 March 2024, the existing structure of remuneration for members of the Management Board of Unibep SA, based on two forms of remuneration, i.e. on the basis of appointment and under an employment contract, by establishing the right of members of the Management Board of Unibep SA to remuneration and bonuses solely on the basis of an employment relationship.

The remuneration to which members of the Management Board are entitled under permanent employment contracts was determined in the form of monthly rates.

Acting on the basis of the authorisation of the General Meeting of Unibep SA with its registered office in Bielsk Podlaski on the adoption of the Remuneration Policy for the supervisory and management bodies of Unibep SA (the "Remuneration Policy") to detail its elements, the Supervisory Board of the Company on 20 February 2024 introduced new principles of bonuses for the members of the Management Board, adopting the detailing of the elements of the Remuneration Policy with respect to the description of the variable remuneration components that may be awarded to the members of the Management Board.

The aforementioned Resolution of the Board is conditional in nature and will take effect subject to and on the date of the adoption by the Ordinary General Meeting of Shareholders of the Company of a resolution adopting the amendments to the Remuneration Policy, as positively reviewed by the Supervisory Board on 20 February 2024. The Supervisory Board has decided that in the event that the Ordinary General Meeting of the Company does not adopt the amendments to the Remuneration Policy referred to above, the existing bonus principles for members of the Management Board will apply.

In accordance with the new bonus principles for members of the Management Board:

The Variable Remuneration of a member of the Management Board consists of the following:

1. Short-term Variable Remuneration;
2. Long-term Variable Remuneration.

The settlement period for the Short-Term Variable Remuneration is the financial year.

The settlement period for the Long-term Variable Remuneration is a period of three calendar years, provided that the first settlement period covers the years 2024-2026.

The Short-term Variable Remuneration consists of the following components:

1. Bonus for achieving the Individual Tasks;
2. Bonus for achieving the Financial Covenants;
3. Bonus for exceeding the achievement of the Financial Covenants;
4. Result commission.

A Member of the Management Board is entitled to Long-Term Variable Remuneration provided that the Company achieves the ratio of change in the share price of Unibep SA at a level exceeding 50%. Exceeding the realisation of the Unibep SA's share price change ratio by more than 100% does not increase the Long-Term Variable Remuneration. The amount of the Long-Term Variable Remuneration is determined by the level of the percentage realisation rate of the change in the share price of Unibep SA.

In connection with the conclusion of an agreement with the President of the Management Board, Company Director Mr Dariusz Jacek Blocher, to participate in the Incentive Scheme of Unibep SA based on the Company's own shares, concerning the assessment years 2024, 2025, 2026, the Supervisory Board has determined that the President of the Management Board, Company Director Mr Dariusz Jacek Blocher, is not entitled to Long-Term Variable Remuneration for the settlement period covering the financial years 2024-2026.

If the employment contracts of employees are terminated upon notice by the employer for reasons not attributable to the employees, the Employer will compensate the above-mentioned employees in the amount of equal to one month's base salary as specified in the employment contract in the month preceding the termination of the employment contract. In particularly justified cases, the employer may grant the employee compensation despite the termination of the employee's contract by means other than those specified above.

The aforementioned employees have entered into non-competition agreements with the Company during their employment and after termination of employment. The employee is bound by the non-competition agreement for a period of six months, counting from the date of termination or expiry of the last applicable employment contract. During the period of non-competition taking effect after the termination of the last employment contract, the Company will be obliged to pay compensation to the employee for the employee's refraining from competitive activities. The compensation will be calculated as the equivalent of 25% of the remuneration received by the employee prior to the termination or expiry of the last employment contract, for the period immediately preceding the termination or expiry of the last employment contract and corresponding to the number of months of non-competition after the termination of the employment relationship. Compensation will be payable in equal monthly instalments.

The aforementioned employees are entitled to use a company car for business and private purposes on the employer's terms and conditions.

The employer has provided the aforementioned employee with mobile phones and personal computers to use for business purposes.

The above-mentioned employees are entitled to participate, at the employer's expense, in training and other activities aimed at improving their qualifications.

Employees may participate in a private health care scheme on the employer's terms and conditions.

The employee is entitled to:

1. payment or reimbursement of documented essential expenses incurred in the performance of their duties;
2. payment or reimbursement of business trip expenses on terms and conditions laid down by generally applicable legislation.

## 6.35. Contingent assets and liabilities, guarantees

### 6.35.1. 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 the partners of the 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 31.12.2023	as of 31.12.2022
<b>CONTINGENT ASSETS</b>	<b>4,800.00</b>	<b>4,800.00</b>
<b>From other entities</b>	<b>4,800.00</b>	<b>4,800.00</b>
Bills of exchange received as security	4,800.00	4,800.00
<b>CONTINGENT LIABILITIES</b>	<b>149,461,543.99</b>	<b>146,512,157.29</b>
<b>To related parties</b>	<b>21,726,705.42</b>	<b>19,225,952.00</b>
Sureties granted	21,726,705.42	19,225,952.00
<b>To other entities</b>	<b>127,734,838.57</b>	<b>127,286,205.29</b>
Disputes	127,734,838.57	125,286,205.29
Sureties granted	-	2,000,000.00

#### Disputes

The following legal proceedings have been pending in the Unibep Group over the past year:

#### Claims against Unibep SA

- On 26 November 2021, Unibep SA was sued by **Seniorenpark Wunstorf GmbH** for the payment of EUR 233,000 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.

Both parties have agreed to mediation proceedings to settle all legal disputes (judicial and extrajudicial) pending between Unibep SA and the **Lindhorts Group** companies. As part of the proceedings, Unibep SA is seeking payment of EUR 500,000 and the Lindhorts Group – EUR 450,000. 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. The mediation meeting scheduled for 9 January 2024 was postponed to 27 February 2024. Settlement proposals were presented, according to which the parties would waive their mutual claims. On 7 March 2024, Unibep SA agreed to the terms of the settlement.

- Consortium Unibep SA and Mostostal Białystok have been sued for damages of PLN 4.873 million in connection with a **fatal accident** at the Plaza construction site in Suwałki. An expert has issued an opinion and we are currently awaiting the court to set a date for a hearing.
- 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 554,000. The plaintiff demands the payment of remuneration in connection with the performance of the contract Ogrodowa Office in Łódź. On 11 November 2020, the expert gave his opinions in the case, on which the defendant raised an objection of unreliability and lack of relevance to the case. The court referred the enquiry to another expert. Another opinion was issued in the case, which was served to Unibep SA. We are awaiting the

expert witness to address the objections raised. At a hearing on 17 April 2024, the court dismissed the claim in its entirety. The judgement is not final and binding.

- **Partner Group Sp. z o.o.** filed a lawsuit for payment of PLN 86,000 in connection with the joint and several liability of Unibep SA for the liabilities of Klimar Plus. The plaintiff demands the payment of remuneration in connection with the performance of works under the contract Ogrodowa Office in Łódź. In a judgement of 30 November 2022, the court ordered Unibep SA to pay the amount of PLN 83,000 plus interest. It dismissed the remainder of the claim. Unibep SA has filed an appeal in the case. On 20 November 2023, the Court of Second Instance issued a judgement upholding Unibep SA's appeals in full and dismissing the Partner Group's claim against Unibep.
- **TEKNIKA AVG Sp. z o.o.** filed a suit against Unibep SA for the payment of PLN 103,000. 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. On 11 December 2023, the expert produced a supplementary opinion, and we are awaiting recognition of the request to require the expert to further clarify and supplement the opinion.
- In the action brought by **FLAMPOL Tomasz Woźniak Sp. k.** for the payment of PLN 82,000 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. On 17 May 2023, the court issued a judgement dismissing the claim in its entirety. The judgement is final and binding. The case was closed.
- In 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 55,000 obtained by virtue of the transfer of receivables between him and the bankruptcy trustee representing AL-BUD Sp. z o.o. in liquidation bankruptcy. The case concerns the contract Okęcie Business Centre. On 6 October 2022, there was a judgement dismissing the claim. The plaintiff appealed against the judgement. On 4 March 2024, the Court of Appeal overturned the judgement of the court of first instance and remanded the case for re-examination.
- By a statement of claim of 1 April 2021, **Alu GLAS Sp. z o.o.** is claiming payment of PLN 337,000 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 196,000, together with statutory interest for delays and legal costs. All parties to the proceedings have appealed. On 5 October 2023, the Court of Second Instance issued a judgement according to which it dismissed the claim in its entirety and ordered Alu Glas Sp. z o.o. to pay a total of PLN 30,000 to Unibep SA as reimbursement of court costs of the first and second instance. The judgement is final and binding. The case was closed.
- In September 2021, Unibep SA received an order for payment for the amount of PLN 31,000 under the writ-of-payment proceedings issued by the District Court in Płock. The action was brought by **PPHU BENON**. The plaintiff claims repayment of the first part of the guarantee deposit from the contract Mlekovita milk powder factory. On 1 April 2022, the Court passed a judgement awarding payment to

the plaintiff of the sum of PLN 38,000 plus interest. We filed an appeal in the case. On 28 September 2023, the Court of Second Instance issued a final judgement dismissing the appeal. The case was closed.

- On 2 February 2021, Unibep SA filed a statement of claim against **Warszawska Spółdzielnia Mieszkaniowa** for payment of remuneration in the amount of PLN 841,000 for the performance of works on the Talarowa investment. On 7 November 2022, the Court ordered Warszawska Spółdzielnia Mieszkaniowa to pay PLN 227,000 plus interest. On 15 September 2023, a judgement was given by the Court of Appeal in Warsaw. The court finally awarded Unibep SA the amount of PLN 324,000; the remainder of the claim was legally dismissed. The case was closed.
- On 20 June 2022, Unibep SA received a claim for payment of PLN 166,000 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 action from the Court.
- The claim for PLN 1.331 million 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. The plaintiff in the statement of claim also sought security for his increased needs pension claim for the duration of the proceedings in the form of a monthly compensation payment to him. By order of 8 September 2020, the Regional Court in Białystok secured the plaintiff's claim by obliging all defendants jointly and severally to pay a monthly amount of 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 10 June 2022, we received a statement of claim in which Unibep SA was sued jointly and severally with **MAKSUD Sp. z o.o.** and **TRAKT Sp. z o.o.** for payment of compensation and damages in the amount of PLN 89,000 in connection with an accident on the construction of voivodeship road No. 690 on the Ciechanowiec Ostrożany section. On 19 December 2024, the court issued a judgement dismissing the claim in its entirety. The judgement is final and binding. The case was closed.
- On 14 September 2022, Unibep SA was sued for payment of PLN 92,000 to the subcontractor **Elektrotermex Sp. z o.o.** in connection with the Fama Jeżyce I investment. On 16 May 2023, a settlement was reached in the case, pursuant to which Unibep SA will pay the plaintiff the amount of PLN 88,000 equivalent to the guarantee deposit retained by the Contractor, and the plaintiff will withdraw the statement of claim in its entirety against Unibep SA. The case was closed.
- On 29 March 2024, Unibep SA received a summons from the Court to file a response to a statement of claim for damages and compensation in the amount of PLN 162,000. The case concerns an accident at the Biawar investment. The plaintiff's employer PHUR FELIX 2 is also a defendant. A response to the claim is currently being drafted.
- In February 2024, Unibep SA received a statement of claim from **Spółdzielnia Mieszkaniowa "Na Skraju"** for the amount of PLN 55 million in relation to defects at the Cynamonowy Dom investment. On 5 April 2024, a response to the statement of claim was filed by Unibep SA. The Company denies the validity of the claim in its entirety. The statement of claim relates to a building, the construction of which was completed in 2013 and its acceptance was confirmed by a protocol of 29 November 2013. In Unibep SA's opinion, the reported defects are not the result of a workmanship error but lie on the side of the design documentation for which the Investor is responsible. Some of the defects alleged in the statement of claim were not filed until 2023, so there is a significant likelihood that the claims will be deemed extinguished or time-barred. The Company is currently preparing a response to the statement of claim.



In addition to the cases described above, legal proceedings are pending against the Company for a total amount of PLN 1.03 million.

### 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 218,000 plus interest. The investor filed an appeal, which Unibep SA joined. Both parties have agreed to mediation proceedings to settle all legal disputes (judicial and extrajudicial) pending between Unibep SA and the Lindhorts Group companies. This is described more extensively in the cases against Unibep SA.
- On 12 July 2018, Unibep SA filed a statement of claim against the **Municipality of Łapy** for the payment of PLN 2.134 million in connection with the implementation of the infrastructure of investment areas in Łapy. On 8 October 2021, a judgement was given upholding Unibep SA's claim in its entirety and dismissing the counterclaim of the Municipality of Łapy. The Municipality of Łapy appealed against the case; the appeal was dismissed. The Municipality of Łapy filed a cassation appeal with the Supreme Court. On 6 November 2023, Unibep SA filed a statement of defence. We are currently awaiting further action from the court.
- In October 2018, the consortium of Unibep SA and Most Sp. z o.o. filed a statement of claim against **Podlaskie Voivodeship Roads Authority** for payment of approx. PLN 44.622 million 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 million plus interest for contractual penalties in connection with the withdrawal from the contract. Witnesses will be heard and requests for evidence on the acceptance of expert opinions will be examined in the course of the legal proceedings. The court asked several institutes for an opinion. No institute undertook to give an opinion. On 1 May 2021, the Court issued a partial judgement awarding payment to Unibep SA of PLN 799,000 and to Most Sp. z o.o. in Sopot of PLN 61,000 with immediate enforceability effect. On 11 April 2022, Unibep SA filed an application with the Court to refer the parties to mediation, to which the defendant agreed. The mediation proceedings were extended until the end of April 2024.
- 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 million in total (including Unibep SA PLN 5.078 million) for additional works on the project: reconstruction of the S8 national road. On 7 March 2023, the parties entered into a settlement agreement under which the defendant will pay Unibep SA the amount of PLN 6 million. The defendant has complied with the terms of the settlement agreement. The case was closed.
- On 23 June 2020, Unibep SA filed a statement of claim against the subcontractor **Piotr Górka DAWI Budownictwo** for unsettled advances of PLN 151,000 at the Galeria Stela construction site in Cieszyn. In the case, the defendant filed an appeal, to which we filed a response. On 20 December 2022, a judgement was passed awarding Unibep the sum of PLN 151,000 plus interest and court costs. The court of second instance dismissed the appeal in its entirety. The case was closed.
- On 12 July 2018, Unibep SA filed a statement of claim against the **Municipality of Łapy** for the payment of PLN 2.134 million in connection with the implementation of the infrastructure of investment areas in Łapy. On 8 October 2021, a judgement was passed upholding the claim of Unibep SA in its entirety. The Municipality of Łapy filed an appeal in the case. On 7 July 2023, a judgement was given allowing the statement of claim of Unibep SA and dismissing the claims of the Municipality of Łapy. The judgement is final and binding. The case was closed.

- 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 174,000 in connection with theft at the Obrzeźna construction site. During the proceedings, hearings were held at which witnesses in the case were heard. The court admitted expert evidence requested by Unibep SA. On 21 November 2023, we received the expert opinion – despite receiving the project documentation and other additional documents, the expert still maintains that he is unable to give a substantive opinion on the case. In light of the above, we requested the Court to change the expert. The court has not yet ruled on the request, but has only invited the expert to give an oral explanation at a hearing on 22 April 2024.
- In July 2020, Unibep SA filed a statement of claim against the **Podlaskie Voivodeship Roads Authority** for payment of PLN 1.318 million for additional works performed in the electrical sector in connection with the construction of the DW 682 Łapy Markowszczyzna road. In the course of the proceedings, the Court heard witnesses in the case and admitted expert evidence. Unibep SA raised objections to the expert opinion. A supplementary opinion was issued to which Unibep SA also had reservations. The court appointed a new expert in the case. We are awaiting the opinion to be issued.
- Due to the ineffectiveness of court enforcement conducted against Atelier Żoliborz Sp. z o.o., on 25 July 2022 Unibep SA filed a statement of claim against **Sylwester Andrzej Ołdadek**, 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 payment of the principal due to Atelier Żoliborz sp. z o.o. The total claim amounts to PLN 3.132 million. 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. On 9 October 2023, a supplementary agreement was reached to repay the entire debt with the proceeds from the sale of other properties owned by the defendant no later than 31 December 2023. The bailiff conducted an auction of the debtor's property. Unibep SA has lodged a complaint against the actions regarding the auction conducted. We are awaiting the Court's decision on the complaint.
- On 7 September 2021, 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 million that was supposed to secure due performance of the contract during the statutory warranty period on the Niedzielskiego Stage 2 project. The case was referred to mediation. Settlement talks are ongoing.
- 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 897,000 in connection with the construction site of the ROSTI Bianor production building. The expert issued an opinion in the case to which Unibep SA filed objections. The expert issued a supplementary opinion. On 30 October 2023, the District Court in Białystok passed a judgement upholding the claim of Unibep SA in its entirety. The defendant has appealed the case. We are currently awaiting further action from the Court.
- 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 million retained in connection with the realisation of contracts for the general contractor of the "Cynamonowy Dom" investment. The case was referred to mediation. The mediation proceedings did not result in a settlement. The case returned to court. A hearing date has been set for 9 May 2024.
- 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 million 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. The court set the date of the first hearing for 25 April 2024.



- On 29 December 2022, Unibep SA filed a statement of claim for payment of PLN 400,000 against **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. The court served the order for payment on the defendant, who filed an objection to the order. On 10 August 2023, a court settlement was reached according to which the defendant paid the claim in full. The court discontinued the proceedings. The case was closed.
- In a statement of claim of 23 March 2022 against the **Podlaskie Voivodeship Roads Authority**, Unibep SA is seeking payment of PLN 92,000 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. At the request of Unibep SA, the Court resumed the proceedings. A settlement was reached on 30 January 2024, under which the defendant paid the amount of PLN 122,000. The case was closed.
- On 22 December 2021, Unibep SA filed a statement of claim against the **Podlaskie Voivodeship Roads Authority** for payment of PLN 5.731 million for additional works in connection with the construction of DW 682 Łapy Markowszczyzna road. During the proceedings, hearings were held at which witnesses were heard. On 21 February 2024, a hearing was held at which further witnesses were heard. The next hearing date is scheduled for 31 July 2024.
- 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 3.885 million in connection with the construction of DW 682 Łapy Markowszczyzna road. The claim relates to increased costs incurred by Unibep SA and formerly Budrex Sp. z o.o. in connection with the prolonged implementation of the project. By order of 9 November 2022, the case was joined for joint consideration with the case filed by Budrex Sp. z o.o. on 16 August 2022 for payment of PLN 547,000. An exchange of pleadings is in progress. We are waiting for the hearing date to be set.
- 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 million in total, of which PLN 1.391 million 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. In January 2023, the case was again referred to mediation. One mediation meeting was held at which the defendant withdrew from mediation. The case returned to court again. On 1 March 2023, a hearing was held at which an expert witness was heard and upheld his position in the case. At a hearing on 24 January 2024, the court heard from the expert, who upheld the position expressed in his opinion. The defendant requested the admission of evidence of another expert opinion. The Court rejected this request. On 13 March 2024, a hearing was held at which the Court required the parties to take their positions, possible modification of the statement of claim. On 28 March 2024, Unibep SA filed a pleading modifying the statement of claim in relation to the expert's calculations. We await the position of the other party.
- 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 499,000. The court referred the case to mediation, which did not lead to a settlement. In 2023, three hearings were held during the proceedings at which some of the witnesses in the case were heard. At the hearing on 8 February 2024, all witnesses in the case were heard and the Court ordered the parties to make advance payments for the costs of the expert opinion. We are awaiting the Court's decision on the admission of the expert opinion evidence.

- 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 157,000 (PLN 79,000 in favour of Unibep) for winter road maintenance on the contract for the extension of national road No. 63 Wygoda – Zambrów. On 28 February 2023, the Treasury filed a response to the statement of claim disputing the existence of the claim. Work is underway on the Consortium's side on a response to the statement of claim.
- On 14 September 2022, Unibep SA filed a statement of claim against the **Podlaskie Roads Authority in Ostrołęka** for the amount of PLN 1.341 million, concerning the valuation of remuneration in connection with the implementation of the investment of district road No. 2544W Baranowo – Wyzel – Chojniki. On 24 October 2022, a response to the statement of claim in the case was received. The Court referred the parties to mediation. The mediation did not lead to a settlement. We are currently awaiting further action from the Court.
- 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 32097 million, of which the value of Unibep SA's claim is PLN 7.7 million.. The statement of claim concerns the valuation of the value of the contract for the extension of voivodeship road No. 835 on the section between Biłgoraj – 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. On 8 December 2023, a settlement was reached whereby the Voivodeship Roads Authority in Lublin would pay the consortium the amount of PLN 11.694 million on 15 January 2024, of which PLN 1.171 million for Unibep SA. The court approved the settlement. The case was closed.
- 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 million in connection with the Investor's failure to pay remuneration for construction works. The claim relates to the Prymat Jastrzębie contract. Hearings were held on 13 October 2023, 17 November 2023 and 21 February 2024, at which witnesses were heard. We are currently awaiting further action from the Court.
- On 21 April 2023, Unibep SA filed a statement of claim for the payment of NOK 2.154 million against the investor Selvaag. The claim relates to the unpaid part of the last payment and remuneration for additional works on the Bispelua contract. The Investor has submitted its claim in the amount of NOK 600,000 arguing that the claims should be set off against each other. On 21 August 2023, the parties entered into an out of court settlement agreement under which the defendant will pay Unibep SA the amount of NOK 1.54 million.
- In September 2023, Unibep SA filed a statement of claim against **Przedsiębiorstwo Komunalne Sp. z o.o. in Bielsk Podlaski** for payment of PLN 1.509 million in connection with the replacement of installations commissioned by the investor. We are currently awaiting further action from the Court.
- In December 2023, Unibep SA filed a statement of claim against **STO Sp. z o.o.** for payment of PLN 6.789 million due to the defectiveness of goods supplied by the defendant within the Royal Park investment in Warsaw. We are awaiting the submission of the defendant's response to the statement of claim.
- In December 2023, Unibep SA filed a statement of claim against **Wiener Towarzystwo Ubezpieczeń SA Vienna Insurance Group** for the payment of PLN 711,000 in relation to damage suffered by the plaintiff at the NovaSfera Miasteczko investment as a result of a fire. The defendant filed a statement of defence. Unibep SA filed a response to the statement of defence. We are awaiting the first hearing date to be set.
- On 27 December 2023, Unibep SA filed a statement of claim against **Wromac Sp. z o.o.** for payment of PLN 711,000. The claim relates to the substitute rectification of defects found in connection with the

construction of the Carpathia office building. A response to the claim has been served and a response to the statement of claim has been filed. The Court referred the parties to mediation. We are awaiting a date for a mediation meeting to be set.

- On 29 December 2023, Unibep SA filed a statement of claim against **Łukasz Góra BWD Komplex** for payment of PLN 130,000. The claim relates to the substitute removal of defects and faults in connection with the construction of multi-family residential buildings in Wola, Warsaw. The defendant filed a statement of defence. We are currently awaiting further action from the Court.
- On 29 December 2023, a statement of claim was filed against **ALUSS Sp. z o.o. Sp. k.** for payment of PLN 899,000 for reimbursement of unpaid costs of substitute removal of defects at the Carpathia construction site. We are awaiting the filing of a response to the statement of claim by the defendant company.
- On 10 January 2024, Unibep SA filed a statement of claim against **Przedsiębiorstwo PUH Kombinat Budowlany Sp. z o.o.** for payment of the amount of PLN 159,000 for remuneration for construction works performed by Budrex Sp. z o.o. The defendant filed a statement of defence. We are currently awaiting further action from the Court.
- On 10 April 2024, Unibep SA filed a statement of claim against **Tauron Ciepło Sp. z o.o.** for payment of PLN 7.791 million in relation to the performance of the contract for adjustment of heat sources in Energetyka Cieszyńska. In the statement of claim, Unibep SA is claiming an increase in remuneration for the performance of the subject matter of the contract. We are awaiting the filing of a response to the statement of claim by the defendant.

In addition to the cases described above, the Company has initiated legal proceedings for the amount of PLN 101,000.

#### Cases brought by Unibep SA (formerly 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 million 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 million incurred by Budrex Sp. z o.o. and increased costs of transporting aggregates – PLN 3.658 million incurred by Unibep SA and PLN 36,000 incurred by Budrex Sp. z o.o. On 27 July 2023, the Court of Appeal issued a judgement in the case. An amount of PLN 255,000 was finally awarded in favour of Unibep SA, and the remainder of the appeal was dismissed. The judgement is final and binding. The case was closed.
- On 6 November 2019, the former Budrex Sp. z o.o. filed a statement of claim against **Polaqua Sp. z o.o.** for payment of PLN 2.589 million, in connection with the defendant's fulfilment of a demand for payment under an insurance guarantee. The defendant filed a claim under the pretext of contractual penalties owed by the plaintiff for failure to complete construction works on the contract for the extension of national road No. 8 Warsaw – Białystok, the Ostrów Mazowiecka bypass. 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 a case in which the Institute challenges the legitimacy and amount of the contractual penalties charged by Polaqua Sp. z o.o. Unibep SA requested that the expert opinion be supplemented. We are currently awaiting a supplementary opinion in the case.
- 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 560,000 in connection with the extension of national road No. 8 Warsaw – Białystok, the 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. By order of the

Court, the case was referred to mediation, but no settlement was reached. The case returned to court. At a hearing on 5 January 2024, the parties were required to file pleadings and the next hearing date was set for 7 June 2024.

- 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 million. The Court issued an order for payment by writ of payment, to which the defendant filed an objection. By order of the Court, the case was referred to mediation. The mediation did not lead to a settlement. The case returned to Court. Under the proceedings there were three hearings in July and November 2023 and one in January and March 2024 at which witnesses were heard. The next hearing date was set for 22 April 2024.
- 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 2.21 million. The statement of claim relates to increased general and administrative costs due to the prolongation of the Łochów - Topór investment. The defendant filed a motion for the dismissal of the statement of claim. The Court referred the parties to mediation. We are awaiting the date of the mediation hearing. Notwithstanding the above, the Court has set a pre-mediation hearing with key representatives of the parties for 10 April 2024.

#### **Actions brought against Unibep SA (formerly 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 544,000. In June 2021, Budrex Sp. z o.o. filed for a dismissal of 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 324,000 plus statutory interest. It dismissed the remainder of the claim. On 6 October 2022, an appeal was filed by Budrex Sp. z o.o. On 9 November 2023, the Court of Appeal in Białystok dismissed both appeals. Unibep SA has filed a cassation appeal dismissing the claim of Unibep SA in its entirety. We await further action in the case.
- 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 million for untimely performance of works on the contract for the extension of national road No. 8 Warsaw - Białystok, the 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. There was an exchange of pleadings. We are currently awaiting further action from the Court.

#### **Cases filed by Unihouse SA**

- In a statement of claim of June 2020 Unihouse SA is demanding payment of remuneration in the amount of PLN 246,000 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. Witnesses in the case were heard during the proceedings. The expert opinion in the case was issued in early April 2023, to which Unihouse SA raised objections. In addition, a supplementary opinion from the Institute was issued in which the Institute confirmed that there were no factual errors in the documentation prepared by Unihouse SA. At the hearing in November 2023, an expert witness was heard. We are currently awaiting further action from the Court.

- On 27 January 2023, Unihouse SA has filed a statement of claim with the Court for payment of a claim of NOK 22.852 million against **Fidelis Insurance Ireland DAC**. In November 2022, Unihouse made several claims under the guarantee, but guarantor Fidelis and their co-contractor Standard Garanti AS failed to make payment under the guarantee. The claim under the guarantee was made in connection with the non-payment of remuneration by the Investor Bekkefaref Bolig AS for the construction works for the Klovertunet contract. The court decided to merge the present case with the case concerning the insurer's recourse claim against the investor, but declined to merge the case with the case concerning the investor's claim against Unihouse SA indicated in the investor's response to the Final Account. On 25 October 2023, a judgement was issued according to which the insurer is to pay Unihouse SA the amount of NOK 18.825 million of the principal amount due, together with interest and legal costs. The insurer has filed an appeal against this judgement. We are awaiting the date of the appeal hearing.
- 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 1.12 million in connection with the implementation of the Marie Michelets contract. On 11 August 2023, the parties entered into a settlement agreement under which the Investor will pay the base amount. The settlement agreement has been executed. The case was closed.
- 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 million due to delays in the Signaturhagen project. In the end, the parties reached a settlement according to which the investor paid Unihouse SA the amount of NOK 1.54 million. The case was closed.
- On 4 June 2023, Unihouse SA filed a statement of claim to court against the investor **Bekkefaref Bolig AS**. The claim concerns the non-payment of NOK 23.097 million for contractual and additional works in connection with the Klovertunet investment. The investor presented its own claim in the amount of NOK 16.25 million for defects. The case is related to the case against the insurer Fidelis Insurance (detailed above). No settlement was reached during the mediation proceedings. We are currently awaiting further action from the Court.
- On 4 June 2023, Unihouse SA filed a statement of claim to court against the **Fredensborg (Bekkefaref Bolig AS)**. The claim concerns the non-payment of NOK 5.953 million in connection with the Vestbyen investment. The case has been joined for joint consideration with the case described above on the claim relating to the Klovertunet investment.
- On 18 January 2024, Unihouse SA filed a claim against **Bjertnes AS** for the payment of the amount of NOK 1.54 million. In the statement of claim, Unihouse is demanding payment of remuneration in connection with the Bjertnes contract. On 1 March 2024, Bjertnes AS submitted a response to the statement of claim. We are currently awaiting further action from the Court.

#### **Actions brought against Unihouse SA**

- In September, subcontractor **Jan Henryk Krupka JD proff Bygg** applied to the Conciliation Board for payment of remuneration of NOK 130,000 in connection with the execution of works for the Bjertnes AS contract. The defendant's position is that remuneration is not due as contractual penalties have been charged to the subcontractor as a result of the delay in completing the works. On 11 January 2024, The Conciliation Board ordered Unihouse SA to pay the amount of NOK 127,000 to the subcontractor. The case has been referred to court.



### **Actions brought against GN INVEST UDM Sp. z o.o. S.K.A. (subsidiary of Unidevelopment SA)**

- 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 statement of claim against the Company for payment of PLN 40,000. On 25 May 2017, the Company sent a response 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 40,000 plus interest. On 13 December 2022, the Company appealed against the judgement of the Court of Second Instance. On 28 March 2024, the Court of Second Instance heard the Company's appeal and issued a judgement amending the judgement of the Court of First Instance so as to dismiss the plaintiffs' claim in its entirety.

### **Action brought against Osiedle IDEA Sp. z o.o. (subsidiary of Unidevelopment SA)**

- On 16 December 2021, the Company received a statement of claim from the purchaser of the premises for payment of PLN 100,000 as reimbursement of the cost of removal of a defect on the Osiedle Idea Ogrody Radom project. Witnesses have been heard in the case and an expert opinion has been issued. At this stage, the parties have submitted their final position on the case in writing and we await further decisions from the Court.

### **Action brought against Szczęśliwicka Sp. z o.o. (subsidiary of Unidevelopment SA)**

- On 16 March 2022, Szczęśliwicka Sp. z o.o. received a statement of claim for payment of PLN 1.46 million. 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 statement of 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.
- On 21 August 2023, Szczęśliwicka Sp. z o.o. received a statement of claim for payment of PLN 80,000. Proceedings were initiated by the **Wspólnota Mieszkaniowa** in respect of claims for defects in the buildings at the Czarnieckiego investment in Poznań. The company sent its response to the court on 20 September 2023. We are currently awaiting further action from the Court.
- On 11 March 2024, Szczęśliwicka Sp. z o.o. received a statement of claim for payment of a total amount of PLN 131,000, from the **Wspólnota Mieszkaniowa** in the Hevelia investment in Poznań. We are currently awaiting further action from the Court.

### **Action brought by Fama Development Sp. z o.o. Sp. j. (subsidiary of Unidevelopment SA)**

- On 23 February 2024, FAMA Development sp. z o.o. Sp. j. filed a statement of claim by writ of payment by **Anicar Sp. z o.o.** for the amount of PLN 49,000. The amount represents the remuneration due to the company. We are awaiting the filing of a response to the statement of claim.

## 6.35.2. Guarantees

	as of 31.12.2023	as of 31.12.2022
<b>GUARANTEES GRANTED</b>	<b>866,731,570.12</b>	<b>875,712,358.30</b>
To related parties	45,768,435.33	47,179,340.87
To other entities	820,963,134.79	828,533,017.43
<b>GUARANTEES RECEIVED</b>	<b>175,738,924.03</b>	<b>158,566,651.31</b>
From other entities	75,238,924.03	158,566,651.31
From related parties	100,500,000.00	-

In 2023, a guarantee for the amount of PLN 345,172,439.01 was granted and guarantees were received in the amount of PLN 152,224,575.42.

## 6.36. Impact of the war situation on the UNIBEP GROUP's operations

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

The situation related to the war in Ukraine indirectly affects the Company's and the Group's operations and may affect future profit or loss. Although the exposure to services and materials from eastern markets is not large, the armed conflict is projecting many adverse economic trends. This has or may have an impact on investor sentiment and investment tendencies.

The Company does not currently carry out construction work in Ukraine. However, it concluded a conditional agreement for the implementation of the "Szeginie" border crossing on the Ukrainian-Polish border on 11 March 2024.

The Company is monitoring the development of the conflict and the possible impact on the realisation of our intentions in individual markets, including Ukraine.

The intention to actively participate in the reconstruction of Ukraine remains valid.



## 6.37. Events after the balance sheet date

### Conclusion of financial contracts

- On 11 January 2024, Unibep SA renewed its agreement with Generali Towarzystwo Ubezpieczeń SA for the provision of a guarantee under the revolving limit of PLN 36 million. The contract has been extended until 31 December 2024.
- On 22 January 2024, UNIBEP SA extended the overdraft and guarantee line agreement with Paribas Bank Polska SA for the total amount of PLN 128 million. The contract has been extended until 26 January 2025.
- On 26 January 2024, Unibep SA renewed its insurance guarantee agreement with Uniqa Towarzystwo Ubezpieczeń SA in the amount of PLN 70 million. The contract has been extended until 25 January 2025.
- On 29 January 2024, Unibep SA and Unihouse SA renewed an agreement with Bank Polska Kasa Opieki SA for a multi-purpose credit limit of PLN 70 million. The contract has been extended until 31 January 2025.
- On 2 February 2024, Unibep SA signed a contract with BANK GOSPODARSTWA KRAJOWEGO SA for a non-revolving working capital credit of PLN 40 million. The contract was concluded until 29 October 2027.
- On 16 February 2024, Unibep SA renewed its eFinancing agreement with Bank Polska Kasa Opieki SA for supplier financing in the amount of PLN 20 million. The contract has been extended until 31 January 2025.
- On 26 February 2024, it technically extended the overdraft and guarantee line agreements with mBank SA for a total of PLN 80 million. The contracts have been extended until 30 May 2024.
- On 26 February 2024, Unidevelopment SA executed an annex to the Performance Bond of the lease agreement extending the completion date until 28 February 2025 and changing the guarantee limit to PLN 1,530 million.
- On 28 March 2024, Unibep SA technically extended the overdraft and guarantee line agreements with BANK GOSPODARSTWA KRAJOWEGO SA for a total of PLN 110 million. The contracts have been extended until 28 February 2025.

### Conclusion of significant contracts

- **Conclusion by UNIHOUSE SA of a contract for the construction of a building in modular technology in Trondheim, Norway.**

With reference to the content of the current report No. 95/2023 of 30 November 2023, the Management Board of Unibep SA announces that on 5 January 2024 its subsidiary Unihouse SA concluded a contract for the construction in modular technology of a 4-storey building intended for a changing room, bathrooms and canteen in Trondheim, Norway. The contract was awarded by the Municipality of Trondheim. Remuneration for the performance of the investment is approx. NOK 30.0 million net, which is equivalent to approx. PLN 11.6 million net. (CR 1/2024) The Issuer announced the selection of the tender in current report No. 95/2023.

- **Conclusion of a contract for the conversion of coal-fired boilers to gas and/or oil-fired boilers in the "design and build" formula at the "Zachód" Heat Plant in Białystok.**

On 23 January 2024, Unibep SA entered into a contract for the public procurement entitled: "Conversion \_replacement – dismantling and construction\_ of WRm 40 No. K-4 and WRp No. K-5 coal-fired boilers to gas and/or oil-fired boilers together with a flue gas extraction system with two steel emitters sited on a common reinforced concrete foundation and construction of a fuel oil storage and distribution facility at the "Zachód" Heat Plant in Białystok". The contract was awarded by Enea Ciepło Sp. z o.o. with its registered office in Białystok. Remuneration for the performance of the investment is approx. PLN 107.0 million gross, which is equivalent to approx. PLN 87.0 million net. (CR 5/2024)

- **Conclusion of an contract by a subsidiary for the acquisition of a property located in the Białołęka district of Warsaw.**

On 30 January 2024, UNI 9 Sp. z o.o., a member of the Issuer's Capital Group and a subsidiary of Unidevelopment SA, with its registered office in Warsaw [Buyer], signed a contract transferring the ownership of a property located in the Białołęka district in Warsaw to the Buyer. The seller is Marywilka 3R Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw. The value of the contract is approx. PLN 17.0 million net (CR 7/2024).

- **Information on the submission by the Ordering Party of a declaration of withdrawal from the contract for the implementation of an investment project consisting of the extension and reconstruction of a production facility in Radzikowice in the Opolskie Voivodeship.**

On 13 February 2024, the Company received a letter from the Contracting Entity, i.e. Umicore Battery Materials Poland sp. z o.o. with its registered office in Radzikowice, containing a statement from the Contracting Entity on withdrawal from the Contract, in the part not yet performed, for reasons attributable to the Company. At the same time, the Contracting Entity demands contractual penalties from the Company for the Contracting Entity's withdrawal from the Contractor and for the Company's improper and untimely performance of the Contract, in the maximum contractual amount of approx. PLN 6 million in total (CR 10/2024).

- **Information on the submission by Unibep SA of a declaration of withdrawal from the contract for the implementation of an investment project consisting of the extension and reconstruction of a production facility in Radzikowice in the Opolskie Voivodeship.**

On 16 February 2024, Unibep SA submitted its own declaration to the Contracting Entity of withdrawal from the Contract in the part not performed for reasons attributable to the Contracting Entity. The Issuer is of the opinion that the declaration made by the Contracting Entity on 13 February 2024 was substantively unfounded and thus could not have legal effect. At the same time, there were prerequisites entitling the Company to submit a declaration to the Contracting Entity of the withdrawal from the Contract for reasons attributable to the Contracting Entity (CR 11/2024).

- **Conclusion of a contract for the execution of a public procurement entitled: "Design and construction of the S19 Dobrzyniewo - Sokółka road section: the Czarna Białostocka interchange (without interchange) – the Białystok Północ interchange (without interchange)".**

On 19 February 2024, Unibep SA entered into a contract for the public procurement entitled: "Design and construction of the S19 Dobrzyniewo - Sokółka road section: the Czarna Białostocka interchange (without interchange) – the Białystok Północ interchange (without interchange)". The contract was awarded by the General Directorate for National Roads and Motorways (GDDKiA), Branch in Białystok. The Issuer's remuneration for the Investment amounts to approx. PLN 350 million gross (CR 12/2024). The Issuer informed about the selection of the tender in current report No. 96/2023.

- **Conclusion of a conditional contract concerning the execution by Unibep SA of a border crossing on the Ukrainian-Polish border.**

On 11 March 2024, Unibep SA signed a contract for implementation by the Company in the general contracting system of the "Szeginie" border crossing on the Ukrainian-Polish border, which supersedes the previous arrangements on this subject, which the Company communicated, among others, in current report No. 31/2020 of 26 June 2020. The contract was awarded by the State Customs Service of Ukraine. The value of the Contract is approx. net EUR 23.5 million, which is an equivalent of approx. net PLN 100.9 million (CR 15/2024).

- **Conclusion of a contract for the implementation of the task entitled: "Construction and extension of regional road No. 679, including road engineering facilities and the necessary technical infrastructure, along the Łomża - Mężenin section."**

On 27 March 2024, a consortium comprising Unibep SA [Consortium Leader] and Przedsiębiorstwo Budownictwa Komunikacyjnego Sp. z o.o., with its registered office in Łomża [Consortium Partner], entered into a contract for the public procurement entitled: "Construction and extension of regional

road No. 679, including road engineering facilities and the necessary technical infrastructure, along the Łomża - Mężenin section." The contract was awarded by the Podlaskie Voivodeship Roads Authority in Białystok. The remuneration for the Investment amounts to approx. PLN 251.4 million gross, i.e. approx. PLN 204.4 million net, of which the remuneration attributable to the Issuer is approx. PLN 102.2 million net (CR 16/2024).

### Other events

On 29 March 2024, two subsidiaries of the Issuer operating in the property development activity segment passed the resolutions to cease work preparing their selected land properties for the development of residential projects and to hold these land properties in order to obtain benefits from the increase in their value, which entails reclassifying these land properties from inventory to investment properties and valuing the land at fair value. In accordance with the adopted accounting principles, the above changes will be appropriately reflected in the consolidated financial statements of the Issuer's Capital Group for Q1 2024 through a one-off increase in certain result items of these statements for the period of Q1 2024, including:

- other operating revenue: approx. PLN 100 million;
- net profit: approx. PLN 81 million
- net profit attributable to shareholders of the parent company: approx. PLN 44.5 million.

## 6.38. Employment structure

### AVERAGE EMPLOYMENT

	01.01.-31.12.2023	01.01.-31.12.2022
White-collar workers	1,167	1,023
Blue-collar workers	543	526
<b>Total</b>	<b>1,710</b>	<b>1,549</b>

## 6.39. 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 Capital Group".

On 28.07.2022, the Parent Company entered into a contract for the review and audit of the separate and consolidated statements, which stipulates an annual remuneration of PLN 443,900 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 2023 amounts to PLN 460,400 plus additional costs.

On 21 November 2023, Unihouse SA entered into a contract with Grant Thornton Revisjon AS, Kirkegata 15, 0153 Oslo for the audit, in accordance with Norwegian standards, of the financial statements of Unihouse SA's operations in the Norwegian market, for a value of NOK 280,000 plus maintenance costs.

On 21 May 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.

In 2023, the audit firm Grant Thornton Polska Prosta Spółka Akcyjna additionally evaluated the remuneration report of the Management Board and Supervisory Board for 2022 for the Parent Company, for a value of PLN 18,000.

In 2023, the audit firms did not provide any other services to the Parent Company and the Capital Group.

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 Capital Group", drawn up by the Audit Committee and adopted by the Supervisory Board by way of a resolution on 6 February 2018. The aforementioned policy stipulates that the appointment of an audit firm shall be made by the Supervisory Board on the basis of a recommendation of the Audit Committee, which (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 the verification of audit firms and the duration of cooperation with a selected audit firm.

Furthermore, on 6 February 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 the provision of certain services other than statutory audit services by statutory auditors, audit firms or members of their network. The aforementioned Policy provides for listing prohibited services, 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 applies to the Company and the Company's Capital Group.

## 7. Approval of the financial statements

The Group prepared the financial statements for 2022 in accordance with the International Accounting Standards. On 21 June 2023, 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 18 April 2024.

The publication date of these financial statements is 18 April 2024.

**SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD OF THE PARENT COMPANY**

President of the Management Board

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**Dariusz Jacek Blocher**

Vice-President of the Management Board

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**Leszek Marek Gołqbiecki**

Vice-President of the Management Board

---

**Krzysztof Mikołajczyk**

Member of the Management Board

---

**Adam Poliński**

Member of the Management Board

---

**Andrzej Piotr Stęrczyński**

**SIGNATURE OF THE PERSON ENTRUSTED WITH BOOKKEEPING**

Chief Accountant

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**Krzyszyna Kobylińska**



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