



MENNICA
POLSKA

ISTNIEJE OD 1766 R.

ANNUAL REPORT

2022

Annual Report **2022**

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

Dear Shareholders,

dynamically changing market environment has constantly generated multiple challenges for business. Following the pandemics which we have managed to pull through, in 2022 we have been facing with the consequences of the war in Ukraine. While securing the interests of Mennica Polska and our Shareholders, we conducted activities which have confirmed our practical commitment to social responsibility. We have delivered on both counts.

In the reporting period, the confidence with the solidity of Mennica Polska has been confirmed by contracts awarded by the National Bank of Poland at more than PLN 138 million in total. The contracted orders include the manufacture and delivery in 2023 of coins of general circulation. In 2022, we also won the procurement process for the supply of Medals of Honour and Decorations for the Chancellery of the President of the Republic of Poland for 2023-2024.

In the minting segment, we have actively worked to secure new contracts in international markets. Speaking to our strong position are won procurement processes for the supply of circulation coins launched by central banks of Guatemala, Dominican Republic, Columbia, and by the Treasury Department of Thailand. They were partially accomplished at the end of 2022, and finalisation is scheduled for the second half of 2023. Over the reporting period, we were also awarded significant contracts from international markets in the group of investment products, including the production of gold bars for the Bank of Estonia. It is also worthwhile to note the contract from the Bank of Georgia for the production of golden and silver collector coins. In 2022, we displayed our expertise and rich experience at major industry events, such as the 20th Technical Meeting of the Mints (TEMAN) in Singapore.

Tapping market opportunities, in the reporting period we were very active in developing the stationary sales network of golden bars and bullion coins. As many as six new sales offices appeared on the map of Mennica Polska's business (Lublin, Katowice, Białystok, Szczecin, Rzeszów, Gdansk), as well as one brand store in Lower Silesia region of Poland (Wrocław). We have also worked to launch a new online shop,



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which has been opened in Q1 2023. Systematic development of distribution channels allows us to consistently strengthen our competitive edge. In 2022, our customers bought more than three metric tonnes of golden bullion. This is testimony to huge trust with Mennica Polska, as is the fact that our brand products account for more than 50 percent of our total sales of golden investment products. In addition, in early 2022 we have launched a new foundry line which put under our control the entire process of production of bars with Mennica Polska's proprietary mark. Speaking to our strong position in this part of our business is also the "Alternative Investment Company" title awarded to us in the reporting period, for the second time already. More than 100,000 votes were cast in the open voting in the Invest Cuffs competition.

In the Electronic Payments segment, we continued recovering our position from before the pandemic. We can confidently say that we have achieved our goals in accordance with the expectations. Our revenue from this part of our business grew more than 19 percent year-on-year. We started the implementation of the Open Payment System (OPS) in Poznan and the neighbouring municipalities in the reporting period. The entire project will be finalised in Q1 2023. Mennica Polska's proprietary solution has won four awards during TRANSEXPO International Fair. In 2022, OPS was recognised again as the best fare collection system in urban transport vehicles. In addition, in stationary and mobile ticket machines, we have introduced payments for urban transport tickets with the proximity BLIK system. In delivering the smart city idea, we don't forget about security, by responding to the standards of international payment organisations. In 2022, we successfully passed the re-certification audit for the PCI Data Security Standard. We also received the Visa Ready certificate in the Transit Back Office MTT category.

Speaking to our strong position in the Real Estate Development segment was our acceptance as member of the Polish Association of Property Developers, the largest and most influential industry organisation which has for 20 years now represented the interests of the associated companies in Poland and in the European Union.

Regarding strategic business decisions, it is worthwhile to mention that in December 2022 we put again an offer to buy half of the share stock in the Mennica Legacy Tower project. Our offer expired due to the fact that the seller failed to meet the conditions of the offer.

As part of the Bulwary Praskie project, the apartment sale process closed at the end of 2022 with 258 signed property development agreements, which is almost 80 percent of all apartments in buildings under construction. In May 2022, we also received a building permit for 747 apartments in three new urban blocks. In response to the appeals filed by two environmental organisations, the Province Governor upheld the decision of the President of the capital city of Warsaw.

Business strategy of Mennica Polska's Management Board is based on maximum utilisation of the available potential and constant search for market opportunities. We have developed our business dynamically, but always with care for Shareholder interests. Thank you for your trust. This makes us proud and committed to focused effort to deliver promising projects over the next year. Meanwhile, please examine our financial statements for 2022.

Yours faithfully,

Katarzyna Budnicka

President of the Management Board, Mennica Polska



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Mennica Polska

Group structure

Mennica Polska Group (Polish: Grupa Kapitałowa Mennicy Polskiej S.A.) is a leading maker and distributor of minting and engraved/medallist products in Poland, and a prominent player in global markets in this segment. In addition, delivering its strategy of striking a balance between traditional and modern products, MP 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 MP 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%

— Estelport Investments – Sp. z o.o. – 100%

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

Shareholders of Mennica Polska SA

As of the date 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 31/12/2022			As of 31/12/2021		
	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 Zbigniew Jakubas with subsidiaries and entities mentioned in Article 87(1)(5) of the Public Offering Act	25,542,859	49.999%	49.999%	25,542,859	49.999%	49.999%	25 180 270	49,24%	49,24%
Nationale- Nederlanden PTE SA	3,830,000	7,50%	7,50%	3,830,000	7,50%	7,50%	3,830,000	7,49%	7,49%
PTE PZU SA	3,538,420	6,93%	6,93%	3,538,420	6,93%	6,93%	3,538,420	6,92%	6,92%
Joanna Jakubas	2,959,000	5,79%	5,79%	2,959,000	5,79%	5,79%	2,959,000	5,79%	5,79%
NNLife OFE (wcześniej MetLife OFE)	5,415,041	10,60%	10,60%	5,415,041	10,60%	10,60%	5,116,719	10,01%	10,01%



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Supervisory Board of Mennica Polska SA

Between 1 January 2022 and 11 May 2022, the Supervisory Board comprised the following individuals:

- **Zbigniew Marek Jakubas** – Chairman;
- **Piotr Edward Senddecki** – Chairman;
- **Jacek Piotr Czarecki**;
- **Jan Wojciech Woźniak**;
- **Agnieszka Pyszczek**.

Since 11 May 2022, the Supervisory Board comprised the following:

- **Zbigniew Marek Jakubas** – Chairman;
- **Piotr Edward Senddecki** – Chairman;
- **Jacek Piotr Czarecki**;
- **Jan Wojciech Woźniak**;
- **Agnieszka Pyszczek**;
- **Jakub Papierski**.



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Key achievements and major events

Key achievements and events

Dynamic development of stationary sales network of golden investment products.

Launching a new foundry line.

Securing annual purchase order from the National Bank of Poland for more than PLN 138 million.

Results

In 2022, Mennica Polska was very active in developing its network of stationary outlets for investment gold. Six new sales offices were launched (Lublin, Katowice, Bialystok, Szczecin, Rzeszow, Gdansk) as well as one company brand store in Lower Silesia region of Poland (Wroclaw). In parallel, work started to develop a new online shop, the effects of which have been visible in Q1 2023. Systematic development of distribution channels allows Mennica Polska to consistently strengthen its competitive edge. In 2022, its customers bought more than three metric tonnes of gold.

In early 2022, a new foundry line was launched, which put under Mennica Polska's control the entire process of production of bars with Mennica Polska's proprietary mark. It is part of strengthening our competitive advantage – the deployment of this solution allows us to secure all our inhouse needs related to the production of bars, as well as collector coins, for the Polish and international markets.

The order from the National Bank of Poland for a total of PLN 138,357,795.40 is for the production and delivery of coins of general circulation in 2023. Payments for particular coin batches will be made partially with the progress of Mennica Polska's deliveries to the NBP.

Key achievements and events

Securing attractive contracts from international markets for the production of circulation and collector coins, and investment products.

Our win in the Invest Cuffs competition in the "Alternative Investment Company" category.

Our win in The Best Industry 4.0 competition, in the "Manufacturing Facility" category.

Start of rollout of our proprietary Open Payment System in Poznan and the neighbouring municipalities.

Results

Speaking to Mennica Polska's strong position in international markets are won procurement processes for the supply of circulation coins, launched by central banks of Guatemala, Dominican Republic, Columbia, and by the Treasury Department of Thailand. They were partially accomplished at the end of 2022, and finalisation is scheduled for the second half of 2023. Also, several significant contracts in Investment Products segment were signed, including for the production of golden bars for the Bank of Estonia and production of golden and silver collector coins (Bank of Georgia).

Mennica Polska recognised as "Alternative Investment Company" for the second time. The outcome of the Invest Cuffs competition confirmed the highest level of trust to the brand in the context of investment products offered by us. More than 100,000 people took part in the open voting.

Mennica Polska won The Best of Industry 4.0 competition in the "Manufacturing Facility" category. The distinction was awarded for the rollout of a smart and autonomous control system for a modern factory to manage all purchase orders for the domestic and international markets without the involvement of planning specialists or direct supervisors.

A total of 740 mobile validators will be launched as part of the Open Payment System being rolled out in Poznan and the neighbouring municipalities. This is an outcome of partnership between Poznan authorities and Mennica Polska, with significant technology support from Mastercard and Fiserv Polska S.A. Komorniki is the first municipality near Poznan in which passengers were able to pay the fare in the vehicle in 2022. The fare can be paid with a proximity payment card or using mobile devices with the NFC module (smartphones, smartwatches).



Introduction of payments for urban transport tickets with the proximity BLIK system in stationary and mobile ticket machines.

Supply and installation of mobile cashless ticket machines to the order of MPK Lodz.

Our win at TRANSEXPO 2022 International Fair in the "Collection systems" category.

Receipt of Visa Ready certificate in the Transit Back Office MTT category.

Results

Since May, passengers of municipal transport in Wroclaw, Bydgoszcz, Gdansk and Lodz can pay their fares with the proximity BLIK system. Fare can be paid in this way in the validators operating in the Open Payment (OPS) system and in traditional ticket machines. In Warsaw, you can pay with proximity BLIK in stationary and mobile ticket machines (installed in buses and trams).

In September 2022, Mennica Polska supplied and installed mobile ticket machines in 553 vehicles of Lodz's municipal transport operator. The contract with MPK Lodz also stipulates that our company is responsible for the maintenance of the sales system (ticket machines, central system) for 48 months from startup.

Mennica Polska's Open Payment System was recognised for the fourth time as the best fare collection system in urban transport vehicles. At TRANSEXPO 2022 International Fair of Public Transport, the industry jury appreciated a solution by which the passenger is able to repay their debt for unpaid tickets bought in the OPS system through the www platform and in a ticket machine installed in the vehicle. It has been the first solution of that kind in Poland.

Mennica Polska's solutions for public transport were recognised to comply with the highest standards of this leader of international payment organisations. This applies both to security and functionality. The company received the certificate under the Visa Ready programme, which it joined as early as in 2018 as the first entity from Poland.



Award of PCI Data Security Standard certificate for another time in a row.

Seamless continuation of the "Bulwary Praskie" project.

Building permit for Buildings N, O, P as part of "Bulwary Praskie" project.

Making a purchase offer for 50% of shares of Mennica Legacy Tower project.

Results

PCI DSS certification audit has once again reaffirmed the maximum level of security of cashless transactions in stationary and mobile ticket machines and in Open Payment System validators. It means that all information linked to the payment card is encrypted, transferred and stored in compliance with the procedures and standards defined by Visa and MasterCard payment organisations.

The current status of sold apartments as part of the Bulwary Praskie project, in its II, III and IV stages (buildings R2-R3, S2-S3 and R1) is 258 signed property development agreements at the end of 2022, which is almost 80% of all apartments in the buildings under construction.

In May 2022, Mennica Polska received a building permit for 747 apartments in urban blocks N, O, P as part of the "Bulwary Praskie" project. Following appeals filed by two environmental organisations, the Province Governor has upheld the decision of the President of the capital city of Warsaw.

On 20 December 2022, Mennica Polska made an offer to buy 50% of the shares of Mennica Legacy Tower project with building value estimated at EUR 401 million. The purpose of this transaction was to protect the company which owns the building against default, with simultaneous securing of funding for the repayment of the bondholders of Golub GetHouse which holds a half of the project shares and availed itself of funding from retail investors. Our offer expired after the balance sheet date (21 March) due to the fact that the seller failed to meet the conditions of the offer.

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 storage 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 Towers GGH MT Spółka z Ograniczoną Odpowiedzialnością S.K.A.; Mennica Deweloper Sp. z o.o.; Estelport Investments Sp. z o.o.
Products	production and sales & marketing of circulation and collector coins, tokens, bars, medals, decorations, stamps, seals, date stamps, and other mint products	operating city-card systems, sale of urban 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 urban transport, railway companies, private individuals	institutional customers and natural persons
Markets	domestic and international	domestic	domestic

The diagram above represents the structure of segments operated by Mennica Polska Group, including joint ventures and affiliates.

Income Statement by segment for period from 1 January to 31 December 2022

Line of statement (thousands of PLN)	SEGMENT				Total
	Mint Products	Electronic Payments	Real Estate Development	Unallocated items	
Revenues from core operating activity, total	1,060,194	212,067	10,166		1,282,427
Expenses of core operating activity of segment	1,001,974	208,182	24,934		1,235,090
Other operating income and expenses	-1,182	191	-204		-1,194
Result on derivatives for unrealised sales				5,701	5,701
Share of profit/loss participations in investments accounted for using the equity method	57,038	4,076	-14,971	5,701	51,844
Wynik operacyjny	5,685	10,267	2,811		18,763
Amortisation and depreciation	62,723	14,343	-12,160	5,701	70,607
EBITDA			1,328	711	2,039
Financing income	57,038	4,076	-13,643	6,413	53,884
Financing expenses					7,252
Income tax					23,297
Net profit					-5,391
					32,447



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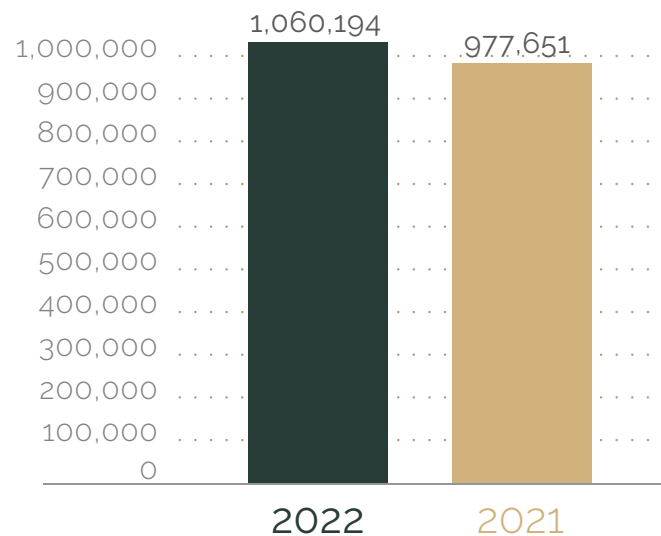
Mint Products segment

This segment includes:

- production and sales of mint products, in particular circulation and collector coins, golden and silver investment products (bars, bullion coins), 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 and bullion coins.

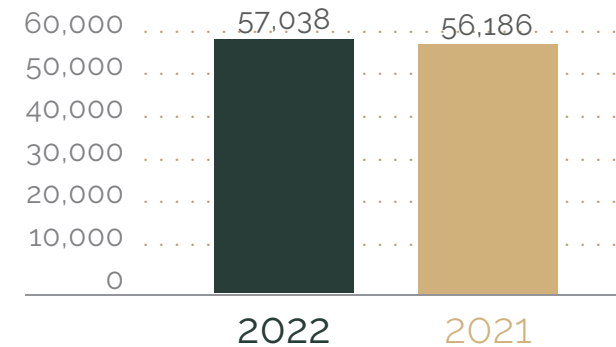
Revenues of Mint Products segment

(thousands of PLN)



Performance of Mint Products segment

(thousands of PLN)



Domestic coin market

Our key account in the coin market is the National Bank of Poland. In the period, Mennica Polska S.A. supplied coins to the National Bank of Poland based on a Framework Contract of 11 July 2007. Under the contract, in particular years, Mennica receives an annual 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 2022, Mennica realised orders for the NBP in the quantities lower than those of 2021. Regarding circulation coins, the Group made coins of 1 grosz, 5 grosz, 10 grosz, 20 grosz, 50 grosz, 1 zloty, 2 zloty bi-colour, 5 zloty bi-colour (including 5 zloty commemorative coins from the "Discover Poland" [Odkryj Polskę] series.

In 2022, in the segment of general-circulation coins, more than 438.6 million coins were made with the value of more than PLN 80 million. Interestingly, in the last two months, the National Bank of Poland increased its purchase order by almost 37 million coins relative to the original order. In addition, on 13 December 2022, the Company received an annual order from the National Bank of Poland for the production and delivery in 2023 of general-circulation coins for a total of more than PLN 138 million.

In the group of collector coins made for the National Bank of Poland, more than 160,000 coins were made in 2022 with the value of PLN 11.5 million.

Noteworthy achievements include 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 Ag999 silver.

Apart from the 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, including in the domestic market. Our offering includes a wide range of coins with various themes that are sold via physical stores, online store and collector's catalogue.



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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 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 product range offered by Mennica. The medal market consists of our traditional customers: state and local government authorities, universities, schools, associations and companies that wish to honour their anniversaries.

Domestic market for investment gold

Two thousand twenty-two was another very successful year for the investment gold market. Especially over the initial six months of the year, we have observed record-breaking interest in investment products, which was due to the war in Ukraine, among other reasons. We have been satisfied with good sales results through online channels where customers value primarily large selection of products available in spot delivery. Despite many difficulties with the availability of the products on the market in 2022, we were able to maintain continuity of supply, allowing us to propose the broadest range of both bullion coins and gold bars.

We can proudly conclude that, although our offering includes gold in the form of bars and bullion coins from reputable global manufacturers, 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 Q2 2022, we have launched a new foundry line which put under our control the entire process of production of bars with Mennica Polska's proprietary mark.

In 2022, we launched 6 regional customer service offices and a brick-and-mortar shop in Wrocław. Offices were opened in Lublin, Katowice, Białystok, Szczecin, Rzeszów and Gdańsk. At the local offices, experts of Mennica Polska will explain what investments in precious metals are and what place they can have in our portfolios. They will also advise the customers on the aspects they should focus on. They will prepare a bespoke offer to buy investment product for each customer. In addition, we selected more than a dozen other locations throughout the country which we plan to launch over time.

In the period discussed here, the Company registered foreign-exchange business to meet customer needs who would like to buy investment products or other mint products, having at their disposal currencies such as: USD or EUR, without leaving Mennica's outlet.



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International market for coins

In the international market, in the period discussed here, Mennica Polska's business focused on the two areas mainly: production of circulation and collector coins. The former product group features ongoing supplies of coins to central banks of primarily South America and Asia. Mennica Polska's major contracts included supply contracts for Central Bank of Colombia, Central Bank of the Dominican Republic, Bank of Guatemala, and Nepal Rastra Bank.

In addition to the performance of secured contracts, a major objective has been still to seek new sales 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 uncertainty caused by the pandemic, issuance policies of central banks have not markedly changed relative to past years. In 2022, Mennica Polska competed for many contracts and submitted a total of 38 proposals. In the second half of the year, we reported high activity of central banks. The most significant events for our international business department was to secure four key contracts awarded by the Central Banks of Guatemala, Dominican Republic, Colombia, and by the Treasury Department of Thailand. These contracts are for the production of circulation coins, which was partially accomplished at the end of the reporting period, and project finalisation is scheduled for the second half of 2023.

The largest competitors in the sector of circulation coins have been still the mints from Finland, the UK, Slovakia, the Netherlands, or France.

In the collector coins product group, Mennica Polska 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. Due to the present geopolitical situation related to the invasion of Ukraine by Russia, all projects dedicated to the Russian market have been suspended. The contracts from Ukrainian banks have also been suspended, and they will be resumed as soon as the banks are ready to carry out sales through their branches.

In the discussed period, Mennica competed in 17 tenders concerning specifically silver and golden collector coins. We secured several major contracts for our international business department. One of them was the making of 1,000 golden bars for the Bank of Estonia. Another major event was the won tender for the supply and production of silver and golden collector coins for the Bank of Georgia.

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 100 coin themes were implemented over the twelve months. Mennica Polska has continued the existing series and introduced new commemorative coins, issued primarily in cooperation with issuers such as Niue and Cameroon. Two-ounce coins made with the medallist technique, whose entire batches have been sold out, are still very popular.

Below are presented selected figures for the segment:

Mint Products segment	2022	2021
Weight of gold sold, contained in investment products and coins (kg)	3,103	3,354
Quantity of coins sold	941,781	1,280,656
Number of customers of circulation coins (based on sales figures)	6	5
Number of customers of collector coins (based on sales figures)*	128	132

*The adopted threshold is sales of at least PLN 10,000

Electronic Payments segment

This segment includes the operation of public transport 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 has been actively developing its business in the electronic payments market since 2001. The Electronic Payments Division is responsible for this area.

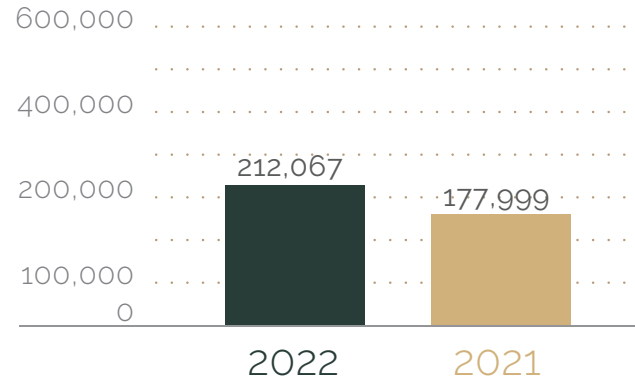
The Group is a leader in the implementation, operation and development of "city card" systems in Poland.

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;
- rollout of IT and communication systems for the management of city cards and sale of urban services (mainly public transport tickets) based on proximity cards;
- implementation of Open Payment systems that allow the passengers to pay directly in vehicles using proximity payment 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.

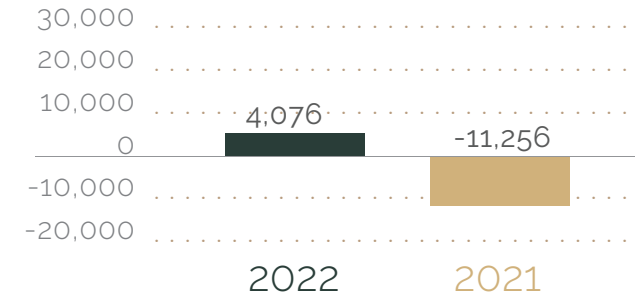
Revenues of the Electronic Payments segment

(thousands of PLN)



Profit or loss of the Electronic Payments segment

(thousands of PLN)



In 2022, despite continued impact of COVID 19 pandemics on the economy and market changes related to the international situation, the Electronic Payments segment reported a growth of revenue relative to the same period of the prior year by almost 19%

Over the period reported here, the Electronic Payments Division focused its activity primarily on maintaining the existing projects. 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 our dedicated inhouse unit. As a result of those measures, the result of the Electronic Payments segment in the reporting period was significantly higher than in 2021. At the same time, efforts to develop our proprietary "Open Payment System" product have continued.

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

- Warsaw City Card,
- "URBANCARD" Wrocław City Card,
- "PEKA" Poznan Electronic Agglomeration Card,
- Gdansk City Card,
- Bydgoszcz City Card,
- Jaworzno City Card,
- Suwalki City Card,
- "Migawka" Lodz 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.
- lease of 553 mobile ticket machines in Lodz.

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).

In 2022, the impact of the pandemic was still felt in terms of loss of sales, but the optimisation processes being implemented, and gradual improvement of the sales of public transport tickets allowed us, after two years, to generate a profit in the Segment.

Below is presented a summary description of key projects:

Warsaw City Card

Contract validity: indefinite, but the contract may not be terminated before 30 June 2026.

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 2022 through more than 1,000 retail points of sale, more than 480 ticket machines, an online sale system, and a mobile payment system.

In addition, Mennica Polska supplied and has maintained 583 mobile machines in Warsaw Trams. At the same time, Mennica received an order for 173 more mobile machines from Warsaw Trams. Contract term: 31 August 2024.

"URBANCARD" Wrocław City Card

Contract term: 07 September 2028.

In the reporting period, Mennica Polska, 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 (Open Payment System).

"PEKA" Poznań Electronic Agglomeration Card

Contract term: 22 May 2026.

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 startup of the ticket distribution system, i.e., until 22 November 2027. In 2022, the segment carried out work to roll out the OPS in Poznań.



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Bydgoszcz City Card

Contract term: 10 April 2025.

In the period discussed here, we continued supporting the Bydgoszcz City Card project. In October 2018, the 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 its BKM system, adding an innovative functionality whereby the payment card acts as an identifier for season/commuter 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/commuter ticket bought in the Mint Mobile Bydgoszcz mobile application can be associated with a previously recorded card identifier.

Jaworzno City Card

Contract term: 31 December 2026.

In the discussed period, Mennica 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

Contract term: 30 August 2029.

In the discussed period, the Lodz project was continued. Under that project, Mennica operates a public transport ticket sales network based on points of sale equipped with terminals. The project is carried out in collaboration with the Lodz Urban Transport Company (Miejskie Przedsiębiorstwo Komunikacyjne – Łódź Sp. z o.o.)

In 2016, Mennica was selected the operator of a pilot Open Payment system in Lodz. Under the pilot, in September 2017, a fare collection system was launched based on EMV validating machines that accept proximity bank cards.

In July 2021, we won the tender procedure for the lease and comprehensive maintenance support of 553 mobile cash-free ticket machines for MPK Lodz. The project involves the following responsibilities: delivery, installation and startup of mobile ticket machines in 553 vehicles of the public transport company, and maintenance of the sales system (machines, central system) in good repair for the contract term which is 48 months from startup.

Gdansk City Card

Contract term: 30 June 2028.

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

Open Payment System in Wloclawek

Contract term: 31 November 2025.

In 2020, Mennica rolled out its Open Payment project in Wloclawek, and has since maintained the fare collection system based on EMV validating machines that accept proximity bank cards.

Suwalki City Card

Contract term: indefinite.

In the discussed period, we continued supporting the Suwalki project. Under that project, we have focused on maximising the sales of public transport tickets through the existing sales network.

Electronic Payments segment	2022	2021
Nominal gross sales realised through Mennica systems (PLN)	680,205,550	547,002,355
Number of stationary ticket machines under contracts as of the balance-sheet date	864	827
Number of OPS readers under contracts as of the balance-sheet date	3,906	3,870
Number of mobile machines under contracts as of the balance-sheet date	1,310	583

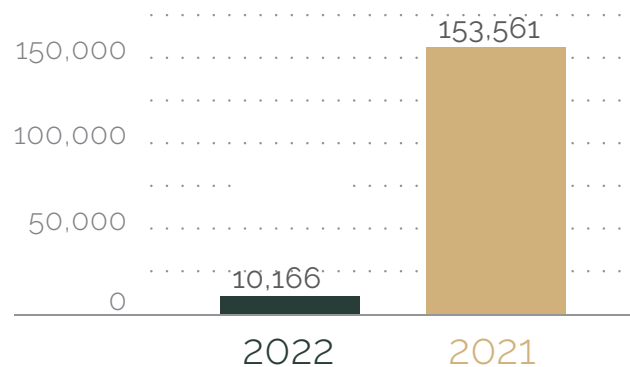
Real Estate Development segment

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

Mennica Polska S.A. has been rolling out its real estate development projects on its own property, and leases office 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 real estate development projects.

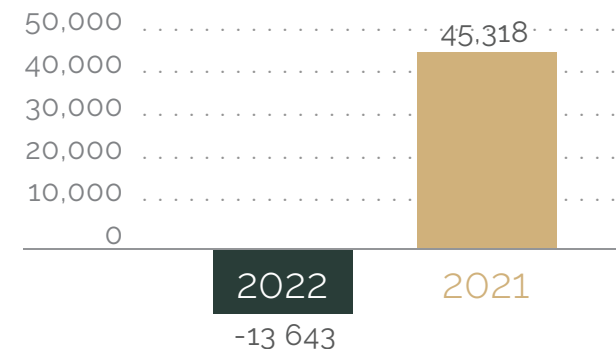
Revenues of the Real Estate Development segment

(thousands of PLN)



Profit or loss of the Real Estate Development segment

(thousands of PLN)





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In 2022 involved the phase of construction and pre-sale of real estate development projects called "Bulwary Praskie". Until the apartments are sold and ownership of them is transferred, cash flows from these processes are recognised through balance sheet instead of income statement. The pre-sale process involved increased liabilities due to payment of advances by customers, and construction spending was reflected in a growth of inventories. Regarding final sales that are reflected in the income statement, ownership titles in the reporting period were transferred to customers only for the last remaining apartments under projects completed in the prior periods, i.e., Mennica Residence and S1. Hence, in 2022, this segment has reported sales figures significantly below those of 2021. In accordance with the accounting policies, selling costs and marketing costs as well as allocation of general and administrative expenses and discontinued fibre cable project were charged to the Income Statement. The above-described factors translated into a loss in the income statement for the Construction Development segment reported in the period under analysis, which is only temporary, as this segment is characterised by high profitability in a longer term. Significant results of the projects underway in 2022 will be posted only in the subsequent periods in which the ownership of apartments is due to be transferred to the buyers.

"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 Jagiellonska St., with an area of 276,119 sqm.

The first building (S1), comprising 142 residential units and 7 retail units, has been completed so far. All residential units in the S1 building have been sold.

In addition, we continued the development of 184 units in buildings R2-R3 and S2-S3 as well as the last building in the urban block, referred to as R1, consisting of 142 residential units and 7 retail units.

Sales of apartments (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 2022 closed with 258 signed real estate development contracts, which amounts to 79.14% of all apartments under construction. Overall area of the apartments sold was 13,886.60 sqm, which is 75% of the total usable area of apartments on Stages II, III and IV of the project.

In May 2022, we received a building permit for 747 apartments in urban blocks N, O, P as part of the "Bulwary Praskie" project. Two environmental organisations appealed against the decision awarding the building permit. The Province Governor upheld the decision of the President of the capital city of Warsaw.

“Mennica Residence” project

Under “Mennica Residence” real estate development project, a total of more than 530 apartments were built, with average area of about 50 sqm and total usable area of about 32,000 sqm. All apartments under that project were sold. In addition, under this project, Mennica Polska owns retail space of about 5,900 sqm which is leased out or offered to let.

“Mennica Legacy Tower” project

The project is operated by Mennica Towers GGH MT Sp. z o.o. S.K.A., a joint venture in which Mennica Polska Group and Golub GetHouse hold 50% equity each. The project is operated by Golub GetHouse's partner, and Mennica 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 in 21 Perec St. The area is dominated by 130-metre Mennica Legacy Tower (MLT) with 32 office levels, accompanied by a nine-level building. The total leasable area is 66,000 sqm, of which 51,000 sqm are in the tower.

In the discussed period, the project continued to be leased to the key tenants, both in the “tower” and the western building.

On 20 December 2022, 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, which is described in more detail in Chapter 1.2. 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 18 and 20 Prosta St.

Lease of commercial space

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

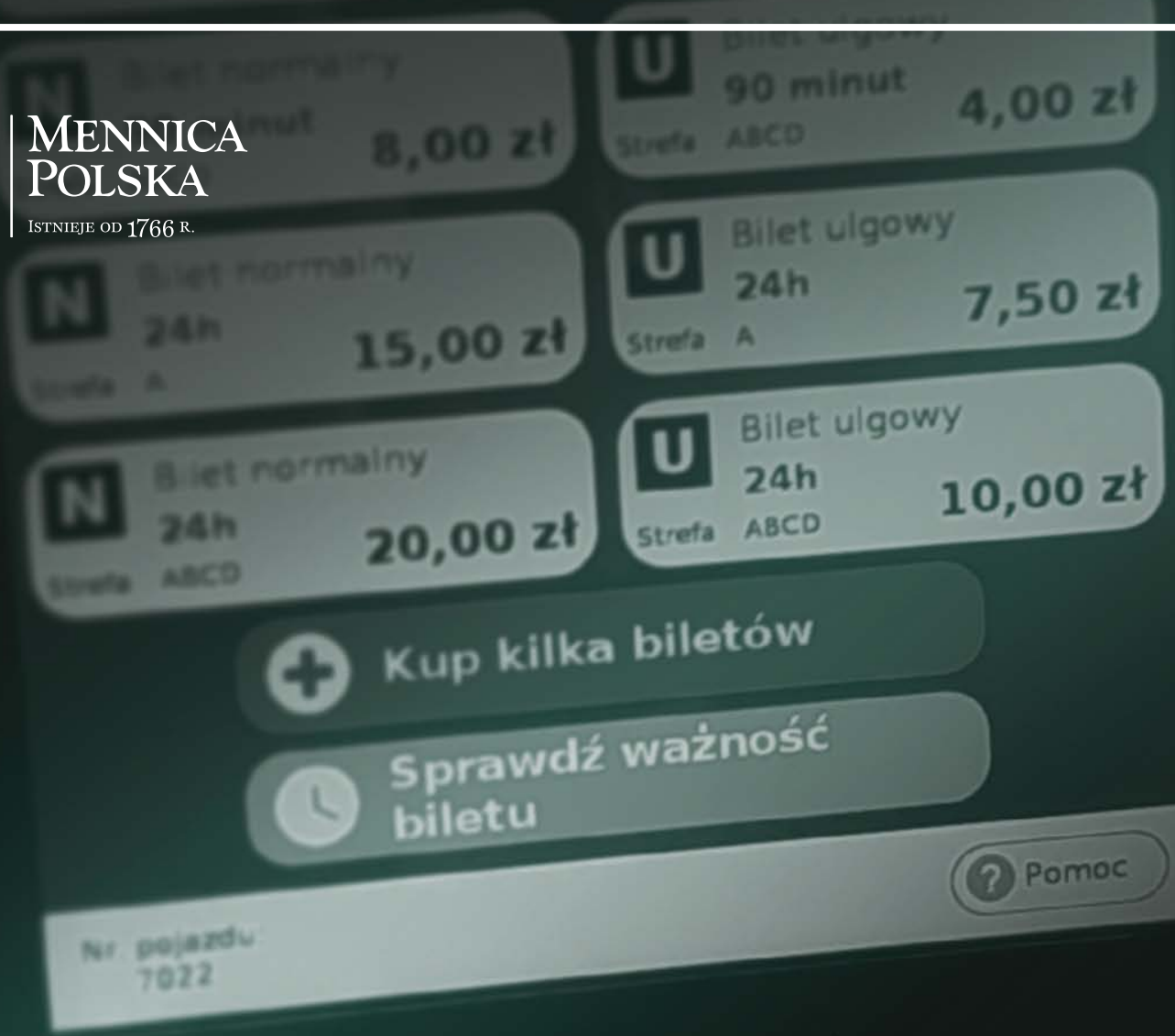
Poniżej przedstawiono wybrane informacje ilościowe dotyczące działalności segmentu:

Real Estate Development segment	2022	2021
Number of transferred apartments (based on final notarial deeds), including:	5	265
"Mennica Residence" project	1	127
"Bulwary Praskie" project	4	138
Pre-sales, including:	171	90
"Mennica Residence" project		3
"Bulwary Praskie" project	171	87



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Strategy and development prospects for Mennica Polska SA

The development strategy of Mennica Polska S.A. 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 aim at maintaining a leading position in innovation and technology. 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; development of incentivising 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 S.A. Group:



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Mint Products segment

Key elements of the strategy:

- Achieve better competitive position for the production of collector and circulation coins by mastering the largest possible range of mint techniques with which to meet customer expectations;
- Keep 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 by continuous improvement of human resources and machinery management;
- Strive to increase the share of exported circulation coins and maintain a competitive edge in the sale of collector coins through high quality combined with attractive pricing. Intensify efforts and join a much larger number of tenders to secure new contracts from Central Banks;
- With regard to the sale of investment products (gold bars, bullion coins), ensure transaction security, good quality of our products, and professional customer service, and further develop our distribution channels. Broaden the range of products offered;
- Maintain pro-active partnership with customers for product design;
- Diversify distribution channels.

Growth prospects:

- Increased demand for golden investment products caused by the global uncertainty among equity investors;
- Mennica Polska SA has been invited by central banks of various countries to compete in numerous tendering procedures for the supply of both circulation and collector coins.



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Electronic Payments segment

Key elements of the strategy:

- Develop the existing projects using new technologies applied in fare collection systems;
- Keep a leading position in the market regarding the urban project portfolio currently held;
- Further develop the Open Payment System project;

Look for new opportunities and develop our potential in Polish and foreign markets for the basic business of the segment;

- Diversify distribution channels – under the already supported 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 our proprietary mobile apps and online ticket selling platforms;

Take insourcing efforts to transfer production and maintenance processes to dedicated inhouse units.

Growth prospects:

- The Electronic Payments segment performs long-term contracts in the largest cities of Poland. In the coming year, the electronic payments segment will focus mainly on the portfolio of the following large urban projects (listed by city size): in Warsaw, Wrocław, Poznań, Łódź, Bydgoszcz, Gdańsk, Jaworzno, Suwałki, Włocławek. The three largest existing contracts expire in 2026, 2028, and 2026, respectively. In addition, in the following periods, for at least four years, we will continue the project under the contract with Warsaw Trams for mobile ticket machines supplied by Mennica Polska SA.
- Important for the performance of the segment will be further development of the economic situation in Poland and the pace of market change related to international situation.



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Real Estate Development segment

Key elements of the strategy:

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

Growth prospects:

- The "Bulwary Praskie" project promises great growth prospects. Carried out by Mennica Polska Spółka Akcyjna S.K.A. in the area of more than 27 ha situated between Jagiellońska St., Trasa Armii Krajowej and the projected Krasinski Bridge route, the area, due to its specific features, including direct neighbourhood of the Vistula river and green areas, will become a future landmark of the right-hand bank of Warsaw – prominent in the city panorama, offering attractive, multi-functional services. The expected usable area of multi-functional development is about 400,000 sqm. Also in 2022, we continued the construction and sale of real estate development projects R1, R2-R3, S2-S3 (326 units). In 2023, we also received the decision of the Province Governor upholding the building permit for buildings in new urban blocks (N, O, P) with 747 apartments.



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77A JAGIELLOŃSKA
KLATKA II
M 13-24

77A JAGIELLOŃSKA
KLATKA I
M 10-12

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

INTERNAL DEVELOPMENT FACTORS

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

We have a leading position globally in terms of technologies and their diverse applications

Mennica Polska S.A., 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, with openings of various shapes, depositing colour patterns using various methods, including pad printing, and very high-resolution laser prints cured with UV. We also make products with miscellaneous inserts, selectively gilded, oxidated, patinated, enamelled, ruthenium-plated products, giving them varied forms and shapes. In addition, 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. A novelty in the market is the combination of various techniques, usually high-embossing products, electroplated products, coloured products, with extra ornamental inserts, which makes us stand out as the leader, or maybe the sole company globally to make mint product in so many techniques with such multi-technologically advancement. In Q2 2022, we have rolled out one of the largest technology projects in recent years – production of blanks from precious metals, i.e., casting gold and silver items. Currently, all blanks for our own purposes used for the production of investment gold bars, products for export, and products for the National Bank of Poland, are made in Mennica Polska S.A. We have also successfully started distributing blanks to other mints. So far, we made more than six metric tonnes of silver disks and more than one metric tonne of golden blanks.

More than 255 years of history

or over 255 years, Mennica Polska has been actively involved in the social and economic transformation of Poland. 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 among the largest and best-managed companies in Poland. By consistently pursuing our business strategy, the Company has been successful in each of its business segments. Prestigious awards and distinctions at international numismatic fairs speak to 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

We are proud that each year brings with it awards and distinctions to Mennica Polska. We can be proud of winning The Best of Industry 4.0 competition in the latter part of 2022. Under that competition, which was accompanying the Polish Industry 4.0 conference, we won the main award in the "Manufacturing Facility" category. This confirms that it is not without reason that we are recognised as one of the most technologically advanced mints globally. The IPO system, for the implementation of which we have been distinguished, is an innovative solution that uses artificial intelligence to control a modern factory in the most efficient way. We know how to combine the best traditions of a 255 years old brand with efficient response to the challenges of modern times.

Mennica Polska's proprietary Open Payment System was recognised again as the best fare collection system in public transport vehicles. At TRANSEXPO 2022 International Fair of Public Transport, the industry jury appreciated a solution by which the passenger is able to repay their debt through the www platform and in a ticket machine installed in the vehicle. It has been the first solution of that kind in Poland.

Mennica Polska received the Visa Ready certificate in the Transit Back Office MTT category, which is another sign that all services related to the completion of transactions in public transport based on popular proximity bank cards meet the requirements expected by a leader of international payment organisations. This applies both to security and functionality of our solutions.

Our victories have reinforced Mennica Polska's strong position in the domestic market and demonstrated that our innovative solutions are appreciated.

We participate pro-actively in global industry events

Every year, representatives of Mennica Polska SA take active part in global events devoted to the production of collector and circulation coins. Mennica Polska SA has been active in every field possible: in the "Mint Directors Conference" (MDC), "Mint Directors Working Group" (MDWG), or the "Technical Sub Group" (TSG).



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

Mennica Polska has been for years the maker of official decorations 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 have been traditional products offered by Mennica Polska S.A. 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 has been the only entity authorised to make them. In 2022, we also won a contract for the supply of Medals of Honour and Decorations for the Chancellery of the President of the Republic of Poland for 2023-2024.

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 intended for Polish customers. We have collaborated with numismatic companies, collectors and numismatic organisations. We have been active both in the B2C and B2B areas.

We enjoy 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 Estonia, Dominican Republic, Georgia or Colombia. We have worked with a total of almost 100 distribution companies worldwide. Stable pricing policy and swift 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 year on year to include new countries. Now, we are active on almost every continent. A remarkable fact is that the Central Bank of the Dominican Republic, the Bank of Guatemala, and the Treasury Department of Thailand have again contracted Mennica Polska to make circulation coins. These new contracts speak to a strong position of Mennica Polska in international markets.



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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. Nevertheless, we have constantly improved our competencies and technology excellence in this area. In early 2022, we have launched a new foundry line which put under our control the entire process of production of bars with Mennica Polska's proprietary mark. In addition, we have provided comprehensive services for the distribution of investment products by opening our outlets in new cities of Poland, to be closer to our customers. Mennica Polska SA has also offered to our customers full range of gold 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 and regional sales outlets. Mennica Polska SA guarantees secure storage of gold bars in its strongroom, and offers gold buy-back at market prices.

We are a leader in the Polish market of city card operators

The Company has operated more than two million such cards nationwide. Public transport tickets are mainly encoded in those cards. In its activity, Mennica Polska SA has focused on the market for urban services, with particular attention to the broadly defined public transport market. We have operated systems in Warsaw, Wrocław, Poznań, Gdańsk, Bydgoszcz, Jaworzno, Włocławek, Suwałki, and Łódź. In 2022, our activity in the Electronic Payments segment was focused on process optimisation and strengthening security measures as part of maintenance of our projects, as well as the rollout of freshly awarded projects, i.e., supply of mobile ticket machines in Łódź and implementation of our proprietary Open Payment System dedicated to passengers in Poznań.

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 5,200 stationary and mobile ticket machines (including EMV validators), 2,000 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 emerging opportunities in the market for city card systems.



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ISTNIEJE OD 1766 R.

We are a leader in the market for fare collection systems in public transport using proximity payment cards

In 2017, we have rolled out the "Open Payment System" – a proprietary solution that allows the passengers to pay their fares in public transport directly using bank payment cards. Currently, such systems have become a standard in many cities of Poland, and Mennica Polska SA has implemented such systems in cities such as: Wrocław, Bydgoszcz, Łódź, Jaworzno, Włocławek and Poznań. 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, for the most innovative and modern IT solution in public transport. In addition, 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.

We hold huge potential in the real estate market

In addition to attractive real estate holdings, owned directly or via special purpose vehicles, Mennica Polska S.A. has also implemented its own real estate development projects.

The "Bulwary Praskie" project, carried out by Mennica Polska Spółka Akcyjna S.K.A., promises huge potential. The project includes the area between Jagiellońska St., Trasa A-K and the projected location of the Krasinski Bridge. This highly promising area has more than 27 hectares (ha). 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 Warsaw's right-bank districts – prominent in the city panorama. 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 on the district level, but also for the entire city. The expected usable area of multi-functional development is about 400,000 sqm, of which 66,000 sqm were completed or are under development.

One of our fully completed projects is "Mennica Residence", a complex of modern residential buildings situated along a walkway, with an internal courtyard and varied green areas on various levels, which has become a showcase of its district. The tallest building has fifteen levels. The estate was designed for private and institutional customers. A clear division has been made into commercial functions (two bottom levels) and residential functions (all levels above).

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



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ISTNIEJE OD 1766 R.

We hold certified quality, environment and OSH management systems

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

Under re-certification process, Mennica Polska received for another three years certificates of conformity for its management systems:

- quality management system – conformity to ISO 9001:2015;
- environmental management system – conformity to ISO 14001:2015;
- occupational safety and health - conformity to ISO 45001: 2018.

As a result of its follow-up audit, Mennica Polska received a certificate of conformity of its information security management system to ISO 27001:2017.

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 urban transport.

The certification concerns the locations at ul. Annopol 3 and ul. Ciasna 6 in Warsaw and the location in Krakow as well as customer service centres in Wroclaw and Warsaw that manage activities related to the city card.

We support culture, sports, charities and community organisations

Each year, Mennica Polska S.A. has been actively supporting the development of culture and sports and providing financial support to charities and community organisations. The main activities in this regard in the reporting period are the following:

- Since the beginning of the war in Ukraine, we have organised safe heaven where several refugee families were able to wait (without any financial liabilities) through their difficult time, pull themselves together, start working and resume relatively normal life on a decent level. As Mennica Polska, for the entire 2022 we supported several families from Ukraine – by offering them a shelter, helping to find jobs and school/kindergarten for children, practical assistance in official and medical matters, as well as food, clothing or medicines. In our factory in Annopol, we employed more than a dozen of people from Ukraine and supported them in meeting their daily needs, by organising donations of food, clothes and medical articles.

- January/February – Mennica Polska participated in the 30th Grand Finale of the Great Orchestra of Christmas Charity (WOŚP), a charity organisation. We had prepared 30 medals which were then put up at auction by the WOŚP, collecting a total of PLN 215,000. In addition, Mennica Polska SA had its stand at the Plac Defilad square in downtown Warsaw where we were stamping and selling commemorative tokens.
- March – Mennica Polska has become a sponsor of Motor Lublin, a sports club. Under the agreement signed in early March, the provided funding can be used for pursuing the club's strategic goals. This includes both strengthening the current rankings of Motor and support the development of its athlete base.
- May – Mennica Polska put up another time its own stand during the Long Night of Museums in the Royal Lazienki, Warsaw. In addition to stamping a commemorative token, Mennica held some attractions for children and their parents.
- June – Mennica Polska has funded, for another time, commemorative medals for the participants of the "Run for Blood and Marrow" running event in the National Stadium in Warsaw.
- September – funding support (1/2 of the amount) to medals for the 30th and 50th anniversary of Polish football players winning Olympic Games. The medals were transferred to Kazimierz Gorski Foundation and awarded at a special gala.
- November – Radio Zet Gala – Mennica Polska S.A. was a patron of the competition and funded prizes at PLN 150,000, including for the laureate of Andrzej Woyciechowski Radio Zet Award. In addition, Mennica Polska SA designed and made commemorative medals for all laureates.

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. 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 related to COVID-19 pandemic.

EXTERNAL DEVELOPMENT FACTORS

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

- development of demand for circulation coins both from the NBP and foreign central banks;
- market demand for new collector coins;
- developments in the market for investment products;
- strength of potential competitors in the mint 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 rollout 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 in the real estate market;
- level of interest rates which influences demand for apartments;
- development of costs of labour in the real estate development sector, cost of materials and construction services;
- further development of crisis situations such as the pandemic or war, which can adversely affect some part of our activity.

Corporate social responsibility (CSR)

KEY ACHIEVEMENTS AND EVENTS

Active support of refugees from Ukraine by Mennica Polska.

Record-high support to the Great Orchestra of Christmas Charity.

Funding commemorative medals for the participants of the "Run for Blood and Marrow" event.

Mennica Polska has been another time a Patron of Andrzej Woyciechowski Award.

RESULTS

Two apartments in downtown Warsaw, in Lucka St., were made available to refugees, who were also offered a job in company structures. The assistance was also provided with regard to the organisation of their life in Poland (providing medical care, participation in language courses, organisation of pre-school and school care, purchase of furniture and other necessities). In addition, Mennica Polska made a "Together with Ukraine" (Solidarni z Ukrainą) numismatic product. Proceeds from sale are to support organisations providing humanitarian assistance to those most in need.

Mennica Polska provided almost a quarter of a million zloty for the support of diagnostics and treatment of visual problems in children. The largest attraction were commemorative medals and roundtrips at the Company's production facility. That facility, situated in Warsaw's Annapol neighbourhood, makes each year the famous Golden Hearts which are put up at auction at the WOŚP Finale.

For the fourth year now, the participants of the event that promotes voluntary blood donation and registration in the marrow donor repository, have received commemorative medals from Mennica Polska, as a recognition of people who actively support the "Run for Blood and Marrow" initiative which has been bringing tangible results each year. As part of the last running event, held on 16 June 2022, 1,090 litres of blood were donated, and 165 people registered themselves as future bone marrow donors.

Mennica Polska has been proud to be a Patron of Andrzej Woyciechowski Radio Zet Award. It is one of the most prestigious distinctions for media people whose activity meets the highest standards of journalism. This includes persistence in pursuing the truth. In 2022, a first-ever distinction was awarded to an online content creator.



MENNICA
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ISTNIEJE OD 1766 R.

Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of PLN)

31.12.2022

31.12.2021

ASSETS

Non-current assets

Tangible assets	123,477	129,367
Intangible assets	18,989	19,198
Investment properties	49,455	50,736
Investments in associated companies and joint ventures accounted for using the equity method	14,859	12,820
Other long-term investments	152,655	146,710
Deferred income tax assets	952	
Trade and other long-term receivables		
Other non-current assets	4,163	912
Total non-current assets	364,550	359,743

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of PLN)

31.12.2022
31.12.2021

Current assets

Inventories	469,044	411,182
Other current investments	48,778	59,770
Income tax receivable	6	5
Trade and other receivables	69,418	36,017
Cash in ticket machines	15,339	51,052
Current assets without non-current assets intended for sale	602,585	558,026

Non-current assets classified as intended for sale

Total current assets	602,585	558,026
Total assets	967,135	917,769

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholder's equity

Share capital	51,087	51,138
Treasury shares	-976	-976
Share premium reserve	14,047	14,047
Other capital reserves	4,279	4,381
Retained profit	517,023	519,247
Shareholder's equity attributable to the Equity Holders of the Parent Company	586,436	587,837
Non-controlling interests	51,250	53,265
Total shareholder's equity	637,686	641,102

Liabilities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of PLN)

31.12.2022

31.12.2021

Bank and non-bank loans

Liabilities due to bonds

Liabilities due to lease

10,835

11,187

Trade and other liabilities

Deferred income tax liabilities

903

903

Provisions

Employee benefit liabilities

2,501

2,921

Total non-current liabilities

13,336

15,011

Bank and non-bank loans

6,896

Bond payables

Lease payables

64,668

64,833

Other financial payables

2,225

1,326

Current income tax payables

1,315

478

Trade and other payables

220,937

177,435

Provisions

12,237

11,445

Employee benefit liabilities

7,835

6,139

Total current liabilities without liabilities related to assets intended for sale

316,113

261,656

Liabilities related to assets intended for sale

Total current liabilities

316,113

261,656

Total liabilities

329,449

276,667

Total shareholder's equity and liabilities

967,135

917,769

Consolidated income statement

CONSOLIDATED INCOME STATEMENT

(thousands of PLN)

From 01/01/2022
to 31/12/2022

From 01/01/2021
to 31/12/2021

Continuing operations

Net income from sales 1,282,427 1,309,211

Cost of goods sold 1,168,195 1,160,332

Result on derivatives for realised sales -1,917 -821

Gross profit on sales 112,315 148,058

Selling costs 32,066 25,589

General and administrative expenses 32,912 30,992

Other operating income 1,686 1,149

Other operating expenses 2,880 4,766

Result on derivatives for unrealised sales 5,701 533

Operating profit 51,844 88,393

Profit/loss participations in investments accounted for using the equity method 2,039 2,449

Financial income 7,252 27,838

Financial expenses 23,297 5,792

Profit before tax 37,838 112,888

Income tax 5,391 23,465

Profit from continuing operations 32,447 89,423

Profit from discontinued operations

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(thousands of PLN)

From 01/01/2022
to 31/12/2022

From 01/01/2021
to 31/12/2021

CONSOLIDATED NET PROFIT (LOSS)	32,447	89,423
Items not to be reclassified in the future to the income statement		
Revaluation of non-current assets	-126	
Items not to be reclassified in the future to the gross income statement	-126	
Items to be reclassified in the future to the income statement		
Items to be reclassified in the future to the gross income statement		
Other comprehensive income before tax	-126	
Income tax on items not subject to reclassification	-24	
Income tax on items subject to reclassification		
Other net comprehensive income	-102	
TOTAL COMPREHENSIVE INCOME	32,345	89,423
<i>Attributable:</i>		
<i>To non-controlling interests</i>	<i>-2,015</i>	<i>2,421</i>
<i>To Equity Holders of the Parent Company</i>	<i>34,360</i>	<i>87,002</i>

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of PLN)

From 01/01/2022
to 31/12/2022

From 01/01/2021
to 31/12/2021

Cash flow from operating activities

CONSOLIDATED NET PROFIT (LOSS)

32,447

89,423

Adjustments

-16,428

-24,387

Amortisation and depreciation

18,763

22,418

Impairment losses on fixed assets

Profit (loss) on the sale of fixed assets

-1,033

44

Profit (loss) on the sale of financial assets

-649

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

-2,039

-2,449

Income from dividend

Valuation at fair value – shares of Enea S.A.

16,998

-17,553

Income from interest

-6,020

-5,712

Interest expenses

Unrealised exchange differences

Income tax charges

5,391

23,465

Change in receivables

-41,501

3,248

Change in inventories

-57,862

-40,481

Change in trade and other payables

48,808

-12,944

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of PLN)

From 01/01/2022
to 31/12/2022

From 01/01/2021
to 31/12/2021

Change in employee benefit provisions and liabilities	2,067	6,285
Other		-59
Cash flow from operating activities	16,019	65,036
Income tax paid	-6,386	-28,469
Net cash flow from operating activities	9,633	36,567
<i>Cash flow from investing activities</i>		
Proceeds from sale of intangible assets		
Proceeds from sale of tangible assets	1,189	126
Proceeds from sale of investment property		
Proceeds from sale of financial assets	42	17,887
Profits from the received repayment of provided loans		
Dividends received		
Purchase of intangible assets	-1,015	-1,332
Purchase of tangible assets	-10,853	-14,222
Purchase of investment property		-719
Purchase of financial assets		
Loans granted	-1,123	
Net cash flow from investing activities	-11,760	1,740
<i>Cash flow from financing activities</i>		
Proceeds from the issue of shares		

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of PLN)

From 01/01/2022
to 31/12/2022

From 01/01/2021
to 31/12/2021

Proceeds from the issue of bonds

Bank and non-bank loans

6,896

Purchase of treasury shares

Dividends and other payments to owners

-35,761

-35,797

Repayment of loans

Repayment of bonds

Payment of liabilities from finance-lease contracts

-4,721

-26

Net cash flow from financing activities

-33,586

-35,823

Net cash flow, total, before exchange losses/gains

-35,713

2,484

Change due to exchange losses/gains

Net change in cash and cash equivalents

-35,713

2,484

Cash at beginning of period

51,052

48,568

Cash at end of period

15,339

51,052

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <small>(w tysiącach złotych)</small>	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 31/12/2022</i>								
Shareholders' equity at beginning of period	51,138	14,047	-976	4,381	519,247	587,837	53,265	641,102
Total comprehensive income, including:				-102	34,462	34,360	-2,015	32,345
- net profit					34,462	34,462	-2,015	32,447
- other comprehensive income				-102		-102		-102
Issue of shares								
Purchase of treasury shares	-51		976		-925			
Dividends paid					-35,761	-35,761		-35,761
Other changes in equity								
Changes in equity	-51		976	-102	-2,224	-1,401	-2,015	-3,416
Shareholders' equity at end of period	51,087	14,047		4,279	517,023	586,436	51,250	637,686

Financial position of Mennica Polska Group

SELECTED CONSOLIDATED FINANCIAL FIGURES	for 12 months ended		for 12 months ended	
	(PLN thousand)		(EUR thousand)	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Net income from sales	1,282,427	1,309,211	273,538	268,010
Operating profit	51,844	88,393	11,058	19,310
Profit before tax	37,838	112,888	8,071	24,661
Net profit (loss)	32,447	89,423	6,921	19,535
Total net profit attributable to Equity Holders of the Parent Company	34,462	87,002	7,351	19,006
Total net profit per share attributable to Equity Holders of the Parent Company - (PLN/EUR)				
- basic/diluted	0.67	1.70	0.14	0.37
Net profit from continuing operations per share attributable to Equity Holders of the Parent Company - (PLN/EUR)				
- basic/diluted	0.67	1.70	0.14	0.37
Net cash flow from operating activities	9,633	36,567	2,055	7,988
Total cash flows	-35,713	2,484	-7,617	543

SELECTED CONSOLIDATED FINANCIAL FIGURES

for 12 months ended

for 12 months ended

(PLN thousand)

(EUR thousand)

31/12/2022

31/12/2021

31/12/2022

31/12/20 21

Total assets	967,135	917,769	206,217	199,541
Current liabilities	316,113	261,656	67,403	56,889
Shareholders' equity	637,686	641,102	135,970	139,388
Number of shares	51,087,191	51,087,191	51,087,191	51,087,191
Weighted average number of shares	51,087,191	51,087,191	51,087,191	51,087,191
Book value per share (PLN/EUR)	12.48	12.55	2.66	2.73

31/12/2022

31/12/20 21

For items of the Statement of Comprehensive Income and Cash Flow Statement

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

EUR

4.6883

4.5775

For items of statement of financial position

Rate as of

EUR

4.6899

4.5994

Structure of company balance sheet

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

ITEM	31/12/2022 (PLN thousand)	3/12/2022 (%)	31/12/2021 (w tysiącach złotych)	31/12/2021 (%)	(31/12/2022 / 31/12/2021) Change (%)
Total assets	643,778	100.0	692,988	100.0	92.9
Non-current assets	339,606	52.8	344,048	49.6	98.7
Current assets	304,172	47.2	348,940	50.4	87.2
Inventories	172,374	26.8	173,328	25.0	99.4
Receivables	69,264	10.8	34,066	4.9	203.3
Short-term investments	62,534	9.7	141,546	20.4	44.2
Total shareholders' equity and liabilities	643,778	100.0	692,988	100.0	92.9
Shareholders' equity	521,354	81.0	572,689	75.1	98.8
Liabilities and reserves	122,424	19.0	165,298	23.9	74.1
Non-current liabilities	14,085	2.2	16,885	2.4	83.4
Current liabilities	108,339	16.8	148,414	21.4	73.0

Assessment of profitability of the Group of Companies

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

PROFITABILITY INDICATOR	2022	Figures based on the IFRS statement	Figures based on the normalised statement	2021	Figures based on the IFRS statement	Figures based on the normalised statement
Net income from sales (PLN thousand)		1,277,593	1,277,593		1,261,802	1,261,802
2. Gross return on sales		8.7%	8.7%		10.5%	10.5%
3. Net return on sales		3.9%	3.9%		6.5%	6.5%
4. Operating margin		4.3%	3.8%		5.9%	6.5%
5. EBITDA margin		5.7%	5.3%		7.7%	8.3%
6. Net profit margin		2.3%	3.2%		5.7%	5.4%
7. Return on assets (ROA)		4.4%	6.0%		10.6%	10.1%
		5.6%	7.7%		14.2%	13.4%

- 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 (ROA) - ratio of net profit to average equity (arithmetic mean of the opening and closing balances of the period).

In the period, all profitability indicators were lower than in the same period of the prior year. This was due to changed structure of sale within particular segments of Mennica Polska S.A.'s business. The largest increase in income from sales was reported on the sale of gold investment products in the Mint Products segment, which are characterised by low margins. Another factor was lower final sales of apartments in the "Mennica Residence" real estate development project, characterised by high margins, due to the fact that notarial deeds under this projects have been largely signed in 2021 already.

Factors with an atypical effect on financial performance

Selected financial figures adjusted for atypical and non-recurring events (PLN thousand)	Figures based on the IFRS statement			Figures based on the IFRS statement				
	Adjustments	No.	Normalised statement	Adjustments	No.	Normalised statement		
	for the period from 01/01/2022 to 31/12/2022			for the period from 01/01/2021 to 31/12/2021				
Income from sales	1,282,427		1,282,427	1,309,211		1,309,211		
Cost of goods sold	-1,170,112		-1,170,112	-1,161,153		-1,161,153		
Gross profit on sales	112,314		112,314	148,058		148,058		
Selling costs	-32,066		-32,066	-25,589		-25,589		
General and administrative expenses	-32,912		-32,912	-30,992		-30,992		
Net income from sales	47,337		47,337	91,477		91,477		
Other operating income (costs) and result on derivatives for unrealised sales	4,507	-5,701	1.	-1,194	-3,083	3,010	1.	-74
Operating profit	51,844		46,143	88,393		91,477		
Operating margin	4.0%		3.6%	6.8%		7.0%		
Amortisation and depreciation	-18,763		-18,763	-22,418		-22,418		

In the table below, for analytical purposes, including, in particular, to correctly determine the profitability indicators characteristic of the business operations of the Group, adjustments were made to exclude atypical and non-recurring events affecting the statutory financial performance:

Selected financial figures adjusted for atypical and non-recurring events (PLN thousand)	Figures based on the IFRS statement			Figures based on the IFRS statement				
	Adjustments	No.	Normalised statement	Adjustments	No.	Normalised statement		
	for the period from 01/01/2022 to 31/12/2022			for the period from 01/01/2021 to 31/12/2021				
EBITDA	70,607		64,905	110,811		113,821		
EBITDA margin	5.5%		5.1%	8.5%		8.7%		
Profit/loss participations in investments accounted for using the equity method	2,040		2,040	2,449		2,449		
Net financial income (expense)	-16,045	17,903	2.	1,858	22,045	-16,632	2.	5,413
Profit before tax	37,838		50,040	112,888		99,265		
Income tax	-5,391	-2,318	3.	-7,710	-23,465	2,588	3.	-20,877
Net profit	32,447		42,331	89,423		78,388		
Net profit margin	2.5%		3.3%	6.8%		6.0%		

Exclusions due to untypical or non-recurring events, both for 2022 and 2021, were made in the "Adjustments" columns.

The following factors contributed to the adjustments of 2022:

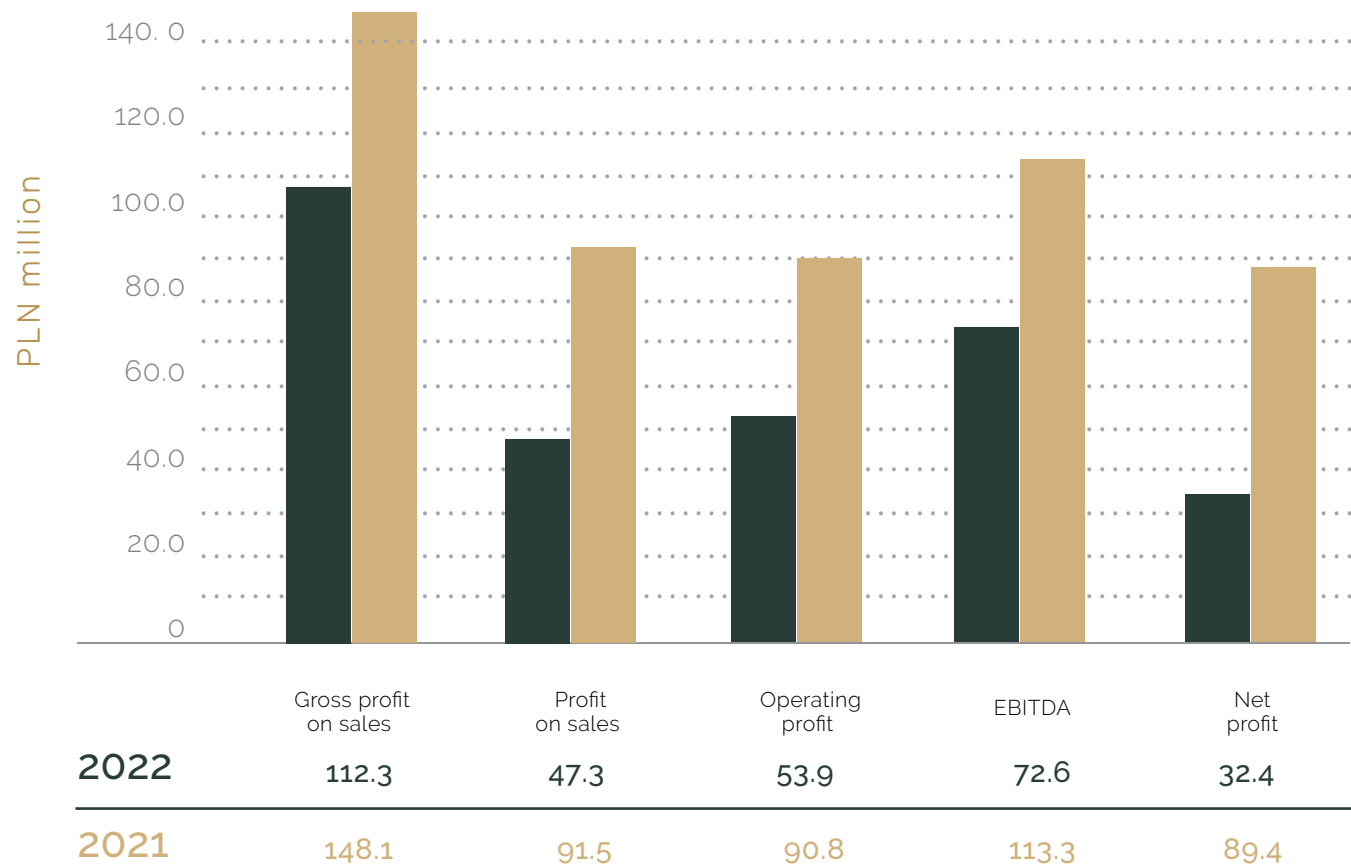
1. Positive result on derivatives concerning unrealised sales at PLN 5,701,000.
2. Negative result on valuation as of the balance sheet date of ENEA S.A. shares at (PLN -16,998,000); provision of PLN 905,000 established for potential interest costs connected with a court dispute with one of the contractors in the real estate development area.
3. Deferred tax resulting from the above-mentioned factors.

The following factors contributed to the adjustments of 2021:

1. Positive result on derivatives concerning unrealised sales at PLN 534,000; provision of PLN 3,544,000 established for potential costs connected with a court dispute with one of the contractors in the real estate development area.
2. Positive result on valuation as of the balance sheet date of ENEA S.A. shares at PLN 17,553,000 and positive result on sale of ENEA S.A. shares at PLN 649,000; provision of PLN 1,571,000 established for potential interest costs connected with a court dispute with one of the contractors in the real estate development area.
3. Deferred tax resulting from the above-mentioned factors.

No other major non-recurring or atypical events occurred in addition to the above-mentioned factors.

Financial results for 2022 vs 2021





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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 Mennica Polska Group ("Group") whose parent undertaking is Mennica Polska S.A. ("Parent Company") with its registered office in Warsaw, ul. Ciasna 6, which include the consolidated statement of financial position as of 31 December 2022, consolidated income statement, and consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and explanatory notes describing the adopted accounting policies and other explanatory information ("consolidated financial statements").

In our opinion, the consolidated financial statements:

- give a true and fair view of the assets and financial position of the Company as of 31 December 2022, and of its consolidated financial result and its consolidated cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply, in terms of form and content, with the legislation binding on the Group, and with the Parent Company's Articles; This opinion is consistent with the additional report for the Audit Committee issued by us on 23 March 2023.



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Basis of opinion

We conducted our audit in accordance with the National Standards on Auditing consistent 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" – consolidated text in Dziennik Ustaw of 2022, item 1302, as amended) and EU Regulation No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation" – OJ L 158). Our responsibility under those standards is described further in this report under Statutory Auditor's responsibility for the audit of 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 matters of the audit

Key matters of the audit are matters 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 most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. We have addressed these matters 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 matters.

Recognition of income from sales

In its consolidated financial statements, the Group discloses net income from sales at PLN 1,282,427,000 which comprises income from sale of mint products at PLN 1,060,194,000, income from the Electronic Payments segment at PLN 212,067,000, and income on Real Estate Development activity at PLN 10,166,000.



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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, and the related disclosures in Notes 3.1-3.3 and 4.1.

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 sale, and the division of responsibilities, implemented by the Management Board of the Parent Company, of the individuals involved in the recognition of income from sales, in order to reduce the risk of manipulation in the consolidated 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 in the analysis of monthly sales and costs of goods sold by income source, with explanation of any deviation;
- analysis of selected sales transactions of the Group 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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ANNUAL REPORT 2022

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