



ANNUAL REPORT 2021

Annual Report 2021

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Letter from President of the Management Board to Shareholders of **Mennica Polska SA**

Ladies and Gentlemen, Dear Shareholders,

This has been another year in a row with excellent results, confirming that our efforts to maximise the benefits to our Shareholders translate into specific achievements. During times of turmoil and uncertainty, we have repeatedly proven that a diversified business is a guarantee of the financial stability of the Group.

In 2021, in our primary business area, we have significantly entrenched our position in the market of investment gold sales. Attractive offering, diversified sales channels and continuity of supply are the key competitive advantages of Mennica Polska that affect the result of the whole mint products segment.

In the reporting period, as a result of our fruitful cooperation with the National Bank of Poland, we have completed orders for circulation coins and collector coins for a total amount of more than PLN 93 million. In December 2021, in turn, we received further annual collective orders for 2022, for the production and supply of coins of general circulation with a value of approximately PLN 77 million.

In the international market, the circulation coins we had made were sent to several central banks, primarily from South America, including Costa Rica, Paraguay, Dominican Republic and Colombia. In the search for new markets to expand our business, we have submitted 20 proposals. We have signed a contract with the Rastra Bank in Nepal for the production of 300 million circulation coins. The order will be implemented during the next three years. We also won a tender procedure in the Dominican Republic for the supply of 20 million coins in 2022. At the same time, after the balance sheet date, we received another confirmation that we were a highly appreciated partner of that central bank. Our next proposal was also successful, and we will supply another 25 million coins to the Dominican Republic in 2022, with 85 million more in 2023. In the group of collector coins, in the analysed period, we have participated in 15 tender procedures, which resulted in several significant orders, e.g., from the Bank of Oman and the Central Bank of Nicaragua.

We are very active in the electronic payments segment, and we have successfully implemented our ongoing projects and made efforts to acquire new orders. In December 2021, we won the competition for the operator of cash-free payments in public transport vehicles in Poznań. The contract will be effective for five years, starting from the commissioning of our innovative Open Payment System, which was rewarded by industry experts and appreciated by the passengers. Mennica Polska was also successful in the reporting period in a tender procedure for the lease and comprehensive support of several hundred mobile cash-free ticket machines in Łódź. In Wrocław, in turn, we have renewed the cooperation agreement by two more years, which means that it will continue to be in effect until September 2028.

This past year also saw the continuation of our work on the implementation of innovative projects. In Bydgoszcz, we implemented a solution thanks to which passengers in Poland can confirm their right to ride based on a season ticket in two ways – using the Mint Mobile Bydgoszcz mobile application and one of the additional IDs, e.g.: city card, electronic student ID or payment card. What is more, in 2021, one of the trailblazing projects of Mennica Polska related to modern payments in public transport was awarded at the TRANSEXPO International Fair of Public Transport.

In the area of real estate development, we have been successfully implementing our key projects. The final sales of residences under the "Mennica Residence II" project closed at the end of 2021 with 340 signed contracts out of the total of 341 residences. In the case of the "Bulwary Praskie" project, all living units in building S1 found their buyers, and final sale contracts for the units were signed by the end of 2021 in the form of notarial deeds for 138 residences. At the moment, we are already constructing the entire first stage, consisting of two quarters. Within the next few months, we expect to obtain the building permit for 10 buildings of the next stage of the project, consisting of more than 750 residences. Regarding our real estate development business, we were very glad to find that Mennica Polska was listed last year among the most highly recommended builders. Also, our state-of-the-art "Mennica Legacy Tower" office complex was found to be the best commercial project in Europe in the prestigious "European Property Awards" competition. The project also received the prestigious TopBuilder 2021 award. This confirms that our projects are not only profitable but also help create a quality benchmark on the market.

I wish to thank you for your confidence in us and invite you to read our entire financial statements for 2021. You will find confirmation that we accurately identify opportunities on the market and engage in projects that build value for our Shareholders. I hope that next year, both you and I will be able to continue on our successful course.



Yours faithfully,

Grzegorz Zambrzycki

President of the Management Board
of Mennica Polska SA

Structure of the Mennica Polska Group

Mennica Polska Group (Polish: Grupa Kapitałowa Mennica Polska SA) is a leading maker and distributor of minting and engraved/medallist products in Poland, and a remarkable player in global markets in this segment. In addition, delivering its strategy of striking a balance between traditional and modern products, Mennica Polska Group has been active in the Electronic Payments business, implementing and maintaining city-card systems throughout Poland. Real estate development is a promising segment for creating added value for Mennica Polska Group.

Mennica Polska SA

Mennica Ochrona Sp. z o.o. – 100%

Mennica Deweloper Sp. z o.o. – 100%

Mennica Polska Spółka Akcyjna SKA – 50%

Mennica Polska Spółka Akcyjna Tower SKA – 100%

— Mennica Towers GGH MT
Spółka z ograniczoną odpowiedzialnością SKA – 50%

Shareholders of Mennica Polska SA

As of the date of publication of this report, the shareholders of more than 5% of the Company's equity have the following interests:

	As of this report date			As of 31/12/2021			As of 31/12/2020		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Zbigniew Jakubas with subsidiaries and entities mentioned in Article 87(1)(5) of the Public Offering Act	25,559,859	50.03%	50.03%	25,180,270	49.2%	49.2%	25,180,270	49.2%	49.2%
ING Otwarty Fundusz Emerytalny	3,830,000	7.5%	7.5%	3,830,000	7.5%	7.5%	3,830,000	7.5%	7.5%
PZU Otwarty Fundusz Emerytalny	3,538,420	6.9%	6.9%	3,538,420	6.9%	6.9%	3,538,420	6.9%	6.9%
Joanna Jakubas	2,959,000	5.8%	5.8%	2,959,000	5.8%	5.8%	2,959,000	5.8%	5.8%
MetLife OFE	5,116,719	10.0%	10.0%	5,116,719	10.0%	10.0%	5,116,719	10.0%	10.0%

Supervisory Board of Mennica Polska SA

In the reporting period, the Supervisory Board of Mennica Polska SA was composed of:

- **Zbigniew Jakubas** – Chairman of the Supervisory Board;
- **Piotr Sendeki** – Deputy Chairman of the Supervisory Board;
- **Jan Woźniak** – Member of the Supervisory Board;
- **Agnieszka Pyszczek** – Member of the Supervisory Board;
- **Michał Markowski** – Member of the Member of the Supervisory Board.

On 15 October 2021, Mr Michał Markowski resigned as a Member of the Supervisory Board of the Company.



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REAL ESTATE | IMPACTOR

ZA STWORZENIE NOWEJ IKONY MIASTA
REALIZACJA MENNICY LEGACY TOWER
DLA MENNICA POLSKA SA
I GOLUB GETHOUSE

RZECZPOSPOLITA

2021

Mennica Polska

DOBRA FIRMA 2020 - NAGRODA ZPP

MENNICA POLSKA S.A.

NAJLEPSZY INNOWATOR
WOJEWÓDZTWA MAZOWIECKIEGO
DŁUŻY I ŚREDNIE FIRMY

Warszawa, 26.11.2020 r.

DZIĘKUJEMY



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Key achievements and major events

Key achievements and major events

the development of new distribution channels, including three new sales offices for investment gold in Lublin, Katowice and Białystok and a company store in Wrocław.

The position of Mennica Polska was also entrenched in international markets, primarily in South America, with respect to the production of circulation coins and collector coins.

Mennica Polska in the top three of the anniversary edition of the prestigious "Coin Constellation" industry contest.

Results

Such sales are done via stores and sales offices in various parts of Poland, via an online platform and at PKO BP partner offices. Mennica Polska has recorded a high increase in sales in the group of golden investment products, related to the high demand for gold and attractive offering. In 2021, our customers received 3.1 tonnes of gold, which represents a YOY increase of 72%.

The Bank of Rastra in Nepal will receive 300 million circulation coins in total over the next three years. Mennica Polska also won a tender procedure in the Dominican Republic (supply of 20 million coins in 2022). The new proposal submitted in another tender procedure in that market, after the balance sheet date, was found to be the most advantageous (supply of 25 million coins already in 2022 and 85 million in 2023). In the group of collector coins, Mennica received several significant orders, e.g., from the Bank of Oman and the Central Bank of Nicaragua.

The "Merry Christmas" silver coin stamped by Mennica Polska won the respectable third place in the "Commemorative Coin" category during the 15th edition of the "Coin Constellation" competition. This confirmed the highest quality of our products and our ability to skillfully employ innovative technologies. Such initiatives help build brand recognition all over the world.

Key achievements and major events

Mennica Polska, as one of the most technologically advanced mints globally, as an expert at the 2021 Technical Forum.

Involvement of Mennica Polska in the 29th Grand Finale of the Great Orchestra of Christmas Charity, resulting in the donation of a record-high amount to support children's otolaryngology and head diagnostics.

Active participation of the employees of Mennica Polska in another edition of the blood donation campaign in Poland and free production of commemorative medals for the participants of the charity run event.

Support for the collection of donations to the construction of a Museum of the Blessed Fr. Jerzy Popietuszeko through the free production of numismatic items for the donors.

Results

During the international World Money Fair, Mennica Polska presented the latest and most spectacular technical novelties connected with the production of collector coins. The ability to combine selected techniques, frequently for the first time in the world, gives us an undisputed advantage over the competition.

In 2021, Mennica Polska donated a record-high amount of approximately PLN 142 thousand to the Great Orchestra of Christmas Charity. This was made possible by the tremendous commitment of both the employees and enthusiasts of Mennica Polska – participants in special online auctions. As each year, the plant of the company in Annopol in Warsaw also produced 100 cult-favourite golden hearts. Heart number one was auctioned off for more than PLN 666 thousand.

During the three editions of the campaign, Mennica Polska funded 950 commemorative medals in total, which were sent to the persons participating in the "Run Blood and Marrow" campaign. Each year, the involvement of the organisers and partners of this important initiative brings the expected results. In 2021 alone, 500,690 litres of blood were "ran" in total. 1360 people participated in the collection, and 91 persons registered as future marrow donors.

Mennica Polska coined special numismatic items for the donors to support the raising of funds for the construction of the Museum of the Blessed Fr. Jerzy Popietuszeko. The fund-raising campaign collected PLN 31 thousand in total. The official opening of the Museum in Okopy, the native village of Fr. Popietuszeko, is scheduled for Autumn 2024.

Key achievements and major events

Production and award of golden coins to the laureates of the International Chopin Piano Competition.

Success of Mennica Polska in the competition of the Public Transport Authority (ZTM) in Poznań for the operator of cash-free payments in public transport vehicles.

Successful tender of Mennica Polska for the lease and comprehensive support of several hundred mobile cash-free ticket machines for the public transport company MPK Łódź.

The implementation of a solution in Bydgoszcz to enable passengers in Poland for the first time to confirm their right to ride based on a season ticket in two ways.

Innovative solution of Mennica Polska awarded at the TRANSEXPO 2021 International Fair of Public Transport in the "Collection systems" category.

Results

In recognition of talent, passion and commitment, Mennica Polska has funded 1-ounce gold coins showing the great composer for all laureates of the International Chopin Piano Competition. This effort was intended to support culture and promote it internationally.

The implementation of the innovative Open Payment system will enable passengers in Poznań to make transactions using a payment card or smartphone directly on the bus or tram. The contract is valid for 5 years from the commissioning of the system.

The implementation of the project will involve the delivery, installation and commissioning of mobile ticket machines in 553 vehicles of the public transport company and support of the sales system for 48 months from commissioning. The remuneration of Mennica Polska for the contract does not depend on the sales volume.

As a result of the project implemented by Mennica Polska and Mastercard, the passengers of public transport can confirm their right to ride based on a season ticket in two ways – using the Mint Mobile Bydgoszcz mobile application and one of the additional IDs (city card, electronic student ID or payment card). This makes it much easier to inspect tickets when one of the IDs is missing.

The appreciation of this solution by industry experts is a token of the highest recognition for Mennica Polska. Thanks to innovation, passengers in Poland can, for the first time, confirm their right to ride based on a season ticket.

Key achievements and major events

Issue of the building permit for the construction of buildings R2, R3, S2, S3 and R1 as part of the "Bulwary Praskie" project. Commencement of the sale of residences in buildings S2-S3, R2-R3 and R1.

Final sale as part of the "Mennica Residence II" project and on Stage I of the "Bulwary Praskie" project (S1 building).

"Mennica Legacy Tower" found to be the best commercial project in Europe.

Mennica Polska listed among the recommended builders. The "Mennica Legacy Tower" project receives the prestigious TopBuilder 2021 award.

Results

Sales of residences (based on signed real estate development contracts or preliminary sale contracts) on Stages II, III and IV (buildings S2-S3, R2-R3 and R1) at the end of 2021 closed with 87 signed real estate development contracts, which amounts to 27% of all residences under construction.

The final sales of residences (understood as the signing of final sale contracts for the residences in the form of notarial deeds) under stage II of the "Mennica Residence" project closed at the end of 2021 with 340 signed contracts out of the total of 341 residences. In the case of the "Bulwary Praskie" project (building S1), all living units in the building found their buyers, and final sale contracts for the units were signed by the end of 2021 in the form of notarial deeds for 138 residences.

"Mennica Legacy Tower" received an award for the best project in Europe in the "Best Commercial High-Rise Architecture Europe" category in the prestigious "European Property Awards" competition. At the Polish stage of the competition, whose results were announced in October 2020, the project was also awarded in the "Commercial High-Rise Development for Poland" category.

Mennica Polska was ranked among 62 recommended builders. The Chapter of the TopBuilder competition gave an award to the "Mennica Legacy Tower" project implemented together with Golub GetHouse in the "Projects" category for timeless form, interesting technical features and quality of materials, in particular.

Description and performance of the **Mennica Polska** Group by segment

In the period, Mennica Polska Group's business was focused on the following markets:

- mint products (circulation coins and collector coins and other numismatic products, engraved/medallist products, gold bars and other investment products);
- electronic payments (public transport tickets, including tickets encoded on the city card and other electronic products, such as mobile phone top-ups);
- real estate development ("Mennica Residence", "Mennica Legacy Tower", "Bulwary Praskie", rental of office and retail space).

	Segment	Segment	Segment
	Mint products	Electronic payments	Real estate development
Companies	Mennica Polska SA	Mennica Polska SA	Mennica Polska SA; Mennica Polska Spółka Akcyjna S.K.A.; Mennica Polska Spółka Akcyjna Tower S.K.A.; Mennica Deweloper Sp. z o.o.
Products	production and sales & marketing of circulation and collector coins, tokens, bars, medals, decorations, badges, seals, date stamps, and other mint products	operating city-card systems, sale of public transport and railway tickets, prepaid cards, proceeds from parking charges, maintenance services, and sale of equipment	implementation of real estate development projects, lease of office and storage space
Customers	National Bank of Poland, and foreign issuers, domestic and foreign distributors of mint products, collectors, investors, corporations interested in token products	local governments operating public transport, railway companies, private individuals	institutional customers and natural persons
Market	domestic and foreign	domestic	domestic

This diagram represents the structural setup of Mennica Polska Group, including joint ventures and associated companies, as at the date of this report.

Income statement by segment for period from 1 January to 31 December 2021

Line of statement (thousands of PLN)	SEGMENT				Total
	Mint Products	Electronic Payments	Real Estate Development	Unallocated items	
Revenues from core operating activity, total	977,651	177,999	153,561		1,309,211
Expenses of core operating activity of segment	-922,073	-189,150	-106,511		-1,217,734
Other operating income and expenses	608	-105	-4121		-3618
Result on derivatives for unrealised sales				534	534
Net operating income	56,186	-11,256	42,929	534	88,393
Amortisation and depreciation	-5153	-14,542	-2723		-22,418
EBITDA	61,339	3286	45,652	534	110,811
Profit/loss participations in investments accounted for using the equity method			2390	59	2499
Operating profit with profit/loss participations in investments accounted for using the equity method	56,186	-11,256	45,319	593	90,842
Financial income					27,838
Financial expenses					-5792
Income tax					-23,465
Net profit					89,423



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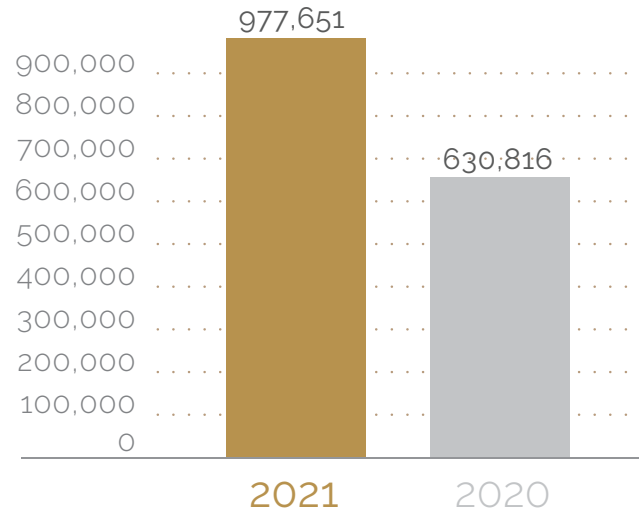
Mint Products segment

The segment includes:

- production and sale of all mint products, including the production of circulation and collector coins (including the sale of silver and gold in disks and bars), tokens and other mint products and engraved/medallist products (medals, distinctions, badges, seals, date stamps, fineness marks);
- sales and marketing, related in particular to the promotion and distribution of collector coins, numismatic products and investment products, including, in particular, gold bars.

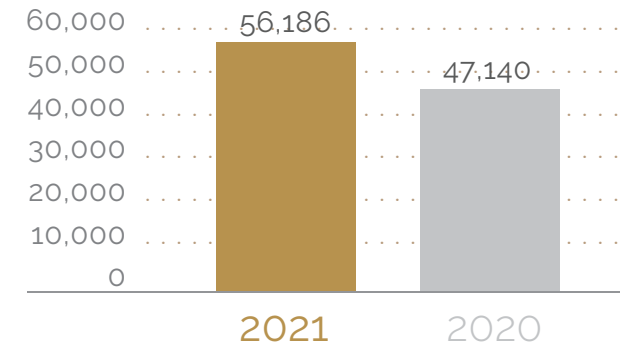
Revenues of the Mint Products segment

(PLN thousand)



Performance of the Mint Products segment

(PLN thousand)





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Domestic coin market

The direct customer in the coin market is the National Bank of Poland. In the period, Mennica Polska SA supplied coins to the National Bank of Poland based on a Framework Contract of 11 July 2007. Under the contract, in the individual years, Mennica Polska SA receives an annual summary purchase order from the National Bank of Poland for the production and supply of coins of general circulation and collector coins, defining the production and delivery dates for particular batches of coins. In 2021, Mennica Polska SA delivered orders for the NBP in quantities smaller than those of 2020. Regarding circulation coins, the Company made those of 1 grosz, 2 grosz, 5 grosz, 10 grosz, 20 grosz, 50 grosz, 1 złoty, 2 złoty bi-colour and 5 złoty bi-colour (including two commemorative 5 złoty coins from the Discover Poland series – Crane Gate in Gdańsk and Książ Castle in Wałbrzych). Important events in 2021 included the continued production of circulation coins with a nominal value of 10 grosz, 20 grosz, 50 grosz and 1 złoty after the change of specifications concerning the change of material from copper-nickel to nickel-plated steel.

In 2021, more than 803 million coins with a value of approx. PLN 82 million were produced in the segment of coins of general circulation. In the segment of collector coins for the National Bank of Poland (NBP), we made almost 220 thousand coins worth PLN 12.2 million. The themes of the coins included the Treasures of Stanisław August – John Casimir Vasa, the Enduring Soldiers Accursed by the Communists – Kazimierz Kamiński "Huzar", 100th Anniversary of the March Constitution, the Great Polish Economists – Adam Krzyżanowski, the Great Polish Economists – Adam Heydel, 100th Anniversary of the 3rd Silesian Uprising, 230th Anniversary of the Constitution of 3 May 1791 – the magnum opus of the revived Polish-Lithuanian Commonwealth, Wrocław – the Little Homeland, Polish Olympic Team – Tokyo 2020, Beatification of Cardinal Stefan Wyszyński, Defence of the Polish Post Office in Gdańsk. German Aggression Against Poland, the Polish Thermopylae – Dytiatyn, Massacres in Piaśnica, the Bishop's Palace in Kraków, 30th Anniversary of the Reactivation of Caritas Poland, Great Actresses – Gabriela Zapolska, 30th Anniversary of the First Free Parliamentary Election, the Great Polish Economists – Edward Taylor, the Great Polish Economists – Tadeusz Brzeski, 100th Anniversary of Regaining Independence by Poland – Ignacy Daszyński, Lech Kaczyński. It is Worth Being a Pole, 40th Anniversary of the Strike in the Higher School for Fire Service Officers, Treasures of Stanisław August – Michał Korybut Wiśniowiecki, 100th Anniversary of the formation of the Polish Association of Volunteer Fire Brigades, In Memory of the Victims of Martial Law and We thank healthcare workers for their dedication during the COVID-19 pandemic.



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Noteworthy achievements include the large number of technically advanced coins with high embossing, decorated with stained-glass windows, UV print or selective gilding as well as the first banknote-shaped coin made of Au 999.9 gold.

The income from the sale of collector coins issued by the National Bank of Poland in 2021 is smaller than expected. We believe that the reason for this are the principles used to award collector coins under the framework contracts, where the National Bank of Poland is entitled to reduce the annual demand submitted to the Distributors, preventing subscription-based programmes. In 2021, the National Bank of Poland issued 35 collector coins, including 26 silver coins and 9 golden coins.

Apart from coins made for the National Bank of Poland, Mennica Polska SA also makes coins issued under the "royalty" programme, stamped with the medallist technique. These coins are dedicated both to companies and retail customers, also in Poland. Our offering includes a wide range of coins with various themes that are sold via physical stores, online store and collector's catalogue.

Domestic market for other mint products

The market for traditional medallist/engraved products has been experiencing a transformation, becoming even more demanding in the face of increased competition. Maintaining the position of Mennica Polska SA has become ever harder due to the reduced quality requirements of some customers who consider the price the sole criterion for selection. In product groups such as tokens, medals, decorations, seals and fineness marks, supplies are mainly based on contracts made with traditional customers who appreciate high quality.

Traditional mint products, such as medals, emblems, badges, official decorations, chains, insignia and official seals are a permanent part of the offering of Mennica. The medal market consists of our traditional customers: state and local government administration, universities, schools, associations and companies that wish to honour their anniversaries.

Domestic market for investment gold

2021 was a record-high year for the Investment Products Department, both in terms of the number of transactions and the amount of revenue. We recorded unprecedented sales in every distribution channel. We are particularly happy to achieve more than 20% of increase in sales via the Internet, where the customers appreciate a wide range of immediately available products. Despite many difficulties with the availability of the products on the market in 2021, we were able to maintain continuity of supply, allowing us to propose the widest range of both bullion coins and gold bars.

We can proudly conclude that, although our offering includes gold in the form of bars from reputable global manufacturers, popularly referred to as bullion coins, our customers prefer the bars we make ourselves. Six out of the ten best-selling products are bars with the logo of Mennica Polska.

In the last quarter of 2021, we started working on the launch of sales at new branches of our office. We identified over a dozen locations all over Poland, and we hope to open them successively in 2022. At the local branches of the office, the experts of Mennica Polska will explain the nature of investments in precious metals and their recommended role in our portfolios. They will also advise the customers on the aspects they should focus on.

Foreign market for coins

In the international market in the discussed period, Mennica Polska SA's business focused on the production of circulation and collector coins. The former product group features ongoing supplies of coins to central banks of primarily South America. Important projects for Mennica Polska SA were implementations for the Bank of Costa Rica, Central Bank of Paraguay, and Bank of the Dominican Republic. All supplies were completed in the first six months of 2021. The next business partner of Mennica for several years now has been the Bank of the Republic of Colombia, for which we produced 110 million pieces of circulation coins since the beginning of the reporting year.

In addition to supplies provided according to our successful tenders, our primary objective is to look for new markets. Foreign markets are constantly monitored for opportunities to win new contracts. Our prudent development strategy and strong position among global mints enable us to compete in most tenders. Despite the uncertain situation caused by the pandemic, the issue policy of central banks did not significantly differ from previous years, and at the beginning of 2021, Mennica Polska participated in many tender procedures. 20 proposals were submitted in total. The events most important to the company were two successful tenders concerning the production of circulation coins. Several years ago, Mennica Polska successfully passed the pre-qualification entitling the company to participate in the tender procedure announced by the Rastra Bank in Nepal. In March 2021, we signed a contract with the bank. The contract concerned the production of 300 million circulation coins, which will be delivered during the next 3 years. At the beginning of April 2021, Mennica won a tender in the Dominican Republic. This will be another project implemented for the Central Bank of the Dominican Republic. Supplies of 20 million coins were contracted for 2022.

The largest competitors in the sector of circulation coins were still the mints from Finland, UK, Slovakia or Russia.

In the Collector Coins product group, Mennica Polska SA has mainly worked with distributors, banks and issuers. In this segment, central banks also play a key role, as they ensure larger volumes of orders. In the discussed period, the Company entered 15 tender procedures concerning collector coins alone.

We acquired several major contracts for the department of international trade. One of them was the production of 2000 silver and 200 gold coins for the Bank of Oman. Additionally, towards the end of the 2nd quarter of 2021, we sold 1580 silver and gold commemorative coins to the Central Bank of Nicaragua.

The Central Bank of Bangladesh awarded us a contract for the production of 1000 gold collector coins. The coins were sold in the 4th quarter of the reporting year.

Mennica Polska SA also offers products from the occasional&souvenir segment. The main customers are private companies and commercial banks which distribute mint products internationally. The largest markets are North America, Europe and Asia. More than 60 coin themes were made during six months. Mennica Polska continues the existing series and introduces new commemorative coins, issued primarily in cooperation with issuers such as Niue and Cameroon. Two-ounce coins made with the medallist technique, which are sold in the entire edition, are still very popular.

Below are presented selected figures for the segment:

Mint Products segment	2021	2020
Quantity of coins sold	1 280 656	1 340 218
Number of customers of circulation coins (based on sales figures)	5	6
Number of customers of collector coins (based on sales figures)	132	321

*The adopted threshold is sales of at least PLN 10,000 pre-VAT..

Electronic Payments segment

This segment includes the operation of "city cards", sale and intermediation in the sale of public transport tickets, pre-paid top-ups, maintenance services, and supply of equipment for the operation of electronic payments.

Mennica Polska SA has been actively developing its business in the electronic payments market since 2001. The Electronic Payments Division is responsible for this area.

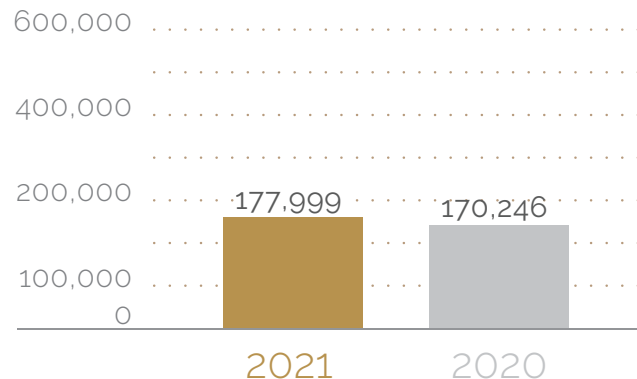
The company is a leader in the implementation, operation and development of "city card" systems in Poland.

In its activity, Mennica Polska SA has focused on the market for urban services, with particular attention to the broadly defined public transport market. Primary products and services in the Electronic Payments area include:

- sale of public transport tickets in electronic and paper formats, and other urban services in the electronic format, including charging systems using payment cards directly on vehicles, called the Open Payment System;
- IT and communication systems for the management of city cards and sale of urban services (mainly public transport tickets) based on proximity cards;
- development and management of the sales network of electronic products based on diversified distribution channels: POS terminals, ticket machines, e-commerce, mobile payments;
- distribution of mobile phone top-ups.

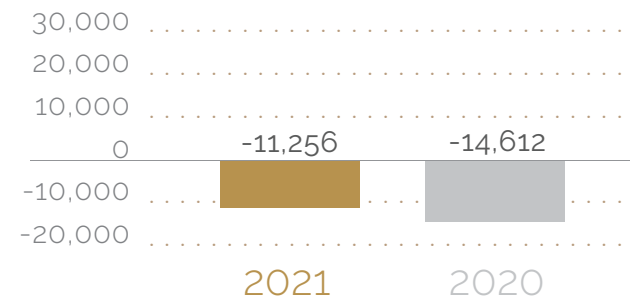
Revenues of the Electronic Payments segment

(PLN thousand)



Profit or loss of the Electronic Payments segment

(PLN thousand)



Due to the COVID-19 pandemic and the related governmental restrictions, in 2021 we were still faced with significantly decreased sales of public transport tickets.

In 2021, the Electronic Payments Division focused its activity primarily on maintaining the ongoing processes. In addition, we continued to develop our proprietary "Open Payment System" product – a fare collection solution for public transport tickets, based on the technology of proximity bank cards and an online open central system. The system was awarded in two consecutive editions of the TRANSEXPO International Fair of Public Transport, i.e., in 2016 and 2018, in the "Collection systems" category, when it was held twice the most innovative and modern IT solution in public transport. Also, in March 2017, the town of Jaworzno was distinguished with a prestigious "Smart City" award for the Open Payment System implemented by Mennica Polska SA.

In the reporting period, Mennica Polska SA continued its efforts aimed at expanding the Electronic Payments Division's sales network in the currently served cities, as well as winning new local and international projects, including with the use of our new Open Payment System product.

We also continued efforts to optimise operating activities and strengthen security measures in sales systems. In particular, we performed insourcing activities to take over maintenance processes by a dedicated internal body.

In the reporting period, in the Electronic Payments area, Mennica Polska SA centred its activities on key urban projects:

- Warsaw City Card;
- "URBANCARD" Wrocław City Card;
- PEKA Poznań Electronic Agglomeration Card;
- Gdańsk City Card;
- Lublin City Card;
- Bydgoszcz City Card;
- Jaworzno City Card;
- Suwałki City Card;
- "E-Migawka" Łódź City Card;
- sale of tickets in Warsaw Trams via a system of mobile ticket machines;
- sale of electronic tickets via the Open Payment system in Włocławek.

In the projects mentioned above, electronic products were sold through the network comprising ticket machines, OPS validating machines, retail points of sale equipped with POS terminals, online sales systems and mobile payments. The retail sales system is based on diverse distribution channels, primarily in cooperation with a scattered retail market and chain market (Ruch, Kolporter, Żabka, Poczta Polska, other local chains).

Below is presented a summary description of key projects:

Warsaw City Card

In the reporting period, Mennica Polska SA continued its support of the Warsaw City Card project. The Company has operated the project since 2001 in collaboration with the Public Transport Authority (ZTM) in Warsaw.

As the operator of the largest distribution network for public transport tickets, Mennica Polska SA operated sales in 2018 through more than 1000 retail points of sale, more than 480 ticket machines, an online sale system, and a mobile payment system.

In addition, Mennica Polska SA supplied and operated 583 mobile machines in Warsaw Trams. At the same time, Mennica received an order for 173 more mobile machines from Warsaw Trams.

"URBANCARD" Wrocław City Card

In the reporting period, Mennica Polska SA, as the sole distributor of public transport tickets in Wrocław, managed ticket sales in Wrocław through our own sales network comprising four Customer Service Desks, more than 2750 mobile ticket machines, 159 stationary ticket machines, about 200 retail points of sale, an online sale system, and a mobile app. Mobile machines allow passengers to pay directly in the vehicles using payment cards (called Open Payment System). In December 2021, the Warsaw Commune renewed the contract with Mennica until 7 September 2028, i.e., by two more years relative to the existing term.

"PEKA" Poznań Electronic Agglomeration Card

In the reporting period, Mennica Polska SA continued its support of the project. Tickets were distributed through our own sales network comprising 90 stationary ticket machines and about 100 sales terminals. The contract was signed for 10 years until 2026. In December 2021, Mennica won the open competition for the appointment of the Operator for the public transport payment system using proximity payment cards and mobile devices. The contract signed under this procedure was concluded for 60 months from the commissioning of the ticket distribution system.

Bydgoszcz City Card

In the discussed period, we continued supporting the Bydgoszcz City Card project. In October 2018, an Open Payment System was launched to enable passengers to pay for transport using bank payment cards directly in the vehicles. The system extends to all vehicles of public transport in Bydgoszcz. The sales network now comprises more than 300 Open Payment mobile machines, about 100 terminals in retail points of sale, 13 stationary machines, and sales through mobile phones and online store.

In September 2021, Mennica improved the BKM system, adding an innovative function enabling the use of the payment card as an ID for season tickets. This solution was awarded during the TRANSEXPO 2021 International Fair of Public Transport in the "Collection systems" category. Additionally, in November 2021, Mennica launched a new mobile application in Bydgoszcz, where the season ticket bought in the Mint Mobile Bydgoszcz mobile application can be assigned a previously recorded card ID.

Jaworzno City Card

In the discussed period, Mennica Polska SA continued supporting the Jaworzno City Card project. Currently, the ticket sale network in Jaworzno comprises about 70 Open Payment ticket machines installed in all vehicles and about 60 sales terminals in retail points of sale.

"Migawka" Łódź City Card

In the discussed period, Mennica Polska SA continued its support of the Łódź project, under which we operate a public transport ticket sales network based on points of sale equipped with terminals. The project is carried out in collaboration with the Łódź Public transport Company (Miejskie Przedsiębiorstwo Komunikacyjne – Łódź Sp. z o.o.). In 2016, Mennica Polska SA was selected the operator of a pilot Open Payment system in Łódź. Under the pilot, in September 2017, a fare collection system was launched based on EMV validating machines that accept proximity bank cards.

Also, in July 2021, we won the tender procedure for the lease and comprehensive support of 553 mobile cash-free ticket machines for MPK Łódź. The implementation of the project will involve the following duties: delivery, installation and commissioning of mobile ticket machines in 553 vehicles of the public transport company (the Client permits using second-hand machines) and support of the sales system (machines, central system) for the duration of the term of the contract. The term of the contract is 48 months from commissioning.

Gdańsk City Card

In the reporting period, Mennica Polska SA operated ticket sales in Gdańsk through 85 stationary ticket machines. In addition, as part of sales support in Gdańsk, an Open Payment pilot project was operated for fare charging using payment cards directly in the vehicles.

Other urban projects: Lublin City Card, Suwałki City Card

In the discussed period, we continued supporting the Lublin and Suwałki projects. These are mature projects, in which we have focused our attention on maximising the sales of public transport tickets through the existing sales network.



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Electronic Payments segment

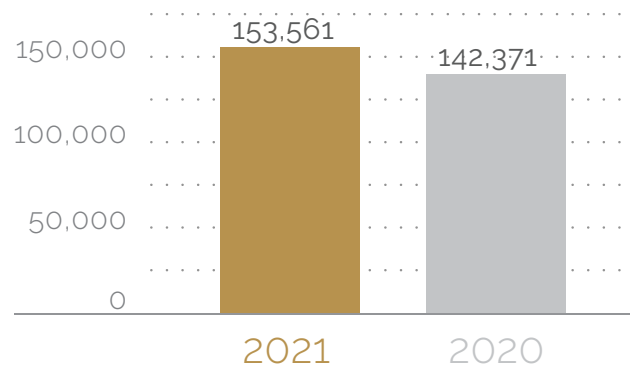
	2021	2020
Nominal gross sales through Mennica Polska SA's systems (PLN thousand)	242,282	497,234
Number of stationary machines involved in contracts as at the balance-sheet date	827	813
Number of OPS readers involved in contracts as at the balance-sheet date	3870	3935
Number of mobile machines involved in contracts as at the balance-sheet date	583	583

Real Estate Development segment

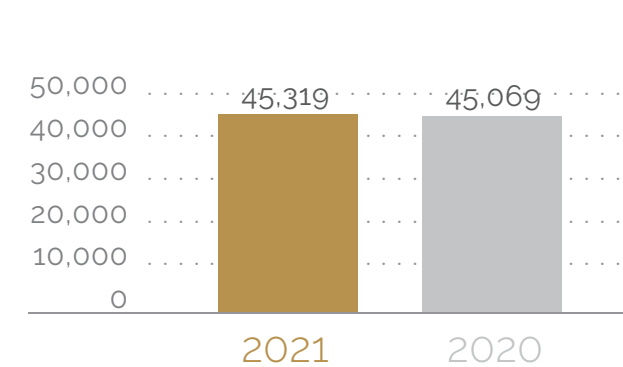
This segment includes, in particular, delivery of real estate development projects and lease of office and commercial space.

Mennica Polska SA has implemented its real estate development projects on its own property, and leases office and commercial space in the buildings it owns. In addition, the Company holds (directly and indirectly) equity interests in the following companies: Mennica Polska Spółka Akcyjna S.K.A. and Mennica Towers GGH MT Spółka z ograniczoną odpowiedzialnością S.K.A. These companies hold land in Warsaw and carry out construction projects.

Profit or loss of the Real Estate Development segment
(PLN thousand)



Profit or loss of the Real Estate Development segment
(PLN thousand)



“Mennica Residence” project

Under this real estate development project, a total of more than 530 flats were designed, with an average area of about 50 sqm and a total usable area (flats and commercial spaces) of about 32 thousand sqm. The structure of residences includes 1-, 2- and 3-room flats sized no more than 60 sqm, and 4-, 5- and 6-room flats on high floors, sized from 76 sqm to 233 sqm. The residents were also provided with parking spaces (for cars, motorcycles and bicycles) in a three-level underground parking lot.

The first stage of the project was handed over for use on 22 January 2018.

On 24 July 2020, the State Construction Supervision Inspectorate (PINB) issued an occupancy permit for the building included in the second stage of the project, and the first residents had received the key to the residences already in August 2020.

The final sales of residences (understood as the signing of final sale contracts for the residences in the form of notarial deeds) under stage II closed at the end of 2021 with 340 signed contracts out of the total of 341 residences.

Attractive architecture and location of the project contributed to its commercial success.

“Bulwary Praskie” project

In the reporting period, Mennica Polska SA, as the general partner of Mennica Polska Spółka Akcyjna S.K.A., managed its current business. It concentrated mainly on further work to implement a land development project in Warsaw, at Jagiellońska St., with an area of 276,119 sqm.

Building S1, consisting of 142 living units and 7 retail units, was handed over for use on 22 May 2020. All living units in the building found their buyers, and final sale contracts for the units were signed by the end of 2021 in the form of notarial deeds for 138 residences.

Building permits were also obtained for the construction of 179 units in buildings R2–R3 and S2–S3 as well as the last building in the quarter, referred to as R1, consisting of 142 living units and 7 retail units.

In connection with the implementation of the project, the land has been divided to form plot No. 9/7, which was converted from industrial land into residential land under a notarial deed signed with the Treasury Office, and an application was filed to create a separate land and mortgage register for that plot.



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In May 2021, Mennica Polska Spółka Akcyjna S.K.A. commenced the sale of residences in buildings S2–S3 and R2–R3 as a part of stages II and III of the "Bulwary Praskie" project, and in November 2021, promptly after the building permit for building R1 became final and non-appealable, we started signing real estate development contracts in connection with stage IV of the project.

Sales of residences (based on signed real estate development contracts or preliminary sale contracts) on Stages II, III and IV (buildings R2–R3, S2–S3 and R1) at the end of 2021 closed with 87 signed real estate development contracts, which amounts to 27% of all residences under construction. The overall area of the flats sold was 5291 sqm, which is 29% of the total usable area of flats on Stages II, III and IV of the project.

"Mennica Legacy Tower" project

The project is operated by Mennica Towers GGH MT Sp. z o.o. S.K.A., in which the Mennica Group and the Golub GetHouse developer hold 50% interest each. The project is operated by Golub GetHouse's partner, and Mennica Polska Group jointly controls the project company regarding key decisions. The project is a modern business centre in Warsaw's Wola District, on a property situated at 21 Perec St. The area is dominated by the 130-metre tower (with 32 office levels) of the "Mennica Legacy Tower" (MLT) project accompanied by a nine-storey building. The total leasable area is 66,000 sqm, of which 51,000 sqm are in the tower.

Occupancy permit for the western building was obtained in November 2019, and for the tower – in November 2020.

Owing to pre-signed lease contracts, the project has secured key tenants: mBank for the main tower, and WeWork for the western building. In the discussed periods, the project was leased to the key tenants, both in the "tower" and the western building. On 22 April 2021, Mennica Polska Spółka Akcyjna Tower S.K.A. agreed upon the boundary conditions for the transaction concerning the acquisition of 50% of shares of the special purpose vehicle Mennica TOWERS GGH MT Spółka z ograniczoną odpowiedzialnością S.K.A. A letter of intent was signed, whereby Mennica Tower conducted a legal, technical and financial audit of the SPV and commenced the negotiation of the terms of the potential transaction and required transaction documentation.

On 19 April 2021, Mennica Polska Spółka Akcyjna Tower S.K.A. submitted an offer for the acquisition of 50% of shares of Mennica Towers GGH MT spółka z ograniczoną odpowiedzialnością S.K.A. with its registered office in Warsaw and a guarantee of the repayment of the bonds issued by the company, and the acquisition of shares in GGH MT spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw by the subsidiary of the Issuer under the style of Mennica Polska Spółka Akcyjna Tower spółka komandytowo-akcyjna. On 30 July 2021, the validity date of the above-mentioned offer was extended to 20 August 2021, but the seller also failed to reply to the terms of the offer by that date, which was

regarded as being equivalent to the rejection of the offer. Mennica Polska Spółka Akcyjna Tower S.K.A. is still interested in acquiring 50% of shares of Mennica Towers GGH MT spółka z ograniczoną odpowiedzialnością S.K.A. The negotiations concerning the transaction are currently suspended. As a result of the potential transaction, the Group would own 100% of the shares of the SPV, which is the direct owner of the Mennica Legacy Tower project located in Warsaw at ul. Prosta 18 and 20.

Lease of commercial space

In the discussed period, the Company continued to derive revenues from the lease of space in the "Mennica Residence" building and "Nefryt" in the Annopol neighbourhood of Warsaw.

Below are presented selected figures for the segment:

Real Estate Development segment	2021	2020
Number of transferred flats (based on final notarial deeds), including:	265	223
"Mennica Residence" project	127	223
"Bulwary Praskie" project	138	
Pre-sales, including:	90	24
"Mennica Residence" project	3	6
"Bulwary Praskie" project	87	18



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Strategy and development prospects for Mennica Polska SA

The development strategy of Mennica Polska SA and its Group of Companies is based on the maximisation of the added value of the available resources through the diversification of the three main, independent business segments, i.e., mint products, electronic payments and real estate development. The overarching business objective in each of the segments is to provide customers with products and services of the highest quality and aiming at securing a leading position in innovation and technology advancement. In the area of organisation and management, the main strategic objective is to improve the quality management system and methods based on ISO standards that have been implemented by improving a management system that enables the application of value management methods; building motivating work and pay systems, optimising operations, and flexibly adapting resources and costs in relation to the operated projects and sales.

Below are presented key elements of the strategy with development prospects for at least the next year, specific for particular segments of Mennica Polska Group:

Mint Products segment

Key elements of the strategy:

- Achieve a better competitive position for collector and circulation coins by mastering the largest possible range of mint techniques with which to meet customer expectations;
- Develop new, advanced mint techniques to offer more attractive products drawing the attention of more customers to Mennica Polska SA, and hence bringing more orders from the demanding mint market;
- Emphasis on ensuring the highest possible quality of supply, security and service for the National Bank of Poland, the key account in the Polish market;
- Strengthen our position in the South American and Asian markets, and expand to new markets (African countries);
- Optimise production processes through continuous improvement of human resources and machinery management;
- Strive to increase the share of exported circulation coins and maintain a high position for the sale of collector coins through high quality combined with attractive pricing;
- More intensive efforts regarding the participation in the largest possible number of tender procedures to win new contracts from central banks;
- Regarding the sale of investment products (gold bars, bullion coins), the Company has been expanding its sales channels using collaboration with key partners to build the capacity. Online sales are the distribution channel which has contributed to accelerated development in the pandemic. The Company has worked to ensure the highest standards of transaction security, high product quality and professional customer service;
- Pro-active partnership with customers for product design;
- Diversification of distribution channels.

Development prospects:

- The increased demand for golden investment products caused by the global uncertainty of equity investors is still unsatisfied;
- In the present year, Mennica Polska SA was invited by central banks of various countries to compete in numerous tender procedures for the supply of both circulation and collector coins.

Electronic Payments segment

Key elements of the strategy:

- Improve and optimise the rolled-out projects;
- Keep a leading position in the market regarding the urban project portfolio currently held;
- Development of the Open Payment System project;
- Looking for new opportunities and development potential in Polish and foreign markets for the basic business of the segment;
- Diversification of distribution channels – under the already operated projects, the segment holds a diversified sales network through which it sells public transport tickets. The sales network comprises various channels adapted to the needs and expectations of customers (including EMV validating machines, POS terminals, stationary and mobile ticket machines, and sales through Mobile Apps and online stores).

Development prospects:

- The electronic payments segment performs long-term contracts in the largest cities of Poland. Next year, in the order of the size of the managed cities, the electronic payments segment will focus mainly on the portfolio of large urban projects: in Warsaw, Wrocław, Poznań, Łódź, Bydgoszcz, Gdańsk, Jaworzno, Suwałki and KZK GOP. The three largest existing contracts lapse in 2023, 2028, and 2026, respectively. In addition, in the following periods, for at least four years, we will continue the project based on a contract with Warsaw Trams for the operation and maintenance of 583 mobile ticket machines supplied by Mennica Polska SA.

Important for our performance will be the further development of the pandemic situation related to COVID-19.

Real Estate Development segment

Key elements of the strategy:

- Maximise added value by delivering real estate development projects on the properties already held;
- Continue the existing and prepare new real estate development projects in attractive locations of Warsaw.

Development prospects:

- The "Bulwary Praskie" project promises a great growth prospect. Carried out by Mennica Polska Spółka Akcyjna S.K.A. on an area of more than 27 ha situated between Jagiellońska St., Trasa Armii Krajowej and the projected Krasiński Bridge route. The area, due to its specific features, including the direct neighbourhood of the Vistula river and green areas, will become in the future a landmark of the right-hand bank of Warsaw – prominent in the city panorama and containing an attractive, multi-functional programme. The expected usable area of multi-functional development is about 400,000 sqm. In the current financial year, final notarial deeds for the first building S1 are expected to be signed. Building permits were also obtained for the construction of 321 units in buildings R1, R2–R3 and S2–S3. The building permits for the construction of buildings in further quarters, which will contain approximately 2300 residences, are processed as well.
- A common project is carried out by Mennica Towers GGH MT spółka z ograniczoną odpowiedzialnością S.K.A. with Golub GetHouse, a developer, concerning two office buildings – a modern business centre in Warsaw's Wola District, on a real estate located at 21 Perec St. The area is dominated by the 130-metre tower (with 32 office levels) of the "Mennica Legacy Tower" (MLT) project accompanied by a nine-storey building. The total leasable area is almost 66,000 sqm, of which 51,000 sqm are in the tower itself.

The next chapter describes the activities in the reporting period in particular segments.



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Presentation of external and internal factors significant for the development of the Group

INTERNAL DEVELOPMENT FACTORS

Below are described strengths of the Mennica Polska Group distinguishing it on the market.

We have a leading position in the world in terms of technologies and their applications

Mennica Polska SA, as one of few mints globally, is capable of producing collector coins in virtually any technology existing in the market. We have used more than 120 techniques, e.g., coins in 3D technology, openings of various shapes, depositing colour patterns using various methods, including pad printing, and very high-resolution laser prints cured with UV. A new solution this year was the "chameleon" technology – a product that changes colour like a real-life chameleon depending on the viewing angle. We also make products with miscellaneous inserts, selectively gilded, oxidated, patinated, enamelled, ruthenium-plated, giving them varied forms and shapes. We have made coins using integrated holograms with high embossing, in large sizes and using laser effects such as unique visual effects and microembossing. We protect our numismatic products with nanolayer technology against corrosive changes for silver and other alloys, which is not universally practised on the market. It is very important that we combine various techniques, which makes us a precursor or maybe the sole mint in the world which makes mint products using so many techniques and such advanced combinations of different technologies. At the beginning of the year, we once again prepared several products using many mint techniques, which are a topic of interest in the general world of mints and the market of numismatic products. One of the presented products was the Mask of Agamemnon coin, shaped like a lens with a high relief and selective gilding of the mask. Another advanced product was the Phoenix, which used a combination of five different techniques, i.e., high relief, ruthenium plating, micro-printing, UV-cured laser printing and selective oxidation. Our technical department is also ready to implement a project of UV-printed circulation coins. Our numismatic products are also protected against corrosion. In the case of silver, we are one of the few mints in the world that do this. We can still see the potential of the market, and our opportunity to introduce new products made with the antique finish technique. In the second half of 2021, we initiated a very large project whose implementation involved a tremendous involvement of the production department in the technical and organisational preparation for the production of blanks from gold and silver. The productive start of the project is planned for the 2nd quarter of 2022.



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255 years of history

For over 255 years, Mennica Polska has been actively involved in the social and economic transformation of the country. The difficult history of Poland forged a stable, invincible brand, whose value has been cherished by new generations of dedicated employees over the years. As a modern, fast-growing organisation, Mennica Polska is ranked high each year in the rankings of the largest and best-managed companies in Poland. By consistently pursuing our business strategy, the Company has been successful in every business segment. Prestigious awards and distinctions at international numismatic fairs confirm our high standing in the coin business. The positive image of Mennica Polska is reinforced by participation in fairs and involvement in business conferences.

We have won various awards and recognitions for our products

Mennica Polska receives new awards and distinctions almost every year. 2021 was the year of the prestigious industry competition, "Coin Constellation", where the "Merry Christmas" silver coin was awarded in the "Commemorative Coin" category. This distinction confirmed the strong standing of Mennica Polska on the international scene and the highest quality of our products – both in the aesthetic and technical sense.

Once again, the trailblazing solutions of Mennica in the area of electronic payments have been appreciated by winning the main prize in the "Collection systems" category at this year's edition of the TRANSEXPO International Fair of Public Transport in Kielce. The jury of the competition appreciated the first Polish implementation enabling the use of a bank card as an ID for season tickets. The project was implemented together with Mastercard and the roads and public transport authority in Bydgoszcz.

In 2021, Mennica Polska once again proved adherence to the highest standards in the area of real estate development. "Mennica Legacy Tower" was found to be the best real estate project in Europe. The project won in the "Commercial High-Rise Development for Poland" category at the prestigious "European Property Awards" competition. The company was ranked among 62 recommended builders by the prestigious "Builder" magazine. The chapter of the competition appreciated the project for its timeless form, interesting technical features and quality of materials. This way, Mennica Polska continues the mission to implement projects that noticeably exceed the national standards.



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We pro-actively participate in global industry events

Mennica Polska SA has been actually active in each field possible: "Mint Directors Conference" (MDC), "Mint Directors Working Group" (MDWG), or the "Technical Sub Group" (TSG).

Every year, representatives of Mennica Polska SA take an active part in global events devoted to the production of collector and circulation coins. In 2021, due to the restrictions, many events were organised remotely. Mennica successfully participated in the Technical Forum during the first remote "World Money Fair". At the fair, the company presented the latest and most spectacular technical solutions used in the production of multi-technology collector coins.

We have continued the best traditions in the engraved/medallist segment

Mennica Polska SA has been the traditional maker of official decorations, made for the Chancellery of the President of the Republic of Poland. We have continued the best traditions of Polish medallist craft, making the highest-quality commemorative medals commissioned by central and local government authorities, public utility institutions, unions, associations, companies and business establishments from various branches of the economy. Products such as national decorations, emblems, badges, medals, seals and date stamps have for years been established on the market. These are traditional products of Mennica Polska SA and their sales have a significant share of the domestic market. The position of the Company in this product group has been determined by extensive experience, high quality of products, and long-standing relationship with customers who consider the Company a reliable, responsible producer and supplier. For official seals with the image of the national emblem, since 1926 Mennica Polska SA has been the only entity authorised to make them.

We are a key player in the Polish market for collector coins

We distribute coins of the National Bank of Poland and collector coins of foreign issuers designed for Polish customers. We have collaborated with numismatic companies, collectors and numismatic organisations.

We enjoy a high reputation and have extensive experience in international markets

Mennica Polska SA has gained huge experience and recognition as a reliable and trusted maker of coins in the international market. Partnership with the largest distributors of collector coins in the world has continued. Key customers are central and commercial banks, including from Russia, Latvia and Ukraine. We have worked with a total of almost 100 distribution companies worldwide. Stable pricing policy and prompt and effective response to customer's requests – these are the most significant factors that build attachment and strengthen the willingness to continue the partnership. A vast majority of our customers declare that we are their largest supplier. Mennica Polska SA has been a leader in the global market for both circulation and collector coins. The portfolio of customers has been growing to include new countries, we are now active on almost every continent.



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We are a national leader in the production and distribution of gold bars and other investment products

Mennica Polska Group is the only maker of gold bars in Poland and provides comprehensive distribution support for investment products. Mennica Polska SA offers to its customers a full range of golden investment products, available at any time. We are capable of producing bars with custom weights or custom shapes. Another distinguishing feature in this area is the operation of sales using many distribution channels in the Mennica Polska Group, such as the online investment platform, outlets of reputable banks, physical stores and direct sales from the headquarters. Mennica Polska SA guarantees secure storage of gold bars in its strongroom, and gold buy-back at market prices.

A leader in the Polish market of city card operators

Nation-wide, we have supported more than one million cards encoding public transport tickets and charges for other urban services. We have operated systems in Warsaw, Wrocław, Poznań, Gdańsk, Bydgoszcz, Lublin, Jaworzno, Włocławek, Suwałki, and Łódź. In 2021, due to the ongoing pandemic in Poland and the connected decrease in ticket sales, the operations in the electronic payments segment focused on the streamlining of processes and reinforcement of security measures as part of the maintenance of the ongoing projects.

In Poland, we have the best developed and technologically advanced sales network and know-how which allow us to distribute various electronic services and products

Mennica Polska SA holds the most extensive and most advanced network supporting city cards in Poland, comprising more than 4700 stationary and mobile ticket machines (including EMV validators), 2500 POS terminals, as well as e-commerce and m-commerce channels. We hold the relevant know-how and organisational and financial resources, which allows us to tap into emerging opportunities in the market for city card systems. In 2016, we have developed, and in 2017 – implemented the "Open Payment System" – a custom solution that allows the passengers to pay their fares in public transport directly using bank payment cards.

We hold huge potential in the real estate market

Mennica Polska SA has shares in attractive real estate directly or via special purpose vehicles to implement and prepare real estate development projects.

Its flagship projects include "Mennica Residence". It is a complex of modern residential buildings situated along a walkway, with an internal courtyard and varied green areas on various levels, which has become the showcase of the Warsaw Wola district. The tallest building has fifteen levels. The estate was designed for the purposes of private and institutional customers. A clear division has been made into commercial functions (two lower levels) and residential functions (all levels above).



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On the ground floor, in addition to commercial space, there are halls leading to residential parts, and on the crossroads of Grzybowska and Żelazna Streets is the main entrance lobby to two corner towers and a fitness area with its own leisure terrace facing the internal courtyard. The buildings have been classified as the middle-upper segment, and spacious penthouses or two-level apartments have been designed for the more demanding customers. In the three-level underground garage, there are parking spaces for cars, motorcycles and bicycles. A total of 530 residences have been built as part of both stages of this development.

Another project is carried out by Mennica Towers GGH MT spółka z ograniczoną odpowiedzialnością S.K.A. (a joint venture with Golub GetHouse, a developer), and it is a modern business centre in Warsaw's Wola District, on a real estate located at 21 Perec St. The area is dominated by the 130-metre tower (with 32 office levels) of the "Mennica Legacy Tower" (MLT) project accompanied by a nine-storey building. The total leasable area is almost 66,000 sqm, of which 51,000 sqm are in the tower itself.

Another project is called "Bulwary Praskie", carried out by Mennica Polska Spółka Akcyjna S.K.A. The project includes the area between Jagiellońska St., Trasa AK and the projected location of the Krasiński Bridge. It contains over 27 ha of land with a very large potential. The direct neighbourhood of the Vistula river creates diverse revitalisation opportunities for this post-industrial area which – due to its specific features – will become a future landmark of right-hand-side Warsaw – prominent in the city panorama and ensures an attractive, multi-functional programme. Its location can harmoniously combine urban functions with recreational areas on the bank of the Vistula river, in the direct neighbourhood of a Natura 2000 site. By this, it offers an opportunity to create new, attractive areas in public space not only for the district but also for the entire city. The expected usable area of multi-functional development is about 400,000 sqm.

We hold certified quality, environment and occupational health and safety management systems

In the reporting period, the management system was subject to the annual external certification and verification audit.

As a result of the audit, Mennica Polska received certificates confirming the conformity of the:

- quality management system to ISO 9001:2015;
- environmental management system to ISO 14001:2015;
- information security management system to ISO 27001:2017.

Mennica Polska received a new certificate confirming the conformity of the existing safety management system to the new international standard: ISO 45001:2018.



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Certification of the management system according to the above-mentioned standards includes the following:

- design, production, storage of circulation and collector coins, coinage products, investment bars, and engraved/medallist products;
- design, implementation, maintenance and development of electronic payment systems for public transport.

The certification concerns the locations at ul. Annopol 3 and ul. Ciasna 6 in Warsaw and the location in Kraków as well as customer service centres in Wrocław and Warsaw that manage activities connected with the city card.

We support culture, sports, charities and public organisations

Each year, Mennica Polska actively supports the development of culture and sports and finances charities and public organisations. In 2021, the expenditure in this area amounted to more than 250 thousand. The main activities performed in this area in the reporting period included the following:

- Donation to combating the COVID-19 pandemic;
- Production and award of 5 golden coins to the laureates of the International Chopin Piano Competition to support culture and promote it on the international scene;
- Coining special numismatic items for the donors to support the raising of funds for the construction of the Museum of the Blessed Fr. Jerzy Popietuszko;
- Organising an educational exhibition: "The Icons of Mennica Polska" – 255th anniversary of Mennica Polska;
- Record-high support during the 29th Grand Finale of the Great Orchestra of Christmas Charity, as a result of special auctions, in particular – the auctioned items included limited-edition medals and two attractive tours;
- Supporting the "Run Blood and Marrow" campaign by stamping and funding a commemorative medal for every participant in the event by the Company.

Outstanding in terms of stable and solid business and financial fundamentals

Our valuable assets, high levels of equity-to-asset ratios, comfortable liquidity ratios, stable profitability and effective management of financial risks make Mennica Polska SA a reliable, solid and trusted business partner. The financial stability of Mennica Polska is also reinforced by the diversification strategy pursued through the operation of three different segments, which proved to be a very successful approach in the times of the crisis connected with the COVID-19 pandemic.



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EXTERNAL DEVELOPMENT FACTORS

The following are the most important external factors related to specific features of Mennica Polska SA's business and its Group of Companies:

- development of demand for circulation coins both from the NBP and foreign central banks;
- market demand for new collector coins;
- strength of potential competitors in the mint products market;
- developments on the investment products market;
- improvements in the bank services system and growth of cashless formats of transactions, which can partially reduce the use of coins in transactions and indirectly result in their slower wear;
- capital expenditures of local governments and municipal companies for the upgrade of ticketing systems in public transport;
- pace of roll-out of electronic tickets in other agglomerations of Poland;
- development of cashless micro-payment and pre-paid transaction systems;
- situation in foreign markets for numismatic products and potential export markets for circulation coins;
- currency integration between Member States of the European Union, and Poland's accession to the eurozone, which will stimulate demand for the production of euro-denominated coins;
- developments on the real estate market;
- development of costs of labour in the real estate development sector;
- further development of the pandemic situation, in particular related to COVID-19, having the greatest effect on business prospects in the Electronic Payments segment.



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Model
Model Information
Artwork: Relief
X: 50 mm Max. Z: 2.843 mm
Y: 50 mm Min. Z: 0 mm
4000 x 4000 pixels





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CSR

We help unite people with hearts of gold together with the Great Orchestra of Christmas Charity

For almost three decades, we have worked together with the Great Orchestra of Christmas Charity to raise funds for the purchase of medical equipment and disease prevention in Poland. In 2021, despite the restrictions connected with the pandemic, we donated a record-high amount to support children's otolaryngology and head diagnostics. Almost PLN 142 thousand was made from online auctions of, for instance, commemorative medals and tours of the production plant of Mennica Polska. We also prepared 100 cult-favourite golden hearts, which were sent out to particularly generous donors.

We promote blood donations in Poland

For several years, we have actively supported the "Dać siebie innym" Association, which promoted blood donations in Poland. In 2021, we have supported initiatives that pursued this respectable goal in practice two times. During the three editions of the "Run Blood and Marrow" campaign, we funded 950 commemorative medals in total. Similar gifts were also provided to the persons who participated in the attempt to break the Polish record in blood donations. The residents of eight cities in Mazovia Province rose to the occasion and donated over 327 litres of blood overall, setting a new record.

We commemorate the distinguished

We also use our competitive advantages to support initiatives commemorating the persons who made history. Examples of such persons include the Blessed Fr. Jerzy Popiełuszko – one of the people who helped build the Polish road to freedom. In 2021, we participated in the collection of donations for the construction of a museum in his name. Mennica Polska stamped special numismatic items, donating the entire proceeds – PLN 31 thousand – to this important goal.

We appreciate talent, passion and persistence

The strive for perfection and continuous development are the cornerstones of the business of Mennica Polska. We know the importance of passion and the ambition to try for more. That is why we support initiatives that unite people who share these values. In 2021, we pursued our mission in this regard through brand exposure during the 18th International Chopin Piano Competition. In recognition of the talent, passion and commitment of the laureates, we funded 1ounce gold coins for them showing the great composer.



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Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN thousand)

31.12.2021

31.12.2020

ASSETS

Non-current assets

Tangible assets	129,367	137,050
Intangible assets	19,198	18,645
Investment properties	50,736	47,451
Investments in associated companies and joint ventures accounted for using the equity method	12,820	10,371
Other long-term investments	146,710	140,997
Deferred income tax	0	5615
Trade and other long-term receivables	0	0
Other non-current assets	912	1160
Total non-current assets	359,743	361,289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN thousand)

31.12.2021

31.12.2020

Current assets

Inventories	411,182	377,762
Other current investments	59,770	58,182
Income tax receivable	5	13
Trade and other receivables	36,017	36,473
Cash and cash equivalents	51,052	48,568
Current assets without non-current assets intended for sale	558,026	520,998
Non-current assets classified as intended for sale	0	0
Total current assets	558,026	520,998
Total assets	917,769	882,287

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

Share capital	51,138	51,138
Treasury shares	-976	-976
Share premium reserve	14,047	14,047
Other capital reserves	4381	4381
Retained profit	519,247	468,041
Shareholder's equity attributable to the equity holders of the parent company	587,837	536,631
Non-controlling interests	53,265	50,844
Total shareholders' equity	641,102	587,475

Liabilities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN thousand)

31.12.2021

31.12.2020

Bank and non-bank loans	0	0
Liabilities due to bonds	0	0
Liabilities due to lease	11,187	10,579
Trade and other liabilities	0	0
Liabilities due to deferred income tax	903	0
Provisions	0	0
Liabilities due to employee benefits	2921	3261
Total non-current liabilities	15,011	13,840
Bank and non-bank loans	0	0
Bond payables	0	0
Lease payables	64,833	69,756
Other financial payables	1326	880
Current income tax payables	478	12,008
Trade and other payables	177,435	187,369
Provisions	11,445	5258
Employee benefits payables	6139	5701
Total current liabilities without liabilities connected with assets intended for sale	261,656	280,972
Liabilities connected with assets intended for sale	0	0
Total current liabilities	261,656	280,972
Total liabilities	276,667	294,812
Total liabilities and shareholders' equity	917,769	882,287

Consolidated income statement

CONSOLIDATED INCOME STATEMENT

(PLN thousand)

For 12 months
ended 31.12.2021

For 12 months
ended 31.12.2020

Continuing operations

Net income from sales	1,309,211	6,943,434
Selling costs	1,160,332	814,702
Result on derivatives for realised sales	-821	-1512
Gross profit on sales	148,058	127,220
Selling costs	25,589	19,498
General and administrative expenses	30,992	25,265
Other operating income	1149	1052
Other operating expenses	4766	4322
Result on derivatives for unrealised sales	533	327
Operating profit	88,393	79,514
Profit/loss participations in investments accounted for using the equity method	2449	-1782
Financial income	27,838	7072
Financial expenses	5792	15,929
Earnings before tax	112,888	68,875
Income tax	23,465	13,333
Profit from continuing operations	89,423	55,542
Profit from discontinued operations	0	0

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(PLN thousand)

For 12 months
ended 31.12.2021

For 12 months
ended 31.12.2020

CONSOLIDATED NET PROFIT (LOSS)	89,423	55,542
Items not to be reclassified in the future to the income statement:		
Revaluation of non-current assets	0	0
Items not to be reclassified in the future to the gross income statement:	0	0
Items to be reclassified in the future to the income statement:		
Other comprehensive income before tax	0	0
Income tax on items not subject to reclassification	0	0
Income tax on items subject to reclassification	0	0
Other net comprehensive income	0	0
TOTAL COMPREHENSIVE INCOME	89,423	55,542
Attributable:		
<i>To non-controlling interests</i>	2421	-2278
<i>To equity holders of the parent company</i>	87,002	57,802
CONSOLIDATED NET PROFIT (LOSS)	89,423	55,542
Attributable:		
<i>To non-controlling interests</i>	2421	-2278
<i>To equity holders of the parent company</i>	87,002	57,820

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS

(PLN thousand)

For 12 months
ended 31.12.2021

For 12 months
ended 31.12.2020

Cash flow from operating activities

CONSOLIDATED NET PROFIT (LOSS)

89,423

55,542

Adjustments

-24,387

-64,187

Amortisation and depreciation

22,418

21,128

Impairment losses on fixed assets

0

913

Profit (loss) on the sale of fixed assets

44

1760

Profit (loss) on the sale of financial assets

-649

0

Profit/loss participations in investments accounted for using the equity method

-2449

1782

Income from dividend

0

0

Valuation at fair value – shares of Enea SA

-17,553

11,922

Income from interest

-5712

-5469

Interest

0

3

Unrealised exchange differences

0

0

Income tax

23,465

13,333

Change in receivables

3248

-1174

Change in inventories

-40,481

22,457

Change in trade and other payables

-12,944

-133,062

CONSOLIDATED STATEMENT OF CASH FLOWS

(PLN thousand)

 For 12 months
ended 31.12.2021

 For 12 months
ended 31.12.2020

Change in employee benefit provisions and liabilities	6285	2220
Other	-59	0
Cash flow from operating activities	65,036	-8645
Income tax paid	-28,469	-6704
Net cash flows from operating activities	36,567	-15,349
<i>Cash flow from investing activities</i>		
Proceeds from sale of intangible assets	0	160
Proceeds from sale of tangible assets	126	0
Proceeds from sale of investment property	0	0
Proceeds from sale of financial assets	17,887	0
Profits from the received repayment of provided loans	0	0
Dividends received	0	0
Purchase of intangible assets	-1332	-1142
Purchase of tangible assets	-14,222	-13,964
Purchase of investment property	-719	-103
Purchase of financial assets	0	-4993
Loans granted	0	0
Net cash flow from investing activities	1740	-20,042
<i>Cash flow from financing activities</i>		
Proceeds from the issue of shares	0	0

CONSOLIDATED STATEMENT OF CASH FLOWS

(PLN thousand)

For 12 months
ended 31.12.2021

For 12 months
ended 31.12.2020

Proceeds from the issue of bonds	0	0
Bank and non-bank loans	0	0
Purchase of treasury shares	0	-976
Dividends and other payments to owners	-35.797	-25.569
Repayment of loans	0	0
Expenditure on the repayment of bonds	0	0
Payment of liabilities from finance-lease contracts	-26	-25
Net cash flow from financing activities	-35,823	-26,570
Net cash flow, total, before exchange losses/gains	2484	-61,961
Change due to exchange losses/gains	0	0
Net change in cash and cash equivalents	2484	-61,961
Cash at beginning of the period	48,568	110,529
Cash at end of the period	51,052	48,568

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PLN thousand)	Share capital	Share premium reserve	Treasury shares	Other capital reserves	Retained profit	Shareholder's equity attributable to the equity holders of the parent company	Non-controlling interests	Total shareholders' equity
<i>As of 31/12/2020</i>								
Shareholders' equity at beginning of the period	51,138	14,047	0	4381	435,789	505,355	53,122	558,478
Total comprehensive income, including:	0	0	0	0	57,820	57,820	-2278	55,542
net profit	0	0	0	0	57,820	57,820	-2278	55,542
other comprehensive income	0	0	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	-976	0	0	-976	0	-976
Dividends paid	0	0	0	0	-25,569	-25,569	0	-25,569
Other changes in equity	0	0	0	0	0	0	0	0
Changes in equity	0	0	-976	0	32,251	31,275	-2278	28,997
Shareholders' equity at end of the period	51,138	14,047	-976	4381	468,041	536,631	50,844	587,475

Financial position of Mennica Polska Group

SELECTED CONSOLIDATED FINANCIAL FIGURES

	For period of 12 months ended		For period of 12 months ended	
	(PLN thousand)		(EUR thousand)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net income from sales	1,309,211	943,434	268,010	210,861
Operating profit	88,393	79,514	19,310	17,772
Profit before tax	112,888	68,875	24,661	15,394
Net profit (loss)	89,423	55,542	19,535	12,414
Total net profit attributable to equity holders of the parent company	87,002	57,820	19,006	12,923
Total net profit per share attributable to equity holders of the Parent Company (PLN/EUR)				
- basic/diluted	1.70	1.13	0.37	0.25
Net profit from continuing operations per share attributable to equity holders of the Parent Company (PLN/EUR)				
- basic/diluted	1.70	1.13	0.37	0.25
Net cash flow from operating activities	36,567	-15,349	7988	-3431
Total cash flows	2484	-61,961	543	-13,848

SELECTED CONSOLIDATED FINANCIAL FIGURES

For period
of 12 months ended

For period
of 12 months ended

(PLN thousand)

(EUR thousand)

31.12.2021

31.12.2020

31.12.2021

31.12.2020

Total assets	917,769	882,287	1,199,541	191,186
Current liabilities	261,656	280,972	56,889	60,885
Shareholders' equity	641,102	587,475	139,388	127,302
Quantity of shares	51,087,191	51,138,096	51,087,191	51,138,096
Weighted average number of shares	51,087,191	51,129,942	51,087,191	51,129,942
Book value per share (PLN/EUR)	12.55	11.49	2.73	2.49

31.12.2021

31.12.2020

For items of statement of comprehensive income and cash flow statement

Average rate calculated as the arithmetic mean of the rates applicable for the last day of each month in the respective period

EUR

4.5775

4.4742

For items of statement of financial position

Rate as of

EUR

4.5994

4.6148

Structure of company balance sheet

Main indicators of the structure of the issuer's balance sheet are provided in the table below:

	31.12.2021 (PLN thousand)	31.12.2021 (%)	31.12.2020 (PLN thousand)	31.12.2020 (%)	31.12.2021/31.12.2020 Change(%)
Total assets	692,988	100.0	666,227	100.0	104.0
Non-current assets	344,048	49.6	353,992	53.1	97.2
Current assets	348,940	50.4	312,235	46.9	111.8
Inventories	173,328	25.0	135,455	20.3	128.0
Receivables	34,066	4.9	35,087	5.3	97.1
Short-term investments	141,546	20.4	141,693	21.3	99.9
Total equity and liabilities	692,988	100.0	666,227	100.0	104.0
Shareholders' equity	572,689	75.1	491,363	73.8	107.4
Liabilities and reserves	165,298	23.9	174,863	26.2	94.5
Non-current liabilities	16,885	2.4	14,383	2.2	117.4
Current liabilities	148,414	21.4	160,480	24.1	92.5

Assessment of profitability of the Group of Companies

Company profitability indicators in the period are presented in the table below:

PROFITABILITY INDICATOR	2021	Data based on the MSSF statement	Data based on the normalised statement	2020	Data based on the MSSF statement	Data based on the normalised statement
1. Net income from sales (PLN thousand)		1,261,802	1,261,802		942,772	942,772
2. Gross return on sales ² . Rentowność sprzedaży brutto		10.5%	10.5%		13.6%	13.6%
3. Net return on sales		6.5%	6.5%		8.9%	8.9%
4. Operating margin		5.9%	6.5%		8.7%	8.8%
5. EBITDA margin		7.7%	8.3%		11.0%	11.0%
6. Net profit margin ⁶ . Rentowność zysku netto		5.7%	5.4%		6.3%	7.3%
7. Return on assets (ROA)		10.6%	10.1%		8.2%	9.6%
8. Return on equity (ROE)		14.2%	13.4%		12.4%	14.5%

- Profitability ratios – ratios of respective profit amounts to net sales of products, goods and materials;
- Return on assets (ROA) – ratio of net profit to average assets (arithmetic mean of the opening and closing balances of the period);
- Return on equity (ROE) – ratio of net profit to average equity (arithmetic mean of the opening and closing balances of the period).

In the period, almost all profitability ratios reached lower levels than in the same period of the prior year. This was due to a change in the sales structure of the individual business segments of Mennica Polska SA. The highest increase in income from sales was recorded in the mint products segment, which has a smaller margin. Another factor was the decrease in final sales of residences in development projects "Mennica Residence I" and "Mennica Residence II", which had a high margin, because more notarial deeds had been signed in 2020 than in 2021.

Factors with an atypical effect on financial performance of the Mennica Polska Group

Selected financial data adjusted for atypical and one-off events (PLN thousand)	Data based on the MSSF statement			Data based on the MSSF statement		
	Adjustments	No.	Normalised statement	Adjustments	Nr	Normalised statement
	for the period from 01.01.2021 to 31.12.2021			for the period from 01.01.2020 to 31.12.2020		
Income from sales	1,309,211		1,309,211	943,434		943,434
Selling costs	-1,161,153		-1,161,153	-816,214		-816,214
Gross profit on sales	148,058		148,058	127,220		127,220
Selling costs	-25,589		-25,589	-19,498		-19,498
General and administrative expenses	-30,992		-30,992	-25,265		-25,265
Net income from sales	91,477		91,477	82,457		82,457
Other revenues/(operating costs)	-3083	3010	-74	-2943	1272	-1671
Operating profit	88,393		91,477	79,514		80,786
Operating margin	6.8%		7.0%	8.2%		8.4%
Amortisation and depreciation	-22,418		-22,418	-21,128		21,128

In the table above, for analytical purposes, including, in particular, to correctly determine the profitability index characteristic to the nature of the business operations of the group, suitable adjustments were made to exclude atypical and non-recurring events affecting the statutory financial results:

Selected financial data adjusted for atypical and one-off events (PLN thousand)	Data based on the MSSF statement			Data based on the MSSF statement				
	Adjustments	No.	Normalised statement	Adjustments	Nr	Normalised statement		
	for the period from 01.01.2021 to 31.12.2021			for the period from 01.01.2020 to 31.12.2020				
EBITDA	110,811		113,821	100,642		101,914		
EBITDA margin	8.5%		8.7%	10.5%		10.6%		
Profit/loss participations in investments accounted for using the equity method	2449		2449	-1782		-1782		
Net income / (financial expense)	22,045	-16,632	2.	5413	-8857	11,922	2.	3065
Profit before tax	112,888		99,265	68,875		82,068		
Income tax	-23,465	2588	3.	-20,877	-13,333	-2507	3.	-15,840
Net profit	89,423		78,388	55,542		66,229		
Net profit margin	6.8%		6.0%	5.9%		7.0%		

The following exclusions due to atypical or one-off events, both for 2021 and 2020 were made in the "Adjustments" columns:

The following factors contribute to the adjustments of 2021

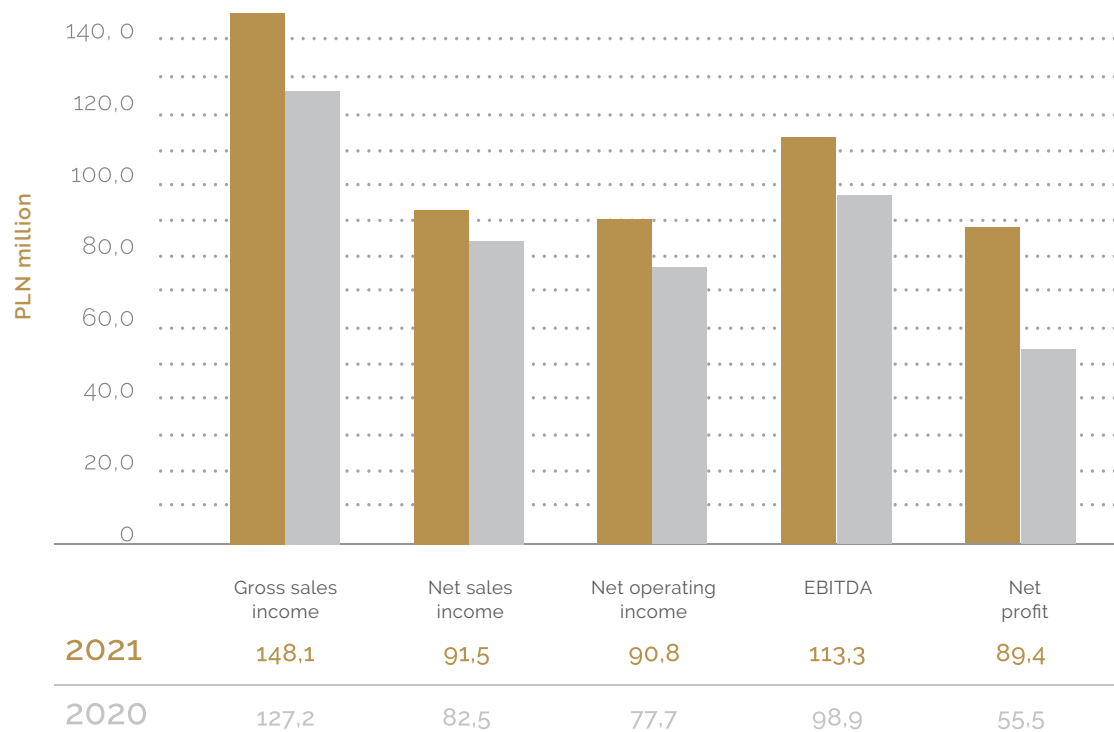
- Positive result on derivatives concerning unrealised sales at PLN 534,000; provision of PLN 3544 thousand created for potential costs connected with a court suit concerning a dispute with one of the contractors in the real estate development area.
- Positive valuation as of the balance sheet date of the shares of ENEA SA amounting to PLN 17,553 thousand and positive valuation on the sale of shares of ENEA SA amounting to PLN 649 thousand; provision of PLN 1571 thousand created for potential interest costs connected with the above-mentioned court suit concerning a dispute with one of the contractors in the real estate development area.
- Deferred tax resulting from the above-mentioned factors.

The following factors contribute to the adjustments of 2020:

- Positive result on derivatives concerning unrealised sales at PLN 326,000; costs of the decommissioning of the secondary step-down substation and water treatment plant to a total amount of PLN 1598 thousand.
- Negative valuation as of the balance sheet date of the shares of Enea SA amounting to PLN 11,922 thousand.
- Deferred tax resulting from the above-mentioned factors.

No other major events of one-off or atypical nature occurred in addition to the above-mentioned factors.

Financial results for 2021 vs 2020





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*Ustawa Rządowa
W Imię Boga w Trójcy Świętej
Stanisław August z Dziećmi Łaski y
Król Polski, Wielki Litwie Litewski, G.
Mazowiecki, Smudzki, Kijowski, Wołyński
Podlaski, Miłanowski i Smoleński Siwierski*

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Statutory auditor's report to the General Meeting and Supervisory Board of **Mennica Polska SA**

Report on the audit of annual consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of the Group whose parent undertaking is Mennica Polska SA with its registered office in Warsaw, ul. Ciasna 6 ("parent undertaking") (the "Group"), which include the consolidated statement of financial position as of 31 December 2021, consolidated income statement, the consolidated statement of comprehensive income, consolidated changes in equity and cash flows for the year then ended and explanatory notes describing the adopted accounting principles and other explanatory information ("consolidated financial statements").

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated assets and financial position of the Company as of 31 December 2021, and of its consolidated financial result and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply, in terms of form and content, with legislation binding on the Group and the parent company's articles.

This opinion is consistent with the additional statement for the Audit Committee issued by us on 28 March 2022.

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing as adopted by the National Board of Statutory Auditors ("KSB") and in accordance with the Act of 11 May 2017 on Statutory Auditors, Audit Firms, and Public Supervision ("Statutory Auditors Act" – Journal of Laws of 2020, item 1415, as amended) and EU Regulation No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (EU Regulations – OJ L 158). Our responsibility under those standards is described further in this report under the Statutory Auditor's responsibility for the audit of the consolidated financial statements.

We are independent of the companies of the Group as provided for in the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by resolutions of the National Board of Statutory Auditors, and other ethical requirements applicable to the auditing of financial statements in Poland. We have complied with other ethical obligations under those requirements and IESBA Code. Throughout the audit, the key auditor and the audit firm remained independent of the parent company, in accordance with the independence requirements defined in the Statutory Accountants Act and in the EU Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key aspects of the audit

Key aspects of the audit are issues which, according to our professional judgement, have been most significant during the audit of the consolidated financial statements for the current reporting period. These include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. We have addressed these issues in the context of our auditing of the consolidated financial statements as a whole and in formulating our opinion, and we have summarised our response to those risks, and in the cases considered appropriate, we presented the crucial findings related to those risks. We do not express a separate opinion on those issues.

Recognition of income

In its financial statements, the Group discloses income from sales at PLN 1,309,211,000 which comprises income from the sale of mint products at PLN 977,651,000, income from the Electronic Payments segment at PLN 177,999,000, and income on Real Estate development activity at PLN 153,561,000.

We have found that the correctness of recognition of income is a key issue due to the fact that this item is, by its nature, prone to misstatement due to error or fraud, and in connection with its materiality.

Disclosures in the financial statements

The income recognition rules are described in Note 2.1 to the consolidated financial statements.

Procedures of the statutory auditor in response to identified risks

Our auditing procedures covered, in particular:

- understanding and assessment of income recognition and the application of IFRS 15;
- assessment of the design and implementation of internal controls concerning the timing of recognition of income from sales, and the division of responsibilities, implemented by the Entity Manager, of the individuals involved in the recognition of income from sales, in order to reduce the risk of manipulation in the financial statements;
- based on a sample of sales transactions, reconciliation of income with source documentation such as: contracts and orders for mint products, reports from sales systems, real estate development contracts, acceptance certificates, notarial deeds;
- analytical procedures consisting of the analysis of monthly sales and costs of selling by income source, with an explanation of any deviation;
- analysis of selected sales transactions of the Company recognised at the turn of the year in terms of the assignment of income to the appropriate period by comparisons with source documents such as sales invoices and documents certifying the delivery of goods or performance of a service;
- assessment of the correctness and completeness of the disclosures presented in the financial statements, concerning the recognition of income from sales with regard to the applicable requirements of financial reporting standards.

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