MIRBUD CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS

for the period from 01/01/2023 to 31/12/2023

in accordance with International Financial Reporting Standards as adopted by the European Union

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I. BASIC FINANCIAL DATA

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.5284	4.6883
Sales revenue	3,322,440	3,319,329	733,695	708,005
Operating profit (loss)	223,883	178,373	49,440	38,046
Pre-tax profit (loss)	170,213	151,161	37,588	32,242
Net profit (loss)	135,414	119,195	29,904	25,424
Comprehensive income for the net financial year	135,414	119,195	29,904	25,424
Net cash flows from operating activities	147,674	133,302	32,611	28,433
Net cash flows from investing activities	-145,804	-4,049	-32,198	-864
Net cash flows from financial activities	-113,655	-89,467	-25,099	-19,083
Total net cash flows	-111,785	39,786	-24,686	8,486
Net profit (loss) per share in PLN/EUR	1.48	1.30	0.33	0.28
Net profit (loss) diluted per share in PLN/EUR	1.48	1.30	0.33	0.29

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Asset and liability items according to the average exchange rate determined by the National Bank of Poland as of the reporting date, respectively: EUR 1 =			4.3480	4.6899
Total assets	2,283,801	2,248,046	525,253	479,338
Liabilities and provisions for liabilities	1,490,251	1,566,057	342,744	333,921
Long-term liabilities	496,143	648,600	114,108	138,297
Short-term liabilities	994,108	917,457	228,636	195,624
Equity	793,550	681,989	182,509	145,416
Share capital	9,174	9,174	2,110	1,956
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	8.65	7.43	1.99	1.59
Diluted book value per share in PLN/EUR	8.65	7.43	1.99	1.59

Selected separate financial data	in PLN thousand		in EUR thousand	
	For the period:	For the period:	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Items of the statement of comprehensive income and the statement of cash flows according to the exchange rate being the arithmetic mean of the average daily exchange rates determined by the National Bank of Poland in the reporting year, respectively: EUR 1 =			4.5284	4.6883
Sales revenue	2,157,409	2,325,180	476,421	495,955
Operating profit (loss)	128,384	128,569	28,351	27,424
Pre-tax profit (loss)	118,425	146,227	26,152	31,190
Net profit (loss)	97,320	120,221	21,491	25,643
Comprehensive income for the net financial year	97,320	120,221	21,491	25,643
Net cash flows from operating activities	143,346	78,341	31,655	16,710
Net cash flows from investing activities	-125,470	24,356	-27,707	5,195
Net cash flows from financial activities	-81,995	-33,077	-18,107	-7,055
Total net cash flows	-64,119	69,620	-14,159	14,850
Net profit (loss) per share in PLN/EUR	1.06	1.31	0.23	0.28
Net profit (loss) diluted per share in PLN/EUR	1.06	1.31	0.23	0.29

Selected separate financial data	in PLN thousand		in EUR thousand	
	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Asset and liability items according to the average exchange rate determined by the National Bank of Poland as of the reporting date, respectively: EUR 1 =			4.3480	4.6899
Total assets	1,434,222	1,426,132	329,858	304,086
Liabilities and provisions for liabilities	893,395	958,771	205,473	204,433
Long-term liabilities	166,342	256,547	38,257	54,702
Short-term liabilities	727,053	702,225	167,215	149,731
Equity	540,827	467,360	124,385	99,652
Share capital	9,174	9,174	2,110	1,956
Number of shares (in pieces)	91,744,200	91,744,200	91,744,200	91,744,200
Book value per share in PLN/EUR	5.89	5.09	1.36	1.09
Diluted book value per share in PLN/EUR	5.89	5.09	1.36	1.09

II. GENERAL INFORMATION ABOUT THE ENTITY

Name of the issuer:	MIRBUD S.A.
Issuer's registered office	Skierniewice
Legal form	joint-stock company
Country of registered office	Poland
NIP	836-170-22-07
REGON	750772302
Address details	ul. Unii Europejskiej 18 96-100 Skierniewice
Telephone	+48 (46) 833 98 65
Fax:	+48 (46) 833 97 32
E-mail	sekretariat@mirbud.pl
Website	www.mirbud.pl

Address of the registered office of the entity: ul. Unii Europejskiej 18, 96-100 Skierniewice
Country of registration: Poland
Entity's registered office: Poland, ul. Unii Europejskiej 18, 96-100 Skierniewice
Explanation of changes in the reporting entity's name: n/a
Legal form of the entity joint stock company
Parent name: MIRBUD S.A.
Name of the reporting entity: MIRBUD S.A.
Name of the group's top level parent: MIRBUD S.A.
Primary place of business: Poland

MIRBUD S.A. was established as a result of transformation of a limited liability company under the name of MIRBUD Spółka z o.o. into a joint-stock company, pursuant to Article 551 et seq. of the Commercial Companies Code. The Company was registered by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, under the KRS number 0000270385 on 22 December 2006.

Core business

The Issuer's core business in accordance with its Articles of Association and the entry in the National Court Register is general construction and civil engineering, road freight transport, lease of construction and demolition equipment with operator services, advertising and publishing activities, lease of premises on own account, wholesale of construction materials.

Duration

The duration of the Issuer shall be unlimited.

Management Board and Supervisory Board

Management Board	
Jerzy Mirgos	President of the Management Board
Sławomir Nowak	Vice-President of the Management Board
Paweł Korzeniowski	Member of the Management Board
Tomasz Sałata	Member of the Management Board
Supervisory Board	
Wiesław Kosonóg	Chairman of the Supervisory Board (until 01/12/2023)
Radosław Niewiadomski	Deputy Chairman of the Supervisory Board
Agnieszka Maria Bujnowska	Secretary of the Supervisory Board
Stanisław Lipiec	Member of the Supervisory Board
Bartosz Wilczak	Member of the Supervisory Board
Jacek Tucharz	Member of the Supervisory Board

On 30 January 2023, the Extraordinary General Meeting of Shareholders adopted Resolution on appointing Mr. Stanisław Lipec and Mr. Jacek Tucharz to the Supervisory Board of MIRBUD S.A.

On 19 June 2023, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 23/2023 and Resolution No. 24/2023 on appointing the following persons to the Supervisory Board of MIRBUD S.A. for another term:

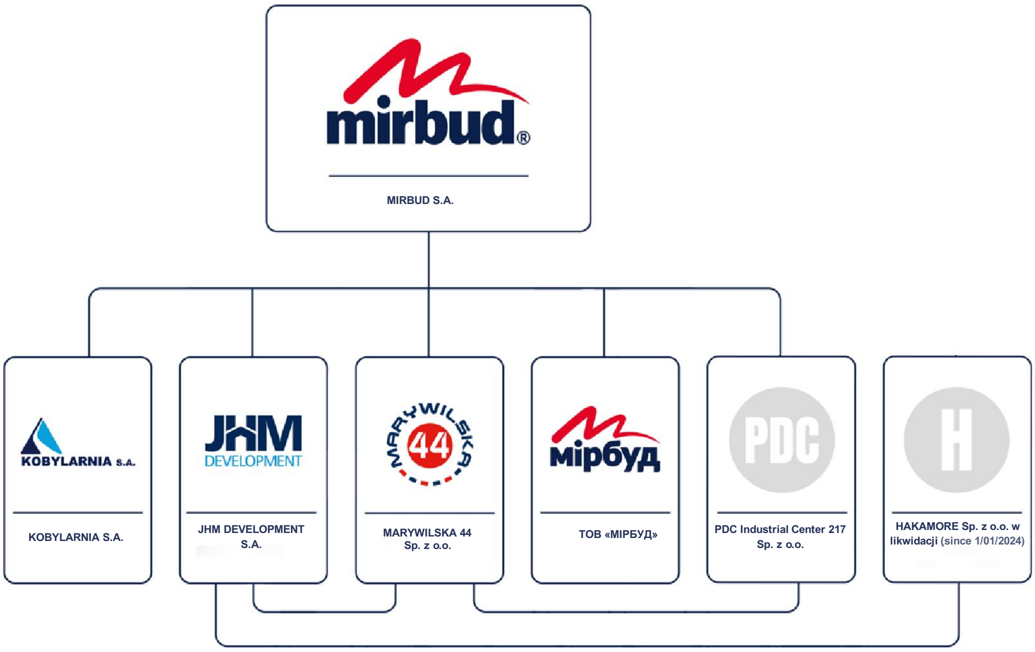
- Ms. Agnieszka Bujnowska (pursuant to Resolution No. XIII/2023 of the Supervisory Board of 19 June 2023, Ms. Agnieszka Bujnowska serves as Secretary of the Supervisory Board of MIRBUD S.A.);
- Mr. Wiesław Kosonóg (pursuant to Resolution No. XII/2023 of the Supervisory Board of 19 June 2023, Mr. Wiesław Kosonóg serves as Chairman of the Supervisory Board of MIRBUD S.A.).

On 01 December 2023, Mr. Wiesław Kosonóg submitted a declaration of resignation from his position as Chairman of the Supervisory Board of MIRBUD S.A.

On 11 February 2024 the term of office of Mr. Stanisław Lipiec as a member of the Supervisory Board expired.

On 18 March 2024, the Extraordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution on appointing Mr. Jerzy Łuczak to the Supervisory Board of MIRBUD S.A.

Capital group structure as at 31/12/2023



The Extraordinary Meeting of Shareholders of JHM 1 Sp. z o.o., a 100% subsidiary of JHM Development S.A., adopted Resolution No. 1 of 01/07/2022 on the dissolution of the Company. By way of Resolution No. 2 dated 01/07/2022, Mr. Wacław Jankowski was appointed as liquidator of the Company. From this date, the Company was named JHM 1 Sp. z o.o. w likwidacji.

On 29 June 2023, the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, issued a decision on deletion of JHM 1 Sp. z o.o. w likwidacji with its registered office in Skierniewice from the National Court Register.

On 29 November 2023, MIRBUD S.A. acquired 20,700 shares in the share capital of PDC Industrial Center 217 Sp. z o.o. with its registered office in Warsaw with a nominal value of PLN 50 each and a total nominal value of PLN 1,035 thousand, representing 49.88% of the Company's share capital.

Marywilska 44 Sp. z o.o., a company from the MIRBUD S.A. Group, which on 29 November 2023 acquired 20,800 shares in the share capital of the Company subject to the sale agreement, also participated in the share purchase transaction. The nominal value of shares was PLN 50 each, giving a total nominal value of PLN 1,040 thousand, representing 50.12% of the share capital of PDC Industrial Center 217 Sp. z o.o.

As at 31 December 2023, the MIRBUD Group holds a total of 100% of the shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

On 24/07/2021, JHM Development Sp. z o.o. purchased shares in HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw from the Official Receiver of the Company under the business name STAL - MET Nieczaj Sp. z o.o. w upadłości with its registered office in Słupsk. On 08/10/2021, by decision of the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, JHM Development S.A. was entered as a shareholder of HAKAMORE Sp. z o.o. w upadłości.

By decision of 1 July 2022, the District Court for the capital city of Warsaw, 16th Commercial Division for bankruptcy and restructuring cases, discontinued the bankruptcy proceedings of HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The District Court of Warsaw has declared this decision valid as of 17 November 2023.

As at 31/12/2023, the newly acquired company has not been consolidated. The Extraordinary Meeting of Shareholders of HAKAMORE Sp. z o.o. with its registered office in Skierniewice decided, by way of Resolution No. 1 of 28 December 2023, to dissolve the Company on 1 January 2024 and put it into liquidation.

Subsidiaries and consolidation method

Name of the entity	**JHM DEVELOPMENT S.A.**
Registered office	Skierniewice
Legal form	joint-stock company
Country of registered office	Poland
NIP	836-181-24-27
REGON	100522155
Address details	ul. Unii Europejskiej 18A; 96-100 Skierniewice
Telephone	+48 (46) 833-61-28
Fax	+48 (46) 833-61-28
E-mail	sekretariat@jhmdevelopment.pl
Website	www.jhmdevelopment.pl

Consolidated using the full method

Operates in the segment of property development service activities and investment property

Name of the entity	**KOBYLARNIA S.A.**
Registered office	Kobylarnia
Legal form	joint-stock company
Country of registered office	Poland
NIP	953-22-34-789
REGON	091631706
Address details	ul. Zakole 1; 86-061 Brzoza
Telephone	+48(52) 381-06-10
Fax	+48(52) 381-06-10
E-mail	sekretariat@kobylarnia.pl
Website	www.kobylarnia.pl

Consolidated using the full method

Operates in the construction and assembly activities segment

Name of the entity	**MARYWILSKA 44 Sp. z o.o.**
Registered office	Warsaw
Legal form	spółka z ograniczoną odpowiedzialnością [limited liability company]
Country of registered office	Poland
NIP	524-271-14-28
REGON	142434636
Address details	ul. Marywilska 44, 03-042 Warsaw
Telephone	+48 (22) 423-10-00
Fax	+48 (22) 423-10-00
E-mail	sekretariat@marywilska44.waw.pl
Website	www.marywilska44.waw.pl

Consolidated using the full method

Operates in the investment property segment

Name of the party	PDC Industrial Centre 217 Sp. z o.o.
Registered office	Warsaw
Legal form	spółka z ograniczoną odpowiedzialnością [limited liability company]
Country of registered office	Poland
NIP	525-286-46-71
REGON	389097185
Address details	ul. Marywilska 44, 03-042 Warsaw
Telephone	+48 (22) 423-10-00
Fax	+48 (22) 423-10-00
E-mail	-
Website	-

Consolidated using the full method

Operates in the investment property segment.

Name of the entity:	ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «МІРБУД» (MIRBUD sp. z o.o.)
Entity's registered office:	Kyiv
Legal form:	spółka z ograniczoną odpowiedzialnością [limited liability company]
NIP:	418873426552
REGON (ЄДРПОУ Code):	41887344
Address details:	Bratyslavska 14B, 02156 Kyiv
Country of registered office:	Ukraine

The TOB «МІРБУД» Company was entered into the Uniform National Register of Enterprises and Organisations of Ukraine on 25 January 2018 under number: 41887344.
The Company conducts business activities in Ukraine.

The core business of the subsidiary is:

- the construction of residential and non-residential buildings, construction of roads and railways, performance of specialist construction works, and finishing and architectural works.

The share capital of TOB «МІРБУД» is UAH 2,377,752.81 (according to the average exchange rate of the National Bank of Poland as at 29/12/2023, PLN 246,572.97). The sole partner of the company is MIRBUD S.A. As at 31/12/2023, the value of the contributed capital amounted to PLN 315,877.09. The entity is not consolidated due to its immaterial character.

Name of the party	HAKAMORE Sp. z o.o. w likwidacji (since 01/01/2024)
Registered office	Skierniewice
Legal form	spółka z ograniczoną odpowiedzialnością [limited liability company]
Country of registered office	Poland
NIP	701-062-62-88
REGON	365705166
Address details	ul. Unii Europejskiej 18A, 96-100 Skierniewice
Telephone	+48 (46) 833-61-28
Fax	+48 (46) 833-61-28
E-mail	
Website	

On 24/07/2021, JHM Development Sp. z o.o. purchased shares in HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw from the Official Receiver of the Company under the business name STAL - MET Nieczaj Sp. z o.o. w upadłości with its registered office in Słupsk. On 08/10/2021, by decision of the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, JHM Development S.A. was entered as a shareholder of HAKAMORE Sp. z o.o. w upadłości.

By decision of 1 July 2022, the District Court for the capital city of Warsaw, 16th Commercial Division for bankruptcy and restructuring cases, discontinued the bankruptcy proceedings of HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The District Court of Warsaw has declared this decision valid as of 17 November 2023.

As at 31/12/2023, the newly acquired company has not been consolidated. The Extraordinary Meeting of Shareholders of HAKAMORE Sp. z o.o. with its registered office in Skierniewice decided, by way of Resolution No. 1 of 28 December 2023, to dissolve the Company on 1 January 2024 and put it into liquidation.

III. BASIC INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

The Consolidated Financial Statements have been prepared pursuant to § 55(5) of the Accounting Act of 29 September 1994, in accordance with the International Financial Reporting Standards (IFRS) approved for use by the European Union. The financial statements were prepared on the basis of the adopted accounting policies which were relevant to the conducted business activity and in accordance with International Financial Reporting Standards.

Representations of the Management Board

The Management Board represents that, to the best of its knowledge, the consolidated financial statements for the period from 01/01/2023 to 31/12/2023 and comparatives have been prepared in accordance with the applicable accounting policies, which give a true, fair and clear view of the financial and asset position of the Issuer's capital group and its financial result.
The management report on the Issuer's capital group presents a true view of the development, achievements and situation of the Issuer's capital group, including a description of the main threats and risks.

These consolidated financial statements are subject to audit by a statutory auditor.

Going concern

These consolidated financial statements have been prepared based on the assumption of continuing as a going concern in the foreseeable future. As at the date of presentation of these financial statements, there are no circumstances indicating a threat to the ability of continuing as a going concern.

Functional currency

The items included in the Group's consolidated financial statements are measured in the currency of the basic business environment in which the Company carries out its operations ("functional currency"). The reporting currency for the financial statements is the Polish zloty (PLN). The financial statements have been prepared in zloty thousand (PLN thousand), and all values, unless indicated otherwise, are given in PLN thousand. Any differences between the total amount and the sum of their components are due to rounding.

Transactions expressed in foreign currencies are converted into functional currency according to the exchange rate applicable on the day of transaction. Exchange profits and losses on the settlement of these transactions and on the balance sheet measurement of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Exchange differences on monetary items, such as financial assets at fair value by financial result, are reported within profits and losses on changes in fair value.

Consolidated Financial Statements in accordance with International Financial Reporting Standards (in thousands of PLN) fair value expressed in a foreign currency is translated using the exchange rates prevailing at the date at which the fair value was measured.

IV. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit and loss account	Note No.	in PLN For the period: from 01/01/2023 to 31/12/2023	thousand For the period: from 01/01/2022 to 31/12/2022
Continued operations			
Sales revenue	17	3,322,440	3,319,329
Cost of goods sold	18	-2,986,784	-3,048,846
Gross profit from sales		**335,656**	**270,483**
Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	19		
Other operating and investment activity revenue	20	28,376	22,584
Other costs of operating and investment activities	20	-140,149	-114,695
EBIT		**223,883**	**178,372**
Financial revenue		1,196	9,890
Financial costs	21	-54,866	-37,101
Pre-tax activity profit (loss)		**170,213**	**151,161**
Income tax attributable to continued operations	22	-34,799	-31,966
Profit (loss) on continued operations		**135,414**	**119,195**
Discontinued operations	23		
Revenue from discontinued operations			
Costs of discontinued operations			
Pre-tax profit (loss) on discontinued activities			
Income tax attributable to discontinued operations			
Profit (loss) on discontinued operations			
NET PROFIT (LOSS)		**135,414**	**119,195**
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	**135,414**	**119,195**

Other comprehensive income	Note No.	in PLN thousand For the period: from 01/01/2023 to 31/12/2023	For the period: from 01/01/2022 to 31/12/2022
Components which will not be subsequently reclassified to the income statement			
Components which will be reclassified to profit or loss when certain conditions are met			
Other comprehensive net income	24		
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	-	-

Total comprehensive income	Note No.	in PLN thousand For the period: from 01/01/2023 to 31/12/2023	For the period: from 01/01/2022 to 31/12/2022
Total comprehensive income		135,414	119,195
Assigned to non-controlling shares			
Assigned to the owners of the parent	-	**135,414**	**119,195**

Profit per share, in PLN

Profit per share	Note No.	In PLN For the period: from 01/01/2023 to 31/12/2023	In PLN For the period: from 01/01/2022 to 31/12/2022
Basic profit per share, including:		**1.48**	**1.30**
From continuing operations		1.48	1.30
From discontinued operations			
Diluted profit per share, including:		**1.48**	**1.30**
From continuing operations		1.48	1.30
From discontinued operations			

V. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		in PLN thousand	
Assets	Note No.	As at:	As at:
		31/12/2023	31/12/2022
Fixed assets		**846,977**	**729,720**
Tangible fixed assets	1	268,712	170,466
Investment property	2	490,841	489,014
Intangible assets	3	9,199	5,261
Long-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4	40,383	10,969
Investments measured using the equity method.	5		
Long-term trade and other receivables, including:	6	2,102	3,996
prepayments and accruals			419
Biological assets	7		
Deferred income tax assets	22	35,740	50,014
Current assets		**1,436,824**	**1,518,326**
Inventory	9	389,856	392,911
Income tax receivables	22	20,056	
Trade and other receivables, including:	6	595,914	577,694
prepayments and accruals		1,988	2,234
Short-term financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	4	35,222	40,161
Cash and cash equivalents	10	395,776	507,560
Fixed assets held for sale	11		
Total assets	-	**2,283,801**	**2,248,046**

Capitals and liabilities	Note No.	in PLN thousand	
		As at:	As at:
		31/12/2023	31/12/2022
Equity	**12**	**793,550**	**681,989**
Issued share capital		9,174	9,174
Issue price surplus over nominal value of shares			
Other reserve capitals		220,499	220,499
Retained profit, including:		563,877	452,316
Profit/loss in the reporting period		*135,414*	*119,195*
Equity attributable to shareholders of the parent		793,550	681,989
Equity attributable to non-controlling shares			
Total liabilities		**1,490,251**	**1,566,057**
Long-term liabilities and provisions for liabilities		**496,143**	**648,600**
Provision for deferred income tax	22	46,018	34,497
Other provisions for long-term liabilities	13	8,850	7,434
Long-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	314,284	395,325
Long-term trade and other liabilities, including:	15	126,991	211,344
prepayments and accruals			
Short-term liabilities and provisions for liabilities		**994,108**	**917,457**
Provisions for short-term liabilities	13	6,690	4,596
Short-term financial liabilities, except for provisions, trade liabilities and other liabilities	14	90,521	53,012
Trade and other liabilities, including:	15	895,167	848,220
prepayments and accruals		3,036	1,020
Liabilities arising from income tax	22	1,730	11,629
Liabilities directly related to fixed assets classified as held for sale	11		
Total capitals and liabilities	-	**2,283,801**	**2,248,046**

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		in PLN thousand	
Statement of cash flows	Note No.	For the period:	For the period:
		from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Pre-tax profit		**170,213**	**151,161**
Total adjustments		**16,420**	**27,258**
Amortisation		18,722	16,067
Profit / loss under exchange rate differences		-14,774	8,875
Profit / loss on investment activities		-2,486	9,821
Borrowing costs		39,029	30,545
Change in liabilities with the exclusion of financial liabilities		-37,406	112,473
Change in receivables		4,150	-72,571
Change in inventory		3,055	-76,756
Change in provisions		3,510	398
Profit / loss on other financial instruments		17	-1,278
Other changes in working capital		2,603	-316
Cash from operating activities		**186,633**	**178,419**
Income tax paid		-38,959	-45,117
Net cash from operating activities		**147,674**	**133,302**
Sale of property, plant and equipment		3,745	2,828
Purchase of property, plant and equipment		-114,130	-7,139
Sale of intangible assets			
Purchase of intangible assets		-96	
Sale of investment property			560
Purchase of investment property			-784
Repayment of loans granted to related parties			
Granting loans to related parties			
Repayment of loans granted to other parties			
Granting loans to other parties			
Sales of financial instruments classified as investing activity			
Acquisition of financial instruments classified as investing activity		-36,198	-530
Received dividends			
Received interest		875	1,016
Other inflows (expenditure) from investment activity			
Net cash from investment activities		**-145,804**	**-4,049**
Inflows from shareholders			
Payments to owners		-25,853	-18,349
Commitment of liabilities under loans and credits		86,890	78,917
Repayment of liabilities under loans and credits		-114,467	-96,636
Repayment of liabilities under leasing		-23,025	-21,838
Receipt under issue of debt instruments			

Expenditure on redemption of debt instruments		-12,070	
Interest paid and other debt service expenditure		-39,904	-31,561
Other financial receipts/expenditures		14,774	
Cash from financial activity		**-113,655**	**-89,467**
Net increases (decreases) in cash and cash equivalents		**-111,785**	**39,786**
Effect of changes in foreign exchange rates on cash denominated in foreign currencies			
Change in cash and cash equivalents, net of foreign exchange differences		**-111,785**	**39,786**
Opening balance of cash and cash equivalents		507,560	467,776
Closing balance of cash		**395,776**	**507,560**
including cash and cash equivalents with restricted availability		61,712	71,973

VII. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
As at 01/01/2023	**9,174**		**220,499**	**452,316**	**681,989**		**681,989**
Total profits (losses) for the period				135,414	135,414		135,414
Other comprehensive income							
Comprehensive income for the period				**135,414**	**135,414**		**135,414**
Owner contributions							
Payments to owners				-23,853	-23,853		-23,853
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity							-
Changes in equity during the period				**111,561**	**111,561**		**111,561**
As at 31/12/2023	**9,174**		**220,499**	**563,877**	**793,550**		**793,550**

Changes in equity	Share capital	Issue price surplus over nominal value of shares	Other reserve capitals	Retained profit attributable to the shareholders of the parent/ supplementary capital	Equity attributable to shareholders of the parent	Equity attributable to non-controlling shares	TOTAL
As at 01/01/2022	**9,174**		**220,499**	**352,608**	**582,281**		**582,281**
Total profits (losses) for the period				119,195	119,195		119,195
Other comprehensive income							
Comprehensive income for the period				**119,195**	**119,195**		**119,195**
Owner contributions							
Payments to owners				-18,349	-18,349		-18,349
Changes in ownership interests in subsidiaries not resulting in a loss of control							
Other changes in equity				-1,138	-1,138		-1,138
Changes in equity during the period				**99,708**	**99,708**		**99,708**
As at 31/12/2022	**9,174**		**220,499**	**452,316**	**681,989**		**681,989**

VIII. ACCOUNTING POLICIES APPLIED BY THE GROUP

Intangible assets

The Capital Group includes in intangible assets the assets which meet the following criteria: they may be excluded or separated from the business entity and sold, transferred, licensed or put to use for consideration to third parties, both individually and together with related contracts, components of assets or liabilities, or arise from contractual or other legal rights, regardless of whether they are transferable or separable from the business entity or from other rights or liabilities.

The initial recognition of a component of intangible assets is made according to their acquisition prices or cost of production.

The acquisition price includes the purchase price of an asset component (i.e. the amount due to the seller less deductible value added tax and excise tax), public and legal charges (in the case of imports) and expenditures directly attributable to the purchase and adaptation of the asset component for its intended use. Rebates and discounts granted by the seller and other similar reductions and recoveries reduce the acquisition price of an asset component.

If an intangible asset component is acquired in exchange for capital instruments of the Company preparing the financial statements, the acquisition price of an asset component corresponds to the fair value of the issued capital instruments, which equals the fair value of a given asset component.

In accordance with IAS, borrowing costs which are directly attributable to the acquisition, construction or production of an asset component are included in the acquisition price or production cost of that asset component.

At least as at the balance sheet date, intangible assets are measured at acquisition price or production cost less amortisation write-downs, as well as impairment losses.

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of assets may not be recoverable, the assets are reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the useful value. When determining the useful value, the estimated future cash flows are discounted to their present value using a gross discount rate which reflects current market assessments of the time value of money and the risks specific to the asset component. In the case of an asset component which does not generate cash inflows in a significantly independent manner, the recoverable value is determined for the cash-generating unit to which the component belongs. The revaluation write-downs under impairment losses are recognised in the profit and loss account.

Amortisation write-downs of intangible assets are done by spreading their initial value over their estimated economic useful lives. Amortisation is made beginning from the first day of the month in which the intangible assets are accepted for use. Amortisation is interrupted at the end of the month in which the accumulated amortisation amount equals the initial amount or in which the intangible and legal asset component is to be liquidated, sold or found to be in short supply.
Amortisation write-downs of intangible assets components are done on a straight-line basis at the following rates:

Item	Annual amortisation rate
software	5%-50%
other intangible assets	20%-50%

The correctness of the amortisation rates applied to individual intangible asset components shall be verified at least annually. Any changes resulting from the verification of amortisation rates affect (as a change of estimated values) the appropriate adjustment made in the amortisation write-downs for the current financial year and in subsequent financial years.

Intangible assets with indefinite useful lives and those not yet in use (in progress) are tested for impairment on an annual basis in relation to individual assets or at the level of a cash-generating unit. In the case of other intangible assets, an annual assessment is carried out whether there is any indication that their value may be impaired. Any possible revaluation write-downs are recognised in the profit and loss account.

Except for development works, intangible assets generated by the entity itself are not included in assets, and expenditures incurred for their production are included in costs of the period in which they were incurred.

The cost of an intangible asset component (development works) comprises all costs incurred by the entity in the period in which it was constructed or adapted for use until its date of acceptance for use (or until the balance sheet date if the component is not yet available for use), including non-deductible VAT and excise taxes.

A given intangible asset item may be de-recognised from the balance sheet upon disposal or when no economic benefits are expected from the further use of such asset component. Profits or losses resulting from sale/liquidation or cessation of use of intangible assets are defined as the difference between sales revenue and the net value of these assets, and are recognised in the profit and loss account.

Cost of research and development works

Research costs are recognised in the profit and loss account when incurred. Expenditures incurred on development works performed as part of a given project are carried forward to the next period if it can be deemed that they will be recovered in the future. After the initial recognition of development expenditures, the historical cost model is applied, according to which asset components are recognised at acquisition prices less accumulated amortisation and accumulated revaluation write-downs on impairment losses. Any expenditure carried forward is amortised over the estimated period in which it will generate revenue from the sale of a given project.

The costs of development works are assessed for possible impairment annually - if an asset has not yet been put into use, or more frequently - if during the reporting period there is an indication of impairment indicating that its balance sheet value may not be recoverable.

Goodwill

Goodwill under the acquisition of a business entity is initially recognised at acquisition cost, being the excess of the cost of business entities' merger over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.
After initial recognition, goodwill is disclosed at acquisition cost less any accumulated impairment losses. Testing for impairment is carried out once a year or more frequently if there are indications of impairment. Goodwill is not subject to amortisation. As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units which may benefit from the merger synergy. Impairment is determined by estimating the recoverable amount of a cash-generating unit to which goodwill relates. If the recoverable amount of a cash-generating unit is lower than its balance-sheet value, an impairment loss is recognised. An impairment loss is not reversed in a subsequent period. If goodwill forms part of a cash-generating unit and part of the operations within that unit is sold, then when determining the profit or loss on the sale of such operations, goodwill related to the operations sold is included in its balance-sheet value; in such circumstances, the goodwill sold is determined on the basis of the relative value of the activities sold and the value of the retained part of the cash-generating unit.

Tangible fixed assets

Tangible fixed assets is initially recognised at acquisition price or production cost. The acquisition price is increased by all costs directly related to the purchase and adjustment of the asset component to its usable condition. Costs incurred after the date of commissioning of a fixed asset, such as maintenance and repair costs, are recognised in the profit and loss account at the moment they are incurred.

Fixed assets at the time of their acquisition are divided into components being items of significant value to which separate useful lives can be assigned. The costs of general overhauls, as well as significant spare parts and equipment, if used for a period longer than one year, are also included.

After initial recognition, property, plant and equipment is disclosed at acquisition cost or production price less depreciation and any revaluation write-downs under impairment losses.

In accordance with IAS 23, borrowing costs which are directly attributable to the acquisition, construction or production of an asset component are included in the acquisition price or production cost of that asset component.

Amortisation is calculated on a straight-line basis over the estimated useful life of a given asset component, and the amortisation rates for particular groups of property, plant and equipment are as follows:

Item	Annual amortisation rate
Land (right of perpetual usufruct)	not amortised
Buildings and structures	1.5% – 2.5%
Plant and machinery	7% – 30%
Vehicles	10 – 20%
Investments in third-party property, plant and equipment	in proportion to the useful life of the main asset

Amortisation commences in the first monthly period following the month in which the asset is brought into use. The correctness of the applied amortisation rates is periodically verified (once a year), causing the adjustment of amortisation write-downs in subsequent years.

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of property, plant and equipment may not be recoverable, the assets are reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the useful value. When determining the useful value, the estimated future cash flows are discounted to their present value using a gross discount rate which reflects current market assessments of the time value of money and the risks specific to the asset component. In the case of an asset component which does not generate cash inflows in a significantly independent manner, the recoverable value is determined for the cash-generating unit to which the component belongs. Revaluation write-downs under impairment losses are recognised in the profit and loss account under “other operating costs”.

An item of property, plant and equipment may be de-recognised from the balance sheet upon disposal or when no future economic benefits are expected from the further use of such asset component. Profits or losses resulting from sale/liquidation or cessation of use of property, plant and equipment are defined as the difference between revenue from sale and the net value of this property, plant and equipment and are recognised in the profit and loss account.

Property, plant and equipment in progress or assembly are disclosed at acquisition price or production cost. Property, plant and equipment in progress are not amortised until their construction is completed and they are put to use.
In the case of permanent abandonment of expenditures for property, plant and equipment in progress, all costs incurred in relation to the works performed so far shall be charged to the costs of the period. Projects may be suspended if there is a justified intention to continue such projects in subsequent periods. The project is suspended based on the decision of the Company's Management Board. As of each balance-sheet date, expenditures on property, plant and equipment in progress are subject to analysis regarding impairment and the necessity to make possible impairment write-downs.

Advances paid for the purchase of Tangible Fixed Assets are presented in the financial statements under other short-term receivables.

The right of perpetual usufruct of land

The right of perpetual usufruct of land acquired by way of an administrative decision is recognised in the balance sheet at fair value. The fair value of a right is deemed to be one of two values: its market value, if the Company has such information, or the value determined by an expert.

The excess of the fair value determined in this manner over the costs incurred to acquire the right of perpetual usufruct of land by way of an administrative decision is disclosed correspondingly in the "profit brought forward".

The right of perpetual usufruct of land acquired on the secondary market is measured at acquisition price and is not subject to revaluation.

The right of perpetual usufruct of land is amortised proportionally to the period for which it was granted.

Leasing

Financial lease contracts under which the carry-over takes place of substantially the entire risk and practically all benefits arising from the ownership of the subject of lease onto the lessee, are activated as at the date of the inception of lease according to the lower of the following two values: the fair value of the subject of lease, or the current value of minimum lease charges. The minimum lease charges are apportioned between the financial costs and reduction of the liability under leasing, so as to produce a constant interest rate in relation to the remaining liability. Contingent lease payments are recognised as an expense in the period in which they are incurred.

Fixed assets used under finance lease agreements are amortised according to the same rules as those applied to own assets. However, if it is not reasonably certain that the entity will obtain ownership by the end of the lease term, the asset is amortised over the shorter of the estimated useful life of the asset and the lease term.

Lease contracts under which the lessor keeps substantially the entire risk and all benefits arising from the ownership of the subject of lease are classified as operating lease contracts. Lease rents under operating lease are recognised as the costs in the profit and loss account with the straight-line method throughout the term of lease.
Assets leased under financial leases are presented in the balance sheet as receivables in the amount equal to the net investment. The net investment is the sum of the minimum lease payments due to the lessor under the finance lease agreement and any unguaranteed residual value attributed to the lessor discounted at the interest rate of the lease. Financial revenue arising from a finance lease of an asset

is recognised in a manner that reflects a constant periodic rate of return on the net investment in the lease.

Non-renewable natural resources

Non-renewable natural resources are initially recognised at cost.
The purchase price is increased by all costs directly related to the purchase or adaptation of the asset for use.
Costs incurred after the date of including non-renewable natural resources in the records (use) are recognised in the profit and loss account at the time they are incurred.
After initial recognition, non-renewable natural resources are carried at acquisition price or production cost less any depreciation and any revaluation write-downs under impairment losses. Amortisation is calculated naturally.

If, at the time of preparing the financial statements, circumstances occurred which indicate that the balance-sheet value of non-renewable natural resources may not be recoverable, the asset is reviewed for impairment. If there is any indication that an asset may be impaired and its balance-sheet value exceeds its estimated recoverable value, then the value of those assets or the cash-generating units to which they belong is reduced to the recoverable value. The recoverable value corresponds to the greater of the two amounts: the fair value decreased by costs of sale or the useful value. When determining the useful value, the estimated future cash flows are discounted to their present value using a gross discount rate which reflects current market assessments of the time value of money and the risks specific to the asset component. In the case of an asset component which does not generate cash inflows in a significantly independent manner, the recoverable value is determined for the cash-generating unit to which the component belongs. Revaluation write-downs under impairment losses are recognised in the profit and loss account under “other operating costs”.

An item of non-renewable natural resources may be de-recognised on disposal or when no future economic benefits are expected from further use of such asset component. Profits or losses resulting from sale/ liquidation or cessation of use of non-renewable natural resources are defined as the difference between revenue from sale and the net value of these assets and are recognised in the profit and loss account.

Fixed assets and groups of assets held for sale

Fixed assets and groups of net assets are classified as held for sale if their balance sheet value will be recovered primarily as a result of a sale transaction and not as a result of their further use. This condition is considered to be met only if the asset component (or a group of net assets held for sale) is available for immediate sale in its present condition and a sale transaction is highly probable within one year from the moment of reclassification.

Fixed assets classified as held for sale and groups of net assets held for sale are measured at the lower of the two values: balance-sheet value or fair value less sale costs.
Simplifications applied to non-investment fixed assets

Depreciation (amortisation) of property, plant and equipment and intangible assets with a low initial value (not exceeding PLN 10,000) is carried out in a simplified manner by making one-off write-downs of the entire initial value of such property, plant and equipment.
The Group applies a simplification, according to which the moment of acceptance of a fixed asset for use, determined for the purpose of amortisation commencement, is assumed to be the first day of the month following the month in which the actual moment of acceptance of the fixed asset for use took place.

The Group applies simplification, according to which the moment of acceptance of an intangible asset for use, determined for the purpose of amortisation commencement, is assumed to be the first day of the month following the month in which the actual moment of acceptance of the intangible asset for use took place.

The verification of amortisation rates is considered to have been carried out when all fixed asset components with a net value exceeding PLN 50 thousand are included in the verification.

Investment property

Investment property means land and buildings and structures acquired for the purpose of deriving economic benefits from the increase in the value of these assets or from other benefits, e.g., revenue from rent. These assets are not used by the Group.

Investment real properties are initially measured at acquisition cost or production cost, including transaction costs. After initial recognition, investment properties are measured at fair value. Profits or losses arising from changes in the fair value of investment property are recognised in the profit and loss account in the period in which they arise. The fair value of investment property reflects market conditions as at the balance-sheet date.

Inventories

During the financial year, direct and indirect materials are recognised at acquisition price or purchase cost. Direct and indirect materials are distributed according to the FIFO method. The adopted purchase price may constitute the purchase price, provided that the costs incurred in connection with the purchase of materials constitute insignificant value in relation to the purchase cost. The purchase price of materials processed also includes storage costs necessary during the production process.

During the financial year, goods are recognised at acquisition price or purchase cost. The goods are distributed according to FIFO prices.

Land and property intended for resale, treated as goods, are recorded and spent according to the principle of detailed identification.

Finished products, semi-finished products and products in progress are measured according to actual costs incurred for the production of finished products.

In the case of property development activities, all expenditures related to the execution of the task are capitalised in inventories as work in progress.

The acquisition price or production cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The inventory acquisition costs comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, loading and unloading costs, and other costs directly attributable to the acquisition of finished goods, materials and services. Discounts, rebates and other similar items shall be deducted in determining purchase costs.

The expenditures incurred to complete the construction contract before the contract is entered into, provided that it is probable that they will be recovered, are also recognised as work in progress.

As at the balance-sheet date, inventories are measured at acquisition or purchase prices or production cost, however, not higher than their net sales price (net realisable value). Net realisable value is the difference between the estimated sales price in the ordinary course of business and the estimated costs of completion and the costs necessary to make the sale.

Revaluation write-downs of tangible current asset components, related to impairment or measurement as at the balance-sheet date are charged to other operating expenses. If the reason for making a revaluation write-down ceases to exist, the value of tangible current assets is credited to other operating revenue. Circumstances indicating the need to make a revaluation write-down on inventories include in particular:

- loss of use value of inventories (destruction of inventories, overdue inventories);
- the balance of inventories exceeds the demand and the possibility of sale by the Company;
- low inventory turnover;
- the loss of market value due to lower sales prices of competitors.

As of the date, an ageing analysis of inventories is prepared, broken down by assortment, and the amount of revaluation write-downs is determined.

Receivables

Trade receivables and other receivables are recognised and disclosed at initially invoiced amounts. After the initial recognition, receivables are measured at amortised cost using the effective interest rate, taking into account revaluation write-downs on the value of receivables.

For trade receivables measured at amortised cost, the Group applies a simplified model to determine the expected impairment over the entire life cycle, using matrices of payment delays based on historical data, taking into account the requirements of the standard in relation to current and forecast economic conditions.

Receivables from customers are initially recognised at the transaction price. After the initial recognition, receivables are measured as follows:

- receivables not transferred to full factoring: in the amount of amortised cost including write-downs for expected credit loss (however, receivables from customers with maturity below 12 months from the date of origin are not discounted);
- receivables transferred to full factoring: at fair value through financial result, but due to the short period of time between recognition of the receivables and their transfer to the factor and the low

credit risk of the business partner (factor), the fair value of these receivables is close to their carrying amount.

Receivables also include the un-invoiced portion of revenue which will arise from the estimation of the value of revenue under unfinished construction contracts and other long-term contracts.

Cash and cash equivalents, including restricted cash

The reported “Cash and cash equivalents” item consists of cash on hand, demand deposits and those deposits that are readily convertible to a specific amount of cash and that are exposed to an insignificant risk of changes in value.

The Group’s restricted cash primarily includes:

- providing security for bank guarantees;
- cash accumulated in open housing trust accounts;
- cash accumulated in split payment accounts;
- funds in escrow accounts.

The Group reports restricted cash in the statement of financial position within cash and cash equivalents, while for the purposes of the statement of cash flows, the opening and closing cash balances are separated into a separate line item without deducting cash.

Prepayments and accruals

In order to maintain matching of revenue and costs related to their achievement, costs and revenue related to particular reporting periods are separated. Prepaid expenses and costs, i.e. those related to future periods, are disclosed under prepayments, whereas accruals include amounts classified as costs of the current period, even though they will be covered in the future reporting period. Write-downs of prepayments and accruals of expenses are made on the time basis or on the basis of the amount of benefits. The time and the method of prepayments and accruals should depend on the nature of the accrued costs and subject to the prudence principle. The scope of typical expenditures settled over time includes in particular:

- prepaid press subscriptions;
- property insurance contributions;
- lease costs (rents);
- fees for occupation of roadway.

Items in the amount of probable liabilities related to the current reporting period are recognised in the accrual item.

Revenue prepayments and accruals

Revenue prepayments and accruals include mainly cash received to finance the acquisition of property, plant and equipment in progress and intangible assets, which are accounted for in parallel with amortisation write-downs on property, plant and equipment financed from such sources.

Financial instruments

Any contract that gives rise to a financial asset component of one party and a financial liability or capital instrument of the other party simultaneously is a financial instrument, provided that the contract between two or more parties has a clear economic effect.

The entity preparing the financial statements classifies the financial instruments into the following categories:

- financial asset components or financial liabilities measured at fair value through profit and loss account - assets and liabilities acquired or incurred mainly for the purpose of selling or repurchasing them in the near term or being part of a portfolio of specific financial instruments which are managed together and for which there is evidence of a current actual pattern of short-term profit generation;
- held-to-maturity investments - non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Capital Group has the positive intention and ability to hold to maturity;
- loans and receivables - non-derivative financial assets with fixed or determinable payments that are not traded on an active market;
- financial assets available for sale - non-derivative financial assets which have been designated as available for sale or which are not loans and receivables, held-to-maturity investment developments or financial assets measured at fair value through financial result.

Recognition and de-recognition of a financial asset component and a financial liability

A financial asset or financial liability is disclosed on the balance sheet when it becomes a party to the contractual provisions of that instrument. Regular-way purchase and sale transactions of financial assets and financial liabilities are recognised on the date of the transaction.

A financial asset is de-recognised from the balance sheet when the rights to economic benefits and risks arising from the contract have been exercised, cancelled or have expired.

Measurement of financial instruments as at the day of their creation

As of the date of acquisition, financial assets and liabilities are measured by the Group at fair value, i.e. most often at the fair value of the payment made in the case of an asset component or the amount received in the case of a liability.

The Group includes the transaction costs in the initial measurement value of all financial assets and liabilities, except for the category of assets and liabilities measured at fair value through profit and loss account.

Measurement of financial instruments as of the balance-sheet date

The measurement of financial instruments as of the balance-sheet date is carried out as follows:

- at amortised cost, taking into account the effective interest rate: held-to-maturity investments, loans and receivables and other financial liabilities; measurement may also be performed at the value requiring payment if the discount effects are not significant;
- at fair value: financial assets and liabilities of the category measured at fair value through profit and loss account and the category of financial assets available for sale.

The effects of measurement of financial assets available for sale are recognised in equity.

The effects of measurement of financial assets and liabilities classified into other categories are recognised in the profit and loss account.

Hedge accounting

Derivatives hedging cash flows with a highly probable planned transaction are recognised at fair value taking into account changes in such value:

- in the part deemed to be an effective hedge - directly in the equity;
- in the part deemed ineffective - in the profit and loss account.

Derivatives hedging the fair value of assets and liabilities are recognised at fair value. The effects of a change in the fair value of these instruments are recognised in the profit and loss account.

Discontinuation of hedge accounting

The person preparing financial statements ceases to apply hedge accounting to cash flows if:

- the hedging instrument expires, is sold, terminated or exercised. In such a case, the cumulative profit or loss on the hedging instrument which is recognised directly in equity shall remain separately recognised in equity until the planned transaction occurs;
- the hedge no longer meets the criteria for hedge accounting. In such a case, the cumulative profit or loss on the hedging instrument is recognised directly in equity until the planned transaction occurs;
- the planned transaction is no longer expected to be executed, therefore all accumulated profit or loss related to the hedging instrument, recognised directly in equity, is recognised in the profit and loss account.

Derivatives

Derivatives are recognised at fair value at the date the contract is concluded and subsequently remeasured to fair value at each reporting period end date. Derivatives are reported as assets when their value is positive and as liabilities when their value is negative, and the profit or loss on measurement of the instruments is recognised immediately in financial result.

A derivative financial instrument is classified as a short-term financial instrument if the settlement date for that instrument or part of it is within one year of the end of the reporting period. If the settlement date of a financial instrument is more than one year from the end of the reporting period, such an instrument or part of it is classified as a non-current financial instrument.

Equity

Equity is recognised in the accounting books with the division into types and according to the principles determined by the provisions of law and the provisions of the articles of association of the Group.

Capital from the sale of shares above their nominal value is created from the surplus of the issue price of shares, above their nominal value reduced by the costs of the issue. The costs of shares issue incurred at the establishment of a joint-stock company or increase in the initial capital reduce capital of the issue of shares above the nominal value of the surplus of the issue value over the nominal value of shares.

Undistributed financial result includes amounts resulting from profit distribution, undistributed result brought forward, effects of errors from previous periods.

A separate equity item is non-controlling shares.

Bank credits and loans

All bank credits, loans and debt securities are initially recognised at their purchase price corresponding to the fair value of cash received, less costs related to obtaining a given credit or loan.

After initial recognition, interest-bearing credits, loans and debt securities are subsequently measured at adjusted acquisition price in the form of amortised cost, using the effective interest rate method. When calculating the adjusted purchase price, the costs related to obtaining a credit or loan, as well as discounts or premiums obtained at the settlement of the liability, shall be taken into account.

Liabilities

After initial recognition, all liabilities, except those measured at fair value, are measured, as a rule, at adjusted acquisition price using the effective interest rate method.

However, liabilities with a maturity of no more than 12 months after the balance-sheet date are not discounted.

Liabilities are presented in the financial statements divided into long-term and short-term liabilities. Moreover, liabilities towards related parties and liabilities towards other entities are separated.

Advances received from contractors for the provision of services are presented in the financial statements under the balance sheet item - short-term liabilities as advances received for deliveries.
The liabilities also include amounts relating to the settlement of construction and other long-term services.

Amounts retained by suppliers are disclosed separately in the financial statements.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised in the financial statements because:

- it is not probable that an outflow of resources containing economic benefits will be required to settle the obligations; or
- the liability amount cannot be measured with sufficient reliability.

The identified contingent liabilities are subject to presentation in the financial statements in additional notes and explanations.

Provisions

Provisions are created when the person preparing the financial statements has a present obligation (legal or constructive) arising from past events and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of that liability.

If the reporting entity expects that the costs covered by the provision will be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset component, but only if there is a sufficient assurance that the reimbursement will actually be made.

Costs related to a given provision are disclosed in the profit and loss account, less all reimbursements.

The Group creates provisions for future warranty repairs by way of estimations based on past events related to expenses incurred on this account.

If the effect of the time value of money is material, the amount of provision is determined by discounting the forecast future cash flows to their present value using a gross discount rate reflecting current market estimates of the time value of money and the possible risks specific to the liability. If the discounting method is applied, an increase in the provision due to the passage of time is recognised as borrowing costs.

Reversal of unused provisions takes place on the day on which they turned out to be unnecessary. The liability for which the provision was created previously shall result in the use of the provision.
The entity creates provisions for losses under construction contracts or similar contracts at the time of estimation of loss.

Provisions for employee benefits

The reporting entity creates a provision for the costs of accumulating paid absences, which it will have to incur as a result of the entitlement unused by the employees, and which accrued as of the balance-sheet date, as well as for retirement severance pay.

Provisions for unused leave are calculated on the basis of the actual number of days of unused leave in the current period, increased by the number of days of unused leave in previous periods. The provision for the cost of accumulating compensated absences is recognised after deducting any amounts already paid. The leave provision is not discounted.

The provision for retirement severance pays is created on the basis of the number of employees and the number of years remaining until the date of retirement. The provision for retirement severance pays is subject to discounting.

Revenue

The amount of revenue is determined by the entity according to the fair value of the payment received or due. The fair value of the consideration is determined by discounting all future cash inflows using the imputed interest rate. The imputed interest rate is most simply set at the interest rate for a similar financial instrument issued by an issuer of similar creditworthiness, or at the rate that discounts the nominal value of the financial instrument to the current cash sales price of the goods or service.

The difference between the nominal and fair value of receivables (discount) is recognised as costs of the activity to which the receivables relate.

The amount of revenue arising from a transaction is usually determined by contract between the entity and the buyer or user of the asset component. It is measured at the fair value of the consideration paid, taking into account the amount of trade discounts and wholesale rebates granted by the entity. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the transaction is recognised based on the stage of completion of the transaction at the balance-sheet date. The result of a transaction can be reliably estimated if all of the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the degree of execution of the transaction at the balance-sheet date can be determined reliably;
- the costs incurred in connection with the transaction and the costs of completing the transaction can be measured reliably.

The recognition of revenue by reference to the stage of completion of a transaction is often referred to as the percentage of completion method. Under this method, revenue is recognised in the periods in which the services are rendered. Revenue recognition based on this method provides useful information about the extent of service activities and their results for a given period. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. When there is uncertainty about the recoverability of an amount already included in revenue, the entity recognises the unrecoverable amount or the amount for which recovery has ceased to be probable as an expense, rather than as an adjustment of the amount of revenue originally recognised.

The person preparing the financial statements applies the completion method based on the ratio of costs incurred to total costs expected for the performance of a given service.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses incurred that are expected to be recoverable. If the outcome of the transaction cannot be estimated reliably and it is not probable that the costs incurred will be recovered, revenue is not recognised and expenditure incurred is recognised as an expense. When the uncertainty which prevented the outcome of the contract from being estimated reliably has been removed, revenue from transactions shall be recognised on the basis of the stage of completion of the transaction at the balance-sheet date.

Interest revenue arising from an entity transferring an asset to another party for use (e.g. a loan, financial lease) is recognised taking into account the effective interest rate.

Royalties (e.g. under licences or similar entitlements) are recognised on an accrual basis in accordance with the substance of the contracts entered into.

Dividends are recognised at the moment the entity’s right to obtain them is established.

Revenue from barter transactions is recognised only if it has an economic substance.

Accounting in terms of subsidies

Subsidies are recognised if there is reasonable certainty that the subsidy will be obtained and all related conditions will be met.
Subsidies relating to items of property, plant and equipment are recognised as deferred income and are accounted for systematically in other operating income over the useful life of the asset subject to amortisation.
Subsidies relating to cost items are recognised as a reduction in expenses as they are incurred and the excess of the subsidy received over the value of the relevant expenses is recognised in other operating revenue.

Costs

The entity preparing the financial statements recognises costs in accordance with the principle of matching revenue and costs and the precautionary principle.

Own cost of sales as at the balance-sheet date is adjusted by the change in the fair value of financial instruments which hedge cash flows when the transaction is no longer effective and when the hedged item is realised.

Costs are accounted for by cost centres and by nature, with the basic cost reporting format used in profit and loss account being the cost accounting format.

The total cost of products, goods and materials sold includes:

- manufacturing cost of sold products;
- manufacturing cost of sold services;
- value of sold goods and materials.

In addition, the costs of the reporting period, which affect the financial result, are other operating expenses, related indirectly to the operating activity, including in particular:

- overheads;
- sales costs;
- loss on sale of tangible fixed assets and intangible assets;
- donations made;
- established provisions for disputes, penalties, damages and other costs indirectly related to operating activities, as well as financial costs related to financing the activity.

Transactions in foreign currencies

Transactions expressed in currencies other than the Polish zloty are converted into Polish zloty using the exchange rate in force on the date of the transaction or the exchange rate defined in the forward-type contract accompanying a given transaction.

As of the balance sheet date, monetary items expressed in currencies other than the Polish zloty are converted into the Polish zloty at the closing rate (spot rate) applicable at the end of the reporting period, i.e. the spot rate of exchange applicable at the balance-sheet date. Non-monetary balance sheet items denominated in foreign currencies are disclosed at the historical exchange rate as at the transaction date.
Exchange differences resulting from such translation are disclosed under financial revenue or expenses or, in cases provided for in the accounting policies, capitalised in the value of assets, except for cash items constituting a hedge of exchange risk, which are recognised directly in capital in accordance with the cash flows hedge accounting policies.

The exchange rate applicable on the transaction date shall be the average exchange rate of the National Bank of Poland (NBP) announced on the day preceding the transaction date.

Immediate realisation rate as at the balance sheet date shall be the average exchange rate of the NBP announced as at the balance-sheet date.

Income tax

Obligatory encumbrances on the result include: current tax and deferred tax. Current tax encumbrance is calculated based on the tax result (tax base) of a given financial year. The tax profit (loss) differs from the net book profit (loss) due to exemption of taxable revenue and costs constituting costs of obtaining revenue in subsequent years and cost and revenue items which will never be subject to taxation. Tax encumbrances are calculated using tax rates applicable for a given financial year.

Deferred tax is calculated using the balance sheet method as tax payable or refundable in the future. Deferred tax is calculated on the basis of differences between the balance-sheet values of assets and liabilities and the corresponding tax values used to calculate the tax base. Deferred tax provisions are created for all taxable temporary differences, whereas deferred tax asset components are recognised to the extent that it is probable that they will be available, against which the deductible temporary differences can be utilised against recognised future taxable profits. An asset component is also created on the basis of tax losses which can be settled and are carried forward, as well as unused tax exemptions.

The deferred income tax asset component and provisions may be offset when it is expected that the deferred tax asset component and provision will be realised in the same tax period.

An item of assets or a tax liability does not arise if the temporary difference results from goodwill or from the initial recognition of another asset component or liability in a transaction which does not affect either the tax result or the accounting result. Deferred income tax provision is recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, unless the entity is able to control the timing of the reversal and it is probable that the reversal will not occur in the foreseeable future.

The value of a deferred tax asset is subject to analysis as at each balance-sheet date, and in the event that the expected future tax profits are not sufficient for the realisation of an asset component or a part thereof, it is written down. Deferred tax is calculated at tax rates which will apply at the moment when the asset item is realised or the liability becomes due. Deferred tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In the latter case, the deferred tax is also settled directly in equity.

Other taxes

Revenue, expenses, and assets are recognised net of the amount of value added tax, except:

- where the value added tax paid on the purchase of assets or services is not recoverable from the tax authorities, in which case it is recognised as part of the cost of acquiring the asset or as an expense, as appropriate,
- receivables and liabilities, which are stated including the amount of value added tax.

The net amount of value added tax recoverable from, or payable to, the tax authorities is included in the balance sheet as part of receivables or liabilities.

Other taxes, i.e. tax on vehicles, real estate tax, personal tax, are recognised in the operating expenses of the Group's business.

Profit per share

Profit per share are calculated by dividing the net profit for the period attributable to ordinary share holders by the weighted average number of shares outstanding during a given period.

Diluted profit per share for each period are calculated by dividing the net profit for a given period adjusted for possible changes in profit resulting from the change of potential ordinary shares into ordinary shares by the adjusted weighted average number of ordinary shares.

Mergers and consolidation

Subsidiaries are all economic entities (including structured entities) controlled by the Compiler of financial statements. The Compiler of financial statements controls an entity when it is exposed to, or has the right to variable returns from, its involvement in that entity, and has the ability to influence those returns in its power over the entity. Subsidiaries are subject to full consolidation as of the date the control is transferred to the Group. Consolidation shall cease as from the date on which control ceases.

The Compiler of financial statements recognises business combinations using the purchase method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed from former owners of the acquiree and the capital interests issued by the group. The consideration transferred shall include the fair value of the asset or liability arising from the contingent consideration arrangement. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are initially measured at their acquisition-date fair values. As of the acquisition date, the Compiler of financial statements shall recognise all non-controlling interests in the acquiree, either at fair value or at the proportional share value (corresponding to the non-controlling share) in the acquiree's identifiable net assets. In the case of a business combination carried out in stages, the acquirer shall remeasure the balance sheet value of its previously held capital share in the acquiree at its acquisition-date fair value and recognise the resulting profit or loss. A contingent consideration that is classified as part of equity is not subject to a revaluation and its subsequent settlement is accounted for within equity.

Intragroup transactions and settlements and unrealised profits arising from intragroup transactions shall be eliminated.

Changes in ownership interests in subsidiaries which do not result in a loss of control, transactions with non-controlling shareholders which do not cause the loss of control, are recognised as capital transactions, i.e. transactions with owners acting in their capacity as capital holders. The difference between the fair value of the consideration transferred and the share acquired in the balance sheet value of the subsidiary's net assets is recognised in equity. Profits or losses on sale of non-controlling interests are also recognised in equity.

Upon loss of control by the Group, any retained interest in the entity is measured at fair value as of the date of loss of control, with a change in the balance sheet value recognised in the financial result. Fair value constitutes the initial balance sheet value for the purpose of subsequent recognition of a retained interest as an associate, joint venture or financial asset component. In addition, any amounts previously recognised in other comprehensive income in respect of the entity are recognised as if the group had directly sold the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the financial result.

Associates are all entities on which the Compiler of financial statements has significant influence, but which it does not control, which is usually the case when holding between 20% and 50% of the voting rights. Investments in associates measured are recognised using the equity method. Under this method, the investment in the associate is initially recognised at cost and the balance sheet value is increased or decreased to recognise the investor's share in the associate's results after the date of acquisition. The Group's investment in associates includes goodwill as at the acquisition date. If the ownership share in an associate is reduced but significant influence is retained, only the proportionate share of the amounts previously recognised in other comprehensive income is appropriately reclassified to the result.

The share of the Compiler of financial statements in the financial result after the acquisition is recognised in the result report and its share in other comprehensive income after the acquisition is recognised in other comprehensive income together with an appropriate adjustment to the balance sheet value of the investment. When the Compiler of financial statements share in losses of an associate becomes equal to or greater than its share in that associate, including any other unsecured receivables, the reporting Compiler of financial statements shall de-recognise further losses unless it has assumed legal obligations or constructive obligations or made payments on behalf of the associate.

At each reporting date the Group determines whether there is objective evidence that an investment in an associate is impaired. If an impairment loss has been incurred, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its balance sheet value, and recognises that amount, in addition to its "share in the associate's profit/(loss)", in the result report.

A business merger under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. This applies in particular to transactions such as the transfer of companies or enterprises between Group entities or the combination of a parent with its subsidiary.

The Group applies the pooling of shares method to settle the effects of mergers between entities under common control.

Principle of no-offsetting

This principle applies to the prohibition of offsetting assets and liabilities, unless IFRS requires or permits offsetting.

Revenue and expense items may be offset only when:

- offset is required by IFRS;
- profits, losses and related costs arising from the same or similar transactions or events are not material.

The following transactions, presented by way of offsetting, are accepted by the Group:

- profits and losses on the sale of fixed assets, including investments and assets used in operating activities, are recognised in the amount of the difference between the revenue earned on the sale and the balance sheet value of a given asset component plus selling expenses;
- expenditure related to the provision which is contractually reimbursed by a third party (e.g. supplier-granted guarantee) is offset against the corresponding amount of reimbursement;
- deferred income tax assets and liabilities are disclosed as surplus assets or provisions;
- advances received for the performance of work under construction contracts are offset against the value of revenue due under those contracts, provided that compensation is possible under the terms of the contract;
- profits and losses arising from a group of similar transactions are recognised in the net amount, e.g. foreign exchange difference profits and losses or profits and losses arising from the measurement of financial instruments held for trading and hedging recognised in the financial result, profits or losses arising from the discounting of long-term settlements;
- receivables and liabilities under settlement of input VAT and due VAT, concerning future settlement periods.

Cash flow statements

The cash flow statement is drawn up using the indirect method.

Changes in principles, changes in estimates, errors of previous years

A change in accounting policies is made when the legal regulations concerning accounting are changed, and when this results in the increase of reliability of financial statements containing information on the impact of transactions, other events and conditions on the financial position, financial result or cash flows.
In the case of changes in the accounting policy, it is assumed that the new accounting policies have always been applied. Related adjustments are shown as equity adjustments - in the item of profit/loss brought forward. In order to ensure comparability of data, the financial statements (comparable data) for previous years should be amended accordingly, so that the statements also reflect the changes made to accounting policies.

The items of the financial statements determined on the basis of estimates are subject to verification in the event of changes in the circumstances on which the estimates were based or as a result of obtaining new information or gaining greater experience.

Adjustments caused by the removal of material errors from previous periods are charged to equity - in the item of profits/losses brought forward. In preparing the financial statements, it is assumed that the error has already been corrected at the time of the occurrence of the error. This means that the amount of the adjustment relating to a prior period shall be included in the profit and loss account for that period.

Exceptional items

Exceptional items are disclosed separately in the financial statements when necessary for an understanding of the financial position and the results of the Compiler of financial statements. These are significant items of revenue or expense which have been separately disclosed because of the materiality of the amounts or the nature of the event.

Business segments

In accordance with the requirements of IFRS 8, the Group identifies operating segments on the basis of internal reports which are regularly verified by the Management Board in order to allocate resources to particular segments and assess the results of their activities.

Segment activities are assessed mainly on the basis of revenue and results at the EBIT level.

The following segments are identified within the group within which the entity operates:

Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Exhibition and trade fair activity	Other

Other ancillary activities are assigned to the “Other” group which do not affect the assessment of the financial position of the entity. All assets and liabilities are assigned to the main activity segments.

Transactions with related parties

The accounting policies and the significant estimates and assumptions presented in the accounting policy also apply to transactions with related parties.

Items based on estimates and professional judgement

Lease contract classification - The Compiler of financial statements classifies leasing as an operating or finance lease based on an assessment of the extent to which risks and rewards incidental to ownership of the leased item are attributable to the lessor, and to which to the lessee. This assessment is based on the economic substance of each transaction.
The Compiler of financial statements makes judgements as to whether the result of the construction contract can be estimated reliably. The assessment shall be based on an analysis of the likelihood of the economic benefits associated with a given contract. Revenue from the performance of construction contracts is determined proportionally to the degree of advancement, measured as the share of costs incurred from the date of contract conclusion to the date of revenue determination in the total costs of service provision. Contract budgets are subject to a formal updating process. If the stage of advancement of the service cannot be reliably determined as of the balance-sheet date, the revenue is determined at the amount of contract costs incurred, for which it is probable that they will be recovered.

The Compiler of financial statements assesses whether there is any indication that an asset is impaired. Impairment of an asset occurs when the balance sheet value of an asset or a cash-generating unit exceeds its recoverable amount, understood as the fair value less sales costs or the value in use of an asset component or cash-generating unit, whichever is higher. The assessment is based on the estimation of future cash inflows and outflows from the continuing use of the asset component and from its ultimate sale, and the application of an appropriate discount rate to these future cash inflows.
The Compiler of financial statements assesses whether there is any indication that shares in subsidiaries are impaired. The impairment test for a cash-generating unit is based on the estimation of future discounted cash flows (DCF method) generated by the company. Similarly, goodwill is tested for impairment.

The Compiler of financial statements assesses the probability of payment of receivables by taking into account their past due date, hedges established and the debtor's situation, on a transaction-by-transaction basis.

The entity preparing the financial statements makes judgements with respect to the expenditures necessary to fulfil a given obligation as at the balance-sheet date, related to the pending court disputes. The assessment is based on an estimate of the amount the entity would be required to pay to settle the obligation at the balance-sheet date.

The Compiler of financial statements recognises a deferred tax asset component on the basis of the assumption that taxable income shall be achieved in the future, against which it can be utilised. A decrease in tax income in the future could make this assumption unjustified.

The Compiler of financial statements applies the method of percentage advancement of works in the settlement of long-term contracts. Application of this method requires the entity to estimate the proportion of contract costs incurred to date to total estimated contract costs. In justified cases, when this method would not reliably reflect the stage of completion of the contract, another method may be applied, reliably reflecting the stage of completion of the contract.

Amortisation rates are determined based on the anticipated useful economic life of property, plant and equipment components and intangible assets. The useful economic lives are reviewed annually by the entity based on current estimates.

The entity measures investment property at fair value using the DCF method based on estimation of future discounted cash flows.

IX. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS

In the current financial year, the Compiler of financial statements did not make any significant changes in the accounting policy, other than those required by law (significant changes, if any, described in a separate part of the statements), mainly resulting from changes in IFRS approved for use by the European Union.

X. IMPACT ON THE FINANCIAL STATEMENTS OF CURRENT AND FUTURE CHANGES IN THE ACCOUNTING REGULATIONS.

The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2022	Impact on financial statements / charge
Amendments to IFRS 3 "Business Combinations" - updated references to the Framework	will not have any significant impact on the financial statements
IAS 16 "Property, Plant and Equipment" - revenue from products manufactured during the period of preparing property, plant and equipment to be put into operation	will not have any significant impact on the financial statements
IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - clarification on the costs recognised in the analysis of whether a contract is an onerous contract	will not have any significant impact on the financial statements
The 2018 - 2020 annual amendment programme - amendments contain clarifications and define the guidelines for standards on recognition and measurement: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to the illustrative examples for IFRS 16 "Leases"	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2023	**Impact on financial statements / charge**
IFRS 17 "Insurance Contracts" and amendments to IFRS 17	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short- or long-term liabilities	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Board Guidelines on Disclosure of Accounting Policies in Practice, the issue of materiality in relation to accounting policies	will not have any significant impact on the financial statements
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the definition of accounting estimates	will not have any significant impact on the financial statements
Amendments to IAS 12 "Income Taxes", obligation to recognise deferred tax on transactions, i.e. leases	will not have any significant impact on the financial statements
IFRS 17 "Insurance Contracts", first-time adoption of IFRS 17 and IFRS 9, comparative information	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2024.	**Impact on financial statements / charge**
Amendments to IFRS 16 "Leases" - lease obligations in sale and leaseback transactions	will not have any significant impact on the financial statements
Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as short- or long-term liabilities	will not have any significant impact on the financial statements
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - financing agreements for liabilities to suppliers	will not have any significant impact on the financial statements
The following new standards, amendments to standards and new interpretations have been issued by the IASB and approved for application after 1 January 2025.	**Impact on financial statements / charge**
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" - no exchangeability	will not have any significant impact on the financial statements

XI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Tangible fixed assets

Ownership structure of property, plant and equipment	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Own property, plant and equipment	185,507	92,446
Property, plant and equipment used under operating lease, rent, hire or similar	83,205	78,020
In total	**268,712**	**170,466**
Fixed assets pledged as hedging for liabilities	49,389	51,579

Costs of external financing capitalised in the value of fixed assets	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Interest		
Exchange differences		
Other borrowing costs		
Total		

Fixed assets used under a finance lease agreement	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Costs	126,078	110,696
Depreciation	-42,873	-32,676
In total	**83,205**	**78,020**

Property, plant and equipment by types	land	buildings and structures	plant and machinery	vehicles	other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment in progress	Property, plant and equipment held for sale	TOTAL
As at 01/01/2022									
Costs	23,122	67,035	104,439	41,754	6,714	1,339			244,403
Depreciation and revaluation write-downs		-20,275	-55,279	-18,541	-6,577	-20,051			-120,722
Net book value	**23,122**	**46,760**	**49,160**	**23,213**	**137**	**-18,712**	-	-	**123,681**
Increases		1,633	26,752	23,703	2,370	21,344			75,802
including revaluation surplus									
Decreases	-656	-1,949	-13,821	-9,888	-647	-2,055			-29,016
including changes in the accumulated amortisation		-1,949	-7,983	-3,811	-423				-14,166
Exchange differences									
As at 31/12/2022									
Net book value	**22,466**	**46,444**	**62,091**	**37,028**	**1,860**	**577**	-	-	**170,466**
As at 01/01/2023									
Costs	33,001	66,158	131,370	65,838	9,239	98,412			404,018
Depreciation		-21,498	-64,224	-22,494		-20,051			-128,267
Revaluation write-downs									
Net book value	**33,001**	**44,660**	**67,146**	**43,344**	**9,239**	**78,361**	-	-	**275,751**
As at 31/12/2023									
Costs	**10,535**	**-561**	**14,000**	**10,269**	**802**	**77,784**	-	-	**112,829**
Increases, including:	10,583		15,143	12,262	802	83,256			122,046
- acquisition	10,583		14,753	9,522	802	78,470			114,130
- acquisition, subsidiaries									
- revaluation surplus									
- carry-over									
- other			390	2,740		4,786			7,916
Decreases, including:	-48	-561	-1,143	-1,993		-5,472			-9,217
- sale	-48	-561	-1,143	-1,993					-3,745
- reallocation to the held-for-sale group									
- other						-5,472			-5,472
Depreciation	-	**-1,223**	**-8,945**	**-3,953**	**-463**	-	-	-	**-14,584**
Increases, including:		-1,784	-8,945	-3,953	-463				-15,145
- amortisation		-1,784	-8,945	-3,953	-463				-15,145
- acquisition, subsidiaries									
- other									

Decreases		561							561
- sale		561							561
- reallocation to the held-for-sale group									
- carry-over									
- other									
Revaluation write-downs									
- revaluation write-downs									
- reversals of revaluation write-downs									
Foreign exchange differences									
Net value	33,001	44,660	67,146	43,344	2,199	78,361	-	-	268,712
Property, plant and equipment by types	land	buildings and structures	plant and machinery	vehicles	other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment in progress	Property, plant and equipment held for sale	TOTAL

No oversize expenditures on property, plant and equipment are planned for the upcoming reporting periods under the approved investment plans.

On 29 November 2023, MIRBUD S.A. acquired 20,700 shares in the share capital of PDC Industrial Centre 217 Sp. z o.o. with its registered office in Warsaw. On this account, as at 31 December 2023, there was an increase of PLN 10,583 thousand in the "land" item and PLN 72,512 thousand in property, plant and equipment in progress.

PDC Industrial Center 217 Sp. z o.o. is the owner of a property located in Chościszowice, Bolesławiec Municipality, comprising plot No. 75 from section 0004 Chościszowice, with an area of 10.37 ha. On the property in question, the company is building a hall for lease for logistics and warehousing purposes with an area of approximately 50,000 sq. m. As at 31 December 2023, construction progress level was approx. 70%, with completion scheduled for mid-2024. MIRBUD S.A. is the general contractor for the project.

MIRBUD S.A. has started the expansion of its premises in Skierniewice at ul. Unii Europejskiej 18. The planned costs associated with the project will amount to approximately PLN 13 million and will be successively recognised under property, plant and equipment in progress, while upon completion of the works they will increase the value of property, plant and equipment in the buildings and structures group.

Note 2. Investment property

Investment property measured according to the fair value model	undeveloped land	buildings and structures	TOTAL
As at 01/01/2022	**15,138**	**491,115**	**506,253**
New property acquisitions		784	784
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity combination			
Net amount of profits or losses resulting from fair value measurement adjustments		-16,406	-16,406
Carry-overs to investments for lease			
Carry-overs to and from inventories		-560	-560
Disposal			
Carry-overs to and from owner-occupied property			
Change in value of property used under a lease contract		-1,057	-1,057
Other changes			
As at 31/12/2022	**15,138**	**473,876**	**489,014**
New property acquisitions			
Increases resulting from subsequent expenditure capitalisation			
Increases resulting from acquisition as a result of entity combination			
Net amount of profits or losses resulting from fair value measurement adjustments	6,806	-9,058	-2,252
Carry-overs to investments for lease			
Carry-overs to and from inventories			
Disposal			
Carry-overs to and from owner-occupied property			
Change in value of property used under a lease contract		4,079	4,079
Other changes			
As at 31/12/2023	**21,944**	**468,897**	**490,841**

Neither in the current nor in the previous reporting period did MIRBUD S.A. have any investments in property. However, the company has a capital commitment in subsidiaries for which property investment is a significant part of the activities.

Estimated cash flows from these real properties were part of the impairment test for capital investments in subsidiaries.

The value of investment properties consists of:

a) the remaining property purchased by Marywilska 44 sp. z o.o. from Expo Mazury S.A. w likwidacji located in Ostróda, at ul. Grunwaldzka 55 and 55A, covering halls with a total area of 56,724 sq. m. for warehouse and logistics activities with a fair market value as at 31/12/2023 of PLN 149,899 thousand;
b) a retail pavilion with lease area of 4,071 sq.m. located in Starachowice, purchased by Marywilska 44 sp. z o.o. from JHM 1 sp. z o.o., with a total value of PLN 15,809 thousand;
c) a retail park, together with the necessary infrastructure and car park, located in Rumia at ul. Dębogórska 132 with lease area of 2,982 sq. m., purchased by Marywilska 44 sp. z o.o. from JHM 2 sp. z o.o., with a total value of PLN 15,010 thousand;
d) Park Handlowy Marywilska 44 building completed on 31/12/2017, with a value of PLN 152,282 thousand;
e) recognition of an asset under the right to use land property located in Warsaw at ul. Marywilska 44 used on the basis of long-term lease contracts - recognition in accordance with IFRS 16 “Leases” as at 31/12/2023 - PLN 135,114 thousand;
f) property located in Skierniewice, at ul. Reymonta, with a value of PLN 783 thousand;
g) the amount of PLN 21,944 thousand disclosed in the consolidated financial statements relates to undeveloped land properties situated in Wola Pękoszewska, Skierniewice, at ul. Unii Europejskiej, and Rawa Mazowiecka, at ul. Biała.

As a result of fair value adjustment of investment properties based on appraisal reports, JHM Development S.A. made a write-down in the full amount, i.e. PLN 3,757 thousand, of the value of the building located in Skierniewice at ul. Sobieskiego, as well as the revaluation to fair value of the land owned by the Company by an amount of PLN 6,806 thousand.

Ownership structure of investment property value	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Own	355,728	352,678
Used under operating lease, rent, hire and similar	135,114	136,336
In total	**490,841**	**489,014**

Investment property used under financial lease contracts	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Capitalised leasing costs	-5,301	-16,406
Fair value changes	4,079	-1,057
In total	**-1,222**	**-17,463**

Data on investment property measured at fair value carried out by the entity	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Book value	490,841	489,014
Revenue from rent	61,522	54,898
Direct operating costs for investment property yielding rent income	-23,879	-20,829
Direct operating costs for investment property not yielding rental income		-6,338
Total:	**37,643**	**27,731**
Amounts of restrictions on the realisation of economic benefits		
Contractual purchase, construction or adaptation amounts		

Investment property according to the fair value hierarchy	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
I		
II	490,841	489,014
III		
Total	**490,841**	**489,014**

IFRS 13 introduces a fair value determination hierarchy, based on three levels of obtaining input information. Three levels of fair value determination hierarchy.

Level one (I) contains input information from an active market and is treated as the source of most reliable data. Data from this level should be used whenever possible.

Level two (II) contains input information other than from an active market, which are however observable (objective, measurable). This level includes the following possible sources of information and data: quotations for similar assets and liabilities from an active market; quotations for the same or similar assets and liabilities from markets which are not active; markets other than quoted markets which are nevertheless observable (interest rates, credit spreads, etc.); other market-based information.

Level three (III) contains unobservable data used when information from the first two measurement levels cannot be obtained. This includes any measurements with subjective input data. IFRS 13 distinguishes three main fair value measurement methods: market approach; cost approach; flow approach.

Note 3. Intangible assets

Intangible asset ownership structure	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Own intangible assets	9,025	4,584
Intangible assets used under operating lease, rent, hire or similar	174	677
In total	**9,199**	**5,261**
Intangible assets pledged as hedging for liabilities		

Costs of external financing capitalised in the value of intangible assets	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Interest		
Exchange differences		
Other borrowing costs		
Total	-	-

Data does not exist.

Intangible assets used under financial lease contracts	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Costs	4,281	4,281
Depreciation	-4,107	-3,604
In total	**174**	**677**

Data does not exist.

Intangible and legal assets	Development costs	Goodwill	Programmes and licences	Other intangible assets	Advances for intangible assets	TOTAL
As at 01/01/2022						
Costs		13,026	6,756		34	19,816
Depreciation and revaluation write-downs		-8,517	-5,345			-13,862
Net book value		4,509	1,411		34	5,954
Increases			312			312
including revaluation surplus						
Decreases			-971		-34	-1,005
including changes in the accumulated amortisation			-971			-971
Exchange differences						
As at 31/12/2022						
Net book value	-	**4,509**	**752**	-	-	**5,261**
as at 01/01/2023						
Costs		4,509	5,962			10,471
Depreciation			-5,639			-5,639
Revaluation write-downs						
Net book value	-	**4,509**	**323**	-	-	**4,832**
as at 31/12/2023						
Costs		**8,923**	**5,962**			**14,885**
Increases, including:			132			132
- acquisition			96			96
- acquisition, subsidiaries						
- revaluation surplus						
- carry-over						
- other						
Decreases, including:			-267			-267
- sale						
- reallocation to the held-for-sale group						
- other						
Depreciation			**-5,639**			**-5,639**
Increases, including:			-341			-341
- amortisation			-444			-444
- acquisition, subsidiaries						
- other						
Decreases			47			47
- sale						
- reallocation to the held-for-sale group						
- carry-over						
- other						

Revaluation write-downs						
- revaluation write-downs						
- reversals of revaluation write-downs						
Foreign exchange differences						
Net value	-	**8,923**	**276**	-	-	**9,199**

Increase in the “goodwill” item value by PLN 4,414 thousand is the result of the transaction of acquisition of shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

The main component of intangible assets is the SAP system. The plan has a useful life of 20 years and its residual value is PLN 0.00.

Goodwill has been allocated to the relevant activity segments as cash-generating units. The impairment tests carried out for these units, based on discounted cash flows, indicated that the recoverable value of these assets was higher than their book value.

Cash flows have been designed on the basis of historical data and the best Management Board forecasts. The discount factors were selected on the basis of external sources and presented in the note corresponding to the report on activity segments.

Note 4. Long-term financial assets (excluding trade receivables, assets measured using the equity method and cash and cash equivalents) and financial data of subsidiaries

Shares in other parties are initially recognised at fair value plus transaction costs. In later periods they are recognised at fair value.

After the initial recognition, the Group measures all investments in equity instruments at fair value. For all the investments being set, the Group chose the option to present profits and losses on changes in fair value of equity instruments in other comprehensive income. If such a choice is made, profits and losses on the change in fair value are not subsequently reclassified to financial result when the investment is no longer disclosed. Impairment write-downs (and reversals of write-downs) in respect of equity investments measured at fair value through other comprehensive income are not presented on other changes in fair value.

Dividends from such investments are recognised in financial result when the Company’s right to receive payment is established.

Financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Capital investments in subsidiaries	316	316
Other	75,289	10,741
In total	**75,605**	**11,057**

Other financial assets (excluding trade receivables, assets measured according to equity method and cash and cash equivalents)	in PLN thousand			
	As at:	Increases	Decreases	As at:
	31/12/2022	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	31/12/2023
Long-term financial assets	**10,969**	**38,865**	**-9,451**	**40,383**
in related parties	**316**	-	-	**316**
- shares	316			316
- loans granted				
- other long-term financial assets				
in other parties	**10,653**	**38,865**	**-9,451**	**40,067**
- shares	10,123	38,865	-9,168	39,820
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other long-term financial assets	530		-282	247
Short-term financial assets	**40,161**	**40,073**	**-45,011**	**35,222**
in subsidiaries and jointly controlled parties	-	**40,073**	**-4,900**	**35,173**
- shares available for trade				
- other securities		40,073	-4,900	35,173
- loans granted				
- other short-term financial assets				
in associates	**40,073**		**-40,073**	
- shares available for trade				
- other securities	40,073		-40,073	
- loans granted				
- other short-term financial assets				
in other parties	**88**		**-39**	**49**
- shares (listed)				
- other shares				
- financial assets measured at fair value by financial result				
- financial assets available for sale				
- financial assets held to maturity				
- assets under derivative instruments				
- loans granted				
- other short-term financial assets	88		-39	49
In total	**51,130**	**78,938**	**-54,462**	**75,605**

On 24 July 2021, JHM DEVELOPMENT S.A. purchased shares in HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw (currently - Skierniewice) from the Official Receiver of the Company under the business name STAL-MET Nieczaj Sp. z o.o. w upadłości with its registered office in Słupsk. In the following months, the Company acquired most of the receivables of HAKAMORE Sp. z o.o., including, among others, the bonds issued by HAKAMORE Sp. z o.o. w upadłości.

HAKAMORE is the owner of 19.87 ha of land properties located in Łódź at ul. Politechniki, Wróblewskiego and Różana. The purpose of the purchase was to acquire attractive land for executing a development project.

On 08/10/2021, by decision of the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, JHM DEVELOPMENT S.A. was entered as a shareholder of HAKAMORE Sp. z o.o. w upadłości. In accordance with the decision, JHM DEVELOPMENT S.A. holds 60,100 shares with a total value of PLN 3,005 thousand.
By decision of 1 July 2022, the District Court for the capital city of Warsaw, 16th Commercial Division for bankruptcy and restructuring cases, discontinued the bankruptcy proceedings of HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The District Court of Warsaw has declared this decision valid as of 17 November 2023.

Until the date of assuming control over HAKAMORE Sp. z o. o. w upadłości, the shares in the Company were carried at cost. To verify the value of the shares as at the balance sheet date, an impairment test of these shares was performed. This primarily involved an assessment of the market value of the properties owned by HAKAMORE sp. z o.o. w upadłości. The impairment test showed a decrease in the value of shares. As a result, JHM Development S.A. made a write-down of their value in the amount of PLN 9,168 thousand.

Under a bond sale agreement dated 08/10/2021, JHM DEVELOPMENT S.A. purchased bonds issued and outstanding at maturity issued by HAKAMORE Sp. z o.o. w upadłości with its registered office in Warsaw. The Company purchased private market instruments representing 26,754 (twenty-six thousand, seven hundred and fifty-four) A series bonds issued by HAKAMORE Sp. z o.o. w upadłości with a nominal value of PLN 1,000.00 (one thousand).
The total bond acquisition cost amounted to PLN 40,073 thousand, which, among others, consisted of the nominal value of the bonds (PLN 26,754 thousand), the value of interest accrued as at the day before the declaration of bankruptcy of HAKAMORE Sp. z o.o. in the amount of PLN 6,579 thousand, and accrued interest on the bonds as at the date of the conclusion of the sales agreement in the amount of PLN 5,994 thousand. In addition, the Company acquired other receivables of HAKAMORE Sp. z o.o. with a total value of PLN 2,156 thousand.
As at the balance sheet date, HAKAMORE Sp. z o.o. repaid part of the receivables in the amount of PLN 4,900 thousand.

HAKAMORE is the owner of 19.87 ha of land properties located in Łódź at ul. Politechniki, Wróblewskiego and Różana. As at 28/02/2022, the net market value of these properties was estimated by the appraiser at PLN 61,420 thousand, and PLN 49,136 thousand for the forced sale, estimated in the same report.

In the event of a sale of assets of HAKAMORE Sp. z o.o. w upadłości, the Company will have cash to cover all receivables recognised on the list of receivables, as well as all receivables which JHM DEVELOPMENT S.A. has acquired.

In connection with the discontinuation of bankruptcy proceedings in respect of HAKAMORE Sp. z o.o. w upadłości on 20 December 2023, a preliminary contract was concluded between HAKAMORE Sp. z o.o. and JHM DEVELOPMENT S.A. for the sale of land properties with an area of 19.87 ha, located in

Łódź at ul. Politechniki, Wróblewskiego and Różana. The promised contract of sale of this property was concluded on 25 January 2024.

The economic point of the above-described transactions was intended by the Company not to acquire shares or financial instruments in order to derive future economic benefits from their ownership, but to realise the business objective of acquiring ownership of a land property and expanding the land bank for the Company's main operational activities.

The Extraordinary Meeting of Shareholders of HAKAMORE Sp. z o.o. with its registered office in Skierniewice decided, by way of Resolution No. 1 of 28 December 2023, to dissolve the Company on 1 January 2024 and put it into liquidation. According to the adopted resolution, the Company will be dissolved after liquidation.

On 29 November 2023, MIRBUD S.A. acquired 20,700 shares in the share capital of PDC Industrial Center 217 Sp. z o.o. with its registered office in Warsaw with a nominal value of PLN 50 each and a total nominal value of PLN 1,035 thousand, representing 49.88% of the Company's share capital.

Marywilska 44 Sp. z o.o., a company from the MIRBUD S.A. Group, which on 29 November 2023 acquired 20,800 shares in the share capital of the Company subject to the sale agreement, also participated in the share purchase transaction. The nominal value of shares was PLN 50 each, giving a total nominal value of PLN 1,040 thousand, representing 50.12% of the share capital of PDC Industrial Center 217 Sp. z o.o.

As at 31 December 2023, MIRBUD S.A. directly and indirectly holds a total of 100% of shares in the share capital of PDC Industrial Center 217 Sp. z o.o.

PDC Industrial Center 217 Sp. z o.o. is the owner of a property located in Chościszowice, Bolesławiec Municipality, comprising plot No. 75 from section 0004 Chościszowice, with an area of 10.37 ha. On the property in question, the company is building a hall for lease for logistics and warehousing purposes with an area of approximately 50,000 sq. m. As at 31 December 2023, construction progress level was approx. 70%, with completion scheduled for mid-2024. MIRBUD S.A. is the general contractor for the project.
The planned business segment of PDC Industrial Center 217 Sp. z o.o., once construction is completed, will be the rental of commercial space to third parties.

On 14 December 2023, MIRBUD S.A. entered into a loan agreement with PDC Industrial Centre 217 Sp. z o.o. in the maximum amount of PLN 120,000 thousand to finance the construction of a warehouse, logistics and production centre located in Chościszowice, Bolesławiec Municipality and conduct day-to-day business operations. As at 31 December 2023, the loan debt including the measurement amounted to PLN 88,726 thousand.
The amount paid was earmarked for repayment of PDC Industrial Center 217 Sp. z o.o.'s receivables against MIRBUD S.A. on account of construction works carried out on the aforementioned property.

The acquisition of shares in PDC Industrial Center 217 Sp. z o.o. constitutes another step in the development of the MIRBUD Capital Group's activities in the warehouse and logistics property lease market. In terms of the implementation, commercialisation and possible future sale of this project, the Company is cooperating with the leading warehouse space developer on the Polish market, Panattoni Development Europe Sp. z o.o. On 9 February 2024, MIRBUD S.A. entered into an agreement with PG Dutch Holding I BV, a Panattoni Group entity, for the sale of 14.4% of shares in PDC Industrial Center 217 Sp. z o.o. The transfer of ownership of these 14.4% shares from MIRBUD S.A. to PG Dutch Holding I BV took place after the balance sheet date.

MIRBUD S.A. recognised shares of Torpol S.A. under the "shares in other parties" item. The item is classified as financial instruments measured at fair value through financial result. The Management Board anticipates that the project is of a long-term type. The measurement as at the balance sheet date was carried out based on the share price on the WSE at the closing date of the financial year.

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Basic financial data of the main directly controlled subsidiaries	JHM Development S.A	Kobylarnia S.A.	Marywilska 44 Sp. z o.o.	Mirbud Ukraina Sp. z o.o.
Total assets	554,227	458,741	513,103	
Long-term liabilities	68,809	98,974	167,411	
Short-term liabilities	128,989	242,703	16,102	
Equity	354,005	117,064	329,589	
Direct share in capital	100.00%	100.00%	57.47%	100.00%
Share in equity	100.00%	100.00%	57.47% (direct and indirect share 100%)	
Sales revenue	203,487	1,032,155	61,018	
Net profit (loss)	16,583	25,756	10,181	
Comprehensive income for the net financial year	16,583	25,756	10,181	
Total net cash flows	11,780	-54,953	-1,458	

Basic financial data of main, indirectly controlled subsidiaries	PDC Industrial Centre Sp. z o.o.	Hakamore Sp. z o.o.
Total assets	101,191	
Long-term liabilities	88,659	
Short-term liabilities	367	
Equity	12,165	
Share in equity (direct and indirect)	100.00%	100.00%
Sales revenue	1	
Net profit (loss)	-442	
Comprehensive income for the net financial year	-442	
Total net cash flows	-96,762	

As of 1 January 2024 Hakamore Sp. z o.o. was put into liquidation.

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Note 5. Investments measured using the equity method

Neither in the current nor in the previous reporting period did the item occur.

Note 6. Trade and other receivables

Trade and other receivables	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Long-term receivables	**2,102**	**3,576**
trade receivables from related parties		
trade receivables from other parties		
other receivables from related parties		
other receivables from other entities	2,102	3,576
Short-term receivables	**593,926**	**575,460**
trade receivables from related parties		
trade receivables from other parties	383,824	438,975
retained amounts under execution of contracts from related parties		
retained amounts under execution of contracts from other parties	52,759	55,556
other receivables from related parties		
other receivables from other entities	4,233	2,640
amounts transferred for deliveries	35,716	22,884
budget receivables except for corporate income tax settlements	17,760	1,046
disputed receivables brought before the court	1,140	3,996
accrual of receivables under settlement of long-term contracts	98,494	50,364
In total	**596,028**	**579,037**

Age structure of receivables	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Gross trade receivables	**626,327**	**603,592**
not overdue, including:	**527,382**	**393,334**
due up to 1 month	403,942	256,269
due from 1 to 3 months	68,579	77,932
due from 3 to 12 months	52,759	55,556
due from 1 to 5 years	2,102	3,576
overdue, including:	**98,945**	**210,258**
overdue up to 1 month	53,130	32,391
overdue from 1 to 3 months	15,287	25,631
overdue from 3 to 6 months	3,850	87,584
overdue from 6 to 12 months	1,571	37,980
overdue over 12 months	25,107	26,672
credit risk write-down	-2,478	-2,087
receivables revaluation write-down	-27,821	-22,468
Net trade receivables	**596,028**	**579,037**

With reference to the table above, as at the date of publication of the financial statements, PLN 27,005 thousand was settled out of the range of overdue receivables.

Receivables revaluation write-downs	Trade receivables	Disputed receivables	Other	Total
As at 01/01/2022	**-21,439**	**-**	**-2,229**	**-23,668**
Increases	-403		-1,443	-1,847
Releases	401		380	781
Utilisation	179			179
As at 31/12/2022	**-21,262**	**-**	**-3,292**	**-24,555**
Increases	-451		-5,614	-6,065
Releases	273			273
Utilisation	48			48
as at 31/12/2023	**-21,392**	**-**	**-8,906**	**-30,299**

Revaluation write-downs in respect of credit losses.

The Company uses a simplified write-down matrix to calculate expected credit losses. In order to determine expected credit losses, trade receivables were grouped based on probability of credit risk characteristics and past due bands. The Group states that it has one hegemonic group of receivables.

The liability default rate was established on the basis of historical data from 2020 to 2022.

The recoverability is estimated on the basis of historical data as the balance includes a group of dispersed items grouped according to the probability of credit risk and customer behaviour in the past. A further adjustment is then made to take account of the impact of future factors not reflected in the historical data.

The liability default rate established as at 31/12/2023 is:
- for non-matured receivables - 0.01%
- for receivables past due up to 1 month - 0.03%
- for receivables past due from 1 month to 3 months - 0.04%
- for receivables past due from 3 to 6 months - 0.10%
- for receivables past due from 6 to 12 months - 0.25%
- for receivables past due over 12 months - 97.20%

As at 31/12/2023, the Group has recognised a write-down for potential credit risk in the amount of PLN 2,478 thousand.

Revaluation write-downs in respect of items to which the credit risk has significantly increased.
The following are qualified for this item:
- receivables from business partners at risk of bankruptcy;
- receivables overdue more than 12 months, unless there are circumstances indicating high probability of recovery.

Taking into account the risk of changes in exchange rates, the Group has measured trade receivables in foreign currencies as at 31/12/2023. As a result of the analysis, a write-down was made for the amount of PLN 5,537 thousand.

The Group also applies the calculation of write-downs for credit risk to items of other financial assets in accordance with IFRS 9 (International Financial Reporting Standards) as an impairment model based on expected credit losses.

Note 7. Biological assets

Neither in the current nor in the previous reporting period did the item occur.

Note 8. Other assets not elsewhere classified (including prepayments and accruals)

Other assets	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Other long-term assets	-	**419**
Long-term cost prepayments		419
Other long-term assets not elsewhere classified		
Other short-term assets	**1,988**	**2,234**
Short-term cost prepayments	1,988	2,234
Other short-term assets not elsewhere classified		
Total	**1,988**	**2,654**

Note 9. Inventories

Inventories	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Materials	26,798	9,511
Semi-finished products and work in progress	116,177	221,963
Finished products		
Goods	97,001	105,591
Completed property development contracts	149,880	55,845
In total	**389,856**	**392,911**

Impairment of inventories	Materials	Semi-finished products and work in progress	Finished products	Goods
As at 01/01/2022	-	-	-	-
Increases				
Releases				
Utilisation				
As at 31/12/2022	-	-	-	-
Increases				
Releases				
Utilisation				
as at 31/12/2023	-	-	-	-

There were no circumstances indicating the need to make revaluation write-downs on inventories.

Note 10. Cash and cash equivalents

Cash and cash equivalents	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Cash on hand and in bank accounts	334,064	435,587
Term deposits	50,221	59,026
Other monetary assets	11,491	12,947
In total	**395,776**	**507,560**

Term deposits in the amount of PLN 38,631 thousand are interest-bearing cash constituting a hedge for proper execution of construction contracts, obtained from advances of MIRBUD S.A. investors.
The term deposit in the amount of PLN 1,100 thousand constitutes interest-bearing funds used as hedging for the Marywilska 44 company's credit contract.

Term deposits in the amount of PLN 10,491 thousand represent cash of JHM Development S.A.

Other cash assets are funds accumulated on individual housing accounts by purchasers of residential units for property development investments in the course of construction.
As a result, they are limited in their use.

write-downs for impairment of cash and cash equivalents have been determined individually for each balance relating to a given financial institution. External rankings of banks and publicly available information on the default rates for individual rankings were used to assess credit risk. The analysis showed that these assets have a low credit risk as at the reporting date. The Company used the simplification allowed by the standard and the impairment write-down determined on the basis of 12-months' credit losses.

Note 11. Fixed assets held for sale and liabilities related to them

Neither in the current nor in the previous reporting period did the item occur.

Note 12. Capitals

Capitals and liabilities	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Share capital	9,174	9,174
Issue price surplus over nominal value of shares		
Other reserve capitals	220,499	220,499
Retained profit attributable to the shareholders of the parent/supplementary capital, including:	563,877	452,316
Profit/loss in the reporting period	*135,414*	*119,195*
Equity attributable to shareholders of the parent/supplementary capital	**793,550**	**681,989**
Equity attributable to non-controlling shares		
Total	**793,550**	**681,989**

Reserve capital

Other reserve capitals	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Other capital attributable to equity holders of the parent entity, including:	220,499	220,499
Total other comprehensive income - issue of shares	*220,499*	*220,499*
In total	**220,499**	**220,499**

Share capital structure	Number of shares	Value of capital	share nominal value	Registration date	Method of coverage
	thousand Pieces	in PLN thousand	in PLN	dd/mm/yyyy	
Ordinary A series shares	19,500	1,950	0.10	22/12/2006	Contribution in cash
Ordinary B series shares	14,625	1,463	0.10	22/12/2006	Contribution in cash
Ordinary C series shares	2,264	226	0.10	22/12/2006	
Ordinary D series shares	3,611	361	0.10	22/12/2006	Contribution in cash
Ordinary E series shares	5,000	500	0.10	11/12/2019	Contribution in cash
Ordinary F series shares	10,000	1,000	0.10	03/03/2010	Contribution in cash
Ordinary G series shares	10,000	1,000	0.10	19/05/2010	Contribution in cash
Ordinary H series shares	10,000	1,000	0.10	18/08/2010	Contribution in cash
Ordinary I series shares	7,493	749	0.10	25/06/2014	Contribution in cash
Ordinary J series shares	2,874	287	0.10	11/09/2019	Contribution in cash
Ordinary K series shares	6,378	638	0.10	30/09/2019	Contribution in cash
Opening balance total	**91,744**	**9,174**	-	-	-
Closing balance total	**91,744**	**9,174**	-	-	-
Total as of the date of approval of financial statements for publication	**91,744**	**9,174**	-	-	-

Share capital structure	Jerzy Mirgos	Nationale-Nederlanden OFE	Other shareholders
As at 31/12/2022			
Owned ordinary shares	41,600,000	9,171,000	40,973,000
Preference shares held			
Share in capital	45.34%	10.00%	44.66%
Share in profit	45.34%	10.00%	44.66%
Share in voting	45.34%	10.00%	44.66%
As at 31/12/2023			
Owned ordinary shares	41,710,000	9,221,837	40,812,363
Preference shares held			
Share in capital	45.46%	10.05%	44.49%
Share in profit	45.46%	10.05%	44.49%
Share in voting	45.46%	10.05%	44.49%
Balance as at the date of approval of financial statements for publication			
Owned ordinary shares	41,710,000	9,221,837	40,812,363
Preference shares held			
Share in capital	45.46%	10.05%	44.49%
Share in profit	45.46%	10.05%	44.49%
Share in voting	45.46%	10.05%	44.49%

Note 13. Provisions

Provisions	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Long-term provisions	**8,850**	**7,434**
provisions for retirement benefits	1,448	673
other long-term provisions	7,402	6,761
Short-term provisions	**6,690**	**4,596**
provisions for retirement benefits	905	435
provisions for warranty repairs	2,053	2,081
provisions for losses under settlements of long-term contracts		
other short-term provisions	3,732	2,081
In total	**15,540**	**12,030**

Note 14. Financial liabilities, except for provisions, trading liabilities and other liabilities

Bank loans and credits and other debt instruments	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Long-term financial liabilities, except for provisions, trade liabilities and other liabilities	**314,284**	**395,325**
Financial liabilities due to related parties		
Loans and credits from other parties	96,889	161,294
Liabilities under derivative instruments		
Issued debt securities	50,000	62,070
Liabilities under financial lease	38,283	40,860
Other	129,113	131,101
including liability resulting from measurement of long-term lease agreements in accordance with IFRS 16	*129,113*	*130,813*
Short-term financial liabilities, except for provisions, trade liabilities and other liabilities	**90,521**	**53,012**
Financial liabilities due to related parties		
Loans and credits from other parties	64,435	29,928
Liabilities under derivative instruments		
Issued debt securities	206	233
Liabilities under financial lease	19,658	17,103
Other	6,222	5,748
including liability resulting from measurement of long-term lease agreements in accordance with IFRS 16	6,001	5,523
In total	**404,805**	**448,337**

Debt instruments structure	in PLN thousand					
	loans and credits	Liabilities under derivative instruments	Issued debt securities	Liabilities under financial lease	Other	Total
as at 01/01/2022	**205,260**	-	**62,214**	**45,405**	**144,233**	**457,112**
Accrued interest	12,516		7,344	3,697	9,449	33,006
Interest paid	-12,516		-6,862	-3,697	-9,449	-32,524
Drawdown	78,917		41	28,059		107,017
Repayment	-96,636			-15,500	-6,338	-118,474
Average liability level	198,241		62,070	51,684	140,033	452,028
Real interest rate	6.31%		11.83%	7.15%	6.75%	7.30%
as at 31/12/2022	**191,223**		**62,303**	**57,963**	**136,849**	**448,337**
minimum payments up to 1 month	1,521			1,565	441	3,086
minimum payments from 1 to 3 months	4,327		3,017	4,691	892	12,035
minimum payments from 3 to 12 months	12,777		9,053	11,805	4,190	33,635
minimum payments within 1 year	18,625		12,070	18,061	5,523	54,279
minimum payments within 1 to 5 years	172,598		50,000	39,902	28,061	290,561
minimum payments over 5 years	9,440				102,752	112,192
interest due up to 1 year	12,073		32,653	4,146	12,429	61,301
interest due from 1 to 5 years	48,291		12,084	16,585	43,608	120,568
interest due over 5 years	1,176				44,425	45,601
Approximate fair value	200,663		103,790	57,963	136,336	540,368
as at 01/01/2023	**191,223**		**62,303**	**57,963**	**136,849**	**448,337**
Accrued interest	16,356		7,839	4,845	12,059	41,099
Interest paid	-16,356		-7,617	-4,845	-12,059	-40,877
Drawdown	86,890			17,701		104,591
Repayment	-114,467		-12,070	-17,724	-5,301	-149,562
Average liability level	176,273		56,035	57,952	136,092	426,352
Real interest rate	9.28%		13.99%	8.36%	8.86%	9.64%
as at 31/12/2023	**161,324**	-	**50,206**	**57,941**	**135,335**	**404,805**

minimum payments up to 1 month	1,496			1,696	477	3,192
minimum payments from 1 to 3 months	4,244			5,042	967	9,286
minimum payments from 3 to 12 months	21,821			13,168	1,481	34,989
minimum payments within 1 year	27,561			19,906	3,076	50,543
minimum payments within 1 to 5 years	133,763		50,000	38,035	31,027	252,825
minimum payments over 5 years	5,529				98,086	103,615
interest due up to 1 year	14,969		5,581	4,844	13,318	38,712
interest due from 1 to 5 years	59,876		5,375	19,376	46,250	130,877
interest due over 5 years	2,557				34,481	37,038
Approximate fair value	166,853		49,076	57,941	135,114	481,158

C series bonds

On 30 June 2020, the Management Board of JHM DEVELOPMENT S.A. with its registered office in Skierniewice adopted Resolution No. X/2020 on the allocation of 7,000 C series unsecured bearer rate bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 7.0 million. The issue price of the Bonds is equal to the nominal value. The Issue Day was 30/06/2020.

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned property development projects of the Issuer, including financing of land purchase for new property development projects of the Issuer.

The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling in the 11th, 12th and 13th interest periods, the Issuer will be required to unconditionally partially redeem 25% of the total number of issued Bonds.

The final redemption date was set for 30/12/2023. The transferability of the bonds is not subject to any restrictions.

D series bonds

On 14 October 2020, the Management Board of JHM DEVELOPMENT S.A. with its registered office in Skierniewice adopted Resolution No. XIV/2020 on the allocation of 5,070 D series unsecured bearer rate bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 5.07 million. The issue price of the Bonds is equal to the nominal value. The Issue Day was 16/10/2020.

The issue of the bonds was effected by means of a bid conducted pursuant to Article 1(4)(a) and (b) of Regulation 2017/1129 by addressing the Purchase Proposal to qualified investors and not more than 149 designated addressees who are natural or legal persons other than qualified investors within the meaning of Article 2(e) of Regulation 2017/1129, i.e. in a manner which constitutes a public bid for securities within the meaning of Article 2(d) of Regulation 2017/1129, for which there is no obligation to publish a prospectus.

The funds obtained by the Issuer from the issue of Bonds, minus costs and fees related to preparation and execution of the issue of Bonds, have been allocated for financing of conducted and planned property development projects of the Issuer, including financing of land purchase for new property development projects of the Issuer.

The interest rate on the bonds is variable, based on WIBOR 3M plus margin. Interest will be paid on a quarterly basis. On the interest payment dates falling in the 10th, 11th and 12th interest periods, the Issuer will be required to each time unconditionally partially redeem 25% of the total number of issued Bonds.

The final redemption date was set for 30/12/2023. The transferability of the bonds is not subject to any restrictions.

Due to the identity of the rights associated with the ownership of the Series C and Series D securities and their trading status, the Series C and Series D bonds have been assimilated and are listed on the Catalyst platform together under a single ISIN code.

As at 30 March 2023 The Issuer redeemed 3,017 Series C and D Bonds as part of the Periodic Amortisation of Bonds. The total nominal value of the Bonds redeemed amounted to PLN 3,017 thousand. The Bonds were redeemed by the Issuer at a price equal to the Redemption Amount.

As at 30 June 2023 the Issuer redeemed 9,053 Series C and D Bonds as part of the Early Amortisation of Bonds. The total nominal value of the Bonds redeemed amounted to PLN 9,053 thousand. The Bonds were redeemed by the Issuer at a price equal to the Redemption Amount.
Thus, all obligations of the Issuer under the issue of Series C and D Bonds expired on 30/06/2023.

E series bonds

On 26 November 2021, the Management Board of JHM DEVELOPMENT S.A. with its registered office in Skierniewice, by way of Resolution No. XXV/2021 concerning the allocation of 50,000 E series secured bearer coupon bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 50.0 million, made a conditional allocation of E series bonds. The condition for the effective allocation of the Bonds to investors was the settlement of the Bonds purchase transaction by the National Depository for Securities in the delivery versus payment mode. The issue price of the Bonds is equal to the nominal value. The Issue Day is 17/12/2021.
The Bonds were offered in the manner provided for in Article 33(1) of the Bond Act, i.e. by way of a public offering, the conduct of which does not involve the obligation to draw up a prospectus pursuant to Article 1(4)(a) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the offering was addressed solely to qualified investors).
Funds from the issue shall be earmarked for execution of new residential projects, including purchase of land and for financing and/or refinancing of a Permitted Transaction, where a Permitted Transaction means actual and legal actions taken by the Issuer which are intended to lead, directly or indirectly, to the purchase by the Issuer of the perpetual usufruct right to property situated in Łódź and the ownership right to property situated in Łódź, including in particular:
a) purchase of shares in Hakamore sp. z o.o. w upadłości;
b) purchase from Hakamore creditors the claims of such creditors against the company, including bonds, or cause the funds necessary to satisfy all creditors to be made available to Hakamore; and
c) causing the discontinuation of bankruptcy proceedings against Hakamore; and then
d) concluding with Hakamore, after the end of bankruptcy proceedings, a contract for the sale of property pursuant to which the sales price or a part of the sales price of property may be settled by contractual deduction of the Issuer's receivables due to Hakamore and acquired from previous creditors with HKM's receivables due to the Issuer for payment of the sales price of property.

Following the discontinuation of the bankruptcy proceedings of Hakamore Sp. z o.o. w upadłości on 20 December 2023, a preliminary estate sale agreement was concluded between Hakamore Sp. z o.o. and JHM DEVELOPMENT S.A.

After the balance sheet date, in execution of the preliminary sales agreement, a notarial deed was signed transferring ownership of property to JHM Development S.A., and thus the purpose of the series E bond issue was achieved.

The interest rate on the bonds is variable, based on WIBOR 6M plus margin. Interest will be paid on a semi-annual basis. On the interest payment dates falling on 17 December 2024 and 17 June 2025, the

Issuer will be required to each time unconditionally partially redeem 10% of the total number of issued Bonds. The final redemption date is set for 17 December 2025. The transferability of the bonds is not subject to any restrictions.

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Liabilities under credits and loans owned by MIRBUD S.A. as at 31/12/2023

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
PKO BP S.A.	MIRBUD S.A.	15,000	PLN			WIBOR 1M + margin	24/06/2024	capped mortgage on property
MBANK S.A.	MIRBUD S.A.	15,200	PLN	15,200		WIBOR 1M + margin	27/06/2025	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	16,000	PLN		16,000	WIBOR 1M + margin	31/10/2024	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	60,000	PLN	10,200	12,000	WIBOR 1M + margin	29/12/2025	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN		20,000	WIBOR 1M + margin	03/08/2024	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	35,000		WIBOR 1M + margin	04/10/2026	assignment of a business receivable, mortgage
Total credits and loans				**60,400**	**48,000**	**108,400**		

As of 31/12/2023, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was increased by PLN 2,467 thousand.

Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 31/12/2023

Name of the party	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	6,648	363	WIBOR 3M + margin	31/12/2034	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	28,445	PLN			WIBOR 3M + margin	30/06/2025	mortgage on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN			WIBOR 1M + margin	30/06/2024	mortgages on property
SANTANDER BANK POLSKA S.A.	JHM Development S.A.	39,095	PLN	3,580		WIBOR 1M + margin	31/03/2025	mortgages on property
WARSZAWSKI BANK SPÓŁDZIELCZY	JHM Development S.A.	13,110	PLN	11,234		WIBOR 3M + margin	30/12/2024	mortgages on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	23,000	PLN	4,973		WIBOR 1M + margin	31/12/2025	mortgages on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	18,000	PLN			WIBOR 3M + margin	30/06/2025	mortgage on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	PLN	11,911	3,486	WIBOR 3M + margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	1,342	EUR	3,844	691	EURIBOR 3M + margin	30/10/2030	assignment of receivables, registered pledge on bank account, mortgage
BGK	Kobylarnia S.A.	6,212	PLN	3,106	621	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
Total credits and loans				**45,296**	**5,161**	**50,457**		

Liabilities under credits and loans owned by MIRBUD S.A. as at 31/12/2022

Name of the entity	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
PKO BP S.A.	MIRBUD S.A.	15,000	PLN	10,669		WIBOR 1M + margin	24/06/2024	capped mortgage on property
PKO BP S.A.	MIRBUD S.A.	21,000	PLN		366	WIBOR 1M + margin	01/03/2023	ordinary mortgage and capped mortgage on property
MBANK S.A.	MIRBUD S.A.	15,200	PLN	15,200		WIBOR 1M + margin	27/06/2025	assignment of a business receivable
PEKAO S.A.	MIRBUD S.A.	10,000	PLN		10,000	WIBOR 1M + margin	31/10/2024	assignment of a business receivable
Agencja Rozwoju Przemysłu S.A.	MIRBUD S.A.	40,000	PLN	19,800	14,400	WIBOR 1M + margin	29/12/2025	mortgages on property
BOŚ S.A.	MIRBUD S.A.	20,000	PLN	20,000		WIBOR 1M + margin	03/08/2024	BGK guarantee, registered pledge
BOŚ S.A.	MIRBUD S.A.	35,000	PLN	33,821		WIBOR 1M + margin	17/10/2023	assignment of a business receivable, mortgage
Total credits and loans				**99,490**	**24,766**	**124,256**		

As at 31/12/2022, the value of credits and loans has been measured at amortised cost. As a result of the measurement, the value of liabilities under credits and loans was reduced by PLN 4,426 thousand.

Liabilities under credits and loans of the Companies from the MIRBUD S.A. Group as at 31/12/2022

Name of the party	Obliged entity	Amount of credit, loan acc. to the contract	Currency	Outstanding amount - long-term part	Outstanding amount - short-term part	Interest rate conditions	Repayment date	Hedging
Bank Spółdzielczy	JHM Development S.A.	8,823	PLN	6,992	365	WIBOR 3M + margin	31/12/2034	mortgage on property
Bank Polskiej Spółdzielczości S.A.	JHM Development S.A.	28,445	PLN	14,760		WIBOR 3M + margin	30/06/2025	mortgage on property
Bank Ochrony Środowiska S.A.	JHM Development S.A.	31,900	PLN	11,290		WIBOR 1M + margin	30/06/2024	mortgages on property
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	33,000	PLN	15,397	3,486	WIBOR 3M + margin	02/05/2028	cash deposit, assignment of receivables, registered pledge of a bank account, surety, mortgage
SANTANDER BANK POLSKA S.A.	MARYWILSKA 44 sp. z o.o.	1,342	EUR	5,213	687	EURIBOR 3M + margin	30/10/2030	assignment of receivables, registered pledge on bank account, mortgage
BGK	Kobylarnia S.A.	6,212	PLN	3,727	621	WIBOR 1M + margin	31/12/2029	mortgage, surety of MIRBUD
Total credits and loans				**57,379**	**5,159**	**62,538**		

Note 15. Trade and other liabilities

Trade and other liabilities	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Long-term liabilities	**126,991**	**211,344**
Trade liabilities to related parties		
retained amounts to related parties		
Other liabilities due to related parties		
Trade liabilities to other parties		
Retained amounts to other parties	111,713	91,217
Advances received	15,278	120,127
Other liabilities due to other parties		
Short-term liabilities	**892,130**	**847,200**
Trade liabilities to related parties		
retained amounts to related parties		
Other liabilities due to related parties		
Trade liabilities to other parties	452,491	351,540
Liabilities under settlement of long-term contracts	68,683	136,300
Advances received	190,137	187,977
Bills of exchange liabilities		
Budget liabilities except for corporate income tax settlements	29,781	22,879
Remuneration settlements	7,680	6,640
Retained amounts to other parties	141,939	141,104
Other liabilities due to other parties	1,419	759
In total	**1,019,121**	**1,058,544**

As of 31/12/2023, the amount of liability due to advances received on account of executed road contracts amounted to PLN 106,427 thousand thousand.

Age structure of liabilities	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Trade liabilities	**1,019,121**	**1,058,544**
not overdue	**988,190**	**1,032,021**
due up to 1 month	482,492	402,467
due from 1 to 3 months	46,631	89,129
due from 3 to 12 months	332,076	329,081
due from 1 to 5 years	126,991	211,344
overdue up to 1 month	27,661	25,160
overdue from 1 to 3 months	3,270	1,363
overdue from 3 to 6 months		
overdue from 6 to 12 months		
overdue over 12 months		
Total overdue	**30,931**	**26,523**

At the date of publication of the consolidated financial statements, PLN 28,832 thousand of the range of overdue liabilities had been repaid.

Note 16. Other current liabilities and provisions not elsewhere classified (including prepayments and accruals)

Other liabilities and provisions not classified, including prepayments and accruals	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Long-term	-	-
Revenue settled in time		
Cost prepayments and accruals		
Other items		
Short-term	**3,036**	**1,020**
Revenue settled in time	1,569	
Cost prepayments and accruals	634	1,020
Other items	833	
In total	**3,036**	**1,020**

Note 17. Sales revenue

Structure of sales revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Net revenue from sales of products and services	**3,283,409**	**3,284,401**
- to related parties		
- to other parties	3,283,409	3,284,401
Net revenue from sales of goods	**12,529**	**8,637**
- to related parties		
- to other parties	12,529	8,637
Net revenue from sale of materials	**26,502**	**26,291**
- to related parties		
- to other parties	26,502	26,291
In total	**3,322,440**	**3,319,329**

Geographical structure of sales revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Net revenue from sales of products and services	**3,283,409**	**3,284,401**
- domestic sales	3,283,409	3,284,401
- export sale		
Net revenue from sales of goods	**12,529**	**8,637**
- domestic sales	12,529	8,637
- export sale		
Net revenue from sales of materials	**26,502**	**26,291**
- domestic sales	26,502	26,291
- export sale		
Total	**3,322,440**	**3,319,329**

Settlement of profits or losses on long-term services in progress	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Revenue invoiced for services in progress	3,253,599	3,370,337
Adjustment of revenue under the settlement of the progress of construction services	29,810	-85,937
In total	3,283,409	3,284,401
Costs incurred for services in progress	-2,947,694	-3,016,220
Adjustment of costs under the settlement of the progress of construction services		
Total	-2,947,694	-3,016,220
Losses on contracts in progress		
Impact on the current financial result	**29,810**	**-85,937**
Impact on the accumulated results of contracts unfinished as of the balance-sheet date	**335,715**	**268,180**

In the construction industry there is a seasonality of annual sales resulting from the production processes taking place in the construction industry and from the cycle on the construction and assembly services market. Due to technological and weather conditions, the majority of construction works are carried out in the period from March to November. Possible delays resulting from weather conditions are assumed in the investment development execution schedules and do not threaten their timely completion.

Note 18. Cost of goods sold

Own costs of sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Production cost of products sold	**-2,947,694**	**-3,016,220**
- to related parties		
- to other parties	-2,947,694	-3,016,220
Value of goods sold	**-12,554**	**-7,792**
- to related parties		
- to other parties	-12,554	-7,792
Value of materials sold	**-26,536**	**-24,833**
- to related parties		
- to other parties	-26,536	-24,833
In total	**-2,986,784**	**-3,048,846**

Own costs of sales	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Production cost of products sold	**-2,947,694**	**-3,016,220**
- own costs of domestic sales	-2,947,694	-3,016,220
- own costs of export sales		
Value of goods sold	**-12,554**	**-7,792**
- own costs of domestic sales	-12,554	-7,792
- own costs of export sales		
Value of materials sold	**-26,536**	**-24,833**
- own costs of domestic sales	-26,536	-24,833
- own costs of export sales		
Total	**-2,986,784**	**-3,048,846**

Cost structure by types	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Amortisation	-18,722	-16,067
Consumption of materials and energy	-606,851	-699,525
External services	-2,173,176	-2,253,216
Taxes and fees, including:	-7,721	-6,837
Remuneration	-125,419	-109,861
Social security and other benefits	-24,280	-20,993
Other costs by type	-70,774	-48,128
Value of goods and materials sold	-39,090	-35,942
Manufacturing cost of products for internal purposes		
Total	**-3,066,033**	**-3,190,567**

Recognition of costs by type in the financial statements	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
In own costs of sales	-2,986,784	-3,048,846
In the change of balance of assets	16,283	-68,360
In costs of sales	-7,480	-6,227
In overheads	-88,051	-67,135
In other items		
Total:	**-3,066,033**	**-3,190,567**

Note 19. Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method

The item did not occur in the current and previous financial year.

Note 20. Other revenue and costs

Other revenue and costs of operating and investment activities	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Selling costs	-7,480	-6,227
Overheads	-88,051	-67,135
Revaluation write-downs of non-investment assets	-451	-249
Reversal of revaluation write-downs of non-investment assets	5	394
Restructuring costs		
Court proceedings settlement result	17	-262
Result of sale of non-investment fixed assets	2,486	289
Revenue from revaluation of investment property	3,865	
Costs under revaluation of investment property	-6,117	-16,406
Result of sale of investment property		
Result of sale of all or part of subordinate parties		
Result of sale of other financial investments		
Dividends		
Interest	1,196	1,016
Result of revaluation of other financial investments measured at fair value through financial result	-321	
Result of measurement of investments recognised using the equity method		
Revaluation write-downs of other financial assets		
Reversal of write-downs on other financial assets		
Foreign exchange differences of operating and investment activities	-14,774	8,875
Other revenue	22,002	21,900
Other costs	-22,954	-24,416
Total revenue	**29,572**	**32,474**
Total costs	**-140,149**	**-114,695**

The item of revenue and costs under revaluation of investment property includes the result from the measurement of individual investment real properties and write-downs constituting depreciation of the asset under the right of use of the property under the long-term lease contract.

Share in profits or losses of associates and joint ventures accounted for in accordance with the equity method	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Revenue from increase in the value of investments measured according to the equity method		
Costs under decrease in the value of investments measured under the equity method		
Total		

The above items did not occur.

Structure of revaluation write-downs of non-investment assets	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Tangible fixed assets		
-revaluation write-down created		
-revaluation write-down reversal		
Intangible assets		
-revaluation write-down created		
-revaluation write-down reversal		
Receivables	**-446**	**145**
-revaluation write-down created	-451	-249
-revaluation write-down reversal	5	394
Inventory		
-revaluation write-down created		
-revaluation write-down reversal		
Fixed assets held for sale		
-revaluation write-down created		
-revaluation write-down reversal		
Other		
-revaluation write-down created		
-revaluation write-down reversal		
Total asset revaluation write-downs	**-451**	**-249**
Total reversal of revaluation write-downs	**5**	**394**

Revenue and costs from investment property	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Revenue from sales to related entities		
Revenue from sales to other parties		
Own costs of sales for related parties		
Own costs of sales for other parties		
Increase of fair value of investment property	3,865	
Decrease of fair value of investment property	-6,117	-16,406
Result on investments in property	**-2,252**	**-16,406**

Revenue and costs from financial investments	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Dividends to related parties		
Dividends to other parties		
Interest to related parties		
Interest to other parties	1,196	1,016
Revenue from the sale of all or part of subordinate parties		
Own cost of sales of all or part of subordinate parties		
Revenue from increase in the value of derivative instruments		
Costs under decrease of value of derivative instruments		
Revenue from ineffective hedging instruments		
Costs from ineffective hedging instruments		
Reversal of write-downs on other financial assets		
Revaluation write-downs of other financial assets		
Revenue from increase in investments measured at fair value through financial result		
Costs under decrease of investments measured at fair value through financial result	-9,168	
Foreign exchange gains		8,875
Foreign exchange losses	-14,774	
Results of financial investment activities	**-22,747**	**9,890**

Other revenue	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Subsidies received	39	11
Other revenue from other parties - re-invoices	12,904	13,764
Other revenue from other parties	9,059	8,126
In total	**22,002**	**21,900**

Other costs	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Donations	-402	-169
Other costs from other parties - re-invoices	-12,904	-13,764
Other costs from other parties	-9,648	-10,483
In total	**-22,954**	**-24,416**

Note 21. Financial costs

Financial costs	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Interest on credits	-15,834	-12,516
Interest on loans from related parties		
Interest on loans from other parties		
Interest on bonds for related parties		
Interest on bonds for other parties	-6,644	-5,899
Interest on liabilities under finance lease agreements from related parties		
Interest on liabilities under finance lease agreements from other parties	-16,904	-13,146
Other interest for related parties		
Other interest for other parties	-104	-272
Measurement of equity instruments	-9,168	
Interest under factoring contracts	-522	-578
Foreign exchange differences on financial liabilities		
Other financial costs for related parties		
Other financial costs for other parties	-5,690	-4,690
Total financial costs	**-54,866**	**-37,101**

The increase in the value of interest on liabilities under finance lease agreements from other parties, as compared to the previous year, results from recognition in financial costs of the interest part of the lease payments incurred under long-term land lease agreements (recognition in accordance with IFRS 16) in the amount of PLN 12,059 thousand.

Note 22. Income tax

Income tax	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Income tax current part	-9,004	-37,084
Income tax deferred part	-25,795	5,118
Other tax burdens on the financial result		
Adjustments relating to previous years		
Total income tax	**-34,799**	**-31,966**

Reconciliation of the effective tax rate	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Pre-tax profit (loss)	170,213	151,161
Statutory rate of tax in %	19%	19%
Tax at the statutory rate (normative)	-32,341	-28,721
Tax effect of the received dividend		
Tax exemptions		
Assets under tax loss for the reporting period not recognised in deferred tax		
Tax effect of other revenue and costs permanently not constituting revenue and tax costs	-2,458	-3,245
Other		
Income tax in the profit and loss account	**-34,799**	**-31,966**

Deferred tax	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Deferred tax asset	**35,740**	**50,014**
- for provisions for employee benefits	1,123	743
- for other provisions	1,973	1,516
- for accrued interest	74	422
- for revaluation write-downs on current assets	528	602
- on account of investment measurement	1,635	
- for settlement of construction contracts	11,499	30,303
- for losses from previous years	1,377	1,255
- under tax and balance sheet differences in the value of fixed assets and lease contracts	9,005	8,859
- under foreign exchange differences	8	68
- other	8,519	6,246
Deferred tax liability	**46,018**	**34,497**
- for accrued interest	55	269
- on account of investment measurement	1,236	117
- for settlement of construction contracts	18,714	9,569
- under tax and balance sheet differences in the value of fixed assets and lease contracts	23,820	22,050
- under foreign exchange differences		338
- for goodwill		
- other	2,193	2,154
Net deferred tax assets (provision)	**-10,278**	**15,517**

Net deferred tax assets (provision)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Opening balance of deferred net income tax assets (provision)	**15,517**	**10,400**
Charge to financial result	-25,795	5,118
Charge to other comprehensive income		
Other charge to equity		
Subsidiaries		
Closing balance of deferred net income tax assets (provision)	**-10,278**	**15,517**

Receivables (income tax liabilities)	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Opening balance of receivables (income tax liabilities)	**-11,629**	**-19,662**
Payment (refund) of income tax	38,959	45,117
Current income tax accrual	-9,004	-37,084
Closing balance of receivables (liabilities under deferred income tax)	**18,326**	**-11,629**

Note 23. Other comprehensive income

Other comprehensive income	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Components which will not be subsequently reclassified to the income statement		
Exchange differences on translation of foreign parties		
Actuarial profits and losses		
Income tax on items not be carried forward in later periods		
Components which will be reclassified to profit or loss when certain conditions are met		
Effects of measurement of financial instruments by other comprehensive income		
Effective part of hedge accounting		
Effects of revaluation of fixed assets		
Carry-over to the report on profit and loss account		
Income tax related to the items presented in other comprehensive income		
Other net comprehensive income	-	-
Assigned to non-controlling shares		
Assigned to the owners of the parent	-	-

Neither in the current period nor in the comparative period did any items occur which affected other comprehensive income.

Note 24. Profit per share

Profit per share	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Profit (loss) on continued operations attributable to owners of the parent	135,414	119,195
Profit (loss) on discontinued operations attributable to owners of the parent		
Total	**135,414**	**119,195**
Weighted average number of ordinary shares in thousands of pieces	**91,744**	**91,744**
Basic profit per share	**1.48**	**1.30**
Costs of interest on convertible bonds (net of tax)		
Profit (loss) to determine diluted profit per share	**135,414**	**119,195**
Share options issued in thousands of pieces		
Theoretical conversion of convertible bonds in thousands of pieces		
Weighted average number of ordinary shares for diluted earnings per share in thousands of pieces	**91,744**	**91,744**
Diluted profit per share	**1.48**	**1.30**

Note 25. Operating segments

The activity of the Compiler of the financial statements relates entirely to the territory of the country, therefore, no geographical segments are presented. In the Group, where the Issuer is a parent, operating segments are distinguished. Within this division, the Issuer's activity is assigned to the construction and assembly services segment.

Other activities, which do not have a significant effect on the financial and asset situation of the Compiler of the financial statements, have been assigned to other items.

Selected items of the profit and loss account for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023
Continued operations	-	-	-	-	-	-	-
Sales revenue	**3,127,120**	**202,984**	**61,522**	**62,444**	**3,454,070**	**-131,630**	**3,322,440**
Cost of goods sold	-2,883,297	-153,306	-23,879	-58,523	-3,119,005	**132,221**	-2,986,784
Gross profit from sales	**243,823**	**49,678**	**37,643**	**3,921**	**335,065**	**591**	**335,656**
EBIT	160,214	36,903	27,108	3,921	228,146	**-4,263**	223,883
Pre-tax activity profit (loss)	**146,499**	**21,868**	**12,645**	**3,921**	**184,933**	**-14,720**	**170,213**
Income tax attributable to continued operations	-26,601	-5,620	-2,572	-745	-35,538	**739**	-34,799
Profit (loss) on continued operations	**119,898**	**16,248**	**10,073**	**3,176**	**149,395**	**-13,981**	**135,414**
Discontinued operations	-	-	-	-	-	-	-
Profit (loss) on discontinued operations							
NET PROFIT (LOSS)	**119,898**	**16,248**	**10,073**	**3,176**	**149,395**	**-13,981**	**135,414**
Assigned to the owners of the parent	**119,898**	**16,248**	**10,073**	**3,176**	**149,395**	**-13,981**	**135,414**

The segment relating to investment property lease activities includes the result and balance sheet items of PDC Industrial Center 217 Sp. z o.o., which became part of the MIRBUD Capital Group as at 31 December 2023.

Concentration of customers by business activity segments	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:		For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023	from 01/01/2023 to 31/12/2023
Customer 1	**1,596,530**				**1,596,530**		**1,596,530**
Customer 2	252,357				252,357		252,357
Customer 3	**114,501**				**114,501**		**114,501**
TOTAL	**1,963,388**				**1,963,388**		**1,963,388**

Selected items concerning the statement of financial position for segments in PLN thousand in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Fixed assets	812,898	104,627	586,442		1,503,967	-656,989	846,978
Current assets	1,080,065	449,600	27,851		1,557,516	-120,692	1,436,824
Total assets	**1,892,963**	**554,227**	**614,293**	-	**3,061,483**	**-777,682**	**2,283,801**
Equity	**657,891**	**354,005**	**341,754**		**1,353,650**	**-560,100**	**793,550**
Long-term liabilities and provisions for liabilities	254,575	69,810	256,070		580,455	-84,310	496,145
Short-term liabilities and provisions for liabilities	**980,497**	**130,412**	**16,469**		**1,127,378**	**-133,271**	**994,107**
Total capitals and liabilities	**1,892,963**	**554,227**	**614,293**	-	**3,061,483**	**-777,682**	**2,283,801**

Other data on operating segments in the reporting period	Construction and assembly activity	Property development activity	Activity connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Goodwill allocated to a segment	**8,923**						**8,923**
Risk-free rate	6.94%	6.94%	6.94%	6.94%	6.94%		
General risk acc. to Damodaran	7.19%	7.19%	7.19%	7.19%	7.19%		
Beta coefficient for the industry acc. to Damodaran	0.88	0.50	0.37	0.81	0.85		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	**14.43%**	**9.06%**	**7.23%**	**13.44%**	**13.97%**		**13.97%**

Selected items of the profit and loss account for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:	For the period:
	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022	from 01/01/2022 to 31/12/2022
Continued operations	-	-	-	-	-	-	-
Sales revenue	**3,265,872**	**131,534**	**54,368**	**44,950**	**3,496,724**	**-177,395**	**3,319,329**
Cost of goods sold	-3,068,557	-93,187	-20,724	-43,389	-3,225,857	177,011	-3,048,846
Gross profit from sales	**197,315**	**38,347**	**33,644**	**1,562**	**270,867**	**-384**	**270,483**
EBIT	146,235	23,213	11,470	1,562	182,480	-4,109	178,372
Pre-tax activity profit (loss)	**161,371**	**16,138**	**-464**	**1,562**	**178,607**	**-27,446**	**151,161**
Income tax attributable to continued operations	-29,001	-3,315	60	-297	-32,553	587	-31,966
Profit (loss) on continued operations	**132,370**	**12,823**	**-404**	**1,265**	**146,054**	**-26,859**	**119,195**
Discontinued operations	-	-	-	-	-	-	-
Profit (loss) on discontinued operations							
NET PROFIT (LOSS)	**132,370**	**12,823**	**-404**	**1,265**	**146,054**	**-26,859**	**119,195**
Assigned to the owners of the parent	**132,370**	**12,823**	**-404**	**1,265**	**146,054**	**-26,859**	**119,195**

Selected items concerning the statement of financial position for segments in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022
Fixed assets	671,769	180,718	494,809		1,347,296	-617,577	729,719
Current assets	1,144,606	460,824	11,362		1,616,792	-98,466	1,518,326
Total assets	**1,816,375**	**641,542**	**506,171**	-	**2,964,088**	**-716,042**	**2,248,046**
Equity	568,668	407,045	319,408		1,295,121	-613,132	681,989
Long-term liabilities and provisions for liabilities	382,321	91,890	171,584		645,795	2,805	648,600
Short-term liabilities and provisions for liabilities	865,387	142,607	15,179		1,023,173	-105,716	917,457
Total capitals and liabilities	**1,816,375**	**641,542**	**506,171**	-	**2,964,088**	**-716,042**	**2,248,046**

Other segment data in PLN thousand in the comparative period	Construction and assembly activity	Property development activity	Activities connected with lease of investment property	Other	Total	Exclusions	Total after interlinking
	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2022
Goodwill allocated to a segment	**4,509**						**4,509**
Risk-free rate	3.10%	3.10%	3.10%	3.10%	3.10%		
General risk acc. to Damodaran	6.90%	6.90%	6.90%	6.90%	6.90%		
Beta coefficient for the industry according to Damodaran	0.72	0.58	0.36	0.37	0.58		
Individual risks	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate used for discounting (IAS 36) and determining fair value using the discounted cash flow method	**9.20%**	**7.80%**	**5.60%**	**5.70%**	**7.80%**		**7.80%**

Note 26. Transactions with related parties

Transactions with related parties	in PLN thousand							
	Subsidiaries		Jointly controlled parties and associates		Other related parties without equity links		Members of the Management Board and Supervisory Board and key personnel	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Sales revenue	78,194	107,159						
Revenue from the sale of fixed assets								
Revenue from interest	1,076	1,237						
Other revenue								
Acquisition of inventories and other costs capitalised at the value of current assets								
Acquisition of services and other operating costs								
Acquisition of fixed assets								
Cost of interest	-2,025	-2,086						
Other costs								
Loans received								
Loans granted	88,726							
Employee benefit expenses							7,238	6,825
Loan receivables	88,726							
Trade and other receivables	20,741	19,368						
Loan liabilities								
Trade and other liabilities	-106,289	-88,985						

Remuneration of key personnel of subsidiaries	Party	Position	Remuneration in PLN thousand		Loans granted to key personnel in PLN thousand		Additional information
			from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022	
Management Board	MIRBUD S.A.		6,874	6,470			
Supervisory Board	MIRBUD S.A.		364	355			
The Management Board of	Kobylarnia S.A.		2,817	2,512			
Supervisory Board	Kobylarnia S.A.		55	55			
The Management Board of	JHM Development S.A.		1,680	1,726			
Supervisory Board	JHM Development S.A.		53	69			
The Management Board of	Marywilska 44 Sp. z o.o.		2,102	1,590			
Supervisory Board	Marywilska 44 Sp. z o.o.		81	81			
The Management Board of	PDC Industrial Centre 217 Sp. z o.o.		1				
In total			**14,027**	**12,858**			

Note 27. Statutory Auditor's remuneration

Statutory Auditor's remuneration	in PLN thousand	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Remuneration for the audit of the individual and consolidated financial statements	126	108
Remuneration for the interim review of the separate and consolidated financial statements	65	64
Other services	5	6
In total	**196**	**178**

Note 28. Financial instruments

Financial assets under IFRS 9	Available for sale		Measured at fair value by financial result		Loans and receivables		Hedging instruments	
	As at: 31/12/2023	As at: 31/12/2022	As at: 31/12/2023	As at: 31/12/2022	As at: 31/12/2023	As at: 31/12/2022	As at: 31/12/2023	As at: 31/12/2022
Loans granted	-	-	-	-			-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other receivables					596,028	579,037		
Cash and cash equivalents					395,776	507,560		
Other financial assets					297	618		
Total financial assets	-	-	-	-	**992,100**	**1,087,215**	-	-
Revenue from dividends								
Revenue from interest	-	-	-	-	1,196	1,016	-	-
Exchange profits (losses)					-14,774	8,875		
Reversal (creation) of write-downs	-	-	-	-9,168	-446	145	-	-
Profits (losses) on measurement and implementation								
Profits (losses) on derivative instruments	-	-	-	-			-	-
Total impact of financial assets on the profit and loss account	-	-	-	**-9,168**	**-14,024**	**10,036**	-	-

Financial liabilities according to IFRS 9	Equity instruments		Measured at fair value by financial result		Measured at amortised cost		Hedging instruments	
	As at:	As at:	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Credit facilities	-	-	-	-	404,805	448,337	-	-
Derivative financial instruments								
Other financial instruments measured at fair value								
Trade and other liabilities					1,019,121	1,058,544		
Other financial liabilities								
Total financial liabilities	-	-	-	-	**1,423,926**	**1,506,881**	-	-
Interest	-	-	-	-	-41,906	-25,662	-	-
Exchange profits (losses)					**-522**	**-578**		
Profits (losses) on measurement and implementation	-	-	-	-	-	-	-	-
Profits (losses) on derivative instruments								
Total impact of financial liabilities on the profit or loss account	-	-	-	-	**-42,428**	**-26,240**	-	-

Financial instruments according to the fair value hierarchy	Level I		Level II		Level III	
	As at:	As at:	As at:	As at:	As at:	As at:
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Assets	-	-	-	-	-	-
Derivative financial instruments in assets	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial assets	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other financial instruments measured at fair value						
Other financial liabilities	-	-	-	-	-	-

Both in the current and the comparative period, there were no financial instruments measured at fair value.

Note 29. Errors related to previous reporting periods

No material errors were found in the previous reporting period.

Note 30. Transactions with non-controlling shareholders

This item does not exist.

Note 31. Business combinations

There were no business combinations in the current period.

Note 32. Planned significant investment expenditures

As of the date of approval of the report for publication, MIRBUD S.A. has commenced the expansion of its premises in Skierniewice, at ul. Unii Europejskiej 18. The planned value of the investment is PLN 13 million.

KOBYLARNIA S.A. plans to replenish its machinery fleet by the end of 2024. The main investment intentions are the purchase of new transport vehicles amounting to PLN 5 million and the construction machinery totalling PLN 10 million, which will significantly improve the efficiency and scope of services provided at all locations.

The investment plans of KOBYLARNIA S.A. also include the purchase of a new bituminous mass plant to be located in Kobylarnia. The estimated cost of the investment will be PLN 25 million. The Company has signed a contract for delivery and installation which will take place in 2024.

KOBYLARNIA S.A.'s investment plans also include the development of infrastructure related to the purchase of a new asphalt mix plant for PLN 26 million.

KOBYLARNIA S.A. intends to purchase two additional asphalt mixture plants in connection with road contracts executed throughout the country. The estimated cost of purchasing one plant is EUR 5 million.

Note 33. Significant events after the balance sheet date

On 04/04/2024 by way of Current Report No. 27/2024, the Issuer informed about convening an Extraordinary General Meeting of Shareholders on 06/05/2024. According to draft resolution No. 3/2024 of the Extraordinary General Meeting of Shareholders of 06/05/2024, the subject of voting will be an increase in the Issuer's share capital by no more than PLN 1,834,880, i.e. from PLN 9,174,420.00 to PLN 11,009,300.00 by issuing no more than 18,348,800 new ordinary bearer shares with a nominal value of PLN 0.10 per share within the authorised capital.

The Issuer intends to use the capital obtained from the issue of shares for development of the railway construction and road infrastructure construction divisions of the MIRBUD Capital Group. In particular, the company's development plans relate to the need to purchase the necessary machinery as part of the adopted strategy to strengthen the position of the MIRBUD CG on the road and railway infrastructure market and the potential acquisition of an entity in new areas of railway construction.

The Extraordinary Meeting of Shareholders of HAKAMORE Sp. z o.o. with its registered office in Skierniewice decided, by way of Resolution No. 1 of 28 December 2023, to dissolve the Company on 1 January 2024 and put it into liquidation.

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Note 34. Employment structure

Employment structure	full-time equivalent	
	For the period:	For the period:
	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Non-production employees	508	519
Production employees	338	313
Employees under contractual agreements	266	262
In total	**1,112**	**1094**

Note 35. Dividends declared and paid

Shares of all series are ordinary shares, one share entitles to one vote at the General Meeting of Shareholders. Shares of all series carry the same right to dividend and return on capital. As at the balance sheet date, there were no dividend payment restrictions.

On 26 May 2023, the Ordinary General Meeting of Shareholders of Kobylarnia S.A. adopted Resolution No. 5/2023 on the distribution of profit for the financial year 2022. Pursuant to the adopted Resolution, the Ordinary General Meeting of Shareholders of Kobylarnia S.A. decided to allocate the amount of PLN 10,000,000.00 for the payment of dividends to the sole shareholder of the Company, while the amount of PLN 3,413,361.86 was allocated to supplementary capital.
31 May 2023 was adopted as the dividend payment date. The dividend was paid on the date indicated.

On 23 May 2022 the Issuer's Management Board applied to the General Meeting of Shareholders of MIRBUD S.A. to distribute the net unconsolidated profit generated in 2022 in the amount of PLN 120,220,900.18 for the payment of a dividend in the amount of PLN 23,853,492.00, i.e. PLN 0.26 gross per share , and to exclude the remaining part of the profit in the amount of PLN 96,367,408.18 from distribution and allocate it to the Company's supplementary capital.
The Issuer informs that the Supervisory Board of MIRBUD S.A., at the meeting on 19 May this year, gave a unanimous positive opinion on the motion.

On 19 June 2023, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 9/2023 concerning the distribution of the Company's net profit for 2022. Pursuant to the Resolution adopted, the General Meeting decided to allocate a portion of the profit for the financial year 2022 in the amount of PLN 23,853,492.00 to the payment of dividends to the Issuer's shareholders, i.e. PLN 0.26 gross per share, and to exclude from distribution the remaining portion of the profit in the amount of PLN 96,367,408.18 and to allocate it to the Company's supplementary capital.
On 19 June 2023, the Ordinary General Meeting of Shareholders of MIRBUD S.A. adopted Resolution No. 10/2023 concerning the payment of dividends to shareholders of the Issuer. 26 June 2023 was adopted as the dividend date and 21 July 2023 as the dividend payment date. The dividend was paid on the date specified.

	For the period:	For the period:
Dividends	from 01/01/2023 to 31/12/2023	from 01/01/2022 to 31/12/2022
Dividends recognised as payments to owners per share (in PLN)	0.20	0.20
Dividends proposed or enacted up to the date the financial statements were authorised for issue but not recognised as having been distributed to shareholders (in PLN thousand).		
Dividends proposed or enacted up to the date the financial statements were authorised for issue but not recognised as having been distributed to shareholders, per share (in PLN).		

Note 36. Effects of division, restructuring and discontinued operations

In the reporting period there were no changes regarding the merger of business entities, acquisition or sale of entities from the Issuer's group, long-term investments, division, restructuring or discontinuation of operations.

Note 37. Limitations on disposition and hedges established on assets

Hedge title	Hedge type	Value of debt	Hedge value in PLN thousand		Balance sheet value of the hedge object in PLN thousand		expiry date
		As at:	As at:	As at:	As at:	As at:	
		31/12/2023	31/12/2023	31/12/2022	31/12/2023	31/12/2022	dd/mm/yyyy
Credit hedge 202-129/3/II/2/2008	mortgage			26,700		19,692	01/03/2023
Hedge for the multi-purpose credit limit, account number 81 1020 3352 0000 1802 0313 3469	mortgage		97,500		18,896		24/06/2024
Hedge for the ARP loan	mortgage	22,200	60,000	60,000	68,302	70,115	29/12/2025
Hedge for the KIN|173850 credit	cash deposit, assignment of receivables, registered pledge of a bank account, surety	15,397	8,939	70,049	98,752	102,056	02/05/2028
Hedge for a working capital, developer credit, pursuant to contract 3472510/88/K/OB/22, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			69,105		32,492	30/06/2025
Hedge for a working capital, developer credit 3472510/112/K/OB/21, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			48,360		32,723	30/06/2025
Investment credit K00593/22 in EUR	assignment of receivables, registered pledge on bank account	4,535	8,976		14,807	15,452	30/10/2030
Hedge for an investment credit, pursuant to contract 22/KG110/19, granted by Bank Spółdzielczy	mortgage	7,011	17,645	17,645	10,795	11,119	31/12/2034
Hedge for the WK14-000016 credit	mortgage		20,126	20,804	5,126	5,804	30/11/2024

Hedge for the 19/5066 credit	mortgage	3,727	23,889	24,281	14,572	14,964	31/12/2029
Hedge for a developer credit, pursuant to contract K01786/2, granted by Santander Bank Polska	mortgage	3,580	61,643		53,097		31/03/2025
Hedge for a VAT credit, pursuant to contract K01786/2, granted by Santander Bank Polska	mortgage		61,643		53,097		31/03/2025
Hedge for a working capital, developer facility, pursuant to contract S/10/07/2021/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage			47,850		38,305	30/06/2024
Hedge for a working capital, developer credit, pursuant to contract 050/22/22/K, granted by Warszawski Bank Spółdzielczy	mortgage	11,234	19,665	19,665	16,661	4,806	30/12/2024
Hedge for a working capital, developer facility, pursuant to contract S/49/05/2022/1245/K/KON, granted by Bank Ochrony Środowiska	mortgage	4,973	34,500	34,500	31,471	8,096	31/12/2025
Hedge for a working capital, developer credit, pursuant to contract 3472510/88/K/OB/22, granted by Bank Polskiej Spółdzielczości S.A.	mortgage			69,105		32,492	30/06/2025
Hedge for the benefit of a hedging administrator for E series bonds issued by JHM Development S.A.	hedge in kind - mortgage entry on real estate	50,000	55,000	55,000	14,574	14,792	31/12/2026
Total	-	**122,657**	**469,526**	**563,064**	**400,150**	**402,908**	-

Note 38. Litigation

In the period covered by this report, no significant litigation concerning liabilities or receivables of the Issuer were pending.

As at 31/12/2023, there was litigation pending concerning liabilities against the Issuer, for the total value of the object of dispute of PLN 3.493 thousand.

Provisions for future liabilities which may arise from pending court proceedings are created by way of a detailed analysis of the risk of their occurrence.

As at 31/12/2023, there was litigation pending concerning receivables brought by the Issuer for the total value of the object of dispute of PLN 1,140 thousand.

In the period covered by this report, there were significant litigation pending concerning receivables of Kobylarnia S.A. - a subsidiary of the Issuer.

On 25/02/2020, KOBYLARNIA S.A. as the leader of the consortium filed a lawsuit against the General Directorate for National Roads and Motorways for the value of the object of dispute of PLN 67.422 thousand, including a claim for indexation of the Consortium's remuneration in connection with the performance of investment development tasks: the Inowrocław bypass (connector), the Bolków bypass, construction of a section of the S5 expressway. The total value of disputes between KOBYLARNIA S.A. and GDDKiA as at 30/09/2023 amounted to PLN 71,820 thousand. A team of court-appointed experts has been created at this stage.

On 22/02/2023 the Company signed a contract with the State Treasury, the General Directorate of National Roads and Motorways for the amount of PLN 1,031 thousand gross plus half of the statutory interest on the aforementioned amount calculated in the period from 31/03/2020 until the date of payment - the contract concerns the compensation for the costs incurred on account of the delivery of materials along the extended routes and the costs on account of the performance of works on the Jaroszewo interchange not covered by the agreement "Design and construction of the S5 expressway from the Jaroszewo interchange (without interchange) to the voivodeship border with a length of approximately 25.1 km" (S5, section 7)
On 12 June 2023, KOBYLARNIA S.A. signed a court settlement.

Revaluation write-downs on receivables are created by means of a detailed analysis of the receivables repayment risk.

Note 39. Contingent liabilities

List of sureties granted to other parties by entity type	Claim of the surety	Value of the surety in PLN thousand		Value of the liability in PLN thousand		
		As at: 31/12/2023	As at: 31/12/2022	As at: 31/12/2023	As at: 31/12/2022	surety expiry date
To related parties	-	-	-	-	-	-
MARYWILSKA 44 Sp. z o.o.	Hedge for the SANTANDER BANK S.A. credit		49,500		18,883	24/10/2023
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	15,000	15,000			30/11/2024
KOBYLARNIA S.A.	Hedge for the BGK S.A. credit	9,318	9,318	3,727	4,348	31/12/2029
JHM Development S.A.	Hedge for the issue of E series bonds	55,000	55,000	50,000	50,000	31/12/2026
To other parties	-	-	-	-	-	-
Total -	-	**79,318**	**128,818**	**53,727**	**73,231**	-

Other contingent liabilities	in PLN thousand	
	As at: 31/12/2023	As at: 31/12/2022
Under performance bond	660,918	667,223
Under rectifying faults and defects	394,404	260,087
Under advance return	205,414	192,718
In total	**1,260,736**	**1,120,028**

Note 40. Risk management objectives and policy

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
Risks related to military conflict in Ukraine	**Administrative restrictions on carrying out construction and assembly activities**	average	high	high	high
	Manpower availability and supply chain disruption	high	high	high	average
Epidemiological risk	**Administrative restrictions on carrying out construction and assembly activities**	average	high	high	high
	Manpower availability and supply chain disruption	average	average	high	average
External financial risks	**changes in interest rates**	high	average	average	average
	changes in exchange rates	high	average	high	high
	related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits	high	high	average	average
Economic situation risk	**change in the macroeconomic situation and economic situation in Poland**	high	high	high	average
	in the construction industry	high	high	high	average
Risks related to competition	**in the construction industry**	high	high	high	high
External legal risks	**changes in provisions of law, in particular tax law**	average	average	average	average
	related to non-compliance with legal requirements envisaged for the commencement of the investment development and with the legal status of the property	low	high	high	average

Risk group	Risk	Possibility of occurrence	Relevance to the Group's activities	Effect of risk on financial result	Effect of risk on equity
Risks related to the current activities	**related to the implementation of the development strategy**	average	high	average	average
	related to financing development with bank credits	high	high	average	high
	related to the building infrastructure	low	average	low	low
	related to liability for breach of environmental regulations	low	average	average	low
	related to penalties for non-performance or untimely performance of orders	average	average	average	low
	related to claims against the Companies on account of construction of flats and retail and service facilities, sale of flats, and granting a guarantee of payment for construction works	low	average	average	low
	related to the production process	low	high	average	low

Risks related to military conflict in Ukraine

As of the date of this report, to the best knowledge of the Management Board, it is not possible to precisely determine the effect of the military conflict in Ukraine on the Company's operations in the medium and long term.

In the short term, it is possible that the conflict will continue or spread, which could affect the Group's financial results.

- There are no delays in the execution of construction contracts in the construction and assembly services area due to conflict. However, it cannot be ruled out that, if this state continues, the financial result of the contracts under execution may worsen and delays in the execution of contracts may occur due to so-called force majeure events, including delays connected with:
    - reduced availability and increased prices of building materials, fuels, services, and equipment;
    - disruption of supply chains;
    - dynamic growth of prices of key energy sources, i.e. crude oil, natural gas;
    - delays on the part of subcontractors employing workers from Ukraine and Belarus;
    - extraordinary drop of PLN value - increase of material and service prices in foreign currencies.

Looking ahead to 2024 the Issuer's Management Board does not anticipate a significant impact of this risk on the financial result and does not anticipate an impact on the Issuer's equity.

- No delays in the execution of contracts in the area of property development operations. The company observes a significant decrease in the dynamics of sales of units. If the conflict continues, there may be negative financial consequences caused by:
  - drop in demand for premises associated with the unstable economic situation;
  - disruptions to projects' financing;
  - general contractors' and subcontractors' delays.

With regard to the current settlement period, the Management Board of the Issuer does not expect a possible impact of this risk on the financial result and equity of the Issuer.

- As at the report date, in the area of commercial space lease, there is no significant, unfavourable impact of the conflict in Ukraine, which affects the financial results of MARYWILSKA 44 Sp. z o.o.

With regard to the current settlement period, the Management Board of the Issuer does not expect a possible negative impact of this risk on the financial result and equity of the Issuer.

The Issuer reports that operations are, as a rule, conducted under continuous supervision. To the best knowledge of the Management Board of the Issuer, on the basis of the conducted analyses, the financial situation of the Issuer and the Group is stable.

The Management Board of the Company monitors the economic situation in Poland and worldwide on an ongoing basis, as well as the risks associated with the activities of the Issuer and individual companies in the Group. The Issuer indicates that, to the extent required by law, it will inform about new conditions having a significant impact on its operations, financial results and prospects of the Issuer and the group of the Issuer.

Epidemiological risk

As at the date of publication of this report, according to the best knowledge of the Management Board of the Issuer, it is not possible to precisely determine the impact of the coronavirus epidemic or other epidemics on the activity of the Issuer and the group of the Issuer in the medium- and long-term perspective.

As of the date of this report, the pandemic is officially over in Poland, there was no mandatory quarantine. The level of population immunisation, the low number of disease cases, and the low number of disease cases ending in hospitalisation suggest that pandemic restrictions and economic disruptions will not recur in the foreseeable short-term future. However, should the coronavirus or other epidemic return and continue to spread, it is possible that the financial results of the Issuer and the Group could be adversely affected by the following circumstances:

- In the area of construction and assembly services, there are no delays in the execution of construction contracts due to the state of epidemic threat. However, it cannot be ruled out that, if this state continues, delays in the execution of contracts may occur due to so-called force majeure events, including delays connected with:
  - lack of continuity in the supply chains for construction sites;
  - disruptions to the continuity of projects' financing;
  - employee absenteeism;
  - subcontractors' delays;
  - restrictions on the functioning of public authorities;
  - decisions of the Employer or state administration to suspend the works;
  - other events which are difficult to predict.

With regard to the current settlement period, the Management Board does not expect a significant effect of this risk on the financial result and equity of the Issuer.

- In the area of property development activity, there are neither delays in the execution of contracts nor a significant decrease in the dynamics of sales of premises. However, if the state of epidemic threat continues, there may be negative financial consequences caused by:
    - the drop in demand for premises;
    - disruptions to projects' financing;
    - general contractors' and subcontractors' delays.

With regard to the current settlement period, the Management Board of the Issuer does not expect a possible impact of this risk on the financial result and equity of the Issuer.

- As at the report date, in the area of retail space lease, there is no significant, unfavourable impact of the state of epidemic threat, which affects the financial results of MARYWILSKA 44 Sp. z o.o.

With regard to the current settlement period, the Management Board of the Issuer predicts a possible effect of this risk on the financial result - a decrease by approx. 10%, no effect predicted on the Issuer's equity.

The Issuer reports that operations in all segments are, as a rule, conducted under continuous supervision. To the best knowledge of the Management Board of the Issuer, on the basis of the conducted analyses, the financial situation of the Issuer and the Group is stable.

The Management Board of the Issuer monitors the economic situation in Poland and worldwide on an ongoing basis, as well as the risks associated with the activities of the Issuer and individual companies in the Group. The Issuer indicates that, to the extent required by law, it will inform about new conditions having a significant impact on its operations, financial results and prospects of the Issuer and the group of the Issuer.

External financial risks

Financial risk management

The management of the Group's financial resources assumes basing the Group's financing structure on long-term sources of financing. The Group Companies finance their operations in 72% based on foreign capital through:

- credits;
- loans;
- bonds;
- advances;
- leasing;
- factoring.

The Companies make efforts to diversify their third-party financing, both in terms of the financing institution and the financial products used. The Group's strategy provides for a further gradual exchange of short-term debt financing individual construction contracts for long-term debt financing in the coming years, and for a gradual reduction of debt in the long-term perspective.

Monitoring of the effectiveness of financial resources management is carried out, among others, using the following ratios:

Debt ratio = *Total liabilities / Assets*

Long-term debt ratio = *Long-term liabilities / Assets*

Short-term debt ratio = *Short-term liabilities / Assets*

Debt to equity ratio = Liabilities / *Equity*

While conducting business activity, the Group is exposed to the following risks: credit risk, currency risk, interest rate risk, liquidity risk.

Credit risk management

Credit risk results from the balances of trade receivables of loans and cash and cash equivalents. The customers of the Company's services are domestic entities. The customers of products and services provided by MIRBUD S.A. can be divided into two groups:

- retail entities;
- parties subject to the provisions of the Public Procurement Law.

With regard to retail customers, the Company manages the credit risk and analyses it for each new customer before concluding a contract, among others, by using reports from business intelligence agencies and the contractor's documentation of the source of financing for the construction contract.

With respect to entities subject to the provisions of the Public Procurement Law (e.g. GDDKiA, Self-governments), due to the obligation of these entities to budget the costs of the concluded construction works contract in advance, the credit risk is, according to the Management Board, negligible.
The Company maintains deposits - deposits in financial institutions, which have a high credit rating.

Liquidity risk management

The Parent's Management Board is responsible for managing financial liquidity in the Group. The main objectives of the Group's financial resources and liquidity management are as follows:

- ensuring stable and effective financing of the Group's operations;
- continuous monitoring of the Group's debt level;
- effective management of working capital;
- the Parent's coordination of liquidity management processes at the Group Companies.

The Company manages the liquidity risk by maintaining sufficient cash, the possibility of financing with bank credits and maintaining sufficient credit lines to repay liabilities as they become due.

The Company's liquidity management includes projecting cash flows for all currencies and analysing what level of liquid assets is needed to repay liabilities.

Note 14 contains an analysis of the Company's (Group's) liabilities, in relevant age brackets, based on the contractual maturity date.

Monitoring of the effectiveness of liquidity management is carried out, among others, using the following ratios:

Current liquidity ratio = Current assets / Short-term liabilities

Accelerated liquidity ratio = (Current assets - Inventories - Short-term prepayments) / Short-term liabilities

Cash liquidity ratio = Cash / Short-term liabilities

Risk of significant changes in interest rates

The Group Companies to a large extent use bank credits to finance their investment activities. The costs of interest on credits are affected by the amount of the WIBOR base rate for credits taken out in Polish zloty and EURIBOR for credits in EURO. An increase in the value of WIBOR/EURIBOR indices through an increase in interest on loans may have an adverse effect on the Company's financial situation. If a risk of changes in interest rates is identified. In the case of long-term financing, the Company's Management Board always considers the possibility of concluding interest rate hedging transactions (interest rate swaps - IRS strategy, CIRS).

As of 31/12/2023, Kobylarnia S.A. entered into interest rate hedging transactions for long-term credits in PLN within the MIRBUD Capital Group. The hedged level of the WIBOR rate is at 1.80 p.p.

Items exposed to change in interest rates	Cash flow risk		Fair value risk	
	As at: 31/12/2023	As at: 31/12/2022	As at: 31/12/2023	As at: 31/12/2022
Liabilities under credits and loans	161,324	191,223		
Loans granted				
Other financial assets	49	88		
Other financial liabilities	187,054	189,064		
In total	**348,427**	**380,375**	-	-

Risk of changes in interest rates - *sensitivity to changes*

In order to carry out a sensitivity analysis for interest rate changes, on the basis of historical changes in value and on the basis of the Company's knowledge and experience of financial markets, reasonably possible interest rate changes were estimated as at 31 December 2023 and 31 December 2022 at the level of - 1.0/+1.0 percentage point (as at 31 December 2023 at the same level) for the Polish zloty and the Euro.

The effect of the change in interest rates on the net result and the balance sheet total as at 31 December 2023 and 31 December 2022 is presented below.

Sensitivity analysis for items		Effect on net profit/(loss)	Effect on the balance sheet total

exposed to change in interest rates	As at: 31/12/2023	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities under credits and loans	161,324	-1,307	1,307	1,613	-1,613
Loans granted					
Other financial assets	49				
Other financial liabilities	187,054	-1,515	1,515	1,871	-1,871
In total	**348,427**	**-2,822**	**2,822**	**3,484**	**-3,484**

Sensitivity analysis for items exposed to change in interest rates		Effect on net profit/(loss)		Effect on the balance sheet total	
	As at: 31/12/2022	increase by 1%	decrease by 1%	increase by 1%	decrease by 1%
Liabilities under credits and loans	191,223	-1,549	1,549	1,912	-1,912
Loans granted					
Other financial assets	88	-1	1	1	-1
Other financial liabilities	189,064	-1,531	1,531	1,891	-1,891
In total	**380,375**	**-3,081**	**3,081**	**3,804**	**-3,804**

Risk of changes in foreign exchange rates

Within the MIRBUD Group, only MIRBUD S.A. generates revenue in foreign currency. In 2023 MIRBUD S.A. generated over 10% of revenue in EUR and was exposed to the exchange rate risk, which could reduce the effectiveness of construction contracts and may affect the amount of revenue and profits. In order to minimise the exchange rate risk, the Company hedges the exchange rate level by entering into FORWARD-type transactions. In 2023, the Issuer hedged on average approx. 10% of its foreign currency revenue with forward currency sales transactions.

Items exposed to change in foreign exchange rates	EUR		USD		Other	
	As at: 31/12/2023	As at: 31/12/2022	As at: 31/12/2023	As at: 31/12/2022	As at: 31/12/2023	As at: 31/12/2022
Liabilities under credits and loans	1,043	1,258				
Loans granted						
Trade and other receivables	44,958	75,308				
Trade and other liabilities	4,088					
Cash	12,054	20,408				
Other financial assets						
Total	**62,143**	**96,974**	-	-	-	-

Risk of changes in exchange rates - *sensitivity to changes*

In order to carry out the analysis of sensitivity to changes in exchange rates, based on historical changes in value and on the Company's knowledge and experience of financial markets, the changes in exchange rates which are "realistically possible" were estimated at the level of -10%/+10% as at 31 December 2023 and as at 31 December 2022.

The table below shows the sensitivity of the net financial result to reasonably possible changes in exchange rates, assuming that other factors remain unchanged.

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 31/12/2023	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
Liabilities under credits and loans	1,043	84	-84	104	-104
Loans granted					
Trade and other receivables	44,958	3,642	-3,642	4,496	-4,496
Trade and other liabilities	4,088	331	-331	409	-409
Cash	12,054	976	-976	1,205	-1,205
Other financial assets					
Total	**62,143**	**5,034**	**-5,034**	**6,214**	**-6,214**

Sensitivity analysis for items exposed to exchange rate changes (Euro)	As at: 31/12/2022	Effect on net profit/(loss)		Effect on the balance sheet total	
		increase by 10%	decrease by 10%	increase by 10%	decrease by 10%
Liabilities under credits and loans	1,258	102	-102	126	-126
Loans granted					
Trade and other receivables	75,308	6,100	-6,100	7,531	-7,531
Trade and other liabilities					
Cash	20,408	1,653	-1,653	2,041	-2,041
Other financial assets					
Total	**96,974**	**7,855**	**-7,855**	**9,697**	**-9,697**

The Issuer's Management Board estimates that in 2024 the share of revenue in Euro will decrease by approx. 50% (it will gradually decrease in the second half of 2024). As of 31/12/2023 the Issuer did not have any foreign exchange hedging transactions in place.

- related to restrictions in the banks' credit policy, in particular with respect to granting investment and mortgage credits

Currently, banks in Poland maintain a tight credit policy both for companies operating in the construction sector and for individuals seeking to obtain mortgage loans.
When planning subsequent projects, the Group Companies try to take into account the market situation by adapting their portfolio to the expected financial and credit capabilities of potential customers.
The introduction of any restrictions towards the availability of credits may have a material and adverse effect on the Companies' activities, its financial situation and development prospects.

Economic situation risk:

- change in the macroeconomic situation and economic situation in Poland

Revenue of the MIRBUD Group Companies are earned entirely on account of conducting business activity on the Polish market. Therefore, the financial results achieved depend on factors such as the stability of the macroeconomic situation in Poland and the overall economic situation in the country in a given period. In particular, the development of the following macroeconomic and economic indicators has or may have an effect on the financial results achieved by the Group Companies and the entire property development industry: the level of GDP growth rate, unemployment rate, inflation rate, real remuneration growth rate, investment level, household income level, reference interest rates, exchange rates and budget deficit.

Possible negative changes in the stability of the macroeconomic situation and overall economic situation of Poland may have a negative impact on the activity, financial situation or development prospects of the Group Companies.

- in the construction industry

The activities of the Group Companies are closely correlated with the overall economic situation in Poland. The financial results achieved by the Company are most affected by the level of investments in enterprises, GDP growth rate, inflation rate, value of construction and assembly production, tax policy and increase in interest rates. There is a risk that negative changes in the above mentioned ratios, in particular the slowdown in the economic growth rate, the increase in the inflation rate caused by the increase in the prices of materials or the increase in interest rates, may have a negative impact on the activity and results of the Group Companies.
In order to minimise downturn fluctuations, the Issuer enters into long-term construction contracts with public employers in order to ensure stable sources of revenue over a period of 2 to 3 years.

- in the development industry

The situation on the property development market in Poland in the period covered by these financial statements affects the operations and financial results of the Group, however, it should be remembered that the economic situation in the property development industry is characterised by cyclicality.

The very good business climate in the property development industry over the past few years has been influenced by low mortgage rates. The situation changed in the last quarter of 2021, when interest rates rose sharply and remained at very high levels going into 2022. This has been accompanied by a tightening of banks' mortgage lending policies, taking into account the requirements of Recommendation S 2022 issued by the Financial Supervision Authority. The recommendation increased the buffer against changes in the WIBOR index, reduced the maximum credit term from 35 years to 25 years and tightened the requirements for the ratio of credit charges to the total annual income of a retail customer. This has resulted in a drastic reduction in customers' creditworthiness. As a result of this approach, many potential customers of the developers are not able to obtain mortgage to purchase an apartment on reasonable financial terms.

The downturn in the property development industry is influenced by the costs of materials and labour in the construction industry. The recent increase in prices of materials and costs of general contracting services may translate into such a level of increase in apartment prices that it will cause a downturn cooling on the primary market.

The occurrence in the future of financial and economic crises, recessions or periods of economic slowdown or other factors adversely affecting the property development industry may have a material and adverse impact on the Group's activities, results, financial situation or development prospects.

- purchase of land for new development projects and investment projects for lease of commercial space

The further successful development of property development activities and the construction and letting of retail premises depend on the ability to purchase plots of land in attractive locations and at prices which enable satisfactory margins to be realised. Due to the limited number of attractive plots available with the desired design parameters, the Companies cannot guarantee that in the future it will be possible to purchase a sufficient number of attractive plots to implement the assumed development plans.

Moreover, the possibility to purchase attractive plots of land for new development projects and retail and service projects depends on a number of factors, such as:

- the existence of local land-use plans,
- the ability to finance the purchase of plots and start the investment process,
- the possibility of obtaining the required administrative approvals to start implementation of the projects (development conditions, architectural design approval);
- the possibility of ensuring the required own contribution and obtaining bank financing for the implementation of projects.

The above factors depend to a large extent on the overall situation on the property market in Poland and on local markets, as well as on the overall economic situation of the country.

- sudden changes in housing prices

JHM DEVELOPMENT S.A. derives its revenue from property development activities from the sale of flats and single-family houses. Due to the fact that property development projects are carried out in a long-term perspective and it is often necessary to assume sale prices of constructed property several years in advance, there is a risk that during the project implementation significant changes will occur in the prices of flats and houses on a given market, including significant drops in the prices of residential units and houses. Property prices in a given market depend on a number of factors, such as the overall economic situation of a region, the level of unemployment, the number of residential units available for sale by other developers in that market, the availability of mortgage loans to potential customers, etc. In the event of a significant fall in property prices, the Company may not be able to sell the constructed apartments and houses at the planned prices within a specified period of time.

The occurrence of any factors which will cause the prices of apartments or houses to fall on the markets where the Companies execute projects, may have a material and adverse effect on their operations, financial situation or the Group's development prospects.

- in the sector of shopping hall management and lease of retail space

Apart from property development activities, an important additional area of the Group's activity is management of shopping halls and lease of retail space. This activity is carried out by a subsidiary, Marywilska 44. The level of retail activity and the demand for lease of retail space in the given shopping halls depends on the general macroeconomic situation in a given market, the level of competition and the level of consumption, and in particular the demand for products from the popular segment in a given market.

The occurrence in the future of factors negatively affecting the economic situation of the sector of shopping hall management and retail space lease may have a material and adverse impact on the Group's activities, results, financial situation or development prospects.

Risks related to competition:

- in the construction industry

The economic situation in Poland, the conflict in Ukraine as well as a significant reduction in the number of tenders for construction works and the further deepening of the recession in Poland are intensifying competition by offering the most favourable prices and extending guarantee periods.

Further intensification of competition on the markets where the Company operates may have a material adverse effect on the Company's operations, results and financial position as well as on its future development outlook.

The Management Boards of the Companies, based on many years of experience, try to build a portfolio of contracts that will enable them to achieve an appropriate financial result.

- in the development industry

The regions of the country in which the Group operates are characterised by a high degree of competition in the property development industry. JHM DEVELOPMENT S.A. takes into account the intensity of competition on local markets where the start of property development activities or the implementation of further projects is considered. As a rule, the Company focuses on locations where competition is limited. The existence of limited competition at the time when the investment development is considered to commence does not mean, however, that competitive entities will not undertake investments in the same local market as the Company in the near future, after the commencement of preparations or work by the Company. Both relatively small local companies and larger developer entities competing with the Company are capable of comprehensive implementation of large projects.

In line with the adopted strategy of the Company, gradual entry into the large cities' housing markets is associated with the struggle with much stronger competition operating in these markets.

The intensification of competition may translate into an increase in the supply of finished apartments offered on the local market, which may result in price pressure when selling premises, a reduction in rent rates of premises, as well as an extension of the period of their sale.

The existence or intensification of competition on the markets where the Companies operate may also translate into difficulties in obtaining attractive plots of land for new property development and retail projects at the assumed prices.

The intensification of competition in the markets where the Company operates may have a material and adverse effect on its operations, results, financial situation or its future development outlook.

- for the activity of managed shopping halls and lease of retail space

The shopping halls managed by the subsidiary Marywilska 44 are one of the largest shopping hall complexes in Poland and the largest in the capital city of Warsaw.

The basic range of products sold to customers in shopping halls at ul. Marywilska 44 consists of clothes, footwear, leather goods and toys in the popular segment. Traders specialising in the sale of the above products in the popular segment can choose from a wide range of entities offering lease of retail space in Warsaw and its vicinity, including large shopping halls located in the vicinity of Nadarzyn and in Wólka Kosowska. Additionally, it cannot be excluded that in the future other parties will not build large shopping hall complexes, which will compete directly with the halls at ul. Marywilska 44 within the Capital City of Warsaw.

Marywilska 44's activities in the management of the commercial facilities in Rumia and Starachowice are exposed to the same risk.

The risk of retail space lease activity in the field of warehouses and logistics facilities located in Ostróda managed by Marywilska 44 depends on the stability of the macroeconomic situation and the overall economic situation in Poland, as well as competition in the industry.

The intensification of competition in the markets where the Group operates may have a material and adverse effect on the Group's activities, results, financial situation and future development outlook.

External legal risks

- changes in provisions of law, in particular tax law

The Polish legal system is characterised by a considerable degree of variability and ambiguity of provisions, which applies in particular to tax law. In practice, there are often problems with interpretation, inconsistent court rulings occur, as well as situations when public administration bodies adopt interpretations of legal provision which are unfavourable for the taxpayer and different from the interpretations previously adopted by these bodies.

The occurrence of changes in legal regulations, including those concerning environmental protection, labour law, social security law, commercial law, and in particular tax law, may have an adverse effect on the Group's Companies' operations, financial situation or its development prospects.

- related to non-compliance with legal requirements envisaged for the commencement of the investment development and with the legal status of the property

The implementation of each of the investment projects by the Company requires the fulfilment of the requirements set forth in the law. In most cases, the Company is obliged to obtain various types of permits, which are issued by public administration bodies. Obtaining these administrative acts is a necessary condition for the commencement of the investment process. It should be noted that obtaining all permits and consents requires considerable effort and time. Public administration bodies issuing permits and consents operate on the basis of the provisions of the Code of Administrative Procedure and special acts. In these proceedings, the interest of local communities is taken into account in the first place and a number of planning issues are subject to wide public consultation (e.g. environmental issues). Additionally, lack of even a part of the documentation makes it impossible to commence the investment process. Moreover, the discovery of any misstatements, either on the part of the Company or in the administrative files, and in particular the existence of any contradictions between them may lead to the delay in the commencement of the investment process. There is also a risk that the already valid administrative decisions will be challenged by resuming proceedings or annulling decisions. Administrative decisions may also be challenged, in whole or in part, and consequently there is a risk that they will be annulled. In areas where local land-use plans have not been adopted, there is also a risk that the Companies will not be able to implement their plans due to difficulties related to the possibility of obtaining a development conditions' decision.

The occurrence of any of the aforementioned factors may have an adverse effect on the Group's activities, financial position or its development prospects.

Risks related to the current activities

- risk associated with the implementation of the development strategy

The Polish market and the situation on local markets where the Group operates are subject to constant changes, the direction and intensity of which depend on a number of factors. Therefore, the Companies' future financial performance, development and market position depend on its ability to develop and implement a long-term strategy in an uncertain and changing market environment.

In particular, the implementation of the Group's strategy depends on the occurrence of a number of factors, the occurrence of which is often independent of the decisions of the Group's governing bodies, and which cannot always be predicted.

Such factors include:

- unpredictable market events, such as the occurrence of an economic crisis or recession in Poland or other European Union countries;

- radical and sudden changes in legal regulations or the methods of their interpretation (e.g. influencing the issuance of development conditions);
- natural disasters, epidemics in the areas where the Company operates, as well as a number of specific factors, such as:
- restrictions on the possibility of JHM DEVELOPMENT acquiring plots of land in attractive locations for housing development;
- reduced availability of bank financing for development and commercial projects;
- failure to implement property development projects and retail and service projects in accordance with the assumed schedule and cost estimate;
- changes in government programmes supporting the purchase of residential units by persons with average and below-average income;
- other operational risks described in these statements.

The Group Companies make every effort to ensure that the assumed strategy is implemented and try to analyse on an ongoing basis all market and industry factors which have and may have an impact on the implementation of the strategy,

The factors described above may cause that the Group will not be able to implement the assumed development strategy, including the planned property development projects, and therefore these factors may have a significant negative impact on the Company's activities, financial position, results or its development prospects.

- related to financing development with bank credits

The Group Companies finance their development and current activities with the use of bank credits and leasing. In the future, the Companies intend to use bank credits to finance the demand for working capital related to the increase in the scale of activities. However, there is a risk that in the future, in the event of adverse changes in the Companies activity markets or financial markets, or as a result of a change in the banks' approach to credit risk assessment, they will have difficult access to financing using credits, their cost will be higher than the current one, or they will be forced to repay or refinance their existing debt on worse terms. This may contribute to a slower than planned growth rate and deterioration of the financial results obtained.

The Management Board considers the current level of debt to be safe and does not see any threats to its timely service. Despite the good financial standing of most of the Group's companies, it cannot be ruled out that in the future, as a result of unfavourable market processes, they will be unable to meet all their obligations resulting from credit contracts and loans. In the event of a situation where the Company of the Group is not able to settle its debts under credit contracts and loans on an ongoing basis, repayments may become due and payable immediately. As a result, in order to satisfy its creditors, the Company will be forced to sell a part of its assets. The strategies of the Companies provide for a gradual exchange of short-term debt for long-term financing and that the newly acquired credit financing will be appropriate for the implementation of specific construction contracts and property development investments.

The occurrence of the aforementioned factors may have an adverse effect on the Group's activities, financial position or its development prospects. In order to limit the risk, the Company performs on an ongoing basis an analysis of debt and the possibility of settling liabilities.

- related to the building infrastructure

The completion of the project depends on the provision of the infrastructure required by the regulations, such as access to public roads, access to utilities, designation of appropriate internal roads, etc. There may be situations where the provision of the necessary infrastructure depends on factors beyond the Company's control. Often the provision of access to the right road or utilities depends on the decision of the appropriate municipal or local authority. In some cases, the status of the roads needed for the execution of investment development may be unregulated or unforeseen complications may arise during project implementation, resulting in delays and additional costs. It may also happen that the relevant administrative bodies require the Company to perform additional infrastructure works as part of the investment project. The authorities may also expect or even demand that the investor performs infrastructure works which are not necessary from the perspective of the project implementation, but which may be expected by the authorities as an investor's contribution to the development of the local community in connection with the investment development in execution.

The occurrence of any of the above factors, translating into delays in the implementation of projects or additional project costs, may have a material and adverse effect on the Group's activities, financial situation or its development prospects.

- related to liability for breach of environmental regulations

Pursuant to the applicable environmental protection regulations, entities which are owners or users of plots where hazardous substances are present, or where there has been an adverse transformation of the natural configuration of the land, may be required to remove them, or bear the cost of land reclamation or pay a fine. In order to minimise the risk of breaching environmental regulations, the Companies carry out technical analyses of future projects in terms of the risk related to liability for breach of environmental regulations. Until the date of preparing the statements, the Companies were not obliged to bear the costs of land reclamation or to pay any administrative penalties for this. However, it cannot be precluded that in the future the Group Companies will be obliged to bear the costs of land reclamation, pay a fine for breach of environmental protection regulations, or pay damages.

In order to mitigate the risk of environmental liability, the Issuer has taken the following measures:

- implementation and application of the MIRBUD Capital Group Sustainable Development Strategies for 2024-2035;
- implementation and application of an Environmental Management System according to EN ISO 14001:2015 in the field of general construction, civil engineering, road and motorway construction, and industrial building construction.

The occurrence of any of the aforementioned factors may have an adverse effect on the Group's activities, financial position or its development prospects.

- related to penalties for non-performance or untimely performance of orders

Entities act as a general contractor in contracts with investors. The signed and executed contracts impose a number of obligations on the Companies and determine the consequences of non-performance of the assumed obligations. Such contracts, first of all, very precisely specify the deadlines - both for the performance of the ordered works, as well as the performance of other activities, e.g. removal of possible defects during the warranty period. If these deadlines are not met, the Companies may be at risk of paying contractual penalties.

In order to limit the risk of investors making a claim for payment for non-performance or improper performance of the Company's orders, the Company has taken the following actions:

- provision of insurance coverage for contracts, including activities of the subcontractors;
- implementation and application of the Management System according to EN ISO 9001:2000 in the scope of:

a) general construction, civil engineering, road and motorway construction;

b) industrial facilities construction;

c) installation works.

- transfer of risks to cooperation contracts concluded by the Company with manufacturers, suppliers and subcontractors (product liability, liability for services, differences between the ordered and delivered products, price increases, etc.).

Irrespective of the above, the payment of unforeseen contractual penalties or indemnities may have a negative impact on the Companies' financial results. It should be noted, however, that between 2005 and 2023, the Companies did not incur any significant charges due to the risk related to penalties for non-performance, improper performance or untimely performance of the order.

- related to claims against the Companies on account of construction of flats and commercial and service facilities, sale of flats, and granting a guarantee of payment for construction works

In order to implement numerous investments, the Company has concluded and will continue to conclude construction contracts with contractors for construction and finishing works. It should be noted that the obligations incurred by the contractors in connection with the execution of the investment development (e.g. in relation to subcontractors) may consequently, due to the joint liability of the investor and the contractor for the payment of remuneration, be associated with the creation of claims against the Companies, which may affect the timeliness of the execution of the investment development. As a result, the Company, which is accountable to its customers, may incur significant costs of non-performance or improper performance of the contract. It cannot be precluded that in the future customers and business partners of the Companies will also not make claims against them due to hidden defects of the building arising at the stage of construction or finishing works, although according to the standard contracts concluded by the Companies, the costs of repairs of this type of defects are covered by the contractor or its subcontractors. The Companies are also liable to purchasers of flats under the statutory warranty for physical and legal defects of buildings. The period covered by these claims is 5 years.

Moreover, pursuant to Articles 649^1 to 649^5 of the Civil Code, at the request of the contractor, the Company acting as an investor is obliged to grant a guarantee of payment to the contractor (general contractor) for construction works in the form of a bank or insurance guarantee, as well as a bank letter of credit or bank surety granted at the investor's request.

The occurrence of any of the above factors, which translate into claims against the Companies, may have an adverse effect on the Company's activities, financial position or its development prospects.

- related to the production process

Construction contracts contain a number of clauses concerning proper and timely performance of the contract, proper removal of defects and faults, which involves the provision of a guarantee deposit or securing the contract with an insurance or bank guarantee. The security is usually provided in the form of an insurance guarantee, bank deposit or cash deposit within a specific period of time after the contract is signed and settled after the contract completion. The amount of the security depends on the type of contract. Typically, it is between 5 and 10% of the contract price.

As the necessity to lodge a security in the form of a deposit may have an impact on the limitation of the Company's financial liquidity, the Company prefers to lodge the security in the form of an insurance guarantee. If access to insurance or bank guarantees is restricted and the cost of obtaining them increases, the Company bears the risk of increasing the costs and freezing financial resources, which in turn may lead to a decrease in the Company's profitability or financial liquidity.

In order to minimise the risk, the Companies' contracts with subcontractors require subcontractors to secure proper performance of the contract in the form of an insurance guarantee, bank guarantee or cash deposit and contain contractual penalties for exceeding the contractual deadlines.

Capital risk management

The objective of capital risk management is to protect the ability to continue with the activities, so that returns for shareholders and benefits for other stakeholders can be performed, and to maintain an optimal capital structure in order to reduce the cost of capital.
The tools used to maintain and correct the capital structure may include:

- change in the amount of declared dividends to be paid;
- return of capital to shareholders;
- issue of shares and other capital instruments;
- the sale of assets in order to reduce debt.

Capital monitoring is carried out by means of the debt ratio. This indicator is calculated as the ratio of net debt to total capital. Net debt is calculated as the sum of financial debt (including current and long-term credits and loans and other financial debt disclosed in the consolidated balance sheet), less cash and cash equivalents. The total value of capital is calculated as equity disclosed in the consolidated balance sheet, together with net debt.

Calculation of the debt ratio	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Total credits	404,805	448,337
Cash and cash equivalents	-395,776	-507,560
Net debt	**9,029**	**-59,224**
Equity	793,550	681,989
Total capital	**802,580**	**622,765**
Debt ratio	**1%**	**-10%**

Financial liquidity hedging ratios	in PLN thousand	
	As at:	As at:
	31/12/2023	31/12/2022
Net debt	9,029	
EBITDA	242,605	194,438
Equity	793,550	681,989
Total assets	2,283,801	2,248,046
net debt/EBITDA	**0.0**	**0.0**
equity/total assets	**0.3**	**0.3**

EBIT for the last 12 months accepted.

XII. APPROVAL FOR PUBLICATION

The financial statements were signed by the Management Board and approved for publication on 25 April 2024.

Jerzy Mirgos	Sławomir Nowak
President of the Management Board	Vice-President of the Management Board

Paweł Korzeniowski	Tomasz Sałata
Member of the Management Board	Member of the Management Board

Anna Zuchora
Person entrusted with bookkeeping