MURAPOL

Murapol S.A.

Separate Financial Statements for the period from 1 January to 31 December 2023

Prepared in accordance with the International Financial Reporting Standards as endorsed by the EU

for the year ended 31 December 2023 (in PLN '000)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Note	*Year ended 31 December 2023*	*Year ended 31 December 2022 (restated)*
Continuing operations			
Sales revenue	11.1	65,250	52,632
Sales revenue		**65,250**	**52,632**
Cost of sales	12.5	(50,513)	(35,975)
Profit/(Loss) on sales		**14,737**	**16,657**
Other operating income	12.1	734	826
Selling costs		-	-
Administrative expenses	12.5	(1,900)	(1,702)
Gain/loss on impairment of trade and other receivables		25	1,065
Other operating expenses	12.2	(1,419)	(6,757)
Valuation of shares under the equity method	19	261,829	237,487
Operating profit/(loss)		**274,006**	**247,576**
Finance income	12.3	5,757	13,749
Finance costs	12.4	(70,360)	(55,231)
Profit/(Loss) before tax		**209,403**	**206,094**
Corporate income tax	13	7,723	4,896
Net profit/(loss) on continuing operations		**217,126**	**210,990**
Discontinued operations			
Net profit/(loss) on discontinued operations		-	-
Net profit/(loss) for the year		**217,126**	**210,990**
Other net comprehensive income		**-**	**-**
TOTAL INCOME FOR THE YEAR		**217,126**	**210,990**
Net profit/(loss) per share (in PLN per share):			
- Basic and diluted from profit for the year	14	5.32	5.17

for the year ended 31 December 2023 (in PLN '000)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	*31 December 2023*	*31 December 2022 (restated)*
ASSETS			
Non-current assets		**1,178, 401**	**973,818**
Intangible assets	18	1,942	1,790
Property, plant and equipment	16	14,506	2,497
Investments in subsidiaries accounted for under the equity method	19	1,101, 897	925,091
Other financial assets	20.1	28,449	22,944
Other non-financial assets	20.2	1,192	586
Deferred income tax asset	13.3	30,415	20,910
Current assets		**58,005**	**86,595**
Inventories	22	989	982
Trade receivables	23	21,493	10,600
Income tax receivable		1,611	-
Other receivables	23	30,911	12,713
Other non-financial assets	20.2	1,532	1,303
Cash and cash equivalents	24	1,469	60,997
TOTAL ASSETS		**1,236,406**	**1,060,413**
EQUITY AND LIABILITIES			
Equity		**560,536**	**441,510**
Share capital	25	2,040	2,040
Retained earnings / Accumulated losses	25	341,370	228,480
Net profit/(loss) for the financial year	25	217,126	210,990
Non-current liabilities		**573,982**	**535,196**
Interest-bearing loans and borrowings	26	555,088	534,866
Other financial liabilities	26	2,952	-
Other non-current liabilities	28	4,609	-
Lease liabilities	17	11,333	330
Current liabilities		**101,888**	**83,707**
Trade payables	28	17,098	7,714
Current portion of interest-bearing loans and borrowings	26	66,491	49,768
Other financial liabilities	26	5,563	426
Lease liabilities	17	2,466	974
Income tax payable		-	5,883
Other non-financial liabilities	28	2,809	11,674
Provisions	27	4,438	4,750
Provision for losses in entities accounted for under the equity method	19	2,856	2,497
Accruals and deferred income		167	21
Total liabilities		**675,870**	**618,903**
EQUITY AND LIABILITIES		**1,236,406**	**1,060,413**

for the year ended 31 December 2023 (in PLN '000)

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Note	*year ended 31 December 2023*	*year ended 31 December 2022 (restated)*
Cash flows from operating activities			
Profit / (Loss) before tax		**209,403**	**206,094**
Adjusted for:		**(219,756)**	**(195,568)**
Amortization and depreciation	12.6	2,919	2,763
(Increase) / decrease in receivables	29	(29,090)	13,277
(Increase) / decrease in inventories		(7)	1,667
(Increase)/ decrease in other assets		(835)	(181)
Increase / (decrease) in liabilities except for loans and borrowings and other financial liabilities	29	9,528	(20,128)
Incentive bonus costs		1,900	1,700
Finance income	12.3	(3,227)	(12,133)
Finance costs	12.4	70,356	55,232
Share in profits of subsidiaries accounted for under the equity method	19	(261,829)	(237,487)
Loss on impairment of trade and other receivables		(25)	(1,065)
Change in prepayments and accruals		146	(2)
Increase/(decrease) in provisions		(312)	4,519
Income tax paid		(9,276)	(3,496)
Other		(4)	(234)
Net cash from operating activities		**(10,353)**	**10,526**
Cash flows from investing activities			
Sale of property, plant and equipment and intangible assets		250	48
Acquisition of property, plant and equipment and intangible assets		(762)	(750)
Acquisition of shares		(4,400)	(7,540)
Sale of shares		3,789	351
Dividends received		81,575	54,421
Interest received		-	15,065
Repayment of loans granted		32,200	181,388
Loans granted		(34,858)	-
Net cash from investing activities		**77,794**	**242,983**

for the year ended 31 December 2023 (in PLN '000)

	Note	*year ended 31 December 2023*	*year ended 31 December 2022 (restated)*
Cash flows from financing activities			
Inflows from borrowings / loans taken out	34.3	123,500	121,677
Repayment of lease liabilities	34.3	(3,030)	(2,447)
Repayment of loans/borrowings	34.3	(86,159)	(84,997)
Dividends paid		(100,000)	(201,204)
Interest and bank commissions		(61,280)	(31,598)
Net cash from financing activities		**(126,969)**	**(198,569)**
Net increase/(decrease) in cash and cash equivalents		(59,528)	54,940
Cash and cash equivalents as at the beginning of the period		**60,997**	**6,057**
Cash and cash equivalents at the end of the period		**1,469**	**60,997**

for the year ended 31 December 2023 (in PLN '000)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Note	***Share capital***	***Retained earnings / Accumulated losses***	***Net profit/(loss) for the financial year***	***Total equity***
As at 1 January 2023	25	**2,040**	**439,470**	**-**	**441,510**
Net profit/loss for the period		-	-	217,126	**217,126**
Other net comprehensive income for the year		-	-	-	**-**
Total income for the period		**-**	**-**	**217,126**	**217,126**
Share-based payments	25.2 31.4.1	-	1,900	-	**1,900**
Dividends	15	-	(100,000)	-	**(100,000)**
As at 31 December 2023	25	**2,040**	**341,370**	**217,126**	**560,536**

	Note	***Share capital***	***Retained earnings / Accumulated losses***	***Net profit/(loss) for the financial year***	***Total equity***
As at 1 January 2022 (restated)	25	**2,040**	**504,978**	**-**	**507,018**
Net profit/loss for the period		-	-	210,990	**210,990**
Other net comprehensive income for the year		-	-	-	**-**
Total income for the period		**-**	**-**	**210,990**	**210,990**
Share-based payments	25.2 31.4.1	-	1,700		**1,700**
Dividends	15	-	(278,198)	-	**(278,198)**
As at 31 December 2022	25	**2,040**	**228,480**	**210,990**	**441,510**

ACCOUNTING POLICIES AND ADDITIONAL EXPLANATORY NOTES

1. General information

The financial statements of Murapol S.A. cover the year ended 31 December 2023 and include comparative data for the year ended 31 December 2022 (the "financial statements").

Murapol S.A. (the "Company", the "Entity") was incorporated on the basis of a Notarial Deed dated 5 January 2001. The Company's registered office is in Bielsko-Biała, ul. Dworkowa 4.

The Company is entered in the Register of Businesses of the National Court Register maintained by the District Court for Bielsko-Biała in Poland, 8th Business Department of the National Court Register, with the reference number KRS 0000275523. The Company was assigned the REGON number 072695687 for statistical purposes. The Company's registered office is in Bielsko-Biała, ul. Dworkowa 4, Poland.

The duration of the Company is unlimited.

The Company's core operations comprise:

- holding activities involving supervision over Group companies;
- managing the process of preparing development projects and carrying out work related to projects and carrying out work related to investments carried out by Group companies.

The Company is the ultimate parent company of the Murapol S.A. Group (the "Group").

2. Identification of the separate financial statements

The Company has prepared separate financial statements for the year ended 31 December 2023, which were approved for publication on 29 March 2024.

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

As at the 31 December 2023, the Company's Management Board comprised:

- Nikodem Iskra - President of the Management Board
- Przemysław Kromer - Member of the Management Board
- Iwona Sroka - Member of the Management Board

During the reporting period and by the date of approval of these financial statements, there were no changes in the composition of the Company's Management Board.

for the year ended 31 December 2023 (in PLN '000)

As at 31 December 2023, the composition of the Company's Supervisory Board was as follows:

- John Ruane - Chairman of the Supervisory Board
- Maciej Dyjas - Deputy Chairman of the Supervisory Board
- Piotr Fijołek - Deputy Chairman of the Supervisory Board
- William Twemlow - Deputy Chairman of the Supervisory Board
- Justyna Bauta-Szostak - Member of the Supervisory Board
- Lukas Gradischnig - Member of the Supervisory Board
- Brendan O'Mahony - Member of the Supervisory Board
- Nebil Senman - Member of the Supervisory Board

During the reporting period and by the date of approval of these financial statements, there were no changes in the composition of the Company's Supervisory Board.

4. Approval of the financial statements

These financial statements were approved for publication by the Company's Management Board on 29 March 2024.

5. The Company's investments

The Company has investments in the following subsidiaries:

Entity	***Registered office***	***Group's percentage share in capital (held directly and indirectly)***		***Scope of activities***
		31/12/2023	***31/12/2022***	
Murapol S.A.	Poland	n/a	n/a	Holding and financial activities
Murapol Real Estate S.A. [1] [4] [7] [8]	Poland	100.00%	100.00%	Holding activities, development activities and sale of apartments in its own name
Cross Bud S.A. [1][7]	Poland	96.40%	92.81%	Wholesale of building materials
Murapol Projekt 59 sp. z o.o. [6] [9] [10] [11]	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
MyMurapol sp. z o.o. (formerly Home Credit Group Finanse i Nieruchomości sp. z o.o.) [12]	Poland	100.00%	100.00%	Marketing activities related to the sale of apartments built by Group companies
Locomotive Management Ltd	Cyprus	100.00%	100.00%	Holding activities
Media Deweloper.pl sp. z o.o.	Poland	100.00%	100.00%	Marketing services
MFM Capital 2 sp. z o.o.	Poland	100.00%	100.00%	Holding activities
MFM Capital 3 sp. z o.o.	Poland	100.00%	100.00%	Holding activities
MFM Capital 4 sp. z o.o.	Poland	100.00%	100.00%	Holding activities
MFM Capital 5 sp. z o.o.	Poland	100.00%	100.00%	Holding activities
MFM Capital 6 sp. z o.o.	Poland	100.00%	100.00%	Holding activities
Murager GmbH	Germany	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Architects Drive S.A.	Poland	100.00%	100.00%	Design activities, land acquisitions for Group companies
Murapol Centrum Usług Wspólnych sp. z o.o.	Poland	100.00%	100.00%	Accounting and administrative services
Murapol Garbarnia sp. z o.o. sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Invest sp. z o.o. GDA S.K.A.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name

for the year ended 31 December 2023 (in PLN '000)

Entity	***Registered office***	***Group's percentage share in capital (held directly and indirectly)***		***Scope of activities***
		31/12/2023	***31/12/2022***	
Murapol Nowe Winogrady sp. z o.o. sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Nowy Złocień 23 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 26 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 27 sp. z o.o. [10]	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 34 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 35 sp. z o.o. [9]	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 37 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 39 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 42 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 43 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt 45 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o.	Poland	100.00%	100.00%	Holding activities
Murapol Projekt sp. z o.o. sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o. & S-ka Nowe Czyżyny sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o. 12 sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o. 23 sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o. 3 sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o. Deweloper sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Smidowicza sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Westini sp. z o.o. [5]	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Wola House sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Partner S.A.	Poland	100.00%	100.00%	Construction activities
Petrofox sp. z o.o.	Poland	100.00%	100.00%	Holding activities
Polski Deweloperski FIZ [3]	Poland	100.00%	100.00%	Closed-end investment fund
TP III Capital sp. z o.o.	Poland	100.00%	100.00%	Holding activities
Otla 12 sp. z o.o. [2][4]	Poland	n/a	100.00%	Development activities and sale of apartments in its own name

As at 31 December 2023 and as at 31 December 2022, the share of total voting rights held by the Company in the investments is equal to the Company's share in the capital of these entities.

During the reporting period from 1 January to 31 December 2023, the following changes were made to the investments held (directly and indirectly) in subsidiaries:

[1] On 17 April 2023, the subsidiary Murapol Real Estate S.A. acquired 3.6% of the shares in Cross Bud S.A., thereby increasing Murapol S.A.'s indirect share in the capital of that company to 96.40%; the purchase price was PLN 500 thousand;

[2] On 26 May 2023, in connection with the reorganization of the Murapol S.A. Group, OTLA 12 Sp. z o.o. was transformed into Murapol Projekt Sp. z o.o. OTLA 12 Sp.j., then on 5 July 2023 a resolution was passed to dissolve the indirect subsidiary OTLA 12 spółka jawna (general partnership);

[3] On 29 September 2023, the subsidiary Polski Deweloperski FIZ redeemed 90 E-series investment certificates of the fund with a total redemption price of PLN 3,100 thousand, and 20 C-series investment certificates of the fund with a total redemption price of PLN 689 thousand on behalf of the fund participant Murapol S.A.

During the comparative period from 1 January to 31 December 2022, the following changes were made to the investments held (directly and indirectly) in subsidiaries:

[4] On 21 March 2022, the subsidiary Murapol Real Estate S.A. acquired 100% of the shares in OTLA 12 Sp. z o.o. from Solter Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, for a total price of PLN 10,500 thousand;

[5] On 1 April 2022, the subsidiary Murapol Radockiego Sp. z o.o. was merged with Murapol Westini sp. z o.o.;

[6] On 1 April 2022, the subsidiaries: Murapol HRE 1 sp. z o.o., Murapol HRE 2 sp. z o.o., and Murapol Projekt 38 sp. z o.o. were merged with Murapol Projekt 59 sp. z o.o.;

[7] On 10 May 2022, Murapol Real Estate S.A. acquired 3.6% of the shares in Cross Bud S.A., thereby increasing Murapol S.A.'s indirect share in the company's capital to 92.8%; the purchase price was PLN 500 thousand;

[8] By resolution dated 14 June 2022, Murapol S.A. increased its interest in Murapol Real Estate S.A. through a capital increase of PLN 7,240 thousand;

[9] On 19 September 2022, Murapol S.A. acquired (indirectly through Murapol Projekt 59 Sp. z o.o.) a 10% interest in Murapol Projekt 35 Sp. z o.o. from Park s.a. The purchase price was PLN 1,111 thousand. As a result of the transaction, Murapol indirectly increased its interest in Murapol Projekt 35 Sp. z o.o. from 90% to 100%;

[10] On 6 October 2022, Murapol S.A. acquired (indirectly through Murapol Projekt 59 Sp. z o.o.) a 10% interest in Murapol Projekt 27 Sp. z o.o. from Park s.a. The purchase price was PLN 598 thousand. As a result of the transaction, Murapol indirectly increased its interest in Murapol Projekt 27 Sp. z o.o. from 90% to 100%;

[11] On 1 December 2022, the subsidiaries: Murapol Projekt 41 sp. z o.o., Murapol & M Investment sp. z o.o., and Murapol Projekt 46 sp. z o.o. were merged with Murapol Projekt 59 sp. z o.o.

Other changes:

[12] On 22 December 2023 - a change of the company name from Home Credit Group Finanse I Nieruchomości Sp. z o.o. to MyMurapol Sp. z o.o.

[13] On 1 March 2024 - a change of the company name from Partner S.A. to Murapol Venture Partner S.A.

6. Critical accounting estimates and judgements

6.1. Professional judgement

The preparation of the Company's financial statements requires its Management Board to make judgements, estimates and assumptions that affect the revenue, expenses, assets and liabilities presented and the related notes and contingent liability disclosures. Uncertainty in these assumptions and estimates could result in significant adjustments to the carrying amounts of assets and liabilities in the future.

Leases - making space available to Group companies

The Company is a party to office space leases. Some of the leased space is made available to Group entities. The Company assesses whether the contracts entered into with Group companies result in the identification of a sublease contract on a case-by-case basis. In the Management Board's assessment, none of the contracts of this type result in the recognition of a sublease due to the fact that the Company has a significant right of substitution of the asset and, therefore, there is no identified asset in the contracts with the Group companies. Revenue from Group companies under these contracts is recognized in accordance with IFRS 15, and the Company continues to recognize right-of-use assets in relation to all office space leased by the Company. For information on the value of revenue, see Note 11.

6.2. Uncertainty of estimates and assumptions

The key assumptions about the future and other key sources of uncertainty as at the balance sheet date, where there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities in the following financial year, are discussed below. The Company has made assumptions and estimates about the future based on its knowledge at the time of preparing the financial statements. Assumptions and estimates made are subject to change as a result of future events arising from market changes or changes outside the Company's control. Such changes are reflected in the estimates or assumptions at the time of occurrence.

Impairment of non-current assets

The Company has analysed the indications for impairment of non-current assets in accordance with IAS 36 *Impairment of Assets*. In the Company's opinion, there were no indications of impairment.

Impairment of trade receivables

The Company uses a provision matrix to measure the allowance for expected credit losses in respect of trade receivables. In order to determine expected credit losses, trade receivables were grouped based on similarity of credit risk characteristics. The Company uses its historical credit loss data, adjusted where appropriate for the impact of forward-looking information. Disclosures are presented in Note 23.

Deferred income tax asset

The Company recognizes a deferred tax asset based on the assumption that a tax profit will be generated in the future, enabling its utilization. Deterioration of taxable profit/(loss) in the future may result in the assumption becoming unjustified. Disclosures are presented in Note 13.

Fair value of financial instruments

The fair value of financial instruments for which there is no active market is determined using appropriate valuation techniques. The Company uses professional judgement in selecting appropriate methods and assumptions. The method for determining the fair value of individual financial instruments is set out in Note 34.1.

Depreciation and amortization rates

The level of depreciation and amortization rates is determined on the basis of anticipated period of useful economic life of the components of property, plant and equipment and intangible assets. The Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates.

Lease interest rate

The Company cannot readily determine the interest rate for leases and, therefore, uses the lessee's marginal interest rate in measuring the lease liability. This is the interest rate the Company would have to pay to borrow the funds necessary to purchase an asset of similar value to the right-of-use asset in a similar economic environment for a similar term, in the same currency and with similar collateral.

Leases - useful life

The Company is a party to leases signed for a specific period. The Management Board's judgement is required in determining the term of the leases and the usefulness of the right-of-use assets and, in the Management Board's view, this period is the same as the term of the leases.

Uncertainty related to tax settlements

Regulations on value added tax, corporate income tax and social insurance charges are subject to frequent change. These frequent changes result in a lack of adequate points of reference, moreover, tax settlements may be subject to audits by authorities with the power to impose high penalties and fines, and any additional tax liabilities resulting from the audit must be paid with high interest.

Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of a final decision by a tax audit authority.

The Company recognizes and measures current and deferred tax assets or liabilities using the requirements of IAS 12 *Income Taxes* based on tax profit/(loss), tax base, tax losses carried forward, unused tax credits and tax rates, taking into account an assessment of the uncertainties associated with tax settlements.

When there is uncertainty as to whether and to what extent the tax authority will accept particular tax settlements of a transaction, the Company recognizes these settlements taking into account the assessment of uncertainty.

7. Basis of preparation of the financial statements

In the Company's opinion, as at the date of these financial statements, there are no material uncertainties relating to events or circumstances that would cast doubt on the Company's ability to continue as a going concern. In assessing the ability to continue as a going concern, the Management Board also considered the impact of the ongoing armed conflict in Ukraine, the sanctions imposed and the macroeconomic situation, which is discussed in Note 37, as well as the impact of dividend payments made and potential dividend payments on the financial position and liquidity. Taking into account the impact of the above factors on the result of the assessment of the ability to continue as a going concern, these consolidated financial statements have been prepared on the assumption that the Company and its constituent entities will continue as going concerns in the foreseeable future, i.e. for at least one year as of the balance sheet date.

7.1. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the EU ("EU IFRS"). As at the date on which these financial statements were approved for publication, given the ongoing process of IFRS implementation in the European Union, the IFRSs applicable to these financial statements do not differ from EU IFRSs.

EU IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB").

7.2. Functional and reporting currency

The functional currency of the Company and the reporting currency of these financial statements is the PLN.

8. Significant accounting policies

8.1. Fair value measurement

All assets and liabilities that are measured at fair value or their fair value is disclosed in the financial statements are classified in the fair value hierarchy as described below based on the lowest level of input data that is significant to the fair value measurement taken as a whole:

- Level 1 - Quoted (unadjusted) market prices on an active market for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level of input data that is material to the fair value measurement as a whole is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level of input data that is material to the fair value measurement as a whole is unobservable.

For the purpose of disclosing the results of the fair value measurement, the Company has determined the classes of assets and liabilities based on the type, characteristics and risks associated with each asset and liability, and the level in the fair value hierarchy as described above.

8.2. Measurement under the equity method

The Company measures its interests in subsidiaries under the equity method. Under this method, the investment is initially recognized at cost (purchase price) and the carrying amount is increased or decreased to recognize the investor's share of the investee's post-acquisition profit or loss and other comprehensive income. Distributions received from profit earned by the investee reduce the carrying amount of the investment. Once the entity's interest is reduced to nil, the Company takes into account additional losses and recognizes liabilities only to the extent to which the Company has assumed a legal or constructive obligation, or has made a payment on behalf of an entity measured under the equity method. These amounts are shown in the statement of financial position in the line for provisions for losses in investees accounted for under the equity method. If an entity measured under the equity method subsequently begins to recognize profits, the Company only reverts to recognizing its share in those profits when its share in those profits becomes equal to the value of the unrecognized losses.

8.3. Conversion of items denominated in foreign currencies

Transactions denominated in currencies other than the PLN are translated into the Polish zloty using the exchange rate prevailing as at the transaction date.

As at the balance sheet date, assets and monetary liabilities denominated in currencies other than the PLN are translated into the Polish zloty using the exchange rate determined for a given currency by the National Bank of Poland. The exchange rate differences arising from the translation are recognized under finance income (costs) as appropriate or, where specified in the accounting policies, capitalized in the value of assets.

for the year ended 31 December 2023 (in PLN '000)

The following rates were adopted for balance sheet measurement purposes:

	31 December 2023	*31 December 2022*
EUR	4.3480	4.6899

The weighted average exchange rates for each financial period were as follows:

	31 December 2023	*31 December 2022*
EUR	4.5284	4.6876

8.4. Property, plant and equipment

Property, plant and equipment items are stated at purchase price or the cost of manufacture less accumulated depreciation and impairment. The initial cost of property, plant and equipment comprises their cost (purchase price) plus any costs directly related to purchasing and bringing the asset to its working condition. The cost also comprises the cost of replacing machinery and equipment parts at the moment they are incurred if the recognition criteria are met. Costs incurred after the date of commissioning a fixed asset for use, such as maintenance and repair, are charged to the income statement when incurred.

The purchase price of property, plant and equipment donated by customers is determined at their fair value at the date of taking over control.

At the moment of their acquisition, property, plant and equipment items are split into components being items of significant value to which separate economic useful lives can be allocated. Costs of overhauls also constitute such components.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

Type	**Period**	
Buildings and structures	10	Years
Plant and machinery	2-5	Years
Vehicles	2.5-5	Years
Other fixed assets	5-10	Years

The residual values, useful lives and depreciation methods of assets are verified annually and, if necessary, adjusted with effect as from the beginning of the subsequent reporting period.

A given item of property, plant and equipment may be derecognized from the statement of financial position upon its disposal or when no economic benefits are expected from its continued use. Any gains or losses on derecognition of a given asset (calculated as the difference between any net inflows from disposal and the carrying amount of the asset) are recorded in the income statement in the period in which the item was derecognized.

Assets under construction relate to fixed assets under construction or assembly and are recognized at purchase price or the cost of manufacture less any impairment allowances. Assets under construction are not depreciated until the completion of construction and commissioning of a fixed asset for use.

At each balance sheet date, the Group assesses whether there is objective evidence of impairment for individual non-financial non-current assets. In the event of finding such evidence or if it is necessary to perform an annual impairment test, the Company estimates the recoverable amount of a given asset or the cash-generating unit to which the asset belongs.

8.5. Intangible assets

Intangible assets acquired in a separate transaction or produced (if they meet the recognition criteria for research and development costs) are initially measured at their purchase price or cost of manufacture, accordingly. The purchase price of intangible assets acquired in a business combination is equal to their fair value as at the date of the business combination. After initial recognition intangible assets are stated at cost (purchase price or the cost of manufacture), less accumulated amortization and impairment. Expenditure incurred on intangible assets internally generated, except for capitalized expenditure incurred on development projects, is not capitalized but is charged to the income statement in the period in which it was incurred.

The Company determines whether the useful lives of intangible assets are definite or indefinite. Intangible assets with definite useful lives are amortized over their useful lives and tested for impairment each time there are indications of their impairment. The period and method of amortization of intangible assets with definite useful lives are verified at least at the end of each financial year. Changes in the expected useful lives or the expected way of consuming the economic benefits from a given asset are recognized by changing the amortization period or method, accordingly, and treated as changes in accounting estimates. The amortization of intangible assets with definite useful lives is recognized in profit or loss under the category that corresponds to the function of the intangible asset.

Intangible assets with indefinite useful lives and those which are not used are annually tested for impairment. The tests are performed for individual assets or for cash-generating units.

The useful lives are subject to annual verification and, if required, adjusted with effect from the beginning of the subsequent reporting period.

A summary of the policies applied to the Company's intangible assets is as follows:

	Costs of completed development projects	***Computer software***
Periods of use	5-10 years	2-5 years
Amortization method used	5-10 years using the straight-line method	2-5 years using the straight-line method
Internally generated or acquired	Internally generated	Purchased
Impairment test	Annual for components not yet commissioned for use and where there is an indication of impairment.	Annual assessment of whether there are indications of impairment.

Any gains or losses on derecognition of a given intangible asset are measured as the difference between any net inflows from disposal and the carrying amount of the asset and recorded in the income statement upon derecognition.

8.6. Leases

At the time of entering into a contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a consistent approach to the recognition and measurement of all leases, with the exception of short-term leases and leases of low-value assets. At inception of the lease, the Company recognizes a right-of-use asset and a lease liability.

The Company recognizes a right-of-use asset at inception of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost less accumulated depreciation/amortization and impairment allowances, adjusted for any revaluation of lease liabilities. The cost of a right-of-use asset comprises the amount of the recognized lease liability, the initial direct costs incurred and any lease payments made on or before the inception date, less any lease incentives received. Unless the Company is reasonably certain that it will obtain a title to the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated or amortized on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

At inception of the lease, the Company measures the lease liability at the present value of the lease payments that remain to be paid as at that date. Lease payments include fixed payments (including substantially fixed lease payments) less any lease incentives receivable, variable payments that depend on an index or rate and amounts expected to be paid under the guaranteed residual value. Lease payments also include the exercise price of a call option, if the exercise of the call option by the Company can be assumed with reasonable certainty, and payments of lease termination fines, if the terms of the lease provide for the Company to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition giving rise to the payment occurs.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset:

Type	Period	
Land and buildings	(depending on the lease contract)	av. 4 years
Plant and machinery		3 years
Vehicles		3 years

When calculating the present value of lease payments, the Company uses the lessee's marginal interest rate at inception of the lease if the lease rate cannot be readily determined. After the inception date, the amount of the lease liability is increased to reflect interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is subject to remeasurement if there is a change in the lease term, a change in the substantially fixed lease payments or a change in judgement regarding the purchase of the underlying assets.

The Company applies the exemption from short-term lease recognition to its short-term leases (i.e. contracts with a lease term of 12 months or less from the inception date and no call option). The Company also applies an exemption for the recognition of leases of low-value assets. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

8.7. Shares in subsidiaries

Shares in subsidiaries are accounted for in accordance with IAS 27 under the equity method. The main assumptions are described in Note 8.2.

Subsidiaries are those entities that the Company controls.

The exercise of control by the Company occurs when:

- it has authority over the entity in question;
- it is subject to exposure to variable returns or has rights to variable returns from its exposure to the entity;
- it has the ability to use its authority to shape the level of returns generated.

The Company verifies the fact of control over other entities if a situation has arisen that indicates a change in one or more of the above-mentioned control conditions.

Where the Company holds less than the majority of voting rights in an entity, but the voting rights held are sufficient to govern the material activities of that entity unilaterally, this means that the Company exercises authority over that entity. When assessing whether the voting rights in an entity are sufficient to provide authority, the Company analyses all relevant circumstances, including:

- the size of the voting rights held compared to the size of the shareholding and the degree of dispersion of voting rights held by other shareholders;
- potential voting rights held by the Company, other shareholders or other parties;
- rights under other contractual arrangements; and
- additional circumstances that may demonstrate that the Company does or does not have the ability to govern significant actions at the time of decision-making, including voting patterns observed at previous general or shareholders' meetings.

8.8. Financial assets

Classification of financial assets

Financial assets are classified into the following measurement categories:

- measured at amortized cost;
- measured at fair value through profit or loss;
- measured at fair value through other comprehensive income.

The category of financial assets measured at fair value through profit or loss includes, in particular: investment certificates of FIZs and shares of listed companies.

An entity classifies a financial asset based on the entity's business model for managing financial assets and the characteristics of the contractual cash flows for the financial asset (the so-called "SPPI criterion"). An entity reclassifies investments in debt instruments if, and only if, the management model of these assets changes.

Measurement at initial recognition

With the exception of certain trade receivables, on initial recognition an entity measures a financial asset at its fair value, which, in the case of financial assets not measured at fair value through profit or loss, is increased by transaction costs directly attributable to the acquisition of those financial assets.

Derecognition

Financial assets are derecognized, when:

- the rights to receive cash flows from the financial assets have expired; or
- the rights to receive cash flows from the financial assets have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement after initial recognition

For the purposes of measurement after initial recognition, financial assets are classified into one of four categories:

- debt instruments stated at amortized cost;
- debt instruments at fair value through other comprehensive income;
- equity instruments at fair value through other comprehensive income;
- financial assets stated at fair value through profit or loss.

Debt instruments stated at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

a) the financial asset is held in accordance with a business model that seeks to hold the financial asset to earn contractual cash flows; and

b) the contractual terms of the financial asset give rise to cash flows on specified dates that are solely the repayment of principal and interest on the principal outstanding.

The Company classifies the following into the category of financial assets measured at amortized cost:

- trade receivables;
- bonds taken up;
- loans that meet the SPPI classification test and which, in accordance with the business model, are reported as held for cash flow purposes;
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and is shown in the statement of comprehensive income under the heading “Financial income”.

Changes to the terms of loan agreements that exceed 10% of the value of the instrument are considered material. The Company, while maintaining the original effective interest rate, accounts for the change in expected cash flows in the statement of comprehensive income.

Dividends are recognized in the statement of comprehensive income, when an entity’s entitlement to receive dividends arises.

8.9. Impairment of financial assets

The Company assesses expected credit losses ("ECL") associated with debt instruments measured at amortized cost and fair value through other comprehensive income, regardless of whether there is an indication of impairment.

For trade receivables, the Company applies a simplified approach and measures the allowance for expected credit losses at an amount equal to the lifetime expected credit losses using a provision matrix. The Company uses its historical credit loss data, adjusted where appropriate for the impact of forward-looking information.

For other financial assets, the Company measures the allowance for expected credit losses at an amount equal to 12 months of expected credit losses. If the credit risk associated with a financial instrument has increased significantly since initial recognition, the Company measures the allowance for expected credit losses on the financial instrument at an amount equal to the lifetime expected credit losses.

The Company assesses that the credit risk associated with a financial instrument has increased significantly since the date of initial recognition if the delay in repayment exceeds 30 days.

At the same time, the Company estimates that a debtor's default occurs. when the delay in repayment exceeds 180 days.

8.10. Derivative financial instruments and hedges

Derivatives are measured at fair value and are recognized as assets, when their value is positive, and as liabilities when their value is negative.

Gains and losses on changes in the fair value of derivatives are charged directly to the net profit or loss for the financial year.

The Company does not apply hedge accounting.

8.11. Inventories

Inventories include:

- expenditure on early-stage development projects;
- the finished goods of the projects in which Murapol S.A. has been involved historically that remain unsold as at the balance sheet date of the current reporting period.

Inventories are stated at the lower of: the cost of purchase or manufacture and the net realizable value.

The cost of purchase or manufacture of each inventory item takes into account all purchase, processing and other costs incurred in bringing the inventory to its current location and condition - both in the current and previous year - and is determined as follows:

Finished goods and work in progress	-	detailed identification at individual investment level. Within a given investment, the cost of direct materials and labour and a corresponding mark-up of indirect production costs;
Goods for resale	-	at purchase price determined on a first-in first-out basis
Expenditure on early-stage development projects	-	the costs incurred for preparatory work in the process of preparing development projects are capitalized by the Company until the process is completed or the further plan for its completion is abandoned. In such a case, the Company either sells the inventory to its subsidiaries or recognizes the cost

Net realizable value is construed as the estimated selling price achieved in the course of normal business activities, less finishing costs and estimated costs necessary to effect the sale.

8.12. Trade and other receivables

Trade receivables are recognized and disclosed in the amounts initially invoiced, taking into account the allowance for expected lifetime credit losses. If the effect of the time value of money is material, the amount of the receivables is determined by discounting the forecasted future cash flows to their present value, using the discount rate reflecting the current market assessments of the time value of money. If the discounting method was applied, the increase in receivables in connection with the passage of time is recognized as finance income.

Receivables from the State Budget are presented within other non-financial assets, with the exception of corporate income tax receivables, which are a separate line item on the balance sheet.

8.13. Cash and cash equivalents

Cash and current deposits shown in the balance sheet include cash at bank and in hand and current deposits with an original maturity of three months or less.

8.14. Interest-bearing bank loans, borrowings, financial guarantees granted and debt securities

At initial recognition, all bank loans, borrowings and debt securities are recognized at fair value, less costs associated with obtaining the loan or borrowing.

After initial recognition, interest-bearing loans, borrowings and debt securities are measured at amortized cost using the effective interest rate method.

In determining amortized cost, the costs associated with obtaining the loan or borrowing and the discounts or premiums received in connection with the liability are taken into account.

The Company measures the expected credit losses on financial guarantees granted to Murapol Group companies. This valuation is presented under other financial liabilities.

Revenue and expenses are recognized in profit or loss, when a liability is derecognized and also as a result of accounting using the effective interest rate method.

A change in the discounted present value of the cash flows resulting from new conditions, including any payments made, less payments received and discounted using the original effective interest rate, of no less than 10% from the discounted present value of the remaining cash flows of the original financial liability is considered by the Company to be a material modification.

A material modification to a financial liability is recognized by the Company as the expiry of the original financial liability and the recognition of a new financial liability. In the case of a modification of the contractual terms of a financial liability which does not lead to the derecognition of the existing liability, the gain or loss is recognized immediately in profit or loss. The gain or loss is calculated as the difference between the present value of the modified and original cash flows, discounted using the original effective interest rate of the liability.

The Group derecognizes a financial liability, when the liability has expired, i.e. when the obligation specified in the contract has been fulfilled, forgiven or has expired. The exchange of a former debt instrument for an instrument with substantially different terms, performed between the same entities, is recorded by the Company as the expiry of the initial financial liability and the recognition of a new financial liability.

In the case of a modification of the contractual terms of a financial liability which does not lead to the derecognition of the existing liability, the gain or loss is recognized immediately in profit or loss. The gain or loss is calculated as the difference between the present value of the modified and original cash flows, discounted using the original effective interest rate of the liability.

8.15. Trade and other payables

Current trade payables are stated at amounts due.

Other non-financial liabilities comprise, in particular, liabilities due to tax offices other than income tax liabilities, social insurance liabilities and liabilities in respect of advance payments received, which will be settled through the delivery of goods for resale, services or fixed assets. Other non-financial liabilities are stated at amounts due.

8.16. Provisions

Provisions are recorded, when the Company has a current (legal or constructive) obligation resulting from past events and it is probable that settling the obligation will result in the necessity of an outflow of economic benefits and the amount of the obligation can be reliably estimated. If the Company expects that the costs covered by a provision will be reimbursed, for example, based on an insurance contract, then the reimbursement is recorded as a separate asset, but only if it is practically certain that it will actually take place. Costs relating to a given provision are recognized in the statement of comprehensive income net of any reimbursements.

If the effect of the time value of money is material, the amount of the provision is determined by discounting the forecast future cash flows to present value, using the discount rate reflecting the current market assessments of the time value of money and potential risk related to a given liability. If the discounting method was applied, the increase in provisions in connection with the passage of time is recorded as finance costs.

8.17. Revenue

8.17.1 Revenue

The Company applies IFRS 15 *Revenue from Contracts with Customers* to all contracts with customers, except for leases within the scope of IFRS 16 *Leases*, financial instruments and other contractual rights or obligations within the scope of IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*.

The basic principle of IFRS 15 is to recognize revenue, when goods and services are transferred to the customer, at a value that reflects the price expected by the Company, in exchange for the transfer of those goods and services. These principles are applied using a five-step model:

1. a contract agreement with the customer has been identified;
2. performance obligations under the contract with the customer have been identified;
3. the transaction price was determined;
4. allocation of the transaction price to individual performance obligations was made;
5. revenue was recognized, when the contractual obligation was fulfilled.

Identification of a contract with the customer

The Company only recognizes a contract with a customer if all of the following criteria are met:

1. the parties have entered into a contract (whether in writing, orally or in accordance with other customary commercial practice) and are bound to perform their obligations;
2. the Company is able to identify the rights of each party regarding the goods or services to be transferred;
3. the Company is able to identify the terms of payment for the goods or services to be transferred;
4. the contract has economic substance (i.e. the risk, time distribution or amount of the Company's future cash flows can be expected to change as a result of the contract); and
5. it is probable that the Company will receive the consideration to which it is entitled in exchange for the goods or services to be provided to the customer.

Identification of performance obligations

At the conclusion of a contract, the Company evaluates the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer a good or service (or a bundle of goods or services) that can be distinguished or a group of separate goods or services that are substantially the same and for which the transfer to the customer is of the same nature.

The Company performs preparatory work on development projects for and on behalf of its subsidiaries. This work is then transferred to subsidiaries as part of the intermediary services provided. As a result of this transaction, the Company recognizes the realized margin in the statement of comprehensive income under revenue from sales of services.

The good or service promised to the customer is distinct if both of the following conditions are met:

1. the customer can benefit from the good or service, either directly or through a connection to other resources which are readily available to him or her; and
2. the Company's obligation to transfer a good or service to a customer can be identified as separate from other obligations set out in the contract.

Determining the transaction price

To determine the transaction price, the Company takes into account the terms of the contract and its usual business practices. The transaction price is the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The consideration specified in the contract with the customer may include fixed amounts, variable amounts or both.

Allocation of the transaction price to performance obligations

The Company assigns a transaction price to each performance obligation (or to a specific good or service) in an amount that reflects the amount of consideration that the Company expects to receive for providing the promised goods or services to the customer.

Meeting the performance obligations

The Company recognizes revenue upon fulfilling (or during the fulfilment) of the performance obligation by transferring the promised goods or services to a customer.

8.17.2 Interest

Interest income and expenses are recognized successively as they accrue (based on the effective interest rate method, with the effective interest rate being the rate discounting future cash inflows over the estimated life of the financial instruments) in proportion to the net carrying amount of a given financial asset.

8.17.3 Dividends

Dividends are recognized at the moment of establishing the Company's right to receive them.

The Company presents dividends received relating to investments measured otherwise than under the equity method in finance income.

8.18. Long-term incentive bonuses

The Company recognizes long-term incentive bonuses as share-based payment transactions, when (i) they are settled in equity instruments of the Company or another group entity, or (ii) they are paid in cash or other assets and their value depends on the price (or value) of the equity instruments of the Company or another Group entity.

A share-based payment transaction may be settled by another Group entity or shareholder of the Company.

When a long-term incentive bonus is settled in cash by the Company's parent company, it is recognized as settled in equity and a corresponding increase in equity is recognized as a contribution from the parent company (under "Supplementary capital, other reserves and retained earnings/accumulated losses").

The cost of equity-settled transactions with employees is measured by reference to fair value as at the date of granting the respective rights. The valuation of equity-settled transactions takes into account market vesting conditions and non-vesting conditions.

The cost of equity-settled transactions together with a corresponding increase in equity is recognized over the period in which the service conditions are fulfilled and ends on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions as at each balance sheet date by the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the parent company's Management Board as at that date, based on the best estimate of the number of equity instruments, will ultimately vest.

8.19. Taxes

8.19.1 Current income tax

Liabilities and receivables in respect of corporate income tax for the current and prior periods are measured at the amounts of the expected payment to the tax authorities (subject to reimbursement from the tax authorities) in accordance with the tax rates and tax regulations which were already legally or effectively binding as at the balance sheet date.

8.19.2 Deferred income tax

For financial reporting purposes, deferred income tax is calculated using the liability method in respect of all the temporary differences existing as at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts shown in the financial statements.

A deferred tax provision is recorded in respect of all taxable temporary differences:

- except when a deferred tax provision arises as a result of the initial recognition of goodwill or initial recognition of an asset or a liability in a transaction that is not a business combination, which at the moment of its conclusion does not affect either profit/(loss) before tax or taxable income or loss; and
- in the case of taxable temporary differences resulting from investments in subsidiaries or associates and interests in joint ventures - except for the situations where the investor controls the dates of the temporary differences reversing and it is probable that the differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized in respect of all deductible temporary differences and unused tax reliefs, as well as tax loss carryforwards at the amounts of probable utilization of such assets and losses:

- except for situations where a deferred tax asset relating to deductible temporary differences arises as a result of the initial recognition of an asset or a liability in a transaction which is not a business combination, which at the moment of its conclusion does not affect either profit/(loss) before tax or taxable income or loss; and
- in the case of deductible temporary differences resulting from investments in subsidiaries or associates and interests in joint ventures, a deferred tax asset is recognized in the balance sheet up to the amount of its being probable that the above-mentioned temporary differences will be reversed in the foreseeable future and taxable income will be earned, enabling their deduction.

The Company recognizes a deferred tax asset to carry forward unused tax losses to the extent that it is probable that future taxable profit will be available against which unused tax losses can be utilized. In assessing whether it is likely that the available future taxable income will be sufficient, the Company considers the nature, origin and timing of such income and ensures that convincing evidence has been gathered.

Uncertainty related to income tax recognition

The Company determines the taxable income (tax loss), tax base, unused tax losses, unused tax reliefs and tax rates taking into account the approach to taxation planned or used in its tax return. The Company accepts that the tax authorities entitled to inspect and challenge the tax treatment will carry out such an inspection and will have access to all information.

If the Company determines that it is not probable that the tax authority will accept the Company's approach to a tax issue or group of tax issues, the Company will reflect the effects of the uncertainty in the accounting treatment of tax in the period in which it determines this.

The Company recognizes an income tax liability using one of the following two methods, whichever better reflects how the uncertainty may materialize:

- the Company determines the most likely scenario – this is a single amount among possible outcomes; or
- the Company recognizes the expected value – this is the sum of the probability-weighted amounts from among the possible outcomes.

The carrying amount of a deferred income tax asset is verified at each balance sheet date and is reduced to the extent to which it is no longer probable that sufficient taxable income will be earned to enable partial or full utilization of the deferred tax asset. A deferred income tax asset which has not been recorded is subject to reassessment at each balance sheet date and it is recognized up to the amount reflecting the probability of generating taxable income in the future which will enable recovery of the asset.

Deferred income tax assets and provisions are measured using the tax rates which, according to expectations, will be applicable in the year in which the asset is realized or the provision released, determined on the basis of tax rates (and tax regulations) binding as at the balance sheet date if, at the balance sheet date, it is certain that they will be binding in the future.

Income tax relating to items recognized outside profit or loss is recognized outside the income statement: in other comprehensive income with respect to items recognized in other comprehensive income or directly in equity with respect to items recognized directly in equity.

The Company offsets deferred income tax assets against deferred income tax provisions, when and only when the Company has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxpayer and the same tax authority.

8.19.3 Tax on goods and services (VAT)

Revenue, expenses, assets and liabilities are recognized net of VAT except:

- where the VAT paid on the purchase of assets or services is not recoverable from the tax authorities, in which case it is recognized as part of the cost of the asset or as part of the expense item, as appropriate; and
- receivables and payables which are recognized including VAT.

The net amount of VAT recoverable or payable to the tax authorities is included in the statement of financial position as part of receivables or payables.

for the year ended 31 December 2023 (in PLN '000)

9. Changes in the applied accounting policies and corrections of errors

9.1. Corrections of errors

In the reporting period for which these financial statements are prepared, a long-term incentive bonus scheme was recognized. The change was introduced retrospectively and the comparative figures presented in these financial statements have been corrected accordingly. In the opinion of the Management Board, the corrected financial statements will enable presenting more complete information about the Company's asset and financial position and its operations.

In view of the above, the comparative figures have been restated accordingly, as indicated in the headings of the financial statements and the details are set out below.

The table below shows the impact of the changes described on the statement of comprehensive income for the year ended 31 December 2022:

	Data approved for the year ended 31 December 2022	Long-term incentive bonus scheme	Restated figures for the year ended 31 December 2022
Continuing operations			
Sales revenue	52,632	-	52,632
Sales revenue	**52,632**	**-**	**52,632**
Cost of sales	(35,975)	-	(35,975)
Profit/(Loss) on sales	**16,657**	**-**	**16,657**
Other operating income	826	-	826
Selling costs	-	-	-
Administrative expenses	(2)	(1,700)	(1,702)
Gain/loss on impairment of trade and other receivables	1,065	-	1,065
Other operating expenses	(6,757)	-	(6,757)
Valuation of shares using the equity method	237,487	-	237,487
Operating profit/(loss)	**249,276**	**(1,700)**	**247,576**
Finance income	13,749	-	13,749
Finance costs	(55,231)	-	(55,231)
Profit/(Loss) before tax	**207,794**	**(1,700)**	**206,094**
Corporate income tax	4,896	-	4,896
Net profit/(loss) on continuing operations	**212,690**	**(1,700)**	**210,990**
Discontinued operations			
Net profit/(loss) on discontinued operations	-	-	-
Net profit/(loss) for the year	**212,690**	**(1,700)**	**210,990**
Other net comprehensive income	**-**		**-**
TOTAL INCOME FOR THE YEAR	**212,690**	**(1,700)**	**210,990**
Net profit/(loss) per share (in PLN per share):			
- Basic and diluted from profit for the year	5.21	(0.04)	5.17

for the year ended 31 December 2023 (in PLN '000)

The tables below show the impact of the changes described on the consolidated statement of financial position as at 31 December 2022 and as at 1 January 2022:

	Data approved for the year ended 31 December 2022	***Long-term incentive bonus scheme***	***Restated data as at 31 December 2022***
ASSETS			
Non-current assets	**973,818**	**-**	**973,818**
Current assets	**86,595**	**-**	**86,595**
TOTAL ASSETS	**1,060,413**	**-**	**1,060,413**
EQUITY AND LIABILITIES			
Equity	**441,510**	**-**	**441,510**
Share capital	2,040	-	2,040
Retained earnings / Accumulated losses	226,780	1,700	228,480
Net profit/(loss) for the financial year	212,690	(1,700)	210,990
Non-current liabilities	**535,196**	**-**	**535,196**
Current liabilities	**83,707**	**-**	**83,707**
Total liabilities	**618,903**	**-**	**618,903**
EQUITY AND LIABILITIES	**1,060, 413**	**-**	**1,060,413**

	Data approved as at 1 January 2022	***Long-term incentive bonus scheme***	***Restated data as at 1 January 2022***
ASSETS			
Non-current assets	**1,041,622**	**-**	**1,041,622**
Current assets	**51,868**	**-**	**51,868**
TOTAL ASSETS	**1,093,490**	**-**	**1,093,490**
EQUITY AND LIABILITIES			
Equity	**507,018**	**-**	**507,018**
Share capital	2,040	-	2,040
Retained earnings / Accumulated losses	302,260	1,700	303,960
Net profit/(loss) for the financial year	202,718	(1,700)	201,018
Non-current liabilities	**482,332**	**-**	**482,332**
Current liabilities	**104,141**	**-**	**104,141**
Total liabilities	**586,473**	**-**	**586,473**
EQUITY AND LIABILITIES	**1,093,490**	**-**	**1,093,490**

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The table below shows the impact of the changes described on the consolidated statement of cash flows as at 31 December 2022

	Data approved for the year ended 31 December 2022	Long-term incentive bonus scheme	Restated data for the year ended 31 December 2022
Cash flows from operating activities			
Profit/(Loss) before tax	**207,794**	**(1,700)**	**206,094**
Adjusted for:	**(197,268)**	**1,700**	**(195,568)**
Amortization and depreciation	2,763	-	2,763
(Increase) / decrease in receivables	13,277	-	13,277
(Increase) / decrease in inventories	1,667	-	1,667
(Increase) / decrease in other assets	(181)	-	(181)
Increase / (decrease) in liabilities except for loans and borrowings and other financial liabilities	(20,128)	-	(20,128)
Incentive bonus costs	-	1,700	1,700
Finance income	(12,133)	-	(12,133)
Finance costs	55,232	-	55,232
Share in profits of subsidiaries accounted for under the equity method	(237,487)	-	(237,487)
Loss on impairment of trade and other receivables	(1,065)	-	(1,065)
Change in prepayments and accruals	(2)	-	(2)
Increase / (decrease) in provisions	4,519	-	4,519
Income tax paid	(3,496)	-	(3,496)
Other	(234)	-	(234)
Net cash from operating activities	**10,526**	**-**	**10,526**
Net cash from investing activities	**242,983**	**-**	**242,983**
Net cash from financing activities	**(198,569)**	**-**	**(198,569)**
Net increase / (decrease) in cash and cash equivalents	54,940	-	54,940
Cash and cash equivalents as at the beginning of the period	**6,057**	**-**	**6,057**
Cash and cash equivalents at the end of the period	**60,997**	**-**	**60,997**

9.2. Other changes

The other accounting policies applied in the preparation of these financial statements are consistent with those applied in the preparation of the Company's financial statements for the year ended 31 December 2022, except for the application of new or revised standards and interpretations effective for annual periods beginning on or after 1 January 2023.

The revised standards and interpretations which apply for the first time in 2023 do not have a material impact on the Company's financial statements.

1. IFRS 17 Insurance contracts

IFRS 17 *Insurance Contracts* (IFRS 17) replaced IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e. life insurance, non-life insurance, direct insurance and reinsurance contracts), regardless of the nature of the entity that enters into them, as well as to certain guarantees and financial instruments with discretionary participation in profits. The standard provides for several exceptions to the application of the recognition principles.

The above change has no material impact on the Company's financial statements.

2. Definition of estimates - Amendments to IAS 8

The amendments introduce a new definition of "estimates" and clarify the distinction between changes in estimates and changes in accounting policies and corrections of errors. They also clarify how entities apply valuation techniques and use input data to determine estimates. The amendments apply to changes in accounting policies and changes in accounting estimates occurring on or after 1 January 2023. In 2023, the Company applied these explanations in assessing whether an event was a change in an accounting estimate or a change in an accounting policy or a correction of errors.

3. Disclosure of accounting policies - Amendments to IAS 1 and Practice Statement 2

The amendments to IAS 1 and Practice Statement 2 *Making Materiality Judgements* are intended to enhance the usefulness of the accounting policy disclosures presented by replacing the requirement for entities to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies and by adding guidance on how entities apply materiality in making accounting policy disclosure decisions.

As a result of these changes, the Company has revised the nature and extent of disclosures of its accounting policies used in these financial statements of the Company and has aligned the description of the accounting policies with the revised requirements of IAS 1.

4. Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction - Amendments to IAS 12

The amendments reduced the scope of the initial recognition exception in the standard so that it no longer applies to transactions that give rise to equal positive and negative temporary differences simultaneously.

The above change has no material impact on the Company's financial statements.

5. Income tax expense: International Tax Reform - Pillar II Model Rules - Amendments to IAS 12

The amendments temporarily and mandatorily exempt entities from the need to recognize and disclose deferred taxes arising from the implementation of the Pillar II model rules. At the same time, additional disclosure requirements were imposed:

- disclosure that the exemption for the recognition and disclosure of deferred tax assets and liabilities related to Pillar II income taxes has been applied;

- disclosure of the current income tax charge under Pillar II;

- for periods in which the Pillar II legislation has been (in principle) enacted but is not yet in force: disclosures of known or estimable information that will help users of the financial statements to understand the entity's Pillar II income tax exposure.

These changes have no impact on the Company's financial statements for the 12 months ended 31 December 2023.

10. New standards and interpretations that have been published but were not in force at the date of approval of the financial statements

The following standards and interpretations have been published by the International Accounting Standards Board, but are not yet in force:

- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) - in accordance with the European Commission's decision, the approval process for the preliminary version of the standard will not be initiated until the final version is published - not endorsed by the EU by the date of approval of these financial statements - applicable to annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (published on 11 September 2014) - the work leading to the approval of these amendments has been postponed indefinitely by the EU - the effective date has been postponed indefinitely by the IASB;
- Amendments to IAS 1: *Presentation of Financial Statements - Classification of Liabilities as Current and Non-current* and *Classification of Liabilities as Current or Non-current - Deferral of Effective Date* and *Non-current Liabilities with Covenants* (published on 23 January 2020 and 15 July 2020 and 31 October 2022, respectively) - effective for annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* (published on 22 September 2022) - effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 7: *Statement of Cash Flows and IFRS 7: Financial Instruments: Disclosures: Supplier Finance Arrangements* (published on 25 May 2023) - not endorsed by the EU at the date of approval of these financial statements - effective for annual periods beginning on or after 1 January 2024;

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- Amendments to IAS 21: *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (published on 15 August 2023) - not endorsed by the EU at the date of approval of these financial statements - effective for annual periods beginning on or after 1 January 2025.

At the date of approval of these financial statements for publication, the Management Board has not yet completed its work on assessing the impact of the introduction of the other standards and interpretations on the Company's accounting policies in relation to the Company's operations or results of operations.

The effective dates are those resulting from the contents of the standards published by the International Accounting Standards Board. The application dates of the standards in the European Union may differ from the application dates implied by the contents of the standards and are announced at the time of approval for use by the European Union.

11. Revenue from contracts with customers

11.1. Revenue by category

The table below shows revenue from contracts with customers by category, which reflects how economic factors affect the nature, amount, timing of payment and uncertainty of revenue and cash flows:

	For the year ended 31 December 2023	**For the year ended 31 December 2022**
Type of goods or services:		
Finished goods	-	3
Revenue from sales of services	65,250	52,629
Total revenue from contracts with customers	**65,250**	**52,632**
Date of transfer of goods or services:		
over time	65,250	52,632
Total revenue from contracts with customers	**65,250**	**52,632**

The Company does not separate operating segments.

All revenue from contracts with customers occurs in Poland.

11.2. Assets and liabilities from contracts with customers

The Company did not recognize any assets or liabilities from contracts with customers.

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11.3. Performance obligations

Revenue from sales of management services

The Company's obligations to provide management services are fulfilled during the term of the contract. The nature and cyclicity of the services provided mean that the customer simultaneously receives and benefits from the service provided. The Company determines revenue from the provision of management services on a monthly basis to the extent that it is entitled to receive payment for the services provided. Payment terms for services provided are usually 90 days.

12. Income and expenses

12.1. Other operating income

	year ended 31 December 2023	***year ended 31 December 2022***
Damages	3	-
Rental income	-	779
Time-barred security deposits	52	1
Other operating income	679	46
	734	**826**

12.2. Other operating expenses

	year ended 31 December 2023	***year ended 31 December 2022***
Fines and damages	-	701
Litigation costs	376	836
Provision for litigation costs and employee benefits*	-	4,519
Loss on sale/scrapping of fixed assets	63	512
Other**	980	189
	1,419	**6,757**

*The provision for litigation costs is described in Note 30.2.
** Includes the statistical part of non-deductible VAT not allocated to a specific cost category.

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12.3. Finance income

	year ended 31 December 2023	*year ended 31 December 2022*
Interest on borrowings	3,227	10,633
Bank interest	2,315	944
Foreign exchange differences	-	1,500
Interest on receivables	215	672
	5,757	**13,749**

12.4. Finance costs

	year ended 31 December 2023	*year ended 31 December 2022*
Interest and commissions on loans and borrowings	64,734	49,891
Foreign exchange differences	96	-
Interest on liabilities	3	3
Interest on leases	918	23
Measurement of sureties and guarantees granted*	1,042	18
Measurement of financial instruments	3,381	4,924
Other	186	373
	70,360	**55,232**

* Guarantees and sureties are presented in Notes 26 and 30.1.

12.5. Costs by type

	year ended 31 December 2023	*year ended 31 December 2022 (restated)*
Amortization and depreciation	2,919	2,764
Materials and energy used	2,486	1,840
External services	36,456	25,184
Taxes and fees	1,217	442
Employee benefit costs	7,850	6,854
Other costs by type	2,059	3,600
Total costs by type, of which:	**52,987**	**40,684**
Items included in general and administrative expenses	(1,900)	(1,702)
Change in prepayments and accruals	(574)	(3,007)
Items included in cost of sales	**50,513**	**35,975**

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12.6. Amortization and depreciation expense

	year ended 31 December 2023	*year ended 31 December 2022*
Items included in cost of sales		
Depreciation of fixed assets	2,628	2,455
Amortization of intangible assets	291	308

12.7. Employee benefit costs

	year ended 31 December 2023	*year ended 31 December 2022 (restated)*
Wages and salaries	7,057	6,274
Social insurance costs	793	580
Total costs of employee benefits, of which:	**7,850**	**6,854**
Items included in cost of sales	5,950	5,154
Items included in general and administrative expenses	1,900	1,700

13. Corporate income tax

13.1. Tax charge

	year ended 31 December 2023	*year ended 31 December 2022 (restated)*
Current income tax	(1,782)	(6,893)
Deferred income tax	9,505	11,789
Tax charge shown in profit	**7,723**	**4,896**
Tax benefit/charge recognized in other comprehensive income	**-**	**-**

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13.2. Reconciliation of the effective tax rate

The reconciliation of income tax on profit/(loss) before tax at the statutory tax rate to income tax calculated at the Company's effective tax rate for the year ended 31 December 2023 and 31 December 2022 is as follows:

	year ended 31 December 2023	*year ended 31 December 2022 (restated)*
Profit before tax	**209,403**	**206,094**
Tax at Poland's statutory tax rate of 19% (2022: 19%)	39,787	39,158
Permanently deductible costs	1,766	1,623
Permanently non-taxable income	(9)	(1,345)
Permanently non-deductible interest	-	1,148
Share in profits of subsidiaries accounted for under the equity method	(49,748)	(45,262)
Other (including prior year corrections)	481	(218)
Tax at the effective tax rate of 3.7% (2022: 2.3%)	**(7,723)**	**(4,896)**
Income tax (charge) recognized in separate profit or loss	**(7,723)**	**(4,896)**

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13.3. Deferred income tax

Deferred income tax results from the following items:

	Property, plant and equipment and intangible assets	Financial liabilities	Financial assets	Provisions	Write-downs of assets	Tax losses	Deferred income	Other	Total
Net deferred tax asset (provision) as at 1 January 2023	**(13)**	**16,082**	**(314)**	**1,422**	**3,248**	**650**	**(70)**	**(95)**	**20,910**
Tax benefit (tax charge):									
- recognized in separate profit or loss	19	13,015	(549)	123	(161)	(650)	(2,409)	117	**9,505**
- recognized in other comprehensive income	-	-	-	-	-	-	-	-	-
Net deferred tax asset (provision) as at 31 December 2023	**6**	**29,097**	**(863)**	**1,545**	**3,087**	**-**	**(2,479)**	**22**	**30,415**
Net deferred tax asset (provision) as at 1 January 2022	**104**	**8,181**	**(2,394)**	**719**	**3,378**	**480**	**(1,063)**	**(284)**	**9,121**
Tax benefit (tax charge):									
- recognized in separate profit or loss	(117)	7,901	2,080	703	(129)	170	993	190	**11,789**
- recognized in other comprehensive income	-	-	-	-	-	-	-	-	-
Net deferred tax asset (provision) as at 31 December 2022	**(13)**	**16,082**	**(314)**	**1,422**	**3,248**	**650**	**(70)**	**(95)**	**20,910**

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Deferred tax recognized in the separate statement of financial position as:

	31 December 2023	***31 December 2022***
Deferred income tax assets	35,165	22,424
Deferred income tax provisions	(4,750)	(1,514)
	30,415	**20,910**

14. Earnings/loss per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would have been issued on conversion of all dilutive potential equity instruments into ordinary shares (adjusted for the effect of dilutive options).

The profit and shares data used to calculate basic and diluted earnings per share are shown below:

	Year ended 31 December 2023	**Year ended 31 December 2022 *(restated)***
Basic earnings/loss per share		
Net profit used to calculate earnings per share	217,126	210,990
Weighted average number of ordinary shares used to calculate basic earnings per share	40,800,000	40,800,000
Basic net earnings/loss per share (in PLN per share):	**5.32**	**5.17**
Basic earnings/loss per share		
Net profit used to calculate earnings per share	217,126	210,990
Potential dilutive shares relating to share options in the Management Share Option Scheme	-	-
Weighted average number of ordinary shares used to calculate diluted earnings per share	40,800,000	40,800,000
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	40,800,000	40,800,000
Diluted net earnings/loss per share (in PLN per share):	**5.32**	**5.17**

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The Company has no discontinued operations and, therefore, earnings per share from continuing operations are equal to the earnings per share calculated above. There were no other transactions in ordinary shares or potential ordinary shares between the balance sheet date and the date of these separate financial statements.

15. Dividends paid and proposed to be paid

During the year ended 31 December 2023, the Company paid a dividend for the year 2022 of PLN 100,000 thousand (PLN 2.45 per share).

During the year ended 31 December 2022, the Company paid a dividend in the amount of PLN 278,197 thousand (PLN 6,82 per share). Of this, PLN 200,000 thousand was the dividend for the year 2021, while PLN 78,197 thousand was the dividend for the years 2017 and 2018 partially settled on a non-cash basis.

16. Property, plant and equipment

Year ended 31 December 2023	***Land and buildings***	***Plant and machinery***	***Vehicles***	***Fixed assets under construction***	***Other***	***Total***
Gross value as at 1 January 2023	**7,328**	**2,098**	**832**	**-**	**2,865**	**13,123**
Purchases	14,028	202	607	91	10	**14,938**
Sales	-	(56)	(30)	-	-	**(86)**
Scrapping	(5,611)	(105)	(194)	-	(4)	**(5,914)**
Revaluation in connection with update	100	-	-	-	-	**100**
Gross value as at 31 December 2023	**15,845**	**2,139**	**1,215**	**91**	**2,871**	**22,161**
Accumulated depreciation and impairment allowances as at 1 January 2023	(5,718)	(2,036)	(609)	-	(2,263)	**(10,626)**
Depreciation charge for the period	(2,115)	(46)	(238)	-	(229)	**(2,628)**
Sales	-	56	30	-	-	**86**
Scrapping	5,210	105	194	-	4	**5513**
Accumulated depreciation and impairment allowances as at 31 December 2023	(2,623)	(1,921)	(623)	-	(2,488)	**(7,655)**
Net value as at 1 January 2023	**1,610**	**62**	**223**	**-**	**602**	**2,497**

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Net value as at 31 December 2023	**13,222**	**218**	**592**	**91**	**383**	**14,506**

Year ended 31 December 2022	***Land and buildings***	***Plant and machinery***	***Vehicles***	***Fixed assets under construction***	***Other***	***Total***
Gross value as at 1 January 2022	**9,138**	**2,294**	**1,181**	**141**	**2,453**	**15,207**
Purchases	138	16	-	-	428	**582**
Sales	(8)	(209)	-	-	(16)	**(233)**
Scrapping	(2,008)	-	(349)	-	-	**(2,357)**
Revaluation in connection with update	33	(3)	-	(106)	-	**(76)**
Transfer from fixed assets under construction	35	-	-	(35)	-	**-**
Gross value as at 31 December 2022	**7,328**	**2,098**	**832**	**-**	**2,865**	**13,123**
Accumulated depreciation and impairment allowances as at 1 January 2022	(5,151)	(2,132)	(788)	-	(2,080)	**(10,151)**
Depreciation charge for the period	(1,980)	(108)	(170)	-	(198)	**(2,456)**
Impairment allowance	-	3	-	-	-	**3**
Sales	-	201	-	-	-	**201**
Scrapping	1,413	-	349	-	15	**1,777**
Accumulated depreciation and impairment allowances as at 31 December 2022	(5,718)	(2,036)	(609)	-	(2,263)	**(10,626)**
Net value as at 1 January 2022	**3,987**	**162**	**393**	**141**	**373**	**5,056**
Net value as at 31 December 2022	**1,610**	**62**	**223**	**-**	**602**	**2,497**

As at 31/12/2023, the carrying amount of property, plant and equipment used by the Company under leases amounted to PLN 13,560 thousand (as at 31 December 2022, it amounted to PLN 1,284 thousand) of which the value of leases recognized under IFRS 16 amounted to PLN 12,974 thousand as at 31/12/2023 (as at 31/12/2022, it amounted to PLN 1,071 thousand), the value of leased cars amounted to PLN 586 thousand (as at 31/12/2022, it amounted to PLN 213 thousand).

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The carrying amounts of the right-of-use assets and their changes during the reporting period are shown below:

Year ended 31 December 2023	***Land and buildings***	***Plant and machinery***	***Vehicles***	***Other***	***Total***
As at 1 January 2023	**1,071**	**-**	**213**	**-**	**1,284**
Additions (new leases)	13,839	-	607	-	**14,446**
Amendments to lease contracts	(59)	-	-	-	**(59)**
Revaluation of lease liabilities	100	-	-	-	**100**
Depreciation	(1,977)	-	(234)	-	**(2,211)**
Net value as at 31 December 2023	**12,974**	**-**	**586**	**-**	**13,560**

Year ended 31 December 2022	***Land and buildings***	***Plant and machinery***	***Vehicles***	***Other***	***Total***
As at 1 January 2022	**2,909**	**-**	**381**	14	**3,304**
Additions (new leases)	45	-	-	-	**45**
Amendments to lease contracts	(75)	-	-	-	**(75)**
Revaluation of lease liabilities	-	-	-	-	**-**
Depreciation	(1,808)	-	(168)	(14)	**(1,990)**
Net value as at 31 December 2022	**1,071**	**-**	**213**	**-**	**1,284**

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17. Leases

Leased assets are included in property, plant and equipment.

The carrying amounts of the lease liabilities and their changes during the reporting period are shown below.

	Year ended 31 December 2023	Year ended 31 December 2022
As at 1 January	**1,304**	**3,430**
Amendments to lease contracts	(6)	(211)
New lease contracts	14,446	45
Revaluation	100	199
Interest	889	206
Payments	(2,934)	(2,363)
Other	-	(2)
As at 31 December	**13,799**	**1,304**
Short-term	2,466	974
Long-term	11,333	330

As at 31 December 2023, the Company did not recognize the costs of short-term leases and leases of low-value assets due to the absence of such contracts.

18. Intangible assets

Year ended 31 December 2023	***Software licences***	***Total***
Gross value as at 1 January 2023	**4,161**	**4,161**
Increases	443	443
Decreases	-	-
Gross carrying amount as at 31 December 2023	**4,604**	**4,604**
Accumulated amortization and impairment allowances as at 1 January 2023	**(2,371)**	**(2,371)**
Impairment allowance	-	**-**
Amortization charge	(291)	(291)
Accumulated amortization as at 31 January 2023	**(2,662)**	**(2,662)**
Net carrying amount as at 1 January 2023	**1,790**	**1,790**
Net carrying amount as at 31 December 2023	**1,942**	**1,942**

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Year ended 31 December 2022	***Software licences***	***Total***
Gross value as at 1 January 2022	**3,396**	**3,396**
Increases	782	782
Decreases	(17)	(17)
Gross carrying amount as at 31 December 2022	**4,161**	**4,161**
Accumulated amortization and impairment allowances as at 1 January 2022	**(2,063)**	**(2,063)**
Amortization charge	(308)	(308)
Accumulated amortization as at 31 January 2022	**(2,371)**	**(2,371)**
Net carrying amount as at 1 January 2022	**1,333**	**1,333**
Net carrying amount as at 31 December 2022	**1,790**	**1,790**

19. Investments in subsidiaries accounted for under the equity method

Investments in subsidiaries	**equity method valuation at 31/12/2023**	**equity method valuation at 31/12/2022**
Locomotive Management Limited	244,262	224,019
Polski Deweloperski FIZ	359,739	336,161
Murapol Real Estate S.A.	352,514	174,426
Murapol Projekt sp. z o.o. Deweloper Sp. J.	64	62
Murapol Garbarnia Sp. z o.o. Sp. J.	68	69
Murapol Invest sp. z o.o. GDA S.K.A.	6,009	5,731
Murapol Projekt 59 sp. z o.o.	33,376	50,597
Murapol Nowe Winogrady Sp. z o.o. Sp. J.	91	85
Murapol Projekt sp. z o.o. 3 Sp. J.	147	139
Murapol Projekt sp. z o.o. 12 Sp. J.	92	88
Murapol Projekt 26 sp. z o.o.	9,774	17,186
Murapol Projekt 27 sp. z o.o.	1	-
Murapol Projekt 34 sp. z o.o.	4,099	17,495
Murapol Projekt 35 sp. z o.o.	624	8,980
Murapol Projekt 37 sp. z o.o.	1,888	12,998
Murapol Projekt 39 sp. z o.o.	4,784	4,641
Murapol Projekt 42 sp. z o.o.	807	1,458
Murapol Projekt 43 sp. z o.o.	30,339	22,454
Murapol Projekt 45 sp. z o.o.	25,007	23,692
Murapol Projekt sp. z o.o. Sp. J.	7,147	10,923

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Investments in subsidiaries	equity method valuation at 31/12/2023	equity method valuation at 31/12/2022
Media Deweloper.pl sp. z o.o.	(855)	(792)
Murapol Projekt Sp. z o.o.	(2,001)	(1,705)
MFM Capital 2 sp. z o.o.	12,036	11,582
MFM Capital 3 sp. z o.o.	114	110
MFM Capital 4 Sp. z o.o.	114	110
MFM Capital 5 Sp. z o.o.	114	110
MFM Capital 6 sp. z o.o.	114	110
Murapol Nowy Złocień 23 Sp. z o.o.	8,573	1,866
Total - investments in entities accounted for under the equity method	**1,101,897**	**925,091**
Total – Provision for losses in entities accounted for under the equity method	**(2,856)**	**(2,497)**

For companies for which the valuation as at the balance sheet date is negative, the Company has, in accordance with IAS 28, recognized a liability to cover losses to the extent that the Company believes it has a constructive obligation to cover those losses.

In the statement of comprehensive income for the year ended 31 December 2023, an amount of PLN 261,829 was presented with respect to the valuation of shares held in subsidiaries under the equity method.

Balance sheet change in assets: Investments in subsidiaries measured under the equity method, in addition to the valuation mentioned, include the following items:

- on 29 September 2023, the subsidiary Polski Deweloperski FIZ redeemed 90 E-series investment certificates of the fund and 20 C-series investment certificates of the fund with a total redemption price of PLN 3,790 thousand on behalf of the fund participant Murapol S.A.;
- in 2023, Murapol S.A. received dividends from its subsidiaries in the amount of PLN 81,599 thousand;
- in 2023, there were changes in the Group's structure more broadly described in Note 5, reflected in the valuation of the shares and the assets of Murapol S.A. of PLN 5 thousand.

The Company has not identified any indications of impairment of its investments in subsidiaries.

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20. Other assets

20.1. Other financial assets (current and non-current)

	31/12/2023	31/12/2022
Loans granted	**28,449**	**22,944**
including:		
- current	-	-
- non-current	28,449	22,944

Borrowings granted as at 31/12/2023:

	Interest rate	Value
Murapol Real Estate S.A.	fixed	10,604
Cross Bud Sp. z o.o.	fixed	11,437
Murapol Projekt 34 sp. z o.o.	fixed	378
Murapol Projekt 43 sp. z o.o.	fixed	816
Partner S.A.	fixed	5,239
Impairment allowance for expected credit loss (ECL)	n/a	(80)
Other	n/a	55
		28,449

Borrowings granted as at 31/12/2022:

	Interest rate	Value
Murapol Real Estate S.A.	fixed	9
Murapol Real Estate S.A.	fixed	34
Cross Bud Sp. z o.o.	fixed	10,917
Cross Bud Sp. z o.o.	fixed	50
Murapol Projekt 34 sp. z o.o.	fixed	378
Murapol Projekt 43 sp. z o.o.	fixed	5,545
Partner S.A.	fixed	5,996
Impairment allowance for expected credit loss (ECL)	n/a	(28)
Other	n/a	43
		22,944

The ECL assumptions are described in Note 33.3.

The Company has not identified any indications of impairment on its borrowings and has not tested these investments.

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20.2 Other non-financial assets (current and non-current)

	31/12/2023	*31/12/2022*
Policies, insurance	502	477
Overpaid sponsorship costs	7	7
IT services	193	118
Software licences	831	705
Guarantees, security deposits	1,051	-
Other prepayments and accruals	140	582
Total	**2,724**	**1,889**
- non-current	1,192	586
- current	1,532	1,303

21. Employee benefits

21.1. Employee share schemes

The Company has a long-term incentive bonus scheme in place between certain members of the Management Board of Murapol S.A. and AEREF V PL Investment S.a.r.l. and AEREF V PL Master S.a.r.l. (i.e. the entity directly controlling AEREF V PL Investment S.a.r.l) described in Note 31.4.1. Other than this, the Group did not operate any other employee share schemes.

22. Inventories

	31 December 2023	*31 December 2022*
Goods for resale (at cost of purchase)	155	155
Finished goods:		
- at cost of manufacture	2,266	2,266
- at net realizable value	834	827
Total inventories, at the lower of cost and net realizable value	**989**	**982**

During the year ended 31 December 2023 and the comparative period ended 31 December 2022, the Company did not increase inventory write-downs relating to expenditure on early stage development projects.

The value of inventory recognized in the cost of sales in 2023 is PLN 337 thousand, whereas in 2022 it was PLN 2,120 thousand.

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23. Trade receivables and other current and non-current receivables

	31 December 2023	31 December 2022
Trade receivables	**21,493**	**10,600**
Other receivables, including:	**30,911**	**12,713**
Statutory settlements	18,628	1
Security deposits for lease of premises	69	68
Intercompany settlements	521	931
Receivables from sale of shares	-	-
Receivables from shareholders	11,685	11,707
Other	8	6
Total net receivables	**52,404**	**23,313**
non-current	-	-
current	52,404	23,313
Write-downs of receivables	810	828
Total gross receivables	**53,214**	**24,141**

Trade receivables are non-interest bearing and usually mature within 14 to 90 days.

Statutory settlements relate to withholding tax related to the dividend paid in 2023.

The net book value of receivables approximates their fair value.

Settlements with shareholders represent the remaining receivables from shareholders deferred until 31 December 2024 based on an agreement (with a subsequent annex) between the shareholders and the Company.

Changes in the write-downs of receivables are as follows:

	2023	2022
As at 1 January	**828**	**1,104**
Increases	-	-
Write-downs of trade receivables	-	-
Decreases	(18)	(276)
As at 31 December	**810**	**828**

24. Cash and cash equivalents

Cash at bank bears interest at variable rates. Current deposits are placed for various periods ranging from one day to one month, depending on the Company's current cash needs, and bear interest at the interest rates set for them. The fair value of cash and cash equivalents at each balance sheet date is as follows:

	31 December 2023	31 December 2022
Cash at bank and in hand	1,469	60,997
including restricted cash and cash equivalents	-	-
	1,469	**60,997**

Restricted cash includes cash held in VAT accounts which, in the opinion of the parent company's Management Board, meets the definition of cash and cash equivalents.

25. Equity

25.1. Share capital

25.1.1 Nominal value of shares

	31 December 2023	31 December 2022
Number of shares (not in thousands)	40,800,000	40,800,000
Nominal value of shares (PLN/share)	0.05	0.05
Carrying amount at the end of the period	**2,040**	**2,040**

25.1.2 Shareholders' rights / Structure of share capital

Structure of share capital as at 31/12/2023

Series/issue	Type of shares	Type of restriction to rights to shares	Number of shares (not in thousands)	Value of series/issue at par
Series A1 shares	bearer	ordinary	8,200,000	410
Series A2 shares	bearer	ordinary	2,000,000	100
Series B shares	bearer	ordinary	9,800,000	490
Series C1 shares	bearer	ordinary	16,000,000	800
Series C2 shares	bearer	ordinary	4,000,000	200
Series D shares	bearer	ordinary	800,000	40
Total			**40,800,000**	**2,040**

As at the balance sheet date of 31 December 2023, all shareholders have equal rights and there are no preference shares. The Company's shareholders are entitled to receive dividends in the amount declared. There is one vote per share at the Company's General Meeting.

There are the following restrictions on the transfer of ownership of the issuer's securities:

To the Company's knowledge, as at the date of these financial statements, 30,243,939 shares in the Company have restrictions on the transfer of ownership rights arising from lock-up agreements described in paragraph 17.3 "Lock-up Agreements" of the Company's prospectus approved on 27 November 2023 by the Polish Financial Supervision Authority and published on the Company's website www.murapol.pl under "Investor Relations", whereas 533,334 of the Company's shares have a restriction on the transfer of their ownership rights resulting from a resolution of the District Court dated 31 August 2020. (ref. no. IX GCo 110/20) to secure the claim prior to the commencement of proceedings.

Structure of share capital as at 31/12/2022

Series/issue	*Type of shares*	*Type of restriction to rights to shares*	*Number of shares (not in thousands)*	*Value of series/issue at par*
Series A1 shares	registered	preferential voting rights	8,200,000	410
Series A2 shares	bearer	ordinary	800,000	40
Series A2 shares	registered	ordinary	1,200,000	60
Series B shares	registered	preferential voting rights	9,800,000	490
Series C1 shares	registered	preferential voting rights	16,000,000	800
Series C2 shares	bearer	ordinary	1,600,000	80
Series C2 shares	registered	ordinary	2,400,000	120
Series D shares	bearer	ordinary	800,000	40
Total			**40,800,000**	**2,040**

In the comparative period ended 31 December 2022, series A1, C1 and B shares were preferred in that they carried 2 votes each. Shares of all series were equally preferred as regards dividends and return on capital.

During the comparative period ended 31 December 2022, in terms of restrictions on rights to shares, series D shares: nos. 1 to 666,667 were subject to a specific prohibition on making representations and taking actions leading to the disposal of these shares. Series A1, A2, B, C1, C2 shares were subject to a financial and registered pledge under a loan agreement.

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25.1.3 Shareholders with significant shareholdings

At the date of publication of these financial statements, the shareholding structure is as follows:

Full name	***Number of preference shares***	***Number of ordinary shares***	***Number of votes***	***% of votes at the AGM***
AEREF V PL Inwestycje sp. z o.o. *	-	27,760,000	27,760,000	68.04%
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.	-	2,960,000	2,960,000	7.25%
Hampont sp. z o.o.	-	2,040,000	2,040,000	5.00%
Other	-	8,040,000	8,040,000	19.71%
	-	**40,800,000**	**40,800,000**	**100%**

* On 1 March 2024, AEREF V PL Investment S.à r.l and AEREF V PL Inwestycje sp. z o.o. entered into a contribution-in-kind agreement on the basis of which AEREF V PL Investment S.à r.l transferred to AEREF V PL Inwestycje sp. z o.o. all of its shares in the Company, i.e. 27,760,000 shares and all rights attached to them.

Shareholders holding more than 5% of the votes at the AGM as at 31/12/2023

Full name	***Number of preference shares***	***Number of ordinary shares***	***Number of votes***	***% of votes at the AGM***
AEREF V PL INVESTMENT S.A.R.L.	-	27,760,000	27,760,000	68.04%
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.	-	2,960,000	2,960,000	7.25%
Hampont sp. z o.o.	-	2,040,000	2,040,000	5.00%
Other	-	8,040,000	8,040,000	19.71%
	-	**40,800,000**	**40,800,000**	**100%**

Shareholders holding more than 5% of the votes at the AGM as at 31/12/2022

Full name	***Number of preference shares***	***Number of ordinary shares***	***Number of votes***	***% of votes at the AGM***
AEREF V PL INVESTMENT S.A.R.L.	34,000,000	6,000,000	74,000,000	98.93 %
Other	-	800,000	800,000	1.07%
	34,000,000	**6,800,000**	**74,800,000**	**100%**

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25.2. Retained earnings/accumulated losses and dividend restrictions

The structure of retained earnings/accumulated losses is as follows:

	Supplementary capital	*Other reserves*	*Capital from share-based payment transactions*	*Retained earnings / (accumulated losses)*	***Retained earnings / accumulated losses***
As at 1 January 2023	**452,507**	**25,700**	**4,675**	**(254,402)**	**228,480**
Profit/(loss) for 2022	-	-	-	210,990	**210,990**
valuation of the share-based payment scheme*	-	-	1,900	-	**1,900**
dividend	-	-	-	(100,000)	**(100,000)**
transfer between capitals	(238,737)	100,000	-	138,737	**-**
As at 31 December 2023	**213,770**	**125,700**	**6,575**	**(4,675)**	**341,370**
As at 1 January 2022 (restated)	**527,987**	**25,700**	**2,975**	**(252,702)**	**303,960**
profit/(loss) for 2021	-	-	-	201,018	**201,018**
valuation of the share-based payment scheme*	-	-	1,700	-	**1,700**
dividend	(78,198)	-		(200,000)	**(278,198)**
transfer between capitals	2,718	-		(2,718)	**-**
As at 31 December 2022	**452,507**	**25,700**	**4,675**	**(254,402)**	**228,480**

*share-based payments relate to the incentive bonus described in Note 31.4.1.

Other reserves comprise capital earmarked for the payment of interim dividends or dividends, taking into account the regulations under the Commercial Companies Code.

The item Retained earnings/accumulated losses also includes amounts that are not distributable, i.e. cannot be paid out as dividends.

Information on dividends paid and proposed to be paid is presented in Note 15.

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26. Interest-bearing bank loans, borrowings and other financial liabilities

	31 December 2023	*31 December 2022*
Current	**72,054**	**50,194**
Loans	63,398	46,675
Borrowings	3,093	3,093
Valuation of the IRS derivative	4,095	-
Valuation of sureties, collateral, guarantees granted	1,468	426
Non-current	**558,040**	**534,866**
Loans	391,452	365,669
Borrowings	163,636	169,197
Valuation of the IRS derivative	2,952	-
Total	**630,094**	**585,060**

The valuation of sureties, collateral and guarantees granted is prepared on the basis of the sureties, collateral and guarantees granted by the Company within the Group (for financial and commercial liabilities).

Loans

Loan agreements granted to the Company as at 31/12/2023:

Bank	**Borrower**	**Maximum loan amount**	**Current utilization of loan**	**Final repayment deadline**	**Interest rate**
Consortium of banks: PEKAO S.A./ SANTANDER Bank S.A.	Murapol S.A.	550,000	478,300	30/06/2026	3M WIBOR + margin

Main collateral for loans as at 31.12.2023:

1. joint mortgage of up to PLN 825,000,000;
2. agreements for the establishment of registered and financial pledges over rights to bank accounts concluded between the borrower and each company acceding to the debt as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;
3. agreements on the establishment of registered pledges and financial pledges on shares in Murapol S.A., Murapol Real Estate S.A., Cross Bud S.A. and Partner S.A. concluded between the shareholders as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;
4. agreement for the establishment of registered pledges and financial pledges on the shares in the companies acceding to the debt (which are limited liability companies) concluded between the shareholders as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A as pledgee;
5. agreements for the establishment of registered and financial pledges over monetary receivables of the partners in general partnerships acceding to the debt as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;
6. agreement on the establishment of a registered pledge on a set of goods and rights concluded between the borrower as pledgor and Bank Polska Kasa Opieki S.A. as administrator of the registered pledge;
7. agreement for the establishment of ordinary and registered pledges on the protection rights over trademarks concluded between the borrower as pledgor and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;
8. subordination and subordinated debt transfer agreement concluded between the borrower and each company acceding to the debt as borrower, the subordinated creditors and Bank Polska Kasa Opieki S.A. as bank;
9. receivables transfer agreement of 27 September 2022 between Murapol S.A., Murapol Real Estate S.A., Murapol Projekt spółka z ograniczoną odpowiedzialnością 23 sp.j., Murapol Projekt 43 sp. z o.o. and Murapol Projekt 59 sp. z o.o. as assignors and Bank Polska Kasa Opieki S.A. as assignee;
10. statement by Murapol Real Estate S.A., Murapol Projekt 43 sp. z o.o., Murapol Projekt 59 sp. z o.o., Murapol Projekt spółka z ograniczoną odpowiedzialnością 23 sp.j. and Murapol Projekt spółka z ograniczoną odpowiedzialnością Garbarnia sp.j.;
11. statement by the borrower on submission to enforcement proceedings pursuant to Article 777 § 1 item 5 of the Code of Civil Procedure made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;
12. statement by each company acceding to the debt to submit to enforcement proceedings on the basis of Article 777 § 1 item 5 of the Code of Civil Procedure, made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;
13. statements by the shareholders/partners (being at the same time the borrower or the company acceding to the debt) of the companies acceding to the debt to submit to enforcement proceedings on the basis of Article 777 § 1 item 5 of the Code of Civil Procedure, made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;
14. statements by the shareholders/partners (not being at the same time the borrower or the company acceding to the debt) on submission to enforcement proceedings pursuant to Article 777 § 1 item 6 of the Code of Civil Procedure made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;
15. statements by Murapol Projekt spółka z ograniczoną odpowiedzialnością Garbarnia sp.j. on submission to enforcement proceedings (against mortgaged real estate) pursuant to

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Article 777 § 1 item 6 of the Code of Civil Procedure, made to Bank Polska Kasa Opieki S.A. as the mortgage administrator.

On 14 September 2022, Murapol concluded a loan agreement covering a term loan of up to a maximum of PLN 500 million and a working capital loan not exceeding PLN 50 million. The funds were used to repay existing debt.

As at 31 December 2022, the Company was a party to a loan agreement entered into in September 2022 with a syndicate of banks. The Company was provided with (i) a term loan of up to PLN 500,000 thousand, of which PLN 389,500 thousand was drawn down; and (ii) a working capital loan of up to PLN 50,000 thousand. The purpose of the loan was to refinance the Group's existing debt as well as to provide funds for general corporate purposes and working capital. On 21 December 2023, an annex to the loan agreement was concluded, according to which the loan repayment deadline was extended to 30 June 2026. Under the annex, the loan tranche was also increased by up to PLN 71,700 thousand. The term loan is repayable in accordance with the adopted repayment schedule, of which PLN 397,705 thousand will be repaid in a single repayment no later than 30 June 2026. The working capital loan was made available to the Company until 30 June 2026. As at 31 December 2023, PLN 462,140 thousand worth of the new credit limit granted was utilized. The interest rate applicable to each loan for each interest period is an annual interest rate which is the sum of the margin and the WIBOR rate.

Loan agreements granted to the Company as at 31/12/2022:

Bank	Borrower	Maximum loan amount	Current utilization of loan	Final repayment deadline	Interest rate
Consortium of banks: PEKAO S.A./ SANTANDER Bank S.A.	Murapol S.A.	550,000	439,500	30/06/2025	3M WIBOR + margin

Main collateral for loans at 31/12/2023:

1. joint mortgage of up to PLN 825,000,000;
2. agreements for the establishment of registered and financial pledges over rights to bank accounts concluded between the borrower and each company acceding to the debt as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;
3. agreements on the establishment of registered pledges and financial pledges on shares in Murapol S.A., Murapol Real Estate S.A., Cross Bud S.A. and Partner S.A. concluded between the shareholders as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;
4. agreement for the establishment of registered pledges and financial pledges on the shares in the companies acceding to the debt (which are limited liability companies) concluded between the shareholders as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A as pledgee;
5. agreements for the establishment of registered and financial pledges over monetary receivables of the partners in general partnerships acceding to the debt as pledgors and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;

6. agreement on the establishment of a registered pledge on a set of goods and rights concluded between the borrower as pledgor and Bank Polska Kasa Opieki S.A. as administrator of the registered pledge;

7. agreement for the establishment of ordinary and registered pledges on the protection rights over trademarks concluded between the borrower as pledgor and Bank Polska Kasa Opieki S.A. as pledgee and administrator of the registered pledge and Santander Bank Polska S.A. as pledgee;

8. subordination and subordinated debt transfer agreement concluded between the borrower and each company acceding to the debt as borrower, the subordinated creditors and Bank Polska Kasa Opieki S.A. as bank;

9. receivables transfer agreement of 27 September 2022 between Murapol S.A., Murapol Real Estate S.A., Murapol Projekt spółka z ograniczoną odpowiedzialnością 23 sp.j., Murapol Projekt 43 sp. z o.o. and Murapol Projekt 59 sp. z o.o. as assignors and Bank Polska Kasa Opieki S.A. as assignee;

10. statement by Murapol Real Estate S.A., Murapol Projekt 43 sp. z o.o., Murapol Projekt 59 sp. z o.o., Murapol Projekt spółka z ograniczoną odpowiedzialnością 23 sp.j. and Murapol Projekt spółka z ograniczoną odpowiedzialnością Garbarnia sp.j.;

11. statement by the borrower on submission to enforcement proceedings pursuant to Article 777 § 1 item 5 of the Code of Civil Procedure made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;

12. statement by each company acceding to the debt to submit to enforcement proceedings on the basis of Article 777 § 1 item 5 of the Code of Civil Procedure, made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;

13. statements by the shareholders/partners (being at the same time the borrower or the company acceding to the debt) of the companies acceding to the debt to submit to enforcement proceedings on the basis of Article 777 § 1 item 5 of the Code of Civil Procedure, made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;

14. statements by the shareholders/partners (not being at the same time the borrower or the company acceding to the debt) on submission to enforcement proceedings pursuant to Article 777 § 1 item 6 of the Code of Civil Procedure made to Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. as lenders;

15. statements by Murapol Projekt spółka z ograniczoną odpowiedzialnością Garbarnia sp.j. on submission to enforcement proceedings (against mortgaged real estate) pursuant to Article 777 § 1 item 6 of the Code of Civil Procedure, made to Bank Polska Kasa Opieki S.A. as the mortgage administrator.

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Borrowings

Borrowings as at 31/12/2023:

Lender	**Interest rate**	**Non-current**	**Current**
Related entities	fixed	163,636	3,093
		163,636	**3,093**

Borrowings as at 31/12/2022:

Lender	**Interest rate**	**Non-current**	**Current**
Related entities	fixed	169,197	3,093
		169,197	**3,093**

27. Provisions

27.1. Increase/(decrease) in provisions

	Provisions for litigation and other cases	***Total***
As at 1 January 2023	**4,750**	**4,750**
Set up during the financial year	223	**223**
Released	**(535)**	**(535)**
As at 31 December 2023	**4,438**	**4,438**
Current as at 31 December 2023	4,438	**4,438**
Non-current as at 31 December 2023	-	**-**

	Provisions for litigation and other cases	***Total***
As at 1 January 2022	**232**	**232**
Set up during the financial year	4,519	**4,519**
Released	**4,750**	**4,750**
As at 31 December 2022	**4,750**	**4,750**
Current as at 31 December 2022	4,750	**4,750**
Non-current as at 31 December 2022	-	**-**

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28. Trade payables, other payables and accruals (current and non-current)

	31/12/2023	31/12/2022
Trade payables	**17,098**	**7,714**
Other liabilities, including:	**7,585**	**11,695**
Statutory settlements	717	1,474
Wage and salary settlements	202	187
Performance bonds	228	280
Intercompany liabilities concerning property development projects	1,057	98
Liability in respect of the purchase of shares	5,208	9,608
Other	173	48
	24,683	**19,409**

The Company's Management Board believes that the book value of the liabilities approximates their fair value. Trade payables are non-interest bearing and usually mature within 7 to 30 days.

The share purchase liability item relates to the purchase of shares in MFM Capital 2 Sp. z o.o. by Murapol S.A., where the final payment date is 29 March 2027.

29. Reasons for differences between changes arising from the statement of financial position and from the statement of cash flows

The reasons for the differences between the changes arising from the statement of financial position and the statement of cash flows are shown in the tables below:

for the year ended 31 December 2023 (in PLN '000)

	year ended 31 December 2023	**year ended 31 December 2022**
Change in receivables arising from the statement of financial position	(29,090)	18,727
Change in write-downs of receivables	-	827
Change in balance with respect to offsetting	-	(6,277)
Change in receivables arising from the statement of cash flows	**(29,090)**	**13,277**

	year ended 31 December 2023	**year ended 31 December 2022**
Change in receivables arising from the statement of financial position	**5,128**	**(20,128)**
Change in balance due to sale/acquisition of shares in subsidiaries	4,400	-
Change in receivables arising from the statement of cash flows	**9,528**	**(20,128)**

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30. Contingent liabilities

30.1. Sureties and guarantees granted

Guarantor	*Contractor*	*Subject of the guarantee*	*Up to*	*From*	*To*
Murapol S.A.	Biuro Inwestycji Kapitałowych Sosnowiec 2 Sp. z o.o.	Trade payables	700	13/05/2019	indefinite
Murapol S.A.	Leier Polska S.A.	Trade payables	2,000	08/10/2020	31/12/2023
Murapol S.A.	Zakład Górniczo-Hutniczy "Bolesław" S.A.	Trade payables	703	19/07/2019	31/08/2024
Murapol S.A.	Sopockie Towarzystwo Ubezpieczeń ERGO HESTIA S.A.	Trade payables	650	28/05/2019	24/09/2024
Murapol S.A.	Student Depot Łódź 2 Sp. z o.o.	Surety agreement	6,500	31/05/2021	31/12/2025
Murapol S.A.	Student Depot Łódź 2 Sp. z o.o.	Surety agreement	1,967	30/11/2021	31/12/2028
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	32,074	02/11/2021	20/05/2032
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	48,678	02/11/2021	18/12/2032
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	141,209	02/11/2021	30/06/2033
Murapol S.A.	Aceno Sp. z o.o.	Surety agreement	51,406	02/11/2021	22/07/2032
Murapol S.A.	Stena Sp. z o.o. Samaki Sp. z o. o., Soro Sp. z o. o., Moeda Sp. z o. o., Bank Pekao S.A.	Surety agreement	33,500	28/10/2021	31/12/2027
Murapol S.A.	Aceno Sp. z o.o. Santander Bank Polska S.A.	Surety agreement	5,462	03/02/2022	31/12/2032
Murapol S.A.	Life Spot Sp. z o.o. Santander Bank Polska S.A.	Surety agreement	22,000	07/02/2023	31/12/2033
Murapol S.A.	mBank S.A.	Bill of exchange warranty	10,000	19/05/2021	30/06/2026
Murapol S.A.	Life Spot Katowice Graniczna Sp. z o.o.	Surety agreement	62,591	01/02/2023	22/01/2035
Murapol S.A.	Life Spot Kraków Czerwone Maki Sp. z o.o.	Surety agreement	93,402	27/06/2023	31/12/2026
Murapol S.A.	SCG Spółka z ograniczoną odpowiedzialnością Sp. k.	Surety agreement	21,500	27/06/2023	31/12/2026
Murapol S.A.	ING Bank Śląski S.A.	Bank guarantee	2,421	05/10/2023	05/10/2024
Murapol S.A.	Cross Bud S.A.	Trade payables	8,000	18/07/2019	indefinitely

Guarantees provided by the Company as a security for bank loans are detailed in Note 26 to these financial statements.

30.2. Litigation

As at 31 December 2023, the total value of proceedings pending before courts, competent authorities and public administration bodies concerning the Company's potential liabilities amounted to PLN 11.7 million. With regard to claims, the Company has set aside provisions for litigation in the amount of PLN 4.5 million. The provision set up is for a number of cases, the five largest of which amount to a total of PLN 4.2 million.

As at 31 December 2022, the total value of proceedings pending before the courts relating to the Company's potential liabilities amounted to approximately PLN 11.0 million. Provisions totalling approximately PLN 4.5 million have been set up in respect of claims that the Company considers to be valid. The provision set up is for a number of cases, the five largest of which amount to a total of PLN 4.4 million.

Provisions for litigation are set up, when the estimated risk of losing a case and awarding an amount to the plaintiff exceeds 50% (losing the case is likely). For disputes for which the Company has not set aside a provision, the probability of losing was estimated to be less than 50%. The unit value of these disputes is negligible.

The value of contingent liabilities relating to court cases not covered by the provision as at 31 December 2023 amounts to PLN 7.2 million.

The value of contingent liabilities relating to court cases not covered by the provision as at 31 December 2022 amounts to PLN 6.5 million.

As at 31 December 2023, the total value of disputed receivables pending before the courts was approximately PLN 1.1 million, of which approximately PLN 0.8 million has been written down.

As at 31 December 2022, the total value of disputed receivables pending before the courts was approximately PLN 2.7 million, of which approximately PLN 0.8 million has been written down.

30.3. Administrative proceedings

On 30 April 2019, the Office of the Polish Financial Supervision Authority initiated administrative proceedings to impose a monetary penalty on Murapol S.A. on the basis of Article 97 (1) (5) of the Public Offering Act and on the basis of Article 97 (1a) (2) or (1b) of the Public Offering Act in connection with a suspected breach of Article 69 in connection with Article 87 (1) (3) (a) and Article 73 (2) in connection with Article 87 (1) (3) (a) of the Public Offering Act of 29 July 2005 (Journal of Laws of 2019, item 623) in connection with transactions in the shares of Skarbiec Holding S.A. in 2017-2018. Sanction proceedings conducted by the Polish Financial Supervision Authority against Murapol S.A. due to suspected administrative tort consisting of Murapol S.A.'s use of the so-called "parking of Skarbiec Holding S.A. shares" procedure on third parties; On 20 August 2019, the Polish Financial Supervision Authority imposed two fines on Murapol S.A. in the total amount of PLN 10.4 million, for which a provision was created in 2019.

The fine of PLN 9.9 million was imposed for a breach of the obligation which, in the opinion of the Polish Financial Supervision Authority, took place in 2017 with regard to the announcement of the so-called follow-up call to subscribe for the sale or exchange of shares in a number

causing Murapol S.A. to achieve 66% of the total number of votes in Skarbiec Holding S.A. in connection with Murapol S.A. exceeding, together with Venture Fundusz Inwestycyjny Zamknięty managed by Trigon TFI S.A. (currently Lartiq TFI S.A.) 33% of the total number of votes in Skarbiec Holding S.A. or failure to dispose, within that period, of a number of Skarbiec Holding S.A. shares which would lead to Murapol S.A. having no more than 33% of the total number of votes in the company (within 3 months of exceeding 33% of the total number of votes).
A fine of PLN 500,000 was imposed for four violations of notification obligations concerning significant blocks of shares in Skarbiec Holding S.A. in connection with "share parking" in the period 2017-2018, in the opinion of the Polish Financial Supervision Authority.

On 10 September 2019, an application for reconsideration of the decision regarding Murapol S.A.'s violation of the Public Offering Act was submitted to the Polish Financial Supervision Authority. In its application, Murapol S.A. presented its position on the irregularity of the aforementioned decision and its reliance on an incorrect interpretation of the provisions of the Public Offering Act regarding the so-called share parking. The Company also raised numerous allegations of violations of the rules of procedure by the PFSA, including, in particular, the PFSA's adoption of numerous factual presumptions to the detriment of Murapol S.A., obtaining some of the evidence outside the course of the administrative proceedings without ensuring the Company's right to actively participate in these evidentiary proceedings, and dismissing almost all of Murapol S.A.'s motions for evidence concerning issues of fundamental importance to the case. Murapol S.A. also drew attention to the PFSA's violation of the principles of proportionality in determining the penalty, as well as the incorrect application of the premises conditioning its amount.
On 26 February 2021, the Polish Financial Supervision Authority revoked the decision of 20 August 2019 in its entirety. At the same time, the Authority imposed a fine on Murapol S.A. in the total amount of EUR 9,137 thousand in relation to the issues described above, which was paid in March 2021.
The Company's Management Board, in upholding the allegations formulated in the application for reconsideration of the PFSA's decision described above, filed a complaint against the PFSA's decision with the Provincial Administrative Court in Warsaw in April 2021. The complaint was dismissed by the Provincial Administrative Court in June 2021. On 26 August 2021, the Company filed a cassation appeal with the Supreme Administrative Court against the decision of the Provincial Administrative Court dismissing the complaint.
As at 31 December 2023, the entire fine had been paid, and therefore the Company had no contingent liability related to the above matter.

Since 2021, the President of the Office of Competition and Consumer Protection has conducted a total of three preliminary investigations to determine whether there have been any infringements justifying the initiation of proceedings for recognizing the provisions of a template contract as prohibited or proceedings concerning practices infringing the collective interests of consumers (which included market research into the use of the so-called indexation clauses by developers.

No preliminary investigations are in progress against any entity, but they could result in the initiation of one of the above-mentioned proceedings against the entity whose activities the preliminary investigation concerned.
In addition, the President of the Office of Competition and Consumer Protection, in the course of the activities undertaken within the framework of his statutory competences at the level of collecting information and data on market activities of entrepreneurs in relation to consumers, applied to the Company in respect of competition and consumer protection cases, without initiating proceedings in February 2021.
With regard to most of the aforementioned proceedings, to the Company's knowledge, no further formal steps are being taken by the President of the Office of Competition and Consumer Protection (OCCP).
On 18 April 2023, the President of the Office of Competition and Consumer Protection initiated proceedings to declare the provisions of the template contract prohibited (ref. no. DOZIK-1.611.3.2023.PL) in relation to the application of certain contractual provisions by Murapol SA. The last letter to the President of the OCCP was sent on 19 May 2023. To date, no further information has been received in communication with the OCCP regarding the further course of action.

If, in the case of initiation of proceedings for declaring the provisions of the template contract prohibited or proceedings for practices infringing the collective interests of consumers as a result of an inquiry, the President of the Office of Competition and Consumer Protection finds that an entity, even unintentionally, used practices infringing the collective interests of consumers or prohibited provisions of a template contract in connection with consumer trading, then the President of the Office of Competition and Consumer Protection may, respectively, issue a decision declaring such practice unlawful and ordering it to be discontinued, if at the moment of issuing the decision the practice in question has not been discontinued, or declare the provisions of the template contract to be prohibited and prohibit its use. If a practice is deemed to infringe the collective interests of consumers or the provisions of the template contract are deemed to be unauthorized, the President of the Office of Competition and Consumer Protection may also: (i) specify measures to remedy the ongoing effects of the infringement; and (ii) impose a fine on the entity of up to 10% of the turnover achieved by the entity in the financial year preceding the year in which the fine is imposed. In addition, the President of the Office of Competition and Consumer Protection may also impose a fine of up to PLN 2,000,000 on a manager if that person, in the exercise of his or her function at the time of the established infringement, intentionally permitted such an infringement by his or her action or omission. However, if an entity, prior to the issuance of a decision finding an infringement, undertakes to take or abandon certain actions aimed at ending the alleged infringement or removing the effects of that infringement, instead of issuing a decision finding an infringement, the President of the Office of Competition and Consumer Protection may issue a decision obliging that entity to fulfil those obligations (in such a case, the President of the Office of Competition and Consumer Protection does not impose a penalty).
The Company has not recognized a provision for the above proceedings as the Company's estimate of the probability of a penalty being imposed by the President of the Office of Competition and Consumer Protection is less than 50% and represents a contingent liability of

the Company. Due to the current stage of the proceedings, as mentioned above, the Company is unable to estimate the value of this contingent liability.

30.4. Tax settlements

Tax settlements and other regulated areas of activity are subject to scrutiny by administrative authorities which have the power to impose penalties or sanctions.
Due to the dynamically changing legal system, there can be differences of opinion as to the legal interpretation of tax laws both within state bodies and between state bodies and enterprises, creating areas of uncertainty and conflict.
Tax settlements can be subject to inspection for a period of least five years starting from the end of the year in which the tax was paid. In the Management Board's opinion, the Company's tax settlements are made correctly.
In 2022, the Company paid a dividend as described in Note 15. Based on legal and tax analyses and the documentation in its possession, the Company is of the opinion that this payment was not subject to withholding tax.

31. Information about related entities

31.1. The parent company of Murapol S.A.

The direct parent company of Murapol S.A. is AEREF V PL INVESTMENT S.A.R.L. which holds 68.04% of the votes at the AGM and of the shares in the share capital.
As at the date of publication of these financial statements, the direct parent company of Murapol S.A. is AEREF V PL Inwestycje sp. z o.o. The essence of the change is described in more detail in Note 25.1.3.

31.2. The ultimate parent company

The ultimate parent company is Ares Partners HoldCo LLC.

31.3. Terms of transactions with related entities

All transactions with related entities have been concluded on an arm's length basis.

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31.4. Remuneration of the Company's management

31.4.1 Remuneration paid or payable to members of the Management Board and members of the Supervisory Board of the Company

	year ended 31 December 2023	year ended 31 December 2022 (restated)
Management Board		
Short-term employee benefits from Murapol S.A.	4,731	2,994
Incentive bonus	1,900	1,700
Supervisory Board		
Short-term employee benefits from Murapol S.A.	366	424
	6,997	**5,118**

On 17 November 2021, a long-term incentive bonus scheme was concluded by and between certain members of the Management Board of Murapol S.A. and AEREF V PL Investment S.a.r.l. and AEREF V PL Master S.a.r.l. (i.e. the entity directly controlling AEREF V PL Investment S.a.r.l). The amount of the bonus depends on the return on investments in the Group for AEREF V PL Investment S.a.r.l. or AEREF V PL Master S.a.r.l. (i.e. the entity directly controlling AEREF V PL Investment S.a.r.l.) (hereinafter referred to jointly as "AEREF V PL"). The bonus will be paid in cash by AEREF V PL, in an amount determined separately for each participant as a percentage of the net inflows of AEREF V PL from its investment in Murapol S.A. exceeding the 10% threshold. Bonus entitlements vest until 31 December 2024; if the management contracts are terminated before this date, participants forfeit their bonus entitlement (the so-called service-related vesting condition).

In the Company's view, the amount of the bonus is effectively linked to the value of the Company's equity instruments and, therefore, the bonus represents a share-based payment. As the bonus is accounted for by AEREF V PL, i.e. the parent company of the Company, it is recognized as equity-settled and the corresponding increase in equity is recognized as a contribution from the parent company to the Company.

The vesting date, i.e. the date on which the share-based payment agreement is entered into, is 17 November 2021; however, the participants in the scheme were informed that they would be covered and were made aware of the key terms of the scheme as early as April 2020 – therefore, this date has been adopted as the start of the vesting period in which the cost of the scheme is recognized.

The fair value of the scheme as at the vesting date was PLN 9 million and was based on the expected rate of return on the investment.

By 31 December 2023, the cumulative cost of the scheme to the Company is PLN 6,575 thousand (the total cost recognized each year is shown in the table above) and was recognized in correspondence with the line "Supplementary capital, other reserves and retained earnings/accumulated losses".

for the year ended 31 December 2023 (in PLN '000)

31.5. Other transactions with related entities

	year ended 31 December 2023	*year ended 31 December 2022*
purchase of services by:		
Murapol S.A. from:		
- companies and individuals related to shareholders and Management Board members	9,043	9,440
- subsidiaries	575	586
sales of finished goods, materials and services by:		
Murapol S.A. to:		
- subsidiaries	64,683	55,645
interest on borrowings received by:		
Murapol S.A. from:		
- subsidiaries	8,039	10,617
interest on borrowings granted by:		
Murapol S.A. to:		
- companies and individuals related to shareholders and Management Board members	-	3,465
- subsidiaries	2,888	7,175
	85,228	**86,928**

Receivables from related entities:	*61,611*	*47,276*
Trade receivables	**20,913**	**11,611**
Murapol S.A. to:		
- subsidiaries	20,913	11,611
Other receivables	**12,274**	**12,707**
Murapol S.A. to:		
- companies and individuals related to shareholders and Management Board members	11,761	11,776
- subsidiaries	513	931
Borrowing receivables	**28,424**	**22,958**
Murapol S.A. to:		
- subsidiaries	28,424	22,958

Liabilities to related entities:	178,406	185,715
Trade payables	**5,411**	**3,712**
Murapol S.A. to:		
- companies and individuals related to shareholders and Management Board members	2,661	2,889
- subsidiaries	2,750	823
Borrowing liabilities	***166,729***	***172,290***
Murapol S.A. to:		
- subsidiaries	166,729	*172,290*
Other settlements	***6,266***	***9,713***
Murapol S.A. to:		
- companies and individuals related to shareholders and Management Board members	*1*	*7*
- subsidiaries	*6,265*	*9,706*

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32. Information about the fees of the independent registered auditor or audit company authorized to audit the financial statements

The table below shows the audit firm's fees paid or payable for the year ended 31 December 2023 and 31 December 2022 by type of service:

Type of service	***year ended 31 December 2023***	***year ended 31 December 2022***
Statutory audit of annual financial statements	530	420
Other services*	1,145	197
	1,675	**617**

* relates to the assurance services performed for the IPO in 2023 and the costs of additional services in 2022

33. Financial risk management objectives and policies

The main financial instruments used by the Company include bank loans, borrowings, bonds, leases and cash. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also holds other financial instruments, such as trade receivables and payables which arise directly in the course of its business.

The main risks arising from the Company's financial instruments include interest rate risk, liquidity risk, currency risk and credit risk. The Management Board of Murapol S.A. reviews and agrees policies for managing each of these risks - these policies are briefly discussed below. The Company also monitors market price risk on all financial instruments it holds. The Company's accounting policy for derivatives is discussed in Note 8.11.

33.1. Interest rate risk

The Company's exposure to risk caused by changes in interest rates relates primarily to non-current financial liabilities.

The Company manages its interest expense by using both fixed-rate and variable-rate liabilities.

Interest rate risk - sensitivity to changes

for the year ended 31 December 2023 (in PLN '000)

The table below shows the sensitivity of profit (loss) before tax to reasonable potential changes in interest rates, assuming that other factors remain unchanged (with respect to variable interest rate bearing liabilities). No impact on the Company's equity or total comprehensive income is shown.

	Increase/decrease in percentage points	*Impact on profit or loss before tax*
Year ended 31 December 2023		
PLN	+ 5%	(23,095)
PLN	- 5%	23,095
Year ended 31 December 2022		
PLN	+ 5%	(20,617)
PLN	- 5%	20,617

In 2022, as part of the loan agreement, the Company entered into an interest rate swap contract, so that half of the loan is hedged against changes in interest rates. In 2023, following the release of a consecutive tranche of the loan, the Company entered into an interest rate swap contract to hedge half of the released tranche. In May 2023, the IRS hedge was increased to 75% of the loan exposure.

The following table shows the carrying amounts of the Company's financial instruments exposed to interest rate risk, broken down by age category.

31 December 2023

Variable interest rate

	< 1 year	*1-2 years*	*2-3 years*	*3-4 years*	*>4 years*	*Total*
Cash and cash equivalents	1,469	-	-	-	-	1,469
Borrowings granted	-	-	-	-	-	-
Bank loans	63,398	63,909	327,543	-	-	454,850
IRS contract	4,095	2,952	-	-	-	7,047

31 December 2022

Variable interest rate

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*>4 years*	*Total*
Cash and cash equivalents	60,997	-	-	-	-	60,997
Loans granted	-	-	-	-	-	-
Bank loans	46,900	46,292	318,980	-	-	412,172

Borrowings granted bear a fixed interest rate.

33.2. Currency risk

The Company has no significant financial instruments in foreign currencies. Consequently, the exposure to currency risk is limited.

for the year ended 31 December 2023 (in PLN '000)

33.3. Credit risk

The main financial assets held by the Company are cash in bank accounts, trade and other receivables, which carry the maximum credit risk to which the Company is exposed in connection with its financial assets.

In respect of the Company's other financial assets, such as loans granted, cash and cash equivalents, the Company's credit risk arises from the inability of the other party to the contract to pay, and the maximum exposure to this risk is equal to the carrying amount of these instruments.

The table below shows the items that make up the credit risk exposure:

	year ended 31/12/2023	*year ended 31/12/2022*
Trade receivables	21,493	10,600
Other non-current receivables	-	-
Other current receivables	30,911	12,713
Other non-current financial assets	28,449	22,944
Other current financial assets	-	-
Total	**80,853**	**46,257**

*Other receivables include receivables from AEREF V PL Investment S.a.r.l. for the refund of an interim dividend.

The Company's main credit risk is primarily related to trade receivables and borrowings, presented as other non-current financial assets. The amounts presented in the balance sheet are net of impairment allowances estimated by the Company's Management Board based on past experience and an assessment of the current economic situation.

Financial assets are grouped on the basis of their nature (categories), the period overdue (where possible), and then impairment allowance amounts are estimated collectively for each group. The assumptions used in the model are based on historical data taking into account information available to the Company that may affect future credit losses. If the credit risk associated with a financial instrument has increased significantly since initial recognition, the Company measures the allowance for expected credit losses on the financial instrument at an amount equal to the lifetime expected credit losses.

for the year ended 31 December 2023 (in PLN '000)

The table below shows the ageing structure of trade receivables:

Range	***year ended 31 December 2023***	***year ended 31 December 2022***
Current	21,252	10,600
1-30	108	-
31-60	68	-
61-90	65	-
91-180	-	-
>180	-	-
	21,493	**10,600**

Credit risk relating to cash is limited as the Company's counterparties are banks with high credit ratings from international rating agencies.

The table below shows the assumptions adopted for the impairment model for financial assets:

	Counterparty probability of default (PD)	Credit exposure that will be lost in the event of counterparty insolvency (LGD)
not overdue	1.44%	100%
overdue up to 30	4.28%	100%
overdue 31-60	17.61%	100%
overdue 61-90	31.22%	100%
overdue 91-180	42.26%	100%
overdue from 181	100.00%	100%

For other financial assets, the Company measures the allowance for expected credit losses at an amount equal to 12 months of expected credit losses (PD of 0.17%). Moreover, the Company carries out an individual analysis of each borrowing.

33.4. Liquidity risk

The Company monitors the risk of a lack of capital using a periodic liquidity planning tool. This tool takes into account the maturities of both investments and financial assets (e.g. receivables, other financial assets) and projected cash flows from operating activities.

The Company aims to maintain a balance between continuity and flexibility of funding by using a variety of funding sources, such as overdrafts, bank loans, bonds, preference shares and lease contracts.

As at the balance sheet date of 31 December 2023, the unused credit limit amounts to PLN 71,700 thousand.

for the year ended 31 December 2023 (in PLN '000)

The table below shows the Company's financial liabilities as at 31 December 2023 and 31 December 2022 by maturity date based on contractual undiscounted payments.

31 December 2023	***Carrying amounts***	***Past due***	***Less than 3 months***	***From 3 to 12 months***	***From 1 to 5 years***	***More than 5 years***	***Total***
Interest-bearing loans and borrowings	621,579	-	28,762	89,068	654,054	-	771,884
Derivatives	7,047	-	1,024	3,072	2,952	-	7,047
Lease liabilities	13,799	-	545	1,479	7,692	8,391	18,107
Trade payables	17,098	821	11,519	4,758	-	-,	17,098
Other liabilities	6,695	-	1,787	299	4,609	-	6,695
	666,217	**821**	**43,637**	**98,677**	**669,308**	**8,391**	**820,832**

31 December 2022	***Carrying amounts***	***Past due***	***Less than 3 months***	***From 3 to 12 months***	***From 1 to 5 years***	***More than 5 years***	***Total***
Interest-bearing loans and borrowings	584,634	-	26,457	68,759	592,977	-	688,193
Lease liabilities	1,304	-	266	799	365	-	1,430
Trade payables	7,714	462	3,996	3,256	-	-	7,714
Other liabilities	11,695	-	1,660	10,035	-	-	11,695
	605,347	**462**	**32,379**	**82,849**	**593,342**	**-**	**709,032**

for the year ended 31 December 2023 (in PLN '000)

34. Financial instruments

34.1. Fair values of individual classes of financial instruments

The table below compares the carrying amounts and fair values of all of the Company's financial instruments, by class and category of assets and liabilities.

Financial assets	*Category according to IFRS 9*	***Carrying amount***		***Fair value***	
		31 December 2023	***31 December 2022***	***31 December 2023***	***31 December 2022***
Other financial assets	*FAAC*	28,449	22,944	28,449	22,944
Trade and other receivables	*FAAC*	34,827	23,238	34,827	23,238
Cash and cash equivalents	*FAAC*	1,469	60,997	1,469	60,997
		64,745	**107,179**	**64,745**	**107,179**
Financial liabilities					
Lease liabilities	*FLAC*	13,799	1,304	13,799	1,304
Valuation of the derivative instrument	*FVTPL*	7,047	-	7,047	-
Other financial liabilities	*FLAC*	1,468	426	1,468	426
Interest-bearing bank loans and borrowings	*FLAC*	621,579	584,634	621,579	584,634
Trade and other payables	*FLAC*	23,799	17,935	23,799	17,935
		667,691	**604,299**	**667,691**	**604,299**

FAAC – Financial assets measured at amortized cost

FLAC - Financial liabilities measured at amortized cost

FVTPL – Embedded derivative instruments measured at fair value through profit or loss

All instruments were classified to Level 2 of the value hierarchy, i.e. valuation techniques for which the lowest level of input data that is material to the fair value measurement as a whole is directly or indirectly observable.

The fair value of financial assets and liabilities is stated at the amount for which the instrument could be exchanged in a current transaction between interested parties, except in a forced or liquidation sale.

The following methods and assumptions were used in estimating fair value:

- the fair values of cash and current deposits, trade receivables, other receivables, trade payables and other current liabilities are similar to their carrying amounts, mainly due to the short maturities of these instruments;
- the fair value of interest-bearing debt instruments (including lease liabilities, bank loans and borrowings) and borrowings granted approximates their carrying amount mainly due to the fact that interest rates and margins on these instruments are at market levels.

for the year ended 31 December 2023 (in PLN '000)

34.2. Items of income, expenses, gains and losses recognized in the statement of comprehensive income by category of financial instruments

Year ended 31 December 2023

	Finance income	*Finance costs*	*Gain/loss on impairment of trade and other receivables*	*Other comprehensive income*
Financial assets stated at fair value through profit or loss	-	-	-	-
Financial Liabilities stated at fair value through profit or loss	-	(7,047)	-	-
Financial liabilities stated at amortized cost	-	(62,979)	-	-
Financial assets stated at amortized cost	5,757	(52)	25	-
Total	**5,757**	**(70,078)**	**25**	**-**

Year ended 31 December 2022

	Finance income	*Finance costs*	*Gain/loss on impairment of trade and other receivables*	*Other comprehensive income*
Financial assets stated at fair value through profit or loss	-	-	-	-
Financial Liabilities stated at fair value through profit or loss	-	(18)	-	-
Financial liabilities stated at amortized cost	-	(53,998)	-	-
Financial assets stated at amortized cost	12,250	(843)	1,065	-
Total	**12,250**	**(54,859)**	**1,065**	**-**

for the year ended 31 December 2023 (in PLN '000)

34.3. Changes in liabilities resulting from financing activities

Year ended 31 December 2023	***1 January 2023***	***Changes resulting from cash flows from financing activities***	***New lease contracts***	***Offset***	***Measurement at amortized cost***	***Other***	***31 December 2023***
Interest-bearing loans and borrowings	584,634	(23,910)	-	-	57,868	2,987*	621,579
Lease liabilities	1,304	(3,059)	14,446	-	889	218	13,799
Other financial liabilities	426	-	-	-	1,042	7,047**	8,515
Total liabilities resulting from financing activities	**586,364**	**(26,969)**	**14,446**	**-**	**59,799**	**10,252****	**643,892**

* relates to loan origination commissions

** relates to the measurement of the derivative described in Note 34.4

Year ended 31 December 2022	***1 January 2022***	***Changes resulting from cash flows from financing activities***	***New lease contracts***	***Offset***	***Measurement at amortized cost***	***Other****	***31 December 2022***
Interest-bearing loans and borrowings	524,079	5,598	-	(230)	50,006	5,181	584,634
Lease liabilities	3,430	(2,470)	292	-	205	(153)	1,304
Guarantees, sureties	408	-	-	-	18	-	426
Total liabilities resulting from financing activities	**527,917**	**3,128**	**292**	**(230)**	**50,229**	**5,028**	**586,364**

* relates to loan origination commissions

for the year ended 31 December 2023 (in PLN '000)

34.4. Hedges

In 2022, as part of the loan agreement, the Company entered into an interest rate swap contract, so that half of the loan is hedged against changes in interest rates. In 2023, following the release of the consecutive tranche of the loan, the Company entered into an interest rate swap contract to hedge half of the released tranche. In May 2023, the IRS hedge was increased to 75% of the loan exposure. The value of the hedging instrument is shown in Note 26.

35. Equity management

Equity management is carried out at Group level. The activities of the Company's Management Board are focused on maintaining a good credit rating and safe capital ratios for the Group.

The Company manages the capital structure and makes changes to it as a result of changes in economic conditions. In order to maintain or adjust the capital structure, shareholders may decide to pay dividends, return capital or issue additional shares.

The following debt ratios are analysed within the Group:

- Net debt / EBITDA;

- Net debt / equity.

The values of the aforementioned ratios as at 31 December 2023 are within the ranges required by the Company's funding agreements.

36. Employment structure

The Company's average number of employees for the year ended 31 December 2023 and 31 December 2022 was as follows:

	year ended 31 December 2023	**year ended 31 December 2022**
Management Board	3.00 full-time	3.00 full-time
Other	9.00 full-time	8.00 full-time
Total	**12.00 full-time**	**11.00 full-time**

37. Impact of the macroeconomic situation, the armed conflict in Ukraine and climate issues on the financial statements

Due to the ongoing armed conflict in Ukraine, together with the sanctions imposed in connection with this conflict, various types of tension are being identified in both the domestic and global economies, including disruptions to the supply of materials and the provision of services by subcontractors, which may result, among other things, from reduced availability of workers in the construction sector. The above risks did not have a material impact on the Company's operations.

The reporting period also saw a significant increase in NBP interest rates and a tightening of the criteria for assessing customers' creditworthiness, which had a direct impact on the lower availability of mortgage loans and the resulting changes in customer behaviour, which resulted in, among other things, declines in the sale of flats on the market in Poland, an increase in the cost of funding operations, a deceleration in supply and the number of newly started projects. By the date of approval of the consolidated financial statements, the Management Board has not identified any significant negative impact of the current market situation on the Company's operations. These risks do not have a material impact on the measurement and presentation issues in these consolidated financial statements.

The Company's Management Board monitors the impact of the factors described in the paragraphs above and other potential negative economic factors on the Company's operations and results on an ongoing basis.

The Company does not have any investments in Ukraine, Russia or Belarus or any other assets located in countries of the armed conflict.

The Company has seen an increasing interest from investors, financial institutions, regulators and other users of financial statements in climate-related issues and their potential impact on the financial position and performance of companies.

The Company is exposed to climate risk, including:

- physical risks (e.g. risks arising from more frequent/more severe weather events that may affect the work schedule of ongoing development projects in subsidiaries);
- risks associated with the economic transition to a less polluting and low carbon economy, including the closed loop economy and decarbonization processes;
- legal risks associated with the need to adapt to changing sustainability legislation in the environmental, social and governance fields.

These risks have not materialized to the extent that could have a material impact on the financial data presented in these financial statements. In the Company's view, the above risks, in particular those related to economic and regulatory transition, are likely to have an impact on the Company's operations in the medium to long term. The Company will take appropriate measures to adapt to the changing environment. However, currently the changes do not translate into issues of the realizability of assets or valuation of liabilities presented in these consolidated financial statements. With respect to financial liabilities as at the date of this document and other balance sheet dates, there were no climate-related clauses or climate commitments in these contracts.

38. Post balance sheet events

On 18 January 2024, the Group drew down a funding tranche of PLN 71.7 million under an annex to the loan agreement dated 21 December 2023.

On 1 March 2024, AEREF V PL Investment S.à r.l and AEREF V PL Inwestycje sp. z o.o. entered into a contribution-in-kind agreement on the basis of which AEREF V PL Investment S.à r.l transferred to AEREF V PL Inwestycje sp. z o.o. all of its shares in the Company, i.e. 27,760,000 shares and all rights attached to them.

On 8 March 2024, Murapol S.A. concluded an annex to the loan agreement with the banks Polska Kasa Opieki S.A. and Santander Bank Polska S.A., pursuant to which, in the period after 30 June 2025 until the complete repayment of the loan, i.e. 30 June 2026, it will be possible to pay dividends up to the total amount of PLN 122 million. Prior to the conclusion of the annex, dividend payments in the period described above were only permitted with the consent of Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A.

Signatures

Signature of the person preparing the Financial Statements

Grzegorz Ryguła Director of Reporting	Signature

Signatures of Members of the Management Board

Nikodem Iskra President of the Management Board	Signature
Przemysław Kromer Member of the Management Board	Signature
Iwona Sroka Member of the Management Board	Signature

Bielsko-Biała, 29 March 2024