The Murapol S.A. Group

Consolidated 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

CONSOLIDATED 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			
Revenue from contracts for the sale of apartments	*11.1*	1,022,302	865,519
Revenue from PRS	*11.1*	187,157	133,785
Sales of goods for resale	*11.1*	1,210	1,573
Other sales	*11.1*	5,275	4,783
Sales revenue		**1,215, 944**	**1,005,660**
Cost of sales	*13.5*	(832,551)	(650,388)
of which capitalised finance costs		(36,953)	(15,549)
Profit/(Loss) on sales		**383,393**	**355,272**
Other operating income	*13.1*	3,256	1,690
Selling costs	*13.5*	(35,555)	(29,537)
General and administrative expenses	*13.5*	(76,423)	(58,220)
Gain/(loss) on impairment of trade and other receivables		(916)	180
Impairment of intangible assets	*21*	(2,000)	(2,000)
Other operating expenses	*13.2*	(5,556)	(12,136)
Operating profit/(loss)		**266,199**	**255,249**
Finance income	*13.3*	11,805	14,297
Finance costs	*13.4*	(3,950)	(2,304)
Profit/(Loss) before tax		**274,054**	**267,242**
Corporate income tax	*15.2*	(54,903)	(54,344)
Net profit/(loss) on continuing operations		**219,151**	**212,898**
Net profit/(loss) on discontinued operations		-	-
Net profit/(loss) for the year		**219,151**	**212,898**
Other net comprehensive income	*14*	**(696)**	**351**
TOTAL INCOME FOR THE YEAR		**218,455**	**213,249**
Profit/(loss) attributable to:			
Shareholders of the parent company	*16*	219,076	211,832
Non-controlling interests		75	1,066
Total income attributable to:			
Shareholders of the parent company		218,380	212,183
Non-controlling interests		75	1,066
Net earnings per share (not in thousands):			
Basic profit for the year attributable to the shareholders of the parent company	*16*	5.37	5.19
Diluted profit for the year attributable to the shareholders of the parent company		5.37	5.19

The accounting policies and additional notes to the consolidated financial statements form an integral part thereof

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

ASSETS	Note	31 December 2023	31 December 2022 (restated)
Non-current assets		**86,523**	**72,941**
Intangible assets	21	4,629	6,521
Property, plant and equipment	18	20,072	5,898
Other non-current receivables		82	-
Other financial assets	23.1	80	120
Other non-financial assets	23.2	1,659	781
Deferred income tax asset	15.3	60,001	59,621
Current assets		**1,773,292**	**1,656,662**
Inventories	25	1,399,763	1,243,859
Costs of obtaining contracts	11.2	23,236	20,211
Trade receivables	26	37,781	40,453
Income tax receivable		3,548	1,597
Other receivables	26	56,825	36,840
Construction performance bonds		24	13
Assets relating to the performance of construction contracts		2,146	3,131
Other financial assets	23.1	-	35
Other non-financial assets	23.2	1,801	1,503
Cash at bank in individual escrow accounts		65,012	39,498
Cash and cash equivalents	27	183,156	269,522
TOTAL ASSETS		**1,859,815**	**1,729,603**

The accounting policies and additional notes to the consolidated financial statements form an integral part thereof

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

EQUITY AND LIABILITIES	*Note*	*31 December 2023*	*31 December 2022* *(restated)*
Equity attributable to equity holders of the parent company	*28*	**557,960**	**436,761**
Share capital		2,040	2,040
Exchange differences on translating foreign operations		891	1,587
Supplementary capital, other reserves, and retained earnings/accumulated losses)	*28.2*	335,953	221,302
Net profit/(loss) for the financial year		219,076	211,832
Non-controlling interests	*28.3*	**1,425**	**2,769**
Total equity		**559,385**	**439,530**
Long-term liabilities		**454,770**	**411,181**
Interest-bearing loans and borrowings	*29*	391,280	365,497
Other financial liabilities	*29*	2,952	-
Lease liabilities	*19.1*	13,385	1,134
Deferred tax provision	*15.3*	27,706	25,013
Long-term construction performance bonds	*31.2*	19,414	19,506
Other non-financial liabilities	*31.1*	33	31
Short-term liabilities		**845,660**	**878,892**
Trade payables	*31.1*	71,959	75,340
Current portion of interest-bearing loans and borrowings	*29*	63,398	46,675
Other financial liabilities	*29*	4,095	-
Lease liabilities	*19.1*	17,320	12,567
Income tax payable		12,190	13,544
Other non-financial liabilities	*31.1*	8,188	7,170
Provisions	*30.1*	6,390	6,394
Net employee benefit liability		2,481	2,510
Construction performance bonds	*31.2*	41,108	37,277
Liabilities and provisions in respect of long-term contracts	*11.2*	31,188	26,065
Liabilities from contracts with customers	*11.2*	587,343	651,350
Total liabilities		**1,300,430**	**1,290,073**
EQUITY AND LIABILITIES		**1,859,815**	**1,729,603**

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CONSOLIDATED 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		**274,054**	**267,242**
Adjusted for:		**(242,834)**	**(108,136)**
Amortization and depreciation	*13.5*	4,665	4,359
Measurement and gain on sale of investment properties		-	553
(Increase)/decrease in receivables		(18,322)	38,015
(Increase)/decrease in inventories	*32*	(131,360)	(193,579)
(Increase)/decrease in other assets		(192)	(2,634)
Increase/(decrease) in cash in individual escrow accounts		(25,514)	(14,378)
Increase/(decrease) in liabilities except for loans and borrowings and other financial liabilities	*32*	6,442	(19,364)
Incentive bonus costs		1,900	1,700
Finance income		(50)	(6,552)
Finance costs	*32*	39,838	14,885
Increase/(decrease) in liabilities from contracts with customers		(67,033)	119,377
Increase/(decrease) in provisions	*32*	(33)	5,674
Income tax paid		(55,895)	(57,424)
Gain on impairment of financial assets		916	(180)
Goodwill write-down		2,000	2,000
Other		(196)	(588)
Net cash from operating activities		**31,220**	**159,106**
Cash flows from investing activities			
Sale of property, plant and equipment and intangible assets		401	72
Acquisition of property, plant and equipment and intangible assets		(1,567)	(2,690)
Sale of investment properties	*20*	-	3,037
Sale of other financial assets		-	3
Interest received		-	278
Repayment of loans granted		75	65
Net cash from investing activities		**(1,091)**	**765**

The accounting policies and additional notes to the consolidated financial statements form an integral part thereof

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

Cash flows from financing activities			
Inflows from loans / borrowings taken out	*38.3*	110,500	121,677
Purchase of non-controlling interests	*28.3*	(500)	(1,397)
Repayment of lease liabilities	*38.3*	(4,416)	(3,368)
Repayment of loans/borrowings	*38.3*	(64,760)	(48,100)
Dividends paid to shareholders of the parent company	*17*	(100,000)	(201,204)
Dividends paid to non-controlling interests		-	(803)
Interest and commissions to banks	*38.3*	(57,319)	(25,023)
Net cash from financing activities		**(116,495)**	**(158,218)**
Net increase/(decrease) in cash and cash equivalents		(86,366)	1,653
Cash and cash equivalents as at the beginning of the year		**269,522**	**267,869**
Cash and cash equivalents at the end of the period		**183,156**	**269,522**
Including restricted cash and cash equivalents	*27*	6,065	5,508

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

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

		Attributed to the shareholders of the parent company					
	Note	*Share capital*	*Exchange differences on translating foreign operations*	*Supplementary capital, other reserves/retained earnings/(accumulated losses) and profit or loss for the financial year*	*Total*	*Non-controlling interests*	*Total equity*
As at 1 January 2023	*28*	**2,040**	**1,587**	**433,134**	**436,761**	**2,769**	**439,530**
Net profit/(loss) for the period		-	-	219,076	219,076	75	**219,151**
Other net comprehensive income for the year	14	-	(696)	-	(696)	-	**(696)**
Total income for the period		**-**	**(696)**	**219,076**	**218,380**	**75**	**218,455**
Other changes in the Group structure	28	-	-	919	**919**	(1,419)	**(500)**
Dividends	17, 28	-	-	(100,000)	**(100,000)**	-	**(100,000)**
Share-based payments	35.4.1	-	-	1,900	**1,900**	-	**1,900**
As at 31 December 2023		**2,040**	**891**	**555,029**	**557,960**	**1,425**	**559,385**

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for the year ended 31 December 2022

	Note	Share capital	Exchange differences on translating foreign operations	Supplementary capital, other reserves/retained earnings/(accumulated losses) and profit or loss for the financial year	Total	Non-controlling interests	Total equity
	Attributed to the shareholders of the parent company						
As at 1 January 2022 *(restated)*	28	**2,040**	**1,236**	**496,657**	**499,933**	**5,045**	**504,978**
Net profit/(loss) for the period		-	-	211,832	211,832	1,066	**212,898**
Other net comprehensive income for the year	14	-	351	-	351	-	**351**
Total income for the period		**-**	**351**	**211,832**	**212,183**	**1,066**	**213,249**
Other changes in the Group structure	28	-	-	1,142	**1,142**	(2,539)	**(1,397)**
Dividends	28	-	-	(278,197)	**(278,197)**	(803)	**(279,000)**
Share-based payments	35.4.1	-	-	1,700	**1,700**	-	**1,700**
As at 31 December 2022 *(restated)*		**2,040**	**1,587**	**433,134**	**436,761**	**2,769**	**439,530**

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ACCOUNTING POLICIES AND ADDITIONAL EXPLANATORY NOTES

1. General information

The Group's consolidated financial statements cover the year ended 31 December 2023 and include comparative data for the year ended 31 December 2022.

The Murapol S.A. Group ("the Group") consists of Murapol Spółka Akcyjna (joint stock company) ("the parent company", "the Company") and its subsidiaries (see Note 2).

The parent 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 parent 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 parent company and the Group entities is indefinite.

The Group's core business is:

- construction and sale of residential buildings;
- construction work for the erection of residential and non-residential buildings.

The Company is the ultimate parent company of the Murapol S.A. Group. The presentation currency is the Polish zloty (PLN). The financial statements present amounts rounded to the nearest thousand Polish zloty.

2. Composition of the Group

The Group comprises Murapol S.A. and the following subsidiaries. The tables below show the Group's percentage share in the capital of the various entities, broken down into shares held exclusively directly and shares held partly directly and partly indirectly or exclusively indirectly.

Entity	*Registered office*	*31 December 2023*	*31 December 2022*	*Scope of activities*
Murapol S.A.	Poland	n/a	n/a	Holding and financial activities

Subsidiaries held by Murapol S.A. exclusively directly

Entity	*Registered office*	*31 December 2023*	*31 December 2022*	*Scope of 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
Locomotive Management Ltd	Cyprus	100.00%	100.00%	Holding activities
Murapol Projekt 59 sp. z o.o. [5] [9] [10] [11]	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Media Deweloper.pl sp. z o.o.	Poland	100.00%	100.00%	Marketing services
Murapol Projekt 26 sp. z o.o.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name

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Murapol Projekt 34 sp. z o.o.	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

Subsidiaries held directly and indirectly by Murapol S.A.

Entity	***Registered office***	***31 December 2023***	***31 December 2022***	***Scope of activities***
Cross Bud S.A. [1][7]	Poland	96.40%	92.81%	Wholesale of building materials
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
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 Shared Services Centre sp. z o.o.	Poland	100.00%	100.00%	Accounting and administrative services
Murapol Projekt sp. z o.o. Garbarnia sp.j.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o. GDA S.K.A.	Poland	100.00%	100.00%	Development activities and sale of apartments in its own name
Murapol Projekt sp. z o.o. Nowe Winogrady 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 27 sp. z o.o. [10]	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

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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. [6]	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
Murapol Venture Partner S.A. (formerly Partner S.A.) [13]	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%	Close-ended investment fund
TP III Capital sp. z o.o.	Poland	100.00%	100.00%	Holding activities
Murapol Projekt Sp. z o.o. OTLA 12 sp.j. [2][4]	Poland	n/a	100.00%	Development activities and sale of apartments in its own name

During the reporting period from 1 January to 31 December 2023, the following changes in the composition of the Group took place:

[1] On 17 April 2023, a subsidiary of Murapol Real Estate S.A. acquired 3.6% of the shares in Cross Bud S.A., thereby increasing Murapol S.A.'s indirect interest 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., followed by a resolution passed on 5 July 2023 to dissolve the company; the impact of the company's liquidation on the Group's financial data is immaterial.

[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 reporting period from 1 January to 31 December 2022, the following changes in the composition of the Group took place:

[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 subsidiaries: Murapol HRE 1 sp. z o.o., Murapol HRE 2 sp. z o.o., Murapol Projekt 38 sp. z o.o. were merged with Murapol Projekt 59 sp. z o.o.

[6] On 1 April 2022, the subsidiary Murapol Radockiego Sp. z o.o. was merged with Murapol Westini 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 a 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 10% of the shares 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, the Group increased its interest in Murapol Projekt 35 sp. z o.o. from 90% to 100%.

[10] On 06 October 2022, Murapol S.A. acquired 10% of the shares 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, the Group 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., Murapol Projekt 46 sp. z o.o. were merged with Murapol Projekt 59 sp. z o.o.

Other changes:

[12] On 22 December 2023, there was 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, there was a change of the name of Partner S.A. to Murapol Venture Partner S.A.

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

3. Composition of the parent company's Management Board

As at the 31 December 2023, the parent 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 consolidated financial statements, there were no changes in the composition of the Company's Management Board.

As at the 31 December 2022, the parent 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

In 2022, there were no changes in the composition of the Company's Management Board.

4. Composition of the Supervisory Board of the parent company

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 up to the date of approval of these consolidated financial statements, there were no changes in the composition of the Company's Supervisory Board.

As at 31 December 2022, 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

In 2022, there were no changes in the composition of the Company's Supervisory Board.

5. Approval of the financial statements

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

6. Critical accounting estimates and judgements

6.1 Professional judgement

The preparation of the Group's consolidated financial statements requires its parent company's 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.

In the process of applying the accounting policies, the Management Board has made the following judgements, which have the greatest impact on the reported carrying amounts of assets and liabilities.

Revenue recognition

Sales revenue is recognized by the Group in accordance with IFRS 15 Revenue from Contracts with Customers, i.e. at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services to the customer when (or if) the entity fulfils its service obligation by transferring the promised good or service (i.e. asset) to the customer. The asset is transferred when (or if) the customer acquires control over it. The Group has revenue arising from performance obligations satisfied at a point in time as well as those satisfied over time.

Performance obligations that the Group satisfies at a s point in time mainly comprise the sale of residential and commercial premises. In the process of applying the accounting policy described above, the Board's judgement is required in determining when control of a residential or commercial property is transferred to a customer. According to the parent company's Management Board, this transfer takes place when a technical acceptance protocol for the apartment is signed by the customer, provided that payment for the apartment has been received and the construction of the property has been substantially completed.

Performance obligations that the Group satisfies over time include construction contracts. The Group's method of measuring the value of goods and services that are transferred to customers over time is based on performance. Under this method, revenue from the performance of construction contracts is determined in line with the stage of completion, measured by direct measurement of the work performed from the date of the contract to the date of determining the revenue. The budgets of the individual contracts are the basic element for measuring sales revenue. Budgets are subject to an update (revision) process based on current information and are approved by the Management Board.

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 Group has adopted assumptions and made estimates about the future based on its knowledge at the time of preparing the consolidated financial statements. The assumptions adopted and estimates made are subject to change as a result of future events arising from market changes or changes outside the Group's control. Such changes are reflected in the estimates or assumptions at the time of occurrence.

Onerous contracts

When it is likely that the total costs of a construction contract will exceed the total revenue, the expected loss (excess of costs over revenue) is charged to operating expenses and a corresponding provision is set up for onerous contracts (provision for contract losses) in accordance with IAS 37. The amount of the anticipated loss is also updated when budgets are revised and is the best estimate of the costs that Group companies will have to incur to complete a given construction contract. Disclosures are presented in Note 11, under *Deferred income*.

Impairment of inventories

If a development project is expected to generate a loss, this results in a write-down of inventories to their net realizable value (which means the estimated selling price in the ordinary course of business less the estimated costs of preparing an asset for sale and the estimated costs necessary to bring the sale to fruition), which is recognized immediately in the income statement. The write-down may also apply to properties for which the development process is subject to the risk of significant postponement.

For each development project, budgets are prepared which include both present and future cash flows for each ongoing project. These budgets are updated at least on a quarterly basis. For the purpose of impairment testing, the expected net realizable value from the sale of apartments in a development project is compared with its current carrying amount. If the margin on the project is positive, then there is no need for an inventory impairment allowance. A negative margin indicates impairment and the need for an allowance.

An impairment allowance is reversed in the cost of sales; the impairment allowance for a particular project may be reversed if the expected margin on that project becomes positive. Disclosures are presented in Note 25.

Impairment of trade receivables

The Group uses a provision matrix to measure the allowance for expected credit losses in respect of trade receivables. In order to determine the expected credit losses, trade receivables were grouped based on similarity of credit risk characteristics. The Group uses its historical credit loss data, adjusted where appropriate for the impact of forward-looking information. Disclosures are presented in Note 26.

Deferred income tax asset

The Group 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 15.3.

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 Group 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 38.1.

Depreciation and amortization rates

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

Interest rates in leases

The Group is unable to easily determine the interest rate for leases and therefore uses the lessee's marginal interest rate when measuring the lease liability. This is the rate of interest the Group would have to pay to borrow over a similar term, in the same currency and with similar collateral, the funds necessary to purchase an asset with a similar value as the right-of-use asset in a similar economic environment.

Contract assets and contract liabilities

Group companies perform the majority of construction contracts as general contractors, making extensive use of subcontractors. The completed construction work is subject to approval by the customer in the process of acceptance of the works by signing the relevant protocol and issuing an invoice. As at each balance sheet date, there is a certain amount of completed but unconfirmed and uninvoiced work by subcontractors that Group companies recognize as contract costs on an accrual basis. The amount of costs for the work carried out but not invoiced is determined by the technical staff on the basis of cost estimates based on contracts with subcontractors. Disclosures are presented in Note 11.2.

Provisions for litigation

Group companies are parties to legal proceedings. The legal departments and the Management Boards of the Group companies carry out a detailed analysis of potential risks associated with the proceedings in progress and, on this basis, decide whether it is necessary to recognize the effects of these proceedings in the Group companies' books of account and determine the amount of the provision. Disclosures are presented in Note 30.

Uncertainty related to tax settlements

Regulations on value added tax, corporate income tax and social insurance charges are subject to frequent changes. These frequent changes result in a lack of adequate reference points, over and above which tax settlements may be subject to inspections by authorities with the power to impose high penalties and fines, and any additional tax liabilities resulting from the inspections 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. Disclosures are presented in Note 34.4.

The Group recognizes and measures current and deferred tax assets or liabilities using the requirements of IAS 12 *Income Taxes* based on the tax profit/(loss), tax base, unsettled tax losses, 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 authorities will accept a particular tax treatment of a transaction, the Group recognizes such settlements taking into account the assessment of the uncertainty.

7. Basis of preparation of the consolidated financial statements

In the opinion of the Management Board of the parent company, as at the date of these consolidated financial statements, there are no material uncertainties relating to events or circumstances that would cast doubt on the Company's and the Group's ability to continue as a going concern. In assessing the ability to continue as a going concern, the Management Board of the parent company also considered the impact of the ongoing armed conflict in Ukraine, the sanctions imposed and the macroeconomic situation, discussed in Note 42, 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 Group and its constituent entities will continue as a going concern in the foreseeable future, i.e. for at least one year as of the balance sheet date.

7.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the EU ("EU IFRSs"). As at the date of approval of these consolidated financial statements for publication, given the ongoing process of IFRS implementation in the EU, 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").

Certain Group entities maintain their accounting records in accordance with the accounting policies prescribed by the Accounting Act of 29 September 1994 (the "Act"), as amended, and the regulations issued thereunder ("Polish Accounting Standards"). The consolidated financial statements include adjustments not included in the accounting records of Group entities made to bring the financial statements of those entities into conformity with IFRS.

7.2 Functional currency and presentation currency

The Group's consolidated financial statements are presented in PLN, which is also the functional currency of the parent company. A functional currency is determined for each subsidiary and the assets and liabilities of the entity are measured in that functional currency. The Group uses the direct consolidation method and has chosen to account for translation gains or losses in a manner consistent with this method.

8. Significant accounting policies

8.1 Principles of consolidation

These consolidated financial statements comprise the financial statements of Murapol S.A. and the financial statements of its subsidiaries prepared in each case for the year ended 31 December 2023.

The financial statements of subsidiaries, after adjustments to bring them into conformity with IFRS, are prepared for the same reporting period as those of the parent company, using consistent accounting policies, based on uniform accounting policies applied to transactions and economic events of a similar nature. Adjustments are made to eliminate any discrepancies in the accounting policies applied. Where a subsidiary has a reporting period different from that of the parent company, the net profit or loss of that company for the period consistent with that of the parent company, and as at the corresponding balance sheet dates, are recognized for consolidation purposes.

All significant balances and transactions between Group entities, including unrealized gains arising from intercompany transactions, have been fully eliminated. Unrealized losses are eliminated unless they provide evidence of impairment.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group loses control over them. The exercise of control by the parent company occurs when:

• It has power over the entity in question;

• It is exposed to variable returns or has rights to variable returns from its exposure to the entity;

• It has the ability to use its power to affect the level of returns generated.

The Group verifies its 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 Group holds less than a majority of voting rights in an entity, but the voting rights held are sufficient to unilaterally govern material activities of that entity, this means that the Group has power over that entity. When assessing whether the voting rights in an entity are sufficient to give power, the Group analyses all relevant circumstances, including:

• the size of the voting rights holding 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 Group, other shareholders or other parties;

• rights under other contractual arrangements; and

• additional circumstances that may demonstrate that the Group does or does not have the ability to govern significant actions at the time of decision-making, including voting patterns observed at previous meetings.

Where Group companies hold, other than immaterial, investments in closed-end investment funds (through investment certificates) and, at the same time, where Group companies have the option to change the manager of these funds, the Company considers that the conditions for consolidation of such investments are met.

Changes in the parent company's ownership interest that do not result in a loss of control over a subsidiary are accounted for as equity transactions. In such cases, the Group adjusts the carrying amount of controlling interests and non-controlling interests to reflect changes in the relative interests in the subsidiary. Any difference between the amount of the non-controlling interest adjustment and the fair value of the amount paid or received is credited to equity and attributed to the owners of the parent company.

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

8.2 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 - Measurement 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 - Measurement 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 Group 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.

8.3 Translation 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, monetary assets and 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 differences arising from the translation are recognized under finance income (expenses) as appropriate or, where specified in accounting policies, capitalized in the value of assets.

The following rates were adopted for the purpose of measurement as at the balance sheet date:

Currency	31 December 2023	31 December 2022
EUR	4.3480	4.6899

There are subsidiaries whose functional currency is the euro. At the balance sheet date, the assets and liabilities of these foreign subsidiaries are translated into the Group's presentation currency at the exchange rate prevailing as at the balance sheet date, and their statements of comprehensive income are translated at the weighted average exchange rate for the financial period. The exchange differences arising from such translation are recognized in other comprehensive income and accumulated in a separate equity item. When a foreign entity is disposed of, the exchange differences accumulated in equity relating to the foreign entity are recognized in profit or loss.

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

Currency	31 December 2023	31 December 2022
EUR	4.5284	4.6882

8.4 Property, plant and equipment

Property, plant and equipment items are stated at cost of purchase/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 parts of machinery and equipment, recognized when incurred, if the recognition criteria are met. Costs incurred after the date of commissioning a fixed asset for use, such as maintenance and repair costs, are charged to the income statement when incurred.

The cost of purchase of property, plant and equipment donated by customers is determined at the fair value at the date of assuming control over these assets.

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 (years)
Buildings and structures	10
Plant and machinery	2 - 5
Vehicles	2.5 - 5
Other fixed assets	5 - 10

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

An item of property, plant and equipment may be derecognized on its disposal or when no economic benefits are expected from its continued use. Any gains or losses on derecognition of the 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 cost of purchase or 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 Group 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 generated (if they meet the recognition criteria for research and development costs) are initially measured at their purchase price or cost of manufacture respectively. 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 cost of manufacture), less accumulated amortization and impairment. Expenditure incurred on internally generated intangible assets, 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 Group 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. In addition, indications of impairment are reviewed at each balance sheet date. Assets are tested for impairment if there are indications of impairment.

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

The policies applied to the Group's intangible assets are summarized as follows:

	Useful lives	Amortization method used	Internally generated or acquired	Impairment test
Trademark	5-10 years	5-10 years using the straight-line method	Purchased	Assessment of whether there are indications of impairment
Costs of completed development projects	5-10 years	5-10 years using the straight-line method	Internally generated	Not yet commissioned for use - annually and when there is an indication of impairment. Other - assessment whether there are indications of impairment
Computer software	2-5 years	2-5 years using the straight-line method	Purchased	Assessment of whether there are indications of impairment
Licences and patents	5-10 years	5-10 years using the straight-line method	Purchased	Assessment of whether there are indications of impairment
Customer relationships	2-5 years	2-5 years using the straight-line method	Purchased	Assessment of whether there are indications of impairment

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

8.6 Leases

The Group as a lessee

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

The Group 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 the inception of the lease, the Group recognizes a right-of-use asset and a lease liability. The Group includes right-of-use assets under the same heading under which the corresponding underlying assets would be presented if they were owned by the Group, and presents lease liabilities separately from other liabilities.

The Group recognizes a right-of-use asset at the commencement of the lease (i.e. the date 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 remeasurement 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 commencement date, less any lease incentives received. Unless the Group 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 the inception of the lease, the Group 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 Group can be assumed with reasonable certainty, and payments of lease termination fines, if the terms of the lease include the possibility for the Group 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. Lease liabilities relating to the right of perpetual usufruct of land on which development projects are carried out are presented as current liabilities, which is consistent with the reporting of the usufruct right in inventories.

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

Type	**Period (years)**
Right to use office space	2 – 5
Right to use vehicles	2 – 5
Perpetual usufruct of land	80 – 99

When calculating the present value of lease payments, the Group uses the lessee's marginal interest rate at the inception of the lease if the lease rate cannot be readily determined. After the inception of the lease, 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 Group 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 without a call option). The Group 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 Borrowing costs

Borrowing costs are capitalized as part of the cost of finished goods. Borrowing costs consist of interest calculated using the effective interest rate method, finance charges under lease contracts and exchange rate differences arising in connection with external funding up to the amount corresponding to the interest expense adjustment.

Borrowing costs incurred when a development is carried out on the land are capitalized in the period in which the activities associated with the development are undertaken. However, borrowing costs incurred when land acquired for construction purposes is held without any accompanying work relating to future investments are not capitalized.

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

Measurement at initial recognition

With the exception of trade receivables that do not have a significant financing component, on initial recognition the Group 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.

On initial recognition, the Group measures trade receivables that do not have a significant financing component (determined in accordance with IFRS 15) at their transaction price (as defined in IFRS 15).

Derecognition

Financial assets are derecognized from the accounts 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 Group 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 stated at fair value through other comprehensive income;
- equity instruments stated 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) on specified dates the contractual terms of the financial asset give rise to cash flows that are solely the repayment of principal and interest on the principal outstanding.

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

- trade receivables;
- bonds acquired;
- borrowings that meet the SPPI classification test and which, in accordance with the business model, are reported as held to obtain cash flows;
- 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 “Finance income”.

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

The Group classifies investment certificates and derivative financial instruments in the category of financial assets at fair value through profit or loss.

On none of the balance sheet dates presented did the Group have any financial assets classified in this category.

8.9 Impairment of financial assets

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

For trade receivables, the Group 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 Group uses its historical credit loss data, adjusted where appropriate for the impact of forward-looking information.

For other financial assets, the Group 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 Group measures the allowance for expected credit losses on the financial instrument at an amount equal to the lifetime expected credit losses.

The Group concludes 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 Group concludes that a debtor's default has occurred 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 net profit or loss for the financial year.

The Group does not apply hedge accounting.

8.11 Inventories

Inventories are stated at the lower of cost of purchase or manufacture and 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. In cases where the property associated with a development project is subject to a perpetual usufruct right, the right-of-use asset is recognized in inventories.

Development projects expected to be completed during the Group's normal operating cycle are presented under "Inventories" in current assets.

The value of inventory components is determined as follows:

Materials	at purchase price determined on a first-in-first-out basis
Finished goods and work in progress	detailed identification at the level of individual construction projects. Within a given construction project, the cost of direct materials and labour and a corresponding mark-up of indirect production costs, including finance cost;
Goods for resale	at purchase price determined on a first-in-first-out basis

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

8.12 Trade receivables, other receivables and contract assets relating to the performance of construction contracts

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 expected 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 in other non-financial assets, with the exception of corporate income tax receivables, which are a separate line item on the balance sheet.

8.13 Construction performance bonds - assets

Construction performance bonds are amounts of the compensation for the construction service retained by the customer to cover the potential costs of rectifying any defects.

8.14 Advances paid for the acquisition of assets

Advance payments are presented in accordance with the nature of the assets to which they relate – accordingly as non-current and current assets. Being non-monetary assets, advance payments are not discounted.

8.15 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.

8.16 Cash at bank in individual escrow accounts

Within the item cash in individual escrow accounts, the Group presents restricted cash representing cash held in open escrow accounts that will be made available to the Group by the bank once the required stage of development has been reached.

The restriction on the disposal of the aforementioned funds is due to the introduction of regulations requiring the opening of individual escrow accounts for customer advances. Due to restrictions on disposal, cash in individual escrow accounts does not constitute cash and cash equivalents within the meaning of IAS 7.

8.17 Interest-bearing bank loans, borrowings 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.

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.

The Group derecognizes a financial liability when the liability has expired, i.e. when the contractual obligation has been fulfilled, forgiven or has expired. The replacement of an existing debt instrument with an instrument with substantially different terms between the same entities is recorded by the Group as expiry of the initial financial liability and 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 derecognition of the existing liability, the gain or loss is recognized immediately in the 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.

8.18 Trade payables and other liabilities

Current trade payables are stated at amounts due.

Other non-financial liabilities include, in particular, liabilities to the tax office other than income tax liabilities, liabilities to the Social Insurance Institution (ZUS). Other non-financial liabilities are stated at amounts due.

8.19 Provisions

Provisions are set up when the Group 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 Group 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 the reimbursement 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 expected future cash flows to their present value, using the discount rate reflecting the current market assessments of the time value of money and the potential risk related to a given liability. If a discounting method was applied, an increase in provisions in connection with the passage of time is recorded as finance costs.

8.20 Construction performance bonds - liabilities

Construction performance bonds are amounts of the compensation for the construction service retained by the customer to cover the potential costs of rectifying any defects.

8.21 Revenue from contracts with customers

The Company applies IFRS 15 *Revenue from Contracts with Customers* to all contracts with customers, except for leases covered by the scope of IFRS 16 *Leases*, financial instruments and other contractual rights or obligations covered by 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 Group, in exchange for the transfer of those goods and services. These principles are applied using a five-step model:

- a contract with the customer has been identified;
- performance obligations under the contract with the customer have been identified;
- the transaction price has been determined;
- the transaction price has been allocated to individual performance obligations;
- revenue has been recognized when the contractual obligation has been fulfilled.

Core activity - sale of residential and commercial premises

Identification of a contract with a customer

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

- the contracting parties have entered into a contract and are obliged to perform their obligations;
- the Group is able to identify the rights of each party regarding the goods or services to be transferred;
- the Group is able to identify the terms of payment for the goods or services to be transferred;
- the contract has economic substance (i.e. the risk, time distribution or amount of the Group's future cash flows can be expected to change as a result of the contract); and
- it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services to be provided to the customer.

The Group enters into contracts for the sale of identifiable premises in writing. Contracts include a payment schedule, of which the last payment is made prior to the handover of the premises.

Identification of performance obligations

At the time of contract conclusion, the Group assesses the goods (residential or commercial premises, parking spaces and storage units) promised in the contract with the customer and identifies any promise to transfer a separately identifiable good (or bundle of goods) to the customer as a performance obligation.

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

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

Determination of the transaction price

The transaction price is the amount of consideration that the Group expects to receive in exchange for the transfer of the promised goods to the customer. The remuneration specified in the contract with the customer includes fixed amounts. The Group's sales contracts do not include a variable consideration element.

Allocation of the transaction price to performance obligations

The Group 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 Group expects to receive for providing the promised goods or services to customer.

Fulfilment of the performance obligations

The Group recognizes revenue when the performance obligation is fulfilled, i.e. when the technical acceptance protocol for the premises is signed by the customer, subject to receipt of payment for the premises.

Guarantees

The Group provides guarantees for the products sold, which is the assurance for the customer that the product in question conforms to the specification agreed by the parties. The Group recognises such guarantees in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

The Group does not enter into contracts with customers that include extended warranties as a separate service.

Capitalized contracting costs

The Group recognizes the additional costs of bringing a contract to a customer to conclusion as an asset, under contract acquisition costs, if it expects to recover the costs. Additional costs of bringing a contract to conclusion are the costs incurred by the Group to bring a contract with a customer to conclusion that the Group would not have incurred if the contract had not been concluded. Additional costs to bring the contract to conclusion include commissions for the sales department and commission for third-party intermediaries. Costs of bringing a contract to conclusion, whether or not the contract has been concluded, are recognized in cost of sales as an expense when incurred. The asset referred to above is accounted for when the premises are handed over to the customer and sales revenue is recognized.

Contract liabilities

As part of its obligations under contracts with customers, the Group recognizes consideration received or receivable from a customer, which involves an obligation to transfer goods to the customer. Contract liabilities reflect the value of customer payments into housing escrow accounts. The liability is reduced by the price of the premises when the premises are handed over to the customer and sales revenue is recognized.

Sale of goods for resale and materials - trading activities

The Group recognizes revenue from sales when control over the asset is transferred, which is usually when the asset is released from a warehouse. Payment term is usually 30 days. The consideration specified in the contract covers only fixed amounts.

Receivables

Within receivables, the Group recognizes rights to consideration in exchange for goods or services that it has provided to a customer, if the right is unconditional (the only condition for the consideration to become due is that a certain period of time has passed). The Group recognizes the receivable in accordance with IFRS 9 (Note 8.8). On initial recognition of a contractual receivable, any difference between the measurement of the receivable in accordance with IFRS 9 and the previously recognized amount of the corresponding revenue is recognized by the Group as an expense (impairment loss).

Contract assets

As part of its contract assets, the Group recognizes rights to consideration in exchange for goods or services it has provided to a customer, if the right is contingent on a condition other than the passage of time (for example, the Group's future services). The Group assesses whether a contract asset is impaired on the same basis as for a financial asset under IFRS 9 (Note 8.9).

Core business - PRS segment

Identification of performance obligations

At the time of contract conclusion, the Group assesses the goods or services promised in the contract with the customer and identifies any promise to transfer a separately identifiable good or services (or bundle of goods) to the customer as a performance obligation. For transactions in the PRS segment, the Group identifies performance obligations comprising (i) land sales; and (ii) general contractor services.

Allocation of the transaction price to individual performance obligations

The transaction price is the amount of consideration that the Group expects to receive in exchange for the transfer of the promised services to a customer. The consideration specified in the contract with a customer includes fixed amounts. The Group's sales contracts do not include a variable consideration element.

The Group assigns a transaction price to each performance obligation in an amount that reflects the amount of consideration that the Group expects to receive for providing the promised goods or services to customer.

The sales contracts specify the prices relating to the individual performance obligations, i.e. the sale of the land and the general contractor service. These prices correspond to individual selling prices.

Fulfilment of the performance obligations

For each performance obligation, at the inception of the contract the Group determines whether it will meet the performance obligation over time or whether it will meet the performance obligation at a specific point in time. If an entity does not meet a performance obligation over time, the performance obligation is met at a specific point in time.

Revenue recognized at a specific point in time

The Group recognizes revenue from the sale of land when the sale agreement is signed in the form of a notarial deed. The Group acts as a principal in that it has control over the promised asset (land) prior to its transfer to the customer (it primarily holds the title to that land). Accordingly, it recognizes revenue at the amount of consideration to which it expects to be entitled in exchange for the transfer of the land. Unconditional payment of the land selling price is made in two tranches: (i) payable within 10 working days of the conclusion of the contract; and (ii) within 10 working days of obtaining the final and non-appealable permit for use of the PRS project, but no later than the date specified in the sale contract. In the case of deferred payment, the company recognizes a significant element of financing. The Group presents interest income separately from income from contracts with customers in the statement of comprehensive income, under finance income.

Deferred income

Deferred sales revenue includes construction contracts (general contractor services). The Group's method of measuring the value of goods and services that are transferred to customers over time is based on performance. Under this method, revenue from the performance of construction contracts is determined in proportion to the stage of completion, measured by direct measurement of the work performed from the date of the contract to the date of determining the revenue. Payment terms for general contractor services performed in a given month are customarily 21 days. In the Management Board's view, the recognition of revenue from general contractor services measured by the direct measurement of the work performed reflects the manner in which the transfer of control over the promised goods or services takes place.

Contract assets and contract liabilities

When the revenue determined on the basis of the stage of completion exceeds the level of actual invoicing of the construction contract, the Group recognizes a contract asset at the nominal amount of the difference between these values and presents it under "Assets relating to the performance of construction contracts". Otherwise, the Group recognizes a contract liability and presents it under the heading "Liabilities and provisions for long-term contracts".

8.21.1 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.

8.21.2 Dividends

Dividends are recognized at the moment of establishing the shareholders' right to their receipt.

8.22 Long-term incentive bonuses

The Group 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 Company's or another Group entity's equity instruments.

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 the fair value as at the date of granting the respective rights. The measurement 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 up to the vesting date reflects the extent to which the vesting period has expired and the number of bonuses that, in the opinion of the parent company's Management Board as at that date will ultimately vest, based on the best estimate of the number of equity instruments.

8.23 Taxes

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

- The Group determines the most likely scenario - this is a single amount from among the possible results; or

- The Group recognizes the expected value - this is the sum of the probability-weighted amounts from among the possible results.

8.26.1 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 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.
- The Group does not recognize deferred tax liabilities for temporary differences associated with investments in consolidated closed-end investment funds when the conditions in IAS 12 para. 39 including the plans, timing and likelihood of reversal of these differences in the foreseeable future are met, i.e. for at least 5 years. The amount of the potential deferred tax liability is approximately PLN 122 million.

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

- except for situations where a deferred tax asset relating to temporary differences arises as a result of 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 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 achieved to enable partial or full utilization of the deferred tax asset. A deferred income tax asset which has not been recognized 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 recovering 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 it is certain at the balance sheet date 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 Group offsets deferred income tax assets against deferred income tax provisions when and only when it 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.

The Group 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 Group considers the nature, origin and timing of such income and ensures that convincing evidence has been gathered.

The Group 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.

8.26.2 Current income tax expense

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.

8.26.3 Tax on goods and services (VAT)

Revenues, costs, 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.

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

9.1 Corrections of errors

In the reporting period for which these consolidated financial statements were prepared, a long-term incentive bonus scheme was recognized. The change was introduced retrospectively and the comparative amounts presented in these consolidated financial statements have been corrected accordingly. In the opinion of the Management Board, the corrected consolidated financial statements will enable presenting more complete information about the Group's financial and economic 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 following table shows the impact of the changes described on the consolidated 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 data for the year ended 31 December 2022*
Continuing operations			
Revenue from contracts for the sale of apartments	865,519	-	865,519
Revenue from PRS	133,785	-	133,785
Sales of goods for resale	1,573	-	1,573
Other sales	4,783	-	4,783
Sales revenue	**1,005,660**	**-**	**1,005,660**
Cost of sales	(650,387)	-	(650,388)
of which capitalized finance costs	(15,549)	-	(15,549)
Profit/(Loss) on sales	**355,272**	**-**	**355,272**
Other operating income	1,690	-	1,690
Selling costs	(29,537)	-	(29,537)
General and administrative expenses	(56,520)	(1,700)	(58,220)
Gain/(loss) on impairment of trade and other receivables	180	-	180
Impairment of intangible assets	(2,000)	-	(2,000)
Other operating expenses	(12,136)	-	(12,136)
Operating profit/(loss)	**256,949**	**(1,700)**	**255,249**
Finance income	14,297	-	14,297
Finance costs	(2,304)	-	(2,304)
Profit/(Loss) before tax	**268,943**	**(1,700)**	**267,242**
Corporate income tax	(54,344)	-	(54,344)
Net profit/(loss) on continuing operations	**214,598**	**(1,700)**	**212,898**
Net profit/(loss) on discontinued operations	**-**	**-**	**-**
Net profit/(loss) for the year	**214,598**	**(1,700)**	**212,898**
Other net comprehensive income	**351**	**-**	**351**
TOTAL INCOME FOR THE YEAR	**214,949**	**(1,700)**	**213,249**
Profit/(loss) attributable to:			
Shareholders of the parent company	213,532	(1,700)	211,832
Non-controlling interests	1,066	-	1,066
Total income attributable to:			
Shareholders of the parent company	213,883	(1,700)	212,183
Non-controlling interests	1,066	-	1,066
Net earnings per share (not in thousands):			
Basic and diluted profit for the financial year attributable to the shareholders of the parent company	**5.23**	**(0.04)**	**5.19**
Net earnings per share from continuing operations attributable to shareholders of the parent company	5.23	(0.04)	5.19

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

The tables below present 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 as at 31 December 2022	*Long-term incentive bonus scheme*	*Restated data as at 31 December 2022*
Non-current assets	**72,941**	**-**	**72,941**
Current assets	**1,656,662**	**-**	**1,656,662**
TOTAL ASSETS	**1,729,603**	**-**	**1,729,603**
Equity attributable to shareholders of the parent company	**436,761**	**-**	**436,761**
Share capital	2,040	-	2,040
Exchange differences on translating foreign operations	1,587	-	1,587
Supplementary capital, other reserves, and retained earnings/(accumulated losses)	219,602	1,700	221,302
Net profit/(loss) for the financial year	213,532	(1,700)	211,832
Non-controlling interests	**2,769**	**-**	**2,769**
Total equity	**439,530**	**-**	**439,530**
Non-current liabilities	**411,181**	**-**	**411,181**
Current liabilities	**878,892**	**-**	**878,892**
Total liabilities	**1,290,073**	**-**	**1,290,073**
EQUITY AND LIABILITIES	**1,729,603**	**-**	**1,729,603**

	Data approved as at 1 January 2022	*Long-term incentive bonus scheme*	*Restated data as at 1 January 2022*
Non-current assets	**172,804**	**-**	**172,804**
Current assets	**1,448,530**	**-**	**1,448,530**
TOTAL ASSETS	**1,621,334**	**-**	**1,621,334**
Equity attributable to shareholders of the parent company	**499,933**	**-**	**499,933**
Share capital	2,040	-	2,040
Exchange differences on translating foreign operations	1,236	-	1,236
Supplementary capital, other reserves, and retained earnings/(accumulated losses)	269,994	1,700	271,694
Net profit/(loss) for the financial year	226,663	(1,700)	224,963
Non-controlling interests	**5,045**	**-**	**5,045**
Total equity	**504,978**	**-**	**504,978**
Non-current liabilities	**345,108**	**-**	**345,108**
Current liabilities	**771,248**	**-**	**771,248**
Total liabilities	**1,116,356**	**-**	**1,116,356**
EQUITY AND LIABILITIES	**1,621,334**	**-**	**1,621,334**

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

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

	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	**268,942**	**(1,700)**	**267,242**
Adjusted for:	**(109,836)**	**1,700**	**(108,136)**
Amortization and depreciation	4,359	-	4,359
Measurement and gain on sale of investment properties	553	-	553
(Increase)/decrease in receivables	38,015	-	38,015
(Increase)/decrease in inventories	(193,579)	-	(193,579)
(Increase)/decrease in other assets	(2,634)	-	(2,634)
Increase/(decrease) in cash in individual escrow accounts	(14,378)	-	(14,378)
Increase/(decrease) in liabilities except for loans and borrowings and other financial liabilities	(19,364)	-	(19,364)
Incentive bonus costs	-	1,700	1,700
Finance income	(6,552)	-	(6,552)
Finance costs	14,885	-	14,885
Increase/(decrease) in liabilities from contracts with customers	119,377	-	119,377
Increase/(decrease) in provisions	5,674	-	5,674
Income tax paid	(57,424)	-	(57,424)
Gain on impairment of financial assets	(180)	-	(180)
Goodwill write-down	2,000	-	2,000
Other	(588)	-	(588)
Net cash from operating activities	**159,106**	**-**	**159,106**
Net cash from investing activities	**765**	**-**	**765**
Net cash from financing activities	**(158,218)**	**-**	**(158,218)**
Net increase/(decrease) in cash and cash equivalents	1,653	-	1,653
Cash and cash equivalents as at the beginning of the year	**267,869**	**-**	**267,869**
Cash and cash equivalents at the end of the period	**269,522**	**-**	**269,522**
Including restricted cash and cash equivalents	*5,508*	-	*5,508*

9.2 Other changes

The other accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied in the preparation of all the presented periods, except for the application of new or revised standards and interpretations effective for annual periods beginning on or after 1 January 2023.

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 Group's consolidated 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 Group 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 the principle of materiality in making accounting policy disclosure decisions.

As a result of these changes, the Group has revised the nature and extent of disclosures of its accounting policies in these consolidated financial statements 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 Group's consolidated 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 amendments have no impact on the Group's financial statements for the 12 months ended 31 December 2023, as the Group's entities operate in jurisdictions where Pillar II legislation has not yet been (in principle) enacted or has not come into force.

10. New standards and interpretations that have been published but are not in force yet

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

- IFRS 14 *Regulatory Deferrals 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;
- 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 consolidated financial statements for publication, the Management Board does not expect that the introduction of new standards and interpretations that are effective for annual periods beginning on or after 1 January 2024 will have a material impact on the Group's accounting policies. The Management Board has not yet completed its work on assessing the impact of the introduction of the other standards and interpretations on the Group's accounting policies in relation to the Group's operations or financial performance.

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

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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:

	Year ended 31 December 2023			
	Development segment	***PRS segment***	***Other***	***Total***
Type of goods or services:				
Residential and commercial premises	1,022,302	-	-	1,022,302
Construction services	-	145,384	-	145,384
Sale of land	-	41,773	-	41,773
Other	6,485	-	-	6,485
Total revenue from contracts with customers	**1,028,787**	**187,157**	**-**	**1,215,944**
Date of transfer of goods or services:				
at a specific moment	1,028,787	41,773	-	1,070, 560
over time	-	145,384	-	145,384
Total revenue from contracts with customers	**1,028,787**	**187,157**	**-**	**1,215,944**

	Year ended 31 December 2022			
	Development segment	***PRS segment***	***Other***	***Total***
Type of goods or services:				
Residential and commercial premises	865,519	-	-	865,519
Construction services	-	133,785	-	133,785
Other	6,356	-	-	6,356
Total revenue from contracts with customers	**871,875**	**133,785**	**-**	**1,005,660**
Date of transfer of goods or services:				
at a specific moment	871,875	-	-	871,875
over time	-	133,785	-	133,785
Total revenue from contracts with customers	**871,875**	**133,785**	**-**	**1,005,660**

All revenue from contracts with customers and non-current assets arise exclusively in Poland. The foreign companies in which the Group held interests as at 31 December 2022 and 31 December 2023 (the composition of the Group is presented in Note 2) did not generate revenue from contracts with customers during the periods presented, nor did they have any non-current assets as at 31 December 2022 and 31 December 2023.

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

11.2 Assets and liabilities from contracts with customers

The Group recognizes the following assets and liabilities from contracts with customers:

Revenue recognized at a specific point in time

Costs of obtaining contracts

	Year ended 31 December 2023	*Year ended 31 December 2022*
Opening balance sheet as at 1 January	**20,211**	**17,406**
costs of obtaining contracts capitalized in the period	26,700	20,758
period costs	(23,675)	(17,954)
Closing balance as at 31 January	**23,236**	**20,211**

Liabilities from contracts with customers

	Year ended 31 December 2023	*Year ended 31 December 2022*
Opening balance sheet as at 1 January	**625,439**	**524,837**
payments from customers of the development segment	976,868	966,121
revenue recognized in the period at a specific point in time	1,022,302	(865,519)
Closing balance as at 31 January	**580,005**	**625,439**

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Deferred income

Assets relating to the performance of construction contracts

	Year ended 31 December 2023	***Year ended 31 December 2022***
Opening balance sheet as at 1 January	**3,131**	**372**
increase during the period	(985)	2,759
Closing balance as at 31 December	**2,146**	**3,131**

Liabilities and provisions in respect of long-term contracts

	Year ended 31 December 2023	***Year ended 31 December 2022***
Opening balance sheet as at 1 January	**26,065**	**21,815**
increase during the period	5,123	4,250
Closing balance as at 31 December	**31,188**	**26,065**
including:		
contract liabilities relating to the performance of construction contracts	**31,188**	**26,065**
provision for onerous contracts	-	-

At 31 December 2023 and 31 December 2022, long-term contract liabilities and provisions include the Group's liability for subcontractor work performed but not invoiced.

Liabilities from contracts with customers

	Year ended 31 December 2023	***Year ended 31 December 2022***
Opening balance sheet as at 1 January	**25,912**	**4,763**
Payments from PRS customers	2,504	22,612
Settlement of advances	(21,078)	(1,463)
Closing balance as at 31 December	**7,338**	**25,912**

Construction performance bonds - assets

	Year ended 31 December 2023	***Year ended 31 December 2022***
Opening balance sheet as at 1 January	**13**	**11**
balance change	11	2
Closing balance as at 31 December	**24**	**13**
including:		
long-term construction performance bonds	-	-
short-term construction performance bonds	24	13

11.3 Performance obligations

Residential and commercial premises

The performance obligation is fulfilled when control over the premises is transferred. This occurs when the acceptance protocol is signed and the keys are handed over. Customers make payments for the premises according to a predetermined schedule. The handover of the premises does not take place until the full price has been paid and provided that the construction of the property has been substantially completed.

The total revenue to be recognized in the future, resulting from contracts for the sale of residential space signed as at the balance sheet date, i.e. 31/12/2023, amounts to PLN 996,139 thousand, of which the Group received advances of PLN 572,274 thousand by the balance sheet date.

This revenue will be recognized when the property is released to the buyers, once the construction has been completed and the necessary administrative decisions have been obtained, which is on average approximately one to three months after completion.

The total revenue to be recognized in the future, resulting from contracts for the sale of residential space signed as at the balance sheet date, i.e. 31/12/2022, amounts to PLN 851,108 thousand, of which the Group received advances of PLN 625,439 thousand by the balance sheet date.

Long-term contracts

Performance obligations that the Group meets over time include construction contracts. The Group's method of measuring the value of goods and services that are transferred to customers over time is based on performance. Under this method, revenue from the performance of construction contracts is determined in proportion to the stage of completion, measured by direct measurement of the work performed from the date of the contract to the date of determining the revenue. Payment terms for general contractor services performed in a given month are customarily 21 days.

The total revenue to be recognized in the future, resulting from long-term contracts signed as at the balance sheet date, i.e. 31/12/2023, amounts to PLN 229,531 thousand, of which PLN 129,913 thousand is due in 2024.

Building materials

The performance obligation is fulfilled when control over the goods is transferred. Payment terms for the goods provided are usually 30 days.

12. Operating segments

For management purposes, the Group has been divided into parts based on the products manufactured and services provided. Therefore, there are the following operating segments:

- the development segment is involved in the construction and sale of residential and commercial premises;

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- the PRS segment comprises land sales and design-build general contractor services for the private rental sector (PRS) and Purpose-Built Student Accommodation (PBSA),
- the "other" segment brings together the Group's other activities, particularly those involving the real estate brokerage.

None of the Group's operating segments have been combined with another segment to create reportable segments.

The Management Board monitors the operational performance of the segments separately in order to make decisions on the allocation of resources, to assess the impact of this allocation and the results of operations. The basis for assessing results of operations is profit or loss on sales, which is identical to profit or loss on sales in the consolidated financial statements. General and administrative expenses, the Group's funding costs not capitalized in inventories (including finance costs and income) and income tax are monitored at the Group level and are not allocated to segments.

The transaction prices used for transactions between operating segments are set on an arm's length basis similar to those for transactions with unrelated parties.

Year ended 31 December 2023	***Development segment***	***PRS segment***	***Total activity***
Segment revenue	**1,028,787**	**187,157**	**1,215,944**
Profit/(Loss) on sales	**365,842**	**17,551**	**383,393**
of which capitalized finance costs	(36,953)	-	(36,953)
Other operating income	-	-	3,256
Selling costs	-	-	(35,555)
General and administrative expenses	-	-	(76,423)
Gain/(loss) on impairment of trade and other receivables	-	-	(916)
Impairment of intangible assets	-	-	(2,000)
Other external operating expenses	-	-	(5,556)
Operating profit	-	-	**266,199**

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Year ended 31 December 2022	***Development segment***	***PRS segment***	***Total activity***
Segment revenue	**871,875**	**133,785**	**1,005,660**
Profit/(Loss) on sales	**341,707**	**13,565**	**355,272**
of which capitalized finance costs	(15,549)	-	(15,549)
Other operating income	-	-	1,690
Selling costs	-	-	(29,537)
General and administrative expenses	-	-	(58,220)
Gain/(loss) on impairment of trade and other receivables	-	-	180
Impairment of intangible assets	-	-	(2,000)
Other external operating expenses	-	-	(12,136)
Operating profit	-	-	**255,249**

Total assets and total liabilities for each reportable segment are not presented in this Note, as these amounts are analysed collectively by the parent company's Management Board.

13. Income and costs

13.1 Other operating income

	Year ended 31 December 2023	***Year ended 31 December 2022***
Income from contractual penalties	1,499	1,287
Rental income	52	29
Time-barred security deposits	1,328	374
Damages received	73	-
Other	304	-
Total	**3,256**	**1,690**

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13.2 Other operating expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Litigation costs	1,226	7,000
Damages	-	398
Donations	24	174
Loss on sale of investment property	-	553
Claims costs	2,510	2,343
Loss on sale/scrapping of fixed assets	392	-
Other	1,404	1,668
Total	**5,556**	**12,136**

13.3 Finance income

	Year ended 31 December 2023	Year ended 31 December 2022
Interest on borrowings	1	3,661
Interest on receivables	232	795
Bank interest	8,841	4,276
Measurement of security deposits and other instruments	2,681	2,804
Foreign exchange differences	-	1,835
Other	50	926
Total	**11,805**	**14,297**

Interest on borrowings in the comparative period includes interest on borrowings granted, which were repaid in the fourth quarter of 2022

13.4 Finance costs

	Year ended 31 December 2023	Year ended 31 December 2022
Interest on liabilities	272	527
Measurement of financial instruments	904	-
Losses on investments in equity instruments	-	161
Interest on leases	1,704	1,266
Security deposit discount	-	84
Foreign exchange differences	794	-
Other	276	266
Total	**3,950**	**2,304**

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13.5 Costs by type

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Amortization and depreciation	4,665	4,024
Materials and energy used	494,698	384,660
External services	512,817	449,699
Taxes and fees	5,474	12,429
Employee benefit costs	66,296	58,584
Other costs by type	5,415	6,564
Cost of goods for resale and materials sold	1,277	1,541
Total costs by type, of which:	**1,090,642**	**917,501**
Items included in cost of sales	832,551	650,388
Items included in selling costs	35,555	29,537
Items included in general and administrative expenses	76,423	58,220
Change in inventories of finished goods	146,113	179,356

Third-party service costs related to construction subcontracting are mainly presented in costs of external services.

13.6 Employee benefit costs

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Wages and salaries	52,806	46,935
Social insurance costs	8,953	7,887
Share-based payments (Note 35.4.1)	1,900	1,700
Other employee benefit costs	2,637	2,062
Total costs of employee benefits, of which:	**66,296**	**58,584**
Items included in cost of sales/inventories	43,371	34,493
Items included selling costs	8,585	12,274
Items included in general and administrative expenses	14,340	11,817

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14. Components of other comprehensive income

The components of other comprehensive income are as follows:

	Year ended 31 December 2023	*Year ended 31 December 2022*
Exchange differences on translating foreign operations	(696)	351
Other net comprehensive income to be reclassified to the income statement in subsequent reporting periods	**(696)**	**351**
Other net comprehensive income not reclassified to the income statement in subsequent reporting periods	**-**	**-**
	(696)	**351**

15. Corporate income tax

15.1 Tax charge

	Year ended 31 December 2023	*Year ended 31 December 2022*
Current income tax	(52,590)	(53,804)
Deferred income tax	(2,313)	(540)
Tax charge shown in consolidated profit	**(54,903)**	**(54,344)**
Tax benefit/charge recognized in other comprehensive income	**-**	**-**

15.2 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 Group's effective tax rate for the year ended 31 December 2023 and 31 December 2022 is as follows:

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

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Profit/(loss) before income tax	**274,054**	**267,243**
Tax at the statutory tax rate of 19% applicable in Poland (2022: 19%)	52,070	50,776
Permanently deductible costs	1,507	2,291
Permanently non-taxable income	(132)	(594)
Permanently non-deductible interest	180	1,769
Share-based payments	361	323
Difference in rate of taxation of foreign income	-	-
Recognition of previously unrecognized deferred tax	464	(403)
Release of deferred tax assets	121	64
Other	332	118
Tax at the effective rate of 20% (2022: 20%)	**54,903**	**54,344**
Income tax (charge) recognized in consolidated profit or loss	**54,903**	**54,344**

15.3 Deferred income tax

Deferred income tax results from the following items:

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

	Investment properties and land	Property, plant and equipment and intangible assets	Inventori es	Financial liabilities	Financial assets	Services under construction contracts	Provisions	Impairment write-downs of assets	Tax losses	Difference due to the timing of recognition of income from the sale of premises	Prepayments /Accruals	Other	Total
Net deferred tax asset (provision) as at 1 January 2023	**(2,641)**	**225**	**(734)**	**11,179**	**(864)**	**8,467**	**1,691**	**12,980**	**23,735**	**(29,112)**	**9,358**	**324**	**34,608**
Tax benefit (tax charge):													
- recognized in consolidated profit or loss	1,546	(36)	(3,234)	12,194	-	1,330	(6)	55	(18,902)	7,335	(2,116)	(479)	*(2,313)*
- recognized in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Net deferred tax asset (provision) as at 31 December 2023	**(1,095)**	**189**	**(3,968)**	**23,373**	**(864)**	**9,797**	**1,685**	**13,035**	**4,833**	**(21,777)**	**7,242**	**(155)**	**32,295**
Net deferred tax asset (provision) as at 1 January 2022	**(3,996)**	**(258)**	**6,697**	**6,004**	**(549)**	**3,138**	**614**	**8,735**	**48,838**	**(34,657)**	**616**	**156**	**35,339**
Tax benefit (tax charge):													
- recognized in consolidated profit or loss	1,355	483	(7,241)	5,175	(315)	5,329	1,078	4,246	(25,104)	5,545	8,741	168	*(541)*
- recognized in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Net deferred tax assets (liabilities) arising from the acquisition/sale of units (net)	-	-	*(190)*	-	-	-	-	-	-	-	-	-	*(190)*
Net deferred tax asset (provision) as at 31 December 2022	**(2,641)**	**225**	**(734)**	**11,179**	**(864)**	**8,467**	**1,691**	**12,980**	**23,735**	**(29,112)**	**9,358**	**324**	**34,608**

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

	Year ended 31 December 2023	***Year ended 31 December 2022***
Deferred income tax assets	60,001	59,621
Deferred income tax provisions	(27,706)	(25,013)
Total	**32,295**	**34,608**

The Group assessed the realization of the deferred tax asset arising on tax losses by analysing forecast future taxable income. As a result, deferred tax assets were recognized for tax losses in property development companies whose forecast future financial results warrant the recognition of this asset. A deferred tax asset arising on deductible temporary differences in these companies has been recognized up to a level which, in the opinion of the Management Board, reflects the probability of realization of the asset.

The time schedule for the realization of the deferred tax asset arising on tax losses as at 31 December 2023 is as follows:

- up to 2024: PLN 1,840 thousand
- up to 2025: PLN 2,472 thousand
- up to 2026: PLN 272 thousand
- up to 2027: PLN 72 thousand
- up to 2028: PLN 177 thousand

The period shown above represents the maximum date by which the Group is obliged to settle tax losses, however the Group, relying on internal reports, anticipates realizing this asset in earlier periods.

16. 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 data on the profit on continuing operations and shares used to calculate basic and diluted earnings per share is shown below:

	Year ended 31 December 2023	Year ended 31 December 2022 *(restated)*
Basic/diluted earnings per share from continuing operations		
Net profit attributable to ordinary shareholders of the parent company adopted for the calculation of earnings per share (in PLN thousands).	219,076	211,832
Weighted average number of ordinary shares used to calculate basic earnings per share	40,800,000	40,800,000
Basic/diluted earnings per share from continuing operations (PLN per share)	**5.37**	**5.19**
Basic/diluted earnings per share from discontinued operations		
Net profit attributable to ordinary shareholders of the parent company adopted for the calculation of earnings per share	-	-
Weighted average number of ordinary shares used to calculate diluted earnings per share	40,800,000	40,800,000
Basic/diluted earnings per share from discontinued operations (PLN per share)	**-**	**-**

There were no other transactions in ordinary shares or potential ordinary shares between the balance sheet date and the date of these consolidated financial statements.

17. 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.

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18. Property, plant and equipment

Year ended 31 December 2023	***Land and buildings***	***Plant and machinery***	***Vehicles***	***Fixed assets under construction***	***Other***	***Total***
Gross amount as at 1 January	**10,345**	**2,429**	**1,714**	**-**	**5,325**	**19,813**
Purchases	16,315	571	1,139	91	886	19,002
Sales	-	(65)	(245)	-	-	(310)
Scrapping	(6,829)	(212)	(194)	-	(324)	(7,559)
Other	173	-	-	-	5	178
Gross amount as at 31 December	**20,004**	**2,723**	**2,414**	**91**	**5,892**	**31,124**
Accumulated depreciation and impairment allowances as at 1 January	**(6,627)**	**(2,202)**	**(1,035)**	**-**	**(4,051)**	**(13,915)**
Depreciation charge for the period	(2,581)	(205)	(490)		(834)	(4,110)
Sales	-	63	161	-	-	224
Scrapping	6,126	212	194	-	217	6,749
Accumulated depreciation and impairment allowances as at 31 December	**(3,082)**	**(2,132)**	**(1,170)**	-	**(4,668)**	**(11,052)**
Net amount as at 1 January 2023	3,718	227	679	-	1,274	5,898
Net amount as at 31 December 2023	**16,922**	**591**	**1,244**	**91**	**1,224**	**20,072**

Year ended 31 December 2022	***Land and buildings***	***Plant and machinery***	***Vehicles***	***Fixed assets under construction***	***Other***	***Total***
Gross amount as at 1 January	**12,130**	**2,178**	**2,623**	**35**	**4,499**	**21,465**
Purchases	692	62	112	18	1,016	1,900
Sales	(8)	(210)	(14)	-	(78)	(310)
Scrapping	(2,698)	-	(349)	-	(310)	(3,357)
Other	229	399	(658)	(53)	198	115
Gross amount as at 31 December	**10,345**	**2,429**	**1,714**	**-**	**5,325**	**19,813**
Accumulated depreciation and impairment allowances as at 1 January	**(6,242)**	**(1,781)**	**(1,662)**	**-**	**(3,506)**	**(13,191)**
Depreciation charge for the period	(2,370)	(225)	(386)	-	(673)	(3,654)
Sales	-	203	-	-	67	270
Scrapping	1,885	-	358	-	256	2,499
Other	100	(399)	655	-	(195)	161
Accumulated depreciation and impairment allowances as at 31 December	**(6,627)**	**(2,202)**	**(1,035)**	**-**	**(4,051)**	**(13,915)**
Net amount as at 1 January 2022	5,888	397	961	35	993	8,274
Net amount as at 31 December 2022	**3,718**	**227**	**679**	**-**	**1,274**	**5,898**

The Group has not identified any indication of impairment of property, plant and equipment at any of the balance sheet dates covered by the consolidated financial statements.

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The carrying amounts of the right-of-use assets (property, plant and equipment) 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	**1,994**	**22**	**455**	**317**	**2,788**
Additions (new leases)	16,056	-	1,139	410	17,605
Remeasurement	180	28	-	33	241
Depreciation charge	(2,406)	(50)	(457)	(400)	(3,313)
Decreases	(356)	-	-	(15)	(371)
Net amount as at 31 December 2023	**15,468**	**0**	**1,137**	**345**	**16,950**

Year ended 31 December 2022	***Land and buildings***	***Plant and machinery***	***Vehicles***	***Other***	***Total***
As at 1 January	**3,606**	**33**	**668**	**63**	**4,370**
Additions (new leases)	553	46	112	459	1,170
Remeasurement	275	-	-	-	275
Depreciation charge	(2,164)	(57)	(325)	(205)	(2,751)
Decreases	(276)	-	-	-	(276)
Net amount as at 31 December 2022	**1,994**	**22**	**455**	**317**	**2,788**

19. Leases

19.1 Lease liabilities

The carrying amounts of the right-of-use 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	**13,701**	**12,041**
Capital and interest repayments	(5,395)	(4,372)
New leases	21,862	7,590
Interest accrued	2,111	1,382
Transfer of obligation related to the release of apartments to customers	(1,574)	(2,940)
As at 31 December	**30,705**	**13,701**
Short-term	17,320	12,567
Long-term	13,385	1,134

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.

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20. Investment properties

	Year ended 31 December 2023	*Year ended 31 December 2022*
Opening balance sheet as at 1 January	-	2,501
Balance change:	**-**	**(2,501)**
Other	-	-
gains/losses on fair value measurement	-	-
transfers to inventories	-	-
sale of subsidiaries	-	-
sale of investment properties	-	(2,501)
Closing balance as at 31 December	**-**	**-**

Investment properties belong to level 2 of the fair value hierarchy.

All investment properties are properties held for the purpose of deriving benefits from an increase in their value. Measurement of investment properties at fair value is carried out using the comparable transactions method.

During the reporting period, the Group had no investment properties.

In the comparative period, the Group disposed of an investment property worth approximately PLN 2,501 thousand.

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21. Intangible assets

Year ended 31 December 2023	***Patents and licences***	***Goodwill***	***Other****	***Total***
Gross carrying amount as at 1 January	**-**	**18,497**	**4,609**	**23,106**
Increases	-	-	444	444
Scrapping	-	-	(40)	(40)
Remeasurement	-	(2,000)	-	(2,000)
Gross carrying amount as at 31 December	**-**	**16,497**	**5,013**	**21,510**
Accumulated amortization and impairment allowances as at 1 January	**-**	**(13,951)**	**(2,634)**	**(16,585)**
Accumulated amortization	-	-	(336)	(336)
Scrapping	-	-	40	40
Accumulated amortization as at 31 December	**-**	**(13,951)**	**(2,930)**	**(16,881)**
Net carrying amount as at 1 January	**-**	**4,546**	**1,975**	**6,521**
Net carrying amount as at 31 December	**-**	**2,546**	**2,083**	**4,629**

* the "other" category includes, among other things, the value of software and computer applications.

Year ended 31 December 2022	***Patents and licences***	***Goodwill***	***Other****	***Total***
Gross carrying amount as at 1 January	**4,136**	**18,489**	**4,653**	**27,278**
Increases	-	8	782	790
Scrapping	(4,136)	-	(3)	(4,139)
Remeasurement	-	-	(466)	(466)
Other	-	-	(357)	(357)
Gross carrying amount as at 31 December	**-**	**18,497**	**4,609**	**23,106**
Amortization and impairment allowances as at 1 January	**(4,136)**	**(11,943)**	**(2,632)**	**(18,711)**
Accumulated amortization	-	-	(362)	(362)
Scrapping	4,136	-	3	4,139
Impairment losses	-	(2,000)	-	(2,000)
Other	-	(8)	357	349
Accumulated amortization as at 31 December	**-**	**(13,951)**	**(2,634)**	**(16,585)**
Carrying amount as at 1 January	**-**	**6,546**	**2,021**	**8,567**
Net carrying amount as at 31 December	**-**	**4,546**	**1,975**	**6,521**

The accounting policies and additional notes to the consolidated financial statements form an integral part thereof

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* the "other" category includes, among other things, the value of software and computer applications.

In 2022 - 2023, the Group did not incur any costs of research projects that would be recognized as an expense of the period.

Intangible assets did not serve as collateral for the Group's liabilities.

The following changes in goodwill occurred during the period ended 31 December 2023 and 31 December 2022:

	Year ended 31 December 2023	*Year ended 31 December 2022*
Goodwill as at the beginning of the period	4,546	6,546
Decreases in goodwill due to write-downs	(2,000)	(2,000)
	2,546	**4,546**

Goodwill arising from the acquisition of entities has been allocated to the following cash-generating units:

- Murapol Real Estate S.A.
- Residential real estate brokerage

Goodwill as at:	31 December 2023	31 December 2022
Murapol Real Estate S.A.	1,112	1,112
Residential real estate brokerage	1,434	3,434
	2,546	**4,546**

At each balance sheet date, goodwill was tested for impairment by comparing the carrying amount to the recoverable amount of the cash-generating units to which goodwill had been allocated.

Recoverable amounts were determined on the basis of value in use calculated from cash flow projections based on financial budgets covering a five-year period and a residual period.

The main assumptions adopted to determine value in use are as follows:

- result on sales;
- cash flows from operating activities;
- discount rate;
- increase in the residual value period.

The figures assigned to each of the above parameters reflect the Group's experience adjusted for expected changes during the period under analysis.

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Murapol Real Estate S.A.

No impairment of goodwill was identified in relation to the assets of Murapol Real Estate S.A. The assumptions used for the test, i.e. a discount rate of 11.08% and an increase over the residual value period of 0.5%, reflect the Management Board's current assessment of the expected cash flows generated by the cash-generating unit to which the goodwill has been allocated.

Real estate brokerage

In 2023, an impairment test resulted in the recognition of goodwill impairment of PLN 2,000 thousand. The assumptions used for the test, i.e. a discount rate of 11.08% and an increase over the residual value period of 0.5%, reflect the Management Board's current assessment of the expected cash flows generated by the cash-generating unit to which the goodwill has been allocated.

After taking into account the write-down, the goodwill in respect of the real estate brokerage business amounts to PLN 1,434 thousand.

22. Business combinations and acquisitions of non-controlling interests

There were no business combinations within the meaning of IFRS 3 in the reporting period or in the comparative period. Acquisitions of non-controlling interests are described in Note 28.3.

23. Other assets

23.1 Other financial assets (current and non-current)

	31 December 2023	*31 December 2022*
Loans to employees	80	155
Total	**80**	**155**
- current	-	35
- non-current	80	120

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

	31 December 2023	*31 December 2022*
Group general liability policy	722	647
Licences	788	717
Overpaid sponsorship costs	7	7
Overpaid costs of HR, IT services	240	118
Guarantees, security deposits	1,462	595
Other prepayments and accruals	241	200
Total	**3,460**	**2,284**

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- current	1,801	1,503
- non-current	1,659	781

24. Employee benefits

The Group 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 35.4.1.

Other than this, the Group did not operate any other employee share schemes.

25. Inventories

	31 December 2023	***31 December 2022***
Materials	3,141	15,178
Semi-finished goods and work in progress	1,091,039	977,507
Advances for land	129,866	73,495
Finished goods:	175,717	177,679
Total inventories, at the lower of cost and net realizable value	**1,399,763**	**1,243,859**

The item "semi-finished goods and work in progress" reflects the value of the Group's development projects - the construction of apartments with associated commercial premises and parking spaces, comprising the costs of land and capital expenditure incurred by the Group (labour, construction materials and finance costs). For development projects, the Group estimates that the normal operating cycle is approximately 3.5 years.

Finished goods primarily comprise the capital expenditure incurred on completed residential and commercial premises, together with their associated share of land and parking spaces.

The value of finished goods at cost of manufacture amounted to PLN 195,434 thousand as at 31 December 2023 and PLN 199,737 thousand as at 31 December 2022.

The value of work in progress at cost of manufacture amounted to PLN 1,097,873 thousand as at 31 December 2023 and PLN 977,507 thousand as at 31 December 2022.

During the year ended 31 December 2023, the Group wrote down the value of inventories to their net realizable value of PLN 362 thousand (in 2022: PLN 14,800 thousand). The write-down related to inventories of finished goods and work in progress and resulted from indications that these assets were impaired.

As part of the inventories, land comprising a right-of-use asset was recognized. The following movements occurred in this item during the year:

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

	Year ended 31 December 2023			Year ended 31 December 2022		
	Work in progress	**Finished goods**	**Total**	**Work in progress**	**Finished goods**	**Total**
Opening balance as at 1 January	10,168	448	10,616	6,697	632	7,330
Purchases	3,453	-	3,453	6,873	-	6,873
Amortization of the right of use	(177)	(43)	(220)	(97)	(53)	(149)
Transfer between categories	(769)	769	-	(3,306)	3,306	-
Releases to customers	-	(720)	(720)	-	(3,438)	(3,438)
Closing balance as at 31 December	**12,675**	**454**	**13,129**	**10,168**	**448**	**10,616**

In 2023, in cost of sales the Company recognized costs previously capitalized in inventories of PLN 832,551 thousand (in 2022: PLN 650,241 thousand).

No investment properties were reclassified to inventories in 2023.

Capitalized borrowing costs amounted respectively to :

	31 December 2023	***31 December 2022***
Capitalized borrowing costs (cumulative)	77,003	55,003

	Year ended 31 December 2023	**Year ended 31 December 2022**
Borrowing costs capitalized in inventories	58,953	40,738
Borrowing costs released in cost of sales	(36,953)	(15,549)
Capitalized borrowing costs during the period	22,000	25,190

The capitalization rate was 13.6% in 2023 (in 2022: 7.09%).

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

26. Trade and other receivables (current and non-current)

	31 December 2023	31 December 2022
Trade receivables	37,781	40,453
Other receivables, including:		
Statutory settlements	41,808	24,275
Security deposits for lease of premises	80	75
Settlements with shareholders	11,723	11,723
Contractual penalties	-	59
Receivable	2,997	-
Other	299	708
Total net receivables	**94,688**	**77,293**
Write-downs of receivables	13,181	12,724
Total gross receivables	**107,869**	**90,017**
- current	94,606	77,293
- non-current	82	-

Trade receivables are non-interest bearing and usually have a payment term of between 14 and 90 days.

The change in the item "Statutory settlements" relates to withholding tax paid in connection with the dividend paid in 2023.

The parent company's Management Board believes that the net book value of trade receivables approximates their fair value, due to the short-term nature of trade receivables and the fact that an expected credit loss has been taken into account.

Settlements with shareholders comprise other receivables from shareholders. The Group considers the expected credit loss on these receivables to be immaterial.

The item "Receivable" includes a receivable in respect of settlements with a counterparty.

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

	Year ended 31 December 2023	Year ended 31 December 2022
As at 1 January	**12,724**	**12,884**
Increases	1,718	894
Decreases	1,261	1,054
As at 31 December	**13,181**	**12,724**
- trade payables	13,124	11,747
- other	57	977

27. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash at bank and in hand	183,156	269,522
including restricted cash and cash equivalents	*6,065*	*5,508*

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.

28. Equity

28.1 Share capital

28.1.1. Nominal value of shares

	31 December 2023	*31 December 2022*
Number of shares in thousands	40,800	40,800
Nominal value of shares (PLN/share)	0.05	0.05
Carrying amount at the end of the period	**2,040**	**2,040**

All shares issued have a nominal value of PLN 0.05 and have been fully paid up.

28.1.2. *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", while 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, shares of series A1, C1 and B were preferred in that they carried 2 votes per share. 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 666667 were subject to a specific prohibition on making representations and taking actions leading to the disposition of these shares. Series A1, A2, B, C1, C2 shares were subject to a financial and registered pledge under a loan agreement.

28.1.3. Share issue

No new shares were issued in 2023 and 2022.

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28.1.4. 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%
Total	**-**	**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 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%
Total	**-**	**40,800,000**	**40,800,000**	**100%**

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

Shareholders holding more than 5% of 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%
Total	**34,000,000**	**6,800,000**	**74,800,000**	**100%**

28.2 Supplementary capital, other reserves, retained earnings/(accumulated losses) and a limitation in the distribution of dividend

The structure of the supplementary capital, other reserves and retained earnings/(accumulated losses) is as follows:

	Supplementary capital	***Other reserves***	***Capital from share-based payment transactions***	***Retained earnings / (accumulated losses)***	***Total reserves and retained earnings/(accumulated losses)***
As at 1 January 2023	**452,508**	**11,840**	**4,675**	**(247,721)**	**221,302**
net profit/(loss) for 2022	-	-	-	211,832	**211,832**
share-based payments*	-	-	1,900	-	**1,900**
purchase of non-controlling interests	-	919	-	-	**919**
dividend	-	-		(100,000)	**(100,000)**
transfer between capitals	(238,737)	100,000	-	138,737	**-**
As at 31 December 2023	**213,771**	**112,759**	**6,575**	**2,848**	**335,953**
As at 1 January 2022	**527,987**	**10,698**	**2,975**	**(269,966)**	**271,694**
net profit/(loss) for 2021	-	-	-	224,963	**224,963**
share-based payments*	-	-	1,700	-	**1,700**
purchase of non-controlling interests	-	1,142		-	**1,142**
dividend	(78,197)	-		(200,000)	**(278,197)**
transfer between capitals	2,718			(2,718)	**-**
As at 31 December 2022	**452,508**	**11,840**	**4,675**	**(247,721)**	**221,302**

*share-based payments relate to the incentive bonuses described in Note 35.4.1.

The net profit/(loss) for the previous year is presented as a change in the period. If presented in supplementary capital and retained earnings/(accumulated losses) in the opening balance, the total supplementary capital as at 1 January 2023 would be PLN 433,134 thousand and as at 1 January 2022: PLN 496,657 thousand.

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Supplementary capital was created from profits earned in previous years.

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

Dividends are paid in accordance with the provisions of the Commercial Companies Code based on the separate financial statements of Murapol S.A. prepared in accordance with IFRS.

In addition, the item Supplementary capital, other reserves and retained earnings/(accumulated losses) also includes amounts that are not distributable, i.e. cannot be paid out as dividends. These comprise in particular:

- amounts recognized in connection with the settlement of transactions in non-controlling interests that do not result in a loss of control over the relevant Group company,

Information on dividends paid and proposed to be paid is presented in Note 17.

Information on long-term incentive bonuses is presented in Note 35.4.1.

28.3 Non-controlling interests

	Year ended 31 December 2023	*Year ended 31 December 2022*
As at the beginning of period	**2,769**	**5,045**
Dividends paid by subsidiaries	-	(803)
Sale of a company	-	-
Changes in the shareholding structure of subsidiaries	(1,419)	(2,539)
Share in profits/losses of subsidiaries	75	1,066
As at the end of the period	**1,425**	**2,769**

Details of subsidiaries holding non-controlling interests:

Entity	**Percentage of shares and voting rights held by non-controlling shareholders**		**Profit/loss allocated to non-controlling interests**		**Accumulated value of non-controlling interests**	
	31 December 2023	*31 December 2022*	*2023*	*2022*	*31 December 2023*	*31 December 2022*
Cross Bud S.A.	3.60%	7.19%	75	138	1,425	2,770
Murapol Projekt 27 sp. z o.o.	-	-	-	(25)	-	-
Murapol Projekt 35 sp. z o.o.	-	-	-	953	-	-
Total	-	-	**75**	**1,066**	**1,425**	**2,770**

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

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

	31 December 2023	31 December 2022
Current	**67,493**	**46,675**
Loans	63,398	46,675
Total current portion of interest-bearing loans and borrowings	**63,398**	**46,675**
Measurement of a derivative - IRS	4,095	-
Measurement of a derivative - IRS	**4,095**	**-**
Non-current	**394,232**	**365,497**
Loans	391,280	365,497
Total Interest-bearing loans and borrowings	**391,280**	**365,497**
Measurement of a derivative - IRS	2,952	-
Measurement of a derivative - IRS	**2,952**	**-**
Total	**461,725**	**412,172**

Loans

On 14 September 2022, Murapol concluded a loan agreement for 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 the existing debt.

As at 31 December 2022, the Company was 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, fully utilized. 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, with PLN 397,705 thousand to 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 of the new credit limit granted were used. The interest rate applicable to each loan for each interest period is an annual interest rate which is the sum of a margin and the WIBOR rate.

Loan agreements granted to Murapol Group entities as at 31/12/2023:

Bank	Borrower	Maximum loan amount	Current utilization of loan	Final repayment deadline	Interest rate
PEKAO S.A./ Santander Bank S.A.	Murapol S.A.	550,000	478,300	30 June 2026	3M WIBOR + margin

Main collateral for loans at 31.12.2023:

1. Joint mortgage up to PLN 825,000,000
2. Agreements on 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 on 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 on 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 on 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. Debt assignment 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 of 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 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 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 of 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 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 of shareholders/partners (not being at the same time the borrower or the company acceding to the debt) on submission to enforcement 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 (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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Loan agreements granted to Murapol Group entities as at 31/12/2022:

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

Main collateral for loans at 31/12/2023:

1. Joint mortgage up to PLN 825,000,000

2. Agreements on 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 on 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 on 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 on 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. Debt assignment 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 of 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 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 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 of 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

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enforcement 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 of shareholders/partners (not being at the same time the borrower or the company acceding to the debt) on submission to enforcement 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 (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.

30. Provisions

30.1 Changes in provisions

	Provisions for litigation	***Provisions for employee benefits***	***Other provisions***	***Total***
As at 1 January 2023	**6,307**	**-**	**87**	**6,394**
Set up during the financial year	566	-	659	**1,225**
Utilized	-	-	-	**-**
Released	(582)	-	(647)	**(1,229)**
As at 31 December 2023	**6,291**	**-**	**99**	**6,390**
Current as at 31 December 2023	6,291	-	99	**6,390**
Non-current as at 31 December 2023	-	-	-	**-**

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	Provisions for litigation	*Provisions for employee benefits*	*Other provisions*	*Total*
As at 1 January 2022	**1,016**	**35**		**1,051**
Set up during the financial year	6,335	-	87	**6,422**
Utilized		-		**-**
Released	(1,044)	(35)		**(1,079)**
As at 31 December 2022	**6,307**	**-**	**87**	**6,394**
Current as at 31 December 2022	6,307	-	87	**6,394**
Non-current as at 31 December 2022	-	-	-	**-**

The provision for litigation costs is described in Note 34.2.

31. Trade and other payables (current and non-current)

31.1 Trade payables and other liabilities

	31 December 2023	*31 December 2022*
Trade payables	71,959	75,340
Other liabilities, including:		
Statutory settlements	4,375	3,243
Settlements with the tax authorities in respect of VAT relating to bad debts	475	491
Wage and salary settlements	2,753	2,492
Performance bonds	47	47
Other	571	928
TOTAL, including:	**80,180**	**82,541**
Non-current	33	31
Current	80,147	82,510

The parent company's Management Board believes that the book value of trade payables approximates their fair value due to their short-term nature. Trade payables are non-interest bearing and usually have a payment term of between 7 and 90 days.

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31.2 Construction performance bonds

	Year ended 31 December 2023	*Year ended 31 December 2022*
Opening balance sheet as at 1 January	**56,783**	**51,448**
Change	3,739	5,335
Closing balance as at 31 December	**60,522**	**56,783**
including:		
Long-term construction performance bonds	19,414	19,506
Short-term construction performance bonds	41,108	37,277

32. Reasons for differences between changes in certain items arising from the statement of financial position and from the statement of cash flows

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

	Year ended 31 December 2023	**Year ended 31 December 2022**
Change in the balance of inventories in the statement of financial position	(155,904)	(223,865)
Change in the balance due to recognition of the right of use	2,513	3,286
Change in inventories due to capitalization of finance and other costs	22,031	27,000
Change in inventories in the statement of cash flows	**(131,360)**	**(193,579)**
Change in liabilities excluding loans and borrowings and other financial liabilities in the statement of financial position	6,501	(19,364)
Adjustment of unpaid liabilities in respect of the acquisition of fixed assets	(59)	-
Change in liabilities excluding loans and borrowings and other financial liabilities in the statement of cash flows	**6,442**	**(19,364)**
Finance costs in the statement of comprehensive income	3,950	2,304
Finance costs from continuing operations	(1,065)	(2,968)
Capitalized finance costs in cost of sales	36,953	15,549
Finance costs in the statement of cash flows	**39,838**	**14,885**

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33. Capital expenditure commitments

As at 31 December 2023 (and as at 31 December 2022), the Group had no contractual commitments for capital expenditure on property, plant and equipment, leases and investment properties. At 31 December 2023, the Group had no contractual commitments for capital expenditure on intangible assets (and at 31 December 2022).

34. Contingent liabilities

34.1 Non-financial sureties and guarantees granted

As at 31 December 2023:

Guarantor	*Beneficiary*	*Subject of the guarantee*	*Up to*	*From*	*To*
Murapol S.A.	Biuro Inwestycji Kapitałowych Sosnowiec 2 Sp. z o.o.	Trade payables	700	13 May 2019	indefinite
Murapol S.A.	Leier Polska S.A.	Trade payables	2,000	08 October 2020	31 December 2023
Murapol S.A.	Zakład Górniczo-Hutniczy "Bolesław" SA.	Trade payables	703	19 July 2019	31 August 2024
Murapol S.A.	Sopockie Towarzystwo Ubezpieczeń ERGO HESTIA S.A.	Trade payables	650	28 May 2019	24 September 2024
Murapol Real Estate S.A.	Research and implementation company "Hydro-Pomp"	Surety agreement	250	15 December 2020	31 December 2024
Murapol S.A.	Student Depot Łódź 2 Sp. z o.o.	Surety agreement	6,500	31 May 2021	31 December 2025
Murapol S.A.	Student Depot Łódź 2 Sp. z o.o.	Surety agreement	1,967	30 November 2021	31 December 2028
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	32,074	02 November 2021	20 May 2032
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	141,209	02 November 2021	30 June 2033
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	48,678	02 November 2021	18 December 2032
Murapol S.A.	Aceno Sp. z o.o.	Surety agreement	51,406	02 November 2021	22 July 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.	Guarantee agreement	33,500	28 October 2021	31 December 2027
Cross Bud S.A.	Bruk Bet Sp. z o.o.	Trade payables	400	13 August 2015	indefinite
Murapol S.A.	mBank S.A.	Bill of exchange	10,000	19 May 2021	30 June 2026
Murapol S.A.	Santander Bank Polska S.A. Aceno Sp. z o.o.	Guarantee agreement	5,462	03 February 2022	31 December 2032
Murapol S.A.	Santander Bank Polska S.A. Life Spot Sp. z o.o.	Guarantee agreement	22,000	07 February 2023	31 December 2033

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Murapol S.A.	Life Spot Katowice Graniczna Sp. z o.o.	Surety agreement	62,591	05 January 2023	22 January 2035
Murapol S.A.	Life Spot Kraków Czerwone Maki Sp. z o.o.	Surety agreement	93,402	01 February 2023	10 April 2035
Murapol S.A.	SCG Spółka z ograniczoną odpowiedzialnością Sp. k.	Surety agreement	21,500	27 June 2023	31 December 2026
Murapol S.A.	ING Bank Śląski S.A.	Bank guarantee	2,421	05 October 2023	05 October 2024
Murapol Real Estate S.A.	ING Bank Śląski S.A.	Bank guarantee	4,606	05 October 2023	02 December 2024
Murapol Real Estate S.A.	ING Bank Śląski S.A.	Bank guarantee	273	05 October 2023	01 April 2024

As at 31 December 2022:

Guarantor	***Beneficiary***	***Subject of the guarantee***	***Up to***	***From***	***To***
Murapol S.A.	Biuro Inwestycji Kapitałowych Sosnowiec 2 Sp. z o.o.	Trade payables	700	13 May 2019	indefinite
Murapol S.A.	Leier Polska S.A.	Trade payables	2,000	08 October 2020	31 December 2023
Murapol S.A.	Zakład Górniczo-Hutniczy "Bolesław" SA.	Trade payables	703	19 July 2019	31 August 2024
Murapol S.A.	Sopockie Towarzystwo Ubezpieczeń ERGO HESTIA S.A.	Trade payables	650	28 May 2019	24 September 2024
Murapol Real Estate S.A.	Research and implementation company "Hydro-Pomp"	Surety agreement	250	15 December 2020	31 December 2024
Murapol S.A.	Student Depot Łódź 2 Sp. z o.o.	Surety agreement	6,500	31 May 2021	31 December 2025
Murapol S.A.	Student Depot Łódź 2 Sp. z o.o.	Surety agreement	1,850	30 November 2021	31 December 2028
Murapol S.A.	Marek Tomczyk	Surety agreement	18,000	30 August 2021	30 August 2023
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	32,074	02 November 2021	20 May 2032
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	141,209	02 November 2021	30 June 2033
Murapol S.A.	Stena Sp. z o.o.	Surety agreement	48,678	02 November 2021	18 December 2032
Murapol S.A.	Aceno Sp. z o.o.	Surety agreement	51,406	02 November 2021	22 July 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.	Guarantee agreement	33,500	28 October 2021	31 December 2027
Cross Bud S.A.	Bruk Bet Sp. z o.o.	Trade payables	400	13 August 2015	indefinite

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Cross Bud S.A.	Weinerberger Ceramika Budowlana Sp. z o.o.	Trade payables	200	16 April 2018	16 April 2023
Murapol S.A.	mBank S.A.	Bill of exchange	10,000	19 May 2021	27 September 2024
Murapol S.A.	BNP Paribas Bank Polska S.A.	Bill of exchange	13,000	14 July 2016	30 December 2023
Murapol S.A.	Santander Bank Polska S.A. Aceno Sp. z o.o.	Guarantee agreement	5,462	03 February 2022	31 December 2032

Guarantees provided by the Company as security for bank loans are detailed in Note 29 to these consolidated financial statements. These guarantees are given internally within the Group.

34.2 Litigation

As at 31 December 2023, the total value of proceedings pending before the courts relating to the Group's potential liabilities amounted to approximately PLN 23.8 million. These disputes mainly concern compensation claims from customers and payment claims from subcontractors. Provisions totalling approximately PLN 6.3 million have been set up in respect of claims that the Group 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 4.6 million.

As at 31 December 2022, the total value of proceedings pending before the courts relating to the Group's potential liabilities amounted to approximately PLN 20.6 million. These disputes mainly concern compensation claims from customers and payment claims from subcontractors. Provisions totalling approximately PLN 6.3 million have been set up in respect of claims that the Group 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 5.1 million.

Provisions for litigation are recognized 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 amounted to PLN 17.5 million.

The value of contingent liabilities relating to court cases not covered by the provision as at 31 December 2022 amounted to PLN 14.3 million.

As at 31 December 2023, the total value of disputed receivables pending before the courts was approximately PLN 15.9 million, of which approximately PLN 13.1 million is covered by a write-down.

As at 31 December 2022, the total value of disputed receivables pending before the courts was approximately PLN 17.7 million, of which approximately PLN 12.7 million is covered by a write-down.

34.3 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 on shares of Skarbiec Holding S.A. in 2017-2018. Sanction proceedings were conducted by the PFSA against Murapol S.A. on account of a suspected administrative tort, consisting of Murapol S.A.'s use of the so-called parking of shares in Skarbiec Holding S.A. 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 10,400 thousand

A fine of PLN 9,900 thousand 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 exceeding by Murapol S.A., together with Venture Fundusz Inwestycyjny Zamknięty managed by Trigon TFI S.A. (now 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 thousand 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 Commission. 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 S.A., 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 the 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, Polish Financial Supervision Authority revoked the decision of 20 August 2019 in its entirety. At the same time, the Commission imposed a fine on Murapol S.A. in the total amount of PLN 9,137 thousand in relation to the issues described above, which was paid in March 2021.

The Company's Management Board, 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 Group 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 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 aforementioned 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 activities undertaken as part of his statutory competences involving collecting information and data on market activities of entrepreneurs in relation to consumers, addressed questions to the Company in matters relating to 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 as 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 determining 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 determining 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.

34.4 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 the last 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, Group paid dividend as described in Note 17. Based on legal and tax analyses and documentation in its possession, the Company is of the opinion that this payment was not subject to withholding tax.

35. Information about related entities

35.1 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% votes at the AGM and 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 substance of the change is described in more detail in Note 28.1.3.

35.2 The ultimate parent company

The ultimate parent company is Ares Partners HoldCo LLC.

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35.3 Terms of transactions with related entities

All transactions with related parties of the Murapol S.A. Group within the meaning of IAS 24 were concluded at an arm's length basis.

35.4 Remuneration of the Group's senior executives

35.4.1. Remuneration paid or payable to members of the Management Board and members of the Supervisory Board of the Group

	Year ended 31 December 2023	*Year ended 31 December 2022*
Management Board		
Short-term employee benefits from Murapol S.A.	4,731	2,994
Short-term employee benefits from other Group companies	4,557	2,725
Incentive bonuses	1,900	1,700
Supervisory Board		
Short-term employee benefits from Murapol S.A.	366	424
Short-term employee benefits from other Group companies	-	-
	11,554	**7,843**

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 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 lose their bonus entitlement (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, 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 -

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therefore this date has been taken 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 Group amounts to 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)".

35.4.2. 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	9,043	9,440
Group companies from:		
- companies and individuals related to shareholders	867	51
sales of finished goods, materials and services by:		
Murapol S.A. to:		
- companies and individuals related to shareholders	-	-
Group companies to:		
- companies and individuals related to shareholders	187,079	133,870
interest on a borrowing granted by:		
Murapol S.A. from		
- companies and individuals related to shareholders	-	-
Group companies to:		
interest on a borrowing granted by:		
Murapol S.A. from		
- companies and individuals related to shareholders	-	3,465
Group companies to:		
- companies and individuals related to shareholders	-	294
Total	**196,989**	**147,120**

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

	31 December 2023	***31 December 2022***
Receivables from related entities:	**46,450**	**47,003**
Trade receivables	***34,687***	***35,218***
Murapol S.A. from		
- companies and individuals related to shareholders	-	-
Group companies to:		
- companies and individuals related to shareholders	34,687	35,218
Borrowing receivables	**-**	**-**
Murapol S.A. from		
- companies and individuals related to shareholders	-	-
Group companies to:		
- companies and individuals related to shareholders	-	-
Other receivables	***11,763***	***11,785***
Murapol S.A. from		
- companies and individuals related to shareholders	*11,761*	*11,776*
Group companies to:		
- companies and individuals related to shareholders	2	9
Liabilities to related entities:	**10,412**	**28,837**
Trade payables	***2,798***	***2,925***
Murapol S.A. to:		
- companies and individuals related to shareholders	2,661	2,889
Group companies to:		
- companies and individuals related to shareholders	137	36
Other liabilities	***1***	**-**
Murapol S.A. to:		
- companies and individuals related to shareholders	1	-
Liabilities from contracts with customers	***7,613***	***25,912***
Group companies to:		
- companies and individuals related to shareholders	7,613	25,912

36. Information about the fee 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:

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

Type of services	***Year ended 31 December 2023***	***Year ended 31 December 2022***
Statutory audit of separate and consolidated 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

The fees do not include the costs of audit services in respect of the financial statements of Group companies by auditors other than Ernst & Young Audyt Polska sp. z o.o. sp.k.

37. Financial risk management objectives and policies

The main financial instruments used by the Group include bank loans, leases, which are described in Note 29, and cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has other financial instruments, such as trade receivables and payables, which arise directly in the course of its business.

The Group's policy currently and throughout the period covered by these financial statements is not to trade in financial instruments.

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 Group also monitors market price risk relating to all financial instruments it holds. The Group's accounting policy for derivatives is discussed in Note 8.12.

37.1 Interest rate risk

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

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

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%	- 23,086
PLN	- 5%	23,086
Year ended 31 December 2022		
PLN	+ 5%	- 20,609
PLN	- 5%	20,609

In 2022, as part of a loan agreement, the Company entered into an interest rate swap contract, so that a 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 a 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 amount of the Company's financial instruments exposed to interest rate risk, broken down by age category.

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

31 December 2023

Variable interest rate

	< 1 year	1– 2 years	2-3 years	3-4 years	> 4 years	Total
Cash at bank in individual escrow accounts	65,012	-	-	-	-	65,012
Cash and cash equivalents	183,156	-	-	-	-	183,156
Bank loans	63,398	63,909	327,371	-	-	454,678
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 at bank in individual escrow accounts	39,498	-	-	-	-	39,498
Cash and cash equivalents	269,522	-	-	-	-	269,522
Bank loans	46,900	46,292	318,980	-	-	412,172

The borrowings granted bear a fixed interest rate.

37.2 Currency risk

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

37.3 Credit risk

The main financial assets held by the Group are: cash in bank accounts, trade and other receivables, which expose the Group to the maximum credit risk in connection with its financial assets. The Group only transacts in the PRS segment with reputable companies with good creditworthiness, and in the property development segment with individual customers. Receivables in the Group's core business (property development segment) are realized in accordance with the Act on the Protection of the Rights of the Buyers of Residential Units or Single-Family Houses (advance payments into residential escrow accounts). All customers who wish to use trade credit are subject to initial verification procedures. In addition, the Group's exposure to the risk of uncollectible receivables is negligible thanks to the ongoing monitoring of receivable balances.

In respect of the Group's other financial assets, such as cash and cash equivalents, borrowings granted, the Group'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:

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

	Year ended 31 December 2023	***Year ended 31 December 2022***
Borrowings granted	80	155
Trade receivables	37,781	40,453
Other receivables*	15,099	12,565
Cash at bank in individual escrow accounts	65,012	39,498
Cash at bank and in hand	183,156	269,522
Total	**301,128**	**362,193**

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

The Group's main credit risk relates primarily to trade receivables. The amounts presented in the balance sheet are net of impairment allowances estimated by the Group's management based on past experience and an assessment of the current economic situation, pursuant to the accounting policies described in Note 8.11.

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

The concentration of credit risk in the Group is relatively low, due to the distribution of credit exposure over a large number of customers.

The table below shows the ageing structure of trade receivables:

Range	***Year ended 31 December 2023***	***Year ended 31 December 2022***
not overdue	34,186	38,128
overdue up to 30	3,218	539
overdue 31-60	6	450
overdue 61-90	51	295
overdue 91-180	320	579
overdue from 181	-	462
	37,781	**40,453**

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

The table below shows the assumptions used in the impairment model for trade receivables as at 31 December 2023 and 31 December 2022:

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

	Counterparty probability of default (PD)	Credit exposure that will be lost in the event of counterparty insolvency (LGD)
not overdue	0.05-2.60%	75%-100%
overdue up to 30	1.01-5.82%	75%-100%
overdue 31-60	6.66-23.62%	75%-100%
overdue 61-90	14.68-40.92%	75%-100%
overdue 91-180	27.52, -53.50%	75%-100%
overdue from 181*	100.00%	75%-100%

*) Except for counterparties for which the Group has made an individual assessment of expected credit losses, taking into account the collateral held.

37.4 Liquidity risk

The Group monitors the risk of 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 and potential dividend payments.

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

The balance of overdue trade payables as at 31/12/2023 and 31/12/2022 was immaterial, and related mainly to purchases from suppliers of materials, energy and subcontractors. Overdue trade payables were promptly paid upon confirmation of the balance of payables and completion of missing documentation. There were no overdue balances for other classes of financial liabilities.

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

The tables below show 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 amount*	*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	454,678	-	28,762	85,975	490,452	-	605,189
Derivatives	7,047	-	1,024	3,072	2,952	-	7,047
Leases	30,705	-	2,388	7,010	21,316	12,575	43,288
Trade and other payables	71,959	1,362	73,122	241	34	-	74,759
Security deposits	60,522	-	27,088	14,050	20,092	-	61,230
Total	**627,711**	**1,362**	**132,384**	**110,348**	**534,845**	**12,575**	**791,512**

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

31 December 2022	Carrying amount	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	412,172	-	23,364	68,759	423,780	-	515,903
Leases	13,701	-	514	1,541	5,570	41,733	49,357
Trade payables	75,340	2,949	72,391	-	-	-	75,340
Security deposits	56,783	-	23,297	13,970	20,542	-	57,809
Total	**557,996**	**2,949**	**119,565**	**84,270**	**449,892**	**41,733**	**698,409**

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

38. Financial instruments

38.1 Fair values of individual classes of financial instruments

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

	Category according to IFRS 9	Carrying amount		Fair value	
Financial assets		***31 December 2023***	***31 December 2022***	***31 December 2023***	***31 December 2022***
Financial assets stated at fair value through profit or loss	*FAMaFVtPoL*	-	-	-	-
Bonds taken up and loans granted (non-current and current)	*FAMaAC*	80	155	80	155
Trade receivables	*FAMaAC*	37,781	40,453	37,781	40,453
Other current and non-current receivables	*FAMaAC*	16,561	12,565	16,561	12,565
Construction performance bonds	*FAMaAC*	24	13	24	13
Balance of individual escrow accounts	*FAMaAC*	65,012	39,498	65,012	39,498
Cash and cash equivalents	*FAMaAC*	183,156	269,522	183,156	269,522
		302,614	**362,206**	**302,614**	**362,206**
Financial liabilities					
Lease liabilities	*FLMaAC*	30,705	13,701	30,705	13,701
Other financial liabilities	*FVTPL*	7,047	-	7,047	-
Interest-bearing bank loans and borrowings	*FLMaAC*	454,678	412,172	454,678	412,172
Trade payables	*FLMaAC*	71,959	75,340	71,959	75,340
Other liabilities	*FLMaAC*	3,338	3,467	3,338	3,467
Construction performance bonds	*FLMaAC*	60,522	56,783	60,522	56,783
Total	-	**628,249**	**561,463**	**628,249**	**561,463**

FAMaFVtPoL – Financial assets measured at fair value through profit or loss

FAMaAC – financial assets measured at amortized cost

FLMaAC - Financial liabilities measured at amortized cost

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:

- cash and short-term deposits, the balance of individual escrow accounts, trade receivables, other receivables, trade payables and other short-term liabilities show fair values close to their carrying value, 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)

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

For the year ended 31 December 2023	*Cost of sales*	*Finance income*	*Finance costs*	*Gain/loss on impairment of trade and other receivables*
Financial liabilities measured at amortized cost	(36,953)	-	(1,810)	-
Financial liabilities measured at fair value through profit or loss	-	-	(904)	-
Financial assets measured at amortized cost	-	11,755	-	(916)
Total	**(36,953)**	**11,755**	**(2,714)**	**(916)**

For the year ended 31 December 2022	*Cost of sales*	*Finance income*	*Finance costs*	*Gain/loss on impairment of trade and other receivables*
Financial liabilities measured at amortized cost	(15,549)	-	(1,266)	-
Financial assets measured at amortized cost	-	11,491	(160)	180
Total	**(15,549)**	**11,491**	**(1,426)**	**180**

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

38.3 Changes in liabilities resulting from financing activities

Year ended 31 December 2023	***1 January***	***Changes resulting from cash flows from financing activities***	***New lease contracts***	***Measurement at amortized cost***	***Other***	***31 December***
Interest-bearing loans and borrowings	412,172	(10,310)	-	49,829	2,987	454,678
Other financial liabilities	-	-	-		7,047*	7,047
Lease liabilities	13,701	(5,685)	21,862	827	-	30,705
Total liabilities resulting from financing activities	**425,873**	**(15,995)**	**21,862**	**50,656**	**10,034**	**492,430**

* relates to the measurement of the derivative described in Note 38.4

Year ended 31 December 2022	***1 January***	***Changes resulting from cash flows from financing activities***	***New lease contracts***	***Measurement at amortized cost***	***Other***	***31 December***
Interest-bearing loans and borrowings	324,592	48,608	-	38,972	-	412,172
Lease liabilities	12,041	(3,422)	7,590	(2,508)	-	13,701
Total liabilities resulting from financing activities	**336,633**	**45,186**	**7,590**	**36,464**	**-**	**425,873**

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

38.4 Hedges

In 2022, as part of the loan agreement, the Company entered into an interest rate swap contract, so that a 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 a half of the released tranche. In May 2023, IRS hedge was increased to 75% of the loan exposure. The value of the hedging instrument is presented in note 29.

39. Capital management

The main objective of the Group's capital management is to maintain a good credit rating and safe capital ratios to support the Group's operations and enhance shareholder value.

The Group manages and changes its capital structure in response to 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 Group analyses the following debt ratios:

- Net debt / EBITDA,
- Net debt / equity.

The values of the aforementioned ratios as at 31 December 2023 and 31 December 2023 are within the ranges required by the Group's funding agreements. EBITDA is defined as operating profit (loss) plus depreciation, amortization and capitalized finance costs included in cost of sales.

40. Non-current assets classified as held for sale

The Group has not classified non-current assets as held for sale in the reporting period or in the comparative periods.

41. Employment structure

The Group'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 of the parent company	3	3
Employees	484	468
Total	**487**	**471**

42. 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 tensions 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 Group'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 contributed directly to lower availability of mortgage loans and the resulting changes in customer behaviour, which resulted in, among other things, declines in the sale of apartments 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 Group's operations. These risks do not have a material impact on the measurement and presentation in these consolidated financial statements.

The parent company's Management Board monitors the impact of the factors described in the paragraphs above and other potential negative economic factors on the Group's operations and results on an ongoing basis. In particular, the analysis relating to the measurement of the inventories and the estimation of the net selling price of the inventories take into account current market conditions relating to residential real estate prices, costs required to complete construction and financing costs capitalized in the value of the inventories. Details of the inventory write-downs can be found in Note 25.

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

The Group has seen 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 results of operations of its companies.

The Group 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);
- 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 Group's view, the aforementioned risks, in particular those related to economic and regulatory transition, are likely to have an impact on the Group's operations in the medium to long term. The Group will take appropriate measures to adapt to the changing environment. However, currently the changes do not translate into issues of realisability of assets or measurement of liabilities presented in these consolidated financial statements. Inventories comprise assets of significant value, both those completed and development projects in progress, where at the moment no climatic events have occurred that would require to be taken into account in the measurement of inventories. 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.

Moreover, climate-related issues do not pose a threat to the Group's ability to continue as a going concern in the 12 months as of the date of approval of the consolidated financial statements for publication by the Management Board.

43. 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 it would be possible to pay dividends up to a total amount of PLN 122 million in the period after 30 June 2025 until the complete repayment of the loan, i.e. 30 June 2026. Prior to the conclusion of the annex, dividend payments during the period described above were only permitted with the consent of the banks Polska Kasa Opieki S.A. and Santander Bank Polska S.A.

Signatures

Signature of the preparer of the financial statements

Grzegorz Ryguła Director of Reporting	Signature

Signatures of Management Board Members

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

MURAPOL

Bielsko-Biała, 29 March 2024