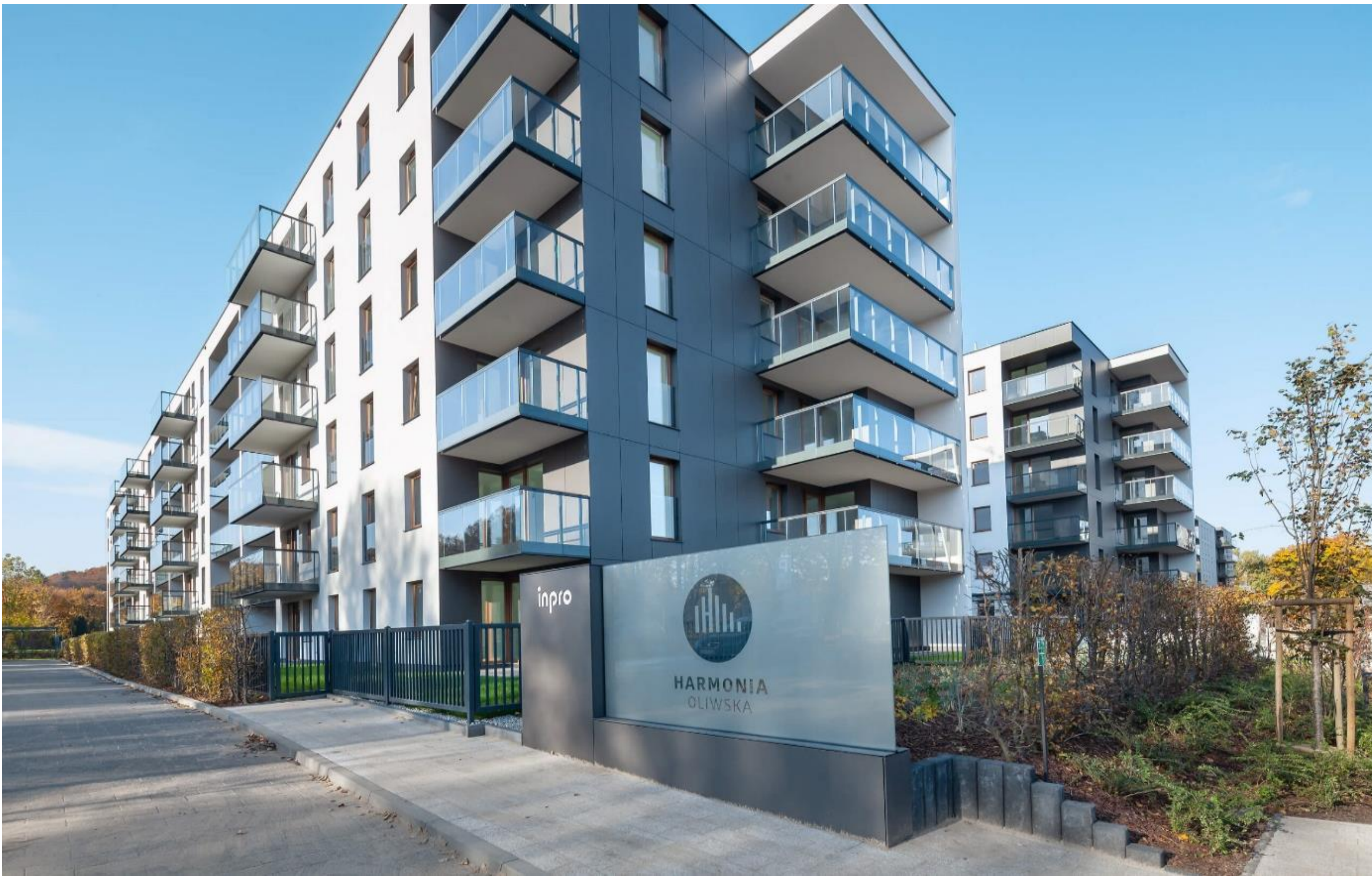
SEPARATE FINANCIAL STATEMENTS of INPRO SA for the year ended on 31 December 2021

drafted in conformity with the International Financial Reporting Standards



SPÓŁKA NOTOWANA NA GPW

Approval of the financial statements of INPRO SA

for the year ended on 31 December 2021

drafted in conformity with International Financial Reporting Standards

Krzysztof Maraszek President of the Management Board	
Zbigniew Lewiński Vice-President of the Management Board	
Robert Maraszek Vice-President of the Management Board	
Marcin Stefaniak Vice-President of the Management Board	
Elżbieta Marks The person responsible for keeping the books of accounts	

Gdańsk, 28 April 2022

CONTENT

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

SELECTED FINANCIAL DATA CONCERNING THE SEPARATE FINANCIAL STATEMENTS OF INPRO SA

Selected financial data concerning the separate financial statements of INPRO SA				
	01/01/2021-31/12/2021	**1/01/2020-31/12/2020**	**01/01/2021-31/12/2021**	**01/01/2020-31/12/2020**
	PLN '000		**EUR '000**	
Net sales revenues	183 450	277 591	40 076	62 043
Gross profit (loss) on sales	50 651	82 132	11 065	18 357
Profit (loss) on operating activities	32 856	64 212	7 178	14 352
Gross profit (loss)	35 230	66 214	7 696	14 799
Net profit (loss)	29 052	54 167	6 347	12 106
Profit (loss) per share	0.7256	1.3528	0.1585	0.3024
Net cash flows from operating activities	(11 913)	48 875	(2 603)	10 924
Net cash flows from investing activities	5 219	2 899	1 140	648
Net cash flows from financing activities	(30 169)	12 531	(6 591)	2 801
Net cash flows	(36 863)	64 305	(8 053)	14 372
	31/12/2021	**31/12/2020**	**31/12/2021**	**31/12/2020**
	PLN '000		**EUR '000**	
Total assets	488 166	494 477	106 137	107 150
Liabilities and provisions for liabilities	141 325	156 668	30 727	33 949
Provisions for liabilities	16 603	23 175	3 610	5 022
Long-term liabilities	48 789	25 243	10 608	5 470
Short-term liabilities	75 933	108 250	16 509	23 457
Equity	346 841	337 809	75 410	73 201
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share	8.6624	8.4368	1.8834	1.8282

ZLOTY TO EURO CONVERSION RATES	**average zloty rate in the period 01/01/2021 -31/12/2021**	**average zloty rate as at 31/12/2021**
	4.5775	4.5994
	average zloty rate in the period 01/01/2020 -31/12/2020	**average zloty rate as at 31/12/2020**
	4.4742	4.6148

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF TOTAL INCOME FOR THE PERIOD ENDED ON 31/12/2021

Statement of total income	Note	01/01/2021-31/12/2021 (audited)	01/01/2020-31/12/2020 (audited)
Continuing operations			
Sales revenues	**11.1**	183 450	277 591
Cost of sales	**11.2**	(132 799)	(195 459)
Gross profit (loss) on sales		**50 651**	**82 132**
Selling costs	**11.2**	(5 229)	(5 747)
Administrative expenses	**11.2**	(13 101)	(12 234)
Other operating revenues	**11.3**	996	548
Other operating costs	**11.4**	(461)	(487)
Profit (loss) on operating activities		**32 856**	**64 212**
Financial revenues	**11.5**	3 887	3 390
Financial costs	**11.6**	(1 513)	(1 388)
Gross profit (loss)		**35 230**	**66 214**
Income tax	**12**	(6 178)	(12 047)
Net profit (loss) from continuing operations		**29 052**	**54 167**
TOTAL INCOME		**29 052**	**54 167**

Earnings per share from continuing operations (PLN/share):	**01/01/2021-31/12/2021**	**01/01/2020-31/12/2020**
– basic	0.7256	1.3528
– diluted	0.7256	1.3528

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2021

ASSETS	Note	31/12/2021 (audited)	31/12/2020 (audited)
Non-current (long-term) assets		**108 295**	**109 601**
Property, plant and equipment	**16**	4 988	7 119
Other intangibles	**18**	7	21
Investment property	**17**	110	112
Long-term receivables		2 593	1 786
Shares in related entities	**19**	64 321	64 321
Other financial assets	**20**	36 254	36 229
Other assets		22	13
Current (short-term) assets		**379 871**	**384 876**
Inventory	**21**	309 722	283 748
Trade and other receivables	**22**	9 044	8 421
Current tax assets		-	588
Other financial assets, including loans granted	**20**	19 832	13 983
Cash and cash equivalents	**23**	41 273	78 136
TOTAL ASSETS		**488 166**	**494 477**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2021 (CONTINUED)

EQUITY AND LIABILITIES	Note	31/12/2021 (audited)	31/12/2020 (audited)
Equity	**25**	**346 841**	**337 809**
Issued share capital		4 004	4 004
Reserves		11 531	531
Share premium		62 237	62 237
Retained profit		269 069	271 037
Long-term liabilities		**51 896**	**36 212**
Provision for retirement benefits	**26**	363	272
Deferred income tax provision	**12.4**	2 744	10 697
Long-term credit and bank borrowings	**27**	10 409	20 813
Other financial liabilities (lease)	**28**	739	720
Trade and other liabilities	**29**	3 437	3 197
Debt instrument liabilities		33 164	-
Long-term prepaid expenses		1 040	513
Short-term liabilities		**89 429**	**120 456**
Short-term provisions	**26**	13 496	12 206
Loans and credit	**27**	6 118	14 902
Debt instrument liabilities		1 051	24 761
Other financial liabilities (lease)	**28**	396	490
Current income tax liabilities		132	-
Trade and other liabilities	**29.31**	67 817	67 885
Short-term prepaid expenses		419	212
Total liabilities		**141 325**	**156 668**
TOTAL EQUITY AND LIABILITIES		**488 166**	**494 477**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01/01/2021 TO 31/12/2021

Changes in equity	Share capital	Share premium	Revaluation reserve	Retained profit	Total
As at 01/01/2021	**4 004**	**62 237**	**531**	**271 037**	**337 809**
Dividend payment	-	-	-	(20 020)	**(20 020)**
Revaluation reserve created to finance the acquisition of own shares	-	-	11 000	(11 000)	**-**
Net profit (loss) for the financial year	-	-	-	29 052	**29 052**
As at 31/12/2021	**4 004**	**62 237**	**11 531**	**269 069**	**346 841**

Changes in equity	Share capital	Share premium	Revaluation reserve	Retained profit	Total
As at 01/01/2020	**4 004**	**62 237**	**531**	**222 876**	**289 648**
Dividend payment	-	-	-	(6 006)	**(6 006)**
Net profit (loss) for the financial year	-	-	-	54 167	**54 167**
As at 31/12/2020	**4 004**	**62 237**	**531**	**271 037**	**337 809**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2021

Cash flows from operating activities	**01/01/2021 -31/12/2021 (audited)**	**01/01/2020 -31/12/2020 (audited)**
Profit /(loss) before tax (gross)	**35 230**	**66 214**
Adjustments:	**(47 143)**	**(17 339)**
Depreciation	1 260	1 299
Income tax paid	(13 412)	(7 316)
Net interest and dividends	(2 257)	(1 908)
Profit/(loss) on investing activities	(233)	(106)
(Increase)/ decrease of receivables	96	5 949
(Increase)/ decrease of inventory	(27 710)	27 070
Increase / (decrease) of liabilities	(5 948)	(45 998)
Increase / (decrease) of accrued/prepaid expenses	(22)	35
Increase / (decrease) of deferred income	(298)	(212)
Change in provisions	1 381	3 848
Net cash flows from operating activities	**(11 913)**	**48 875**

Cash flows from investing activities	**01/01/2021 -31/12/2021 (audited)**	**01/01/2020 -31/12/2020 (audited)**
Sale of property, plant, equipment and intangibles	2 098	154
Dividends from related entities	3 637	3 139
Acquisition of property, plant, equipment and intangibles	(516)	(394)
Net cash flows from investing activities	**5 219**	**2 899**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2021 (CONTINUED)

Cash flow from financing activities	01/01/2021 -31/12/2021 (audited)	01/01/2020 -31/12/2020 (audited)
Proceeds from the issue of debt instruments	33 908	-
Other financial proceeds	1 362	955
Proceeds in relation to loans/credit obtained	60 798	78 705
Payments in relation to finance lease agreements	(287)	(238)
Repayment of loans/credit	(79 986)	(59 568)
Interest paid	(105)	(1 317)
Dividends paid	(20 020)	(6 006)
Buyout of debt securities	(25 000)	-
Other financial expenditure	(839)	-
Net cash flows from financing activities	**(30 169)**	**12 531**
Net increase in cash and cash equivalents	**(36 863)**	**64 305**
Cash at the beginning of the period	**78 136**	**13 831**
Cash at the end of the period	**41 273**	**78 136**

ADDITIONAL INFORMATION AND EXPLANATIONS

1. General information

These financial statements of INPRO SA were made in conformity with the International Financial Reporting Standards (IFRS).

The main object of INPRO SA is the construction and sale of residential and commercial real estate in conformity with the Polish Classification of Activity (PKD) 4120Z.

INPRO SA was established by way of the notarised deed of 6 April 1987. On 29 May 2008 the company's legal status was changed from a limited liability company to a joint-stock company.
The registered office of the Company is in Gdańsk at ul. Opata Jacka Rybińskiego 8.
The Company is recorded in the register of entrepreneurs of the National Court Register kept by the District Court in Gdańsk, 7th Business Division of the National Court Register, under number KRS 306071.
The Company was given the National Official Business Register (REGON) number 008141071 and the tax identification number: 589-000-85-40.

The duration of the Company is unrestricted.
INPRO SA is the parent entity of the INPRO SA Corporate Group.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

As at 31 December 2021, the share capital of INPRO was PLN 4,004 k and was divided into 30,030,000 ordinary series A bearer shares of the nominal value of 10 groszes each, and 10,010,000 ordinary series B bearer shares of the nominal value of 10 groszes each.

2. Share capital structure

SHAREHOLDING STRUCTURE AS AT 31/12/2021						
Entity (first name and surname)	Series	Number of shares	Nominal value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak's heirs	A	8 460 000	846 000	21.13 %	8 460 000	21.13 %
Zbigniew Lewiński	A	9 460 000	946 000	23.63 %	9 460 000	23.63 %
Krzysztof Maraszek	A	10 010 000	1 001 000	25.00 %	10 010 000	25.00 %
NATIONALE NEDERLANDEN - OFE	A	2 100 000	210 000	17.93 %	7 177 704	17.93 %
	B	5 077 704	507 770			
Shareholders holding less than 5 % of votes	B	4 932 296	493 230	12.31 %	4 932 296	12.31 %
TOTAL		**40 040 000**	**4 004 000**	**100 %**	**40 040 000**	**100 %**

SHAREHOLDING STRUCTURE AS AT 31/12/2020						
Entity (first name and surname)	Series	Number of shares	Nominal value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak	A	8 460 000	846 000	21.13 %	8 460 000	21.13 %
Zbigniew Lewiński	A	9 460 000	946 000	23.63 %	9 460 000	23.63 %
Krzysztof Maraszek	A	10 010 000	1 001 000	25.00 %	10 010 000	25.00 %
NATIONALE NEDERLANDEN - OFE	A	2 100 000	210 000	17.93 %	7 177 704	17.93 %
	B	5 077 704	507 770			
Shareholders holding less than 5 % of votes	B	4 932 296	493 230	12.31 %	4 932 296	12.31 %
TOTAL		**40 040 000**	**4 004 000**	**100 %**	**40 040 000**	**100 %**

In the second six months of 2021 and until the submission of this report, the following changes took place in the Company's shareholders:

- The Company's shareholder, Mr Piotr Stefaniak, died on 13 December 2021.
- On 27 January 2022 INPRO S.A. received a notice under Article 69 para. 1 of the Act of 29 July 2005 *on public offering, conditions governing the introduction of financial instruments into an organised trading system, and on public companies*, which notice was issued by Ms Grażyna Maria Dąbrowska-Stefaniak, Ms Monika Anna Stefaniak and Mr Wojciech Kacper Stefaniak as the heirs of the Company's shareholder, Mr Piotr Stefaniak, who died on 13 December 2021.

The notice indicated that the persons mentioned above had acquired the estate of late Piotr Stefaniak, 1/3 of the estate falling to each of them, and that as at the date of the notice the heirs did not divide the estate and were therefore jointly entitled in relation to the shares of late Piotr Stefaniak and that they exercised their rights in the Company through their joint representative, Ms Monika Anna Stefaniak, and were responsible for the share-related performances jointly and severally. As a member of the Supervisory Board, Mr Wojciech Stefaniak also issued the notice under Article 19 of the MAR (*Regulation of the European Parliament and of the Council (EU) No 596/2014 of 16 April 2014 on market abuse (the market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC).* The Company advised of the receipt of those notices in current reports Nos. 4/2022 and 5/2022.

Until the publication of these statements, INPRO S.A. did not receive other notices under Article 69 of the Act *on public offering, conditions governing the introduction of financial instruments into an organised trading system, and on public companies* and under Article 19 of the MAR, and did receive further information on the division of the estate of late Piotr Stefaniak and on the registration of a specified volume of shares in favour of his named heirs.

3. Composition of the Company's Management Board and Supervisory Board

As at the date of preparation of these financial statements, the composition of the Management Board was as follows:

- Krzysztof Maraszek – President of the Management Board
- Zbigniew Lewiński – Vice-President of the Management Board
- Robert Maraszek – Vice-President of the Management Board
- Marcin Stefaniak – Vice-President of the Management Board

On 16/11/2021, the Supervisory Board of INPRO adopted resolution No. 22/2021 on the dismissal of Mr Piotr Janusz Stefaniak from the function of Vice-President of the Company’s Management Board and also from the Management Board of INPRO SA. The resolution became effective on the date of its adoption. The dismissal of Mr Piotr Janusz Stefaniak was effected pursuant to §7 para. 5 of the Company's Statutes and was due to important reasons concerning the health of the above-mentioned person.
Pursuant to resolution No. 23/2021 of 16/11/2021 of the Supervisory Board, in view of the dismissal of Mr Piotr Janusz Stefaniak from the Management Board of the Company, as of the date of the resolution and during the current term of office (covering the years 2018-2023), the Management Board will consist of four persons i.e. the President and three Vice-Presidents.

For the shareholdings of the members of the Management Board, see the shareholding structure in note 2.

As at the date of preparation of these financial statements, the composition of the Supervisory Board was as follows:

- Jerzy Glanc – Chairperson of the Supervisory Board
- Krzysztof Gąsak – Deputy Chairperson of the Supervisory Board
- Łukasz Maraszek – Secretary of the Supervisory Board
- Beata Krzyżagórska–Żurek – Independent Member of the Supervisory Board
- Mariusz Linda – Independent Member of the Supervisory Board
- Szymon Lewiński – Member of the Supervisory Board
- Wojciech Stefaniak – Member of the Supervisory Board

No changes in the composition of this governing body occurred in the reporting period.

Within the Supervisory Board, there operates the Audit Committee in the bench consisting of the following persons as at 31/12/2021:

- Beata Krzyżagórska–Żurek – Chairperson of the Audit Committee, Independent Member
- Jerzy Glanc – Member of the Audit Committee
- Mariusz Linda – Independent Member of the Audit Committee

At the session of the Supervisory Board of INPRO SA on 12/03/2021, a member of the Supervisory Board, Mr Krzysztof Gąsak, filed resignation (without reasons) from the function of the Audit Committee member with the Chairperson of the Supervisory Board effective from 12/03/2021. Mr Krzysztof Gąsak stated that the resignation did not comprise resignation from the mandate of the Company's Supervisory Board member until the end of the term of office for which he had been elected. In relation to the above, as from 12/03/2021, the Audit Committee has consisted of the remaining persons (as mentioned above) appointed as its members on 9 July 2020:

4. Approval of the financial statements

These financial statements were approved by the Management Board on 28/04/2022 for publication on 29/04/2022.

5. Grounds for the preparation of the financial statements

The financial statements were prepared in conformity with the historical cost principle.

The financial statements were prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances are found to exist which indicate a threat to the Company to continue as a going concern.

On 21 September 2010 the Extraordinary General Assembly adopted a resolution on the basis of which the Company prepares financial statements in conformity with the IFRS commencing with the statements for periods starting on 1 January 2010.

These financial statements were prepared in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of INPRO SA. Unless indicated otherwise, the data in financial statements have been presented in thousands of zlotys.

6. The platform of the applied International Financial Reporting Standards

6.1 Statement on compliance with the provisions of law

Polish legal provisions impose the obligation on the Company to draw up financial statements in conformity with the IFRS endorsed by the EU. In view of the ongoing IFRS implementation process in the EU and the Company's operations, as regards the accounting principles used by the Company, there is no difference between the IFRS to have come into force and those approved by the EU for the reporting period ended on 31 December 2021.

These financial statements were made in conformity with all the applicable International Financial Reporting Standards endorsed by the EU. The IFRS cover the standards and interpretations approved by the International Accounting Standards Committee ("IASC") and the International Financial Reporting Interpretations Committee ("IFRIC").

6.2 Standards adopted for the first time

The following new standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Committee (IASC) and approved for use in the EU became effective for the first time in 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – the IBOR reform,
- Amendments to IFRS 4 "Insurance Contracts" – deferred adoption of IFRS 9 "Financial Instruments".
- Amendments to IFRS 16 "Leases" – lease COVID-19 related concessions.

The above amendments to the IFRS did not have significant impact on the data presented in these financial statements.

6.3 Standards and amendments to standards to become effective after the balance sheet date

This report does not take into account the amendments to the standards and interpretations, which await approval by the European Union or those which have been approved by it but have or will become effective after the balance sheet date.

<u>Standards and amendments to standards adopted by the International Accounting Standards Committee (IASC) and approved for use in the EU:</u>

- **First time adoption after 1 January 2022**
  - Amendments to IFRS 3 "Business combinations" – update of references to the Conceptual Framework;
  - Amendments to IAS 16 "Property, Plant and Equipment" – Proceeds before Intended Use;
  - Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – explanations of costs recognised in the analysis of whether an agreement is a contract creating encumbrances;
  - Annual amendment programme 2018-2020 – amendments contain explanations and specify the guidelines included in the standards with regard to recognition and valuation: IFRS 1 "First Time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments" – (Fees in the 10 per cent Test for Derecognition of Financial Liabilities), IAS 41 "Agriculture" – (Taxation in Fair Value Measurements) and to illustrating examples to IFRS 16 "Lease";
- **First time adoption after 1 January 2023**
  - IFRS 17 "Insurance Contracts" and amendments to IFRS 17;

<u>Standards and amendments to the standards adopted by the IASC, but NOT approved yet by the EU:</u>

- **First time adoption after 1 January 2023**
  - Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current;
  - Amendments to IAS 1 "Presentation of Financial Statements" and Guidelines of the IFRS Committee with regard to disclosures concerning accounting policies in practice – the requirement to disclose significant information on accounting principles;
  - Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – the definition of estimates (the definition of the concept of "significant");
  - Amendments to IAS 12 "Income Taxes" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

- Amendments to IFRS 17 "Insurance Contracts" – first adoption of IFRS 17 and IFRS 9 – Comparative Information

Standards and amendments to the standards adopted by the IASC for application after 1 January 2016, but rejected or deferred by the EU:

- IFRS 14 "Regulatory Deferral Accounts"
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates" with regard to sales or contributions of assets between an investor and its associates or joint ventures

The Company's Management Board is in the process of the analysis of the influence of the above standards on the Company's financial standing and profits from business operations as well as on the scope of information presented in financial statements. The Company's Management Board does not envisage significant influence of the new standards mentioned above or amendments to current standards on the Company's financial statements for the period in which these standards and amendments will be initially adopted.

6.4 Early adoption of standards and interpretations

The Company did not take advantage of the opportunity of early adoption of any standards, amendments thereto, or interpretations.

7. Amendments to accounting principles in use

During the preparation of these financial statements, standards and interpretations effective for annual periods commencing on or after 1 January 2021 were used.
The Company's last financial statements were those for the year ended on 31 December 2020, made in conformity with the International Financial Reporting Standards and approved of 27 April 2021 on for publication in on 28 April 2021.

In the reporting period, the Company did not make any significant changes in the accounting principles in use except the changes following from the application of new International Financial Reporting Standards (IFRS).

8. Material values based on professional judgement and estimates

8.1 Professional judgement

In the event that a transaction is not regulated in any standard or interpretation, the Management Board, while being guided by a subjective judgement, specifies and applies an accounting policy, which ensures that the financial statements contain appropriate and credible information and will:

- present a true, clear and fair view of the economic and financial position of the Company, the results of its activity and cash flows, and reflect the commercial substance of transactions,
- be objective and prepared in conformity with the conservative valuation principle,
- be complete in all essential aspects.

Recognition of sales revenues

Revenues from the sale of real property (mainly residential units) are recognised upon satisfying the performance obligation by delivering the promised goods to the customer. In the Company's opinion, this takes place upon the delivery of the real estate to the buyer on the basis of an acceptance report signed by the parties, on condition that all the payments towards the price of the acquisition of the real estate were made by the buyer.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Discount rate

The discount rate taken influences the figures presented in the financial statements. This concerns, for example, the value of the provisions for employee benefits. The discount rate taken by the Management Board of INPRO SA is based on the interest rate on 10-year treasury bonds.

8.2 Uncertainty of estimates

The preparation of financial statements requires the Company's Management Board to make estimates because much information in the financial statements cannot be valued precisely. The Management Board reviews the estimates on the basis of the changes of factors taken into consideration when the estimates were made, of new information or of previous experience. It is for that reason that the estimates as at 31 December 2021 may be revised in the future. The main estimates have been described in the following notes:

21	Impairment of non-current assets and the analysis of the realisable net selling price of inventories	The Company makes impairment tests for property, plant, equipment and inventories in case factors indicating possible impairment occur. The analysis of the net realisable selling price of inventories in the case of finished products (completed residential units) is conducted by comparing their book value with current market selling prices of premises for a given stage of a project implemented by the Company.
22	Trade receivable valuation allowances	The Company makes the valuation of the allowance for the expected credit losses in the amount equal to the expected credit losses in the entire life of the instrument.
12	Income tax	The Company recognises deferred tax assets on the basis of the assumption that a taxable profit permitting the deferred tax asset to be utilised will be available in the future. The deterioration of the tax results obtained in the future could make that assumption groundless.
26	Employee benefits	Provisions for retirement benefits and unused vacation leaves Discount rate: 5 %, the estimated remuneration growth rate: 4 %
26	Provisions	Provisions for guarantees and sureties, claims and litigation, construction works and additional remuneration
9.2	Useful life of property, plant and equipment and of intangibles	Depreciation rates are determined on the basis of the estimated useful life of property, plant and equipment and the value of intangibles.

9. Accounting principles in use

9.1 Conversion of items denominated in foreign currencies

Transactions in a currency other than the functional currency (in foreign currencies) are shown at the conversion rate binding on the transaction date. As at the balance sheet date, assets and liabilities denominated in foreign currencies are converted on the basis of the rate binding on that date. Non-cash items measured at fair value and denominated in foreign currencies are measured on the basis of the rate binding on the fair value date. Non-cash items are measured on the basis of the historical cost.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

The following rates have been taken for the purposes of the balance sheet valuation:

Rate binding on the last day of the period	31/12/2021	31/12/2020
EURO	4.5994	4.6148
The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
EURO	4.5775	4.4742

9.2 Property, plant and equipment

Property, plant and equipment are reported at the price of acquisition / cost of manufacture less depreciation and all impairment losses. The initial value of fixed assets comprises their acquisition price increased by all the costs directly related to the purchase and to making an asset suitable for use. The cost also includes the cost of replacement of components of machinery and equipment when such cost is incurred, if the recognition criteria have been met. The costs arising after the date of placing a fixed asset in service, such as maintenance and repair costs, are charged to the income statement when they are incurred.

Upon acquisition, fixed assets are disaggregated into components of a considerable value, to which relevant useful life may be allocated.

Important spare and service parts reported as property, plant and equipment are amortised in conformity with the estimated period of use, but not longer than the useful life of fixed assets which they service.

The balance sheet value of a fixed asset comprises the costs of regular significant inspections, which are necessary to prevent faults, and whose value in various reporting periods varies considerably. The value of an inspection is depreciated until the next inspection or until the end of useful life of a fixed asset, whichever is sooner. Any residual balance sheet value of the costs of the previous inspection is derecognised.

Depreciation is computed on a straight-line basis throughout the estimated useful life of an asset, that period being:

Type	Period
Land	-
Buildings and constructions	22 – 67 years
Machinery and equipment	5 – 22 years
Office equipment	5 years
Motor vehicles	5 – 20 years
Computers	3 years
Other fixed assets	4 – 15 years

If during the preparation of financial statements any circumstances have occurred which indicate that the balance sheet value of property, plant and equipment may not be recoverable, an inspection of those assets is performed from the point of view of their impairment. If there are factors indicating that impairment may have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units, to which those assets belong, is brought down to the level of the recoverable amount. The recoverable amount corresponds to the lower of the following two values: the fair value less the cost of sales or the value in use. When determining the value in use, the projected future cash flows are

discounted to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and any risk related to an asset. In the case of an asset which does not generate cash flows in a significantly separate way, the recoverable amount is determined for a cash generating unit, to which that asset belongs. Impairment losses are recognised in the income statement under other operating costs.
An item of property, plant and equipment may be derecognised upon its disposal or when no economic benefits following from the further use of such an asset are expected. Any profits or losses following from the derecognition of an asset (calculated as the difference between any net proceeds from the sale and the balance sheet value of an item) are recognised in the income statement in the period in which such derecognition was effected.
Commenced investments concern fixed assets in the process of construction or erection and are reported at the cost of acquisition or manufacture. Fixed assets under construction are not depreciated until the end of construction and placing them in service.

The residual value, useful life and depreciation method of fixed assets are reviewed and revised if necessary at the end of each financial year.

9.3 Borrowing costs

The borrowing costs directly relating to the acquisition or manufacture of assets requiring an extended period to bring them into use are capitalised as a part of the cost of acquisition or manufacture until those assets are ready for use or sale. Borrowing costs comprise interest and exchange gains or losses up to the amount corresponding to the interest cost adjustment.

Other borrowing costs are recognised as costs when they are incurred.

9.4 Investment property

Investment property is recognised at the acquisition price or the cost of manufacture with the transactions costs taken into consideration. After initial recognition the value of investment property is decreased by depreciation and impairment losses.
Investment property is derecognised on disposal or when permanently withdrawn from use, and no future benefits are expected from its disposal. Any profits or losses following from the derecognition of investment property are recognised in the income statement in the period in which such derecognition was effected.
Assets are transferred to investment property only when a change in their use takes place as confirmed by the end of the use of an asset by its owner, the conclusion of an operating lease agreement or the completion of construction/manufacture of investment property.
In view of the application of the cost model, in the case of a transfer of investment property to or from assets used by the owner or to/from inventory, there is no change of the value of real property.

9.5 Lease and the right of perpetual usufruct of land

A contract is a lease or contains a lease if the contract transfers the right to control the use of an identified asset for a given period against a fee.

On the date of lease commencement, the Company recognises the asset in relation to the right of use and the liability in relation to the lease. The asset is measured at cost. The liability is measured at the current value of lease payments remaining to be paid on that date.

After the date of lease commencement, the asset is measured with the use of the cost model, i.e. following the deduction of depreciation and valuation allowances and after the adjustment by the revaluation of the lease liability. If the title is transferred under the lease or the cost of the asset in relation to the right of use recognises the Company's use of the purchase option, the Company amortises the asset in relation to the right of use until the end of the period of use of the base asset. Otherwise the Company amortises the asset in relation to the right of use until the end of the period of use or lease, whichever date is earlier.

After the date of lease commencement the liability is measured through the computation of interest, the reduction by the fees which have been paid and by the updated balance sheet valuations in order to recognise any repeated lease valuation or change.

9.6 Intangibles

Intangibles acquired separately are valued at the price of acquisition or the cost of manufacture. The price of acquisition of intangibles acquired in the merger of business entities is equal to their fair value as at the merger date. After initial recognition, intangibles are reported at the price of acquisition or cost of manufacture less depreciation and/or impairment losses. Expenses on intangibles manufactured on one's own account, except the recognised costs of development work, are not capitalised but recognised in the costs of the period in which they were incurred.
The Company decides on whether the useful life of intangibles is limited or indefinite. Intangibles of limited useful life are amortised over that life and tested for impairment each time when there are factors indicating impairment of such assets. The period and method of depreciation of intangibles with limited useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or in the pattern in which economic benefits from an asset are expected to be consumed are recognised by changing, as appropriate, the period or method of depreciation, and treated as the changes of estimates. A depreciation charge on intangibles with a limited useful life is recognised in the income statement in the category which corresponds to the function of a given intangible asset.
Intangibles with an indefinite useful life and those which are not used are reviewed every year for impairment with reference to the various assets or at the cash generating unit level. Other intangibles are assessed every year from the point of view of the factors which may signify their impairment.
The costs of research work are written to the income statement when they are incurred. The costs of development work carried out as part of a given project are transferred to the next period if it may be assumed that they will be recovered in the future. After initial recognition of the costs of development work, applied is the historical cost convention, which requires that assets are recognised at the price of acquisition less accumulated depreciation and accumulated impairment losses. Any costs transferred to the next period are amortised over the period when proceeds from the sale of a given project are expected.
Costs of development work are assessed for possible impairment on an annual basis if an asset has not been placed in use yet or, more frequently, when in the reporting period there occurs an impairment factor indicating that their balance sheet value may not be recoverable.
Profits or losses following from the derecognition of intangibles are measured as the difference between net proceeds from the sale and the balance sheet value of an asset and recognised in the income statement when such asset is derecognised.

9.7 Recoverable amount of long-term assets

As at each balance sheet date, the Company evaluates assets for factors indicating their impairment. If such factors exit, the Company performs a formal assessment of the recoverable amount. When the balance sheet value of an asset or cash generating unit exceeds its recoverable amount, the impairment of such an asset is recognised and its value written down to the recoverable amount level. The recoverable amount is the higher of the following two amounts: the fair value less the costs of disposal or the value in use of an asset or cash generating unit.

9.8 Financial instruments

A financial instrument is any agreement which causes a financial asset to arise on one part and a financial liability or equity instrument on the other.

The Company classifies financial assets into the following categories:
- measured at the amortised cost,
- measured at fair value through other total income,
- measured at fair value through profit or loss.

Financial liabilities are divided into:
- measured at the amortised cost,
- measured at fair value through profit or loss.

The classification of financial assets is based on the business model and cash flow characteristics. Upon of initial recognition, it is possible to irrevocably designate financial assets as measured at fair value through profit or loss, if the inconsistency of the measurement or recognition is eliminated or considerably mitigated in that way, which lack of cohesion would have otherwise arisen due to the measurement of assets or liabilities or the recognition of relevant profits or losses according to various principles.

Initial measurement

A financial asset or liability is recognised in the statements when and only when the Company becomes bound by the provisions of the instrument agreement.

All standard financial asset purchase and sale transactions are recognised on the transaction date i.e. on the date on which the entity has undertaken to acquire a given asset. Standard financial asset purchase or sale transactions are purchase or sale transactions in which the time limit for the delivery of the assets to the other party is basically set out in the regulations or by market customs.

Upon initial recognition, a financial asset or liability is measured at fair value which, in the case of financial assets or liabilities not measured at fair value through profit or loss is increased or decreased by transaction costs which may be directly allocated to the acquisition or issue of those financial assets or liabilities. The above does not concern trade receivables which do not have a significant financing component. Such receivables are measured upon initial recognition at their transaction price.

Financial assets measured at the amortised cost

A financial asset is measured at the amortised cost if both conditions below are met:
- the business model taken assumes the maintenance of the asset to accumulate cash flows under the agreement;
- cash flows under the agreement and concerning one instrument comprise only the repayment of the principal and interest on the principal remaining to be paid.

The Company classifies, first of all, the following as financial assets measured at the amortised cost: trade receivables, cash and cash equivalents, investment security deposits and other receivables.

Financial assets measured at fair value through other total income

Assets measured at fair value through other total income are as follows:

- asset components, if two conditions are met: the asset is maintained in the business model which aims at obtaining agreed cash flows in relation to financial assets held and in relation to the sale of financial assets, and contractual conditions give the right to obtain cash flows constituting only the principal and interest on the principal at specific dates;
- equity instruments which were, upon initial recognition, classified into that category, with the omission of instruments for trading, for which such a choice is unavailable.

Financial assets measured at fair value through profit or loss

The category of assets measured at a fair value through profit or loss includes those financial instruments which were not allocated to the groups of assets measured at the amortised cost or fair value through other total income and those instruments about which the Company made a decision on such classification.

At the Company, that category includes, first of all, derivative instruments (the Company does not use hedge accounting), and debt or equity instruments acquired for resale in a short time.

Assets classified as financial assets measured at fair value through profit or loss are measured as at each reporting date at fair value, and any profits or losses charged to financial revenues or costs.

Financial liabilities measured at the amortised cost

The Company classifies all the financial liabilities as measured, after initial recognition, at the amortised cost, with the exception of:

- financial liabilities measured at fair value through profit or loss,
- financial liabilities which have arisen as a result of the transfer of a financial asset, which does not qualify for the cessation of recognition, or when the interest maintenance approach applies,
- financial guarantee agreements,
- obligations to grant a loan bearing interest below the market interest rate,
- conditional payment recognised by the acquiring entity as part of a business combination to which IFRS 3 applies.

The Company classifies the following, first of all, as financial liabilities measured at the amortised cost: credit, loans, trade liabilities and other liabilities.

Financial liabilities measured at fair value through profit or loss

The Company classifies financial liabilities meeting one of the following conditions as financial liabilities measured at fair value:

- compliance with the definition of holding for trade (liabilities acquired or contracted mainly for sale or resale in the near term or upon initial recognition; those liabilities are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of the current actual mode of generation of short-term profits or those liabilities are a derivative instrument, except derivative instruments being financial guarantee agreements or designated and effective hedging instruments),
- upon initial recognition, they are held by the Company as measured at fair value through profit or loss pursuant to law,
- are held upon initial recognition or later as measured at fair value through profit or loss.

In the Company, financial liabilities measured at fair value through profit or loss include primarily derivative instruments with a negative fair value (the Company does not use hedge accounting).

Measurement of financial assets and liabilities at fair value

Derivative instruments are measured at fair value as at the balance sheet date and at the end of each reporting period on the basis of valuations performed by banks effecting the transactions. Other financial assets measured at fair value are measured with the use of stock exchange quotations and, if there are none, with appropriate valuation techniques which comprise the use of the prices from recent transactions or of tender prices, a comparison with similar instruments, and option valuation models. The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

The Company classifies financial instruments in a hierarchical way, in conformity with the three main levels of valuation with reference to the fair value, which reflect the base taken for the valuation of each of the instruments.

The fair value hierarchy is as follows:
Level 1 – the prices of market quotations from active markets for identical assets and liabilities (e.g. shares and bonds quoted);
Level 2 – the prices from active markets, but other than the prices of market quotations – fixed directly (by comparison with actual transactions) or indirectly (through valuation techniques based on actual transactions), e.g. the majority of derivative instruments;
Level 3 – prices not originating from active markets.

The position of a financial instrument in the fair value hierarchy depends on the lowest valuation base affecting the determination of the fair value of such a financial instrument.

Impairment of financial assets

To estimate the impairment of financial assets, the Company uses the expected loss model based on the calculation of expected losses irrespective of whether there were any circumstances for that or not.

With the exception of financial liabilities acquired or issued with impairment, expected credit losses are recognised an allowance at the amount equal to:

- the total of expected credit losses over 12 months (the losses which may arise as a result of debtors' failure to meet the liabilities under financial instruments in the period of 12 months from the date of the financial statements);
- the total of expected credit losses over the entire life of an asset. Those losses should be recognised before the financial instrument becomes overdue.

The Company uses impairment requirements to recognise and measure the allowance for expected credit losses related to the financial assets which are measured at fair value through other total income. The allowance is recognised in other total income and that allowance does not reduce the balance sheet value of the financial asset in the statement of financial position.

Impairment of financial instruments, with regard to which a considerable increase of credit risk is noted from initial recognition, irrespective of whether they were measured individually or collectively, should take into consideration all rational and documentable information including information concerning the future.

In its profit or loss, the Company recognises as profit or impairment loss the amount of expected credit losses (or the amount of the dissolved provision), which is required in order to adjust the allowance for expected credit losses as at the reporting date to the amount to be recognised in conformity with IFRS 9.

Shares in subsidiaries and related entities

Shares in subsidiaries are reported by the Company in conformity with IAS 27 at the historical cost less impairment losses.

9.9 Derivative instruments

Derivative instruments

Derivative instruments are measured at the fair value as at the date of contract conclusion, and then revalued to the fair value as at each balance sheet date. The resulting profit or loss is recognised in the income statement immediately unless a derivative instrument acts as security. In such a case the moment of recognition of profit or loss depends on the nature of the hedging relationship. The Company defines the designated derivative instruments as fair value hedges for specified assets and liabilities or firm commitments (fair value hedges), for highly probable forecast transactions, for a currency exchange risk of firm commitments (cash flow hedges) or as hedges for net investments in foreign operations. Instruments are presented as non-current assets or long-term liabilities if the period to the instrument's maturity exceeds 12 months and it is not foreseen that such an instrument is realised or settled within 12 months. Other derivative instruments are reported as current assets or short-term liabilities.

Embedded derivative instruments

An embedded derivative instrument is a hybrid contract component which also comprises the basic agreement, which is not a derivative instrument. That component causes some cash flows following from the combined instrument to change in way similar to cash flows which would follow from the derivative instrument occurring independently.
If the hybrid contract comprises the basic contract which is a financial asset, the entity measures the entire hybrid contract as appropriate. In the opposite case embedded derivative instruments are segregated from contracts and treated as derivative instruments if all of the following conditions are met:

- the economic character and the risk of an embedded instrument are not closely linked to the economic character and risk of the agreement into which a given derivative instrument is embedded,
- an independent instrument with identical conditions of realisation as those of an embedded instrument would comply with the definition of a derivative instrument,
- a hybrid (combined) instrument is not reported at fair value, and the changes of its fair value are not recognised in profit or loss (i.e. a derivative instrument embedded in a financial liability measured at fair value through a profit or loss is not separated).

Embedded derivative instruments are recognised in the same way as independent derivative instruments (financial assets are measured at fair value through profit or loss).

9.10 Inventory

Inventory is valued at the lower of two values: the acquisition price / cost of manufacture and net realisable selling price.
The costs incurred in bringing each asset to its present location and condition, both in relation to the current and previous year, are recognised in the following way:

Materials	- at the acquisition price determined by way of the first in – first out method,
Finished products and work in progress	- the cost of direct materials and labour and an appropriate indirect labour determined on the assumption of the normal utilisation of production capacity,
Goods for resale	- at the price of acquisition determined by way of the specific identification (land).

The price of acquisition or cost of manufacture of inventory comprises all the purchase, processing and other costs incurred in bringing inventory to its present location and condition.

The costs of purchase of inventory comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

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

Inventory is reported at the net value (less revaluation deductions). Inventory revaluation deductions are created in relation to the loss of inventory value, with a view to bringing the value of inventory to the realisable net value level. Revaluation deductions are recognised directly as an expense. The value of a revaluation deduction reduces the balance sheet value of inventory comprised by such a deduction.

9.11 Trade and other receivables

Trade receivables and other financial receivables are valued as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate) less impairment losses. In the case of short-term receivables with the term of payment up to 1 year, where the significant financing component does not occur, the valuation at the amortised cost corresponds to the sum due.

When the influence of the time value of money is significant, the receivable is determined by discounting the projected future cash flows to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and the contractor's credit risk. If discounting has been used, an increase of the receivable in relation to the passage of time is recognised as financial revenues.

Non-financial receivables are initially recognised at their nominal value and measured at the payable amount as at the balance sheet date.

The principles concerning financial assets are used to determine revaluation deductions on receivables. In the case of trade receivables or assets under agreements arising from transactions covered by IFRS 15, the Company measures the allowance for expected credit losses in the amount equal to those losses over the entire life of the instrument.

Expected credit loss revaluation deductions on receivables are recognised as other operating costs. The reduction of the allowances is recognised in the income statement as other operating revenues.

9.12 Uninvoiced receivables from the settlement of long-term contracts

Within the above item, the Company reports a surplus revenue recognised at a given contract over the invoiced revenue by the percentage of completion method.

9.13 Cash and cash equivalents

Cash and short-term deposits reported in the balance sheet comprise cash at bank and at hand as well as short-term deposits with original maturity not exceeding three months.
The balance of cash and cash equivalents reported in the cash flow statement consists of the above-specified cash and cash equivalents.

9.14 Non-current assets held for disposal

Non-current assets (or their groups) held for disposal are classified as held for sale if their balance sheet value will be recovered through sale transactions rather than through continued use provided that they are available for sale immediately in their present condition, subject to the conditions customarily used in the sale of those assets (or disposal groups) and that their sale is highly probable.
Immediately before the qualification of an asset (or a disposal group) as held for sale, those assets are measured i.e. their balance sheet value is determined in conformity with the provisions of relevant standards. Property, plant and equipment as well as intangibles are amortised to the reclassification date, and if factors indicating possible impairment occur, an impairment test is conducted and, consequently, an allowance is recognised, in conformity with IAS 36 "*Impairment of Assets*".
Non-current assets (or disposal groups), whose value was fixed in the above way are reclassified to assets held for sale. On reclassification, those assets are measured at the lower of the following two: the balance sheet value or the fair value less the costs of disposal. The difference from the measurement at the fair value is recognised in other operating costs. Upon subsequent valuation, any reversal of the fair value is recognised in other operating revenues.
A non-current asset is not depreciated if it is classified as held for sale or is included in a disposal group that is classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.
If an entity no longer meets the criteria for the classification of an asset as held for sale, an asset is recognised in that balance sheet item from which it had been reclassified previously and measured at the lower of the following two amounts:

- the balance sheet value as at the date preceding the classification of an asset as held for sale, adjusted by amortisation or revaluation, which would have been recognised had the asset not been classified as held for sale, or
- the recoverable amount at the date of the decision not to sell.

9.15 Equity

Equity is recognised in accounting books with a division into its kinds and with reference to the principles set out in the provisions of law and the Company's Statutes.
Share capital is reported in the amount shown in the Statutes and the National Court Register. Declared but not paid-in capital contributions are recognised as capital not paid-in. Own shares and share capital not paid in decrease the Company's equity.

Share premium capital – that capital is constituted by surpluses achieved at the issue of shares less the costs of such an issue of shares.

Other capital is constituted by the revaluation reserve from the measurement of the fair value of financial assets included in the category of available-for-sale financial assets.
Retained profits are constituted by: supplementary capital and reserves from profit for subsequent years, retained profit or non-financed loss from previous years (accumulated profits/losses from previous years), and the profit or loss for a current financial year.

9.16 Interest bearing credit, loans and debt securities

Upon initial recognition, all credit, loans and debt securities are recognised at the price of acquisition corresponding to the fair value of cash received less credit or loan costs.
After initial recognition, interest-bearing credit, loans and debt securities are subsequently valued at the amortised cost with the application of the effective interest rate method.
The costs related to a loan or credit and the discounts or bonuses obtained upon the settlement of a liability are taken into account in the determination of the amortised cost.
Profits and losses are recognised in the income statement on the derecognition of a liability from the balance sheet, and also as a result of the calculation of an allowance.

9.17 Trade and other liabilities

Liabilities are a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

Financial and non-financial liabilities measured at the fair value through profit or loss are measured as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate). In the case of short-term liabilities with the term of payment up to 360 days, that valuation corresponds to the sum due.

Liabilities not classified as financial liabilities are measured at the amount required to be paid.

9.18 Provisions

Provisions are created when the Company has the obligation (legal or customarily expected) stemming from past events and when it is likely that meeting such obligation will cause the outflow of economic benefits as well as when the amount of that liability may be estimated credibly.

The recognised provision amount reflects possibly the most precise estimate of the amount required for the settlement of the current liability as at the balance sheet, with the risk and uncertainty of that liability taken into consideration. If the provision is measured by estimated cash flows necessary for the settlement of the current liability, the balance sheet value of the provision corresponds to the current value of those cash flows (when the influence of the time value of money is significant).

If the Company expects that the costs covered by the provision will be reimbursed, for example on the basis of an insurance agreement, such reimbursement is recognised as a separate asset but only when it is virtually certain that such reimbursement will actually take place and its reliable measurement is possible.

The amount of provisions is updated twice a year – after six months and at the end of a financial year.

9.19 Accrued income from the settlement of long-term contracts

That item comprises the surplus of the invoiced revenue on construction contracts over the revenue recognised and measured by the proportion of works completed.

9.20 Revenues

Revenues are recognised in such a way as to reflect the transfer of the promised goods or services to the customer, in the amount which reflects the remuneration to which the Company, as expected by it, will be entitled in consideration of those goods or services.
The Company recognises a revenue under an agreement with the customer only when all the following criteria are met jointly:

- the parties entered into an agreement (in writing, orally or in accordance with other customary trade practices) and are obliged to meet their obligations;
- The Company is able to identify each party's rights concerning the goods or services to be handed over;
- The Company is able to identify the terms of payment for the goods or services to be handed over;
- the agreement has economic contents;
- the entity is likely to receive the remuneration to which the entity will be entitled in consideration of the goods and services which will be handed over to the customer.

Upon conclusion of the agreement, the Company evaluates the goods or services promised in the agreement with the customer and identifies each promise made to the customer to provide the following as a performance obligation:

- discernible goods or a service (or a package of goods or services); or
- group of relevant goods or services, which are substantially the same and in the case of which their handover to the customer is of the same nature.

The Company recognises revenues on satisfying (or in the process of satisfying) the performance obligation through the handover of the promised goods or a service (i.e. an asset) to the customer. Asset handover takes place upon the customer gaining control of that asset, that is when the customer becomes able to dispose of that asset directly and derive substantially all other benefits from the asset. In the case of revenues from the property development activity, the Company acknowledges that control is transferred upon signing an acceptance inspection report in condition that the customer made all the payments towards the price of real estate.

The Company transfers the control of the goods or service with the passage of time and thus satisfies the performance obligation and recognises the revenues with the passage of time if one of the following conditions has been met:

- the customer simultaneously receives and derives benefits from the performance as it is provided by the Company;
- as the performance is being provided, an asset comes into being or is improved (e.g. work in progress), and control of that asset, as it comes into being or becomes improved) is exercised by the customer; or
- an asset with the alternative use for the Company does not come into being, and the Company is entitled to an enforceable right to the payment for the performance provided previously.

With regard to each performance obligation satisfied with the passage of time, the Company recognises the revenues with the passage of time while measuring the extent to which the performance obligation was satisfied. The purpose of the measurement is to determine the progress in the satisfaction of the Company's obligation to transfer control of the goods or services promised to the customer (i.e. the extent to which the performance obligation was fulfilled).

After the performance obligation has been fulfilled (or when it is being provided), the Company recognises as a revenue the amount equal to the transaction price (except the estimated values of the variable remuneration) which was allocated to that performance obligation. The transaction price does not include tax on goods and services (VAT), other taxes (except excise) and rebates (discounts and bonuses).

If the remuneration fixed in the agreement comprises the variable amount, the Company estimates the remuneration to which it will be entitled in consideration of the handover of the promised goods or services to the customer. At the end of each reporting period, the Company updates the estimated transaction prices so that they reliably reflect the circumstances at the end of the reporting period and the changes of the circumstances during that period.

Interest
Interest revenue is recognised gradually as it accrues (with the effective interest rate method taken into account, that rate being the discounting rate for future cash proceeds over the estimated period of use of financial instruments) in relation to the net balance sheet value of a financial asset.

Dividends
Dividends are recognised when the shareholders' right to receive payment is established.

9.21 Income tax

Current tax
Current tax expense is calculated on the basis of taxable income (the taxable base) in a given financial year. The tax profit (loss) differs from the accounting profit (loss) in connection with the exclusion of revenues which are not subject to tax and of the non-allowable costs. Tax expenses are calculated on the basis of tax rates in force in a given financial year.

Deferred tax
For the requirements of financial reporting, the income tax reserve is created by way of the balance sheet liability method in relation to all temporary differences occurring as at the balance sheet date between the positive value of assets and liabilities and their balance sheet value shown in the financial statements.
The deferred tax liability is recognised in relation to all taxable temporary differences:

- except when the deferred tax liability arises as a result of the initial recognition of goodwill or of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of taxable temporary differences following from investments in subsidiaries or associates and interests in joint ventures – except when the timing of the reversal of temporary differences is controlled by the investor and when it is probable that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax assets and unused tax losses carried forward to next years, in the amount in which it is probable that taxable income will be available, which will permit the above-mentioned differences, assets and losses to be utilised:

- except when the deferred tax assets pertaining to deductible temporary differences arise as a result of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of deductible temporary differences following from investments in subsidiaries or associates and interests in joint ventures, a deferred tax asset is recognised in the balance

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

sheet only in the amount in which it is probable that the above temporary differences will be reversed in the foreseeable future and that taxable income will be available, which will permit the deductible temporary differences to be deducted.

The balance sheet value of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Income tax on items recognised directly in equity is recognised in equity, and not in the income statement.

9.22 Net earnings per share

Net earnings per share for each period is calculated by dividing net profit for a given period by the weighted average number of shares in the given reporting period.

10. Information on operating segments

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

c) for which discrete financial information is available.

In accordance with the requirements of IFRS 8, operating segments shall be identified on the basis of internal reports concerning those elements of the Company, which are regularly reviewed by persons deciding on the allocation of a resource to a given segment and assessing its financial performance.

The Company's activity is focussed on one operating segment, which is the property development activity. The Company's activity is pursued in the whole territory of Poland.

11. Costs and revenues

11.1 Sales revenues

Sales revenues	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Revenues from the sales of products	180 630	274 839
Revenues from the sales of services	2 820	2 752
Revenues from the sale of goods for resale and materials		-
Total sales revenues	**183 450**	**277 591**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Sales revenues	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Domestic sales	183 450	277 591
Foreign sales	-	-
Total sales revenues	**183 450**	**277 591**

11.2 Costs by category, including employee benefits

Costs by category	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Depreciation of fixed assets	979	1030
Depreciation of intangibles	43	34
Depreciation of investment property	2	2
Depreciation – IFRS MSSF16	235	233
Consumption of materials and energy	53 842	49 671
External services	90 728	99 442
Taxes and charges	1 633	3 630
Costs of employee benefits, including:	20 537	18 565
• *payroll*	*17 332*	*15 417*
• *costs of social security and other benefits*	*3 205*	*3 148*
Other costs, including:	3 076	2 417
• *costs of credit*	*1 001*	*787*
• *entertainment and advertising*	*1 531*	*1 157*
• *property and personal insurances*	*309*	*269*
• *business trips*	*24*	*14*
• *other operating costs*	*211*	*190*
Total costs by category	**171 075**	**175 024**
Change in products, work in progress and accruals (+/-)	(18 211)	38 416
Costs of products for the entity's in-house needs (-)	(1 735)	-
Selling costs (-)	(5 229)	(5 747)
Administrative expenses (-)	(13 101)	(12 234)
Value of goods for resale and materials sold	-	-
Cost of sales	**132 799**	**195 459**
Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses	**151 129**	**213 440**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

11.3 Other operating revenues

Other operating revenues	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Net profit from the disposal of non-financial non-current assets	233	135
Penalties and damages received	386	179
Reimbursement of costs of court proceedings	4	-
Tax reimbursement	10	-
Settlement of the provision for contentious issues	64	22
Revenue from the lease margin	299	212
Total other operating revenues	**996**	**548**

11.4 Other operating costs

Other operating costs	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Valuation allowance for time-barred and cancelled receivables and bad debts	-	4
Provision for future costs	-	25
Provision for penalties, court costs and damages	26	265
Donations given	77	90
Penalties, fines and damages	89	64
Costs of court proceedings	6	39
Other – costs of land expropriation	263	-
Total other operating costs	**461**	**487**

11.5 Financial revenues

Financial revenues	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Interest revenue, including:	216	209
• *interest on bank deposits*	*-*	*40*
• *interest on loans*	*25*	*27*
• *interest on lease activities*	*108*	*101*
• *other interest*	*83*	*41*
Dividends received	3 637	3 139
Other	34	42
Financial revenues	**3 887**	**3 390**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

11.6 Financial costs

Financial costs	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Interest revenue, including:	1 490	1 358
• *interest on loans and credit*	*91*	*150*
• *interest on finance lease*	*14*	*19*
• *interest in relation to issue of debt securities*	*1 385*	*1 189*
• *interest on trade liabilities*	-	-
Other	23	30
Financial costs	**1 513**	**1 388**
Net financial revenues and costs	**2 374**	**2 002**

11.7 Borrowing costs

	01/01/2021 -31/12/2021	**01/01/2020 -31/12/2020**
Borrowing costs capitalised in work in progress during the period	726	783

12. Income tax

12.1 Income tax disclosed in the statement of total income

Income statement	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Current income tax	**14 131**	**7 645**
Current income tax liability	14 127	7 645
Adjustments concerning current income tax from previous years	4	-
Deferred income tax	**(7 953)**	**4 402**
Relating to the establishment and reversal of temporary differences	(7 953)	4 402
Tax liability shown in the statement of total income	**6 178**	**12 047**

As regards income tax, the Company is subject to the general provisions of law. The Company does not conduct activity in a Special Economic Zone. The tax and balance sheet year coincide with the calendar year.

12.2 Income tax recognised in equity – not applicable

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

12.3 Reconciliation of income tax on gross accounting profit

The reconciliation of taxable income with the accounting income is as follows:

	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Gross profit / (loss) from continuing operations before tax	35 230	66 214
Profit / (loss) from discontinued operations before tax	-	-
Profit /(loss) before tax	**35 230**	**66 214**
Profit / loss before tax	35 230	66 214
Non-taxable base revenues (-)	(4 135)	(74 312)
Revenues from previous years constituting the revenue in the current year (+)	71 448	-
Non-allowable costs (+)	9 042	53 517
Costs from previous years constituting allowable costs in the current year (-)	(35 360)	(2 773)
Tax costs concerning operating lease settlements (-)	(362)	(300)
Investment tax credit (-)	(250)	(250)
Negative temporary differences on which deferred income tax assets have not been recognised	-	-
Cost of issue of bonds	(1 135)	(1 449)
Other (+/-)	(125)	(409)
Current and deferred income tax base	**74 353**	**40 238**
Calculated loss from previous years	-	-
Current and deferred income tax base	74 353	40 238
Income tax with reference to the tax rate binding in Poland, 19 %	14 127	7 645
Adjustments concerning current income tax from previous years (+/-)	4	-
Deferred income tax	(7 953)	4 402
Income tax disclosed in the income statement	**6 178**	**12 047**
Income tax allocated to discontinued operations	-	-
Effective tax rate	**17.54 %**	**18.19 %**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

12.4 Deferred income tax

01/01/2021-31/12/2021	Status as at the beginning of the period	(Increases) charged to profit or loss	(Decreases) charged to profit or loss	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	116	124	(116)	124
Provision for unused vacation leave and retirement severance pay	119	103	(67)	155
Unpaid payroll	217	231	(217)	231
Provision for indemnities	34	-	(8)	26
Provision for the result on contracts	824	481	(19)	1 286
Provision for bond issue costs	-	46	-	46
Provision for a balance sheet audit	5	8	(5)	8
Provision for the loss of profit in relation to price reduction	266	-	(24)	242
Provision for commission on sold premises	243	90	(243)	90
IFRS 16	4	4	(4)	4
Other	104	60	(48)	116
	1 932	**1 147**	**(751)**	**2 328**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	12 471	4 917	(12 483)	4 905
Interest on loans granted	15	5	-	20
Property, plant and equipment	141	6	(1)	146
Other	2	-	(1)	1
	12 629	**4 928**	**(12 485)**	**5 072**
Total provision / deferred tax assets after compensation:				**2 744**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

01/01/2020-31/12/2020	Status as at the beginning of the period	(Increases) charged to profit or loss	(Decreases) charged to profit or loss	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	89	116	(89)	116
Provision for unused vacation leave and retirement severance pay	112	71	(64)	119
Unpaid payroll	65	217	(65)	217
Provision for indemnities	62	-	(28)	34
Provision for the result on contracts	735	89	-	824
Bond valuation	48	-	(48)	-
Provision for the balance sheet audit	6	5	(6)	5
Provision for the loss of profit in relation to price reduction	328	17	(79)	266
Provision for commission on sold premises	68	243	(68)	243
IFRS 16	3	4	(3)	4
Other	35	104	(35)	104
	1 551	**866**	**(485)**	**1 932**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	7 582	4 889	-	12 471
Interest on loans granted	10	5	-	15
Lease conversion	105	-	(105)	-
Property, plant and equipment	149	-	(8)	141
Other	-	2		2
	7 846	**4 896**	**(113)**	**12 629**

Total provision / deferred tax assets after compensation: **10 697**

13. Assets and liabilities relating to the Company Social Welfare Fund

The Company stopped the creation of the Company Social Welfare Fund on 1 January 2016.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

14. Earnings per share

The basic earnings per share are calculated by dividing net profit for a period, such profit falling to the Company's ordinary shareholders, by the average weighted number of the issued ordinary shares occurring in the period.
The diluted earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders (following the deduction of interest on redeemable privileged shares convertible into ordinary shares) by the average weighted number of the issued ordinary shares occurring in the period (such number having been adjusted by the impact of diluting options and diluting privileged shares convertible into ordinary ones).

The figures concerning profit and shares used for the calculation of the basic and diluted earnings per share are presented below:

Earnings per share	**01/01/2021 - 31/12/2021**	**01/01/2020 -31/12/2020**
Net profit (loss) from continuing operations	29 052	54 167
Net profit from discontinued operations	-	-
Net profit attributable to ordinary shareholders	**29 052**	**54 167**

The weighted average number of issued ordinary shares used for the calculation of the earnings per share from continuing operations is presented below.

Basic earnings per share	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Net profit	29 052	54 167
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0.7256	1.3528

Diluted earnings per share	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Net profit attributable to ordinary shareholders for diluted earnings per share calculation	29 052	54 167
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0.7256	1.3528

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

15. Dividends paid and declared

Declared and paid dividends for ordinary shares in the period:	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
Dividend paid from profit for 2020:	20 020	-
Dividend paid from profit for 2019:	-	6 006
	20 020	**6 006**

Pursuant to resolution No. 8/2021 of 28 June 2021 the Ordinary General Assembly of INPRO SA decided to allocate part of the Company's net profit for 2020 in the amount of PLN 20,020,000 i.e. PLN 0.50 per share towards the dividend to the Company's shareholders. The General Assembly set out 26 July 2021 as the record date and 9 August 2021 as the dividend date.

Pursuant to resolution No. 11/2020 of 25 June 2020 the Ordinary General Assembly of INPRO SA decided to allocate part of the Company's net profit for 2019 in the amount of PLN 6,006,000 i.e. PLN 0.15 per share towards the dividend to the Company's shareholders. The General Assembly set out 03 August 2020 as the record date and 17 August 2020 as the dividend date.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

16. Property, plant and equipment

MOVEMENT OF FIXED ASSETS 01/01/2021-31/12/2021	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**667**	**6 165**	**5 196**	**4 593**	**3 441**	**-**	**20 062**
b) increases (in relation to) (+)	**61**	**38**	**198**	**348**	**274**	**-**	**919**
• purchase			190		274		**464**
• modernisation			8				**8**
• takeover on the basis of a lease agreement				348			**348**
• other – IFRS 16	61	38					**99**
c) decreases (in relation to) (-)	**(253)**	**(1 783)**	**(21)**	**(316)**	**(29)**	**-**	**(2 402)**
• sale	(253)	(1 783)		(316)			**(2 352)**
• liquidation			(21)		(29)		**(50)**
d) gross value of fixed assets as at the end of the period	**475**	**4 420**	**5 373**	**4 625**	**3 686**	**-**	**18 579**
e) accumulated amortisation (depreciation) as at the beginning of the period (-)	**(71)**	**(1 843)**	**(4 443)**	**(3 616)**	**(2 970)**	**-**	**(12 943)**
f) depreciation for the period (in relation to) (-)	**32**	**(174)**	**(229)**	**(101)**	**(176)**	**-**	**(648)**
• annual depreciation charge	(7)	(100)	(250)	(417)	(205)		**(979)**
• sale of a fixed asset	44	156		316			**516**
• liquidation of a fixed asset			21		29		**50**
• IFRS 16	(5)	(230)					**(235)**
g) accumulated amortisation (depreciation) as at the end of the period (-)	**(39)**	**(2 017)**	**(4 672)**	**(3 717)**	**(3 146)**	**-**	**(13 591)**
h) net value of fixed assets as at the beginning of the period	**596**	**4 322**	**753**	**977**	**471**	**-**	**7 119**
i) net value of fixed assets as at the end of the period	**436**	**2 403**	**701**	**908**	**540**	**-**	**4 988**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

COMPARATIVE DATA

MOVEMENT OF FIXED ASSETS ON 01/01/2020 - 30/12/2020	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**667**	**6 165**	**5 263**	**4 789**	**3 294**	**-**	**20 178**
b) increases (in relation to) (+)	**-**	**-**	**75**	**162**	**255**	**-**	**492**
• purchase	-	-	70	-	183	-	**253**
• modernisation	-	-	5	-	72	-	**77**
• accepted on the basis of a lease agreement	-	-	-	162	-	-	**162**
c) decreases (in relation to) (-)	**-**	**-**	**(142)**	**(358)**	**(108)**	**-**	**(608)**
• sale	-	-	-	(358)	(13)	-	**(371)**
• liquidation	-	-	(142)	-	(95)	-	**(237)**
d) gross value of fixed assets as at the end of the period	**667**	**6 165**	**5 196**	**4 593**	**3 441**	**-**	**20 062**
e) accumulated amortisation (depreciation) as at the beginning of the period (-)	**(52)**	**(1 493)**	**(4 302)**	**(3 504)**	**(2 938)**	**-**	**(12 289)**
f) depreciation for the period (in relation to) (-)	**(19)**	**(350)**	**(141)**	**(112)**	**(32)**	**-**	**(654)**
• annual depreciation charge	(13)	(123)	(283)	(470)	(140)	-	**(1 029)**
• sale of a fixed asset	-	-	-	358	13	-	**371**
• liquidation of a fixed asset	-	-	142	-	95	-	**237**
• other – IFRS 16	(6)	(227)	-	-	-	-	**(233)**
g) accumulated amortisation (depreciation) as at the end of the period (-)	**(71)**	**(1 843)**	**(4 443)**	**(3 616)**	**(2 970)**	**-**	**(12 943)**
h) net value of fixed assets as at the beginning of the period	**615**	**4 672**	**961**	**1 285**	**356**	**-**	**7 889**
i) net value of fixed assets as at the end of the period	**596**	**4 322**	**753**	**977**	**471**	**-**	**7 119**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

The balance sheet value of all the fixed assets used as at 31 December 2021 on the basis of finance lease agreements and lease agreements with a purchase option was PLN 713 k (31 December 2020: PLN 599 k).

17. Investment property

In the current reporting period the net value of investment property decreased from the level of PLN 112 k to PLN 110 k, which is an outcome of the depreciation charges applied.

Item in the statements	**31/12/2021**	**31/12/2020**
Investment property	110	112
Total	**110**	**112**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

18. Intangibles

CHANGES IN INTANGIBLES 01/01/2021-31/12/2021	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period	**-**	**-**	**345**	**5**	**350**
b) increases (in relation to)	**-**	**-**	**29**	**-**	**29**
• purchase			29		29
c) decreases (in relation to)	**-**	**-**	**-**	**-**	**-**
• liquidation	-	-	-	-	-
d) gross value of intangibles as at the end of the period	**-**	**-**	**374**	**5**	**379**
e) accumulated depreciation as at the beginning of the period	**-**	**-**	**(324)**	**(5)**	**(329)**
f) depreciation for the period (in relation to) (-)	**-**	**-**	**(43)**	**-**	**(43)**
• depreciation (the annual charge)			(43)		(43)
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(367)**	**(5)**	**(372)**
h) net value of intangibles as at the beginning of the period	**-**	**-**	**21**	**-**	**21**
i) net value of intangibles as at the end of the period	**-**	**-**	**7**	**-**	**7**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

COMPARATIVE DATA:

CHANGES IN INTANGIBLES 01/01/2020-31/12/2020	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period	**-**	**-**	**290**	**5**	**295**
b) increases (in relation to)	**-**	**-**	**55**	**-**	**55**
• purchase	-	-	55	-	55
c) decreases (in relation to)	**-**	**-**	**-**	**-**	**-**
• liquidation	-	-	-	-	-
d) gross value of intangibles as at the end of the period	**-**	**-**	**345**	**5**	**350**
e) accumulated depreciation as at the beginning of the period	-	**-**	**(290)**	**(5)**	**(295)**
f) depreciation for the period (in relation to) (-)	**-**	**-**	**(34)**	**-**	**(34)**
• depreciation (the annual charge)	-	-	(34)	-	(34)
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(324)**	**(5)**	**(329)**
h) net value of intangibles as at the beginning of the period	**-**	**-**	**-**	**-**	**-**
i) net value of intangibles as at the end of the period	**-**	**-**	**21**	**-**	**21**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

19. Shares in related entities

Specification of shares in related entities as at the balance sheet date of 31/12/2021

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	80.32 %	80.32 %	10907
2.	Dom Zdrojowy Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	19 120
3.	Domesta Sp. z o.o.	Gdańsk, ul. Budowlanych 68B	Property development activity, main contracting for multi-family residential buildings	59.57 %	59.57 %	13 926
4.	Hotel Mikołajki Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	17 984*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Plumbing and heating systems	76.92 %	76.92 %	2 183
6.	SML Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Interior fit-out, construction and finishing services	100.00 %	100.00 %	201
						64 321

* The total equity interest of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions (PLN 35,150 k) made in 2015.

The shares in related entities did not change in 2021 in relation to the previous year.

As at 31/12/2021, the value of the shares in Hotel Mikołajki Sp. z o.o., Domesta Sp. z o.o., Dom Zdrojowy Sp. z o.o. and PI Isa Sp. z o.o. was reviewed for impairment.

The analysis was based on the current financial and economic position of the companies, on future development prospects, on the analysis of macroeconomic factors and on the characteristics of the markets on which those companies operate. Impairment tests were conducted with a 6-year horizon. The discount rates for the companies were respectively as follows: Domesta Sp. z o.o. – 7.1 % and PI Isa Sp. z o.o. – 9.4 %.

In relation to the change of the type of activity pursued by Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o. following the signing of tenancy agreements referred to in note 2 of the Report of the Management Board on the Group's Activity for 2018 and in note 2 of the Report of the Management Board on the Group's Activity for 2019, the value of the shares in those companies was reviewed for impairment as at 31/12/2021. The analysis was based on both companies' current financial and economic position and future development prospects, with the operational change and the analysis of macroeconomic factors and the characteristics of the market at which the companies operate. The agreements entered into with the hotel lessee and financial plans were the basis for cash flow projections. Assumptions were made as to lease revenues reflecting previous experience related to the business being pursued, and the prospects for the development of the hotel market in Poland.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Impairment tests for Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o. were conducted with a 6-year horizon. The discount rate for the companies was respectively as follows: Hotel Mikołajki Sp. z o.o. – 10.5 %, Dom Zdrojowy– 11.9 %. Following the test, no need to create a share revaluation deduction was identified.

Specification of shares in related entities as at the balance sheet date of 31/12/2020

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	80.32 %	80.32 %	10 907
2.	Dom Zdrojowy Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	19 120
3.	Domesta Sp. z o.o.	Gdańsk, ul. Budowlanych 68B	Property development activity, main contracting for multi-family residential buildings	59.57 %	59.57 %	13 926
4.	Hotel Mikołajki Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	17 984*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Plumbing and heating systems	76.92 %	76.92 %	2183
6.	SML Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Interior fit-out, construction and finishing services	100.00 %	100.00 %	201
						64 321

* The total equity interest of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions (PLN 35,150 k) provided in 2015.

The shares in related entities did not change in 2020 in relation to the previous year.

As at 31/12/2020, the value of the shares in Hotel Mikołajki Sp. z o.o., Domesta Sp. z o.o., Dom Zdrojowy Sp. z o.o. and PI Isa Sp. z o.o. was reviewed for impairment. The analysis was based on the current financial and economic position of the companies, on future development prospects, on the analysis of macroeconomic factors and on the characteristics of the markets on which those companies operate. Impairment tests were conducted with a 6-year horizon. The discount rates for the companies were respectively as follows: Domesta Sp. z o.o. – 5.2 % and PI Isa Sp. z o.o. – 7.3 %.

In relation to the change of the type of activity pursued by Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o. following the signing of tenancy agreements referred to in note 2 of the Report of the Management Board on the Group's Activity for 2018 and in note 2 of the Report of the Management Board on the Group's Activity for 2019, the value of the shares in those companies was reviewed for impairment as at 31/12/2020. The analysis was based on both companies' current financial and economic position and future development prospects, with the operational change and the analysis of macroeconomic factors and the characteristics of the market at which the companies operate. The agreements entered into with the hotel lessee and financial plans were the basis for cash flow projections. Assumptions were made as to lease revenues reflecting previous experience related to the business being pursued, and the prospects for the development of the hotel market in Poland.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Impairment tests for Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o. were conducted with a 6-year horizon. The discount rate for the companies was respectively as follows: Hotel Mikołajki Sp. z o.o. – 8.1 % and Dom Zdrojowy – 9.8 %.

Following the test, no need to create a share revaluation deduction was identified.

Security on shares in subsidiaries:

	31/12/2021	31/12/2020
Security established on financial assets for the benefit of Group companies	17 980	17 980
Total	**17 980**	**17 980**

Security on the shares of INPRO S.A. as at both 31/12/2021 and 31/12/2020 concerned the registered pledge of 04/10/2017 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 17,980 k for the following credit agreement:
- investment credit of 05/09/2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 54,321 k.
If the whole or part of the secured claim is not repaid, the satisfaction of the claims may take place by the satisfaction of the pledgee's claims, at its choice, in the manner prescribed by the regulations on enforcement proceedings, by the seizure of the title to the object of the pledge or by its sale in a public tender organised by a bailiff or notary public.
On the date of the registration of the pledge in the pledge register maintained by the Gdańsk-North District Court in Gdańsk, 9th Business Division of Pledge Registers (i.e. as from 16/11/2017), the agreement of 5 September 2011 for the registered pledging on rights, as amended, and the agreement of 23 May 2013 for the registered pledging of rights were terminated.

20. Other financial assets

Other short-term financial assets	31/12/2021	31/12/2020
Advances at separate revenue (escrow) accounts	19 832	13 983
Loans to related entities	-	-
Total	**19 832**	**13 983**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Other long-term financial assets	31/12/2021	31/12/2020
Additional contributions to the related entity's capital	35 150	35 150
Loans to related entities	1 104	1 079
Total	**36 254**	**36 229**

21. Inventory

Inventory	31/12/2021	31/12/2020
Materials at the acquisition price	488	140
Work in progress at the cost of manufacture	119 610	100 373
Finished goods at the cost of manufacture	23 327	22 985
Commodities at the acquisition price	166 297	160 250
Total	**309 722**	**283 748**

Ordinary mortgages and those to secure existing and future claims are established on inventories to secure credit repayment. Detailed information on mortgages established on inventory is included in note 27 of additional information.

The value of the borrowing costs capitalised in work in progress in the current period was presented in note 11.7.

The Company did not create any inventory revaluation reductions in 2021.

Inventory revaluation deductions	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Inventory revaluation deductions as at the beginning of the period	1 401	1 727
Revaluation deductions created	-	91
Reversal of revaluation deductions	(125)	(417)
Inventory revaluation deductions as at the end of the period	**1 276**	**1401**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

22. Trade and other receivables

	31/12/2021	31/12/2020
Receivables from related entities	**260**	**281**
Gross trade receivables	225	238
Other receivables	35	43
Receivables from other entities	**8 761**	**8 130**
Gross trade receivables	4 205	4 787
State budget receivables other than current income tax	1 697	2 141
Advances on inventory	1 490	482
Advances on fixed assets	-	80
Other non-financial receivables	1 369	640
Gross receivables	**9 021**	**8 411**
Valuation allowance for receivables	**(120)**	**(120)**
Short-term prepayments, including:	**143**	**130**
• subscription of periodicals	12	1
• software, domains, licences	34	22
• cost of insurances	80	86
• rent	12	10
• advertisements	-	5
• other prepaid expenses	5	6
Total receivables (net)	**9 044**	**8 421**

The conditions of transactions with related entities are presented in item 33 of additional information.

Trade accounts receivable are not interest-bearing and their time-limit for payment is usually 30 days. Trade and other receivables are valued as at the amortised cost with the application of the effective interest rate, with valuation allowances on receivables taken into account. The book value of receivables is close to their fair value. Trade receivables with the maturity date below 1 year from the date on which they arise are not subject to discounting.

The description of risks relating to trade and other receivables and the Company's policy concerning the management of those risks was presented in item 34 of additional information.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

23. Cash and cash equivalents

The balance of cash and cash equivalents shown in the statement of the financial position and in the cash flow statement consisted of the following items:

	31/12/2021	31/12/2020
Cash at bank and in hand	41 273	78 136
Cash at bank deposits (without overnight deposits)	-	-
Total cash and cash equivalents	**41 273**	**78 136**

	31/12/2021	31/12/2020
Cash in PLN	41 273	78 136
Total cash and cash equivalents	**41 273**	**78 136**

Free cash is accumulated at bank accounts and invested in fixed-time deposits, if any. The Company obtains both variable and fixed interest rates on cash. As interest rates were low in 2021, the Company was using fixed-term bank deposits to a minimum extent.

The fair value of cash and cash equivalents as at 31 December 2021 is PLN 41,273 k (31 December 2020: PLN 78,136 k).

As at 31 December 2021, the Company had unused credit for property development projects in the amount of PLN 117,381 k, including an open credit line up to PLN 16,000 k (31 December 2020): PLN 76,300 k, including an open credit line up to PLN 16,000 k). Those funds will be used with the progress of the construction works.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

24. Explanation to the cash flow statement

		01/01/2021 -31/12/2021
1.	Balance sheet change in provisions	(6 572)
2.	Change in provisions in the cash flow statement	1 381
3.	Difference	7 953
4.	Explanation of the difference:	7 953
-	change in provisions in relation to CIT	7 953
1.	Balance sheet change in prepayments	(22)
2.	Change in prepayments in the cash flow statement	(22)
3.	Difference	-
1.	Balance sheet change in inventory	(25 975)
2.	Change in inventory in the cash flow statement	(27 710)
3.	Difference	(1 735)
4.	Explanation of the difference:	(1 735)
-	finished products handed over for lease	(1 735)
1.	Balance sheet change in net long and short-term receivables	(829)
2.	Change in receivables in the cash flow statement	96
3.	Difference	925
4.	Explanation of the difference:	925
-	change in receivables in relation to CIT	(588)
-	lease receivables	1 513
1.	Balance sheet change in long and short-term liabilities and accruals	(8 771)
2.	Change in long and short-term accruals in the cash flow statement	(5 948)
3.	Difference	2 823
4.	Explanation of the difference:	2 823
-	change in short and long-term loans and credit	19 188
-	change in liabilities in relation to CIT	(132)
-	change in liabilities in relation to finance lease	(61)
-	change in liabilities in relation to the acquisition of fixed assets, fixed assets under construction and intangibles	(15)
-	change of advances on separate revenue accounts	(5 849)
-	change in liabilities in relation to the issue of debt securities	(9 454)
-	change in lease-related accruals	(733)
-	MSSF16	(121)
1.	**Balance sheet change in cash**	**(36 863)**
2.	**Change in cash in the cash flow statement**	**(36 863)**
3.	**Difference**	**-**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

25. Share and other capital

25.1 Share capital

As at:	31/12/2021	31/12/2020
Registered share capital	4 004	4 004

SHARE CAPITAL AS AT 31/12/2021						
Series	Kind of shares	Kind of preferential rights on the shares	Kind of restriction of the rights to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

SHARE CAPITAL AS AT 31/12/2020						
Series	Kind of shares	Kind of preferential rights on the shares	Kind of restriction of the rights to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

The shareholding structure was described in detail in note No. 2 in Additional Information.

Nominal share value
All the issued shares have the nominal value of PLN 0.10 and are fully paid for.

Shareholders' rights
Series A and B shares carry one vote per share. The shares are equally preferred as to the dividend and return from equity.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

25.2 Supplementary capital

Supplementary capital was created from profits from previous years in conformity with resolutions adopted by the shareholders and from the issue of shares above their nominal value. Supplementary capital is presented under retained profits. Only share premium is shown under a separate item.

25.3 Other capital

By way of resolution No. 29/2021 of 28/06/2021 of the Ordinary General Assembly of INPRO SA, reserve capital in the amount of PLN 11,000 k was created through the transfer of that amount from the supplementary capital. The reserve capital created in that way will be used for the acquisition of the Company's own shares for the purpose of their redemption and financing the costs of these proceedings.

The revaluation reserve from financial assets available for sale is not applicable.
The reserve capital related to exchange gains/losses from the conversion of subordinate units is not applicable.

25.4 Retained profits and restrictions on capital

On the basis of § 396 of the Commercial Companies Code, INPRO SA is obliged to maintain retained profit (the so-called supplementary capital) up to 1/3 of the share capital only for the financing of possible financial losses. As at 31/12/2021, retained profit exceeded the value of the share capital many times and amounted to PLN 269,069 k.

26. Provisions

26.1 Change in provisions

01/01/2021-31/12/2021	Retirement and other post-employment benefits	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	**Total**
Status as at the beginning of the period	**272**	**1 208**	**612**	**10 386**	**12 478**
Increase (+)	91	26	654	4 143	**4 914**
Decrease (-)	-	(306)	(612)	(2 615)	**(3 533)**
Status as at the end of the period	**363**	**928**	**654**	**11 914**	**13 859**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

01/01/2020 -31/12/2020	Retirement and other post-employment benefits	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties granted	Other provisions	**Total**
Status as at the beginning of the period	**252**	**1 170**	**466**	**6 742**	**8 630**
Increase (+)	20	290	312	6 474	**7 096**
Decrease (-)	-	(252)	(166)	(2 830)	**(3 248)**
Status as at the end of the period	**272**	**1 208**	**612**	**10 386**	**12 478**

Time structure of provisions	**31/12/2021**	**31/12/2020**
Long-term part	363	272
Short-term part	13 496	12 206
Total provisions	**13 859**	**12 478**

26.2 Retirement severance pay

The Company pays retiring employees retirement severance pay in the amount set out by the Labour Code.
The Company does not separate assets which could be used to settle the retirement severance pay in the future. The Company creates a provision for future retirement severance pay liabilities to allocate the costs to the periods concerned.
The provision is updated twice a year – after six months and at the end of a financial year.
For the purpose of the update of the provision as at the end of the current period, the Company took the available inflation forecasts, the analysis of the increase of the minimum pay ratios and the projected profitability of highly liquid securities.
The main assumptions taken by the Company as at the balance sheet date and for the years ended on 31 December 2021 and 31 December 2020 for the calculation of the liability are as follows:

	31/12/2021	**31/12/2020**
Discount rate	5 %	1.7 %
Estimated remuneration growth rate	4 %	0 %

26.3 Employment termination benefits

In the event of employment termination, the Company's employees are entitled to benefits prescribed by the provisions of labour law in force in Poland, such benefits including the annual leave equivalent and indemnities in relation to the non-competition obligations. The amount of the provision for the unused vacation leave equivalent is revised on the last day of the financial year and on the last day of the half-year of a given financial year.
Provisions for other employment termination benefits are created upon the expiry of the employment relationship.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

26.4 Other provisions

That item is composed of, among other things, the following provisions:

- for unused vacation leave (PLN 448 k),
- for the additional remuneration for 2021 (PLN 1,218 k),
- for construction works to be done (PLN 9,732 k),
- for commissions on the results on sold projects (PLN 475 k),
- for the costs of the balance sheet audit (PLN 40 k).

27. Interest-bearing bank credit, loans, issued bonds and liabilities relating to finance lease

Long-term financial liabilities	31/12/2021	31/12/2020
Liabilities relating to finance lease and lease agreements with a purchase option	213	158
Loans and credit	10 409	20 813
Long-term bonds	33 164	-
Impact of IFRS 16	526	562
Total	**44 312**	**21 533**

Short-term financial liabilities	31/12/2021	31/12/2020
Liabilities relating to finance lease and lease agreements with a purchase option	252	247
Loans and credit	6 118	14 902
Bond issue – the short-term part	1 051	24 761
Impact of IFRS 16	144	243
Total	**7 565**	**40 153**

There were no cases of violation of credit agreements in the periods covered by these financial statements.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Credit liabilities of INPRO SA as at 31/12/2021

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			Other security
					Mortgage	Mortgage object	Location	
SGB Bank SA	PLN	9 000	5 402	02/10/2023	mortgage up to PLN 13,500 k	GD1G/00094562/5	Straszyn, the commune of Pruszcz Gdański	blank promissory note, power of attorney to the current account, statement on submission to enforcement (Article 777 of the Civil Procedure Code) up to PLN 13,500 k in favour of SGB Bank S.A.
Consortium of SGB Bank SA and KBS in Wejherowo	PLN	14 000	4 795	30/09/2023	Mortgage up to PLN 15,000 k, mortgage up to PLN 6,000 k	GD1G/00328648/2	Pruszcz Gdański	assignment under the insurance policy, 2 blank promissory notes, power of attorney to the current and escrow account, assignment of claims from the escrow account at KSB in Wejherowo in favour of SGB Bank S.A., assignment of claims from the current account at SGB Bank SA in favour of KBS SA in Wejherowo, statement on submission to enforcement (Article 777 of the Civil Procedure Code) up to PLN 15,000 k in favour of SGB Bank S.A. and up to PLN 6,000 k in favour of KBS SA in Wejherowo
mBank SA	PLN	21 045	-	31/10/2023	Contractual real estate mortgage up to PLN 31,568 k	GD1G/00305894/4	Pruszcz Gdański, ul. Jana z Kolna	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
mBank SA	PLN	21 900	2 975	30/08/2023	contractual real estate mortgage up to PLN 32,850 k	GD1G/00323464/3 and GD1G/00243821/9 (plot 28/8)	Gdańsk, ul. Jasińskiego	assignment of rights under insurance policy, blank promissory note, assignment of claims from the buyers of units in favour of the Bank
mBank SA	PLN	32 400	3 355	29/09/2023	contractual real estate mortgage up to PLN 48,600 k	GD1G/00031092/0	Gdańsk, ul. Nowatorów	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
mBank SA	PLN	24 430	-	29/09/2023	contractual real estate mortgage up to PLN 36,645 k	GD1W/00127124/8, GD1W/00127125/5	Rumia, ul. Jeziorna	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
Alior Bank SA	PLN	15 000	-	31/07/2022	-	-	-	power of attorney to accounts, the Company's submission to Article 777 of the Civil Procedure Code, blank promissory note, Guarantee from the Liquidity Guarantee Fund up to PLN 20,000 k with the deadline of 31/10/2022
Total credit liabilities			**16 527**					

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Credit liabilities of INPRO SA as at 31/12/2020

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			Other security
					Mortgage	Mortgage object	Location	
SGB Bank SA	PLN	10 850	7 440	31/12/2022	mortgage up to PLN 16,275 k	GD1G/00315282/4	Gdańsk, ul. Unruga	blank promissory note, power of attorney to the current account, statement on submission to enforcement (Article 777 of the Civil Procedure Code) up to PLN 16,275 k in favour of SGB Bank S.A.
SGB Bank SA	PLN	9 000	8 486	02/10/2023	mortgage up to PLN 13,500 k	GD1G/00094562/5	Rotmanka	blank promissory note, power of attorney to the current account, statement on submission to enforcement (Article 777 of the Civil Procedure Code) up to PLN 13,500 k in favour of SGB Bank S.A.
mBank SA	PLN	31 500	2 845	31/05/2022	contractual real estate mortgage up to PLN 47,250 k	GD1G/00031092/0	Gdańsk, ul. Nowatorów	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
mBank SA	PLN	25 500	5 623	30/09/2022	contractual real estate mortgage up to PLN 38,250 k	GD1G/00295593/0	Pruszcz Gdański	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
Powiślański Bank Spółdzielczy SA	PLN	5 000	1 389	31/10/2021	contractual real estate mortgage up to PLN 7,500 k	GD1Y/00109619/4, GD1Y/00103465/7	Gdynia ul. Fleszarowa - Muskat	blank promissory note, power of attorney to bank accounts
Millennium Bank SA	PLN	20 000	9 432	30/06/2022	contractual real estate mortgage up to PLN 30,000 k	GD1W/00000189/5	Rumia, ul. Jeziorna	assignment of rights under the insurance policy, assignment under sale agreements for the premises, assignment all the rights to site records under a suspensory condition, a statement under Article 777 of the Civil Procedure Code
Alior Bank SA	PLN	25 000	500	31/07/2022	-	-	-	power of attorney to bank accounts, Company's submission to the regime of Article 777 of the Civil Procedure Code blank promissory note Guarantee from the Liquidity Guarantee Fund up to PLN 20,000 k until 31/10/2022
Total credit liabilities			**35 715**					

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Open credit lines as at 31/12/2021

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			
					Mortgage	Mortgage object	Location	Other
Alior Bank S.A.	PLN	16 000	-	14/11/2022	joint mortgage up to PLN 24,000 k	GD1G/00068140/0, GD1G/00083407/1, GD1G/00281583/6, GD1G/00284240/1, GD1G/00279506/6, GD1G/00300460/8	Gdańsk, ul. Opata Jacka Rybińskiego 8, ul. Opacka	power of attorney to bank accounts, assignment under insurance policy for real property in Gdańsk, Opata Jacka Rybińskiego 8, Company's submission to Article 777 of the Civil Procedure Code, blank promissory note

Open credit lines as at 31/12/2020

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			
					Mortgage	Mortgage object	Location	Other
Alior Bank S.A.	PLN	16 000	-	17/10/2021	joint mortgage up to PLN 24,000 k	GD1G/00036115/3, GD1G/00068140/0 i GD1G/00083407/1, GD1G/00261401/1, GD1G/00281583/6, GD1G/00279506/6, GD1G/00285339/9, GD1G/00284240/1, GD1G/00000020/9	Gdańsk, ul. Myśliwska, Opata Jacka Rybińskiego 8, ul. Jana Pawła II, ul. Opacka	power of attorney to bank accounts, assignment under insurance policy for real property in Gdańsk, 8 Opata Jacka Rybińskiego Street, Company's submission to the regime of Article 777 of the Civil Procedure Code

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Liabilities in relation to bonds issued as at 31/12/2021

Kind of liability	Currency	Issue value	Nominal value of the liability	Balance sheet value of the liability	Repayment deadline	Security			
						Mortgage	Mortgage object	Location	Other
bearer bonds with coupons issued at the Warsaw Stock Exchange purpose of the issue – to finance current operations and repay the issue of B series bonds	PLN	35 000	35 000	34 215	7.10.2025	mortgage up to PLN 52,500 k	GD2W/00040638/7	Jastarnia, ul. Kościuszki 2A (the Dom Zdrojowy hotel)	
Total liabilities in relation to bonds			**35 000**	**34 215**					

Liabilities in relation to bonds issued as at 31/12/2020

Kind of liability	Currency	Issue value	Nominal value of the liability	Balance sheet value of the liability	Repayment deadline	Security			
						Mortgage	Mortgage object	Location	Other
Bearer bonds with coupons issued at the Warsaw Stock Exchange purpose of the issue - financing current operations	PLN	25 000	25 000	24 761	10/10/2021	mortgage up to PLN 37,500 k	GD2W/00040638/7	Jastarnia, ul. Kościuszki 2A (the Dom Zdrojowy hotel)	
Total liabilities in relation to bonds			**25 000**	**24 761**					

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

28. Liabilities relating to finance lease agreements and tenancy agreements with a purchase option

Nominal value of minimum lease payments	31/12/2021	31/12/2020
Within 1 year	252	247
Within from 1 to 3 years	213	158
Within from 3 to 5 years	-	-
Impact of IFRS 16	670	805
Total liabilities relating to finance lease – minimum total lease payments	**1 135**	**1 210**
Financial costs in relation to finance lease	14	19

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

As at the balance sheet date, the Company had the following liabilities relating to lease agreements:

Financing party	Object of the agreement	Agreement number	Initial value in PLN	Agreement end date	Liability as at the end of the reporting period	Short-term part	Long-term part
Toyota Leasing Polska Sp. z o.o.	Toyota Rav 4	37972018	110	10/05/2023	31	21	10
RCI Leasing Polska Sp. z o.o.	Nissan Qashqai	900000689	90	23/05/2022	7	7	-
Toyota Leasing Polska Sp. z o.o.	Toyota C HR	41932019	76	20/07/2022	13	13	-
Volkswagen Leasing GmbH	Seat Leon	5230446-1219-13763	106	23/07/2022	18	18	-
Toyota Leasing Polska Sp. z o.o.	Toyota C HR	68572019	87	07/10/2022	22	22	-
RCI Leasing Polska Sp. z o.o.	Nissan Qashqai	900000721	82	15/10/2022	22	22	-
Santander Leasing SA	Nissan Qashqai	NP1/04339/2020	90	24/05/2023	39	28	11
Toyota Leasing Polska Sp. z o.o.	Toyota Corolla	60372020	72	24/07/2023	36	22	14
Volkswagen Leasing GmbH	VW T-roc	5230446-1221-03877	108	09/06/2024	79	33	46
Volkswagen Leasing GmbH	Skoda Octavia	5230446-1221-21344	96	30/10/2024	73	25	48
Mercedes-Benz Leasing Polska Sp. z o.o.	Mercedes Vito CDI Mixto	L374292	144	09/12/2024	125	41	84
					465	**252**	**213**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Liabilities of INPRO SA in relation to lease agreements as at 31/12/2020:

Financing party	Object of the agreement	Agreement number	Initial value in PLN	Agreement end date	Liability as at the end of the reporting period	Short-term part	Long-term part
Toyota Leasing Polska Sp. z o.o.	Toyota Auris	27582018	59	10/03/2021	6	6	-
Toyota Leasing Polska Sp. z o.o.	Toyota Auris	27592018	59	10/03/2021	6	6	-
Toyota Leasing Polska Sp. z o.o.	Toyota Yaris	27572018	43	10/03/2021	4	4	-
Toyota Leasing Polska Sp. z o.o.	Toyota Rav 4	37972018	110	10/05/2023	50	20	30
RCI Leasing Polska Sp. z o.o.	Nissan Qashqai	9000006889	90	23/05/2022	35	27	8
Toyota Leasing Polska Sp. z o.o.	Toyota C HR	41932019	76	20/07/2022	36	23	13
Volkswagen Leasing GmbH	Seat Leon	5230446-1219-13763	106	23/07/2022	51	51	-
Toyota Leasing Polska Sp. z o.o.	Toyota C HR	68572019	87	07/10/2022	48	26	22
RCI Leasing Polska Sp. z o.o.	Nissan Qashqai	9000007251	82	15/10/2022	46	24	22
Santander Leasing SA	Nissan Qashqai	NP1/04339/2020	90	24/05/2023	66	27	39
Toyota Leasing Polska Sp. z o.o.	Toyota Corolla	60372020	72	24/07/2023	57	33	24
					405	**247**	**158**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

29. Trade and other liabilities

Long-term liabilities	31/12/2021	31/12/2020
In relation to related entities	**183**	**197**
Trade liabilities	183	197
In relation to other entities	**3 254**	**3 000**
Trade liabilities	3 254	3 000
Other liabilities	-	-
Total trade and other long-term liabilities	**3 437**	**3 197**

Short-term liabilities	31/12/2021	31/12/2020
In relation to related entities	**1 305**	**1 199**
Trade liabilities	1 305	1 199
Other non-financial liabilities	-	-
In relation to other entities	**66 512**	**66 686**
Trade liabilities	14 401	12 086
Payroll payable	267	308
State budget liabilities other than current income tax	762	678
Advances received	50 730	53 344
Other liabilities	352	270
Total trade and other short-term liabilities	**67 817**	**67 885**

Total trade and other liabilities	**71 254**	**71 082**

The conditions of transactions with related entities are presented in item 33 of additional information.
Trade liabilities are not interest-bearing and are usually settled within 30-day periods.
Other liabilities are not interest-bearing and their average payment term is usually 1 month.
The amount following from the difference between value added tax receivable and payable is paid to the competent tax authorities in the required periods.

30. Long-term contracts

The Company did not perform any long-term contracts in the reporting period and in the previous year.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

31. Contingent liabilities and receivables

31.1 Other contingent liabilities

Contingent liabilities	31/12/2021	31/12/2020
Surety for a promissory note	-	5 348
Liabilities in relation to bank guarantees granted mainly as security on the performance of trade agreements	2 566	2 566
Other contingent liabilities	36 214	36 214
Total contingent liabilities	**38 780**	**44 128**

Contingent liabilities as at 31/12/2021:

1. Unconditional agreement for granting by INPRO SA of subordinate loans to Hotel Mikołajki Sp. z o.o. to cover additional costs, if any, of the project in excess of those specified in the business plan submitted to PKO BP and to repay credit awarded by that Bank. The security for investment credit under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 05/09/2011, as amended (credit obtained by Hotel Mikołajki Sp. z o.o.).

2. Joint and severable civil law surety given by INPRO S.A. for the liabilities of Hotel Mikołajki Sp. z o.o. in relation to investment credit agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011, as amended, such a surety granted on the basis of Annexe No. 4 of 25/06/2015, in the total amount of PLN 28,517,303.81 as at 25/06/2015.

3. Bank payment guarantee for PLN 2,566,140 issued upon instruction from INPRO SA by mBank SA in favour of the Gdańsk City Commune, with the expiry date of 31/12/2022. The guarantee was issued to secure funds for the purposes of the announcement by the Directorate for Gdańsk City Development of the public contract for the undertaking comprising stage III of the road project Nowa Opacka Street) and as security for the commune's claims in the event of INPRO SA's failure to pay invoices for construction works executed as part of the road project.

Contingent liabilities as at 31/12/2020:

1. Unconditional agreement for granting by INPRO SA of subordinate loans to Hotel Mikołajki Sp. z o.o. to cover additional costs, if any, of the project in excess of those specified in the business plan submitted to PKO BP and to repay credit awarded by that Bank. The security for investment credit under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 05/09/2011, as amended (credit obtained by Hotel Mikołajki Sp. z o.o.).

2. Joint and severable civil law surety given by INPRO S.A. for the liabilities of Hotel Mikołajki Sp. z o.o. in relation to investment credit agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011, as amended, such a surety granted on the basis of Annexe No. 4 of 25/06/2015, in the total amount of PLN 28,517,303.81 as at 25/06/2015.

3. Surety for a bill of exchange granted by INPRO S.A. for the liabilities of inBet Sp. z o.o. under operating lease agreement No. 38/0211/15 of 10/07/2015 of PLN 5,347,553.56 signed with PEKAO Leasing Sp. z o.o.

4. Bank payment guarantee for PLN 2,566,140 issued upon instruction from INPRO SA by mBank SA in favour of the Gdańsk City Commune, with the expiry date of 31/12/2022. The guarantee was

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

issued to secure funds for the purposes of the announcement by the Directorate for Gdańsk City Development of the public contract for the undertaking comprising stage III of the road project (Nowa Opacka Street) and as security for the commune's claims in the event of INPRO SA's failure to pay invoices for construction works executed as part of the road project.

31.2 Contingent receivables

Contingent receivables	31/12/2021	31/12/2020
Guarantees received	21 259	20 573
Total contingent receivables	**21 259**	**20 573**

The main item among contingent liabilities as at 31/12/2021 is the guarantee from the Liability Guarantee Fund up to PLN 20,000 k with the expiry date of 31/10/2022. The guarantee is established as security for the repayment of credit in the amount of PLN 15,000 k (the initial sum being PLN 25,000 k) granted to INPRO SA by Alior Bank SA and described in the credit table, note 27.

31.3 Investment liabilities

As at 31/12/2021 and 31/12/2022, the Company did not disclose investment liabilities.

31.4 Significant court cases

The Company was not a party to significant court proceedings as at 31 December 2021.

31.5 Tax settlements

Tax settlements and other areas of activity subject to the regulations (e.g. customs or foreign currency matters) may be inspected by administrative bodies authorised to impose high penalties and other sanctions. The lack of reference to established legal provisions in Poland causes ambiguities and inconsistencies in the binding legal provisions. Frequent differences in opinions about the legal interpretation of tax provisions both within state bodies and between them and enterprises cause the rise of uncertainty and conflict areas. Those phenomena cause the tax risk in Poland to be significantly higher than the risk usually existing in countries with a more developed tax system.

Tax settlements may be the subject to inspection for a five year period from the end of a year in which tax was paid. As a result of inspections, the Company's previous tax settlements may be increased by additional tax liabilities.

32. Security on the Company's assets

Security established on the Company's assets as at 31 December 2021 and 31 December 2020

Security - the fair value*	31/12/2021	31/12/2020
- on property, plant and equipment	24 000	24 000
- on current assets	139 950	176 775
Total	**163 950**	**200 775**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

* Note. In addition to security on the Company's assets shown in the table above and described below, security was also established on the Company's shares in subsidiaries, as described in note 19 in these financial statements.

31/12/2021

Security on non-current assets

Joint contractual mortgage up to PLN 24,000 k in favour of Alior Bank SA on the share of INPRO SA in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, ul. Opata Jacka Rybińskiego, land and mortgage register No. GD1G/00068140/0, on the right to non-residential unit No. 2 in Gdańsk, ul. Opata Jacka Rybińskiego 8, land and mortgage register GD1G/00083407/1 (a legal security for the repayment of an overdraft facility; details in current report No. 24/2016 of 22/09/2016 and current report No. 25/2019 of 14/10/2019).

Security on current assets

This concerns legal security established on current assets. The schedule of mortgages established on current assets as at 31/12/2021 in the total amount of PLN 139,950 k is included in note No. 27.

31/12/2020

Security on non-current assets

Joint contractual mortgage up to PLN 24,000 k in favour of Alior Bank SA on the share of INPRO SA in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, ul. Opata Jacka Rybińskiego, land and mortgage register No. GD1G/00068140/0, on the right to non-residential unit No. 2 in Gdańsk, ul. Opata Jacka Rybińskiego 8, land and mortgage register GD1G/00083407/1 (a legal security for the repayment of an overdraft facility; details in current report No. 24/2016 of 22/09/2016 and current report No. 25/2019 of 14/10/2019).

Security on current assets

This concerns legal security established on current assets. The schedule of mortgages established on current assets as at 31/12/2020 in the total amount of PLN 176,775 k is included in note No. 27.

33. Information on related entities

33.1 Transactions with related entities

The following table presents the total amounts of transactions effected with related entities for the financial years 2021 and 2020.

Revenues from the sale of products, services, goods for resale and materials to related entities	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
InBet Sp. z o.o.	195	182
Dom Zdrojowy Sp. z o.o.	55	46
Domesta Sp. z o.o.	17	2
Hotel Mikołajki Sp. z o.o.	41	41
PI Isa Sp z o.o.	64	96
SML Sp. z o.o.	41	14
Transactions with the Members of the Management Board	-	417
Total	**413**	**798**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Purchase from related entities	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
InBet Sp. z o.o.	10 024	8 425
Dom Zdrojowy Sp. z o.o.	627	1
Hotel Mikołajki Sp. z o.o.	-	-
PI Isa Sp z o.o.	4 100	5 845
SML Sp. z o.o.	-	147
Hotel Oliwski Sp z o.o.	-	1
Total	**14 751**	**14 419**

Sales of Inpro SA as per invoices	**01/01/2021 -31/12/2021**	**01/01/2020 -31/12/2020**
InBet Sp. z o.o.	195	198
Dom Zdrojowy Sp. z o.o.	55	46
Domesta Sp. z o.o.	17	2
Hotel Mikołajki Sp. z o.o.	75	81
PI Isa Sp. z o.o.	64	96
SML Sp. z o.o.	41	14
Transactions with the Members of the Management Board	-	417
Total	**447**	**854**

Loans granted by Inpro SA	**31/12/2021**	**31/12/2020**
To related entities:		
Hotel Mikołajki Sp. z o.o.	1 104	1 079
Total loans granted to related entities	**1 104**	**1 079**

Receivables from related entities

	31/12/2021	**31/12/2020**
Trade receivables – up to 12 months	**225**	**238**
InBet Sp. z o.o.	18	32
Dom Zdrojowy Sp. z o.o.	4	9
Hotel Mikołajki Sp. z o.o.	194	194
PI Isa Sp. z o.o.	6	2
SML Sp. z o.o.	3	1
Trade receivables – over 12 months	-	-
Other receivables up to 12 months	**35**	**43**
InBet Sp. z o.o.	1	3
Hotel Mikołajki Sp. z o.o.	34	40
Total receivables	**260**	**281**
InBet Sp. z o.o.	19	35
Dom Zdrojowy Sp. z o.o.	4	9
Hotel Mikołajki Sp. z o.o.	228	234
PI Isa Sp. z o.o.	6	2
SML Sp. z o.o.	3	1

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Liabilities in relation to related entities

	31/12/2021	31/12/2020
Trade liabilities – up to 12 months	**1 305**	**1 199**
InBet Sp. z o.o.	445	458
Dom Zdrojowy Sp. z o.o.	-	-
PI Isa Sp. z o.o.	860	741
Trade liabilities over 12 months	**183**	**197**
InBet Sp. z o.o.	9	19
PI Isa Sp. z o.o.	174	178
Other liabilities up to 12 months	**101**	**101**
InBet Sp. z o.o. – impact of IFRS 16	101	101
Other liabilities over 12 months	**96**	**189**
InBet Sp. z o.o. – impact of IFRS 16	96	189
Total liabilities	**1685**	**1 686**
InBet Sp. z o.o.	651	767
Dom Zdrojowy Sp. z o.o.	-	-
PI Isa Sp. z o.o.	1 034	919

33.2 Conditions of transactions with related entities

Transactions with related entities are effected on terms and conditions equivalent to those binding in transactions with other entities.

33.3 Loan granted to a member of the Management Board

The Company did not give loans to the members of the Management Board.

34.3 Remuneration of the Company's senior management

The remuneration of the senior management comprises:

The remuneration paid to the senior executives (with surcharges) comprises:	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Management Board	**5 095**	**2 858**
Short-term employee benefits	3 895	2 858
Benefits related to employment relationship termination*	1 200	-
Supervisory Board	**292**	**301**
Short-term employee benefits	292	301
Other senior executives	**1 178**	**1 084**
Short-term employee benefits	1 178	1 084
Jubilee awards and retirement severance pay		-
TOTAL	**6 565**	**4 243**

* This pertains to remuneration for resignation from the function of a Member of the Management Board

Note: the table above shows remuneration with the payment date in 2021

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

33.5 Participation of the senior management in the employee share programme

Not applicable.

34. Purposes and rules of financial risk management

The main financial instruments used by the Company include bank credit, loans, finance lease agreements, lease agreements with a purchase option, cash and short-term deposits. The main purpose of those financial instruments is to obtain funds for the Company's activity. The Company also has other financial instruments such as trade receivables and liabilities which arise directly in the course of its activity. The main kinds of risk arising from the Company's financial instruments comprise the interest rate, liquidity, currency and credit risks. The Management Board reviews and agrees the principles of managing each of those kinds of risk. Those principles were briefly discussed below.

34.1 Interest rate risk

The Company has credit liabilities for which interest is computed on the basis of a variable interest rate, in relation to which there is a risk of the increase of those rates against the time when the agreement was entered into. The Company also deposits free cash in variable rate deposits, which results in the reduction of profits when interest rates go down.
Information on assets and liabilities exposed to the interest rate risk is presented below.
In view of the fact that the Company had both assets and liabilities bearing variable interest (a fact which balanced the risk) and that interest rate fluctuation in the past years was insignificant, the Company did not use interest rate hedging. As interest rates were seen to grow in the last quarter of 2021 and are estimated to grow further in 2022, the Company does not rule out hedging in the future and keeps monitoring the exposure to the interest rate risk and the relevant current forecasts.

The table below shows the balance sheet value of the Company's financial instruments exposed to the interest rate risk broken down to various age categories.

01/01/2021-31/12/2021					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets					-
Lease receivables	1 346	1 703	890		3 939
Total	**1 346**	**1 703**	**890**	**-**	**3 939**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	41 273				41 273
Short-term financial assets	19 832				19 832
Loans granted	-			1 104	1 104
Bank credit	(6 118)	(10 409)			(16 527)
Debt securities issued	(1 051)	(1 982)	(31 182)		(34 215)
Liabilities relating to finance lease and lease agreements with a purchase option	(252)	(213)			(465)
Total	**53 684**	**(12 604)**	**(31 182)**	**1 104**	**11 002**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

01/01/2020 - 31/12/2020					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	-	-	-	-	**-**
Liabilities relating to finance lease and lease agreements with a purchase option	(247)	(158)	-	-	**(405)**
Total	**(247)**	**(158)**	**-**	**-**	**(405)**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	78 136	-	-	-	78 136
Short-term financial assets	13 983	-	-	-	13 983
Loans granted	-	-	-	1 079	1 079
Bank credit	(14 902)	(20 813)	-	-	(35 715)
Debt securities issued	(24 761)	-	-	-	(24 761)
Total	**52 456**	**(20 813)**	**-**	**1 079**	**32 722**

The interest rate on variable interest rate financial instruments is updated in periods below one year. Interest on fixed interest financial instruments is fixed throughout the period to the maturity of those instruments. The Company's other financial instruments not covered in the tables above do not bear interest and are therefore not subject to the interest rate risk.

34.2 Foreign currency risk

The Company is not exposed to the currency conversion rate risk because of insignificant sales of products in a foreign currency and because of the coverage of the majority of the costs of production in the national currency. Moreover, all the Company's credit, loans and deposits are denominated in the national currency. The currency risk is insignificant.

No receivables in foreign currencies occurred as at 31/12/2021 and 31/12/2000.
The Company had no foreign currency liabilities as at 31/12/2021 and 31/12/2020.

34.3 Other price risk

The Company is not exposed to another significant price risk related to financial instruments, there is, however, a price risk related to the prices of both the Company's products and of the materials. The Company's products and raw materials are not commonly offered on commodity exchanges, a fact which prevents the implementation of hedging strategies. The increase of the prices of materials and services is made up for by the increase of the selling price of flats at the property development market.

34.4 Market risk sensitivity analysis

As at 31 December 2021 and 31 December 2020 the Company does not have receivables and liabilities expressed in a foreign currency.
The potentially possible changes concerning the market risk were assessed by the Company as follows:

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

1.0 % point change of the PLN interest rate (an increase or decrease of that rate).
The above figures were determined on the annual basis.
The sensitivity analysis conducted by the Company takes the impact of taxation into account.
The influence of potentially possible changes on the Company's profit or loss and capital is presented in the table below:

31/12/2021

Item in the financial statements	value of the item	Interest rate risk			
		impact on the result		impact on the capital	
		+ 100 base points	- 100 base points	+ 100 base points	-100 base points
Bank deposits	19 832	198	(198)		
Debt securities issued	34 215	(342)	342		
Credit incurred	16 527	(165)	165		
Other financial liabilities (lease)	465	(5)	5		
Loans granted	1 104	11	(11)		
Total increase / (decrease) before tax		(303)	303		
Income tax		58	(58)		
Total increase / (decrease) after tax		**(245)**	**245**		

31/12/2020

Item in the financial statements	value of the item	Interest rate risk			
		impact on the result		impact on the capital	
		+ 100 base points	- 100 base points	+ 100 base points	-100 base points
Bank deposits	13 983	140	(140)		
Debt securities issued	24 761	(248)	248		
Credit incurred	35 715	(357)	357		
Other financial liabilities (lease)	405	(4)	4		
Loans granted	1 079	11	(11)		
Total increase / (decrease) before tax		(458)	458		
Income tax		87	(87)		
Total increase / (decrease) after tax		**(371)**	**371**		

1. Short-term bank deposits

31/12/2021

These comprise short-term deposits (with a variable interest rate) and interest-bearing deposits on escrow accounts, totalling PLN 19,832 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 19,832 k x 100 base points] = PLN 198 k.

31/12/2020
These comprise short-term deposits (with a variable interest rate) and interest-bearing deposits on escrow accounts, totalling PLN 13,983 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 13,983 k x 100 base points] = PLN 140 k.

2. Bonds

31/12/2021
Variable interest bonds expressed in PLN at 34,215 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN [PLN 34,215 k x 100 base points] = PLN 342 k.

31/12/2020
Variable interest bonds expressed in PLN at 24,761 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN [PLN 24,761 k x 100 base points] = PLN 248 k.

3. Credit

31/12/2021
Variable interest credit expressed in PLN in the amount of PLN 16,527 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 16,527 k x 100 base points] = PLN 165 k.

31/12/2020
Variable interest credit expressed in PLN in the amount of PLN 35,715 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 35,715 k x 100 base points] = PLN 357 k.

4. Other financial liabilities (lease)

31/12/2021
Variable interest lease liabilities expressed in PLN in the amount of PLN 465 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 465 k x 100 base points] = PLN 5 k.

31/12/2020
Variable interest lease liabilities expressed in PLN in the amount of PLN 405 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 405 k x 100 base points] = PLN 4 k.

5. Loans

31/12/2021
Variable interest loans expressed in PLN in the amount of PLN 1,104 k. Sensitivity
Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 1,104 k x 100 base points] = PLN 11 k.

31/12/2020
Variable interest loans expressed in PLN in the amount of PLN 1,079 k. Sensitivity
Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 1,079 k x 100 base points] = PLN 11 k.

34.5 Other price risk

The Company is not exposed to another significant price risk related to financial instruments, there is, however, a price risk related to the prices of both the Company's products and of the materials. The Company's products and raw materials are not commonly offered on commodity exchanges, a fact which prevents the implementation of hedging strategies.

34.6 Credit risk

The Company is exposed to credit risk understood as the risk of the creditors failing to meet their obligations and thus causing the Company to suffer losses. The maximum exposure to credit risk as at the balance sheet date (31 December 2020: PLN 4,905 k) is PLN 4,310 k and was estimated as the balance sheet value of trade and other receivables (without short-term accruals, advances to inventories and state budget liabilities).

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

01/01/2021-31/12/2021			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	**4 310**	4 055	33	2		10	210

1/1/2020 - 31/12/2020			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	**4 905**	4 629	42	17	8	4	205

In the opinion of the Company's Management Board, no significant concentration of the credit risk occurs because the Company has many customers. The Company takes steps aiming the limitation of the credit risk, such steps consisting in: checking the customers' credit rating, fixing credit limits, monitoring the customers' situation, sometimes obtaining security (promissory notes, letters of credit, sureties and security on movable property and real estate). As at 31/12/2021, the Company's receivables were not covered by security.
In the opinion of the Company's Management Board, the credit risk is covered in the financial statements by way of creation of valuation allowances. No new valuation allowances were created in relation to credit losses as at the balance sheet date and 31/12/2020.
Credit risk related to bank deposits, derivative instruments and other investments is considered insignificant because the Company effected transactions with companies with an established financial position.
There is no significant concentration of the credit risk at the Company.

34.7 Liquidity risk

The Company is exposed to liquidity loss risk understood as the risk of losing the capacity to pay liabilities within the specified time limits. The risk stems from the potential restriction of access to financial markets, which may result in the lack of an opportunity to obtain new finance or to refinance its debt. In the opinion of the Company's Management Board, owing to the safe amount of cash as at the balance sheet date (note 23), and cash deposits at recognised banks, available credit lines (note 27), new credit agreements signed after the balance sheet date (note 39) and the Company's good financial condition, the liquidity loss risk should be assessed as slight.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Cash at bank and in hand (the EuroRating):

Item in the financial statements	31/12/2021	31/12/2020
Cash at bank and in hand	41 273	78 136
Other short-term financial assets (funds at escrow accounts)	19 832	13 983
Total	**61 105**	**92 119**

Rating	31/12/2021	31/12/2020
A- rated bank	43	16
BBB rated bank	26 821	11 750
BB+ rated bank	-	5 611
BB rated bank	9 474	6 315
B rated bank	20 760	52 558
Cash desk	24	17
Non-rated bank	3 983	15 852
Total	**61 105**	**92 119**

The analysis of financial liabilities in time intervals was presented below. The figures constitute non-discounted cash flows, which are the Company's maximum risk exposure.

Age structure of financial liabilities:

01/01/2021-31/12/2021		Liabilities maturing in the period			
Age structure of financial liabilities	**Total liabilities**	up to 30 days	from 31 to 90 days	from 91 to 365 days	over 365 days (see the note below)
Trade liabilities	19 143	12 171	2 908	627	3 437
Bonds issued	34 215			1 051	33 164
Loans and credit	16 527	257	514	5 347	10 409
Other financial liabilities (including IFRS 16)	1 135	37	75	284	739
Total	**71 020**	**12 465**	**3 497**	**7 309**	**47 749**

Liabilities maturing over 365 days	1-3 years	3-5 years	>5 years	Total
Trade liabilities	1 552	1 885		3 437
Bonds issued	1 982	31 182		33 164
Loans and credit	10 409			10 409
Other financial liabilities	314	3	422	739
Total	**14 257**	**33 070**	**422**	**47 749**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

01/01/2020-31/12/2020		**Liabilities maturing in the period**			
Age structure of financial liabilities	**Total liabilities**	up to 30 days	from 31 to 90 days	from 91 to 365 days	over 365 days (see the note below)
Trade liabilities	16 482	10 287	2 356	642	3 197
Bonds issued	24 761	-	412	24 349	-
Loans and credit	35 715	706	1 412	12 784	20 813
Other financial liabilities	1 210	41	82	367	720
Total	**78 168**	**11 034**	**4 262**	**38 142**	**24 730**

Liabilities matured over 365 days	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Trade liabilities	1 718	1 472	7	3 197
Bonds issued	-	-	-	-
Loans and credit	20 813	-	-	20 813
Other financial liabilities	351	3	366	720
Total	**22 882**	**1 475**	**373**	**24 730**

35. Capital management

The Company manages its capital to retain the capacity to continue as a going concern with the implementation of the planned investments taken into account to be able to generate a return to the shareholders and yield benefits to the other stakeholders.
In accordance with the market practice, the Company monitors capital on the basis of, among other things, the net worth ratio and the credit, loan and other sources of finance to EBITDA ratio.
The ratio concerning the financing of assets with equity is calculated as the equity to total assets ratio. Compared to the previous year, the ratio increased by 3 pp, that is to the level of 71 %.
The debt to equity ratio calculated as the relationship of liabilities with the exception of provisions to equity decreased to 0.36 (this was 0.40 as at 31/12/2020).
The net worth ratio is calculated as the net value of property, plant and equipment (equity less intangibles) to the balance sheet total.
The credit, loans and other sources of finance to EBITDA ratio is calculated as the ratio of credit, loans and other sources of finance to EBITDA. Credit, loans and other sources of finance means the total liability in relation to credit, loans and leases, and EBITDA is the profit from operating activities plus depreciation.
To maintain financial liquidity and credit capacity enabling borrowing at a reasonable cost level, the Company assumes that it will maintain the net worth ratio at the level not lower than 0.4, and of the credit, loans and other sources of finance to EBITDA ratio at the level of up to 10.

Equity to total assets ratio	**31/12/2021**	**31/12/2020**
Equity	346 841	337 809
Total assets	488 166	494 477
	0.71	**0.68**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Relationship between liabilities and equity	31/12/2021	31/12/2020
Total liabilities (without provisions)	124 722	133 493
Equity	346 841	337 809
	0.36	**0.40**

Net worth ratio	31/12/2021	31/12/2020
Total equity less intangibles	346 834	337 788
Balance sheet total	488 166	494 477
	0.71	**0.68**

Ratio: Credit, loans and other sources of finance/EBITDA	31/12/2021	31/12/2020
Profit from operating activities	32 856	64 212
Plus: depreciation	1 260	1 299
EBITDA	**34 116**	**65 511**
Credit, loans and other sources of finance	**51 877**	**61 686**
	1.52	**0.94**

36. Financial instruments

The fair value of the financial instruments held by the Company as at 31 December 2021 and 31 December 2020 did not differ considerably from the figures presented in the financial statements for the particular periods for the following reasons:
• a discounting effect, if any, in relation to short-term instruments is not significant;
• those instruments concern the transactions effected on market conditions.

Financial assets	Classification in accordance with IFRS 9	31/12/2021	31/12/2020
Trade receivables	Assets measured at the amortised cost	4 310	4 905
Loans granted – long term	as above	1 104	1 079
Other short-term financial assets	as above	19 832	13 983
Cash and cash equivalents	as above	41 273	78 136
Other long-term financial receivables (lease)	as above	2 593	640
Other short-term financial receivables (lease)	as above	1 346	1 786
		70 458	**100 529**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Financial liabilities	Classification in accordance with IFRS 9	31/12/2021	31/12/2020
Long-term loans and bank credit	Financial liabilities valued as at the amortised cost	10 409	20 813
Short-term loans and bank credit	as above	6 118	14 902
Trade liabilities	as above	19 143	16 482
Debt instrument liabilities	as above	34 215	24 761
Other long-term financial liabilities (lease)	as above	739	720
Other short-term financial liabilities (lease)	as above	396	490
		71 020	**78 168**

Revenue, cost, profit and loss items included in the statement of total income divided into financial instrument categories

01/01/2021-31/12/2021	Financial assets measured at the amortised cost	financial liabilities valued as at the amortised cost	Total
Interest revenues/costs	*133*	*(105)*	*28*
Changes in liabilities in relation to the issue of debt securities, due to the time for meeting the liability becoming closer	-	*(1 385)*	*(1 385)*
Total	**133**	**(1 490)**	**(1 357)**

01/01/2020-31/12/2020	Assets measured at the amortised cost	financial liabilities valued as at the amortised cost	Total
Interest revenues/costs	167	(169)	**(2)**
Changes in liabilities in relation to the issue of debt securities, due to the time for meeting the liability becoming closer	-	(1 189)	**(1 189)**
Total	**167**	**(1 358)**	**(1 191)**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

37. Employment structure

The average employment level at the Company in the period from January to December 2021 and in the comparative period was as follows:

	01/01/2021 -31/12/2021	01/01/2020 -31/12/2020
Management Board	4	5
Administration	32	33
Sales Department	8	7
Production Division	83	89
Other	5	5
Total	**132**	**139**

38. Remuneration of the statutory auditor or entity authorised to audit financial statements

1. For 2021:
a) audit of the separate and consolidated annual financial statements – PLN 38.9 k,
b) audit of the separate statements of the Group companies – PLN 51.9 k,
c) review of the interim separate and consolidated financial statements – PLN 27.9 k

2. For 2020:
a) audit of the separate and consolidated annual financial statements – PLN 38.2 k,
b) audit of the separate statements of the Group companies – PLN 40 k,
c) review of the interim separate and consolidated financial statements – PLN 23 k

39. Significant events affecting the Company’s activity in the reporting period

The events significantly affecting the activity of INPRO SA, its financial results as well as development prospects are described in items 10 and 25 of the report of the Management Board of activity in 2021.

One of the major external factors affecting the Company in 2021 was the SARS-CoV-2 pandemic.

INPRO SA keeps monitoring the developments related to the persistent consequences of the SARS-CoV-2 coronavirus spread. The Management Board of INPRO SA is, however, unable to specify unambiguously the impact of that virus spread on operations in the long-term perspective, financial results and the prospects of the Company’s development.

As the premises being purchased are paid for in instalments, the level of funds at escrow accounts is high and the projects underway have obtained credit financing including through the issue of bonds, we cannot see a risk of the reduced liquidity of INPRO in the nearest months (in the context of the pandemic), given the factors indicated above, the diminishing number of infection cases and the lifting of government-imposed restrictions.

40. Events after the balance sheet date

a) On 20/01/2022 INPRO SA signed with mBank SA a working capital credit agreement for PLN 23,920 k for the partial financing of the costs of construction of stage I of the KONCEPT residential estate in Gdańsk, Bramińskiego Street. The agreement was described in current report No. 3/2022 of 20/01/2022.

b) On 25/01/2022 INPRO SA signed a purchase agreement for land in Rotmanka. The purchase price of the land does not exceed 10 % of the Issuer's equity.

c) On 27/01/2022 INPRO SA received a notice from Ms Grażyna Maria Dąbrowska - Stefaniak, Ms Monika Anna Stefaniak and Mr Wojciech Kacper Stefaniak on the acquisition of a considerable package of shares in the Company. The notice was given under Article 69 para. 1 item 1 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments into an organised trading system, and on public companies. As a result of the receipt by Ms Grażyna Maria Dąbrowska-Stefaniak, Ms Monika Anna Stefaniak and Mr Wojciech Kacper Stefaniak, by way of inheritance from Piotr Stefaniak, who died on 13/12/2021, of the shares of INPRO SA and due to the lack of the distribution of the estate, the above-mentioned heirs advised that they were jointly entitled to 8,460,000 shares together representing 21.13 % of the share capital of INPRO SA and carrying 8,460,000 at the Company's General Assembly and constituting 21.13 % of the total number of votes in INPRO SA, however, Ms Grażyna Maria Dąbrowska -Stefaniak is authorised in the share amounting to 4/6 part, Ms Monika Anna Stefaniak in the share amounting to 1/6 part and Mr Wojciech Stefaniak in the share amounting to 1/6 part and, pursuant to Article 333 § 2 of the Commercial Companies Code, they exercise their rights at the Company through their joint representative, Ms Monika Anna Stefaniak.

d) On 31 January 2022 INPRO SA received from Mr Wojciech Stefaniak, a Member of the Company's Supervisory Board, the notification under Article 19 para. 1 of Regulation of the European Parliament and of the Council (EU) No. 596/2014 of 16 April 2014 on market abuse (MAR) about the acquisition of a package of Company shares by inheritance. When filing the notification at the Company's registered office, Mr Wojciech Stefaniak also pointed out that following acceptance on 27 January 2022 of the estate of his father, Piotr Stefaniak, the distribution of the estate had not yet been effected, therefore Wojciech Stefaniak was jointly entitled, with the other heirs, to 8,460,000 shares of INPRO S.A. as referred to in the notification, his shareholding of the above-mentioned shares being 1/6.

e) On 07/02/2022 INPRO SA signed an operating lease agreement for 36 months with Volkswagen Financial Services Polska Sp. z o.o. for the purchase of a Volkswagen T-Roc. The net value of the object of lease is PLN 108.3 k. The agreement does not provide for legal security for lease repayment.

f) On 10/02/2022 INPRO SA signed two operating lease agreements for 36 months with Toyota Leasing Polska Sp. z o.o., each for the purchase of a Toyota Corolla. The net value of the object of lease is PLN 78.5 k (per vehicle). The agreements do not provide for legal security for lease repayment.

g) On 10/02/2022 the Gdańsk-North District Court in Gdańsk, 3rd Land and Mortgage Register Division, in division IV of land and mortgage registers Nos. GD1G/00323464/3 and GD1G/00330080/9, made an entry of the contractual real estate mortgage up to PLN 32,850 k on the assets of INPRO SA constituting legal security for the repayment of working capital credit at PLN 21,900, granted by mBank SA., and financing the costs of construction of the Optima IV residential estate in Gdańsk.

h) On 22/02/2022 mBank SA, upon order from INPRO SA, issued a performance guarantee for PLN 2,537,220.58 in favour of the State Treasury – the General Director of National Roads and Motorways, with the expiry date of 30/09/2027/ The guarantee will be reduced to PLN 761,166.17 upon receipt by the bank of the final acceptance report for the works and provide security for claims under guarantee and warranty for defects. The guarantee is issued to ensure the correct performance of the agreement to be signed by INPRO and the General Director for National Roads and Motorways (GDDKiA) in relation to the redevelopment of the road layout of Jana III Sobieskiego and Kombatantów streets in Rumia.

i) At the session on 1 March 2022, the Supervisory Board of INPRO SA adopted resolution No. 1/2022 on the amendment of resolution No. 1/2021 of 12 March 2021 of the Supervisory Board on the determination of the entity entitled to: i) make the reviews of the financial statements for 2021-2023, namely the review of the separate statements of INPRO S.A. and the consolidated statements of the INPRO S.A. Corporate Group; ii) perform the audit of the financial statements as at 31 December 2021, 2022 and 2023, i.e. the audit of the separate statements of INPRO S.A. and consolidated statements of the INPRO S.A. Corporate Group. The Supervisory Board decided that in lieu of Moore Rewit Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk, that entity will be Moore Polska Audyt spółka z o.o. with its registered office in Warsaw (00 – 613), ul. Tytusa Chałubińskiego 8, registered in the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Business Division of the National Court Register, under number KRS 0000922603, tax ID (NIP): 711052300, National Official Business Register (REGON): 520003823, which is registered on the list of auditor firms under number 4326. The resolution was adopted in relation to information submitted by Moore Rewit Audyt Sp. z o.o. indicating that on 3 January 2022 a process was completed whereby Moore Rewit Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk (80-137), ul. Starodworska 1, contributed the organised part of the enterprise ("OPE") into Moore Polska Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (00 – 613), ul. Tytusa Chałubińskiego 8. As part of the OPE constituting a set of tangible and intangible assets organisationally and financially separated from the structure of Moore Rewit Audyt sp. z o.o., all the rights and obligations under previous financial review agreements were transferred to Moore Polska Audyt sp. z o.o.

j) On 14/04/2022 the Gdańsk-North District Court in Gdańsk, 3rd Land and Mortgage Register Division, recorded in division IV of land and mortgage register No. GD1G/00330247/8 the contractual real estate mortgage up to the sum of PLN 48,600 k on INPRO SA's assets, such mortgage constituting legal security for the repayment of the working capital credit financing the cost of construction of the Start II estate in Gdańsk in the amount of PLN 32,400 k granted by mBank SA.

k) On 22/04/2022 INPRO SA signed with mBank SA a working capital credit agreement for PLN 35,940 k for the partial financing of the costs of construction of the RYTM estate in Gdańsk Matarnia. The agreement is described in current report No. 11/2022 of 22/04/2022.

The Russian army's invasion of the Ukraine in February this year was a significant post-balance-sheet-date event which affects not only the Company, but also the economy of the entire region. The military invasion and the outbreak of the war caused not only the concern and uncertainty of the society, but also seriously influenced the economy (mainly due to the crude oil price increase). In the first weeks of the conflict in the Ukraine, the decline in the demand was on the property development market and a wave of resignations from signed reservation agreements (as was also the case following the outbreak of the SARS-CoV-2 pandemic) could be seen.

Another negative factor restricting the demand on the market is the interest rate increase which reduces the mortgage credit capacity of prospective buyers. The situation has improved and demand is mainly generated by those customers who wish to invest surplus cash and protect their savings against high inflation.

The ever-growing interest rates as well as labour, materials and energy costs give rise to concern. The good side is, however, that the Company has not noted the outflow of Ukrainian workers from the construction industry such which would significantly affect the Company's production capacity. The demand and prices on the rental market are growing (due to the influx of refugees from the Ukraine), which should stimulate the demand on the property development market.

The Company is monitoring the developments related to the consequences of the war in the Ukraine. In view of the quickly changing circumstances, the Management Board of INPRO SA is unable to specify unambiguously the impact of the conflict on the activity, financial results and the development prospects of the Company in long-term perspective.

Whilst the Company has a sizeable land bank with valid building permits, in view of the situation in the Ukraine, decisions on launching the next projects will depend on the economic situation and the demand from prospective buyers. In the opinion of the Management Board, the Company's situation is stable in view of the debt level and the available level of cash. Taking into account the progress of construction works on projects coming to an end this year and the sales level on those, the Management Board of INPRO do not expect many resignations from agreements which have been signed already. If the current pace of the works is maintained, there should be no significant delays to the construction works, and the Company should generate a safe, previously expected level of revenues on its activity in 2022.

Gdańsk, 28 April 2022