UNIMOT

CAPITAL GROUP

Consolidated Financial Statements for 2021

4th April 2022

SELECTED CONSOLIDATED DATA OF THE UNIMOT CAPITAL GROUP

	in PLN thousand		In EUR thousand	
	31.12.2021	Comparative data*	31.12.2021	Comparative data*
I. Net revenues on sales of products, goods and materials	**8 207 216**	**4 769 994**	**1 792 947**	**1 066 111**
II. Profit/loss on operating activity	104 410	49 255	22 809	11 009
III. Gross profit/loss	96 353	43 732	21 049	9 774
IV. Net profit attributable to the owners of the Parent Entity	76 252	35 156	16 658	7 858
V. Net profit/(loss)	**75 961**	**34 735**	**16 594**	**7 763**
VI. Net operating cash flows	(139 954)	150 621	(30 574)	33 665
VII. Net investment activity cash flows	(18 992)	(7 669)	(4 149)	(1 714)
VIII. Net financial activity cash flows	(36 113)	(30 556)	(7 889)	(6 829)
IX. Total net financial flows	(195 059)	112 396	(42 613)	25 121
X. Total assets	**1 231 288**	**790 335**	**267 706**	**171 261**
XI. Liabilities and provisions for liabilities	905 413	524 454	196 855	113 646
XII. Long-term liabilities	92 297	52 690	20 067	11 418
XIII. Short-term liabilities	813 116	471 764	176 787	102 228
XIV. Equity	325 875	265 881	70 852	57 615
XV. Share capital	**8 198**	**8 198**	**1 782**	**1 776**
XVI. Number of shares (in thousands of shares).	8 198	8 198	-	-
**XVII. Profit per one ordinary share attributable to the owners of Parent Entity (in PLN/EUR) ** **	**9,30**	**4,29**	**2,03**	**0,96**
XVIII. Diluted profit per one ordinary share attributable to the owners of Parent Entity (in PLN/EUR)**	9,30	4,29	2,03	0,96
XIX. Book value per one share (in PLN/EUR)* **	**39,75**	**32,43**	**8,64**	**7,03**
XX. Diluted book value per one share (in PLN/EUR)***	39,75	32,43	8,64	7,03
XX. Declared or paid dividend per one share (in PLN/EUR)	**1,97**	**1,97**	**0,44**	**0,44**

***The data for items relating to the statements of financial position is presented as of 31 December, whereas for items relating to the statements of comprehensive income and cash flow statements for the period from 01.01.2020 to 31.12.2020.**

**as of 31.12.2021 and as of 31.12.2020 the number of shares used to calculate the profit per one ordinary share and the diluted profit per one ordinary share was 8 198 thousand of shares.

*** as of 31.12.2021 and as of.31.12.2020 the number of shares used to calculate the book value and the diluted book value per one share was 8 198 thousand of shares.

The selected financial data was converted into EUR as follows:

The items of assets and liabilities of the statement of financial position were converted into EUR according to the average exchange rate announced by the National Bank of Poland valid as of 31.12.2021 **PLN/EUR 4.5994** and for the comparative data as of 31.12.2020 PLN/EUR 4.6148.

The individual items on the profit and loss account and other comprehensive income and cash flows were converted into EUR according to the exchange rate which is the arithmetic mean of average National Bank of Poland rate valid on the last calendar day of each month which was respectively **PLN/EUR 4.5775** (2021), PLN/EUR 4.4742 (2020).

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CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

in PLN thousand	*Note*	As of 31.12.2021	As of 31.12.2020
Fixed assets			
TANGIBLE FIXED ASSETS	*5.9*	45 965	35 834
Right to use assets	*5.10*	69 856	54 278
INTANGIBLE ASSETS	*5.11*	21 233	21 714
Other financial assets	*5.12*	260	260
Derivative financial instruments	*5.22*	-	13 247
Long term receivables	*5.15*	30 500	9 899
Client contracts assets	*5.17*	7 739	5 233
Deferred income tax assets	*5.13*	12 163	8 267
Total fixed assets		**187 716**	**148 732**
Current assets			
Inventory	*5.14*	325 215	166 695
Client contracts assets	*5.17*	2 128	1 322
Trade and other receivables	*5.16*	513 303	332 671
Other financial assets	*5.12*	36 128	194
Derivative financial instruments	*5.22*	59 465	14 885
Income tax receivables	*5.8*	11 573	-
Financial resources and their equivalents	*5.19*	79 092	116 063
Other current assets	*5.18*	16 668	9 773
Total current assets		**1 043 572**	**641 603**
TOTAL ASSETS		**1 231 288**	**790 335**

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (cont.)

in PLN thousand	*Note*	31.12.2021	31.12.2020
Equity			
Share capital	*5.20*	8 198	8 198
Other capitals	*5.20*	234 946	218 816
Exchange rate differences from foreign units conversion		82	16
Previous years' results and current year result		82 923	38 950
Equity of Parent Entity's shareholders		**326 149**	**265 980**
Non-controlling interests		(274)	(99)
Equity in total		**325 875**	**265 881**
Long-term liabilities			
Liabilities due to credits, loans, lease, and other debt instruments	*5.21*	65 078	48 996
Employee benefits liabilities	*5.25*	219	256
Derivative financial instruments	*5.22*	24 944	3 438
Deferred income tax reserve	*5.13*	2 056	-
Total long-term liabilities		**92 297**	**52 690**
Short-term liabilities			
Overdrafts	*5.21*	336 563	172 440
Liabilities due to credits, loans, lease, and other debt instruments	*5.21*	8 829	9 401
Derivative financial instruments	*5.22*	58 685	17 700
Employee benefits liabilities	*5.25*	753	539
Income tax liabilities		-	2 621
Client contracts liabilities	*5.26*	9 492	4 130
Trade and other liabilities	*5.27*	398 794	264 933
Total short-term liabilities		**813 116**	**471 764**
Total liabilities		**905 413**	**524 454**
TOTAL LIABILITIES		**1 231 288**	**790 335**

CONSOLIDATED STATEMENTS OF TOTAL REVENUES

in PLN thousand	***Note***	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**
Revenues on sales	*5.1*	8 193 013	4 819 488
Profits (losses) from financial instruments pertaining to fuel trading	*5.1*	14 203	(49 494)
Cost of sold goods, products and materials	*5.3*	(7 840 977)	(4 520 473)
Gross profit on sales		**366 239**	**249 521**
Other operating revenues	*5.4*	2 262	3 049
Sales costs	*5.2*	(211 734)	(162 899)
Overheads	*5.2*	(48 901)	(30 678)
Other net profits/losses	*5.5*	18	21
Other operating costs	*5.6*	(3 474)	(9 759)
Profit/loss on operating activity		**104 410**	**49 255**
Financial revenues	*5.7*	695	903
Financial costs	*5.7*	(8 752)	(6 426)
Net financial revenues/(costs)		**(8 057)**	**(5 523)**
Profit/(loss) before taxation		**96 353**	**43 732**
Income tax	*5.8*	(20 392)	(8 997)
Net profit/(loss) for the financial year		**75 961**	**34 735**
in this attributable to			
Parent Entity's shareholders		76 252	35 156
Non-controlling interests		(291)	(421)
Net profit/(loss) for the financial year		**75 961**	**34 735**
Other total net revenues/(losses) for the financial year which will be reclassified as profits or losses after complying with defined conditions			
Exchange rate differences from conversions of entities operating abroad		66	143
Other total revenues/(losses) for the financial year		**66**	**143**
Total revenues/(losses) for the financial year		**76 027**	**34 878**
in this attributable to			
Parent Entity's shareholders		76 318	35 299
Non-controlling interests		(291)	(421)
Total profits for the financial year		**76 027**	**34 878**
Profit/(loss) per one share attributable to Parent Entity's owners (in PLN)		9,30	4,29
Diluted profit /(loss) per one share attributable to Parent Entity's owners (in PLN)		9,30	4,29

CONSOLIDATED STATEMENTS OF CASH FLOWS

in PLN thousand	*Note*	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Operating cash flows			
Profit/(loss) before taxation		**96 353**	**43 732**
Adjustments with items:			
Amortisation of tangible fixed assets and the right to use assets	*5.9*	11 709	8 740
Intangible assets impairment	*5.11*	976	285
Loss (profit) due to exchange rate differences		6 737	2 416
(Profit)/loss on sales of tangible fixed assets	*5.5*	(18)	(21)
Net interests, transactional costs (concerning credits and loans) and dividends		8 328	4 696
Receivables status change	*5.31*	(222 466)	(36 891)
Inventory status change	*5.31*	(158 520)	72 730
Client contracts assets status change	*5.17*	(3 312)	3 791
Client contracts liabilities status change	*5.26*	5 362	1 060
Trade and other short-term liabilities status change	*5.31*	133 434	55 320
Status change of assets/(liabilities) due to hedging instruments		177	(2 940)
Status change of liabilities due to employee benefits	*5.25*	177	175
Investment impairment write-off		1 501	6 525
Income tax paid/returned		(20 392)	(8 997)
Net operating cash flows		**(139 954)**	**150 621**
Investment activity cash flows			
Revenues on tangible fixed assets sale		2 340	1 162
Received interests		92	725
Revenues on loans		42 861	11 407
Other revenues (outflows) on investment activity		24	-
Tangible fixed assets purchase		(14 143)	(4 996)
Intangible assets purchase		(473)	(4 108)
Loans granted		(49 671)	(11 859)
Other investments acquisition		(22)	-
Net investment activity cash flows		**(18 992)**	**(7 669)**
Net financial activity cash flows			
Contracting credits, loans and other debt instruments		15 839	124
Repayment of credits, loans and other debt instruments		(17 443)	(1 978)
Paid dividends		(16 149)	(16 149)
Payment of liabilities due to financial lease contracts		(9 396)	(6 562)
Paid interests and transactional costs (concerning credits and loans)		(8 964)	(5 991)
Net financial activity cash flows		**(36 113)**	**(30 556)**
Financial resources and their equivalents status change		**(195 059)**	**112 396**
Influence of exchange rate changes concerning financial resources and their equivalents		*(6 035)*	*(2 259)*
Financial resources and their equivalents status change		**(201 094)**	**110 137**
Financial resources and their equivalents net of overdrafts as of 1st January	*5.19*	**(56 377)**	**(166 514)**
Financial resources and their equivalents net of overdrafts as of 31st December	*5.19*	**(257 471)**	**(56 377)**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

in PLN thousand	Share capital	Other capitals (including own shares)	Exchange rate differences from foreign units conversion	Previous years' results	Current year result	Total	Non-controlling interests	Total equity
	Equity of Parent Entity's owners							
Equity as of 1st January 2020	**8 198**	**181 140**	**(127)**	**(2 682)**	**60 407**	**246 936**	**-**	**246 936**
Total profits for the financial year	-	-	**143**	**-**	**35 156**	**35 299**	**(421)**	**34 878**
- Net profit/(loss) for the period	-	-	-	-	35 156	**35 156**	(421)	**34 735**
Components of other total revenues	-	-	143	-	-	**143**	-	**143**
Transactions with Parent Entity's owners recognised directly in equity								
Additional payments from and payments to the shareholders	-	-	-	-	(16 149)	**(16 149)**	-	**(16 149)**
- Dividend	-	-	-	-	*(16 149)*	***(16 149)***	-	***(16 149)***
Obtaining control of subsidiaries	-	-	-	(106)	-	**(106)**	322	**216**
Profit/(loss) transfer	-	37 676	-	6 582	(44 258)	**-**	-	**-**
Equity as of 31st December 2020	**8 198**	**218 816**	**16**	**3 794**	**35 156**	**265 980**	**(99)**	**265 881**

in PLN thousand	Share capital	Other capitals (including own shares)	Exchange rate differences from foreign units conversion	Previous years' results	Current year result	Total	Non-controlling interests	Total equity
	Equity of Parent Entity's owners							
Equity as of 1st January 2021	**8 198**	**218 816**	**16**	**3 794**	**35 156**	**265 980**	**(99)**	**265 881**
Total profits for the financial year	-	-	**66**	-	76 252	**76 318**	(291)	**76 027**
- Net profit/(loss) for the period	-	-	-	-	76 252	**76 252**	(291)	**75 961**
Components of other total revenues	-	-	66	-	-	**66**	-	**66**
Transactions with Parent Entity's owners recognised directly in equity								
Additional payments from and payments to the shareholders	-	-	-	-	(16 149)	**(16 149)**	-	**(16 149)**
- Dividend	-	-	-	-	*(16 149)*	***(16 149)***	-	***(16 149)***
Obtaining control of subsidiaries	-	-	-	-	-	**-**	116	**116**
Profit/(loss) transfer	-	16 130	-	2 877	(19 007)	**-**	-	**-**
Equity as of 31st December 2021	**8 198**	**234 946**	**82**	**6 671**	**76 252**	**326 149**	**(274)**	**325 875**

EXPLANATORY INFORMATION TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 INFORMATION ON THE CAPITAL GROUP

Unimot Spółka Akcyjna (“Unimot”, “Company”, “Parent Entity”) with the registered office in Zawadzkie, 2A Świerklańska is a Parent Entity in the **UNIMOT Capital Group** ("Capital Group", "Group"). The company was entered on 29th March 2011 into the Register of Entrepreneurs of the District Court for Opole in Poland, VIII Commercial Division of the National Court Register under KRS number: 0000382244.

NIP: 7561967341

Address of the registered office of Unimot Spółka Akcyjna: 2A Świerklańska Street, 47-120 Zawadzkie, Poland.

Country of registration: Poland.

Registered office of the Entity: ul. Świerklańska 2A, 47-120 Zawadzkie, Poland.

Legal form of the Entity: Joint Stock Company.

Name of reporting entity: Unimot S.A.

Principal place of business: Poland.

The core business of the UNIMOT Group is retail and wholesale of liquid and gaseous fuels, petroleum products, electricity, photovoltaics and construction of natural gas distribution networks.

Shares of Unimot S.A. since 7 March 2017 have been listed on the regulated market of the Warsaw Stock Exchange (Poland).

1.2 COMPOSITION OF THE UNIMOT CAPITAL GROUP

The UNIMOT Capital Group consists of the Parent Entity, which is UNIMOT Spółka Akcyjna, and consolidated subsidiaries.

In the reporting period and as of 31st December grudnia 2021 the UNIMOT Capital Group consisted of the following directly and indirectly consolidated subsidiaries:

Name of subsidiary	The Seat	Scope of unit's basic operations	Held shares and rights to vote	Date of obtaining control
UNIMOT S.A.	Poland	distribution of liquid and gaseous fuels and petroleum products	not applicable	Parent Entity
UNIMOT SYSTEM Sp. z o.o.	Poland	distribution of gas fuels through mains	100,00%	20.01.2014
BLUE LNG Sp. z o. o.	Poland	distribution of gas fuels through mains	100,00%	04.07.2014
UNIMOT PALIWA Sp. z o.o.	Poland	liquid fuels distribution	100,00%	16.11.2015
UNIMOT ENERGIA I GAZ Sp. z o.o.	Poland	electricity and gaseous fuels distribution	100,00%	30.12.2015
TRADEA Sp. z o.o.	Poland	electricity distribution	100,00%	23.05.2016
UNIMOT UKRAINE LLC	Ukraine	liquid fuels distribution	100,00%	19.04.2018
UNIMOT ASIA LLC	China	petroleum products distribution	100,00%	04.09.2018
UNIMOT ENERGY LLC	Ukraine	electricity distribution	100,00%	02.04.2019
3 SEAS ENERGY LLC	U.S.A.	petroleum products distribution	75,00%	21.05.2020
NATURALNA ENERGIA Sp. z o.o.	Poland	electricity production	80,00%	14.12.2020
NASZE CZYSTE POWIETRZE Sp. z o.o.	Poland	electricity production	80,00%	14.12.2020
PV ENERGY Sp. z o.o.	Poland	electricity production	80,00%	14.12.2020
OPERATOR KLASTRA ENERGII Sp. z o.o.	Poland	photovoltaics	80,00%	15.02.2021
TRADEA Sp. z o.o. Sp. K.	Poland	advisory in the scope of conducting business activity and management	99,99%	08.10.2021
UNIMOT INVESTMENTS Sp. z o.o.	Poland	operations of head offices and holdings, excluding financial holdings	100,00%	20.10.2021
UNIMOT T1 Sp. z o.o.	Poland	rental and management of own or leased property	100,00%	20.10.2021
UNIMOT B1 Sp. z o.o.	Poland	production and processing of refined petroleum products	100,00%	20.10.2021

1.3 COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES OF THE PARENT ENTITY

As of the balance sheet date and as of the date of preparation of these consolidated financial statements, the composition of the Parent Entity's management and supervisory bodies was as follows:

Composition of the Management Board as of 31st December 2021 and as at the date of these financial statements:

- Adam Sikorski – President of the Management Board
- Robert Brzozowski – Vice-President of the Management Board
- Filip Kuropatwa – Vice-President of the Management Board

Composition of the Supervisory Board as of 31st December 2021 and as at the date of these financial statements:

- Andreas Golombek – President of the Supervisory Board
- Bogusław Satława – Vice-President of the Supervisory Board
- Lidia Banach-Hoheker – Member of the Supervisory Board
- Piotr Cieślak - Member of the Supervisory Board
- Isaac Querub - Member of the Supervisory Board
- Piotr Prusakiewicz - Member of the Supervisory Board
- Ryszard Budzik - Member of the Supervisory Board

2. BASIS FOR PREPARING THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

2.1 Principle of operation continuity

The consolidated financial statements as of the day and period ended on 31st December 2021 has been prepared assuming that the Unimot Group will continue its economic activity in the foreseeable future.

As of the day of preparing the present consolidated financial statements the circumstances that may indicate threats to continue the operations by the Unimot Group have not been observed.

2.2 Statement of conformity

The consolidated financial statements have been prepared applying accounting principles accordant with the International Financial Reporting Standards (IFRS), which comprise International Accounting Standards (IAS) and Interpretations of the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the European Union and were in force as of 31st December 2021.

The consolidated financial statements have been prepared based on the principle of historical cost, except for derivatives, diesel oil provisions valuation and receivables being subject to full factoring valuated at fair value through financial result.

The consolidated financial statements of the Capital Group that include the company as its subsidiary are prepared by Unimot Express Sp. z o.o. with the registered office in Warsaw, Al. Ks. J. Poniatowskiego 1, 03-901 Warszawa.

IFRS of the EU include all International Accounting Standards, International Financial Reporting Standards and related to them interpretations except for the specified below Standards and Interpretations, which are pending for the EU's approval or have been approved by the EU but have not entered into force yet.

Certain new standards, amendments to standards and interpretations that are in force or will enter into force for the accounting periods ending after 31st December 2021 have not been considered while preparing the present consolidated financial statements.

2.3 New and amended standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

In the present consolidated financial statements, the following new standards and amendments to the applicable standards have been applied for the first time, which entered into force on 1st January 2021:

- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16, "Leases" - Interest Rate Reference Reform - Stage 2 approved in the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 16 'Leases' - relief from rental payments in relation to Covid-19 after 30 June 2021 approved in the EU on 30 August 2021 (effective from 1 April 2021 for financial years beginning on or after 1 January 2021).
- Amendments to IFRS 4 "Insurance Contracts" - "Amendments to IFRS 4 "Insurance Contracts". "Extension of the temporary exemption from IFRS 9" has been extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

In the Group's opinion, the above-mentioned changes do not have a significant impact on the presented consolidated financial statements.

Published standards and interpretations that are not yet in force and have not been previously applied by the Group:

In the present consolidated financial statements, the Group has not decided to apply in advance the following published standards, interpretations, or amendments to the existing standards before the date of their entry into force:

- Amendments to IAS 16 "Property, plant and equipment" - revenues arising before a non-current asset is placed in service approved in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 1 "Presentation of financial statements", Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts - Cost of fulfilling a contract approved in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 3 "Business Combinations" - Amendments of references to conceptual assumptions together with amendments to IFRS 3 approved in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).
- IFRS 17 "Insurance Contracts" with subsequent amendments to IFRS 17 approved in the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023).
- Amendments to various standards "Improvements to IFRSs (2018 - 2020 cycle)" - Amendments made under the annual improvement procedure to IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41) aimed mainly at resolving inconsistencies and clarifying vocabulary - approved in the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendments to IFRS 16 relate only to an illustrative example and therefore no effective date is given).
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - definition of estimates
- Amendments to IAS 12 'Income Taxes' - obligation to recognise deferred tax on transactions i.e. leases.
- IFRS 14 "Regulatory accruals".
- Amendments to IFRS 10 'Consolidated Financial Statements' and to IAS 28 'Investments in Associates on the sale or contribution of assets between an investor and its associates or joint ventures.

In the Group's opinion, the above-mentioned standards and interpretations will not have a significant impact on the consolidated financial statements. The published but still not valid standards and interpretations do not apply to the Group’s operation.

2.4 Significant estimates and judgements

Preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires the Management Board of the Parent Equity to make judgments, estimates and assumptions that affect the accepted accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and other factors that are considered reasonable under given circumstances, and their results provide the basis for professional judgment as to the book value of assets and liabilities not derived directly from other sources. The actual value may differ from the estimated value

Judgments, estimates and underlying assumptions are subject to ongoing verification. The change in accounting estimates is recognised in the period in which the estimate is changed or in current and future periods if the change in estimate affects both the current period and future periods.

Significant judgements and assessments conducted by the Management Board with the application of International Financial Reporting Standards (IFRS) have been presented in the notes:

- note *2.1* – operation continuity principle,
- note *5.11* - test for value loss of cash flow generating centres, to which the value of companies has been allocated,
- note *5.13* – assets and reserves due to deferred tax and utilisation of tax losses,
- note *5.25* – employee benefits liabilities,
- note *5.28* – financial instruments valuation,
- note *5.29* – contingent liabilities.

2.5 Functional and presentation currency

The functional currency of the Parent Equity and the presentation currency of these consolidated financial statements is Polish Zloty (PLN). The data in the consolidated financial statements are presented in Polish Zloty, rounded to the nearest thousand unless stated otherwise in specific circumstance.

3. DESCRIPTION OF SIGNIFICANT APPLIED ACCOUNTING PRINCIPLES

Principles of the accounting policy presented below have been applied with reference to all periods included in the consolidated financial statements.

3.1 Consolidation principles

The consolidated financial statements of the Group comprise assets, liabilities, equity, revenues, costs and cash flows of Parent Entity and its subsidiaries presented in such a way as if they belonged to a single entity and have been prepared on the same reporting day as the standalone financial statements of the Parent Entity applying the same accounting principles with relations to similar transactions and other events that occur in similar circumstances.

Subsidiaries are consolidated with the full method. Joint ventures and investments into related entities are valuated with the use of equity method.

In order to conduct consolidation with the use of full method all items of assets, liabilities, revenues and costs of statements of the Parent Entity and its subsidiaries are aggregated, and then proper consolidation principles are applied, which comprise primarily:

- determining non-controlling share in the net profit or loss of subsidiaries for the given accounting period,
- determining and presenting separately from the Parent Entity's equity the non-controlling share in the net assets of subsidiaries,
- excluding the balance of internal settlements among the Group's entities,
- excluding revenues, costs, and cash flows connected with transactions within the Group and also all profits or losses arising within transactions in the Group.

Investments in subsidiaries

Subsidiaries are entities controlled by the Parent Entity. The Parent Equity controls the subsidiary it made investments into, in case if, due to its engagement in the subsidiary it is exposed to volatile financial results or if it has the rights to volatile financial results and is able to exert influence on the level of these financial results through exercising authority over this subsidiary. While assessing the level of control, existing and potential voting rights are considered, which on the reporting day can be executed or can be subject to conversion. Financial statements of subsidiaries are considered in the consolidated financial statements starting on the day of obtaining the control of the entity until the day of its effective disposal. Non-controlling shares are presented in the consolidated statements of financial condition as equity attributable to non-controlling shares, separately from equity attributable to shareholders of the Parent Entity.

Mergers of economic entities

Mergers of economic entities under joint control, in this acquisition of an organized part of an economic entity is recognised through aggregating particular items of assets and liabilities and revenues and losses of companies being merged according to the condition on the day of the merger. The effect of economic entities merger under the joint control does not influence the consolidated financial data. Other mergers of economic entities are settled with the use of purchase method.

Application of this method involves the following activities:

- identifying the acquirer,
- establishing the day of acquisition,
- recognising and valuating all possible to identify acquired assets, adopted liabilities and all non-controlling shares in the acquired entity and
- recognising and valuating the goodwill or profit on bargain purchase.

3.2 Transactions in foreign currency

Transactions denominated in foreign currencies at the transaction date are recognised in the relevant functional currency using the exchange rate of the transaction date. Monetary items of assets and liabilities denominated in foreign currency are converted into the functional currency at the reporting date at the exchange rate prevailing at that date. The exchange differences arising from the settlement of foreign currency transactions and the carrying amount of monetary assets and liabilities denominated in foreign currencies are recognised in the financial result. Non-monetary items of assets and liabilities valuated according to the historical cost in foreign currency are converted into the functional currency at the exchange rate prevailing on the transaction date. Non-monetary items of the statements of financial condition expressed in foreign currency valuated at fair value are converted into functional currency according to the exchange rate effective on the day of estimation fair value.

Foreign exchange profits/losses arising from settling transactions in foreign currencies and carrying amount of financial assets and liabilities expressed in foreign currencies are recognised in the financial result.

3.3 Tangible fixed assets

Own components of tangible fixed assets

Tangible fixed assets include both the tangible assets, as well as the fixed assets under construction. The initial value of tangible fixed assets is determined at the purchase price or at the production cost. The acquisition price or production cost includes the purchase price of the asset (i.e. the amount payable to the seller, less the deductible taxes: on Goods and Services and Excise), legal charges (in the case of imports) and other costs directly related to the purchase and adaptation of the tangible asset for use, including transport, loading, unloading and storage costs. Rebates, discounts and other similar concessions and returns decrease the asset acquisition price.

The cost of the tangible asset includes also estimated costs of dismantling and removing it and restoring the site on which it is located, the obligation for which the Company incurs in relation to the acquisition or construction of the tangible asset.

The tangible fixed assets are valuated and reported in the statements of financial condition at the end of the accounting period in the net book value, i.e. are recognised in the accounts at the acquisition cost or at reliably estimated cost of production, less amortisation and impairment loss and grants related to the assets.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset influence its initial value as part of the cost of that asset. The costs are capitalized when it is probable that they will result in future economic benefits and the value of those costs can be valuated reliably.

Other borrowing costs are recognised as an expense in the period in which they were incurred.

If the specified tangible asset consists of separate and essential constituents of a different period of use, these assets should be treated as separate assets.

Expenditures incurred at a later date

These costs of exchanged elements of the components of tangible fixed asset incurred at a later date are activated that may be reliably estimated, and it is probable that the Group will obtain economic benefits related to the exchanged components of the tangible assets. All the remaining expenditures are recognised in the financial result as costs at the time they are incurred.

Depreciation

The tangible fixed assets or their significant and separate constituents, are depreciated on a straight-line basis from the date they are available for use, i.e. since the adaptation of the asset to the place and the conditions necessary for its operation, for a period corresponding to the estimated period of their use, taking account of the final value. Lands are not subject to depreciation. The Group assumes the following useful lives for each category of tangible assets:

▪ Buildings and structures	from 10 to 20 years
▪ Machinery	from 3 to 10 years
▪ Means of transport	from 5 to 7 years
▪ Other tangible fixed assets	from 3 to 10 years

The correctness of the applicable periods of use, methods of depreciation and residual value of the fixed assets shall be annually reviewed by the Group. Creation and reversal of write-downs of the tangible assets are recognised in other costs and operating revenues.

3.4 Right to use assets

The moment a new agreement is concluded the Group evaluates whether the agreement is a lease or includes a lease. The agreement is a lease or includes a lease if under it the right to control an identified asset for a given period in return for remuneration. In order to evaluate whether based on the concluded agreement the right to hold control over the use of a given asset is transferred, the Group evaluates whether for the entire period of use it holds the following joint rights:

- the right to obtain generally all the economic benefits from the use of the identified asset and
- the right to control the use of the identified asset.

If the Group has the right to hold control over the use of the identified asset only for part of the period of the agreement's validity, the agreement included lease with reference to this part of the period. The right resulting from the lease, rental, tenancy agreements and other agreements that comply with the definition of lease according to the requirements of IFRS 16 are recognised as assets due to the right to use base elements of these assets within tangible fixed assets and respectively as lease liabilities.
The Group recognises an asset due to the right to use and lease liability on the commencement date. The commencement date of lease is the date on which the lessor makes available the base asset to be used by the lessee. The Group benefits from the exemption to apply the requirements resulting from IFRS 16 in case of recognising:

- Short-term lease – lease whose commencement date includes the lease period no longer than 12 months. The lease that included a call option is not short-term lease.
- lease that pertains to assets of low value – assets whose standalone initial value of a new lease asset does not exceed PLN 20 thousand, excluding the perpetual usufruct rights.

Activated are the incurred in the later period costs of replaced asset of tangible fixed assets, which can be credibly evaluated and the Group is likely to achieve economic benefits related to the replaced assets of tangible fixed assets. All the other expenditures are recognised in the financial result as the costs at the time they are incurred.
On the commencement date the Company valuates the asset due to the right to use according to the cost.
The cost of an asset due to the right use assets shall according to IFRS 16 cover:

- initial amount of the valuation of a lease liability,
- all lease fees paid on the commencement date or prior this date, net of all the received lease incentives,
- all initial direct costs incurred by the lessee and,

- estimation of costs that are to be incurred by the lessee in relation to dismantling and removal of the base asset, renovation of the place it was present or renovation of the base asset to the condition required by the lease terms, unless the costs are incurred to produce stocks. The lessee undertakes an obligation to cover these costs on the commencement date or upon the use of base asset for the given period.

On the commencement date the Group valuates a lease liability in the amount of current value of lease fees remaining to be paid on this date. Lease fees are discounted with the use of lease interest rate, if this rate can be easily established. Otherwise, the Group applies the marginal interest rate of the lessee.

3.5 Intangible assets

Goodwill

All mergers of entities, excluding the entities under common control are accounted for using the purchase method. The goodwill is calculated as the surplus of costs incurred as a result of entities merger over the share of the purchaser in the fair value of possible to identify net assets.
After the initial recognition the goodwill is disclosed at the purchase price less accumulated impairment losses. The goodwill is allocated to cash generating entities and is not depreciated but is subject to annual impairment tests. Goodwill impairment losses are not reversed in the following period.
In case of acquisitions, for which the surplus of possible to identify net assets over the purchase price have been established, the amount is directly included into the financial result.

The initial value of company's goodwill purchase has been described in note 5.11

Research and development

Expenses incurred in the research phase with a view to obtaining new scientific or technical knowledge are reported in the financial result when incurred.

Expenditures incurred on the development work of which effects are used in the development or production of new or substantially improved product shall be capitalised if the creation of a new product (or process) is technically possible and economically reasonable and the Group has technical, financial and other necessary resources to complete the development work. Costs to be capitalised include: cost of materials, wages of employees directly engaged in the development work and a reasonable portion of indirect costs directly associated with the formation of the intangible asset.

Other development costs are recognised in the financial result when incurred. The capitalized development costs are recognised as intangible assets based on their purchase price less depreciation write-offs and impairment losses.

Other intangible assets

Other intangible assets acquired by the Group are initially valuated at the purchase cost or production cost and are reported in the financial statements prepared at the end of the accounting period in the net book value, i.e. minus amortisation and impairment losses together with consideration of grants related to assets.

Expenditures incurred at a later date

Subsequent expenditures on existing intangible assets are capitalized only when it increases future economic benefits to be generated by the asset. Other expenditures are recognised in the financial result when incurred.

Depreciation

Intangible property with a specified useful life is depreciated on a straight-line basis from the date they are available for use, i.e. since the adaptation of the asset to the place and the conditions necessary for its operation, for a period corresponding to the estimated period of their use. The goodwill and intangible assets of unlimited useful life are tested annually for impairment. Creation and reversal of write-downs of the intangible assets are recognised in other operating activities.

The estimated useful life of intangible property is as follows:

▪ Development costs	5 years
▪ Computer software	from 2 to 5 years
▪ Acquired property rights (concessions, licences, patents)	from 2 to 5 years
▪ Other intangible fixed assets	from 2 to 10 years

3.6 Financial assets and liabilities

Financial instruments

Non-derivative financial instruments

The Group recognises financial asset components or financial liabilities in the statements of financial condition if and only if it becomes bound under the provisions of the instrument agreement. Financial assets purchased or sold in the form of standardised purchase or sale transaction are respectively recognised or derecognised at the date of concluding the transaction or the date of its settlement

The Group ceases to recognise a financial asset at the time of expiry of the contractual rights to receive cash flows from that asset or until, when the rights to receive cash flows from the financial asset are transferred in a transaction substantially transferring all the significant risks and rewards of their property. Each share in the transferred financial asset that is created or held by the Company is treated as an asset or liability.

The Group derecognises the financial asset component also in case a significant modification of financial asset component occurs, among others, if an annex to the financial asset agreement results in a necessity of relevant change for this asset of the accounting category.

Assets and liabilities are set off together and reported in the statements of financial position on a net basis, only if the Group has valid legal title to the set-off of certain financial assets and liabilities and intends to settle the transaction in net terms subject to the set-off of assets and financial liabilities or intends to simultaneously realize the financial assets and settle the financial obligations that are subject to the set-off.

The Group classifies financial instruments, other than derivative financial assets into the following categories: financial assets valuated in amortised cost, financial assets valuated at fair value through other total revenues and financial assets valuated at fair value through the financial result.

The classification of financial assets is made at their initial recognition, depending on the nature and purpose of financial assets.

The classification of a financial asset into one of the categories is made on the basis of an analysis of two equivalent criteria:

- the Group’s business model of financial assets management and
- the characteristics of contractual cash flows of a financial asset.

Reclassification of financial assets takes place solely when a business model, defining the way of the management of these assets, is changed.

The derivatives embedded in financial assets (in host contracts that do not constitute derivatives and are financial assets) should not be separated – the whole of a financial asset is classified in an appropriate accounting category in accordance with the aforementioned criteria.

Financial assets valuated at amortised cost
Financial assets valuated at amortised cost are the financial assets that meet both of the following conditions:

- a financial asset is held in accordance with a business model, the purpose of which is to hold financial assets in order to receive contractual cash flows and
- the conditions of an agreement concerning a financial asset give rise to cash flows at specific dates, which are solely the payment of principal amount and interest on the outstanding amount.

The assets in this category are recognised as fixed assets providing that their realisation date exceeds 12 months from the balance sheet date. Such assets are initially recognised at fair value increased by directly attributable transaction costs. After initial recognition they are valuated at amortised cost net of impairment write-offs.

Sale of financial assets valuated at amortised cost may take place on condition that specified by the Group sales principles compliance with business model criteria are adhered to, the goal of the model being maintaining financial assets to obtain cash flows resulting from the contract.

If financial assets valuated at amortised cost are derecognised from the balance sheet, the Group discloses the analysis of profits or losses recognised in the statements of comprehensive income and which result from derecognizing these financial assets as well as the information concerning the reasons for derecognizing these financial assets.

Financial assets valuated at fair value through other comprehensive income
Financial assets valuated at fair value through other comprehensive income are the assets that meet both of the following conditions:

- a financial asset is held in accordance with a business model, the purpose of which is to both receive contractual cash flows and to sale financial assets and
- the conditions of an agreement concerning a financial asset give rise to cash flows at specific dates, which are solely the payment of principal amount and interest on the outstanding amount due.

After initial recognition the financial assets in this category are valuated at fair value and the results of the fair value change, other than impairment write-offs and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in equity. As of the date the financial assets are derecognised from the books, the accumulated value of profits or losses recognised in equity is reclassified to profit or loss of the current period.

At the time of initial recognition of investments in equities not held for trading, the Group may take advantage of the possibility to refer their fair value change to equities, however, but the selection is irrevocable and is made at the level of a single investment in an equity instrument.
The assets of this category are recognised as fixed assets, provided that their realization date exceeds 12 months from the balance sheet date.

Financial assets valuated at fair value through financial result
Financial assets valuated at fair value through the financial result are the assets which:

- do not meet the criteria to be classified in the categories valuated at amortised cost or valuated at fair value through other comprehensive income,
- were assigned to this category by Group's decision at the moment of initial recognition.

Financial assets do not meet the criteria to be classified in other categories (i.e. they are valuated at fair value through the financial result), if:

- a financial asset is held in accordance with a business model, the purpose of which is not to hold financial assets in order to receive contractual cash flows (particularly when a financial asset is recognised by the

Group in order to generate profit on its resale or is an equity instrument which the Group did not appoint to be valuated at fair value through other comprehensive income), or

- the conditions of an agreement concerning a financial asset give rise to cash flows at specific dates, which are not solely the payment of principal amount and interest on the outstanding amount due.

Modifications of financial assets

If a financial asset is modified, which is not valuated at fair value through the financial result, which does not result in derecognition of this financial asset from the balance sheet, the Group determines the new gross carrying amount of this asset after the modification and refers the change of this amount to gross carrying amount before the statements of comprehensive income was modified, as a financial assets modification result.

Initial valuation

At the moment of initial recognition, the Group valuates the component of financial assets or financial liability at its fair value, which in case of financial assets or liabilities unmeasurable at fair value through the financial result is increased or decreased of transactional costs, which can be directly attributed to the purchase or issuance of these financial assets or financial liabilities.

At the moment of the initial recognition the Group valuates trade and other receivables that do not possess a significant financing component (established according to IFRS 15), in their transactional rice (according to the definition in IFRS 15).

Depreciation

An impairment write-off regarding trade receivables is created if objective evidence exists that the Group will not be able to receive all due amounts resulting from primary conditions of receivables. The incentives that the trade receivables have been impaired are: serious financial problems of the debtor, likelihood of debtor to declare bankruptcy or to be the subject of financial reorganisation, delays in payments. The amount of the write-off is the difference between the book value of the given asset component and the current value of the estimated future cash flows, discounted according to the effective interest rate. In case of trade receivables that are devoid of a significant financing element, the Group applies a simplified approach required by the IFRS 9 and valuates impairment write-offs in the amount of credit losses expected in the whole life cycle of the receivable since the date of its initial recognition. The Group applies a write-offs matrix, where write-offs are calculated for trade receivables included into various age brackets and periods of being overdue.

For each reporting date the Group valuates a write-off for expected credit losses for a financial instrument in the amount equal to expected credit losses in the whole life cycle, if the credit risk related to the given financial instrument has increased significantly since the initial recognition. The objective of the requirements in the scope of impairment is recognising the expected credit losses in the whole life cycle of all financial instruments, for which a significant increase of credit risk has been recorded since their initial recognition – regardless of the fact whether they have been estimated individually or collectively – considering all rational and possible to document information, including data regarding the future.

The Group valuates the expected credit losses of financial instruments in the manner that considers:

- unencumbered and weighted with probability amount, which is established by measuring a series of possible results,
- time value of money and
- rational and possible to document information, which is available without excessive costs or efforts as of the reporting date, regarding future events, current conditions and forecasts regarding future economic conditions.

The book value of an asset component is established with the use of a write-offs account and the amount of loss is recognised in the financial result in the costs of sale. In case of irrecoverability of trade receivables a write-off is conducted. Later payments of the prior written-off receivables are recognised in the item of cost of sales in the financial result.

Financial liabilities

The Group classifies all financial liabilities as valuated post initial recognition in amortised cost, excluding financial liabilities valuated at fair value through financial result. Such liabilities, including derivatives being liabilities, are valuated post initial recognition at fair value.

3.7 Inventories

Inventories, including compulsory reserves are: products, semi-finished products and work in process, goods and materials.

At the initial recognition the Group valuates inventories according to the purchase price.

Inventories at the end of the reporting period are valuated in the following manner:

- operational reserve and compulsory reserve pertaining to diesel oil are valuated at fair value according to IFS 2 par. 3b,
- the remaining inventories of goods are valuated at the purchase price or according to net value possible to be achieved, whichever is lower.

The identified in the course of inventory surpluses or shortages in inventories are recognised in the cost of sold goods or materials.

3.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term bank deposits. Overdrafts that are payable on demand and form an integral part of the Group's cash management are recognised as a constituent of the cash and cash equivalents for the purpose of the statements of cash flows.

The valuation and disbursement in foreign currencies are determined using the FIFO method.

3.9 Impairment of intangible assets

The book value of intangible assets other than the stock and deferred tax assets is assessed at each reporting date to determine whether there are indications of their impairment. In the event of such indications, the Group estimates the recoverable amount of each asset. The recoverable amount of the goodwill, intangibles with indefinite useful lives and intangible assets that are not yet usable is estimated at each reporting date.
The impairment write-off is recognised when the book value of an asset or cash generating entity exceeds its recoverable amount. The impairment write-offs are recognised in the financial result. The impairment of the cash generating entity is firstly recognised as decrease in goodwill allocated to this cash generating entity (group of entities), and then as reduction of the book value of other assets of the entity (group of entities) on the principle of proportionality.
The recoverable amount of assets or cash-generating entities is defined as the greater of their net achievable value from sales and their value in use. In estimating the value in use, future cash flows are discounted using the pre-tax interest rate, which reflects the current market value of money over time and the risk factors specific to the asset. For assets that do not generate an independent cash flow, the value in use is estimated for the smallest identifiable cash-generating entity to which the asset belongs.
A goodwill write-down from impairment is not reversed. For other assets, an impairment write-down is reversed if the estimates used to estimate the recoverable amount have changed. The impairment write-down is reversed

only to the extent of the book value of the asset less any depreciation write-off that would have been recognised if the impairment loss had not been recognised.

3.10 Equity

Share capital

The share capital of the Parent Entity is the share capital of the Group. The share capital is reported at face value of shares issued in accordance with the statute and registered in the National Court Register.

Other capitals

The other capitals include the spare capital and reserve capital, treasury shares. The spare capital is created from net profit write-offs in accordance with the requirements of the Commercial Companies Code. The reserve capital is created from the net profit for payment of dividends.

Dividends

The dividends are recognised as liabilities in the period when they were approved by virtue of a resolution.

Purchase of own shares

In case of the purchase of own shares, the payment amount, including direct transaction costs, adjusted by tax effects, is reported as a deduction of equity. The purchased treasury shares are recognised under other capitals. At the time of sale or reissue, the amounts obtained are recognised as an increase in equity and the surplus or deficit from the transaction is reported in equity.

3.11 Liabilities due to credits, loans and other debt instruments

At the time of the initial recognition, all bank credits, loans and debt securities are recognised at the fair value, less costs associated with obtaining a credit or loan. After the initial recognition, the interest-bearing credits, loans and debt securities are valuated in accordance with the depreciated cost using the effective interest method. Any difference between the amount received (less transaction costs) and the redemption value is recognised using the effective interest method in the financial result for the duration of the contracts.

The fair value, estimated for disclosure purposes, is calculated on the basis of the present value of future cash flows for return of capital and interests, discounted at the market interest rate as of the reporting date.

3.12 Employee benefits

Defined Benefit Plan - Retirement Compensation

The Group recognises provisions for retirement compensations and other employee benefits on the basis of an actuarial valuation carried out at the reporting date. The valuation is carried out by an independent actuary. The basis for calculation of provisions for employee benefits is determined by internal regulations of the Group and other applicable regulations.

The value of the provisions for employee benefits is determined using actuarial techniques and the requirements of IFRS EU, and in particular of IAS 19 "Employee Benefits". The provisions are valuated at the level of the present value of the Group's future employee benefits obligations. The provisions are calculated using the projected entity credit method, separately for each employee.

The basis for the calculation of the provisions attributable to the individual employees is the projected value of the benefit that the Group is required to pay under the regulations listed above. The benefit value is projected until acquisition of the benefit by the employee. The employee benefit obligation is determined on the basis of the expected increase in the value of the benefit and proportionally to the employee's expected length of service. The estimated value is then discounted at the reporting date.

Short-Term Employee Benefits

Liabilities due to short-term employee benefits are valued without discount and are recognised as expenses at the time of performance.

The Group creates a provision charged to expenses in the amount of anticipated employee payments due under short-term cash bonuses if the Group is legally or customarily obliged to make such payments on the basis of past employee services, and that obligation can be fairly estimated.

3.13 Provisions

The provisions are created when the entity is burdened with the present obligation (the legal or customarily expected one) resulting from past events, and it is probable that the fulfilment of this obligation will result in the necessity of the economic benefits outflow, and the amount of this obligation can be reliably estimated.

The provisions amount is verified on a regular basis during the accounting period in order to adjust them to reflect the current best estimate.

3.14 Trade and other liabilities

Liabilities, including trade liabilities are valuated when they arise at fair value, and then at the depreciated cost using the effective interest method. Current liabilities are not discounted.

3.15 Revenues

Group’s revenues include in particular:

- revenues on liquid fuels sales
- revenues on gas fuels sales, including gas fuels distribution
- revenues on electricity sales.

The Group recognises revenues so as to reflect the transfer of promised goods or services to the client in the amount that reflects the compensation, to which – according to the Group’s expectations – it will be entitled in return for these goods or services.

Recognition of revenue occurs at the moment when the obligation to perform the service through transfer of the promised good or service (an asset) to the client has occurred (or in its course). The asset is transferred at the moment when the client obtains the control over this asset.

The revenues comprise the fair value of the payment received or due to sales of goods and services within a normal operation of the Group. The revenues are presented in the net form without the tax on goods and services, having considered returns, rebates and discounts.

The revenues on sales of goods and services are recognised if the following conditions have been met:

- parties to the agreement have concluded an agreement (in the written, oral form or in accordance with other normal commercial practices) and are obliged to perform their duties,
- the Group is able to identify the rights of each party pertaining to goods or services that are supposed to be transferred,
- the Group is able to identify payment terms for goods or services for goods that are supposed to be transferred,

- the content of the agreement is of economic nature (i.e. one can expect that the agreement will influence risk, time distribution or amount of future cash flows of the Group) and
- it is likely that the Company will receive remuneration, to which it is entitled in return for goods or services that have been transferred to the customer. While evaluating whether the receipt of the remuneration amount is likely the Group considers only the capacity and intention to pay the amount of remuneration by the customer within the specified term. Remuneration amount, which the Group is entitled to, may be lower than specified in the agreement, should the remuneration be variable, as the Company may offer the customer a price discount

Requirements of identifying the client contract

The client contract is accordant with its definition when all the following criteria have been met: parties to the agreement have concluded an agreement and are obliged to perform their obligation under thereof; The Group is able to identify the rights of each party pertaining to goods or services that are supposed to be transferred; the Group is able to identify payment terms for goods or services for goods that are supposed to be transferred; the contents of the agreement is of economic nature and it is likely that the Group will receive remuneration, to which it is entitled in return for the goods or services that will be transferred to the customer.

Identification of obligations to execute services

The moment an agreement is concluded the Group evaluates the goods or services promised in the client contract and identifies as an obligation to execute service each promise to transfer to the customer: a good or service (or a package of goods and services), which can be distinguished or a group of distinguished goods or services, which are generally the same and in case of which the transfer to the customer is of the same nature, The Group within the confines of concluded contracts undertakes to supply to customers primarily petrochemical goods and gas. Within the confines of these contracts the Group acts as a principal.

Establishing transactional price

In order to establish the transactional price, the Group considers the terms of agreement and applied normal commercial practices. The transactional price is the amount of remuneration, which – according to Group's expectations – it will be entitled to in return for the transfer of promised good and services to the customer, excluding the amounts charged on behalf of third parties (e.g. some taxes on sales). The remuneration specified in the client contract may cover fixed amounts, variable amounts or both. Transactional prices in the client contracts are not subject to limitations. The agreements that are in force in the Group do not foresee obligations to accept returns, reimbursements of remuneration and other alike obligations. The Group does not identify revenues for which a receipt of renumeration Is contingent.

Allocation of transactional price to particular obligations to perform services

The Group allocated transactional price to each obligation to perform a service (or a separate good or separate service) in the amount that reflects the amount of remuneration, which – according to the Group's expectations – it is entitled to in return for the transfer of promised goods or services to the customer. The guarantees issued within the guarantee agreements are the guarantees that ensure the customer that a given good complies with the agreed specification. They do not consist in performing a separate service.

Recognising revenues at the moment of fulfilling the obligations to perform a service

The Group recognises the revenues at the moment of fulfilling (or during fulfilling) the obligation to perform a service by transfer of the promised good or service (i.e. an asset) to the customer (the customers obtains the control over this asset). The revenues are recognised as amounts equal to transactional price, which has been allocated to the given obligation to perform a service.

Revenues on sales of goods and services are adjusted for profits or losses due to financial instruments regarding trading of fuels.

Revenues on sales of gas fuel, electricity, gas fuel distribution - uninterrupted

The Group transfers the control over a part of performed services (consisting in supplies of gas fuel and electricity, performing distribution services) in time, in this way fulfilling the obligation of services performance.

On every occasion gas fuel/electricity is supplied and consumed, a part of services is subject to transfer and the obligation to perform services is performed. The value of services transferred to a given moment, in relation to the remaining services promised within the contract is calculated on the basis of the result method based on given service utilization. Utilization of the service in the whole settlement period can be treated jointly, therefore the accumulated revenues from the settlement period are recognised monthly. If the Group is entitled to receive compensation from the client in the amount that directly corresponds to the value of the service previously performed by the Group to the client (e.g. contract for gas fuel supplies within which the client is charged fixed amount for each MWh), the Group recognises the revenue in the amount, which it is entitled to invoice.

The Group starts recognizing revenues once the utilization of services commences.

The volume of revenues from gas fuels/electricity sales and gas fuel distribution services results from sales documented with Vat invoices, increased by conducted estimation of supplied and not invoiced in the given period sale of electricity distribution services.

Sales estimation is conducted not less frequently than at the end of the accounting period.

Revenues on sales - delivery of products/services settled at a specific moment

Revenues on sales – supplies of goods/services settled at a given point

Revenues from supplies goods/services such as liquid fuels, connection fees, sales of property rights are recognised by the Group at a given point. Control transfer occurs when the contract between the parties is concluded and goods/services are made available to the client or given service has been performed.
In order to precisely determine the point of control transfer, the Group each time considers whether:

- The Group is currently empowered to payment for an asset,
- client holds legal title to an asset,
- the Group physically transferred an asset,
- client bears significant risk and obtains significant benefits resulting from the asset's property,
- client received an asset.

Revenues on sales – services provided continuously – passage of time

The Group transfers the control of services provided over time (e.g. licences granted) thus fulfilling obligations to provide services.

Such services are provided on a continuous basis; hence a part of services is subjected to transfer at any time while providing the service. Since the value of services passed on to the client does not differ over individual reference periods, the Group recognises revenues on provided services based on fixed monthly payments (independently of consumption).

Recognising revenues on sales in the net compensation amount (the Group as an agent)

In the case of comprehensive contracts for gas fuels supplies, where the Group supplies gas fuel and performs distribution services, it is each time evaluated if the Group acts as a contracting party.

In the case another entity is involved in supplies of goods or services to the client, the Group determines if the nature of Group's promise constitutes an obligation to perform the service consisting in supplying specific goods or services (in this case the Group acts as a contracting party) or outsources another entity to supply such goods or services (in this case the Group acts as intermediary). If the Group being a contracting party fulfils the obligation to perform the service, it recognises the revenues in the gross compensation amount, to which – according to the expectations – it will be entitled in exchange for transferring goods or services.

If the Group being an intermediary fulfils the obligation to perform the service, it recognises the revenues in the amount of any charge or commission, to which – according to the expectations – it will be entitled in exchange for ensuring transfer of goods or services by another entity.

Fee or commission that is due to the Group may be the net compensation amount, which the Group retains having paid the compensation to another entity in return for goods or services provided by this entity.

Under the General Distribution Agreement of gas fuel concluded with Polska Spółka Gazownictwa Sp. z o.o. the Group acts as an intermediary that collects fees in favour of other gas market participants in distribution services contracts in the scope of selected elements of the fee charged for the distribution service. As a result, the Group recognises revenues on distribution services sales in the amount net of distribution service cost charged by the Distribution Network Operator.

Revenues and costs due to trading activity in the scope of purchase and sale of electricity are presented in the net form. In case of sales transactions of this type the Group acts as an intermediary and does not sell electricity to final customers.

Contract assets

The Group recognises in the statements of financial position a component of assets under the contract being the Group's right to compensation in exchange for goods or services that the Group transferred to the client.

In this item of the statements of financial position the following are presented in particular:

- estimates of revenues from distribution and sales of electricity carried out in the given period which have not been invoiced yet;
- assets regarding carried out and provided construction works which have not been invoiced yet.
- assets pertaining to carried out and provided works related to the development of the chain of AVIA stations. The Group within the concluded franchise agreements with petrol stations in the scope of developing the AVIA brand, incurs expenditures for adjusting the stations to the Group's requirements.

Contract liabilities

The Group recognises in the statements of financial condition contract liabilities which are the Group's obligation to transfer for the client goods or services in exchange for which the Group has received compensation (or for which compensation is due) from the client.

In this item of the statements of financial position the following are presented in particular:

- advance payments for deliveries pertaining to the current operation (note *5.26*).

Additionally, accounting period revenues that influence the profit or loss of the period are:

other operating revenues indirectly related with the business activity, among others:

- dissolution of unused provisions previously charged to other operating costs,
- trade receivables and other interest revenue,
- revenue from reimbursement of court costs,
- received donations.

financial revenues, which are mainly revenues related to funding of activities:

- revenues and profit from financial investments,
- revenues from dividends,
- net profits from the foreign exchange gains on financial assets,
- reversal of impairment write-off of held-to-maturity financial assets, available-for-sale financial assets, loans and shares.

3.16 Profits or losses due to financial instruments pertaining to fuel trading

The Group recognises as profits or losses due to financial instruments pertaining to fuel trading the profits or losses that occur following the realisation of financial instruments pertaining to fuel trading included to financial assets/liabilities valuated at fair value through the balance of results and the effect of their valuation at fair value.

3.17 Costs

The costs are considered to be a reasonable reduction in the economic benefits of a reliably determined value in the accounting period in the form of a decrease in the value of assets or an increase in the value of liabilities and provisions which will lead to a decrease in equity or an increase in its deficit in other way than withdrawal of owner funds.

The costs are recognised in profit or loss on the basis of the direct link between the costs incurred and the achievement of specific revenue, i.e. by applying the principle of proportionality, through prepayments and accruals of expenses and liabilities.

The cost of sold goods and materials comprises:

- **cost of sold goods and materials**
- valuation to the fair value of inventories,
- effect of settling financial instruments pertaining to compulsory reserve,
- valuation of financial instruments pertaining to compulsory reserve,
- exchange rate differences from credits for financing purchases of diesel oil,
- valuation of credits for financing purchases of diesel oil,
- realized exchange rate differences concerning settlements,
- balance sheet valuation of settlements.
- inventory shortages and surpluses,
- creating and releasing reserves for the cost of compulsory reserve maintenance.

In addition, the costs of the accounting period, affecting profit or loss of the period are:

other operating costs indirectly related with the business activity, among others:

- provisions for disputes, penalties, damages, and other costs related indirectly to the operating activities,
- interest expenses on trade payables and other using the effective interest method,
- costs of legal proceedings,
- donations given.

financial costs related with the external financing of the activities, including in particular:

- interest on bank overdrafts,
- interest on short-term and long-term loans, credits and other sources of financing.
- net losses from the foreign exchange gains on financial assets,
- impairment write-offs on held-to-maturity financial assets, available-for-sale financial assets, loans and shares.

3.18 Other net profit/loss

Other profit/loss net include:

- net profits/losses from disposals of tangible fixed assets and intangible assets.

3.19 Current and deferred income tax

The income tax reported in the financial result includes current and deferred part. The income tax is recognised in the financial result, excluding amounts related to items recognised in other comprehensive income or equity. Then they are recognised respectively in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

The deferred tax is calculated using the balance sheet liability method, based on temporary differences between the value of the assets and liabilities for accounting purposes, and their estimated value for tax purposes. The deferred tax is not created on the following temporary differences: goodwill, initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, differences relating to investments in subsidiaries to the extent that it is unlikely that they will be realized in the foreseeable future. The recognised amount of deferred tax is based on expectations as to how to implement the carrying amount of assets and liabilities, using tax rates in force or enacted at the reporting date.

The deferred tax assets are recognised to the extent to which it is probable that taxable income is reached, which will allow for the implementation of the deferred tax asset. The deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

4. REPORTING SEGMENTS

On the basis of the conducted analysis of the organizational structure of the Group, its internal reporting system and the functioning management model, the Management Board of the Parent Equity has defined the following operating segments. The Management Board of the Parent e\Equity analyses the activity both in the operating perspective as well as geographical one.

The Management Board of the Parent Equity has distinguished the following operating segments:

- **Liquid fuels trading** - includes wholesale and retail sales of diesel oil, petrol, liquefied petroleum gas (LPG LNG) and biofuels conducted by the Companies in the Group.
- **Gaseous fuels trading** - includes distribution of gaseous fuels in the network system and wholesale trade of natural gas through the Polish Power Exchange conducted by the companies in the Group.
- **Electricity trading** - includes trade and distribution of electric energy by the Companies in the Group.
- **Photovoltaics** - activities of the Companies in the Group related to photovoltaics in the area of photovoltaic farms and sales and installation of photovoltaic installations.
- **Other activities** – this segment of Group's operations comprises, among other, the activity related to running AVIA petrol stations, sales of oils, bitumen, service and financial activity.
- **Corporate functions** – this segment of Group's activity comprises the whole of the actions related to functioning of the companies (overheads), which cannot be attributed to particular operating segments.

Principles of preparing the statement of comprehensive income by business segments

The Group maintains accounting records that enable separate calculation of revenues, costs and financial result of individual business segments.

The Group has directly distinguished sales revenues, operating revenues and costs, cost of goods, materials and services sold, selling costs and financial revenues and costs.

The portion of the Group's general and administrative expenses that pertains to the provision of work to the individual business segments has been allocated proportionally using allocation keys calculated based on estimated labour intensity. General and administrative expenses that cannot be allocated to individual business segments because they are incurred within the units working for the development of the Group as a whole have been treated as expenses relating to corporate functions. The corporate functions item also includes income and expenses pertaining to the Group's investment activities, including in particular impairment losses.

Principles for preparing the statement of financial position by business segments

The Group has directly distinguished: property, plant and equipment, inventories, trade receivables and trade payables, other receivables and payables, liabilities due to loans, borrowings, other debt instruments and derivative financial instruments related to particular business segments conducted by the Group, which are directly related to the activities within particular business segments listed in the Group's consolidated financial statements.

In the case of assets and liabilities which, as in the case of the components of profit or loss, cannot be directly related to the business segments, a classification into corporate functions has been made. Unallocated includes such components as: property, plant and equipment, intangible assets, investments in subsidiaries, other cash assets, receivables, cash, equity except for results from previous years relating to individual business activities, loans and borrowings, tax liabilities, provisions, deferred tax assets.

4.1 Statements of total revenues in breakdown into operating segments

in PLN thousand **For the period 01.01.2021 - 31.12.2021**	**Liquid fuels trade**	**Gaseous fuels trade**	**Electricity**	**Photovoltaics**	**Other activity**	**Corporate functions**	**Reductions of settlements in the Group**	**Consolidated total**
Revenues from external customers	7 081 980	552 622	204 995	14 756	319 388	1 296	-	**8 175 037**
Profit/(loss) on trading activity related to electricity	-	-	17 976	-	-	-	-	**17 976**
Profits (losses) due to financial instruments pertaining to fuel trade	14 203	-	-	-	-	-	-	**14 203**
Revenues from customers from the Group	141 698	24 289	44 668	50	4 459	-	(215 164)	**-**
Total revenues	**7 237 881**	**576 911**	**267 639**	**14 806**	**323 847**	**1 296**	**(215 164)**	**8 207 216**
Cost of goods, products and materials, sold to external customers	(6 795 412)	(537 903)	(190 514)	(13 345)	(303 630)	(173)	-	**(7 840 977)**
Cost of goods, products and materials, sold to customers from the Group	(141 394)	(23 769)	(43 868)	-	(4 446)	-	213 477	**-**
Cost of goods, products and materials, in total	**(6 936 806)**	**(561 672)**	**(234 382)**	**(13 345)**	**(308 076)**	**(173)**	**213 477**	**(7 840 977)**
Segment results	**301 075**	**15 239**	**33 257**	**1 461**	**15 771**	**1 123**	**(1 687)**	**366 239**
Other operating revenues	695	39	595	3	2 486	46	(1 602)	**2 262**
Sale and overheads costs	(174 035)	(17 857)	(16 486)	(9 318)	(23 324)	(22 841)	3 226	**(260 635)**
Other net profits/losses	(189)	(12)	155	42	-	-	22	**18**
Other operating costs	(2 078)	(134)	(1 455)	(55)	(579)	(552)	1 379	**(3 474)**
Operating activity result	**125 468**	**(2 725)**	**16 066**	**(7 867)**	**(5 646)**	**(22 224)**	**1 338**	**104 410**
Financial revenues	988	150	279	473	192	3 564	(4 951)	**695**
Financial costs	(8 288)	(402)	(101)	(604)	(533)	-	1 176	**(8 752)**
Income tax	-	-	-	-	-	-	-	**(20 392)**
Net profit/(loss) for the period	**118 168**	**(2 977)**	**16 244**	**(7 998)**	**(5 987)**	**(18 660)**	**(2 437)**	**75 961**
Amortisation	**(3 469)**	**(1 745)**	**(533)**	**(762)**	**(4 288)**	**(1 888)**	**-**	**(12 685)**
Interests	**(7 912)**	**(3 514)**	**2 827**	**1 507**	**(1 436)**	**3 584**		**(4 944)**
EBITDA*	**129 549**	**2 282**	**13 950**	**(8 743)**	**(263)**	**(20 356)**		**116 419**

* EBITDA ratio --> defined as Earnings Before Interest, Taxes, Depreciation and Amortization)

in PLN thousand for the period 01.01.2020 - 31.12.2020	Liquid fuels trade	Gaseous fuels trade	Electricity	Photovoltaics	Other activity	Corporate functions	Reductions of settlements in the Group	Consolidated total
Revenues from external customers	4 238 389	71 777	106 096	5 018	379 496	4 681	-	**4 805 457**
Profit/(loss) on trading activity related to electricity	-	-	14 031	-	-	-	-	**14 031**
Profits (losses) due to financial instruments pertaining to fuel trade	(49 494)	-	-	-	-	-	-	**(49 494)**
Revenues from customers from the Group	94	11 956	42 008	25	88 224	-	(142 307)	-
Total revenues	**4 188 989**	**83 733**	**162 135**	**5 043**	**467 720**	**4 681**	**(142 307)**	**4 769 994**
Cost of goods, products and materials, sold o external customers	(3 997 786)	(51 001)	(102 099)	(4 352)	(365 235)	-	-	**(4 520 473)**
Cost of goods, products and materials, sold to customers from the Group	(77)	(11 420)	(38 136)	-	(88 191)	-	137 824	-
Cost of goods, products and materials, in total	**(3 997 863)**	**(62 421)**	**(140 235)**	**(4 352)**	**(453 426)**	**-**	**137 824**	**(4 520 473)**
Segment results	**191 126**	**21 312**	**21 900**	**691**	**14 294**	**4 681**	**(4 483)**	**249 521**
Other operating revenues	2 406	201	342	-	29	76	(5)	**3 049**
Sale and overheads costs	(127 051)	(10 996)	(17 798)	(2 768)	(19 812)	(19 554)	4 402	**(193 577)**
Other net profits/losses	189	(192)	24	-	-	-	-	**21**
Other operating costs	(1 938)	(174)	(16)	-	(25)	(7 597)	(9)	**(9 759)**
Operating activity result	**64 732**	**10 151**	**4 452**	**(2 077)**	**(5 514)**	**(22 394)**	**(94)**	**49 255**
Financial revenues	525	7	655	-	59	556	(899)	**903**
Financial costs	(5 573)	(521)	(520)	(22)	(28)	(2 977)	3 215	**(6 426)**
Income tax	-	-	-	-	-	-	-	**(8 997)**
Net profit/(loss) for the period	**59 684**	**9 637**	**4 587**	**(2 099)**	**(5 483)**	**(24 815)**	**2 221**	**34 735**
Amortisation	**(3 464)**	**(1 525)**	**(336)**	**(171)**	**(1 693)**	**(1 836)**	-	**(9 025)**
Interests	**(7 875)**	**(824)**	**(313)**	**39**	**(199)**	**1 414**	-	**(7 757)**
EBIDTA	**71 023**	**11 986**	**5 236**	**(1 967)**	**(3 591)**	**(24 393)**	-	**58 293**

* EBITDA ratio --> defined as Earnings Before Interest, Taxes, Depreciation and Amortization)

4.2 Statements of the financial condition in breakdown into the operating segments

in PLN thousand **31.12.2021**	**Liquid fuels trade**	**Gaseous fuels trade**	**Electricity**	**Photovoltaics**	**Other activity**	**Corporate functions**	**Consolidated Total**
Segment assets	**815 155**	**120 078**	**93 053**	**28 657**	**101 927**	**72 418**	**1 231 288**
Segment liabilities	**647 579**	**92 603**	**68 166**	**2 086**	**68 592**	**26 387**	**905 413**
Main non-cash items							
Amortisation	(3 469)	(1 745)	(533)	(762)	(4 288)	(1 888)	**(12 685)**
Receivable revaluating write-offs	(5 987)	(1 006)	-	-	(417)	(2)	**(7 412)**
Inventories valuation to fair value	81 045	-	-	-	-	-	**81 045**
Balance sheet valuation of derivatives to fair value	(31 157)	-	-	-	-	-	**(31 157)**
Balance sheet valuation of credits	(5 400)	-	-	-	-	-	**(5 400)**
Balance sheet valuation of settlements	932	-	-	-	-	-	**932**
Main non-cash items in total	**35 964**	**(2 751)**	**(533)**	**(762)**	**(4 705)**	**(1 890)**	**25 323**

in PLN thousand **31.12.2020**	**Liquid fuels trade**	**Gaseous fuels trade**	**Electricity**	**Photovoltaics**	**Other activity**	**Corporate functions**	**Consolidated Total**
Segment assets	**468 223**	**78 029**	**54 301**	**20 496**	**65 031**	**104 255**	**790 335**
Segment liabilities	**357 808**	**14 467**	**37 664**	**5 505**	**48 686**	**60 324**	**524 454**
Main non-cash items							
Amortisation	(3 464)	(1 525)	(336)	(171)	(1 693)	(1 836)	**(9 025)**
Receivable revaluating write-offs	(5 373)	(541)	(1 440)	-	(302)	(39)	**(7 695)**
Inventories valuation to fair value	(30 340)	-	-	-	-	-	**(30 340)**
Balance sheet valuation of derivatives to fair value	2 939	-	-	-	-	-	**2 939**
Balance sheet valuation of credits	(3 284)	-	-	-	-	-	**(3 284)**
Balance sheet valuation of settlements	714	-	-	-	-	-	**714**
Main non-cash items in total	**(38 808)**	**(2 066)**	**(1 776)**	**(171)**	**(1 995)**	**(1 875)**	**(46 691)**

4.3 Revenues on sales - geographical division according to location of final customers

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Poland	6 777 746	3 707 778
Czech Republic	391 116	397 642
Switzerland	25 207	2 842
Slovakia	12 719	8 034
Hungary	83 870	26 661
Austria	35 970	35 181
Belgium	52 262	14 473
Great Britain	31 928	273 966
Georgia	122	-
Germany	82 872	186 392
The Netherlands	636 932	19 080
Estonia	-	18 698
Romania	-	123
Cyprus	12	29
India	-	1
Sweden	-	31
Ukraine	20 627	6 407
Serbia	-	1 570
Taiwan	317	665
China	4 108	763
Bulgaria	46 665	63 299
Lithuania	4 743	6 359
Total	**8 207 216**	**4 769 994**

Main customers

In the period from 1st January to 31st December 2021 as well as in the comparable period none of the Group's customers exceeded 10% of consolidated revenues.

Fixed assets – geographical breakdown

Tangible fixed assets of the Group are located in the territory of Poland.

ADDITIONAL EXPLANATORY NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

5.1 REVENUES ON SALES

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Client contracts revenues		
Revenues on services sale	27 331	13 971
Revenues on sales of goods and materials	8 147 706	4 791 486
Client contracts revenues in total	**8 175 037**	**4 805 457**
Profit/loss on trading activity pertaining to electricity	17 976	14 031
Profits (losses) from financial instruments pertaining to fuel trading	14 203	(49 494)
Total	**8 207 216**	**4 769 994**

The item profit/loss from electricity trading activities includes the result from the valuation of contracts for the purchase and sale of electricity open as of 31st December 2021 and concluded for 2022 and 2023.

Apart from the above, the Group has no contracted revenues for the period after the balance sheet date.

5.2 COST BY TYPE

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Amortisation of tangible fixed assets and intangible assets	(4 085)	(3 082)
Asset amortisation due to the right to use assets	(8 600)	(5 943)
Electricity and materials consumption	(12 542)	(6 203)
Foreign services	(192 412)	(142 514)
Taxes and charges	(4 819)	(2 481)
Remunerations	(26 533)	(20 475)
Social security and other benefits	(3 564)	(2 772)
Other cost by type	(18 447)	(8 968)
Costs by type in total	**(271 002)**	**(192 438)**
Cost of sold goods and materials	(7 827 662)	(4 516 121)
Change in inventories and accruals	1 552	1 353
Other	(4 500)	(6 844)
Cost of sold goods, products and materials and overheads	**(8 101 612)**	**(4 714 050)**

5.3 COST OF SOLD GOODS, PRODUCTS AND MATERIALS

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Cost of sold goods and materials	(7 766 647)	(4 560 372)
Inventories valuation to fair value	81 045	(30 340)
Balance sheet valuation of derivatives pertaining to compulsory reserve	(57 930)	3 923
Effect of executing hedging instruments pertaining to compulsory reserve	(61 389)	60 920
Achieved exchange rate differences from credits	(21 038)	11 299
Balance sheet valuation of credits	(5 400)	(3 284)
Achieved exchange rate differences from settlements	2 765	1 019
Balance sheet valuation of settlements	932	714
Total	**(7 827 662)**	**(4 516 121)**
Production cost of sold services	(13 315)	(4 352)
Cost of sold services, goods, and materials	**(7 840 977)**	**(4 520 473)**

5.4 OTHER OPERATING REVENUES

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Insurance damages received	79	171
Costs of court proceedings subject to return	39	135
Interest revenues concerning trade and other receivables	1 574	1 530
Other	570	1 213
Total	**2 262**	**3 049**

5.5 OTHER NET PROFITS/(LOSSES)

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Net profit on sale of tangible fixed assets	18	21
Total	**18**	**21**

5.6 OTHER OPERATING COSTS

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Interest costs from non-financial liabilities	(812)	(63)
Costs of irrecoverable receivables	-	(311)
Investment impairment write-offs	(1 501)	(6 525)
Costs of court proceedings	(45)	(116)
Contractual penalties	(47)	(38)
Donations	(140)	(1 901)
Other	(929)	(805)
Total	**(3 474)**	**(9 759)**

5.7 NET FINANCIAL REVENUES AND COSTS

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Financial revenues		
Interest on financial assets and financial commissions	391	750
Profit due to exchange rate differences	304	153
Total financial revenues	**695**	**903**
Financial costs		
Bank charges and transaction costs on credits and loans	(8 752)	(6 408)
Net loss due to exchange rate differences <t0/>on<t1/>-	-	(18)
Total financial costs	**(8 752)**	**(6 426)**
Net financial revenues/(costs)	**(8 057)**	**(5 523)**

5.8 INCOME TAX

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Current income tax		
Income tax for the current year	(22 232)	(17 347)
Deferred tax		
Arising/reversing temporary differences	1 840	8 350
Income tax recognised in the statements of total revenues	**(20 392)**	**(8 997)**

Effective discount rate

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Profit/(loss) before taxation	**96 353**	**43 732**
Tax based on applicable tax rate	(18 307)	(8 309)
Fixed costs not being the cost of obtaining revenues	(1 381)	(1 063)
Non-taxable fixed revenues	485	284
Unused tax losses included in the calculation of deferred income tax in previous years	(86)	-
Tax losses for which no asset was recognised due to deferred income tax	(731)	-
Other	(372)	91
Total	**(20 392)**	**(8 997)**
Effective discount rate	**21,2%**	**20,6%**

5.9 TANGIBLE FIXED ASSETS

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
As of 01.01.2020	**1 333**	**28 276**	**7 803**	**2 903**	**1 209**	**1 351**	**42 875**
Increase on:	**-**	**1 406**	**1 858**	**2 252**	**1 162**	**1 649**	**8 327**
- acquisition	-	-	1 674	-	1 162	3 239	6 075
- call of assets and transfer of rights to use	-	-	-	2 252	-	-	2 252
- transfer from fixed asset under construction	-	1 406	184	-	-	(1 590)	-
Reduction due to:	**-**	**(317)**	**(142)**	**(2 702)**	**(130)**	**(568)**	**(3 859)**
- liquidation	-	(282)	(137)	-	-	(568)	(987)
- sale	-	(35)	(5)	(2 689)	(130)	-	(2 859)
- exchange rate differences	-	-	-	(13)	-	-	(13)
As of 31.12.2020	**1 333**	**29 365**	**9 519**	**2 453**	**2 241**	**2 432**	**47 343**

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
As of 01.01.2021	**1 333**	**29 365**	**9 519**	**2 453**	**2 241**	**2 432**	**47 343**
Increase on:	**2 006**	**4 661**	**2 875**	**4 216**	**1 852**	**1 939**	**17 549**
- acquisition	2 006	3 881	2 556	8	1 395	3 495	13 341
- <t0/>call of assets and transfer of rights to use	-	-	-	4 208	-	-	4 208
- transfer from fixed asset under construction	-	780	319	-	457	(1 556)	-
Reduction due to:	**-**	**(260)**	**(1 157)**	**(2 254)**	**(99)**	**(220)**	**(3 990)**
- liquidation	-	-	-	-	-	(147)	(147)
- sale		(260)	(1 157)	(2 254)	(99)	-	(3 770)
- reclassification	-	-	-	-	-	(73)	(73)
As of 31.12.2021	**3 339**	**33 766**	**11 237**	**4 415**	**3 994**	**4 151**	**60 902**

Decommitments and write-offs due to impairment

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
As of 01.01.2020	**-**	**(3 005)**	**(3 684)**	**(2 304)**	**(505)**	**-**	**(9 498)**
Amortisation for the period	-	(1 321)	(902)	(378)	(196)	-	**(2 797)**
Increase due to:	-	-	-	(1 529)	-	-	(1 529)
- <t0/>call of assets and transfer of rights to use	-	-	-	(1 529)	-	-	**(1 529)**
Reduction due to:	**-**	**90**	**71**	**2 152**	**2**	**-**	**2 315**
- liquidation	-	72	68	-	-	-	140
- sale	-	18	3	2 152	2	-	2 175
As of 31.12.2020	**-**	**(4 236)**	**(4 515)**	**(2 059)**	**(699)**	**-**	**(11 509)**

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
As of 01.01.2021	**-**	**(4 236)**	**(4 515)**	**(2 059)**	**(699)**	**-**	**(11 509)**
Amortisation for the period	-	(1 575)	(900)	(291)	(343)	-	**(3 109)**
Increase due to:	-	-	-	(2 439)	-	-	(2 439)
- call of assets and transfer of rights to use	-	-	-	(2 439)	-	-	**(2 439)**
Reduction due to:	**-**	**137**	**574**	**1 304**	**105**	**-**	**2 120**
- sale	-	137	574	1 297	94	-	2 102
- exchange rate differences	-	-	-	7	11	-	18
As of 31.12.2021	**-**	**(5 674)**	**(4 841)**	**(3 485)**	**(937)**	**-**	**(14 937)**

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
Net value As of 31.12.2020	**1 333**	**25 129**	**5 004**	**394**	**1 542**	**2 432**	**35 834**
Net value As of 31.12.2021	**3 339**	**28 092**	**6 396**	**930**	**3 057**	**4 151**	**45 965**

Tangible fixed assets:

in PLN thousand	31.12.2021	31.12.2020
Land	3 339	1 333
Buildings and structures	28 092	25 129
Machinery and equipment	6 396	5 004
Means of transport	930	394
- Other tangible fixed assets	3 057	1 542
Fixed assets under construction	4 151	2 432
Total	**45 965**	**35 834**

Securities

in PLN thousand	31.12.2021	31.12.2020
Value of tangible fixed assets being security for the liabilities	25 370	29 254
Total	**25 370**	**29 254**

As of 31.12.2021 tangible fixed assets of the carrying amount of PLN 25 370 thousand (31.12.2020: PLN 29 254 thousand) constituted a hedge of bank loans, overdrafts.

5.10 RIGHT TO USE ASSETS

The Group has analysed all the contracts that could be of a lease nature. As a result of the analysis the contracts that include lease have been distinguished. These include office space rental contracts, petrol stations lease and means of transport lease. As a result of the conducted analysis the Group recognised the following rights to use assets according to the breakdown into base assets components:

in PLN thousand	Buildings and structures	Means of transport	Total
As of 01.01.2020	**7 879**	**9 356**	**17 235**
Increase on:	**44 497**	**4 375**	**48 872**
- new lease agreements, increase of lease remuneration	44 497	4 375	48 872
Reduction due to:	**-**	**(2 565)**	**(2 565)**
- call of assets and transfer of rights to use	-	(2 252)	(2 252)
- sale	-	(313)	(313)
As of 31.12.2020	**52 376**	**11 166**	**63 542**

in PLN thousand	Buildings and structures	Means of transport	Total
As of 01.01.2021	**52 376**	**11 166**	**63 542**
Increase on:	**19 132**	**7 378**	**26 510**
- new lease agreements, increase of lease remuneration	19 132	7 378	26 510
Reduction due to:	**(5 914)**	**(5 211)**	**(11 125)**
- call of assets and transfer of rights to use	-	(4 208)	(4 208)
- sale	-	(554)	(554)
- liquidation	(5 914)	(449)	(6 363)
As of 31.12.2021	**65 594**	**13 333**	**78 927**

Decommitments and write-offs due to impairment

in PLN thousand	Buildings and structures	Means of transport	Total
As of 01.01.2020	**(1 504)**	**(3 390)**	**(4 894)**
Amortisation	(4 218)	(1 725)	(5 943)
Reduction due to:	**-**	**1 663**	**1 663**
- call of assets and transfer of rights to use	-	1 529	1 529
- sale	-	134	134
As of 31.12.2020	**(5 722)**	**(3 452)**	**(9 174)**

in PLN thousand	Buildings and structures	Means of transport	Total
As of 01.01.2021	**(5 722)**	**(3 452)**	**(9 174)**
Amortisation	(6 359)	(2 241)	(8 600)
Reduction due to:	**5 914**	**2 789**	**8 703**
- call of assets and transfer of rights to use	-	2 439	2 439
- sale	-	197	197
- liquidation	5 914	153	6 067
As of 31.12.2021	**(6 167)**	**(2 904)**	**(9 071)**

in PLN thousand	Buildings and structures	Means of transport	Total
Net value			
As of 01.01.2020	6 375	5 966	12 341
As of 31.12.2020	**46 654**	**7 714**	**54 368**
Net value			
As of 01.01.2021	**46 654**	**7 714**	**54 368**
As of 31.12.2021	**59 427**	**10 429**	**69 856**

Due to sub-rent a part of office spaces, a part of the right to use assets has been presented in the item other receivables.

in PLN thousand	31.12.2021	31.12.2020
Other short-term receivables	-	90
Total	**-**	**90**

in PLN thousand	**31.12.2021**	**31.12.2020**
Due to the above the value of the right to use assets as of 31st December amounts to	69 856	54 278
Total	**69 856**	**54 278**

No revenues from sub-rent of asset components covered by a lease contract in 2021.
Revenues from sub-rental of asset components under lease contract in 2021 amounted to PLN 128 thousand.

Lease liabilities analysis

Total value of expenditures due to lease contracts, presented in the financial activity in the statements on cash flows in 2021 amounted to PLN 9 396 thousand (in 2020: PLN 6 562 thousand).

Maturity analysis of lease liabilities

in PLN thousand	**Balance value**	**Contracted value of flows**	**up to 1 month**	**from 1 month to 3 months**	**from 3 months to 1 year**	**from 1 year to 5 years**	**over 5 years**
Lease liabilities as of 31.12.2021	70 290	96 255	886	1 798	7 891	30 443	55 237
Discount	25 965						

in PLN thousand	**Balance value**	**Contracted value of flows**	**up to 1 month**	**from 1 month to 3 months**	**from 3 months to 1 year**	**from 1 year to 5 years**	**over 5 years**
Lease liabilities as of 31.12.2020	53 176	72 790	1 009	1 977	7 122	25 404	37 278
Discount	19 614						

Cost of interests related to lease liabilities in the reporting period amounted to PLN 2 812 thousand (in 2020: PLN 1 055 thousand).

5.11 INTANGIBLE ASSETS

Gross value

in PLN thousand	**Goodwill**	**Other intangible assets**	**Acquired rights**	**Software and other**	**Total**
As of 01.01.2020	**17 882**	**-**	**232**	**1 133**	**19 247**
Increase on:	**-**	**3 186**	**78**	**157**	**3 421**
- acquisition	-	3 186	78	157	3 421
Reduction	**-**	**-**	**-**	**-**	**-**
As of 31.12.2020	**17 882**	**3 186**	**310**	**1 290**	**22 668**

in PLN thousand	**Goodwill**	**Other intangible assets**	**Acquired rights**	**Software and other**	**Total**
As of 01.01.2021	**17 882**	**3 186**	**310**	**1 290**	**22 668**
Increase on:	**22**	**136**	**97**	**240**	**495**
- acquisition	22	136	97	240	495
Reduction	**-**	**-**	**-**	**-**	**-**
As of 31.12.2021	**17 904**	**3 322**	**407**	**1 530**	**23 163**

Decommitments and write-offs due to impairment

in PLN thousand	Goodwill	Other intangible assets	Acquired rights	Software and other	Total
As of 01.01.2020	**-**	**-**	**(84)**	**(585)**	**(669)**
Amortisation for the year	-	-	(54)	(231)	(285)
Reduction	-	-	-	-	-
As of 31.12.2020	**-**	**-**	**(138)**	**(816)**	**(954)**

in PLN thousand	Goodwill	Other intangible assets	Acquired rights	Software and other	Total
As of 01.01.2021	**-**	**-**	**(138)**	**(816)**	**(954)**
Amortisation for the year	-	(660)	(76)	(240)	(976)
Reduction	-	-	-	-	-
As of 31.12.2021	**-**	**(660)**	**(214)**	**(1 056)**	**(1 930)**

in PLN thousand	Goodwill	Other intangible assets	Acquired rights	Software and other	Total
Net value					
As of 01.01.2020	17 882	-	148	548	18 578
As of 31.12.2020	17 882	3 186	172	474	21 714
Net value					
As of 01.01.2021	**17 882**	**3 186**	**172**	**474**	**21 714**
As of 31.12.2021	**17 904**	**2 662**	**193**	**474**	**21 233**

Amortisation of intangible assets and impairment write-offs

Amortisation and impairment write-offs have been recognised in the financial result in the following items:

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Overheads	(976)	(285)
Total	**(976)**	**(285)**

Impairment tests for cash generating units to which goodwill has been allocated

In accordance with the principles of IAS 36, the Group is required to test assets classified as goodwill for impairment on an annual basis (or more frequently if there are indications of possible impairment). Where the book value of a non-financial non-current asset exceeds its estimated recoverable amount, its book value is impaired up to its recoverable amount. The recoverable amount is the higher of the two amounts: assets' fair value less costs to sell or value in use.

For the purpose of impairment testing, goodwill acquired in a business combination at the time of acquisition is allocated to individual cash-generating units or groups of cash-generating units.

The goodwill recognised in the consolidated financial statements results from:

1) transfer of the organised part of the Unimot Express Sp. z o.o. enterprise in 2011 covering the LPG bottling plant in Zawadzkie together with the wholesale LPG trading business - hereinafter referred to as "LPG trading business",
2) transfer of an organised part of the enterprise of Unimot Express Sp. z o.o. in 2014, covering wholesale of liquid fuels - hereinafter referred to as "fuel trading activities",
3) acquisition of 100% of shares in Unimot Energia i Gaz Sp. z o.o. (former name Energogas Sp. z o.o.) on 30.12.2015. The Company sells electricity and natural gas through third-party infrastructure to end customers - hereinafter referred to as "natural gas trading activities",
4) acquisition on 07.07.2014 of 58.74% shares in Blue LNG Sp. z o.o., which sells natural gas to end customers using its own infrastructure - own LNG regasification stations with backhaul networks. As of 31.12.2021. Unimot S.A. holds 100% of shares in Blue LNG Sp. z o.o. - hereinafter referred to as "natural gas trading business".
5) acquisition on 20.01.2014 of 58.74% shares in Unimot System Sp. z o.o., which sells natural gas to end customers using its own infrastructure. As of 31.12.2021. Unimot S.A. holds 100% of shares in Unimot System Sp. z o.o. - hereinafter referred to as "natural gas trading activities".
6) acquisition on 20.05.2016 of 100% shares in Tradea Sp. z o.o., which conducts wholesale of electricity through exchange and brokerage platforms and provides additional services for the energy market. Hereinafter included as "electricity related activities".
7) acquisition on 16.11.2015 of 100% shares in Unimot Paliwa Sp. z o.o.

The units below have the goodwill allocated:

in PLN thousand	**31.12.2021**	**31.12.2020**
Activities relating to trading in liquefied petroleum gas LPG	**2 830**	2 830
Activities relating to trading in liquid fuels	**10 869**	10 869
Activities relating to natural gas trade in this:	**879**	879
Activities relating to electricity	**3 304**	3 304
Activity related to petroleum products and fuel storage service	**22**	-
Total	**17 904**	**17 882**

Activity related to fuel trading, activity related to trading of liquefied petroleum gas (LPG), operations of natural gas companies and operations of electricity companies – fair values, net of costs of disposal of the means generating cash flows, are estimated based on the method of discounted cash flows. Calculation of the values according to the discounted cash flows are based on the results achieved in 2020 and 2021 and the estimates of results for the years 2022-2027 drawn up by the Management Board of the Parent Entity.

Company's goodwill of **the activity related to LPG trading** and **activity related to fuel trading** resulted from the difference between the values of conducted contribution of the organised part of enterprise and fair value of net assets taken over.

Goodwill of the **natural gas trading business** and the **electricity trading business** arose from the difference between the purchase price of the units concerned and the fair value of the net assets acquired.

Goodwill of the **operations related to the planned trading of petroleum products and storage services** arose from the difference between the acquisition price of the units concerned and the fair value of the net assets acquired.

Activity related to fuel trading

To assess whether goodwill for this cash generating unit (OGPP) was impaired **the method of estimating fair value less costs to sell the OGPP** was used. The value is estimated **based on the discounted cash flow method**. The calculation of the value according to the discounted cash flow method is based on the results achieved for the years 2019 - 2021 and on the estimated results for the years 2022 - 2027 prepared by the Company's Management Board, due to the fact that the assumed economic useful life of a given unit extends beyond 2027 the calculation also includes the residual value of a given OGPP. The adoption of a five-year period of detailed forecast is justified because there is no sufficiently reliable data for subsequent reporting periods to reasonably determine various factors such as: prices, inflation rates, exchange rates, interest rates.

The most important assumptions of the test for a given cash generating unit are presented below:

- The weighted average cost of capital after tax ("WACC") over the projection period ranged from 9.7% in 2022 to 9.4% in 2027 - this is related to the assumption of greater use of external capital in OGPP's operations. In calculating WACC, the Company assumed a risk premium of 6% per annum.
- The average annual level of volumes and costs was assumed on the basis of current financial results; no significant changes in the scope of operations were assumed for subsequent years.
- No change in diesel prices was assumed for the forecast period, due to the difficulty in determining the long-term path of fuel price changes; additionally, in the case of the trading activities that the company conducts, a change in diesel prices over a long period does not result in significant changes to working capital and the ability to generate cash flows.
- A cautious departure from the forecast of EBITDA value y/y was assumed.
- The growth rate after the forecast period is 0%.
- Zero cost of sale of OGPP was estimated in the calculation, due to the small tangible assets allocated to this facility and the lack of reclamation required.
- Working capital was assumed at 2021 level due to reasons described above.

The sensitivity of the value of ZCP to a change in individual parameters has also been presented below (data in PLN thousand).

Volume parameter	***-5%***	***-3%***	***3%***	***5%***
Recovered value change	(14 100)	(7 275)	7 748	15 996
impairment value	0,00	0,00	0,00	0,00

Discount rate parameter	***-2pp***	***-1pp***	***+1pp***	***+2pp***
Recovered value change	18 110	7 976	(6 443)	(11 754)
impairment value	0,00	0,00	0,00	0,00

EBIDTA parameter	***-2pp***	***-1pp***	***+1pp***	***+2pp***
Recovered value change	(2 894)	(1 447)	1 447	2 894
impairment value	0,00	0,00	0,00	0,00

Activity related to LPG trading

To assess whether goodwill for this cash generating unit (OGPP) was impaired **the method of estimating fair value less costs to sell the OGPP** was used. The value is estimated **based on the discounted cash flow method**. The calculation of the value according to the discounted cash flow method is based on the results achieved for the years 2019 - 2021 and on the estimated results for the years 2022 - 2027 prepared by the Company's Management Board, due to the fact that the assumed economic useful life of a given unit extends beyond 2027 the calculation also includes the residual value of a given OGPP. The adoption of a five-year period of detailed forecast is justified because there is no sufficiently reliable data for subsequent reporting periods to reasonably determine various factors such as: prices, inflation rates, exchange rates, interest rates.

The key assumptions of the cash flow generating unit test are set out below:

- The weighted average cost of capital after tax ("WACC") over the projection period ranged from 10.7% in 2022 to 11% in 2027 - this relates to the assumption of less use of external capital in the OGPP business. In calculating WACC, the Company assumed a risk premium of 6% per annum.
- The average annual level of volumes and costs was adopted on the basis of current financial results, no significant changes in the scope of operations were assumed for subsequent years.
- No change in LPG prices was assumed for the forecast period, due to the difficulty in determining the long-term path of fuel price changes; additionally, in the case of the company's trading activities, a change in LPG prices over a long period does not result in significant changes to working capital and the ability to generate cash flows.
- The level of EBITDA for the following years is in line with the Group's forecasts.
- The growth rate after the forecast period is 0%.
- The calculation estimated zero cost of sale of OGPP due to the lack of need to reclaim the land and the possibility of further use of tanks located in the bottling plant in Zawadzkie.

The sensitivity of the test to a change in individual parameters has also been shown below [data in PLN thousand].

Volume parameter	***-5%***	***-3%***	***3%***	***5%***
Recovered value change	(2 812)	(1 687)	1 687	2 812
impairment value	0,00	0,00	0,00	0,00

Discount rate parameter	***-2pp***	***-1pp***	***+1pp***	***+2pp***
Recovered value change	11 168	5 329	(3 357)	(6 667)
impairment value	0,00	0,00	0,00	0,00

EBIDTA parameter	***-2pp***	***-1pp***	***+1pp***	***+2pp***
Recovered value change	(843)	(422)	422	843
impairment value	0,00	0,00	0,00	0,00

Activity related to electricity trading

To assess whether goodwill for this cash generating unit (OGPP) was impaired **the method of estimating fair value less costs to sell the OGPP** was used. The value is estimated **based on the discounted cash flow method**. The calculation of the value according to the discounted cash flow method is based on the results achieved for the years 2019 - 2021 and on the estimated results for the years 2022 - 2027 prepared by the Company's Management Board, due to the fact that the assumed economic useful life of a given unit extends beyond 2027 the calculation also includes the residual value of a given OGPP. The adoption of a five-year period of detailed forecast is justified because there is no sufficiently reliable data for subsequent reporting periods to reasonably determine various factors such as: prices, inflation rates, exchange rates, interest rates.

The key assumptions of the cash flow generating unit test are set out below:

- The weighted average cost of capital after tax ("WACC") over the projection period was from 11.7% in 2022 - a similar assumption was made for subsequent years. In calculating the WACC, the Company assumed a risk premium of 6% per annum.
- The average annual level of volumes and costs was adopted on the basis of current financial results; no significant changes in the scope of operations were assumed for subsequent years.
- The method of calculating the cost of equity and borrowed capital for Tradea Sp. z o.o. was aligned to the method adopted in the valuation of ZCP wholesale of fuels and ZCP gas bottling plant in Zawadzkie. This is supported by the argument that all segments are in the same company Unimot S.A.
- A cautious departure from the y/y EBITDA forecast was assumed.
- The growth rate after the forecast period is 0%.
- In the calculation, zero cost of sale of OGPP was estimated, due to the small material assets assigned to this centre and the lack of need for reclamation.
- The level of working capital in the following years remains at a balanced level, mainly due to the fact that a significant source of turnover in the business is the trading activity, which is generally unplanned.

The sensitivity of the test to a change in individual parameters has also been shown below [data in PLN thousand]

Volume parameter	***-5%***	***-3%***	***3%***	***5%***
Recovered value change	(5 135)	(3 081)	3 081	5 135
impairment value	0,00	0,00	0,00	0,00

Discount rate parameter	***-2 pp***	***-1 pp***	***+1 pp***	***+2 pp***
Recovered value change	11 168	5 329	(3 357)	(6 667)
impairment value	0,00	0,00	0,00	0,00

EBITDA parameter	***-2 pp***	***-1 pp***	***+1 pp***	***+2 pp***
Recovered value change	(402)	(201)	201	402
impairment value	0,00	0,00	0,00	0,00

For the natural gas trading business, goodwill impairment tests were performed based on the model described above for the electricity business.

As of 31.12.2021 and as of 31.12.2020 no goodwill impairment was observed with regard to the activity related to trading fuels, LPG, natural gas and electricity.

5.12 OTHER FINANCIAL ASSETS

in PLN thousand	31.12.2021	31.12.2020
Long-term investments		
Shares in related entities not subject to consolidation	260	260
Total	**260**	**260**
Short-term investments		
Loans granted	5 147	194
Cash resources of limited access securing future hedging transactions	30 981	-
Total	**36 128**	**194**

The item of loans granted in the remaining entities comprises:

- the balance of the loan granted to U.C. Energy Ltd. (personally related to the member of the Supervisory Board) – the amount of PLN 5 082 thousand (fully paid as of the date of the statements publication).
- the balance of educational loans to persons studying at universities within the confines of the cooperation with the IVY Poland Foundation – the amount of PLN 65 thousand.

Change in receivables from loans in other entities resulting from investing activities

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Opening balance as of 1st January	**194**	**3 668**
Granting	49 671	11 859
Repayment	(43 283)	(11 487)
Received interests	(75)	(47)
Calculated interests	372	122
Revaluating write-off	(1 501)	(4 000)
Achieved exchange rate differences	422	79
Non-achieved exchange rate differences	(653)	-
Closing balance as of 31st December	**5 147**	**194**

As of 31st December 2021, an impairment write-off was created revaluating the loan granted to Green Electricity Sp. z o.o. in the amount of PLN 1 501 thousand.

As of 31.12.2020 an impairment write-off was created revaluating the shares of Green Electricity Sp. o.o. in the amount of PLN 2 525 thousand, and the value of the loan granted in the amount of PLN 4 million. The above are net amounts.

5.13 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Recognised assets and provisions due to deferred income tax

Deferred income tax assets and liabilities have been presented with relation to the following items:

	Assets		Provisions		Net value	
in PLN thousand	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020

TANGIBLE FIXED ASSETS	357	87	(1 592)	(1 288)	(1 235)	(1 201)
INTANGIBLE ASSETS	-	-	(56)	(48)	(56)	(48)
OTHER INVESTMENTS	1 700	1 415	-	(101)	1 700	1 314
Valuation of compulsory reserve and derivatives	5 538	120	(5 394)	-	144	120
Trade and other receivables	1 505	1 527	(795)	(674)	710	853
Liabilities due to credits, loans and other debt instruments	273	182	(5)	-	268	182
Employee benefits liabilities	60	21	(214)	-	(154)	21
Provisions for pensions	185	151	-	-	185	151
Trade and other liabilities	5 474	5 882	-	(647)	5 474	5 235
Other	8	632	-	(179)	8	453
Tax losses subject to deduction recognized as possible to be used in future periods	3 063	1 187	-	-	3 063	1 187
Assets/provisions due to deferred income tax	**18 163**	**11 204**	**(8 056)**	**(2 937)**	**10 107**	**8 267**
To be used after 12 months	4 794	6 510	(1 600)	(1 437)		
To be used within 12 months	13 369	4 694	(6 456)	(1 500)		
Compensation	(6 000)	(2 937)	6 000	2 937		
Assets/provisions due to deferred Income tax recognised in the statements of financial condition – total short-term part	**12 163**	**8 267**	**(2 056)**	**-**		

Change of temporary differences in the period:

in PLN thousand	01.01.2021	Change recognized in the financial result	Change recognized in equity	31.12.2021
TANGIBLE FIXED ASSETS	(1 201)	(34)	-	(1 235)
INTANGIBLE ASSETS	(48)	(8)	-	(56)
OTHER INVESTMENTS	1 314	386	-	1 700
Valuation of compulsory reserve and derivatives	120	24	-	144
Trade and other receivables	853	(143)	-	710
Liabilities due to credits, loans and other debt instruments	182	86	-	268
Employee benefits liabilities	21	(175)	-	(154)
Provisions for pensions	151	34	-	185
Trade and other liabilities	5 235	239	-	5 474
Other	453	445	-	8
Tax losses subject to deduction recognised as possible to be used in future periods	1 187	1 876	-	3 063
Total	**8 267**	**1 840**	**-**	**10 107**

in PLN thousand	01.01.2020	Change recognized in the financial result	Change recognized in equity	31.12.2020
TANGIBLE FIXED ASSETS	(1 057)	(144)	-	(1 201)
INTANGIBLE ASSETS	(65)	17	-	(48)
OTHER INVESTMENTS	-	1 314	-	1 314
Valuation of compulsory reserve and derivatives	-	120	-	120
Trade and other receivables	563	290	-	853
Liabilities due to credits, loans and other debt instruments	-	182	-	182
Employee benefits liabilities	23	(2)	-	21
Provisions for pensions	118	33	-	151
Trade and other liabilities	1 644	3 591	-	5 235
Other	(3 525)	3 978	-	453
Tax losses subject to deduction recognised as possible to be used in future periods	2 216	(1 029)	-	1 187

Total	(83)	8 350	-	8 267

5.14 INVENTORIES

in PLN thousand	31.12.2021	31.12.2020
Materials	3 695	2 231
Semi-finished products and work in process	570	673
Goods - compulsory reserve	241 460	132 886
Goods - operating reserve	79 490	30 905
Total	**325 215**	**166 695**

Inventories valuation at fair value - level 1

in PLN thousand	31.12.2021	31.12.2020
Cost of acquiring operating reserves	71 075	21 452
Cost of acquiring compulsory and operating reserves valuated at fair value	163 212	135 360
Inventories valuation to fair value	90 928	9 883
Total	**325 215**	**166 695**

5.15 Long-term receivables

in PLN thousand	31.12.2021	31.12.2020
Receivables due to excise guarantee	5 688	3 459
Receivables due to deposit for proper execution of contract	24 303	3 642
Receivables due to concession	-	2 500
Other securities receivables	509	298
Other long-term receivables in total	**30 500**	**9 899**

5.16 TRADE AND OTHER RECEIVABLES

in PLN thousand	31.12.2021	31.12.2020
Trade receivables	435 688	225 835
Receivables due to taxes, subsidies, duties, insurance excluding income tax receivables	13 308	6 951
Advances on deliveries and services	23 793	39 930
Receivables due to excise guarantee	900	3 062
Receivables due to deposit for proper execution of contract	16 625	35 686
Receivables due to concession	22 500	20 000
Other securities receivables	-	75
Other receivables	489	1 132
Total receivables	**513 303**	**332 671**

As of 31.12.2021 trade and other receivables are presented in the net value less of revaluation write-offs in the amount of PLN 7 412 thousand (31.12.2020: PLN 7 695 thousand).

As of 31.12.2021 receivables of the carrying amount PLN 286 191 thousand (31.12.2020: 163 578 thousand) constituted a security for overdrafts, debt limit and factoring agreement.

5.17 CLIENT CONTRACTS ASSETS

Long-term client contracts assets:

in PLN thousand	**31.12.2021**	**31.12.2020**
Client contracts assets	7 739	5 233
Total	**7 739**	**5 233**

Short-term client contracts assets:

in PLN thousand	**31.12.2021**	**31.12.2020**
Client contracts assets	2 128	1 322
Total	**2 128**	**1 322**

Client contracts assets include investment expenditures incurred by the Group for adjusting petrol stations to the AVIA brand in accordance with franchise contracts and commissions. Client contracts assets include investment expenditures incurred by the Group for adjusting petrol stations covered by franchise contracts according to the standards of the AVIA brand and recognised in accordance with IFSR 15 as costs related to concluding the contract.

5.18 OTHER CURRENT ASSETS

Other current short-term assets:

in PLN thousand	**31.12.2021**	**31.12.2020**
Active accruals	16 668	9 773
Total	**16 668**	**9 773**

Active accruals include, among others, insurance costs, deferred subscriptions and costs incurred for NIT fulfilment (National Indicative Target – an obligation to introduce to the market transport fuels coming from Renewable Energy Sources) not related to sales of goods in the reported period and expenditures incurred for the development of photovoltaic projects.

5.19 FINANCIAL RESOURCES AND THEIR EQUIVALENTS

in PLN thousand	**31.12.2021**	**31.12.2020**
Financial resources in bank accounts	77 743	104 823

Restricted financial resources in bank accounts	22	29
Cash at hand	665	42
Cash in transit	662	11 169
Financial resources and their equivalents, value demonstrated in the statements of financial condition	**79 092**	**116 063**
Overdrafts	(336 563)	(172 440)
Financial resources and their equivalents, value demonstrated in the statements of cash flows	**(257 471)**	**(56 377)**

Bank overdrafts and the reverse factoring facility, which are repayable on demand, have a short maturity and form an integral part of the Company's cash management, are included as a component of cash and cash equivalents for the purposes of the statements of cash flows.

As of 31.12.2021 and 31.12.2020, cash and cash equivalents were not pledged as security for liabilities.

Details of the overdraft facility have been presented in note 5.21.

5.20 EQUITY

Share capital

in PLN	**31.12.2021**	**31.12.2020**
Registered number of shares	8 197 818	8 197 818
Nominal value of one share	PLN 1	PLN 1

As of 31st December 2021, and as of 31st December 2020 the share capital of the Parent's Entity included 7 847 818 ordinary shares and 350 000 preference shares of the face value PLN 1 each.

Ownership structure as of 31st December 2021 has been presented in the table below:

Shareholder	**Number of shares**	**Share in capital %**	**Number of votes**	**Share in votes at the General Meeting**
Unimot Express Sp. z o.o.	3 593 625	43,84%	3 593 625	42,04%
Zemadon Limited	1 616 661	19,72%	1 966 661	23,01%
Others	2 987 532	36,44%	2 987 532	34,95%
Total	**8 197 818**	**100,00%**	**8 547 818**	**100,00%**

All shares have been paid for.

Supplementary capital

in PLN thousand	**31.12.2021**	**31.12.2020**
Supplementary capital	234 946	218 816

Supplementary capital as of 31.12.2021 was increased following transfer of profit for 2020 in the amount of PLN 16 130 thousand up to a total of PLN 234 946 thousand as of 31.12.2021.

Non-controlling interests

in PLN thousand	**31.12.2021**	**31.12.2020**
Non-controlling interests	(274)	(99)

Dividend

On 20th May 2021 the Ordinary General Meeting of the Shareholders of Unimot S.A. adopted a resolution on allocating the profit for the year 2020, where the amount of PLN 16 149 thousand was decided to be allocated for dividend payment. The amount of dividend per one share amounted to PLN 1.97. The dividend payment day was decided to be 25th June 2021. The dividend was paid on 25th June 2021.

Profit/loss per one share

Basic profit/loss per one share

Calculation of basic risk per one share as of 31st December 2021 was made based on net profit attributed to ordinary shareholders of the Parent Entity in the amount of PLN 76 156 thousand (2020: net profit of PLN 35 156 thousand)) and weighted average number of ordinary shares as of 31.12.2021 in the amount of 8 198 thousand of shares (31.12.2020: 8 198 thousand of shares).

The weighted average of the shares used to calculate diluted results per share as of 31st December 2021 amounts to 8 198 thousand of shares (2020: 8 198 thousand of shares).

5.21 LIABILITIES DUE TO CREDITS, LOANS, OTHER DEBT INSTRUMENTS AND OVERDRAFTS

The note presents data on Group's liabilities due to credits, loans and other debt instruments. Information regarding exchange rate risk and interest rate risk that the Group is exposed to has been presented in note *5.29.*

in PLN thousand	**31.12.2021**	**31.12.2020**
Long-term liabilities		
Credits and loans secured on the assets of the Group	2 177	3 667
Lease liabilities	62 901	45 329
Total long-term liabilities	**65 078**	**48 996**
Short-term liabilities		
Short-term part of credits and loans secured on the assets of the Group	1 440	1 554
Lease liabilities	7 389	7 847
Total short-term liabilities	**8 829**	**9 401**
Overdraft	**336 563**	**172 440**
Total	**410 470**	**230 837**

Repayment schedule for liabilities from credits, loans and other as of 31st December 2021 (excluding lease liabilities)

in PLN thousand	**Total**	**Up to 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
Secured credits and loans	3 617	1 440	2 177	-	-
Total	**3 617**	**1 440**	**2 177**	**-**	**-**

Repayment schedule for liabilities from credits, loans and other as of 31st December 2020 (excluding lease liabilities)

in PLN thousand	Total	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
Secured credits and loans	5 221	1 554	3 016	651	-
Total	**5 221**	**1 554**	**3 016**	**651**	**-**

Repayment schedule for lease liabilities

in PLN thousand	Payments due to lease	Interests	Share capital	Payments due to lease	Interests	Share capital
		31.12.2021			31.12.2020	
up to 1 year	10 575	3 186	7 389	10 108	2 261	7 847
from 1 to 5 years	30 443	10 190	20 253	25 404	7 809	17 595
above 5 years	55 237	12 589	42 648	37 278	9 544	27 734
Total	**96 255**	**25 965**	**70 290**	**72 790**	**19 614**	**53 176**

Lease contracts do not foresee the necessity for contingent payments.

5.22 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments - financial assets:

in PLN thousand	31.12.2021	31.12.2020
Long-term financial assets		
Futures and FX forward contracts	-	13 247
Total	**-**	**13 247**
Short-term financial assets		
Futures, swap and FX forward contracts	59 465	14 885
Total	**59 465**	**14 885**

Derivative financial instruments - financial liabilities:

in PLN thousand	31.12.2021	31.12.2020
Long-term financial liabilities		
Futures and FX forward contracts	24 944	3 438
Total	**24 944**	**3 438**
Short-term financial liabilities		
Futures, swap and FX forward contracts	58 685	17 700
Total	**58 685**	**17 700**

Maturity schedule/settlement period of derivative financial instruments – financial liabilities as of 31st December 2021:

in PLN thousand	Total	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
Futures, swap and FX forward contracts	83 629	58 685	24 944	-	-
Total	**83 629**	**58 685**	**24 944**	**-**	**-**

Maturity schedule/settlement period of derivative financial instruments – financial liabilities as of 31st December 2020:

in PLN thousand	Total	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
Futures, swap and FX forward contracts	21 138	17 700	3 438	-	-
Total	**21 138**	**17 700**	**3 438**	**-**	**-**

Futures contracts - buying and selling ICE Gas Oil contracts.

Swap contracts - selling and buying of ICE Gas Oil contracts simultaneously.

FX forward contracts - buying and selling FX forward contacts.

Face value of concluded futures contracts as of 31st December

in PLN thousand	31.12.2021	31.12.2020
Futures contracts - buying and selling ICE Gas Oil	(6 068)	19 802
Swap contracts – buying and selling ICE Gas Oil	232 783	118 361
FX forward contracts – buying and selling	66 756	61 891
Total	**293 471**	**200 054**

5.23 CREDIT AND LOAN AGREEMENT ANALYSIS

Credit and loan agreement analysis as of 31.12.2021

Name of financing company	*in PLN thousand* Long-term part	Short-term part	Liability type	Date of granting	Repayment day	Securities
Bank Millenium S.A.	-	4 888	overdraft Umbrella	2020-10-21	2022-11-19	declaration of submission to enforcement, pledge on cash resources, cumulative mortgage up to the amount of PLN 3 450 000 on property of Unimot Express Sp. z.o.o. and cession of insurance policy, cumulative mortgage up to PLN 8 500 000 on property of Unimot Express Sp. z.o.o and cession of insurance policy, declaration of Unimot Express Sp. z.o.o o on submission to enforcement from real estate (property) up to the mounts of PLN 8 500 000 and PLN 3 450 000, registered pledge on receivables, cumulative mortgage with 1st right to execution up to the amount of PLN 16 000 000,00 on property of: Unimot S.A., located in Zawadzkie, Unimot Express Sp. z o.o., located in Częstochowa, ul. Torowa 3B.
mBank S.A.	-	94 587	revolving credit/overdraft	2016-03-03	2022-12-13	promissory note together with promissory note agreement, registered pledge on stock, cession of receivables, cession of insurance policy of receivables of Atriadus, Hermes, authorization to current account, blocking bank accounts, cession of future compensations from Creditor's receivables insurance agreement in KUKE, registered and financial pledges on receivables from bank accounts.
mBank S.A.	-	-	overdraft	2021-12-29	2022-12-23	Cash deposit in the amount of PLN 1,1 million, declaration of submission to enforcement.
ING Bank Śląski S.A.	-	86 891	overdraft working capital	2016-03-03	2022-04-08	registered pledge on stock, cession of other receivables, authorization to bank accounts, declaration of submission to enforcement, tripartite agreement, order to block specific accounts, bank collateral agreement.
BNP Paribas Bank Polska S.A.	-	-	payment guarantee	2011-08-11	2022-03-15	Own blank promissory note, taking over as a security the amount of 100% each time issued guarantee from the resources on the account held with the Bank.
PKO Factoring S.A.	-	-	factoring limit with and without recourse	2020-06-22	for an indefinite period	tripartite agreement to the policy No 802002781 concluded by the Client, Factor and Compagnie Francaise D'Assufiance Pour Le Commerce Exterieur S.A.Oddział w Polsce.
BOŚ Bank S.A.	-	88 345	revolving credit/overdraft	2021-06-29	2023-06-28*	power of attorney for accounts, financial pledge on cash resources, promissory note and declaration, guarantee PLG FGP BGK 88 million, declaration of submission to enforcement
BOŚ Faktoring	-	58 910	Reverse factoring line agreement	2021-11-16	2023-11-13*	own promissory note with a declaration, authorisation to cash resources, financial pledge on cash, guarantee of LGF FGP BGK PLN 29,5 million
U.C. Energy Ltd	-	-	Loan agreement within the limit	2015-03-01	for an indefinite period	No securities
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Wieleń)	-	65	investment credit	2013-11-22	2022-06-20	own promissory note, contractual mortgage on real estate, cession from the policy; court registered pledge, surety of BLE SA, authorization to accounts, transfer from contracts with the customers from Wieleń.
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Tuczno)	-	49	investment credit	2014-04-03	2022-06-20	own promissory note, contractual mortgage on real estate, cession from the policy; court registered pledge, surety of BLE SA, authorization to accounts, transfer from the contract with T.M.C.

Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Białowieża)	358	166	investment credit	2016-04-08	2025-03-30	own promissory note, contractual mortgage on real estate, cession from the policy, court registered pledge, surety of Unimot System Sp. z o.o. and Unimot S.A. authorization to accounts, transfer from contracts with the customers form Białowieża.
Bank Spółdzielczy w Płońsku	400	200	investment credit	2014-05-14	2023-12-31	contractual mortgage, surety of Blue Line Engineering S.A., Unimot S.A., Quantum 6, cession of receivables, authorization to current account and other accounts, own promissory note.
Bank Gospodarstwa Krajowego	1 419	960	investment credit	2016-01-27	2024-06-30	a blank promissory note; endorsement Unimot S.A.; surety under civil law BLE; contractual mortgage up to PLN 12.8 million, register pledge on the group of future movables; transfer of receivables; transfer of receivables from the insurance contract; statement on voluntary execution pursuant to Art. 777 Unimot SA, BLE, Unimot System.
Bank Millenium S.A.	-	-	overdraft/umbrella	2020-10-21	2022-11-19	Mutual sureties of Unimot S.A. and Tradea Sp. z o.o., declaration of submission to enforcement
Bank Millenium S.A.	-	2 942	overdraft/umbrella	2020-10-21	2022-11-19	Mutual sureties of Unimot S.A. and UEIG Sp. z o.o., declaration of submission to enforcement
Total	**2 177**	**338 003**				

*the repayment date for the aforementioned loans indicates the credit limit validity date as of 31st December 2021. The loan granted under the reverse factoring agreement was considered for presentation purposes as an overdraft facility due to the fact that it does not differ from other overdraft facilities in terms of its availability and short rotation period (repayment of a given drawdown takes place 90 days after the date of payment to the supplier).

Lease agreement analysis as of 31.12.2021:

Type of agreement	Long-term part	Short-term part	Liability type	Date of granting	Repayment day	Securities
Lease agreements pertaining to means of transport	5 800	3 167	lease	2013-08-01	2025-01-05	Promissory note declaration
Lease agreements pertaining to rental agreements	57 101	4 222	Lease	2014-11-24	2042-01-31	No
Total	**62 901**	**7 389**				

Margin on liabilities from credits, loans and other debt instruments depends on variable interest rate to which it refers. Interval analysis of margin is presented below:

- WIBOR 1M – margin in the range 1,0% - 2,62%,
- WIBOR 3M – margin in the range 1,4% - 6,25%,
- USD LIBOR 1M – margin in the range 1,35% - 2,2%,
- USD LIBOR 3M – margin in the range 5%
- EURIBOR 1M – margin in the range 1,3% - 1,5%.

5.24 CHANGE OF LIABILITIES STATUS RESULTING FROM FINANCIAL ACTIVITY

in PLN thousand	As of 01.01.2021	Incurrences	Repayments	Interests paid	Exchange rate differences achieved	Not achieved exchange rate differences	As of 31.12.2021
Overdrafts	172 440	368 684	(172 440)	(5 683)	(21 038)	(5 400)	336 563
Bank credits	5 221	199	(1 632)	(171)	-	-	3 617
Short-term loans from other entities	-	15 811	(15 978)	-	167	-	-
Calculated and paid interests on short-term loans from unrelated entities	-	298	-	(298)	-	-	-
Lease liabilities	53 176	26 510	(6 584)	(2 812)	-	-	70 290
Total	**230 837**	**411 502**	**(196 634)**	**(8 964)**	**(20 871)**	**(5 400)**	**410 470**

in PLN thousand	As of 01.01.2020	Incurrences	Repayments	Interests paid	Exchange rate differences achieved	Not achieved exchange rate differences	As of 31.12.2020
Overdrafts	205 350	168 490	(205 350)	(4 065)	11 299	(3 284)	172 440
Bank credits	6 773	124	(1 403)	(273)	-	-	5 221
Calculated and paid interests on short-term loans from related entities	322	269	(300)	(291)	-	-	-
Calculated and paid interests on short-term loans from unrelated entities	-	307	-	(307)	-	-	-
Lease liabilities	10 866	48 872	(5 507)	(1 055)	-	-	53 176
Total	**223 311**	**218 062**	**(212 560)**	**(5 991)**	**11 299**	**(3 284)**	**230 837**

5.25 EMPLOYEE BENEFITS LIABILITIES

in PLN thousand	31.12.2021	31.12.2020
Long-term liabilities due to retirement compensation and other	219	256
Short-term liabilities due to retirement compensation and other	753	539
Total	**972**	**795**

Employee benefits

Retirement benefits liabilities have been calculated by an independent actuary based on the assumptions:

in %	31.12.2021	31.12.2020
Discount rate	3,6%	2,0%
Future wage growth considering inflation	5,0%	4,0%

Status change of defined benefit liability over the year:

in PLN thousand	Retirement allowances	Pension allowances	Equivalent for unused holiday leave, write-off to ZFŚS, death in service benefits	Total
As of 1st January, 2020	**69**	**6**	**545**	**620**
Current employment cost	19	2	140	**161**
Interest costs	1	-	3	**4**
Actuarial profit/(loss) from change in assumptions	32	-	(4)	**28**
Benefits paid	(18)	-	-	**(18)**
As of 31.12.2020	**103**	**8**	**684**	**795**

in PLN thousand	Retirement allowances	Pension allowances	Equivalent for unused holiday leave, write-off to ZFŚS, death in service benefits	Total
As of 1st January, 2021	**103**	**8**	**684**	**795**
Current employment cost	17	2	230	**249**
Interest costs	1	-	2	**3**
Actuarial profit/(loss) from change in assumptions	(21)	(1)	(53)	**(75)**
As of 31.12.2021	**100**	**9**	**863**	**972**

Sensitivity of liabilities due to employee benefits to changes in basic assumptions:

As of 31.12.2021	Change in assumptions		Influence on benefits	
	Decrease	Increase	Increase/(decrease)	Increase/(decrease)
Discount rate	0,5%	0,5%	18 thousand. PLN	(18) thousand PLN
Future wage growth considering inflation	0,5%	0,5%	(16) thousand PLN	16 thousand PLN

Costs regarding changes of reserves are recognised in the financial result as overheads and other costs.

5.26 CLIENT CONTRACTS LIABILITIES

Short-term:

in PLN thousand	31.12.2021	31.12.2020
Client contracts liabilities	9 492	4 130
Total	**9 492**	**4 130**

The Company recognises in the statements of the financial condition liabilities due to client contracts being the Company's obligation to transfer for the client goods or services, in return for which the Company has received remuneration (or remuneration is due) from the client. This item of the statements of financial condition presents advance payments for supplies related to day-to-day operations deliveries related to current activity.

5.27 TRADE AND OTHER LIABILITIES

short-term:

in PLN thousand	**31.12.2021**	**31.12.2020**
Trade liabilities	220 924	89 902
Excise liabilities	80 938	56 133
Liabilities due to the supplementary levy	3 550	3 471
Liabilities due to the issuance levy	6 652	6 206
Liabilities due to the fuel levy	26 760	22 882
VAT liabilities	10 199	46 981
Liabilities due to the NIT supplementary levy	7 284	4 744
Energy efficiency liabilities	3 185	-
Personal income tax liabilities	379	288
Other levy and tax liabilities	4 179	2 580
Remuneration liabilities	981	809
Passive accruals	28 060	25 574
Other liabilities	5 703	5 363
Total	**398 794**	**264 933**

5.28 FINANCIAL INSTRUMENTS

Financial instruments classification

in PLN thousand	**Financial assets valuated according to amortised costs**	**Financial assets valuated at fair value through financial result**	**Total**
Assets according to the statements of financial condition as of 31.12.201			
a) Fixed assets			
Long term receivables	30 500	-	**30 500**
Client contracts assets	7 739	-	**7 739**
b) Current assets			
Client contracts assets	2 128	-	**2 128**
Receivables (except advances and receivables due to taxes)	476 202	-	**476 202**
Derivative financial instruments	-	59 465	**59 465**
Other financial assets	36 128	-	**36 128**
Financial resources and their equivalents (excluding cash at hand)	78 427	-	**78 427**
Total	**631 124**	**59 465**	**690 589**

in PLN thousand	**Financial assets valuated according to amortised costs**	**Financial assets valuated at fair value through financial result**	**Total**
Assets according to the statements of financial condition as of 31.12.2020			
a) Fixed assets			
Derivative financial instruments	-	13 247	**13 247**
Long term receivables	9 899	-	**9 899**
Client contracts assets	5 233	-	**5 233**
b) Current assets			
Client contracts assets	1 322	-	**1 322**
Receivables (except advances and receivables due to taxes)	285 790	-	**285 790**
Other financial assets	194	-	**194**
Derivative financial instruments	-	14 885	**14 885**
Financial resources and their equivalents (excluding cash at hand)	116 021	-	**116 021**
Total	**418 459**	**28 132**	**446 591**

in PLN thousand	**Financial liabilities valuated according to amortised costs**	**Financial liabilities valuated at fair value through financial result**	**Total**
Liabilities according to the statements of financial condition as of 31.12.2021			
a) Long-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	2 177	-	**2 177**
Derivative financial instruments	-	24 944	**24 944**
b) Short-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	1 440	-	**1 440**
Overdrafts	336 563	-	**336 563**
Derivative financial instruments	-	58 685	**58 685**
Trade and other liabilities (excluding public and legal liabilities and remunerations)	254 687	-	**254 687**
Total	**594 867**	**83 629**	**678 496**

in PLN thousand	**Financial liabilities valuated according to amortised costs**	**Financial liabilities valuated at fair value through financial result**	**Total**
Liabilities according to the statements of financial condition as of 31.12.2020			
a) Long-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	3 667	-	**3 667**
Derivative financial instruments	-	3 438	**3 438**
b) Short-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	1 554	-	**1 554**
Overdrafts	172 440	-	**172 440**
Derivative financial instruments	-	17 700	**17 700**
Trade and other liabilities (excluding public and legal liabilities and remunerations)	120 839	-	**120 839**
Total	**298 500**	**21 138**	**319 638**

Financial assets valuated according to depreciated cost include loans granted, trade and other receivables (net of taxes and advances) and cash and cash equivalents.

Financial liabilities valuated by depreciated cost method include overdrafts, liabilities from credits, loans, and other debt instruments, trade and other liabilities (excluding tax liabilities).

Financial instruments valuated at fair value

Fair value

Details of fair value of financial instruments for which it can be estimated are as follows:

- Cash and cash equivalents, short-term bank deposits, short-term bank credits and overdrafts: the carrying amount of the aforementioned instruments is close to their fair value due to the rapid maturity of these instruments.
- Trade receivables and other receivables, trade creditors and other liabilities, and prepayments and accruals: the book value of the aforementioned instruments is close to their fair value due to their short-term nature.
- Long-term liabilities from credits, loans and other debt instruments: the book value of the aforementioned instruments is close to their fair value due their versatile nature of interest.
- Liabilities towards related entities due to fixed interest rate instruments: the book value of the aforementioned instruments is close to their fair value due to the fact that the interest rate is close to market interest rate of similar risk.

- Derivatives: fair value is based on the market price resulting from listing, if it is available. If the market price resulting from the current quotation is not available for the instrument, then the fair value is determined by discounting the difference between the contract price and the current price of the instrument, considering the maturity of the contract. As of 31.12.2021 and 31.12.2020 derivatives applied by the Group (foreign currency FX Forward transactions and commodities Futures transactions) are estimated at fair value of Level 1, i.e. based on data coming from active market. (Platz Agency for diesel and PPE for electricity).

The main financial risks to which the Group is exposed regarding its business: market risks (including the risk of changes in currency exchange rates, the risk of changes in fair value or cash flows as a result of changes in interest rates and the risk of price changes), credit risk and liquidity risk. Understanding the threats which have their source in the Company's exposure to risk, proper organisational structure and procedures allow for better implementation of tasks. The company constantly identifies and makes the valuation of financial risk, as well as it takes measures to minimise its impact on the financial condition.

5.28.1 FINANCIAL RISK MANAGEMENT

Financial risk

Financial risks the Group is exposed to within the conducted activity include:

- market risks that comprise:
  - currency exchange rate risk,
  - price risk,
  - interest rate risk .
- credit risk,
- liquidity loss risk.

Understanding the threats originating from the exposure of the Group to risks, proper organizational structure and procedures allow for better task accomplishment. The Group identifies and valuates financial risks on an ongoing basis and also takes actions aimed at minimizing them and their impact on the financial condition.

Market risk

By the market risk to which the Group is exposed, the possibility of negative impact on the results of the Company resulting from changes in exchange rates, market prices of goods and interest rates, is understood.

The Group actively manages the market the risk to which it is exposed. The main objectives of the risk management process are: to limit the volatility of the financial result, to increase the likelihood of implementation of the budget assumptions, to reduce the likelihood of loss of liquidity.

All the market risk management objectives should be dealt with together, and their performance is dependent primarily on the domestic situation in the Group and market conditions.

The main technique of market risk management is hedging strategies using derivatives (contracts forward, futures). Also, natural hedging is applied. The Group applies an integrated approach to the market risk management to which it is exposed. An example are hedging transactions on commodity and currency markets that are closely associated with the contracts concluded on the market and are implemented by an existing Hedging Department of the Group. Since 2017 the Group has not been applying hedge accounting.

5.28.2 Risk of exchange rate change

With regard to the risk of changes in the exchange rate the following types of exposure are identified:

- transactional exposure on volatility of the value of cash flows in the functional currency. The source of the transactional exposure to foreign exchange risk are contracts resulting in cash flows of which the functional currency is dependent on future levels of exchange rates of foreign currencies against the functional currency. The key source of transactional exposures to foreign exchange risk is the revenue from the sale of goods.
- the balance sheet exposure relating to the variation of the values of selected items of the statements of financial condition in the functional currency. The source of the balance sheet exposure to currency risk are the items of the statements of financial condition in foreign currencies which under applicable accounting principles are subject to conversion on the basis of the current exchange rate of a foreign currency relative to the functional currency in connection with the settlement or periodic measurement. The balance sheet exposure applies in particular to: receivables and liabilities denominated in foreign currencies, financial liabilities from debts in foreign currencies, cash in foreign currencies.

The Group applies the procedure for exchange rate hedging for calculated prices and margins of goods bought and sold in different currencies. The Group uses forward contracts and SWAPs for all asset and liability items in full subject to the exchange rate change risk. These are the simplest, but also the most effective tools allowing for the minimisation of the risk of exchange rate fluctuations since the purchase of goods until their sale for transactions in different currencies.

Group's exposure to foreign exchange risk

Data related to balances in foreign currencies as of 31.12.2021

in PLN thousand	in EUR	in USD	Other currencies	Total
Trade and other receivables	32 352	11 531	4 274	**48 157**
Cash resources	2 277	12 561	4 551	**19 389**
Liabilities due to credits, loans and other debt instruments	(4 893)	(182 199)	-	**(187 092)**
Derivative financial instruments	-	(24 164)	-	**(24 164)**
Trade and other liabilities	-	(29 635)	-	**(29 635)**
Exposition to exchange rate risk for balances in foreign currencies	**29 736**	**(211 906)**	**8 825**	**(173 345)**

Data related to balances in foreign currencies as of 31.12.2020

in PLN thousand	in EUR	in USD	Other currencies	Total
Trade and other receivables	12 124	35 953	26 799	**74 876**
Cash resources	2 469	844	675	**3 988**

Liabilities due to credits, loans and other debt instruments	-	(172 440)	-	**(172 440)**
Derivative financial instruments	-	6 994	-	**6 994**
Trade and other liabilities	-	(594)	-	**(594)**
Exposition to exchange rate risk for balances in foreign currencies	**14 593**	**(129 243)**	**27 474**	**(87 176)**

Increased exposure to the currency risk as of 31.12.2021 is primarily driven by the increased exposure of liabilities due to credits, loans and other debt instruments, derivative financial instruments, and trade and other liabilities.

Analysis of financial instruments sensitivity denominated in foreign currencies to exchange rate change

The impact of foreign currencies exchange rate on the financial result as of 31.12.2021 by 10% has been presented below. The analysis was conducted at the assumption that all remaining variables, and interest rates in particular, remain at the same level. The analysis for the year 2020 was conducted in the same manner.

Impact of exchange rate differences on the Group's financial result due to change of exchange rate:

	Gross profit/(loss)	
in PLN thousand	**Growth of exchange rate by 10%**	**Decrease of exchange rate by 10%**
31.12.2021	(17 335)	17 335
31.12.2020	(8 718)	8 718

The foreign currency exposure indicated above is to a large extent neutralised through the valuation of inventories – primarily diesel oil. This asset is subject to valuation both with regard to prices of resources expressed in a foreign currency (information below) as well as foreign currencies exchange rates – in particular USD/PLN and USD/EUR. Loan and credit liabilities in a foreign currency are natural hedging.

5.28.3 Price risk

The Group has no equity securities classified as available-for-sale or valuated at fair value through the financial result, which are exposed to price risk.

The Group is exposed to the risk of price change regarding the sold fuels, mainly diesel oil, which can consequently influence the results achieved by the Group. Change in prices on the world markets has also influence on the domestic market and, therefore, upon the sale of goods would generate a loss.

The Group secures the risk of price changes of goods with appropriate hedge transactions, securing the price of a product. With this end in view, the Group uses commercially available hedging instruments, i.e. futures contracts.

Applied in the Group procedure for diesel oil price hedging assumes concluding transactions of the denomination corresponding to 100% of diesel oil amount susceptible to price change (purchased and being owned by the Company). The strategies of concluding hedging transactions correspond to price formulas applied in purchase contracts. In case the duration of the hedging transactions expires before the goods are sold their rollover is applied or commodity swaps are concluded. An analogous approach is also applied to hedge compulsory reserve of diesel oil that is not subject to current trade.

The policy applied in the Group for hedging the price of electricity supplied to end customers involves entering into transactions with a denomination corresponding to at least 80% of the volume of electricity estimated to be consumed by customers that is susceptible to the risk of price changes. The hedging transaction strategies correspond to the price formulas used in energy sales contracts. The Trading Company seeks to mitigate the risk of exchange product mismatches by responsibly building a sales portfolio corresponding to the products offered in the market. However, it is not always possible to fully hedge them due to differences between the consumption profiles of customers and the products offered on the Polish Power Exchange at the time of signing contracts.

Electricity purchased directly from generators at a fixed price is hedged with the most suitable standard products mainly on the Polish Power Exchange as well as on the OTC market. The remaining imbalance is realised on the Day-Ahead Market of the Polish Power Exchange as well as on the Balancing Market. The balancing costs, depending on the provisions of contracts with generators, are transferred to the generator or calculated into the purchase price of electricity by Tradea.

Trade in electricity is based on the Risk Policy approved for Trade by Unimot S.A.

Group's exposure to price risk

Data on inventories:

As of 31.12.2021	amount in MWh /natural gas/	Amount in tonnes /excluding natural gas/	Fair value in PLN thousand
Non-financial assets			
Inventories valuated according to fair value net of sales cost	30 912	93 827	325 215
Total	**30 912**	**93 827**	**325 215**

As of 31.12.2021	Type of instrument	Valuation period for which instruments are concluded	Amount in Tonnes (excluding natural gas)	Nominal value in PLN thousand
Financial				
Futures – sales of contracts	ICE Gas Oil	January 2022-June 2023	700	6 068
Commodity swap – sales and purchases of contracts for various dates	ICE Gas Oil	January 2022-June 2022	(86 900)	(232 783)
Total			**(86 200)**	**(226 715)**
Exposure to price risk of derivatives transactions balances		***4 706**	***7 627**	****98 500**

** amount of inventories in T remaining the property of the Group not covered by transaction hedging the price of product*
*** value of inventories in PLN thousand remaining the property of the Group not covered by transaction hedging the price of product.*

As of 31.12.2020	amount in MWh /natural gas/	Amount in tonnes (excluding natural gas)	Fair value in PLN thousand
Non-financial assets			
Inventories valuated according to fair value net of sales cost	227 693	98 112	166 695
Total	**227 693**	**98 112**	**166 695**

As of 31.12.2020	Type of instrument	Valuation period for which instruments are concluded	Amount in tonnes	Nominal value in PLN thousand
Financial				
Futures – sales of contracts	ICE Gas Oil	January 2021-June 2023	(10 300)	(19 802)
Commodity swap – sales and purchases of contracts for various dates	ICE Gas Oil	January 2021-June 2021	(73 500)	(118 361)
Total			**(83 800)**	**(138 163)**

Exposure to price risk of derivatives transactions balances	***227 693**	***14 312**	****28 532**

** amount of inventories in T remaining the property of the Group not covered by transaction hedging the price of product*
*** value of inventories in PLN thousand remaining the property of the Group not covered by transaction hedging the price of product.*

Exposure level to price risk results primarily from the level of natural gas and LPG provisions and goods at AVIA stations the value of which is not hedged with derivative transactions. The majority of inventories not hedged against price volatility are characterised by a minimum level of loss due to:

- very short dates of sale,
- high rotation
- or/and concluded sales contracts back to back with regard to purchase contracts and
- disproportionate cost or lack of an adequate hedging instrument.

Sensitivity analysis of financial instruments to fuel price change

The analysis considers the existent future contracts hedging. Strengthening/weakening the quotations of the base product (influencing the growth/drop of the fair value of inventories and growth/drop of the fair value of derivatives) by 10% as of 31st December 2021 would cause (drop)/growth of the financial result by the values presented below. The analysis was conducted on the assumption that all remaining variables remain at the same level. The analysis for the year 2020 was conducted in the same manner.

Impact of price differences on the Group's financial result:

	Gross profit/(loss)	
in PLN thousand	**price growth by 10%**	**Price decrease by 10%**
31.12.2021	9 850	(9 850)
31.12.2020	2 853	(2 853)

5.28.4 INTEREST RATE RISK

The interest rate risk is a possibility of adverse influence of interest rates on the Group's result. In 2021 the Group was exposed to this type of risk in connection with granting loans and use of external sources of financing. Working with a number of financial institutions, the Group constantly monitors the level of interest rates always negotiating the margin level of a bank or other financial institution for included products subject to the interest rate. The Group acts similarly with the interest rates on loans granted by the Group.

Group's exposure to interest rate change

in PLN thousand	**31.12.2021**	**31.12.2020**
Fixed interest rare instruments		
Financial assets - other concession receivables	22 500	22 500
Financial assets - other receivables due to deposit for proper execution of contract	39 428	39 328
Total	**61 928**	**61 828**
Variable interest rare instruments		
Financial assets - loans granted	5 147	-
Financial assets - other receivables due to deposit for proper execution of contract	1 500	-
Financial liabilities due to credits and lease	(410 470)	(230 837)
Total	**(403 823)**	**(230 837)**

Amounts of instruments of fixed and variable interest rate comprise the items detailed in notes: *5.12; 5.15; 5.16; 5.21.*

Security deposits for bank guarantees and insurance guarantees bear interest at a fixed rate negotiated for longer or shorter terms depending on the volatility of bank interest rates.

Interest rate change risk on fair values and cash flow

The Group has no significant interest-bearing financial assets, therefore the Group's revenue and cash flow from operating activities are largely independent of changes in market interest rates. The Group is more vulnerable to the risk of interest rates from loans and credits. The loans granted with variable interest rate expose the Group to the risk of interest rates from cash flow.

Sensitivity analysis of financial instruments with variable interest rate on changes in market interest rates

(Decrease)/increase in interest rate by 150 bp at the reporting date would increase (reduce) equity and financial result by the amount presented in the following table. The analysis was carried out on the assumption that all other variables, in particular currency exchanges, remain unchanged. The analysis for 2020 was carried out in the same manner.

Impact of interest rate change on the Group's financial result:

	Gross profit/(loss)	
in PLN thousand	**Growth by 1,5 %**	**Decrease by 1,5 %**
31.12.2021	(6 057)	6 057
31.12.2020	(3 463)	3 463

Group's exposure to the risk of interest rates changes related to IBOR

In response to the expected reform of reference rates (IBOR reform), the Company has analysed instruments, based on LIBOR, to see if and to what extent it bears the risk of the transition to the new interest rates. The amendments have introduced a number of guidelines and exemptions, in particular a practical simplification in the case of contract modifications required by the reform, which are recognised by updating the effective interest rate, an exemption from the obligation to complete hedge accounting, temporary exemptions from the need to identify the risk component, and the obligation to include additional disclosures.

Exposure of the Group's liabilities due to credits and loans to specific interest rates as at 31.12.2021:

Name of financing company	liability amount in PLN thousand	liability currency	reference rate
Bank Millenium S.A.	4 888	EUR	1M EURIBOR + margin
Bank Millenium S.A.	2 942	PLN	1M WIBOR + margin
mBank S.A.	94 587	USD	1M LIBOR + margin
ING Bank Śląski S.A.	86 891	USD	1M LIBOR + margin
BOŚ Bank S.A.	88 345	PLN	3M WIBOR + margin
BOŚ Faktoring	53 008	PLN	1M WIBOR + margin
BOŚ Faktoring	5 902	USD	1M LIBOR + margin
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie	638	PLN	3M WIBOR + margin
BS w Płońsku	600	PLN	3M WIBOR + margin
BGK	2 379	PLN	3M WIBOR + margin
Total	**340 180**		

As of the preparation day of the present financial statements the Company assesses that this standard has no impact on the financial condition or results of the Company.

5.28.5 Credit risk

The credit risk is the possibility of incurring by the Group financial loss as a result of failure to comply with the obligations by debtors of the Group.

The credit risk is mainly associated with the following areas:

- the credit reliability of the customers with whom physical transactions for the sale of goods,
- the reliability of the credit financial institutions (banks/brokers) with which hedge transactions are concluded or who mediate in the conclusion of such transactions, as well as those in which free cash is invested,
- financial condition of the borrowers.

The credit risk is associated in particular with the following balance sheet items:

- trade receivables,
- derivative instruments,
- cash and bank deposits,
- granted loans,
- granted guarantees and warranties.

Maximum exposure to credit risk

in PLN thousand	*Note*	31.12.2021	31.12.2020
Loans granted	*5.12*	5 147	194
Cash resources of limited access securing future hedging transactions	*5.12*	30 981	-
Financial assets valuated at fair value through financial result	*5.22*	59 465	28 132
Trade and other receivables	*5.16*	435 688	225 835
Long-term receivables /bails, deposits/	*5.15*	30 500	9 899
Short-term receivables securing granted guarantees and sureties	*5.16*	40 514	59 955
Client contracts assets	*5.17*	9 867	6 555
Financial resources and their equivalents (excluding cash at hand)	*5.19*	78 427	116 021
Total		**690 589**	**446 591**

The book value of each financial asset represents the maximum exposure to credit risk. There was no significant concentration of credit risk as of the reporting date. The noticeable increase in the receivables item is related to both the increase in trade receivables and the y/y increase in other long-term receivables due to security for the performance of contracts.

Loans granted – estimated asset impairment

The Group granted a loan in 2021 to U.C. Energy Limited (related to the Issuer due to a personal relationship with a member of SB of Unimot S.A.), under a loan facility agreement. As of 31st December 2021, an amount of EUR 1,160 thousand was outstanding. The loan has been repaid in full on time and is zero as of the statements publication date. In terms of impairment risk, the transaction was included in basket 1.

In addition, the Group has granted several educational loans to university students as part of its cooperation with the IVY Poland Foundation. As of the balance sheet date, the amount outstanding on this account is PLN 65 thousand.

The amount of the estimated impairment on these loans is considered by the Group to be immaterial to its results as of 31st December 2021.

Trade receivables – estimated asset impairment

For many years, the Group has been working with a large number of customers from different economic sectors, which influences the geographical and product diversification of trade receivables. The customer portfolio is subject to changes resulting from the high activity of the Group's Commercial Services in the market. Thanks to its constant presence at all levels of a given market sector and the high commitment of its employees, the Group has current information on current needs and can quickly respond to them by flexibly adjusting its offer. The wide range of products offered by the Group's various entities is also important.

The Group controls the credit risk arising from trade transactions in accordance with uniform credit risk management principles applied in all significant entities of the Group. Exposure to credit risk related to trade receivables is mitigated by assessing and monitoring the financial condition of contractors and applying a system of granting trade limits in accordance with the procedure adopted by the Group. The procedure assumes verification of contractors' creditworthiness before commencing commercial cooperation. Customers without an allocated merchant's limit benefit from the sales offer on prepayment terms. Credit exposure in relation to granted limits is subject to constant monitoring. The Group's receivables are constantly monitored by a dedicated department operating within the Group's structures

The close cooperation and ongoing exchange of information between the Group's various units results in a high ability to respond quickly to market volatility, taking advantage of market opportunities or adapting dynamically to new conditions. The Group has a high degree of agility in modifying and adapting its sales and payment patterns in relation to current market conditions. As a result, the periods affected by the Covid-19 pandemic, price turbulence or restrictions on commodity availability do not have a negative impact on trade receivables

The level of security of the Group's trade receivables is significantly increased by: cooperation with insurance companies, application of various types of collateral, using services of business intelligence agencies and law firms. Collaterals include: blank promissory notes with promissory note declarations, notarised deeds of submission to enforcement pursuant to Art. 777 of the Polish Civil Code, registered pledges (in the case of movables), mortgages (in the case of real estate), cash in bank accounts, bank guarantees. A long history of cooperation with leading insurance companies, high standards of servicing receivables and support from the leader of the brokerage market constitute the strength and negotiating position of the Group and enable the development of non-standard solutions, and thus the acquisition of insurance products maximally adjusted to the Group's needs

The portfolio of Insurance Companies supporting the Group's operations includes: Atradius Crédito y Caución S.A de Seguros y Reaseguros Spółka Akcyjna Branch in Poland, Towarzystwo Ubezpieczeń Euler Hermes S.A., Korporacja Ubezpieczeń Kredytów Eksportowych Spółka Akcyjna, Compagnie Francaise D'assurance Pour Le Commerce Exterieur Spółka Akcyjna Branch in Poland. The above-mentioned companies have significant financial potential and benefit from safeguards in reinsurance treaties, as to which there is no information on changes. The attitude of the Insurers in the current year, despite difficult conditions caused, inter alia, by the Covid-19 pandemic, was stable and balanced, we did not record significant fluctuations in limit coverage, and the processes of negotiating insurance conditions were not subject to disruption. The main insurer - Atradius Crédito y Caución S.A de Seguros y Reaseguros Spółka Akcyjna Oddział w Polsce - has not increased its involvement in the petrochemical industry for several years, maintaining only long-term contracts

The specific nature of trade receivables insurance does not allow for the coverage of receivables from specific groups of customers, such as public administration units, entities related to the policyholder or individuals. The Group pursues a balanced policy of managing receivables insurance and excludes from the protection receivables from renowned entities, such as oil companies, which affects the optimisation of risks and costs. The volume of receivables insurance policies at the leading Group Company oscillates at 83.8% of the covered receivables. As of 31st December 2021, 52.8% of the receivables of the leading Group Company were covered by insurance, 2.5% by other forms of collateral obtained from customers, 44.7% remained unsecured. The last group comprised mainly receivables from oil companies excluded from insurance policies, whose share in sales increased y/y, receivables not covered by insurance, such as receivables from related parties, public administration units or individuals, while significant risk diversification maintained in this respect due to the high fragmentation of receivables.

As of 31st December- the Group held the following forms of hedging receivables:

- 52,3% of the receivables insured with insurance companies (66,4% as of 31st December 2020.)
- 2,4% of the receivables non-insured with security established by the contractor (4,0 % as of 31st December 2020.)
- 45,3% of the receivables non-insured (29,6% as of 31st December 2020.)

in PLN thousand	**31.12.2021**	**31.12.2020**
Trade receivables insured or hedged against credit risk in the Group	242 526	149 836

Age structure of trade receivables

Gross value

in PLN thousand	**31.12.2021**	**31.12.2020**
Not overdue	**388 215**	**197 472**
Overdue, in this:	**54 885**	**36 058**
1-30 days	46 377	23 216
31-60 days	723	2 143
60-180 days	1 025	1 018
181-365 days	717	2 911
Over 365 days	6 043	6 770
Total	**443 100**	**233 530**

Depreciation:

in PLN thousand	**31.12.2021**	**31.12.2020**
Not overdue	**(747)**	**(290)**
Overdue, in this:	**(6 665)**	**(7 405)**
1-30 days	(72)	(27)
31-60 days	(85)	(188)
60-180 days	(628)	(452)
181-365 days	(335)	(1 118)
Over 365 days	(5 545)	(5 620)
Total	**(7 412)**	**(7 695)**

Net value:

in PLN thousand	**31.12.2021**	**31.12.2020**
Not overdue	**387 468**	**197 182**

Overdue, in this:	**48 220**	**28 653**
1-30 days	46 305	23 189
31-60 days	638	1 955
60-180 days	397	566
181-365 days	382	1 793
Over 365 days	498	1 150
Total	**435 688**	**225 835**

Increases and decreases of write-offs revaluating trade receivables:

in PLN thousand	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**
Opening balance as of 1st January	(7 695)	(6 724)
Establishing	(3 040)	(4 115)
Utilization	151	276
Dissolution	3 172	2 868
Closing balance as of 31st December	**(7 412)**	**(7 695)**

As of 31st December 2021, trade receivables in the amount of PLN 387 468 thousand were not overdue nor impaired (31.12.2020: PLN 197 182 thousand). As of 31st December 2021, trade receivables in the amount of PLN 48 220 thousand (31.12.2020: PLN 28 653 thousand) were overdue, but not impaired. These receivables concern mainly customers with whom the Group has been cooperating for many years, whose receivables are insured or secured on customers' assets or are large oil companies that do not require additional collateral.

As of 31st December 2021, trade receivables in the amount of PLN 7 412 thousand (31.12.2020: PLN 7 695 thousand) were overdue or impaired, therefore in 2021 they were subject to a write-off in the amount of PLN 7 412 thousand (31.12.2020: PLN 7 695 thousand). As of 31.12.2021 trade receivables in the amount of PLN 747 thousand were not overdue, but they were recognised as impaired as they pertain to so called financial sanctions (31.12.2020: PLN 290 thousand).

The Group expects that contractors will settle the non-overdue trade receivables not later than within twelve months since the end of the accounting period.

The event of default the Group recognises as an occurrence of a failure to settle the liability by the contractor after the period of 180 days starting on the day of receivables maturity. The receivables of recognised impairment include also receivables issued for the delays in making the payment by contractors (so called financial sanctions).

The receivables recognised as impaired receivables are subject to a full write-off, while for the non-insured receivables the basis for calculating the write-off is 100% of the receivables. For the insured receivables or covered by other form of security the basis for calculating write-offs is the own share of unpaid balance (amount of in-kind contribution of insurance/security).

For the remaining receivables, that is non-impaired receivables, the Group calculates the loss ratio based on weighted average percentage of unpaid receivables within 12 months in breakdown into groups of receivables and delays in payments, considering a three-year period in the analysis.

As in previous years, based on the actual portfolio balance as of the balance sheet date, receivables were classified in basket 3 as impaired receivables and in basket 2 as non-impaired receivables.

in PLN thousand	**31.12.2021**	**31.12.2020**
Gross receivables in basket 2	437 104	226 444
Receivables impairment write-off in basket 2	(1 416)	(609)
Net receivables in basket 2	**435 688**	**225 835**
Gross receivables in basket 3	5 996	7 086
Receivables impairment write-off in basket 3	(5 996)	(7 086)
Net receivables in basket 3	-	-

The Group estimates that the risk of failure to settle the trade receivables by the contractor in the scope of non-overdue receivables and overdue receivables subject to a write-off is low, due to effective management of merchant credits and debt collection. The Group, among others, defines limits for particular contractors and establishes hedges and is able to compensate mutual liabilities.

Cash resources – estimated asset impairment

The Group deposits its free cash resources and their equivalents exclusively in entities operating in the financial sector. The analysis of the exposure to this type of risk, conducted as of 31st December 2021 for the amount of PLN 78 427 thousand, co which constitutes 99,2% of Company's total cash resources in the amount of PLN 79 092 thousand (included in note *5.19*), has shown that these are predominantly banks with ratings at the highest, medium-high and medium levels, as well as with high equity and a leading and stable market position in Poland. Credit risk on this account is monitored on an ongoing basis through the analysis of credit ratings and by limiting the level of concentration of funds in individual financial institutions.

in PLN thousand	**31.12.2021**	**Rating Moody's**	**Rating Fitch**	**Rating S&P**	**31.12.2021**	**31.12.2020**
Bank1	19 810	A2	BBB	BBB-	25,3%	59,6%
Broker1	9 839	Caa1	CCC	-	12,5%	9,8%
Bank2	3 952	-	BB-	-	5.0%	8,9%
Bank3	3 249	A2	-	-	4,1%	-
Bank4	1 681	Aa3	A+	-	2,1%	6,1%
Bank5	17 564	Baa1	A	-	22,4%	5,2%
Bank6	3 119	Aa3	A+	-	4.0%	4,2%
Broker2	16 383	A2	A+	-	20,9%	6,2%
Other	2 831	-	-	-	3,7%	-
Total	**78 427**				**100%**	100,0%

Considering the short-term nature of the presented cash resources and deposits and due to the cooperation only with reputable financial institutions as well as ongoing monitoring of their financial results, the credit risk resulting from depositing funds with these institutions is low.

The amount of estimated impairment of cash and cash equivalents is immaterial to the results achieved by the Group as of 31st December 2021.

Other receivables – estimation of asset impairment

To secure current trade agreements, concession liabilities and excise liabilities, the Group mainly uses bank guarantees, insurance guarantees and additional security in the form of bank deposits and bails. The analysis of the exposure of other receivables to this type of risk was performed as at 31 December 2021 for the amount of PLN 71 014 thousand, which constitutes 84,2 % of the amount of total remaining receivables (PLN 84 322 thousand) – note *5.15 i 5.16.*

Receivables due to taxes, subsidies, customs duties, insurance except income tax receivables and current advances for supplies and services have been excluded. Small deposits and deposits for the ongoing operation of leased space or terminals have been recognised in the item "other" due to the marginal level of risk or marginal amount not relevant to the Group's operations.

Other deposits and deposits securing due performance of contracts are cash resources deposited, for the most part, with banks with the highest, medium-high and medium ratings and with high equity and a leading and stable market position in Poland. Contractors, on the other hand, are large oil companies. Credit risk on this account is monitored on an ongoing basis through analysis of credit ratings and limiting the level of concentration of funds in individual financial institutions.

Concentration level of cash resources and deposits with the consideration of credit assessment of financial institutions:

in PLN thousand	**31.12.2021**	**Rating Moody's**	**Rating Fitch**	**Rating S&P**	**up to 1 year**	**over 1 year**
Bank1	26 919	Baa1	A	0	4 450	22 469
Bank2	1 100	A2	BBB	BBB-	1 100	-
Bank3	9 958	Aa3	A+	-	9 958	-
Insurer	29 088	-	-	-	23 400	5 688
Contractor1	1 500	-	-	-	-	1 500
Other	2 449	-	-	-	1 606	843
Total	**71 014**				**40 514**	**30 500**

The amount of the estimated cash impairment is immaterial to the performance of the Group as of 31st December 2021.

Derivatives transactions – estimated asset impairment

The Group concludes derivatives transactions in entities operating in the financial sector. As of 31st December 2021, the abovementioned risk on the side of assets was not recognised (note *5.22*).

The analysis of exposure to this type of risk carried out as of the balance sheet date confirmed the predominance on the derivative liabilities side. The Group cooperates predominantly with banks with the highest, medium-high and medium ratings and with a broker with high equity and a leading and stable market position in Poland. Credit risk on this account is monitored on an ongoing basis through analysis of credit ratings and limiting the level of concentration of transactions in individual financial institutions.

In order to limit cash flows and simultaneously limit credit risk the Group conducts net settlements to the level of a positive balance valuation of transactions in derivatives concluded with the given entity.

Level of fair value concentration of derivative transactions considering the credit assessment of financial institutions:

in PLN thousand	**31.12.2021**	**Rating Moody's**	**Rating Fitch**	**Rating S&P**	**31.12.2021**
Broker1	25 362	-	-	-	42,7%
Bank1	1 754	A2	-	-	2,9%
Bank2	400	A2	BBB	BBB-	0,7%
Broker2	31 948	-	-	-	53,7%
Other	1	-	-	-	0.0%
Total	**59 465**				**100,0%**

in PLN thousand	**31.12.2021**	**Rating Moody's**	**Rating Fitch**	**Rating S&P**	**31.12.2021**
Broker1	(51 138)	-	-	-	61,1%
Broker2	(5 193)	-	-	-	6,2%
Bank1	(4 386)	A2	-	-	5,2%

Bank2	(410)	A2	BBB	BBB-	0,5%
Bank3	(21 713)	A2	A+	-	26,0%
Bank4	(789)	Baa1	A	-	1,0%
Total	**(83 629)**				**100,0%**

Diversification of credit risk associated with the valuation of derivative transactions, cooperation with reputable brokers, banks with high capital and high and medium rating positions allows to minimize credit risk resulting from the valuation of derivative transactions.

Level of fair value concentration of restricted cash resources hedging transactions: (note *5.12*)

in PLN thousand	31.12.2021	Rating Moody's	Rating Fitch	Rating S&P	31.12.2021	31.12.2020
Broker1	30 981	-	-	-	100%	-
Total	**30 981**				**100%**	**-**

Cooperation with reputable brokers minimises the risk of restricted cash hedging transactions.

5.28.6 LIQUIDITY LOSS RISK

The liquidity risk is a risk of occurrence of lack of repayment possibility by the Group of its financial liabilities at their maturity. The Group takes measures to ensure a stable and effective financing of activities.

In managing the liquidity, the Group adheres to the following principles

- ensuring stable and diversified financing from external institutions,
- allocating financial surpluses to repay interest debt or investing them in secure instruments,
- credit limits for trade partners,
- collection of receivables according to their payment date, possibly issuing interest notes in case they are overdue,
- effective management of the remaining working capital components.

Analysis of financial liabilities maturity together with interest payments as of 31.12.2021

in PLN thousand	Balance value	Contracted value of flows	up to 1 month	from 1 m to 3 m	from 3 m to 1 year	from 1 year to 5 years	over 5 years
Financial							
Lease liabilities	70 290	96 255	886	1 798	7 891	30 443	55 237
Overdraft	336 563	336 563	336 563	-	-	-	-
Other interest-bearing liabilities	3 617	3 989	25	416	1 162	2 386	-
Derivative financial instruments	83 629	83 629	8 178	21 712	28 795	24 944	-
Trade and other liabilities and other liabilities (excluding public and legal liabilities and remunerations	254 687	254 687	254 687	-	-	-	-
Total	**748 786**	**775 123**	**600 339**	**23 926**	**37 848**	**57 773**	**55 237**

Analysis of financial liabilities maturity together with interest payments as of 31.12.2020

in PLN thousand	Balance value	Contracted value of flows	up to 1 month	from 1 m to 3 m	from 3 m to 1 year	from 1 year to 5 years	over 5 years
Financial							
Lease liabilities	53 176	72 790	1 009	1 977	7 122	25 404	37 278
Overdraft	172 440	172 440	172 440	-	-	-	-
Other interest-bearing liabilities	5 221	6 085	33	421	1 366	4 265	-
Derivative financial instruments	21 138	21 138	2 574	-	15 126	3 438	-
Trade and other liabilities and other liabilities (excluding public and legal liabilities and remunerations	120 839	120 839	120 839	-	-	-	-
Total	**372 814**	**393 292**	**296 895**	**2 398**	**23 614**	**33 107**	**37 278**

Maturity analysis of contract and lease liabilities unrecognised before

For the purposes of an investment involving the construction of photovoltaic farms by Naturalna Energia, the company entered into a number of lease agreements for land located in the West Pomeranian province. In accordance with the provisions of these agreements, the agreements may be terminated within 2 years of their signing, and therefore the Group has no contractual obligation at this time. The Group does not recognise liabilities in accordance with IFRS 16 as of the balance sheet date.

If the above-mentioned agreements are not terminated, the average duration of the agreements is scheduled for 28 years, and the average annual rent without indexation during the functioning of the farms will amount to approximately PLN 1,457 thousand.

Summary of possible liabilities excluded of indexing factors and discount rate as of 31.12.2021

in PLN thousand	Total amount of possible payments	up to 1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 3 years	over 3 years
Possible rent liabilities	39 776	53	105	473	2 915	36 231
Total	**39 776**	**53**	**105**	**473**	**2 915**	**36 231**

Maturity analysis of contingent liabilities issued by the Parent Entity

for the liabilities of related entities as of 31.12.2021

in PLN/EUR thousand	up to 1 year	
	PLN	EUR
Insurance guarantee for the liability of a related entity to Energy Regulatory Office	7 000	-
Promissory note surety for guarantee securing concessions of a related entity	10 000	-
Promissory note for proper execution of contracts	7 485	
Guarantees pertaining to securing proper execution of commercial contracts	2 744	2 500

Total	**27 229**	**2 500**

for own liabilities as of 31.12.2021

in PLN/EUR thousand	**up to 1 year** **PLN**	**EUR**
Insurance guarantees submitted as excise security	17 350	-
Guarantees pertaining to securing proper execution of commercial contracts	19 909	9 200
Total	**37 259**	**9 200**

for the liabilities of related entities as of 31.12.2020

in PLN/EUR thousand	**up to 1 year** **PLN**	**EUR**
Insurance guarantee for the liability of a related entity to Energy Regulatory Office	7 000	-
Promissory note surety for guarantee securing concessions of a related entity	10 000	-
Promissory note for proper execution of contracts	12 380	-
Guarantees pertaining to securing proper execution of commercial contracts	3 244	250
Total	**32 624**	**250**

For own liabilities as of 31.12.2020

in PLN/EUR thousand	**up to 1 year** **PLN**	**EUR**
Insurance guarantees submitted as excise security	12 000	-
Guarantees pertaining to securing proper execution of commercial contracts	19 971	6 850
Total	**31 971**	**6 850**

Capital management

In order to maintain its ability to continue as a going concern, considering the achievement of planned investments, the Group manages capital in such a way as to ensure future development while maximising the return on capital for shareholders.

The Group monitors the level of return on capital using the ROE (net profit/equity) ratio.

- The level of this ratio as of 31st December 2021 amounted to 23.3% (13.1% as of 31st December 2020, respectively).

In addition, in the process of liquidity and capital management, the Group also pays attention to the ratios:

- asset coverage ratio (equity/total assets), the level of this ratio as of 31st December 2021 amounts to 26.5% (33.6% as of 31st December 2020, respectively).
- current liquidity ratio (current assets/short-term liabilities), the level of this ratio as of 31st December 2021 amounts to 1.3 (1.4 as of 31st December 2020, respectively).

In order to optimally manage the capital, maintain liquidity and creditworthiness to obtain and maintain external financing, the Group strives in the long term to maintain an asset coverage ratio at the level of at least 20% and the current liquidity at the level of at least 1.1.

Summary of currently available credit limits and loan limits as of 31.12.2021

in PLN thousand	**unused credit limit**
Bank Millenium S.A.	3 456
mBank S.A.	47 512
mBank S.A.	5 500
ING Bank Śląski S.A.	21 795
BOŚ Bank S.A	21 655
BOŚ Faktoring	90
PKO Faktoring	14 128
U.C. Energy Ltd	32 480
Total	**146 616**

5.29 CONTINGENT LIABILITIES

in PLN/EUR thousand	**As of 31.12.2021**		**As of 31.12.2020**	
	PLN	**EUR**	**PLN**	**EUR**
Contingent liabilities of the Parent Entity own	**37 259**	**9 200**	**31 971**	**6 850**
insurance guarantees submitted as excise security	17 350	-	12 000	-
guarantees pertaining to proper execution of contracts	19 909	9 200	19 971	6 850
Contingent liabilities pertaining to related entities	**27 229**	**2 500**	**32 624**	**250**
guarantees for obligations to ERO	7 000	-	7 000	-
promissory note surety for guarantee securing concessions	10 000	-	10 000	-
promissory note surety for proper execution of contracts	7 485	-	12 380	-
guarantees pertaining to proper execution of contracts	2 744	2 500	3 244	250
Summary	**64 480**	**11 700**	**64 595**	**7 100**

Entitles grant sureties in exchange for remuneration. The risk of payment related to these liabilities was recognised in the price. As of the balance sheet date of 31.12.2021, the Group did not identify any increase in credit risk associated with the guarantees and sureties granted, and any provision for expected credit loss is immaterial.

5.30 RELATED ENTITIES

Non-consolidated related units:

- **UNIMOT EXPRESS Sp. z o.o.** (Parent Entity)
- **ZEMADON LIMITED** (entity related to Unimot Express Sp. z o.o.)
- **AMMERVIEL LIMITED** (entity related to Unimot Express Sp. z o.o.)
- **UNIMOT-TRUCK Sp. z o.o.** (entity related to Unimot Express Sp. z o.o.)

in PLN thousand	**31.12.2021**	**31.12.2020**
Short-term receivables	46	83
Short-term liabilities	426	324

in PLN thousand	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**
Revenues on services sale	130	45
Revenues on sales of goods and materials	275	232
Purchases of goods, materials and fixed assets	72	-
Purchases of services	814	648
Financial costs	322	294
Costs of write-offs for receivables	27	-

Non-consolidated related units:

- **PZL Sędziszów S.A.** (entity associated with Unimot Express Sp. z o.o.)

in PLN thousand	**31.12.2021**	**31.12.2020**
Short-term receivables:	771	1 519

in PLN thousand	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**
Revenues on services sale	5	99
Revenues on sales of goods	493	255
Purchases of goods, materials and fixed assets	8	28
Purchases of services	-	4
Other revenues	2	-
Other costs	-	150
Financial revenues	1	25

Personally related entities:

- **U.C. Energy Ltd** (entity related personally to a member of SB of Unimot S.A.)
- **GO & BIOGAS Sp. z o.o.** (entity related personally to a member of SB of Unimot S.A.

in PLN thousand	**31.12.2021**	**31.12.2020**
Loans granted	5 082	-

Short-term liabilities	295	-

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Purchases of goods, materials and fixed assets	4 921	-
Financial costs	298	306
Advances for fixed assets	240	-

In the current accounting period no individual transactions have been identified conducted between the Companies of the Group, which would be significant due to their unusual scope and value. Transactions concluded by the Companies of the Group belong to the scope of normal, everyday business operations, conducted on market terms and principles. These transactions concerned mainly purchases of goods and materials for the needs of current operating activity (fuels, energy, rental services).

In the examined period and the comparable period, the Group granted civil sureties, avals sureties and issued guarantees for the liabilities of related entities – details in note *5.29*.

5.31 EXPLANATORY NOTE TO THE REPORT ON CASH FLOWS

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Change of receivable status resulting from the report on financial condition	**(223 597)**	**(44 580)**
Status change of receivables due to interest receivables	-	(100)
Receivable status change due to the right to use assets	(90)	(131)
Status change of the receivable due to purchase of subsidiaries' shares	44	7 920
Status change of receivables due to investment receivables	1 177	-
Change of receivable status in the statement of cash flows	**(222 466)**	**(36 891)**

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Inventories status change resulting from the statements of financial condition	**158 520**	**72 563**
Status change of inventories due to purchase of subsidiaries' shares	-	167
Inventories status change in the statements of cash flows	**158 520**	**72 730**

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Change of liabilities status resulting from the statement on financial condition	**131 240**	**64 518**
Liabilities status change due to purchase of subsidiaries' shares	(109)	(7 694)
Status change of interest liabilities	247	574
Liabilities status change in the statement on cash flows	**131 378**	**57 398**

5.32 REMUNERATION OF STATUTORY BODIES

Remuneration of the Members of the Management Board of the Parent Entity and Subsidiaries

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Short-term employee benefits	2 825	304
Provisions for the bonuses of the Management Board	11 501	6 621
Total	**14 326**	**6 925**

Remuneration of the Members of the Supervisory Board of the Parent Entity and Subsidiaries

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Short-term employee benefits	361	280
Total	**361**	**280**

5.33 REMUNERATION OF THE ENTITY AUDITING THE FINANCIAL STATEMENTS AND ITS RELATED ENTITIES

in PLN thousand	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Due to agreements on conducting review and audit of the financial statements	155	155
Due to agreements on conducting review of the financial statements	35	35
Due to verification of the statements of the remuneration of the Management Board and Supervisory Board	22	22
Due to verification of financial statements in ESEF format	30	30
Due to agreements on auditing the financial statements of subsidiaries conducted by other auditing parties	64	43
Total	**306**	**285**

5.34 ESTIMATION OF THE INFLUENCE OF CORONAVIRUS COVID-19 PANDEMIC ON THE OPERATIONS AND THE FINANCIAL SITUATION OF THE COMPANY

Detailed description of the impact of coronavirus COVID-19 pandemic on the operations and financial results of the Group has been included in item 2.5 of the Statements of the Management Board of the Unimot Group for the year 2021.

5.35 EVENTS AFTER THE BALANCE SHEET DATE

5.35.1 Important agreements

On 12.02.2022, a company of the UNIMOT Group - Unimot Investments, concluded the Preliminary Agreement for the acquisition of 100% of shares in LOTOS Terminale S.A. The transaction was performed as part of the implementation of countermeasures imposed by the European Commission as a consequence of the planned acquisition by PKN ORLEN S.A. Group LOTOS S.A. Conclusion of the Agreement was preceded by several months of negotiations and due-diligence process of the acquired assets.

The subject of the transaction includes:

- **business of an independent logistics operator including 9 fuel terminals**
- the bitumen sales and production **business** in Jasło and Czechowice-Dziedzice
- long-term agreements regulating the principles of cooperation in the area of logistics, supply of raw materials, use of know-how and trademarks
- infrastructure companies providing their own access to utilities and support services

The transaction will be financed mostly by bank loans. The loan agreement with a syndicate of three banks was entered into on 12 January 2022. The final price for the acquired assets will be estimated on the day of the transaction closure. The agreement contains conditions for the continuation of key investments in the acquired infrastructure and in the expansion of the terminals, for which there is also financial security. The agreement also includes an Earn-out mechanism, i.e. an adjustment of the purchase price depending on the future performance of the acquired businesses. A detailed description of the transaction can be found in the Management Board's Statements for 2021 items 2.1.4.

5.35.2 Implementing ESG strategy

On 23 March 2022, by the resolution of the Management Board, the ESG (Environmental, Social, Governance) Strategy was implemented in the UNIMOT Group, accompanied by a number of policies and regulations. This area, related to conducting business in a sustainable and socially responsible manner, is increasingly important for stakeholders, in particular investors and banks, but also potential employees or contractors. The procedural and organisational measures taken are aimed at implementing the ESG aspect into the entire organisation of Unimot S.A. and all subsidiaries. The approach to managing Group's sustainable development has been presented in detail in item 3.11 of the Management Board's Statements for 2021.The full content of the Strategy has been published and placed on the website https://www.unimot.pl/relacje-inwestorskie/

5.35.3 Situation in the East and its impact on the Unimot CG

A significant event that occurred after the reporting date and has an impact on the fuel market in Poland is Russia's aggression against Ukraine. Sanctions imposed on Russia have raised concerns about the availability of petrochemical products. As a result of cooperation with international operators in the area of purchasing fuels and high diversification of supply sources for the Group, the Group's current trading activities have not been affected.

In 2021, the Group Companies' sales to Ukraine amounted to PLN 20,627 million, which represents only 0.3% of the Group's total revenue in the period under review. No sales to customers based in Belarus or Russia were recorded. The value of purchases from suppliers based in Russia, Ukraine or Belarus accounted for less than 0.01% of purchases made in 2021.

Due to the general uncertainty regarding the stability of business trading in the war situation in Ukraine, internal sales procedures were updated. Historically, the Group has demonstrated a high ability to dynamically adapt to changing market conditions and also in this case there was an immediate response. The terms of sale of goods with deferred payment have been tightened and pre-release payment control patterns have been sealed. There was also a review of merchant limits vs. the financial standing of customers and previous payment experience recorded in cooperation with individual customers. As a result of the actions taken, the Group recorded a significant improvement in the rotation of trade receivables and a decrease in overdue receivables.

The Group cooperates to a small extent with customers in Ukraine using a credit insurance policy with Korporacja Ubezpieczeń Kredytów Eksportowych Spółka Akcyjna. The Russian invasion of Ukraine resulted in the withdrawal of credit limits by the Insurer and the cessation of insurance coverage for sales after the outbreak of the war. The value of the Group's open trade receivables from Ukrainian customers is negligible and fully covered by insurance. Following the outbreak of the war, the Group stopped standard sales of goods to existing Ukrainian customers.

Unimot does not import liquid fuels from Russia by land, but only directly by sea. Import is conducted outside the territories of Ukraine and Belarus (in line with the extended sanctions imposed on Belarus from 25 June 2021). Ukraine, on the other hand, has been an importer rather than exporter of fuel for many years, so the situation on the territory of Ukraine has no direct impact on fuel supply in the Polish market.

The situation is still dynamic, which may result in broadly understood sanctions being imposed on fuels. Anticipating possible scenarios, the Group's Management Board is taking a number of measures to diversify the directions of supplies, including ensuring permanent access to the deep-water terminal in the Danish Straits, which has the capacity to unload tankers calling at Europe from directions other than Russia. Fuel deliveries by land from Germany take place in parallel.

As of the publication date of publication of the statements, energy products from Russia, imported by Unimot, were not covered by the sanctions package and none of the Unimot Group's contractors was on the sanctions list.

LPG is also supplied from both eastern and western directions. Regardless of this, Unimot is looking for further alternative sources of supply in order to be as independent as possible from product imports from the East.

As of the publication date of the statements, the Group has adequate stocks of the products and the contracted fuel deliveries are carried out without major disruptions. The Unimot Group is prepared for various scenarios on the fuel market and will adapt to all domestic and international sanctions.

Zawadzkie, 4th April 2022

………………………………………	………………………………………	………………………………………
Adam Sikorski President of the Management Board of Unimot S.A.	**Robert Brzozowski** Vice-President of the Management Board of Unimot S.A.	**Filip Kuropatwa** Vice-President of the Management Board of Unimot S.A.

………………………………………
Małgorzata Walnik
Person preparing the report