2023

Consolidated Annual Report of Echo Investment Group

Biurowiec Face2Face Business Campus, Katowice

ECHO investment

Content

Consolidated financial statements of Echo Investment Group for 2023

CitySpace at MidPoint71, Wrocław

About the Company

The Echo Investment Group's core activity consists of the construction and sale of residential buildings, construction, lease and sale of office and retail buildings, as well as trade in real estate.

The parent company - Echo Investment S.A. with its headquarter in Kielce, at al. Solidarności 36 - was registered in Kielce on 30 June 1994 and is entered into the National Court Register under number 0000007025 by the District Court in Kielce, 10th Commercial Division of the National Court Register.

Since 5 March 1996, the Company's shares are quoted at the Warsaw Stock Exchange on the regulated market. They are included into Warsaw Stock Exchange Index WIG, sWIG80 subindex as well as WIG-Real Estate sector index. The main place where the Company runs its business is Poland. The parent entity is Lisala Sp. z o.o., and the parently company of the highest level of the group is Dayton-Invest Kft., which is controlled at the highest level by Tibor Veres. The Company was established for an indefinite period.

There have been no changes in the name of the reporting entity or other identifying data since the end of the previous reporting period.

Information on the Management Board and Supervisory Board is presented in the Report of the Management Board on the activities of Echo Investment S.A. and its Capital Group for 2023 in part 01 „Basic information about the Company and the Group".

Information on the financial statement

The consolidated statements of the Echo Investment S.A. present financial data for the 12-month period ending on 31 December 2023 and comparative data for the 12-month period ending on 31 December 2022.

The Group's financial statement in this financial statements is presented in thousands of Polish zloty (PLN), if not indicated differently.

Declaration of conformity

The statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Commission.

Assumption of continuity in operations

The statements have been drawn up according to the going concern principle as there are no circumstances indicating a threat to continued activity.

Approval of financial statements

The Consolidated Financial Statement for the year ended 31 December 2023 was approved for publication on 27 March 2023.

As at 31 December 2023 the Capital Group included 164 subsidiaries consolidated according to the full method and 39 jointly controlled companies consolidated according to the equity method.

The composition of the Group Companies is presented in chapter 3, paragraph 01 “Echo Investment Group”.

CHAPTER 1

Galeria Młociny, Warszawa

Consolidated statement of financial position

Consolidated statement of financial position [PLN ‘000]

	Note	As at 31.12.2023	As at 31.12.2022
Assets			
Non-current assets			
Intangible assets	2	76 365	71 752
Property, plant and equipment	3	56 489	60 409
Investment property	4	1 144 456	1 094 638
Investment property under construction	5	583 506	486 625
Investment in associates and joint ventures	27	642 468	478 180
Long-term financial assets	8	267 757	326 675
Derivative financial instruments	13	-	26 251
Other assets		1 655	1 549
Deferred tax asset	29	112 993	94 494
Lands for development		63 063	21 359
		2 948 752	**2 661 932**
Current assets			
Inventory	9	1 553 824	1 592 885
Current tax assets		15 199	14 925
Other taxes receivable	10	80 801	81 762
Trade and other receivables	10	291 400	333 577
Short-term financial assets	8	38 392	15 327
Derivative financial instruments	13	11 065	366
Other financial assets *	14	59 730	88 914
Cash and cash equivalents	14	813 836	941 997
		2 864 247	**3 069 753**
Fixed assets (disposal group) held for sale	6	148 839	355 327
		3 013 086	**3 425 080**
Total assets		**5 961 838**	**6 087 012**

Consolidated statement of financial position [PLN '000]

	Note	As at 31.12.2023	As at 31.12.2022
Equity and liabilities			
Equity			
Share capital	15	20 635	20 635
Supplementary capital	15	1 057 378	1 044 798
Retained earnings		611 346	577 337
Foreign currency translation reserve		694	1 008
Equity attributable to shareholders of the parent company		**1 690 053**	**1 643 778**
Non-controlling interest	15d	338 036	162 534
		2 028 089	**1 806 312**
Long-term liabilities			
Credits, loans, bonds	17	1 708 807	1 609 032
Derivative financial instruments	18	331	-
Long-term provisions	16	9 283	5 356
Deferred tax liabilities	29	154 154	140 651
Leasing	18,28	142 037	138 837
Other liabilities	18	101 570	68 200
		2 116 182	**1 962 076**
Short-term liabilities			
Credits, loans, bonds	17	900 598	667 980
Credits, loans, bonds - non-current assets classified as held for sale	17	54 122	142 494
Acquisition of shares	18a	-	51 478
Derivative financial instruments	18	441	-
Income tax payable		4 812	31 174
Other taxes liabilities	18	12 368	147 176
Trade payable	18	113 965	142 867
Dividend payable	18	6 986	90 792
Leasing	18,28	72 097	96 389
Short-term provisions	16	31 339	51 238
Other liabilities	18	162 409	238 348
Liabilities due to customers	19	457 377	613 679
		1 816 514	**2 273 615**
Liabilities directly associated with non-current assets classified as held for sale	6	1 053	45 009
		1 817 567	**2 318 624**
Total equity and liabilities		**5 961 838**	**6 087 012**

Consolidated profit and loss account

Consolidated profit and loss account [PLN ‘000]

	Note	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Revenues	19	1 573 293	1 394 306
Cost of sales	20	(1 085 831)	(901 913)
Gross profit		**487 462**	**492 393**
Profit on investment property	21	(75 920)	(11 427)
Administrative costs associated with project implementation	20	(61 891)	(71 390)
Selling expenses	20	(49 412)	(50 038)
General and administrative expenses	20	(105 983)	(84 264)
Other operating income, including:	22	12 846	18 323
Other operating expenses	23	(26 407)	(18 194)
Operating profit		**180 695**	**275 403**
Financial income	24	18 750	50 496
Financial cost	25	(187 122)	(154 699)
Profit (loss) on FX derivatives	13	403	(5 725)
Foreign exchange gains (losses)	26	68 232	(15 151)
Share of profit (loss) of associates and joint ventures	27	97 363	68 677
Profit before tax		**178 321**	**219 001**
Income tax	30	(60 458)	(62 455)
- current tax		(66 808)	(115 200)
- deferred tax	29	6 350	52 745
Net profit (loss), including:		**117 863**	**156 546**
Equity holders of the parent		67 428	127 150
Non-controlling interest		50 435	29 396
Equity holders of the parent		67 428	127 150
Weighted average number of ordinary shares (in ‘000) without shares held		412 691	412 691
Profit per one ordinary share (in PLN)		0,16	0,31
Diluted profit (loss) per one ordinary share (PLN)		0,16	0,31

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income [PLN ‘000]

	1.01.2023 - 31.12.2023	1.01.2022- 31.12.2022
Profit for the year	**117 863**	**156 546**
Components of other comprehensive income that may be reclassified to profit or loss in later periods		
- The impact of The fair value measurement of The right of use in connection with The cessation of occupation and reclassification of The right of use to investment properties (including The tax impact)	733	-
- exchange differences on translation of foreign operations	(314)	74
Other comprehensive income for the year, net of tax	**419**	**74**
Total comprehensive income for the year, including:	**118 282**	**156 620**
Comprehensive income attributable to shareholders of the parent company	67 847	127 224
Comprehensive income attributable to non-controlling interest	50 435	29 396

Statement of changes in equity

Statement of changes in consolidated equity [PLN ‘000]

	Sharecapital	Supplementary capital	Accumulated retainedearnings	Exchangedifferences from conversion	Equity attributable to equity holdersof the parent	Non-controllng share	Total equity
For the period 1.01.2023 - 31.12.2023							
Opening balance	**20 635**	**1 044 798**	**577 337**	**1 008**	**1 643 778**	**162 534**	**1 806 312**
Net profit (loss) for the period	-	-	67 428	-	67 428	50 435	117 863
Other comprehensive income	-	-	733	(314)	419	-	419
Total net income for the period	**-**	**-**	**68 161**	**(314)**	**67 847**	**50 435**	**118 282**
Transactions with non-controlling shareholders	-	-	69 220	-	69 220	143 052	212 272
Dividend approved for payment	-	-	-	-	-	(6 986)	(6 986)
Dividend paid	-	(40 792)	(50 000)	-	(90 792)	(10 999)	(101 791)
Transactions with owners	**-**	**(40 792)**	**19 220**	**-**	**(21 572)**	**125 067**	**103 495**
Distribution of previous years' profit/loss	**-**	**53 372**	**(53 372)**	**-**	**-**	**-**	**-**
Closing balance	**20 635**	**1 057 378**	**611 346**	**694**	**1 690 053**	**338 036**	**2 028 089**
For the period 1.01.2022 - 31.12.2022							
Opening balance	**20 635**	**1 158 524**	**499 517**	**934**	**1 679 610**	**183 927**	**1 863 537**
Net profit (loss) for the period	-	-	127 150	-	127 150	29 396	156 546
Other comprehensive income	-	-	-	74	74	-	74
Total net income for the period	**-**	**-**	**127 150**	**74**	**127 224**	**29 396**	**156 620**
Transactions with non-controlling interest	-	-	18 528	-	18 528	(44 211)	(25 683)
Dividend approved to be paid	-	(40 792)	(50 000)	-	(90 792)	-	(90 792)
Dividend paid		(90 792)	-	-	(90 792)	(6 578)	(97 370)
Transactions with owners	**-**	**(131 584)**	**(31 472)**	**-**	**(163 056)**	**(50 789)**	**(213 845)**
Distribution of profit/loss carried forward	-	17 858	(17 858)	-	-	-	-
Closing balance	**20 635**	**1 044 798**	**577 337**	**1 008**	**1 643 778**	**162 534**	**1 806 312**

Consolidated cash flow statement

Standalone cash flows statement [PLN ‘000]

	Note	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
A. Operating cash flow — indirect method			
I. Profit before tax		**178 321**	**219 001**
II. Total adjustments			
Share in (profit) net losses of entities accounted for using the equity method		(97 363)	(68 677)
Depreciation of fixed assets and intangible assets	20	14 170	15 298
Profit (loss) on currency exchange rate		(69 906)	11 790
Interest and profit sharing (dividends)		170 606	77 004
Profit (loss) on investment property		75 920	11 427
Profit / (loss) from the investment activity		2 901	165
Change in provision		(15 972)	57 823
(Profit) loss on realization of financial instruments		(71)	3 031
		80 285	**107 861**
III. Changes in working capital			
Change in inventories		13 809	48 419
Change in receivables		(118 578)	(464 169)
Change in short-term liabilities, except for loans and borrowings	33	(364 362)	194 104
Change in cash on escrow account		29 185	(3 709)
		(439 946)	**(225 355)**
IV. Net cash generated from operating activities (I+/-II+/-III)		**(181 340)**	**101 507**
Income tax paid		(93 444)	(92 323)
V. Cash flow from operating activities		**(274 784)**	**9 184**
B. Cash flows from investing activities			
I. Inflows			
Disposal of intangible assets and tangible fixed assets		201	374
Disposal of investments in property		176 470	960 547
From borrowings		9 412	34 092
Inflow of cash from bank deposit accounts with maturity over three months		-	42 841

Standalone cash flows statement
[PLN ‘000]

	Note	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Withdrawal of contributions to joint ventures		-	32 548
		186 083	**1 070 402**
II. Outflow			
Purchase of intangible assets and tangible fixed assets		(8 034)	(9 020)
Investment in property		(197 670)	(310 274)
For borrowings		(47 588)	(14 469)
Due to the acquisition of subsidiaries, net of cash and cash equivalents in the acquired entities		(34 113)	-
Increasing capital in joint ventures		(5 629)	(110 003)
Transfer of funds to bank deposit accounts with maturity over three months		-	(41 800)
		(293 034)	**(485 566)**
III. Net cash flow from investing activities (I+II)		**(106 951)**	**584 836**
C. Cash flow from financing activities			
I. Inflows			
Loans and borrowings	17	219 376	220 495
Issue of debt securities	17	559 714	334 277
Redemption of shares by non-controlling interest (shares in Archicom S.A.)		217 065	-
		996 155	**554 772**
II. Outflows			
Dividends and other payments to owners	15	(192 583)	(99 994)
Repayment of loans and borrowings	17	(54 684)	(66 298)
Redemption of debt securities	17	(289 264)	(429 910)
Payments of leasing liabilities		(42 108)	(29 817)
Interest paid		(163 942)	(143 773)
Redemption of shares from non-controlling shareholders		-	(25 683)
		(742 581)	**(795 475)**
III. Net cash flow from financing activities (I+III)		**253 574**	**(240 703)**
D. Total net cash flows (A.V +/- B.III +/- C.III)		**(128 161)**	**353 317**
E. Change in cash in the consolidated statement of financial position, including:		**(128 161)**	**353 317**
F. Cash and cash equivalents at the beginning of the period		**941 997**	**588 680**
G. Cash and cash equivalents at the end of the period (D+F)		**813 836**	**941 997**

CHAPTER 2

Explanatory notes

Resi4Rent apartments for rent, ul. Woronicza, Warsaw

Explanatory notes to the consolidated financial statement

NOTE 1

Off-balance sheet liabilities [PLN '000]

	31.12.2023	31.12.2022
Contingent liabilities for other parties:		
- due to guarantees and sureties granted	217 134	71 932
- due to court proceedings	17 344	17 627
Total	**234 478**	**89 559**

Contingent liabilities are presented at nominal value.

In the Group's opinion, the fair value of guarantees and sureties is close to zero, due to their low risk of being called. A detailed description of off-balance sheet items is presented in the tables that follow. In contrast, information on expected credit losses can be found in the section 07 - Financial risk management.

NOTE 1A

Changes in surety agreements issued by Echo Investment Group in 2023 [PLN ‘000]

Issuer	Entity receiving the surety	Beneficiary	Value	Validity	Description	Tytułem
Expiry	Echo Investment S.A.	Pimech Invest Sp. z o.o.	Miasto Stołeczne Warszawa	1 230	30.03.2023	Surety for proper performance of the liabilities arising from the road construction agreement.

Due to the expiration of all guarantees in 2023 issued by Echo Investment Group Grupa no shows no position as of 31 December 2023.

Financial guarantees issued by Echo Investment Group as at 31 December 2023 [PLN ‘000]

Guarantor	Entity receiving the guarantee	Beneficiary	Value	Validity	Description
Archicom S.A.	Javin Investments Sp. z o.o. Sp.k. w likwidacji; Space Investment Strzegomska 3 Sp. z o.o.	GNT Ventures Wrocław Sp. z o.o.	11	25.02.2024	Security for the proper performance of obligations under the contract for the sale of the West Forum IB office building.
Echo Investment S.A.	R4R Warszawa Opaczewska S.o. z o.o.	Blue Parking Sp. z o.o.	45 130	20.01.2025	Guarantee for the fulfillment of obligations under the preliminary agreement for the purchase of real estate at ul. Opaczewska.
Echo Investment S.A.	Projekt Echo - 138 Sp. z o.o. Sp.k.	Projekt Echo - 137 Sp. z o.o.	16 272	8.12.2029	Securing payment of the price increase resulting from the contract of sale of the quarter G at 22 Towarowa Stree
Total			**61 413**		

Performance and other guarantees issued by Echo Investment Group as at 31 December 2023 [PLN ‘000]

Guarantor	Entity receiving the guarantee	Beneficiary	Value	Validity	Description
Echo Investment S.A.	Echo Investment S.A.	Nobilis - Projekt Echo 117 Sp. z o.o. Sp.k.	40 000	31.10.2026	Quality guarantee for construction work related to the Nobilis office building in Wrocław.
Echo - SPV7 Sp. z o.o.	R4R Warszawa Wilanowska Sp. z o.o.	Bank PKO S.A.	18 465	31.12.2027	Security of the borrowers liabilities arising from the cost overrun not included in the budget specified in credit agreement and payment of interests under loan facility in construction tranche.
Echo - SPV 7 Sp. z o.o.	R4R Wrocław Jaworska II Sp. z o.o.	PKO Bank Polski S.A. I Oddział Warszawa	97 256	31.12.2033	Security of the borowers labilities arising from the cost overrun not included in the budget specified in credit agreement and payment of interest under loan facility in construction tranche.It secures coverage of the costs of budget increases. We guarantee adding equity or granting a loan. Guarantee supported by Pimco.
Total			**155 721**		
Total financial, performance and other guarantees			**217 134**		

Changes in guarantee agreements issued by Echo Investment Group in 2023 [PLN '000]

Change	Guarantor	Entity receiving the guarantee	Beneficiary	Value	Validity	Description
Issue	Echo Investment S.A.	R4R Warszawa Opaczewska S.o. z o.o.	Blue Parking Sp. z o.o.	45 130	20.01.2025	Guarantee for the fulfillment of obligations under the preliminary agreement for the purchase of real estate at ul. Opaczewska.
Issue	Echo - SPV 7 Sp. z o.o.	R4R Wrocław Jaworska II Sp. z o.o.	PKO Bank Polski S.A. I Oddział Warszawa	97 256	31.12.2033	Security of the borowers labilities arising from the cost overrun not included in the budget specified in credit agreement and payment of interest under loan facility in construction tranche.It secures coverage of the costs of budget increases. We guarantee adding equity or granting a loan. Guarantee supported by Pimco.
Issue	Echo Investment S.A.	Projekt Echo - 138 Sp. z o.o. Sp.k.	Projekt Echo - 137 Sp. z o.o.	16 272	8.12.2029	"Securing payment of the price increase resulting from the contract for the sale of quarter G on Towarowa 22

NOTE 2

Changes in PP&E — by types [PLN '000]

	Trademark	Purchased permits, patents, licences and similar assets	Other intangible assets	Total intangible assets
1.01.2023 - 31.12.2023				
Gross value of intangible assets at the beginning of the period	**66 704**	**10 267**	**3 852**	**80 823**
- purchase	-	-	6 289	6 289
- sale	-	-	(753)	(753)
- Liquidation	-	(13)	(166)	(179)
Gross value of intangible assets at the end of the period	**66 704**	**10 254**	**9 222**	**86 180**
Accumulated depreciation at the beginning of the period	**-**	**(8 363)**	**(707)**	**(9 070)**
- depreciation	-	(1 245)	(598)	(1 843)
- correction due to sale	-	13	165	178
- other	-	571	350	921
Accumulated depreciation at the end of the period	**-**	**(9 024)**	**(790)**	**(9 814)**
Net value of intangible assets at the end of the period	**66 704**	**1 229**	**8 432**	**76 365**
1.01.2022 - 31.12.2022				
Gross value of intangible assets at the beginning of the period	**66 704**	**13 288**	**1 925**	**81 917**
- purchase	-	1 161	1 953	3 114
- Liquidation	-	(4 182)	(26)	(4 208)
Gross value of intangible assets at the end of the period	**66 704**	**10 267**	**3 852**	**80 823**
Accumulated depreciation at the beginning of the period	**-**	**(11 063)**	**(325)**	**(11 388)**
- depreciation	-	(1 473)	(388)	(1 861)
- other	-	4 173	6	4 179
Accumulated depreciation at the end of the period	**-**	**(8 363)**	**(707)**	**(9 070)**
Net value of intangible assets at the end of the period	**66 704**	**1 903**	**3 145**	**71 752**

Trademark

As a result of the acquisition of shares of DKR Invest S.A. and shares of DKR Investment Sp. z o.o. (indirectly Archicom S.A.) in 2021, the Group, as part of intangible assets, recognized the „Archicom" trademark. The value of the trademark amounted to PLN 66,704 thous. as of the acquisition date. On the recognized trademark, the Group recognized a deferred tax liability in the amount of PLN 12,674 thous. The Group's Management Board considered that there are no predictable limitations on the period in which the services and goods sold under the trademark managed by the Group can be expected to generate financial benefits, and therefore the trademark is treated as an intangible asset with an indefinite useful life, on which no amortization is made. Each reporting period, the useful life is reviewed to determine whether events and circumstances continue to support the assessment that the useful life of this asset is still indefinite. The Group performs its annual trademark impairment test.

As of 31 December 2023, the Group performed the impairment test of the „Archicom" trademark, estimating the fair value by applying the discounted royalty method on the basis of a five-year financial plan covering the years 2024 - 2028 for the Archicom S.A. Group. The analysis took into account basic cash flows resulting from, among other things, revenues from sales of products and services and costs of marketing expenditures.
The inputs used for the above valuation are not directly or indirectly observable in active markets - the valuation is classified as Level 3 in the fair value hierarchy.

The following assumptions were used to perform the impairment test:

- The fair value was determined based on the discounted cash flow (DCF) method - the royalty method.
- The basis for determining the recoverable amount is the trademark asset.

- The royalty rate was set at 3.5 percent (4.21 percent in 2022), after taking into account the industry brand power, the amount of the share of the royalty rates in the performance of entities in the sector with comparable main parameters of the adopted business model in terms of pricing and capital needs, the amount of market royalty rates for the sector in which the entity operates.
- The weighted average cost of capital (WACC) was adopted at 13.53 percent (16.68 percent in 2022), while for intangible assets the expected rate of return was 22.46 percent (26.13 percent in 2022).
- The cash flow projection period was adopted for 5 years (from 2024 to 2028). (The same projection period was adopted for 2022).
- The growth in sales revenues over the projection period was set at an average level of about 50 percent (13 percent in 2022).
- For the terminal value, it was assumed a zero long-term growth rate (the same assumption in 2022).

Based on the analysis, the Group's Management Board found no impairment of the Archicom trademark. In view of the above, the value of the mark as of 31 December 2023 is still PLN 66,704 thous.

The Group performed a sensitivity analysis on the change in the basic assumptions used for the impairment test of the Archicom trademark. The impact that an increase and decrease in the royalty rate and discount rate would have is presented below, using the following assumptions:
- Royalty rate - further estimation of the value range was made by verifying the value of the trademark for the calculated royalty, adjusted by the rate, respectively: -15 percent, -10 percent, +10 percent and +15 percent.
- Discount rate - for the purpose of the sensitivity analysis, the value of the trademark was verified with a decrease and increase in the discount rate by, respectively: -1.5 percent, -1.0 percent, +1.0 percent and +1.5 percent.

  The analysis was carried out under the assumption that all other assumptions remain unchanged.

Trade mark value sensitivity analysis

		License fee rate						
		1,69%	1,93%	2,17%	2,41%	2,65%	2,89%	3,13%
Discount rate	21,0%	81 839	104 062	126 286	149 064	171 569	193 792	216 015
	21,5%	79 515	101 114	122 714	144 852	166 725	188 324	209 923
	22,0%	77 301	98 307	119 312	140 841	162 111	183 117	204 122
	22,5%	75 191	95 630	116 069	137 016	157 713	178 152	198 590
	23,0%	73 177	93 076	112 974	133 366	153 515	173 414	193 312
	23,5%	71 254	90 636	110 017	129 880	149 506	168 887	188 269
	24,0%	69 415	88 303	107 191	126 547	145 672	164 560	183 447

NOTE 3

Changes in PP&E — by types [PLN '000]

	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other PP&E	Right-of-use asset	Total PP&E
1.01.2023 - 31.12.2023							
Gross value of PP&E at the beginning of the period after corrections	**200**	**8 240**	**6 196**	**2 183**	**16 756**	**63 063**	**96 638**
- purchase	-	222	465	279	3 103	-	4 069
- leasing MSSF 16	-	-	-	-	-	5 966	5 966
- sale	-	(24)	(223)	(380)	(149)	-	(776)
- liquidation	-	(6 158)	(392)	36	(2 808)	(1 112)	(10 434)
- other	-	4 634	-	-	-	(3 533)	1 101
Gross PP&E at the end of the period	**200**	**6 915**	**6 047**	**2 118**	**16 902**	**64 384**	**96 566**
Accumulated depreciation at the beginning of the period	**(11)**	**(1 641)**	**(4 947)**	**(1 651)**	**(8 968)**	**(19 011)**	**(36 229)**
- depreciation	(2)	(608)	(620)	(57)	(2 546)	-	(3 832)
- liquidation	-	4 289	359	(71)	92	(403)	4 266
- leasing MSSF 16 - depreciation	-	-	-	-	-	(8 495)	(8 495)
- leasing MSSF 16 - claiming the lease agreement	-	-	-	-	-	160	160
- correction due to sale	-	-	181	436	149	-	766
- other	-	395	-	-	-	2 892	3 287
Accumulated depreciation at the end of the period	**(13)**	**2 435**	**(5 027)**	**(1 343)**	**(11 273)**	**(24 857)**	**(40 077)**
Net value of PP&E at the end of the period	**187**	**9 350**	**1 020**	**775**	**5 629**	**39 528**	**56 489**

	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other PP&E	Right-of-use asset	Total PP&E
1.01.2022 - 31.12.2022							
Gross value of PP&E at the beginning of the period after corrections	**200**	**6 410**	**7 376**	**2 157**	**15 463**	**60 953**	**92 559**
- purchase	-	2 236	637	58	3 883	-	6 814
- leasing MSSF 16	-	-	-	-	-	5 545	5 545
- sale	-	-	(164)	(32)	(417)	-	(613)
- liquidation	-	(406)	(1 653)	-	(2 173)	-	(4 232)
- other	-	-	-	-	-	(3 435)	(3 435)
Gross PP&E at the end of the period	**200**	**8 240**	**6 196**	**2 183**	**16 756**	**63 063**	**96 638**
Accumulated depreciation at the beginning of the period	**(10)**	**(1 053)**	**(5 391)**	**(1 955)**	**(6 863)**	**(13 026)**	**(28 298)**
- depreciation	(1)	(649)	(1 133)	(64)	(2 481)	-	(4 328)
- liquidation	-	61	1 435	-	465	-	1 961
- leasing MSSF 16 - depreciation	-	-	-	-	-	(9 109)	(9 109)
- leasing MSSF 16 - claiming the lease agreement	-	-	-	-	-	3 124	3 124
- correction due to sale	-	-	142	368	(89)	-	421
Accumulated depreciation at the end of the period	**(11)**	**(1 641)**	**(4 947)**	**(1 651)**	**(8 968)**	**(19 011)**	**(36 229)**
Net value of PP&E at the end of the period	**189**	**6 599**	**1 249**	**532**	**7 788**	**44 052**	**60 409**

NOTE 4

Changes in investment property [PLN '000]

	Offices	Centers	Land	Right-of-use asset	Total
Value at 1.01.2022	**114 584**	**666 930**	**12 214**	**49 848**	**843 576**
- purchase	-	-	-	44 808	44 808
- expenditure on investments	11 599	3 877	1	-	15 478
- revaluation of property - profit/loss on fair value measurement (Note 21)	9 032	(44 826)	499	(18 169)	(53 464)
- taking from investment properties	364 713	-	-	7 629	372 342
- taking to assets held for sale	(126 702)	-	(1 400)	-	(128 102)
Value at 31.12.2022	**373 226**	**625 981**	**11 314**	**84 116**	**1 094 638**
- purchase	-	-	-	27 585	27 585
- expenditure on investments	76 170	938	-	-	77 108
- revaluation of property - profit/loss on fair value measurement (Note 21)	(11 068)	(53 400)	1 222	(1 001)	(64 247)
- taking from investment properties	-	-	-	9 372	9 372
Value at 31.12.2023	**438 328**	**573 519**	**12 536**	**120 073**	**1 144 456**

The Group measures investment properties at fair value at the end of each reporting period. Valuations of investment properties were performed by the internal analysis department with the exception of a property valued by an external valuer in the amount of PLN 12,091 thous.

The property value as of 31 December 2023 consists mainly of the following properties: the Libero shopping center in Katowice, the React I office building in Łódź, the Brain Park I office building in Cracow. At the same time, the value of investment properties includes the value of perpetual usufruct rights to land, which as of 31 December 2023 is PLN 120,073 thous. (as of 31 December 2022 is PLN 84,116 thous.).

In the fair value hierarchy for investment properties, the Group assigned level 3, except for two investment properties assigned to level 2 in the amount of PLN 12,091 thous. For details, see Section 06 „Material estimates and judgments of the Management Board of the Group".

NOTE 5

Changes in investment property under construction [PLN '000]

	Offices	Centers	Land	Right-of-use asset	Total
Value at 1.01.2022	**617 191**	**109 953**	**-**	**14 517**	**741 663**
- purchase	-	-	-	3 753	3 753
- expenditure on investments	178 690	23 917	-	-	202 607
- changes in property valuation - gain/loss on fair value measurement (Note 21)	25 087	-	-	(54)	25 033
- taking to inventories	(25 311)	(87 750)	-	-	(113 061)
- movement to fixed assets	(1 028)	-	-	-	(1 028)
- movement to investment properties	(364 713)	-	-	(7 629)	(372 342)
Value at 31.12.2022	**429 916**	**46 120**	**-**	**10 587**	**486 625**
- purchase	-	-	-	3 231	3 231
- expenditure on investments	102 002	15 887	-	-	117 888
- movement to fixed assets	-	(3 212)	-	-	(3 212)
- changes in property valuation - gain/loss on fair value measurement (Note 21)	(13 115)	(7 961)	-	51	(21 026)
Value at 31.12.2023	**518 803**	**50 834**	**-**	**13 869**	**583 506**

The Group measures investment properties under construction that meet the criteria to be measured at fair value, in accordance with the Group's accounting policy, at fair value at the end of each reporting period. The valuation methodology is described in Section 02 "Main Accounting Policies." The valuations of investment properties under construction were performed by the internal analysis department.

The investment expenditures incurred were mainly for investment projects located in Kraków, Katowice, Łódź and Wrocław.

The Group updated the fair value of the Brain Park I office building in Cracow in the amount of (-) PLN 9,303 thous.

The Group's report as of 31 December 2023 presented investment properties under construction with a total value of PLN 595,229 thous. The closing balance of the reporting period consisted primarily of the Brain Park office buildings in Cracow phase II, React II in Łódź, West4 Business Hub II and III office buildings in Wrocław, office buildings at Swobodna Street in Wrocław, and the Falcon office building in Katowice. The value of investment properties under construction includes the right of perpetual usufruct of land in the amount of PLN 13,869 thous. (31 December 2022 in the amount of PLN 10,587 thous.).

In the fair value hierarchy for investment properties under construction, the Group has assigned level 3. Details are presented in Section 06 "Material estimates and judgments of the Management Board of the Group".

NOTE 6

Change in assets held for sale [PLN '000]

	Offices	Centers	Land	Right-of-use asset	Total
Value at 1.01.2022	**1 315 058**	**-**	**63 879**	**2 514**	**1 381 451**
- investment properties taking	126 702	-	1 400	-	128 102
- revaluation of property - profit/loss on fair value measurement (Note 21)	40 894	-	16 200	(1)	57 093
- expenditure on investments	45 989	-	1 084	-	47 073
- sale	(1 182 687)	-	(81 163)	(2 183)	(1 266 033)
- movement from other assets	7 641	-	-	-	7 641
Value at 31.12.2022	**353 597**	**-**	**1 400**	**330**	**355 328**
- revaluation of property - profit/loss on fair value measurement (Note 21)	(216)	-	-	-	(216)
- expenditure on investments	4 773	-	-	-	4 773
- sale	(209 316)	-	(1 400)	(330)	(211 046)
Value at 31.12.2023	**148 839**	**-**	**-**	**-**	**148 839**

The Group measures investment properties that are assets held for sale at fair value at the end of each reporting period. The valuation methodology is described in Section 02 "Main Accounting Policies." The valuations of assets held for sale were performed by the internal analysis department.

The decrease in assets held for sale is due to the sale of:
- the Moje Miejsce II office building in Warsaw with a value of PLN 173,714 thous., and,
- the land property at Nowomiejska Street in Gdańsk with a value of PLN 35,932 thous.
- the investment property in Gajków with a value of PLN 1,400 thous.

Details of the sale of property transactions in 2023 are described in Note 32.

As of 31 December 2023, the Group presented assets held for sale with a total value of PLN 148,839 thous. The closing balance of the reporting period consisted of the City 2 office building in Wrocław.

In the current reporting period, additional expenditures were made on fit-out works for tenants of an investment property at Traugutta Street (the City 2 building) in the amount of PLN 4,663 thous., and the asset was revalued to fair value, reducing the value of the item by PLN 3,962 thous. The sale of City 2 did not happen on the previously assumed date. The delay in the sale is solely due to the macroeconomic situation and the current condition of the office market. Continued high interest rates resulted in a lack of activity in the office real estate trading market. Since the property market is characterized by cyclicality, there is a high expectation for its recovery. In the Management Board's opinion, it is highly probable that the sale will be finalized within 12 months from the balance sheet date, and a change in the sales plan is unlikely.

The investment property in Gajków with its fair value of PLN 1,400 thous. was sold for a price corresponding to the fair and carrying value.

In the fair value hierarchy for investment properties classified as held for sale, the Group assigned Level 3. Details are presented in Section 06 "Material estimates and judgments of the Management Board of the Group".

Liabilities associated to assets held for sale [PLN '000]

	31.12.2023	31.12.2022
Leasing liabilities (Note 28)	-	329
Received deposits (Note 18)	967	2 722
Received advances (Note 19)	-	41 835
Other (Note 18)	86	123
Total	**1 053**	**45 009**

The item 'liabilities associated to assets held for sale' of the consolidated statement of financial position, presents liabilities related to following properties: City2 office building in Wrocław

NOTE 7

Amounts regarding properties included in profit and loss account [PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Rental income from investment property	174 237	194 613
Direct operating costs (including repair and maintenance costs) related to investment property which generated rental income in a given period	(98 631)	(101 006)
Direct operating costs (including repair and maintenance costs) related to an investment property that did not generate rental income during the period	(1 018)	(846)

Details of the amounts involved real estate included in the income statement are additionally included in note 21.

NOTE 8

Financial assets [PLN ‘000]

	31.12.2023	31.12.2022
Long-term loans granted (with interests)	263 442	319 236
Short-term loans granted (with interests)	38 392	15 327
Long-term sureties	4 291	7 352
Long-term prepayments	24	87
Assets at the end of the period	**306 149**	**342 002**
- long-term	267 757	326 675
- short-term	38 392	15 327

The loans were granted to legal entities in PLN, with an interest rate of WIBOR plus a margin or a fixed interest rate. As of the balance sheet date, the loans with a total value of PLN 284,651 thous. (converted to PLN) were granted to the entities accounted for using the equity method: Towarowa 22 and Resi4Rent, to be repaid in 2024-2031. The carrying amount of the loans granted to other entities is PLN 17,183 thous., to be repaid in 2024.

The maximum credit risk of the borrowings is equal to their carrying value, but the Management Board takes into account that the borrowers are special purpose companies operating a real estate project, which is a source of potential recoveries. The Group’s Management Board actively monitors debtors and assesses their ability to meet their loan obligations. In particular, this is done for loans granted to related parties, through which the Group is able to assess and identify the loans for which their credit risk has significantly increased. The Group’s Management Board has not identified any such loans. The Management Board also evaluated the loans in terms of creating an allowance for expected credit losses and assessed such allowance as immaterial. The estimated fair value of the loans granted is approximately equal to their carrying value.

NOTE 9

Inventory [PLN '000]

	31.12.2023	31.12.2022
Semi-finished products and work-in-progress	1 383 295	1 512 267
— asset on perpetual usufruct	33 307	57 102
Finished products	167 399	58 865
Goods	3 131	1 146
Lands for development	-	20 607
Total Inventory	**1 553 824**	**1 592 885**

The item of finished products mainly includes residential and commercial units sold with final agreements.

The item of semi-finished products and work-in-progress mainly includes properties owned by the Group and expenditures on residential projects in preparation and under construction (e.g. design services, construction work, etc. provided by external companies). In addition, this item includes the right to use the land (perpetual usufruct) on which residential and commercial units are built. The remaining value of the item relates to expenditures incurred for provided services of fit-out of premises. Due to the nature of the business, freshly purchased lands are presented as lands and the Group divides lands held for development between fixed and current assets based on the estimated length of the operating cycle. The details of the division are described in Section 02 "Main Accounting Policies."

The item of goods includes lands held for sale.

Inventory is valued at cost of manufacturing or acquisition, but not higher than the net realizable value of sales. This value is obtained according to current market prices acquired from the property developer market. Inventory write-downs are reversed either due to the sale of inventory or due to an increase in the net selling price. The amounts of inventory write-downs recognized in the period as costs and the amounts of reversals of write-downs reducing the inventory value recognized in the period as revenues are included in the profit and loss account under cost of sales.

The Group's Management Board reviewed the projects as at the balance sheet date and analyzed their operating cycle. Due to the identification of projects that go beyond the Group's standard operating cycle, the Group's Management Board decided to present them in the consolidated statement of financial position as long-term assets, under the heading "Land for development". As a result, the Group made a corresponding change in presentation in the consolidated statement of financial position.

In accordance with IAS 23, the Group capitalizes that portion of financing costs that are directly related to the acquisition and production of assets recognized as inventory. In the case of targeted financing acquired for the implementation of a project, the amount of finance costs is capitalized, less revenues generated from the temporary placement of cash (i.e., amounts of interest on bank deposits except for deposits resulting from account freezes, letter of credit agreements). In the case of leases, interest expenses on the lease obligation for a specific project are capitalized into the cost of that project (targeted financing). In the case of general financing, financing costs subject to capitalization are determined using the weighted average of all borrowing costs in relation to the expenditures incurred for the asset.

The capitalized amount of general financing costs for the inventory was PLN 15,352 thous. in 2023 (annual yield of 8.07 percent), while in 2022 - PLN 16,674 thous. (annual yield of 8.66 percent).

The inventory value as of 31 December 2023 is PLN 1,553,824 thous., including for sale within 12 months of PLN 460,408 thous.

Inventories — impact on profit/loss [PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Amount of inventories recognised as an expense in the period	(922 453)	(758 089)
Impairment losses on inventories recognised in the period as cost	(536)	(1 195)
Reversal of impairment losses which decreases the value of inventories recognised in the period as income	346	1 215

Inventory write-downs and reversals relate to residential projects are intended to write down the value to the level of the realisable price.

The inventory value recognized as revenue/expense in the period is included in the profit and loss account under "cost of sales".

The change in the inventory write-down to 31 December 2023 amounted to (-) PLN 190 thous. (31 December 2022 - PLN 21 thous.).

The reversal of write-downs in 2023 mainly related to residential projects located in Poznań due to completed sales.

NOTE 10

Short-term receivables [PLN '000]

	31.12.2023	31.12.2022
Trade receivables		
- up to 12 months	67 021	70 364
Total trade receivables	**67 021**	**70 364**
Land use right asset (perpetual usufruct)	1 594	117
Prepayments - policies	2 641	2 687
Prepayments and accruals - others	9 537	4 798
Prepayments - settlement of rents over time	3 806	-
Receivable due to price increase	5 526	-
Assignment of receivables	14 400	-
Other receivables	3 545	10 510
Total non-financial assets	**41 049**	**18 112**
Receivables due to sale of subsidiaries	-	57 520
Receivables due to sales of Browary GH	-	21 295
Tender bond for the purchase of real estate	18 268	-
Deposits paid	7 896	3 614
Advances for other deliveries	20 310	45 063
Advances for the purchase of land	136 856	117 609
Total financial assets	**183 330**	**245 101**
Trade and other receivables total:	**291 400**	**333 577**
Receivables due to VAT tax	80 330	80 079
Receivables due to other taxes	471	1 683
Total receivables due to taxes	**80 801**	**81 762**
Total net short-term receivables	**372 201**	**415 339**
- impairment losses on receivables - trade receivables	16 015	12 482
Total gross-short-term receivables	**388 216**	**427 821**

Receivables on account of deliveries and services result from provided development services, fit-out services, rental of commercial and residential space, and other.

The amount of advance payments for the purchase of land is related to the planned housing project Towarowa 22.

The Group monitors the condition and payment capacity of its counterparties on an ongoing basis. There is no significant risk concentration in relation to any of Echo Investment Group's clients.

The credit risk maximum value of trade receivables does not differ materially from the carrying value. The estimated fair value of trade receivables is the present value of future expected discounted cash flows and does not differ materially from the carrying value of these receivables.

The Group uses collaterals and guarantees on trade receivables - the lease in the form of deposits in the amount of PLN 3,053 thous. (2022: PLN 2,446 thous.) and in the form of guarantees in the amount of PLN 5,462 thous. (2022. PLN 4,108 thous.)

NOTE 11

Change in impairment losses on short-term receivables [PLN '000]

	31.12.2023	31.12.2022
Opening balance	**12 482**	**12 354**
Increase due to:		
— establishment of an impairment loss	11 812	13 689
	11 812	**13 689**
Decrease due to:		
— reversal of a provision	(4 069)	(13 377)
— sale of entities	(4 210)	(184)
	(8 279)	**(13 561)**
Impairment losses on short-term receivables at the end of the period	**16 015**	**12 482**

The Group estimated an impairment loss on receivables from leases and apartments in the amount of PLN 3 603 thousand (2022 - PLN 6 327 thousand), accrued penalties on interest in the amount of PLN 3 623 thousand (2022 PLN 5 442 thousand), and other services in the amount of PLN 8 789 thousand (2022 PLN 713 thousand) based on a provision matrix developed on the basis of historical data on the repayment of receivables by counterparties. The matrix is presented in the chapter concerning financial risk management, in the section regarding credit risk.

NOTE 12

Trade and other receivables (gross), with remaining maturity from the balance sheet date [PLN '000]

	31.12.2023	31.12.2022
not required	256 921	299 577
up to 1 month	22 071	14 825
between 1 month and 3 months	5 693	10 935
between 3 months and 6 months	1 465	2 484
between 6 months and 1 year	8 167	3 678
over 12 months	13 098	14 560
Total (gross) overdue trade receivables	**307 415**	**346 059**
write-downs for expected credit losses - value of overdue loans receivables for deliveries and services	(16 015)	(12 482)
Total (net) trade and other receivables	**291 400**	**333 577**

NOTE 13

Financial instruments — assets [PLN ‘000]

	31.12.2023	31.12.2022
- Interest Rate Swap	9 392	26 251
- FX fowards	1 673	366
Total financial investments in derivatives	**11 065**	**26 617**
With maturities:		
- up to 1 year	11 065	366
- from 1 to 3 years	-	26 251

Financial instruments — liabilities [PLN ‘000]

	31.12.2023	31.12.2022
- Interest Rate Swap	772	-
Total financial investments in derivatives		
With maturities:		
- up to 1 year	441	
- from 1 to 3 years	331	-

Derivative financial instruments (recognized in the consolidated profit and loss account) [PLN ‘000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
- profit/loss on settlement of forwards instruments	1 194	(2 518)
- income/costs due to revaluation instruments of buy/sell options	(791)	(3 207)
Forward, call/put options, total (included in "Profit (loss) on derivatives")	**403**	**(5 725)**
- profit/loss on revaluation of Interest Rate Swap instruments (Note 24)	6 265	17 588
Interest Rate Swap, total (included in "Financial income")	**6 265**	**17 588**
Total profit (loss) on FX derivatives	**6 668**	**11 863**

NOTE 14

Cash and its equivalents [PLN '000]

	31.12.2023	31.12.2022
Cash at bank	813 836	941 997
Total cash	**813 836**	**941 997**

The Group keeps surplus cash in the following banks: PKO BP S.A., Pekao S.A., Alior Bank Polska S.A. mBank S.A. and Bank Millennium S.A.

The maximum credit risk of cash is equal to its carrying amount.

Other financial assets [PLN '000]

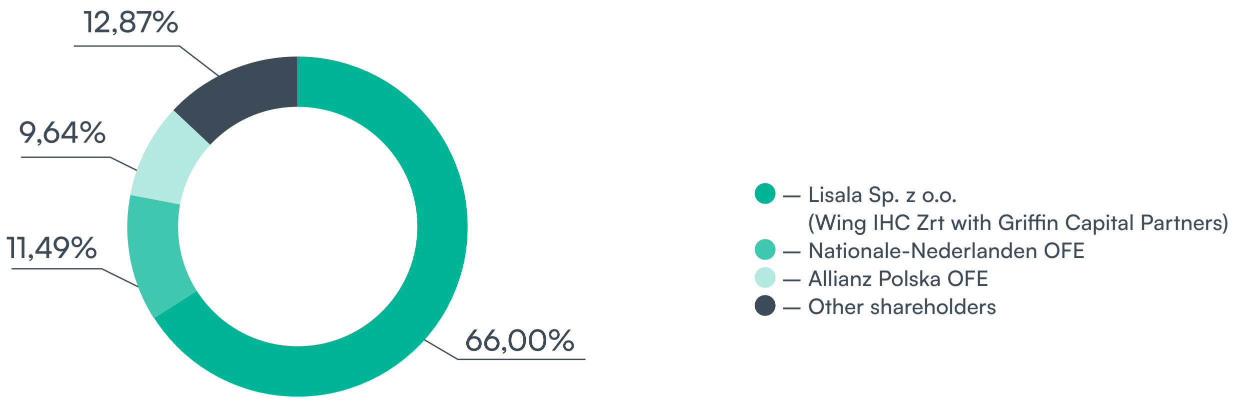
	31.12.2023	31.12.2022
Restricted cash:		
- proceeds from residential customers on escrow accounts released by the bank in the course of the progress of investment	27 463	55 427
- securing the refund of security deposit	18 837	22 294
- securing the repayment of interest and principal instalments	13 430	11 193
Total other monetary assets	**59 730**	**88 914**

NOTE 15A

Shareholders of Echo Investment S.A. holding more than 5 percent share capital as at 31 December 2022

Shareholder	No of shares and votes	% of share capital	% votes on GMS
Lisala Sp. z o.o. (Wing IHC Zrt with Griffin Capital Partners)	272 375 784	66,00%	66,00%
Nationale-Nederlanden OFE	47 413 000	11,49%	11,49%
Allianz Polska PTE	39 781 769	9,64%	9,64%
Nicklas Lindberg	945 772	0,23%	0,23%
Maciej Drozd	291 065	0,07%	0,07%
Péter Kocsis	111 084	0,03%	0,03%
Bence Sass	50 000	0,01%	0,01%
Others	51 722 108	12,53%	12,53%
Total	**412 690 582**	**100,00%**	**100,00%**

% of capital as at 31 December 2023



Description of shares

The share capital of Echo Investment S.A. is divided into 412,690,582 ordinary bearer shares of A, B, C, D, E and F series. All issued shares are equal in terms of its rights and obligations, i.e. they are shares of the same type and incorporate the same rights and obligations.

None of the shares has restricted rights. The Company's share capital, i.e. the nominal value of all the shares, amounts to PLN 20,635 thousand, and it was paid in cash. The nominal value of one share is PLN 0.05.

The number of shares equals the number of votes at the General Meeting of Shareholders. The securities issued by Echo Investment S.A. do not provide their owners with any special controlling powers. Echo Investment S.A. does not have any information on limitations in exercising the voting right or transferring ownership rights by owners of its securities.

Shareholding structure

The major shareholder of Echo Investment S.A. is Lisala Sp. z o.o., controlled by Hungarian Wing IHC Zrt. and Griffin Capital Partners. The ultimate parent company of the group is Dayton-Invest Kft., which is controlled at the top level by Tibor Veres.

The shareholding structure information is based on notification from shareholders and information of open pension funds (OFE) stock ownerhip as at 31 December 2023.

NOTE 15B

Supplementary capital [PLN '000]

	31.12.2023	31.12.2022
From share premium	100 748	100 748
Created out of profits	650 952	643 864
Reserve fund for dividend	305 678	300 186
Total	**1 057 378**	**1 044 798**

Dividend from profit for 2022

The Annual General Meeting of Shareholders of Echo Investment S.A. was held on June 29, 2023. The shareholders passed a resolution to distribute the net profit earned in 2022 in the amount of PLN 100,212 thous. as follows: the amount of PLN 90,792 thous. to be distributed to all shareholders of the Company toward dividends, the amount of PLN 9,420 thous. to be allocated to the Company's Dividend Fund. The amount of the dividend corresponds to the amount of the Dividend Advance paid by the Company on 2 February 2023 (PLN 0.22 per share), therefore, the Company did not pay additional funds from the profit for the 2022 financial year.

The Annual General Meeting of Shareholders of Archicom S.A. was held on 23 June 2023. The shareholders passed a resolution to allocate the profit earned in 2022. The net profit in the amount of PLN 56,139 thous., increased by the amount of PLN 26,262 thous. from the dividend reserve fund - which is a total of PLN 82,401 thous. - was allocated for distribution to all shareholders of the Company. The dividend amount per share was PLN 3.21. The dividend payable to minority shareholders in the amount of PLN 10,999 thous., or PLN 2.12 per share, was paid on 28 July 2023.

Dividend advance from profit for 2023

On 11 October 2023, the Management Board of Echo Investment S.A. passed a resolution to pay the Company's shareholders an advance dividend for the 2023 financial year on 11 October 2023. The total amount designated for the advance was PLN 90,792 thous., i.e. PLN 0.22 per share. The dividend advance was paid on 10 November 2023.

On 5 December 2023, the Management Board of Archicom S.A adopted a resolution to pay the Company's shareholders an advance dividend for the 2023 financial year. The dividend advance payable to minority shareholders, in the amount of PLN 6,986 thou., was paid after the balance sheet date, i.e. 19 January 2024.

NOTE 15C

Book value per share

	31.12.2023	31.12.2022
Equity attributable to equity holders of the parent entity [PLN ‘000]	1 690 053	1 643 778
Number of shares (in thous. pieces)	412 691	412 691
Book value per share (in PLN)	**4,10**	**3,98**
Diluted number of shares	412 691	412 691
Diluted book value per share	4,10	3,98

Earnings per share

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Profit (loss) attributable to the parent entity's shareholders [PLN ‘000]	67 428	127 150
Weighted average number of ordinary shares (in thousands)	412 691	412 691
Basic profit (loss) per ordinary share (in PLN)	**0,16**	**0,31**
Profit (loss) attributable to the parent entity's shareholders [PLN ‘000]	67 428	127 150
Weighted average diluted number of ordinary shares (in thousands)	412 691	412 691
Diluted profit (loss) per ordinary share (in PLN)	**0,16**	**0,31**

In 2023 and 2022 the Company did not use diluting instruments.

NOTE 15D

Non-controlling interests

[PLN '000]	Place of business	Proportion of non-controlling interests	Proportion of voting rights held by non-controlling shareholders	Profit or loss attributable to non-controlling shareholders	Cumulative non-controlling interest in a subsidiary	Dividends paid to non-controlling shareholders in the period
Year ended 31 December 2023						
Archicom S.A.	Wrocław, Polska	25,96%	23,47%	50 455	338 187	(17 985)
Year ended 31 December 2022						
Archicom S.A.	Wrocław, Polska	20,21%	16,34%	29 400	162 665	(6 578)

Condensed financial information of the subsidiaries is as follows:

[PLN '000]	Assets	Non-current assets	Current liabilities	Long-term liabilities	Revenue	profit/loss	Total income	cashflow
				at 31 December				at Year ended 31 December
2023								
Archicom S.A.	2 230 653	267 507	770 563	405 324	1 113 908	217 810	217 810	246 530
2022								
Archicom S.A.	1 262 224	163 241	419 264	175 982	509 254	119 615	119 615	286

On 1 August 2023, Echo Investment S.A. entered into an agreement with Archicom S.A. to transfer to Archicom S.A. an in-kind contribution consisting of the Echo Investment Group's separated residential business. The change was aimed at organizing the structure of the Echo Investment Group, with the Archicom Group becoming the residential pillar and the Echo Group focusing on developing the segment of commercial properties, apartments for rent and creating mixed-use “”destination”” projects such as Browary Warszawskie and Towarowa 22. Echo Investment S.A. also entered into an agreement to acquire 22.8 million C1, C2, C3, C4, C5-series ordinary registered shares in the share capital of Archicom S.A., with a total nominal value of PLN 228 million, in exchange for an in-kind contribution. The value of the in-kind contribution, according to the valuation prepared on 31 March 2023, amounted to nearly PLN 830 million, by way of a private placement. The subject of the transaction was not Echo Investment Group's assets related to the development of apartments for rent (Resi4Rent/PRS).

On 25 September 2023, the Management Board of Echo Investment S.A. entered into agreements with Archicom S.A., DKR Echo Investment Sp. z o.o. and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna - Oddział Biuro Maklerskie in Warsaw on the placement of shares of Archicom S.A. in connection with the offer and sale by DKR Echo Investment Sp. z o.o. of up to 6,107,432 ordinary bearer shares of Archicom S.A, constituting 12.59 percent of the share capital of Archicom S.A. and 11.16 percent of the total number of votes at the general meeting of shareholders of Archicom S.A. prior to the issue of D and E-series shares by Archicom S.A. and the offer of up to 3,892,568 newly issued D-series ordinary bearer shares of Archicom S.A. or up to 6,107,432 newly issued E-series ordinary registered shares of Archicom S.A, directed in both cases to investors acquired by the offering agent (except for E-series shares offered exclusively to Echo or Echo's subsidiaries), by way of a private placement, and the admission and introduction of rights to E-series shares (if applicable) and D-series shares to trading on the regulated market operated by the Warsaw Stock Exchange. The book-building process was conducted on 25-26 September 2023, and the process of concluding subscription agreements for D-series shares and E-series shares was completed on 4 October 2023.

As a result of the above events, i.e:

- the transfer to Archicom of the in-kind contribution covering the separated residential business of the Echo Investment Group,
- the sale by DKR Echo Investment Sp. z o.o. to non-controlling shareholders of 6 million ordinary shares of Archicom,
- the issue of E-series and D-series ordinary registered shares of Archicom, of which E-series (6 million shares) was acquired by a company from the Echo Investment Group - DKR Echo Investment Sp. z o.o., and D-series was acquired by non-controlling shareholders,

the share of non-controlling shareholders changed from 20.21 percent to 25.96 percent, which affected in the consolidated statement of financial position the items "Capital of non-controlling interests" in the amount of (+) PLN 143,053 thous. and the item "Retained earnings" in the amount of (+) PLN 73,133 thous.

NOTE 16

Change in provisions [PLN '000]

	31.12.2023	31.12.2022
Opening balance		
- provisions on expected costs of general administrative	12 876	7 573
- provision for estimated penalties	13 738	15 182
- provision for estimated costs of warranty repairs, etc.	7 994	8 137
- provision for court cases	8 324	9 092
- provision for other cost	13 662	19 927
	56 594	**59 911**
Increases due to		
- provisions on expected costs of general administrative	15 253	14 220
- provision for estimated penalties	8 791	127
- provision for estimated costs of warranty repairs, etc.	8 125	3 577
- provision for court cases	2 126	3 438
- provision for other cost	395	38 185
	34 690	**59 547**
Utilization due to		
- incurred costs of general administrative	(16 805)	(8 917)
- incurred penalties	(11 762)	(1 571)
- incurred of warranty repairs, renovations, etc.	(6 028)	(3 720)
- provision for court cases	(2 089)	(4 206)
- provision for other cost	(13 978)	(44 450)
	(50 662)	**(62 864)**
Closing balance		
- provisions on expected costs of general administrative	11 324	12 876
- provision for estimated penalties	10 767	13 738
- provision for estimated costs of warranty repairs, etc.	10 091	7 994
- provision for court cases	8 361	8 324
- provision for other cost	79	13 662
	40 622	**56 594**
including:		
- long-term provisions	**9 283**	**5 356**
- short-term provisions	**31 339**	**51 238**

The implementation dates for the provisions for penalties, warranty costs and litigation are difficult to estimate, although it is highly probable that they will be implemented within 12 months of the balance sheet date.

The provision for penalties include the value of penalties that may be charged to the Group in respect of contracts entered into, with a probability of being charged higher than 50 percent.

The provision for anticipated warranty repair costs includes the value of repairs, or compensation relating to sold premises and projects, with a probability of being charged higher than 50 percent.

The provision for project-related liabilities applies to the provision for lease brokerage and other project-related provisions.

The provision amounts were estimated based on the best knowledge of the Group's Management Board and experience.

NOTE 17

Credit, loans and bonds [PLN '000]

	31.12.2023	31.12.2022
Loans and borrowings	803 033	722 880
Credits, loans, - non-current assets classified as held for sale	54 122	126 429
Debt securities	1 794 915	1 539 109
Debt securities - non-current assets classified as held for sale	-	15 382
Profit share liabilities	11 457	15 706
Total liabilities due to loans, borrowings and bonds	**2 663 527**	**2 419 506**
- of which long-term portion	1 708 807	1 609 032
- of which short-term portion	954 720	810 474

In the consolidated statement of financial position, in the item loans, loans and bonds financing real estate held for sale, liabilities (bank loans, bonds, loans, profit shares) relating to projects intended for sale and presented in the line assets held for sale are presented. These liabilities will not be transferred to the buyer of the assets but will be repaid by the Echo Investment Group from the funds from the sale of assets, hence they are not disclosed as "liabilities relating to assets held for sale".

As of the balance sheet date, this item includes liabilities financing projects City2 in Wrocław.

In the item loans and borrowings, the Group presents its special-purpose loans and used credit lines in current accounts. Securities of loan agreements for the financing of projects are mainly mortgages on properties, assignments of receivables from concluded lease agreements, implementation contracts, policies, as well as registered and financial pledges on shares, accounts and a collection of assets and rights of subsidiaries. The interest rate on the loans denominated in EUR is based on the EURIBOR rate plus a margin.

Current and operating credit lines (with a value of PLN 152,448 thous.) are secured by statements of submission to execution and powers of attorney to bank accounts. The interest rate on the loans is based on the WIBOR rate plus a bank margin.

According to the best information and data of the Management Boards of the Group's companies, during the fiscal year, as of the balance sheet date and up to the date of signing the financial statements, there were no violations of the terms and conditions of loan agreements and established security levels.

In the item of debt securities, the Group presents issued bonds. The interest rate on the bonds is based on the WIBOR rate plus a margin. The Group has also issued bonds in zlotys based on a fixed rate as well as bonds in euros that have a fixed interest rate.

The fair value of liabilities on account of loans and borrowings and bonds does not differ materially from the carrying value. For bonds listed, the fair value was determined based on quoted prices as of the balance sheet date, while for unlisted bonds the fair value was determined using the income approach based on cash flows discounted by the current market interest rate. The discount rate (averaged over all valuations) amounted to 9,47 percent in 2023 (10,26 percent in 2022) and 7,6 percent in EUR (4,73 percent in 2022). The fair value valuation for listed bonds was classified as level 1, and for unlisted bonds as level 2 in the fair value hierarchy defined by accounting standards.

Details of loans and bonds can be found in the section 01 of the report of the Management Board Financial liabilities of the Company and its Group.

The profit share is a share of the minority investor's profit. It arises from the concluded agreements according to which the investor is obliged to pay a capital share in the investment. The capital is contributed to the units implementing the project in the form of a loan granted or the issue of participation bonds. When the project is sold, the capital is returned to the investor along with the profit share due (calculated as the sales price - costs). Profit share liabilities are estimated for projects valued using the income approach in proportion to the released profit on the property. Hence, the first profit share liability is created with the first valuation of the project at fair value.
The profit sharing liabilities were divided according to their maturity from the balance sheet date, i.e.: to long-term, in the amount of: PLN 10,631 thous. (PLN 14,820 thous. as of 31 December 2022) and short-term, in the amount of: PLN 826 thous. (PLN 886 thous. as of 31 December 2022).

Below is a summary of the fair and carrying amounts of debt securities:

Debt financial instruments [PLN '000]

	31.12.2023	31.12.2022
Carrying value	1 791 065	1 526 072
Fair value	1 810 898	1 597 555

Issue of bonds by Echo Investment for institutional investors (in PLN)

Series	21/2023
Data of issued	24.05.2023
Value	PLN 140 mln
Maturity	5 years
Interest	WIBOR 6M + margin 4,5%
Offering agent	Ipopema Securities S.A.

The bonds are not secured and will be listed on the Warsaw Stock Exchange. The money raised was spent on business development and rollover of the company's debt maturing in 2023.

The 21/2023-series bonds public offering was carried out based on the agreement approved Ipopema Securities S.A. registered in Warsaw, under the Company's bond issue program up to PLN 500 million from 2022, increased to PLN 1 billion by an annex of 25 October 2023.

Issue of bonds by Echo Investment for institutional investors (in EUR)

Series	31/2023
Data of issued	27.10.2023
Value	EUR 43 mln
Maturity	5 years
Interest	EURIBOR 6M + margin 7,4%
Offering agent	Ipopema Securities S.A.

The bonds are not secured and will be listed on the Warsaw Stock Exchange. The money raised was spent on business development and rollover of the company's debt maturing in 2023.

The 31/2023-series bonds public offering was carried out based on the agreement approved Ipopema Securities S.A. registered in Warsaw, under the Company's bond issue program up to PLN 500 million from 2022, increased to PLN 1 billion by an annex of 25 October 2023.

Concurrently, in connection with the bond issue process, the Company acquired for redemption bonds of series 1E/2020 with a total nominal value of EUR 31.3 million, registered in the Central Securities Depository (Krajowy Depozyt Papierów Wartościowych) and with ISIN code: PLECHPS00316, maturing on 23 October 2024.

Issue of bonds by Archicom S.A. for institutional investors

Series	M7/2023	M8/2023
Data of issued	17.03.2023	7.11.2023
Value	PLN 62 mln	PLN 210 mln
Maturity	2 years	3 years
Interest	WIBOR 3M + margin 3.5%	WIBOR 3M + margin 3.5%
Offering agent	mBank	mBank

The bonds are not secured and are listed on the Warsaw Stock Exchange. The money raised will be spent on business development.

Issue of public bonds by Echo Investment for individual investors

Series	P2	P	R
Data of issued	1.08.2023	1.08.2023	15.11.2023
Value	PLN 15 mln	PLN 35 mln	PLN 50 mln
Maturity	4 years	4 years	4 years
Interest	WIBOR 6M + margin 4%	WIBOR 6M + margin 4%	WIBOR 6M + margin 4%
Offering agent	Powszechna Kasa Oszczędności Bank Polski S.A. Oddział — Biuro Maklerskie w Warszawie	Powszechna Kasa Oszczędności Bank Polski S.A. Oddział — Biuro Maklerskie w Warszawie	Powszechna Kasa Oszczędności Bank Polski S.A. Oddział — Biuro Maklerskie w Warszawie

The P, P2 and R-series ordinary bearer bonds are registered with Krajowy Depozyt Papierów Wartościowych S.A. The P-series and P2-series bonds under the abbreviated name " PLECHPS00373" and the R-series under the abbreviated name " PLECHPS00381" are listed in the continuous trading system on the Catalyst main market operated by the Warsaw Stock Exchange.

The money raised will be spent on business development and rollover of the company's debt maturing in 2023.

The bonds public offering was carried out on the basis of the prospectus approved by the Polish Financial Supervision Authority on 19 June 2023 and supplements to the prospectus.

Establishment and approval of a bond issue program for individual investors

On 4 April 2023, the Management Board of Echo Investment adopted a resolution on the establishment of a public program for the issuance of up to PLN 300 million or its equivalent in euros. The prospectus was approved by the Polish Financial Supervision Authority (KNF) on 19 June 2023.

The bonds are offered in a public offering conducted. Detailed terms and conditions of the issue of bonds shall be set out prior to the issue of a given series of bonds. The Company plans to introduce the bonds issued on the basis of the prospectus to trading on the Catalyst regulated market operated by the Warsaw Stock Exchange.

Catalyst operated by the Warsaw Stock Exchange. Powszechna Kasa Oszczędności Bank Polski S.A. Branch - Brokerage Office in Warsaw performs the function of the offering agent and the global coordinator.

NOTE 18

Trade and other liabilities [PLN ‘000]

	31.12.2023	31.12.2022
Trade payables maturing:		
- up to 12 months	113 965	142 867
Total	**113 965**	**142 867**
Leasing liabilities		
Long-term	142 037	138 837
Short-term	72 097	96 389
Liabilities related to assets held for sale (note 6)	-	329
Total	**214 134**	**235 555**
Non-financial liabilities		
Liabilities under contracts with customers regarding fit-out works	21 448	46 760
Liabilities under contracts with customers regarding investment projects	45 586	16 494
Accruals - expenditure on real estate projects to be incurred in connection with concluded contracts	9 280	19 832
Accruals - bonuses for the Management Board and employees	23 923	21 906
Accruals - other	7 302	3 084
Total	**107 539**	**108 076**
Financial liabilities		
Liabilities due to purchases of land	-	49 951
Security deposits from contractors and deposits received	112 698	92 518
Security deposits from contractors, tenants and advances received - liabilities related to assets held for sale (note 6)	-	2 722
Liabilities to secure income for rent-free or reduced-rent periods (master lease)	36 461	51 899
Other liabilities	7 281	3 196
Derivative financial instruments	772	-
Other liabilities - liabilities related to assets held for sale (note 6)	-	123
Total, including:	**157 212**	**200 409**
Liabilities relating to assets held for sale	**-**	**2 845**
Dividend liabilities		
Dividend liabilities	6 986	90 792
Total	**6 986**	**90 792**
Liabilities due to VAT	8 940	143 519
Liabilities due to other taxes	3 428	3 657
Total	**12 368**	**147 176**
Total trade and others liabilities	**612 204**	**924 875**

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Liabilities due to contracts with customers (fit out, investment projects) - opening balance	**63 254**	**30 477**
Increases	52 873	74 303
Presented as revenue in the period	(49 094)	(41 526)
- including revenue recognized in the period, included in the balance at the beginning of the period	(27 643)	(30 063)
Liabilities due to contracts with customers (fit out, investment projects) - closing balance	**67 034**	**63 254**

The fair value of trade and other payables is not materially different from their carrying value.

The dividend liabilities as of 31 December 2023 relate to Archicom S.A.'s liabilities in the amount of PLN 6,986 thous. while as of 31 December 2022 they relate to Echo Investment S.A.'s liabilities in the amount of PLN 90,792 thous.

After the balance sheet date, on 19 January 2024, the dividend liability of Archicom S.A. was repaid.

The value of liabilities due to revenue security for rent-free or reduced-rent periods (master lease) is estimated based on the property rental plan of the office leasing department. This plan is updated each quarter and adjusted to current market conditions both in respect of rental terms and rental rates.

In 2023, the liabilities due to revenue security for rent-free or rent-reduced periods (master lease) were related to projects: Face2Face, Moje Miejsce I and II, MidPoint, West 4 HUB I, Fuzja CD, Browary GH, J (Face2Face, Sagittarius, Moje Miejsce I, MidPoint, West 4 HUB I, Fuzja CDJ, Browary GH, J in 2022). The Group provides revenue security for rent-free periods (master lease) up to a maximum of 2032 (in 2022, a maximum of 2031).

Liabilities due to revenue security for rent-free periods or with rent-reduced periods (master lease) were divided according to the maturity from the balance sheet date, i.e. long-term in the amount of PLN 23,216 thous. (PLN 26,946 thous. as of 31 December 2022), short-term in the amount of PLN 12,060 thous. (PLN 24,952 thous. as of 31 December 2022). The liabilities for revenue security for rent-free periods (master lease) will settle up to one year in the amount of PLN 12,060 thous. (PLN 24,952 thous. for 2022), over one year to three years in the amount of PLN 12,288 thous. (PLN 11,809 thous. for 2022), over three to five years in the amount of PLN 9,205 thous. (PLN 9,223 thous. for 2022) and over five to ten years in the amount of PLN 1,723 thous. (PLN 5,914 thous. for 2022).

In 2023, the presentation of payments from residential clients frozen in escrow accounts was changed. Accordingly, as of 31 December 2022, PLN 55,427 thous. was transferred from the line "other liabilities" to the line "liabilities under customers contracts". Similarly, in the period ended 31 December 2023, the amount of PLN 6,541 thous. was presented in the line "liabilities under customers contracts".

Liabilities for securing revenue for rent-free or reduced-rent periods (master lease) - when selling investment projects, it happens that buildings are not fully commercialised at the time of their sale. The price is calculated based on the projected net operating income (NOI) of the project, with the Group signing a contract to secure rent-free periods (master lease).

The security of rental income (master lease) is estimated on the basis of information obtained from the office project leasing team, approved by the Member of the Management Board responsible for this business segment, regarding:
- the terms and conditions of signed leases,
- assumptions for unleased spaces, such as, expected handover dates, estimates of rental rates and rent-free periods.

On this basis, the following is calculated:
- for vacancies: a rent that would be paid by a potential future tenant,
- for contracts signed: a rent-free period (if any).

The estimate is made from the balance sheet date for the period provided for the security of rental income. For each calculated month:
- if there is a vacancy expected on a space in a given month, then the cost of securing rental income is a full rent that is expected for that space,
- if a space is expected to be delivered and a tenant has a rent-free period, then the cost of securing rental income relating to that space in a given month is equal to the value of the rent-free period,

– if in a given month it is expected that a rent-free period for that tenant is over, the cost of securing rental income is equal to zero.

Both base rent and service charges are calculated in this way, with the exception that there is no rent-free period in case of service charges. The sum of these values, discounted at the balance sheet date, represents the value of the liability due to securing rent-free periods (master lease). The liability for securing rent-free periods (master lease) is calculated for sold projects.

NOTE 18A

Liability for the purchase of shares

As a result of the execution of the preliminary agreement for the sale of shares and interests dated 17 February 2021, Echo Investment S.A. concluded on 22 April 2021 with Dorota Jarodzka-Śródka, Kazimierz Śródka and Rafał Jarodzki, the founders of the Archicom Group, the final agreement for the sale of all shares of DKR Investment Sp. z o.o. (now DKR Echo Investment Sp. z o.o.) and all shares of DKR Invest S.A (now DKR Echo Invest S.A.). Accordingly, it indirectly acquired a block of 16,945,487 Archicom S.A. shares, which represented a total of approx. 66.01 percent of the share capital and entitled to 21,039,375 votes at the General Meeting, representing approx. 65.99 percent of the total votes. Archicom S.A. is a public company whose shares are listed on the Warsaw Stock Exchange.

Moreover, in respect of the sale of the controlling stake in Archicom S.A., Echo Investment and Partners DKRA Sp. z o.o. (Dorota Jarodzka-Śródka and Rafał Jarodzki) entered into the option agreement pursuant to which Echo Investment will be entitled to acquire, until 18 April 2023, or designate an entity to acquire, all shares in the share capital of DKRA Sp. z o.o., which holds 8.31 percent of Archicom S.A. shares, on substantially the same terms and conditions as the indirect acquisition of 66 percent of Archicom S.A. shares within the transaction of 22 April 2021. The remuneration for such acquisition will be increased by the amount of interest accrued from 15 March 2021 to the date of exercise of the option agreement, calculated at an annual interest rate of 6 percent. In the event that Echo Investment S.A. does not exercise the right indicated in the call option, the shareholders of DKRA Sp. z o.o. will have the option to sell their shares in the share capital of that company to Echo Investment.

On this basis, 8.31 percent of the shares were recognized in the consolidated financial statements as shares acquired as part of the purchase price allocation, and the liability to pay for these shares at the discounted redemption price was recognized in the consolidated financial statements in the item "liability for the purchase of shares" and the valuation effect was presented in the consolidated profit and loss account.

The value as of the date of initial recognition amounted to PLN 53,450 thous. (nominal value).

On April 18, 2023, acting on the basis of the option agreement of April 22, 2021, Echo Investment S.A. exercised its right to purchase and acquired from Ms. Dorota Jarodzka-Śródka and Mr. Rafał Jarodzki all shares in the share capital of DKRA sp. z o.o. with registered office in Wrocław, which holds 2,132,964 shares in the share capital of Archicom S.A. with registered office in Wrocław, constituting in total 8.31 percent of Archicom's share capital, entitling to a total of 4,246,578 votes at the Archicom general meeting, representing in total approx. 13.32 percent of total votes at the Archicom general meeting.
The total amount of the liability due to the purchase of Archicom S.A. shares as of the option exercise date amounted to PLN 60,702 thous.

The above transaction had an effect in the consolidated statement of financial position on the total settlement (reduction) of liabilities from the purchase of shares and a decrease in equity attributable to shareholders of the parent company, in the item "retained earnings" in the amount of PLN 3,916 thous. The share purchase liability was settled by payment by Echo Investment S.A. for subrogation of the loan granted to DKRA Sp. z o.o. by Ms. Dorota Jarodzka-Srodka and Mr. Rafał Jarodzki and offset against the receivable of Archicom S.A. from Ms. Dorota Jarodzka-Srodka and Mr. Rafał Jarodzki on the sale of shares in Archicom Polska S.A.

Acquired Assets		
Fixed assets		
Investments in other entities		53 985
		53 985
Assets		
Receivables due to other taxes		7
Cash and cash equivalents		563
		570
Total assets	**A**	**54 555**
Acquired Liabilities		
Long-term liabilities		
Loans		54 147
		54 147
Current liabilities		
Liabilities due to other taxes		1 367
		1 367
Total liabilities	**B**	**55 514**
Net asset value	**C = A-B**	**(959)**
Resolution of the deferred tax asset in connection with the settlement of the liability arising from the purchase of shares (call/sell options)	D	(1 182)
Value of shares purchased by Echo Investment S.A. at DKRA Sp. z o. o.	E	56
Accrued interest on the liability arising from the purchase of shares	F	6 067
Dividends paid to DKRA Sp. z o. o. from 21 April 2021 to 18 April 2023	G	(7 786)
Acquisition result	**H=C+D-E+F+G**	**(3 916)**

NOTE 19

Przychody ze sprzedaży wg tytułów [tys. PLN]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Revenue from Contracts with Customers		
Sales of residential space (Segment: Apartments)	1 293 212	1 109 440
Sales of Resi4Rent services (Segment: Apartments for rent)	35 409	16 873
Execution services in office buildings (Segment: Commercial properties)	49 094	41 526
Execution services in shopping and entertainment centers (Segment: Commercial properties)	840	854
Other sales (Segment: Commercial properties)	18 505	30 207
Revenue from contracts with customers	**1 397 060**	**1 198 900**
Revenue from rental / leasing (IFRS 16)		
Lease of residential space (Segment: Apartments)	210	186
Lease of space in office buildings (Segment: Commercial properties)	100 409	125 175
Lease of space in shopping and entertainment centers (Segment: Commercial properties)	73 828	69 438
Lease of other space (Segment: Commercial properties)	1 786	607
Revenue from rental / leasing (IFRS 16)	**176 233**	**195 406**
Total revenues	**1 573 293**	**1 394 306**

Disclosures are set out below, in respect of the main groups of revenue, which will enable users of the financial statements to understand the nature, amounts, timing and uncertainties associated with contract revenue and cash flows.

Future minimum cash flows arising from operating leases in which the Group is a lessor [PLN '000]

	31.12.2023	31.12.2022
up to 1 year	61 448	67 945
over 1 year to 2 years	56 066	66 456
over 2 years to 3 years	51 712	52 163
over 3 years to 4 years	55 292	55 560
over 4 years to 5 years	53 414	53 297
over 5 years	121 789	126 616
Total	**399 721**	**422 038**

Investment properties are leased to tenants on the basis of operating leases with monthly instalments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the duration of the lease term. The Group is exposed to changes in the residual value of the properties at the end of the existing leases. The Group's residual value risk is reduced by active management of its property portfolio to optimise the structure of its tenants in order to:

- achieve the longest possible weighted average lease term,
- minimise vacancies in all properties,
- minimise the rotation of highly creditworthy tenants.

The Group also uses leasing incentives mainly in the form of rent-free periods and interior fit-outs of leased spaces to encourage high-profile tenants to remain in the properties for longer leases. In the case of major tenants, this also attracts other tenants to the property, thus contributing to the overall occupancy level. Lease contracts may include a clause requiring a tenant to restore its leased space to the condition in which it was when the space was handed over to the tenant if the tenant decides not to renew the lease. This contributes to the maintenance of the property and enables the space to be re-leased quickly after the tenant leaves.

Revenues [PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Sale	1 293 212	1 109 440
Lease	210	186
Apartments	**1 293 422**	**1 109 626**
Lease	100 409	125 175
Fit-out services	49 094	41 526
Office	**149 503**	**166 701**
Lease	73 828	69 438
Development services	840	854
Retail	**74 668**	**70 292**
Sale	35 409	16 873
Resi4Rent	**35 409**	**16 873**
Sale	4 605	28 435
Lease	1 786	607
Services	13 900	1 772
Other	**20 291**	**30 814**

The value of the Group's revenue recognized upon fulfillment of the performance obligation amounted to PLN 1,347,126 thous. (PLN 1,156,520 thous. in 2022).

The value of the Group's revenue recognized upon fulfillment of the performance obligation amounted to PLN 226,167 thous. (PLN 237,789 thous. in 2022).

(A)
Revenues related to development activities - selling residential and commercial space in residential projects

The Group recognises revenues when the performance obligation is fulfilled. The performance obligation is considered to be satisfied when the property is handed over to the buyer, which occurs on the basis of an acceptance protocol signed by the parties only upon the completion of the construction process of the property and obtaining an occupancy permit, and provided that the buyer made 100 percent payment in respect of the purchase price of the property. Contracts concluded within this revenue group do not contain a variable remuneration element.

Moreover, in the Group's opinion, the contracts concluded do not contain a significant financing element. Therefore, the Group, as a general rule, does not recognise receivables or other contract asset balances related to this revenue group. Contract liabilities reflect advances paid by clients. The table below shows the changes in the balance of contract liabilities in relation to this group of revenues.

Liabilities under customers contracts [PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Liabilities under customers contracts - opening balance	**606 672**	**611 250**
Increase - inflows	1 143 917	1 104 862
Presented as revenue in the period	(1 293 212)	(1 109 440)
- including revenue presented in the period, considered in balance of received advanced payments at the beginning of the period	(536 268)	(564 385)
Liabilities under customers contracts - closing balance	**457 377**	**606 672**

The total value of revenue to be recognised in the future resulting from contracts for the sale of residential spaces signed as at the balance sheet date of 31 December 2023 amounts to PLN 1,738,841 thousand, of which the Group received advance payments of PLN 420 208 thousand until the balance sheet date. These revenues will be recognised when the properties are released to their buyers, upon the completion of their construction and obtaining the necessary administrative decisions, which occurs, on average, after a period of approximately 1 to 3 months after the completion of construction.

Deferred income resulting from residential sales agreements as at 31 December 2023 [PLN '000]

Project	Targeted completion	Targeted total value	Total value of deferred revenue related to concluded agreements	Received advance paymants / deferred income (long and short--term) *	Deposit on apartments (long and short-term other liabilities (note 18) **
Residential project					
Fuzja I, Łódź	completed	108 670	2 169	95	-
Fuzja II, Łódź	completed	101 915	2 370	2	-
Fuzja III, Łódź	completed	83 663	15 187	6 008	890
Boho, Łódź	completed	104 770	51 750	5 588	360
Osiedle Enter IA, Poznań	completed	42 310	460	5	-
Osiedle Enter IB, Poznań	completed	39 464	648	51	-
Osiedle Enter II, Poznań	completed	61 852	253	-	-
Osiedle Enter III, Poznań	completed	66 067	2 042	-	3
Fuzja Lofty I, Łódź	IV Q 2024	87 191	87 191	6 173	1 754
Empark I, Warszawa	II Q 2025	586 131	586 131	19 888	3 534
Fuzja Lofty G02	IV Q 2025	117 077	117 077	-	-
Awicenny L1, L2, Wrocław	completed	66 710	323	323	-
Awicenny L3, L4, Wrocław	completed	79 986	154	154	-
Sady nad Zieloną A, Wrocław	completed	35 302	210	188	-
Browary Wrocławskie BP1, BP2, Wrocław	completed	63 591	459	459	-
Browary Wrocławskie BL1, BL2, BP3, BP4, Wrocław	completed	164 718	907	907	-
Browary Wrocławskie BA2, BA3, Wrocław	completed	183 484	2 798	2 776	22
Forma, Wrocław	completed	90 774	20	20	-
Olimpia Port M1-M4, Wrocław	completed	71 923	78	53	-
Olimpia Port M21, M22, M23, Wrocław	completed	72 638	108	8 016	102
Olimpia Port M28, M29, M30, M30, M31, M32, M33, Wrocław	completed	142 270	20	20	-
Olimpia Port M34, M35, M36, M38, Wrocław	completed	76 911	116	116	-
Olimpia Port M37,M39, Wrocław	completed	81 871	1 764	148	-
Olimpia Port S16a, S16b, S17, Wrocław	completed	54 184	136	136	-
Awicenny L5, Wrocław	completed	60 569	9 574	9 503	71
Planty Racławickie R8, Wrocław	completed	59 440	18 765	18 022	120
Browary Wrocławskie BP5,BP6, Wrocław	completed	109 107	14 534	13 903	188
Puszkarska 2C, Kraków	completed	103 682	7 478	1 627	109
Puszkarska 2D, Kraków	completed	88 095	4 926	3 960	84
Widzewska Etap 1D, Łódź	completed	65 720	2 738	2 689	49
Stacja Wola Etap II, Warszawa	completed	145 768	196	39	157
Janickiego (Apator) Etap I, Poznań	completed	110 870	15 466	10 836	100
KEN Kabaty Resi, Warszawa	completed	290 397	46 761	35 905	56
River Point KM4, Wrocław	I Q 2024	123 471	123 471	98 237	10 649
Planty Racławickie R9, Wrocław	II Q 2024	119 192	119 192	50 481	152
Rydlówka ZAM II, Kraków	II Q 2024	77 900	77 900	32 270	4 978
River Point KM6, Wrocław	III Q 2024	103 150	103 150	56 413	363
Sady nad Zieloną 2a, Wrocław	IV Q 2024	54 993	54 993	14 467	372
Widzewska Etap 2D A i B, Łódź	IV Q 2024	49 590	49 590	1 191	1 395
Awipolis etap 4a, Wrocław	I Q 2025	106 734	106 734	827	227

Deferred income resulting from residential sales agreements as at 31 December 2023 [PLN '000]

Project	Targeted completion	Targeted total value	Total value of deferred revenue related to concluded agreements	Received advance paymants / deferred income (long and short-term) *	Deposit on apartments (long and short-term other liabilities (note 18) **
Awipolis etap 4b, Wrocław	III Q 2025	34 961	34 961	18 255	958
Sady nad Zieloną 2b, Wrocław	III Q 2025	71 060	71 060	-	632
Południk 17 Budynek K2, Wrocław	II Q 2026	122 058	122 058	457	120
Total Residential project		**4 480 230**	**1 855 918**	**420 208**	**27 445**
Other projects					
Others		9 724	9 724	9 724	-
Total other projects		**9 724**	**9 724**	**9 724**	**-**
Total residential and others projects		**4 489 954**	**1 865 642**	**429 932**	**27 445**

* Advance payments released from escrow accounts
** Advance payments (gross) to be released from escrow accounts

In the item "Liabilities due to contracts with clients", the Group presents payments received and released from escrow accounts from clients for apartments in residential projects under construction. As at 31 December 2023, the amount of released payments amounted to PLN 420 208 thousand. As at 31 December 2022, the amount of released payments amounted to PLN 551 245 thousand.

Deferred income resulting from residential sales agreements as at 31 December 2022 [PLN '000]

Project	Targeted completion	Targeted total value	Total value of deferred revenue related to concluded agreements	Received advance paymants / deferred income (long and short--term)*	Deposit on apartments (long and short-term other liabilities (note 18)**
Residential project					
Osiedle Krk I, Kraków	completed	98 147	1 201	1 262	98
Osiedle Krk II, Kraków	completed	99 845	6 386	1 076	306
Osiedle ZAM I, Kraków	completed	64 859	4 877	49	-
Osiedle ZAM II, Kraków	III Q 2024	75 090	75 090	-	140
Osiedle Bonarka Living II C, Kraków	III Q 2023	101 810	101 810	31 393	870
Osiedle Bonarka Living II D, Kraków	III Q 2023	86 990	86 990	25 636	967
Nowa Dzielnica, Łódź	completed	30 249	941	-	-
Fuzja I, Łódź	completed	108 222	2 937	167	-
Fuzja II, Łódź	completed	101 050	12 046	2 121	13
Fuzja III, Łódź	III Q 2023	79 130	79 130	31 135	6 729
Fuzja Lofty I, Łódź	IV Q 2024	83 240	83 240	166	339
Zenit I, Łódź	completed	62 070	62 070	44 175	3 055
Boho, Łódź	III Q 2023	109 284	109 284	15 191	2 309
Osiedle Enter IA, Poznań	completed	42 190	351	18	-
Osiedle Enter IB, Poznań	completed	39 084	268	51	-
Osiedle Enter II, Poznań	completed	62 193	2 376	1 388	787
Osiedle Enter III, Poznań	completed	66 264	5 904	3 400	45
Nasze Jeżyce I, Poznań	completed	57 997	66	-	-
Nasze Jeżyce II, Poznań	completed	64 554	25	-	-
Apartamenty Esencja, Poznań	completed	116 937	2 558	-	-
Wieża Jeżyce I, Poznań	IV Q 2023	107 497	107 497	35 964	15 212
Widoki Mokotów, Warszawa	completed	69 556	35	-	-
Browary Warszawskie Etap E, Warszawa	completed	113 792	9 004	69	-
Osiedle Reset I, Warszawa	completed	66 718	61	20	-
Osiedle Reset II, Warszawa	completed	119 413	27	-	-
Moje Miejsce, Warszawa	completed	132 337	68	-	-
Stacja Wola I, Warszawa	completed	205 093	120	3	-
Stacja Wola II, Warszawa	completed	145 768	2 126	1 092	225
Rytm Apartamenty na Kabatach, Warszawa	IV Q 2023	289 450	289 450	112 330	13 274
Ogrody Graua, Wrocław	completed	44 750	35	-	-
Stacja 3.0, Wrocław	completed	89 747	79	-	-
Awicenny L1, L2, Wrocław	completed	66 710	322	322	-
Awicenny L3, L4, Wrocław	completed	79 986	4 281	2 725	16
Sady nad Zieloną A, Wrocław	completed	35 302	2 295	307	30
Browary Wrocławskie BA1, BL3, Wrocław	completed	105 580	298	298	-
Browary Wrocławskie BP1, BP2, Wrocław	completed	63 591	459	459	-
Browary Wrocławskie BL1, BL2, BP3, BP4, Wrocław	completed	164 718	5 209	1 082	-
Forma, Wrocław	completed	90 774	426	426	-
Cztery Pory Roku J15, J16, J17, J18, Wrocław	completed	119 384	661	480	-
Księżno P5-P7, Wrocław	completed	74 213	30	8	-

Deferred income resulting from residential sales agreements as at 31 December 2022 [PLN '000]

Project	Targeted completion	Targeted total value	Total value of deferred revenue related to concluded agreements	Received advance paymants / deferred income (long and short-term)*	Deposit on apartments (long and short-term other liabilities (note 18)**
Olimpia Port M1-M4, Wrocław	completed	71 923	309	309	-
Olimpia Port M7-M11, Wrocław	completed	87 526	19	19	-
Olimpia Port M12, M14, Wrocław	completed	79 672	45	45	-
Olimpia Port M21, M22, M23, Wrocław	completed	72 638	997	66	-
Olimpia Port M28, M29, M30, M30, M31, M32, M33, Wrocław	completed	142 270	69	69	-
Olimpia Port M34, M35, M36, M38, Wrocław	completed	76 911	10 475	4 421	131
Olimpia Port S16a, S16b, S17, Wrocław	completed	54 184	20	12	-
Planty Racławickie R5,R6,R7, Wrocław	completed	96 262	8 062	3 723	9
River Point KM3, Wrocław	completed	72 786	302	302	-
Słoneczne Stabłowice Z21, Z22, Z23, Wrocław	completed	40 496	13	1	-
Słoneczne Stabłowice ZD1, ZD2, Wrocław	completed	33 830	26	1	-
Browary Wrocławskie BA2, BA3, Wrocław	II Q 2023	183 484	183 484	88 487	1 751
Olimpia Port M37,M39, Wrocław	II Q 2023	81 871	81 871	14 836	477
Awicenny L5, Wrocław	III Q 2023	60 569	60 569	18 834	2 420
Olimpia Port M24,M25,M26, Wrocław	III Q 2023	128 063	128 063	32 118	2 988
Planty Racławickie R8, Wrocław	III Q 2023	59 440	59 440	21 780	1 251
Browary Wrocławskie BP5,BP6, Wrocław	IV Q 2023	109 107	109 107	27 269	749
River Point KM4, Wrocław	I Q 2024	119 015	119 015	24 445	685
Planty Racławickie R9, Wrocław	II Q 2024	118 235	118 235	1 695	406
River Point KM6, Wrocław	III Q 2024	97 531	97 531	-	132
Total Residential project		**5 519 396**	**2 037 682**	**551 245**	**55 414**
Other projects					
Others		7 022	7 022	7 007	13
Total other projects		**7 022**	**7 022**	**7 007**	**13**
Total residential and others projects		**5 526 418**	**2 044 704**	**558 252**	**55 427**

* Advance payments released from escrow accounts (due residential projects)
** Advance payments (gross) to be released from escrow accounts (due residential projects)

(B)
Sale of commercial property - office buildings and shopping centres

The Group recognises types and numbers of performances to which it is committed in favour of the buyer as part of a sale contract for the property. As part of the sale of the investment properties, the Group recognises revenue when the performance obligation is fulfilled, i.e. when the notarial deed is signed, which is the moment when ownership of the property is transfered to the buyer. The Group recognises the amount of revenue in the amount of the price resulting from the transaction defined by the sale and purchase contract between the entity and the buyer. Its level is determined at its fair value, taking into account the amount of future liabilities arising from the economic content of the contract. The variable element occurring in this type of contracts (due to its dependence on future events) is the amount relating to rental guarantees. Despite the uncertainty, the Group is able to reliably estimate the payments that it will have to make for unleased spaces of the building during the period indicated in the contract, as at the conclusion of the contract. The estimated payments reduce this contract remuneration and therefore the revenue recognised on the performance of the contract. The result on sales of commercial properties, which are classified as investment properties, in accordance with IAS 40 'Investment properties', is presented in the statement of comprehensive income as Profit (loss) from investment properties. Details regarding the income security liability for rent-free or rent-reduced periods recognised by the Group as at 31 December 2023 are provided in note 18. The Group recognises the additional costs of bringing the sale agreement to a successful conclusion as an element of the consolidated profit and loss account when it recognises revenues from the sale of the asset. Furthermore, in the Group's opinion, the concluded contracts do not contain a significant financing element. The sale price of the property obtained from the buyer is generally paid at the time of the sale in this type of contracts. Due to such characteristics of the concluded contracts, the Group, as a rule, does not recognise receivables or other balances of contract assets related to this group of revenues.

Details of the sales transactions that occurred in 2023 are presented in note 32.

(C)
Rental income

Commercial buildings - shopping centres and offices, commissioned, and individual premises in residential projects held for lease are a source of rental income for the Group. In accordance with IFRS 16 Leases, revenues from residential and commercial leases are recognised on a straight-line basis during the term of the contracts.

The leases contain a non-lease element as described in (D) below.

The entity attributes a transaction price to each performance obligation (or to a separate good or separate service) in the amount that reflects the amount of consideration the entity expects to receive for providing the promised goods or services to the client.

(D)
Revenues from fit-out works

As part of office development services, it is a market standard to perform fit-out works to spaces before they are handed over to tenants. The Group provides fit-out services, which includes the preparation and arrangement of the scope of works, the organisation and handling of tenders for construction works, and the supervision and coordination of construction works. The Group recognises revenues when the performance obligation is fulfilled, i.e. when the works are completed. The contractual remuneration is fixed and payable to the Group upon the handover of the office space to the tenant. The duration of the contracts is relatively short, ranging from 1 to 2 months.

Furthermore, in the Group's opinion, the contracts concluded do not contain a significant financing element. Due to these characteristics of the signed contracts, there are no significant balances of contract assets or liabilities, apart from trade receivables (see note 10).

The total value of revenues to be recognized in the future related to the obligations to perform the fit-out contract signed as at the balance sheet date of December 31, 2023 is PLN 10 422 thousand (December 31,2022 28 024 thousand). These revenues will be recognized when the works are completed, which, depending on the office facility, is expected in the following periods:

Deferred income resulting from fit-out works agreement as at 31 December 2023 [PLN '000]

Building	Date of execution	Value
Moje Miejsce II	2024/03	1 198
West 4 Business Hub I	2024/01	2 566
Face 2 Face II	2024/02	3 342
Moje Miejsce II	2024/02	932
Midpoint 71	2024/03	198
Midpoint 71	2024/04	231
West 4 Business Hub I	2024/06	1 410
City1	2024/09	545
Total		**10 422**

Deferred income resulting from fit-out works agreement as at 31 December 2022 [PLN '000]

Building	Date of execution	Value
Fuzja Office J	04/2023	4 626
Browary GH	03/2023	12 349
Browary GH	12/2023	11 049
Total		**28 024**

(E)
Revenues from investment implementation services

As part of its investment implementation services, the Group provides services to prepare and organise the investment process in relation to development projects owned by other entities, subsidiaries of the Echo Investment Group and non-related entities. Within the scope of its obligations, the Group undertakes to perform advisory, management, legal and other activities necessary for the management of investment implementation. This process includes the preparation of investments, organisation and handling of tenders for construction works, supervision and coordination of construction works and customer service. The Group recognises revenues when the performance obligation is fulfilled, i.e. during the period of providing the services. The remuneration arising from the concluded contracts is fixed and payable to the Company on a monthly basis. Furthermore, in the Group's opinion, the concluded contracts do not contain a significant element of financing. Due to these characteristics of signed contracts, there are no significant balances of contract assets or liabilities, apart from trade receivables (see note 10).

(F)
Other revenues generated by the Group

The Management Board analysed other service contracts, including the provision of real estate agency services, accounting, legal, consulting, IT, financial, marketing and other services. The Group recognises revenues when the performance obligation is fulfilled, i.e. for certain contracts, when a particular type of services is completed (e.g. the signing of a sales contract for a property as a result of providing real estate agency services) or during the period of providing a particular type of services (e.g. during the period of providing bookkeeping, marketing, consulting, legal or property management services).
In most cases, the services are provided on a monthly basis and are settled in the same period and the Group's remuneration becomes due. For some contracts (e.g. real estate brokerage), the contractual remuneration includes a variable element, however, it follows from the nature of these contracts that the Group is only entitled to the remuneration when the contractual obligation is performed. This means that the variable remuneration is known at the time of the recognition of revenue, and its value does not change thereafter. In addition, in the Group's opinion, the signed contracts do not contain a significant financing component. Due to these characteristics of the signed contracts, there are no significant balances of contract assets or liabilities, except for trade receivables (see note 10).

(G)
Revenues from the sale of apartments for rent

As part of the sale of properties classified as R4R, relating to the platform of apartments for rent, the Group recognizes the revenue when the performance obligation is fulfilled, i.e. when control of the property is transferred to the buyer. The Group recognizes the amount of the revenue in the amount of the price resulting from the transaction determined by the purchase and sale agreement between the entity and the buyer. Its level is determined at fair value of the consideration.

NOTE 20

Net operating costs PLN '000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Sale of residential space	(890 251)	(731 755)
Construction of office space	(63 743)	(41 123)
Lease of retail space	(399)	(1 336)
Sale to the Resi4Rent	(15 126)	(9 115)
Other	(17 266)	(17 198)
Total cost of sales	**(986 785)**	**(800 527)**
Lease of residential spaces (Segment: Apartments)	(11)	(376)
Lease of spaces in office buildings (Segment: Commercial properties)	(63 519)	(69 698)
Lease of spaces in shopping and entertainment centers (Segment: Commercial properties)	(35 112)	(31 308)
Lease of other spaces (Segment: Commercial properties)	(404)	(4)
Cost of sales from leases (IFRS 16)	**(99 046)**	**(101 386)**
Total cost of sales	**(1 085 831)**	**(901 913)**

Costs by type [PLN '000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Amortisation	(14 170)	(15 298)
Consumption of materials and power	(58 520)	(51 028)
Construction services	(567 535)	(523 259)
Other external services	(164 643)	(90 086)
Taxes and charges	(26 431)	(23 448)
Payroll	(92 485)	(84 279)
Social security contributions and other benefits	(14 716)	(15 100)
Other costs by type	(51 613)	(33 490)
Total costs by type	**(990 113)**	**(835 988)**
Change in inventories, finished products and work in progress	(313 003)	(271 617)
Administrative expenses related to execution of projects	61 891	71 390
Selling and distribution expenses	49 412	50 038
General and administrative expenses	105 983	84 264
Cost of products sold	**(1 085 831)**	**(901 913)**

NOTE 21

Net profit on investment property [PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Profit (loss) on sale of investment properties, including:	9 237	(37 523)
- costs of collateral on rental income (master lease)	(13 576)	(6 552)
Property revaluation (profit/loss on fair value measurement), including:	(85 156)	26 097
- settlement of rental income over time	333	(4 186)
- changes in valuation of investment properties (note 4)	(64 247)	(53 465)
- changes in valuation of investment properties under construction (Note 5)	(21 026)	25 033
- changes in valuation of assets held for sale (Note 6)	(216)	58 714
Net profit (loss) on investment property	**(75 920)**	**(11 427)**

In 2023, the Group sold the Moje Miejsce II office building in Warsaw and a land property at Novomiejska Street in Gdańsk. The transactions are described in Note 32.

The item of profit (loss) on sale of investment properties presents, among others, costs of collateral on rental income (master lease), which mainly relate to the projects Sagittarius Business House, MidPoint 71, West4 Business Hub I in Wrocław, Moje Miejsce I and II in Warsaw and Face2Face in Katowice. In order to directly reconcile the item of profit (loss) on sale of properties in the consolidated profit and loss account with the same item in the operating activities of the consolidated cash flow statement, a corresponding presentation change was made in the cash flow statement in the comparative period.

The item of revaluation of properties mainly includes valuations of the office projects Brain Park I and II in Cracow, React in Łódź, City2 in Wrocław and the Libero shopping center in Katowice.

NOTE 22

Other operating income [PLN '000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Provisions released	2 045	7 695
Termination of reserves and provisions	6 249	3 503
Contractual penalties and Compensations	2 818	3 382
Other	1 734	3 743
Total other operating income	**12 846**	**18 323**

NOTE 23

Other operating expenses [PLN ‘000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Provisions created	(11 186)	(3 933)
Revaluation of receivable and inventories	(6 002)	(4 884)
Contractual penalties	(561)	(1 334)
Donations	(657)	(1 614)
Loss on disposal of non-financial non-current assets	(1 076)	(165)
Other	(6 925)	(6 264)
Total other operating expenses	**(26 407)**	**(18 194)**

The item “Provisions created” mainly presents provisions for court cases for projects sold in previous years and a provision for the costs of parking construction.

NOTE 24

Financial income [PLN ‘000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Income from borrowings interest with amortized cost	11 096	22 072
Income from derivatives Interest Rate Swap	6 265	17 558
Discount income	-	9 620
Income from interest	1 230	1 084
Other financial income	159	161
Total financial income	**18 750**	**50 496**

NOTE 25

Financial costs [PLN ‘000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Interest expense from bonds with amortized cost	(131 213)	(132 555)
Interest expense from credit with amortized cost	(49 084)	(42 112)
Profit share costs	4 237	26 722
Costs due to interest of leasing	(9 740)	(5 661)
Discount cost	(735)	-
Costs due to buyout of shares from minority shareholders	-	(769)
Other financial costs	(587)	(325)
Total Financial costs	**(187 122)**	**(154 699)**

In accordance with IAS 23, the Group activates the part of financial costs that are directly related to the acquisition and production of assets. In the case of general financing, the financing costs subject to capitalisation are determined using the weighted average of all external financing costs in relation to the incurred outlays for a given asset.

The capitalized amount of external financing costs totaled PLN 18,821 thous. in 2023 according to an annual yield of 8.2% (including: for inventories: PLN 15,352 thous., for investment properties under construction: PLN 3,469 thous). In 2022, it was PLN 20,018 thous. at an annual yield of 8.7% (including: for inventories: PLN 16,674 thous., for investment properties under construction: PLN 3,344 thous.).

The amount of activated targeted financing costs on investment properties under construction amounted to PLN 1,568 thous. in 2023 at an average yield of 6.1 percent. - EURIBOR 1M plus a margin (PLN 680 thous. at an average yield of 6.1 percent in 2022 - EURIBOR 1M plus a margin).

The profit share costs item presents costs that relate to the Moje Miejsce I office building in Warsaw and the Libero shopping center in Katowice.

NOTE 26

Profit (loss) due to exchange rate differences [PLN ‘000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Profits/losses from realized positive and negative exchange differences	(3 594)	(15 131)
Profit/losses from unrealized exchange rate gains	71 826	(20)
Total profit (loss) due to exchange rate differences	**68 232**	**(15 151)**

NOTE 27

Investments in associates and joint ventures accounted for using the equity method

The value of investments in associates and joint ventures accounted for using the equity method is presented in the table below:

	Rosehill Investments Sp. z o.o., Berea Sp. z o.o. (Galeria Młociny)	Projekt Echo 138 Sp. z o.o. Sp.k. (Towarowa 22)	R4R Poland Sp. z o.o. (Resi4Rent")	Total
Balance as of 1 January 2022	**86 656**	**147 099**	**102 981**	**336 737**
- increase in capitals	108 653	-	1 350	110 003
- Echo Investment Group's share in the joint venture's net profit/loss	9 965	(9 394)	68 373	68 944
- elimination of transactions between the entity and the Group (revenues, costs, sales profits of 30 percent)	-	2 007	(3 512)	(1 505)
- settlement of the withdrawal of contributions in the joint venture	-	(35 997)	-	(35 997)
Balance as of 31 December 2022	**205 274**	**103 715**	**169 192**	**478 181**
- increase in capitals	71 331	-	5 625	76 956
- Echo Investment Group's share of the joint venture's net profit/loss	4 698	(952)	88 286	92 032
- elimination of transactions between the entity and the Group (revenues, costs, sales profits of 30 percent)	-	(1 412)	(3 289)	(4 701)
Balance as of 31 December 2023	**281 303**	**101 351**	**259 814**	**642 468**

Rosehill Investments Sp. z o.o., Berea Sp. z o.o. (Galeria Młociny)

On 31 May 2017 the Echo Investment Group together with the EPP Group concluded a purchase agreement concerning a property located in Warsaw at ul. Zgrupowania AK „Kampinos”. Under the concluded transaction the companies purchased shares in Rosehill Investments Sp. z o.o., which is the owner of Galeria Młociny project by way of holding 100 percent shares in Berea Sp. z o.o. The property value was established as EUR 104.5 mln. As at the day of the acquisition and the balance date i.e. on 31 December 2022 the Echo Investment Group held 30 percent shares in the project company being the owner of the property and the remaining 70 percent was held by the EPP Group. The share of the Group in Berea Sp. z o.o. presented in the financial report is estimated according to the equity method. Pursuant to the articles of association, all strategic financial and operational decisions (including in particular: purchase of a significant asset, conclusion of a lease agreement, etc.) require the unanimous consent of both shareholders.

In 2022, the Echo Investment Group together with the EPP N.V. made a proportional capital increase in Rosehill Investments Sp z o.o. in the total amount of EUR 76.3 million (EPP N.V. - EUR 53.4 million, Echo Group - EUR 22.9 million).

The following is a summary of financial information in the joint venture. The carrying value of the investment as of 31 December 2023 was PLN 281,303 thous. At the same time, since the beginning of the project, the Echo Group has granted loans to Rosehill Investments Sp. z o.o. and Berea Sp. z o.o. with a total value of PLN 71 million, which were used in Q4 2023 to increase the capital in the joint venture. As of 31 December 2023 the Echo Group has no loans granted to Rosehill Investments Sp. z o.o. and Berea Sp. z o.o.

In 2019, the company analyzed the impairment of net investment value based on the equity method in a jointly controlled company Rosehill Investments Sp. z o.o (projekt Młociny). In the first half of 2019, due to Galeria Młociny opening, the company updated the fair value of the project in the net assets of the jointly controlled entity. The company estimated that the recoverable amount of the net investment as at the balance sheet date is lower than the value of the shares in net assets as at that day. As at 31 December 2022, the company recognized an impairment loss of PLN 13,091 thousand.

Financial data of the joint venture - Galeria Młociny Selected data from the statement of comprehensive income [PLN '000]

	31.12.2023	31.12.2022
Fixed assets — investment property	1 675 284	1 811 708
Non-current assets - other financial assets	20 708	-
Current assets	13 131	10 002
Cash	59 987	63 049
Total assets	**1 769 110**	**1 884 759**
Long-term liabilities	**845 110**	**1 212 748**
Financial liabilities (without trade liabilities)	678 335	1 049 091
Other long-term liabilities	166 775	163 657
Short-term liabilities	**59 475**	**60 918**
Financial liabilities (without trade liabilities)	47 739	50 753
Other short-term liabilities	11 736	10 165
Total liabilities	**904 585**	**1 273 666**
Equity	**864 525**	**611 094**
Share of the Echo Investment S.A.	30,00%	30,00%
Share of the Echo Investment Group in net assets	259 357	183 328
Goodwill	35 037	35 037
Impairment write-off	(13 091)	(13 091)
The carrying amount of an investment accounted for using the equity method	281 303	205 274

Financial data of the joint venture - Galeria Młociny
Selected data from the statement of comprehensive income
[PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Operating income	121 071	115 721
Operating costs	(50 515)	(41 474)
Depreciation	-	-
Revenue/cost - revaluation of property	(7 766)	13 752
Costs of general administrative	(2 601)	(2 413)
Costs of sales	(619)	(901)
Other income / operating costs	1 898	(264)
Other income / operating costs	(44 277)	(40 415)
Financial income and cost, including:	(44 126)	(49 089)
Gross profit (loss)	**17 191**	**44 006**
Income tax	(1 532)	(10 791)
Net profit (loss)	**15 659**	**33 215**
Total comprehensive income	**15 659**	**33 215**
Share of the Echo Investment Group (%)	30,00%	30,00%
Share of the Echo Investment Group in the net profit/loss of the joint venture	4 698	9 965
Share of the Group in comprehensive income resulting from joint-venture	4 698	9 965

Projekt Echo 138 Sp. z o.o. Sp.k. (Towarowa 22)

On 15 September 2016, the Echo Investment Group and the EPP Group N.V. entered into a conditional purchase agreement relating to a property located in Warsaw at 22 Towarowa Street on which a joint investment project will be carried out. The final purchase agreement was concluded on 23 December 2016. The sale price of the property was agreed at EUR 77.4 million where Echo Investment paid EUR 35.82 million and EPP's contribution amounted to EUR 41.58 million.

On 8 June 2022, the following transactions took place regarding the property:

- EPP Group N.V. increased the capital in the joint venture by EUR 36 million and then sold all its shares to a new investor, i.e. AFI Europe N.V. (a company fully owned by AFI Properties Ltd, which is a public company registered in Israel and listed on the Tel Aviv Stock Exchange),
- Echo Investment and AFI Europe N.V. have proportionally withdrawn their contributions to the joint venture: Echo Investment in the amount of EUR 7.1 million and AFI Europe N.V. - in the amount of EUR 16.6 million,
- Echo Investment signed a preliminary purchase agreement for a part of the property located at 22 Towarowa Street (""a part of the joint venture""), which is intended for the construction of apartments, and made a down payment for this plot of land in the amount of EUR 23.7 million, which represents 50 percent of the value of the plot.

In October 2023, Echo Investment's subsidiary Projekt Echo - 137 Sp. z o.o. purchased a portion of a property located at 22 Towarowa Street intended for the construction of apartments for PLN 57.8 million from Projekt Echo 138 Sp. z o.o.

Following the completion of the above transactions and as of the balance sheet date, i.e. 31 December 2023, the Echo Group owns 30 percent and AFI Europe N.V. 70 percent of the shares in the joint venture.

Based on the company's deed, all strategic financial and operational decisions (including, in particular, making the purchase of a material asset, entering into a lease agreement, etc.) are subject to the unanimous consent of both shareholders. Echo Investment S.A. and AFI Europe N.V. are only liable for their proportionate share of the purchase price. The share of this joint venture is accounted for using the equity method in the consolidated financial statements of the Echo Investment Group. The carrying amount of the project as of 31 December 2023 was PLN 101,351 thous. At the same time, since the beginning of the project, the Echo Group has granted Projekt Echo 138 Sp. z o.o. Sp.k. and Projekt Echo 138 Sp. z o.o. with a total value of PLN 19,569 thous.

The following is a summary of financial information in the joint venture.

Financial data of the joint venture - Towarowa 22 Selected data from the financial situation [PLN '000]

	31.12.2023	31.12.2022
Fixed assets — investment property	591 753	585 224
Other fixed assets	8 400	6 824
Cash	9 637	6 752
Current assets	17 250	9 527
Total assets	**627 040**	**608 327**
Long-term liabilities	**159 505**	**133 668**
Financial liabilities (without trade liabilities)	155 511	129 703
Other long-term liabilities	3 994	3 965
Short-term liabilities	**123 625**	**127 580**
Financial liabilities (without trade liabilities)	5 409	5 955
Other short-term liabilities	118 216	121 626
Total liabilities	**283 130**	**261 249**
Equity	**343 910**	**347 079**
Share of the Echo Investment S.A.	30,00%	30,00%
Elimination of mutual transactions between unit and the Group (revenues, costs, profits from sales in the amount of 30 percent)	(1 822)	(409)
Echo Investment Group's share in net assets = carrying amount of the investment valued using the equity method	101 351	103 715

Financial data of the joint venture - Towarowa 22 Selected data from the statement of comprehensive income [PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Operating income	60 834	1 360
Operating costs, including:	(57 594)	(8 822)
Depreciation	-	(2 074)
Costs of general administrative	(94)	(63)
Other income / operating costs	449	(19 430)
Financial income and costs, including:	(8 704)	(8 604)
Financial interest expense	(3 416)	(2 780)
Gross profit (loss)	**(5 109)**	**(35 560)**
Income tax	1 935	2 423
Net profit (loss)	**(3 173)**	**(33 137)**
Total comprehensive income	**(3 173)**	**(33 137)**
Share of the Echo Investment Group (%)	30,00%	30,00%
Share of the Group in comprehensive income resulting from joint-venture (46.2 percent until 8 June 2022, 30 percent from 9 June 2022)	(952)	(9 394)
Share of the Echo Investment Group in the total income from the joint venture	(952)	(9 394)

R4R Poland Sp. z o.o. (Resi4Rent)

On 20 July 2018 Echo Investment S.A. acquired 30 percent of shares and votes in a joint investment venture R4R Poland Sp. z o.o. The remaining 70 percent of shares and votes was acquired by R4R S.a.r.l. Pursuant to the articles of association, all strategic financial and operational decisions (including in particular: purchase of a significant asset, conclusion of a lease agreement, etc.) require the unanimous consent of both share-holders.

Pursuant to the agreement, the joint-venture operates as a platform of apartments for rent in Poland. As part of the project, buildings with apartments for rent were built - primarily in four locations in Warsaw, Łódź and Wrocław. Under the agreement, Echo Investment S.A. provides planning, design and investment implementation services while R4R Poland Sp. z o.o. is responsible for the operational management of the platform.

By fulfilling its commitment to co-finance the project, Echo Investment S.A. provided capital to R4R Poland Sp. z o.o. acquiring new shares in the increased share capital:
– PLN 41,354,269 in 2018,
– PLN 9,434,700 in 2019,
– PLN 3,474,000 in 2020,
– PLN 13,149,000 in 2021,
– PLN 1,350,000 in 2022.
– PLN 5,625,000 in 2023.

At the same time, Echo Investment granted loans to R4R Poland Sp. z o.o.:
– PLN 77,250,728 in 2019,
– PLN 35,546,700 in 2020,
– PLN 74,511,000 in 2021,
– PLN 7,650,000 in 2022.
– PLN 31,875,000 in 2023.

In 2018 - H1 2023, new subsidiaries of R4R Poland Sp. z o.o. were established in order to develop projects located among others in Warsaw (Grzybowska, Taśmowa, Woronicza, Wilanowska), Gdańsk (Kołobrzeska, Zielony Trójkąt), Kraków (3 Maja, Jana Pawła II, Puszkarska, Romanowicza, Zabłocie, Młyńska), Poznań (Szczepanowskiego, Nowe Miasto, ul. Dmowskiego), Łódź (Wodna, Kilińskiego) and Wrocław (Grabiszyńska, Jaworska, Rychtalska, Kępa, Park Zachodni, Bardzka).

The share of the Echo Investment Group in the consolidated financial statements is recognised by using the equity method. A summary of financial information in the joint venture is provided below.

The carrying value of the investment as at 31 December 2023 amounted PLN 259,814 thousand.

Financial data of the joint venture - Resi4Rent Selected data from the financial situation [PLN ‘000]

	31.12.2023	31.12.2022
Fixed assets — investment property	2 290 925	1 546 604
Fixed assets — investment properties under construction	869 478	666 874
Other fixed assets	32 644	59 376
Cash	157 737	122 753
Current assets	65 480	51 766
Total assets	**3 416 264**	**2 447 373**
Long-term liabilities	**2 363 397**	**1 734 836**
Financial liabilities (without trade liabilities)	2 109 789	1 559 123
Other long-term liabilities	253 608	175 712
Short-term liabilities	**143 457**	**116 165**
Financial liabilities (without trade liabilities)	17 499	14 425
Other short-term liabilities	125 958	101 739
Total liabilities	**2 506 855**	**1 851 000**
Equity	**909 410**	**596 372**
Share of the Echo Investment S.A. (%)	30,00%	30,00%
Elimination of mutual transactions between unit and the Group (revenues, costs, sales profits in the amount of 30 percent)	(13 009)	(9 720)
Echo Investment Group's share in net assets = carrying amount of the investment valued using the equity method	259 814	169 192

Financial data of the joint venture - Resi4Rent Selected data from the statement of comprehensive income [PLN ‘000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Operating income	134 563	82 843
Revenue - revaluation of property	356 743	260 203
Administrative costs related to project	(35 687)	(18 899)
Costs of general administrative, including:	(26 153)	(24 479)
Depreciation	(510)	(96)
Other income / operating costs	3 297	1 292
Financial income and costs, including:	(68 195)	(19 681)
Financial interest expense	(60 177)	(19 654)
Gross profit (loss)	**364 568**	**281 279**
Income tax	(70 281)	(53 369)
Net profit (loss)	**294 287**	**227 910**
Total comprehensive income	**294 287**	**227 910**
Share of the Echo Investment Group (%)	30,00%	30,00%
Share of the Group iin the net profit/loss of the joint venture	88 286	68 373
Share of the Group in total joint venture income	88 286	68 373

NOTE 28

Leasing 2023

	Perpetual usufruct right				Other agreements		
	Inventory	Investment properties	Investment properties under construction	Assets held for sale	Fixed assets	Investment properties	Total
Asset on right of use							
As at 1 January 2023	**57 102**	**13 085**	**10 588**	**329**	**44 052**	**71 031**	**196 187**
Depreciation	(576)	-	-	-	(8 495)	-	**(9 071)**
Fair value measurement	-	-	-	-	-	(2 833)	**(2 833)**
Increases	7 399	5 988	3 281	-	4 046	40 443	**61 157**
Reductions	(30 618)	(6 820)	-	(329)	(75)	(821)	**(38 663)**
As at 31 December 2023	**33 307**	**12 253**	**13 869**	**-**	**39 528**	**107 820**	**206 777**

	Perpetual usufruct right				Other agreements		
	Inventory	Investment properties	Investment properties under construction	Assets held for sale	Fixed assets	Investment properties	Total
Lease liabilities							
As at 1 January 2023	**54 074**	**12 925**	**10 460**	**329**	**57 837**	**99 930**	**235 555**
Interest expense	2 331	805	639	-	1 795	4 565	**10 135**
Repayment of liabilities	(6 330)	(751)	(646)	-	(13 354)	(23 363)	**(44 444)**
Increases	7 079	3 178	3 038	-	13 262	22 703	**49 260**
Reductions	(26 818)	(4 536)	-	(329)	(141)	(4 548)	**(36 372)**
Reclassification	-	-	-	-	(19 880)	19 880	**-**
As at 31 December 2023	**30 336**	**11 621**	**13 491**	**-**	**39 519**	**119 167**	**214 134**

	Perpetual usufruct right				Other agreements		
	Inventory	Investment properties	Investment properties under construction	Assets held for sale	Fixed assets	Investment properties	Total
Lease liabilities							
short-term	30 336	1 056	767	-	17 419	22 519	**72 097**
long term	-	10 565	12 724	-	22 100	96 648	**142 037**

The item of increases in right-of-use assets and lease liabilities mainly included new lease agreements concluded in the amount of PLN 21,541 thous., changes in estimated lease payments in the amount of PLN 15,533 thous. and modifications to lease agreements in the amount of PLN 14,118 thous

The item of decreases in right-of-use assets and lease liabilities is mainly related to sales of Investment Properties and Inventories.

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Costs related to leasing of low-value assets	241	1 899
Costs related to short-term leasing	45 426	33 608
Income from subleasing (subleasing) right-of-use assets	49 423	36 841

The total cash outflow from the repayment of lease liabilities in 2023 amounted to PLN 44,444 thousand (PLN 31,327 thousand at 2022).

Details regarding the operating lease are described in Note 19.

Leasing 2022

			Perpetual usufruct right		Other agreements		
	Inventory	Investment properties	Investment properties under construction	Assets held for sale	Fixed assets	Investment properties	Total
Asset on right of use							
As at 1 January 2022	**79 065**	**5 358**	**14 518**	**2 512**	**48 015**	**44 490**	**193 958**
Depreciation	(950)	-	-	-	(9 109)	-	**(10 059)**
Fair value measurement	-	252	-	-	-	(16 722)	**(16 470)**
Increases	3 618	7 475	-	-	5 318	43 786	**60 197**
Reductions	(24 631)	-	(3 930)	(2 183)	(172)	(523)	**(31 439)**
As at 31 December 2022	**57 102**	**13 085**	**10 588**	**329**	**44 052**	**71 031**	**196 187**

			Perpetual usufruct right		Other agreements		
	Inventory	Investment properties	Investment properties under construction	Assets held for sale	Fixed assets	Investment properties	Total
Lease liabilities							
As at 1 January 2022	**74 834**	**5 358**	**14 396**	**2 512**	**61 025**	**66 869**	**224 994**
Interest expense	2 602	500	720	115	4 870	2 329	**11 136**
Repayment of liabilities	(4 290)	(200)	(726)	(116)	(13 463)	(12 532)	**(31 327)**
Increases	3 618	7 475	-	-	6 185	43 787	**61 065**
Reductions	(22 228)	(208)	(3 930)	(2 182)	(780)	(523)	**(29 851)**
Reclassification	(462)	-	-	-	-	-	**(462)**
As at 31 December 2022	**54 074**	**12 925**	**10 460**	**329**	**57 837**	**99 930**	**235 555**

	Perpetual usufruct right				Other agreements		
	Inventory	Investment properties	Investment properties under con-struction	Assets held for sale	Fixed assets	Investment properties	Total
Lease liabilities							
short-term	54 074	2 899	726	329	19 861	18 829	**96 718**
long term	-	10 026	9 734	-	37 976	81 101	**138 837**

In the item of increases in right-of-use assets and lease liabilities, mainly new lease agreements concluded in the amount of PLN 43 046 thousand, changes in estimated lease payments in the amount of PLN 3 984 thousand and modifications to lease agreements in the amount of PLN 7 298 thousand were recognised.

The item of decreases in right-of-use assets and lease liabilities is mainly related to sales of investment properties and inventories.

NOTE 29

Change in deferred income tax assets (+) and deferred tax provisions (-) [PLN ‘000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
Deferred tax at the beginning of the period		
- measurement of financial instruments	(1 795)	(902)
- valuation of investment property	(70 262)	(113 230)
- shares in joint ventures *	(27 307)	(13 091)
- tax loss	42 643	50 039
- liabilities due to loans and bonds (measurement, FX differences, etc.)	8 571	4 136
- liabilities due to borrowings (measurement, FX differences, etc.)	10 687	(2 114)
- loans receivable (interest, valuation, exchange rate differences, etc.)	(33 993)	(14 455)
- liabilities related to investment projects (master lease)	3 790	1 361
- activated costs on projects during construction	20 963	9 921
- costs due to created reserves	26 542	12 623
- IFRS 16	6 668	6 364
- difference between the book value and tax value of inventory	(13 463)	(13 750)
- difference between the book value and tax value of prepayments for premises	(7 606)	(12 388)
-Difference between the book value and tax value of the other assets	(12 649)	(12 850)
- Liabilities and provisions for employee benefits	1 163	375
- other	(108)	(941)
	(46 156)	**(98 901)**
Change in the period		
- measurement of financial instruments	(917)	(893)
- valuation of investment property	20 596	42 968
- shares in joint ventures *	(17 198)	(14 217)
- tax loss	11 958	(7 396)
- liabilities due to loans and bonds (measurement, FX differences, etc.)	(10 069)	4 434
- liabilities due to borrowings (measurement, FX differences, etc.)	10 511	12 276
- loans receivable (interest, valuation, exchange rate differences, etc.)	(6 063)	(19 013)
liabilities related to investment projects (master lease)	(1 484)	2 429
activated costs on projects during construction	9 167	11 042
- costs due to created reserves	2 065	13 918
IFRS 16	(2 283)	304
- difference between the book value and tax value of inventory	125 540	287
- difference between the book value and tax value of prepayments for premises	(137 992)	4 782
- Difference between the book value and tax value of the other assets	(215)	201
- Liabilities and provisions for employee benefits	620	788
- other	759	836
	4 996	**52 745**
Total deferred income tax at the end of the period		
- measurement of financial instruments	(2 712)	(1 795)
- valuation of investment property	(49 666)	(70 262)
- shares in joint ventures *	(44 506)	(27 307)
- tax loss	54 600	42 643
- liabilities due to loans and bonds (measurement, FX differences, etc.)	(1 499)	8 571

Change in deferred income tax assets (+) and deferred tax provisions (-) [PLN ‘000]

	1.01.2023-31.12.2023	1.01.2022-31.12.2022
- liabilities due to borrowings (measurement, FX differences, etc.)	21 198	10 687
- loans receivable (interest, valuation, exchange rate differences, etc.)	(40 056)	(33 993)
- liabilities related to investment projects (master lease)	2 306	3 790
- activated costs on projects during construction	30 130	20 963
- costs due to created reserves	28 606	26 542
- IFRS 16	4 385	6 668
- difference between the book value and tax value of inventory	112 077	(13 463)
- difference between the book value and tax value of prepayments for premises	(145 598)	(7 606)
-Difference between the book value and tax value of the other assets	(12 864)	(12 649)
- Liabilities and provisions for employee benefits	1 783	1 163
- other	651	(108)
	(41 164)	**(46 156)**
- including:		
Deferred tax assets	112 993	94 494
- change during the year	18 499	20 479
Deferred tax provision	154 154	140 651
- change during the year	13 503	(32 266)

* Estimated tax burden related to expected changes in the Group’s structure resulting from the difference between the tax and balance sheet value of interests in joint ventures.

As of 31 December 2023, the Group did not recognize deferred tax assets in the amount of PLN 42,192 thousand due to tax losses.

The expiration dates of the right to reduce income tax arise in 2024 (PLN 20,172 thousand), 2025 (PLN 20,888 thousand), 2026 (PLN 50,546 thousand), 2027 (PLN 43,338 thousand), 2028 (PLN 152,424 thousand).

As of 31 December 2022, the Group did not recognize deferred tax assets in the amount of PLN 50,735 thousand due to tax losses.

The expiration dates of the right to reduce income tax arise in 2023 (PLN 7,925 thousand), 2024 (PLN 60,898 thousand), 2025 (PLN 48,877 thousand), 2026 (PLN 53,064 thousand), 2027 (PLN 53,671 thousand).

The item “IFRS 16 leases” includes deferred tax for the right-of-use asset in the amount of PLN 20,604 thous. (31 December 2022 in the amount of PLN 27,342 thous.) and for the lease liability in the amount of PLN 16,219 thous. (31 December 2022 in the amount of PLN 20,675 thous.).

Income tax
- effective tax rate [PLN '000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
1. Profit before tax (gross profit)	**178 321**	**219 001**
2. Income tax calculated according to the parent company tax rate (19%)	33 881	41 611
3. Differences:		
Tax effect of non-taxable income	(7 625)	2 558
Tax effect of income from change in provisions and non-taxable liabilities	(1 956)	(6 560)
Allowances for expected credit losses - receivables solution	(1 033)	(1 033)
Tax effect of non-deductible costs	12 344	7 657
The tax effect of financial costs that are permanently not tax deductible	1 112	2 212
Services above the ebitda limit	24 507	17 968
Utilization of previously unrecognized tax losses	(1 552)	(1 630)
Tax losses for which deferred income tax has not been recognized	(282)	19 970
Income tax for the preceding years	2 138	(1 080)
Tax losses from previous years for which deferred income tax was recognized	(1 773)	(3 527)
Interim result of partnerships	656	2 062
Provision for the sale of real estate	-	(14 836)
Effect of tax rate change	41	(1 914)
Unrecognized asset for deferred tax in previous years	-	(1 003)
Differences total	**26 577**	**20 844**
Charge on the financial result due to income tax, including	**60 458**	**62 455**
- current tax	(66 808)	(115 200)
- deferred tax	6 350	52 745

NOTE 31

The strategic steering committee of the Group, which includes the Management Board, analyzes the activity throughout the type of product / service and distinguishes 3 segments: apartments, apartments for rent and commercial properties.

Revenues of all segments of the Group's operations are recognized when the obligation to perform the service is fulfilled, except for revenues from the lease of space, which are recognized in a given period.

Revenues from any of the Group's clients did not exceed 10 percent of the sales revenues generated by the Group in the 12-month period ended on 31 December 2023. Both in the 2023 and in 2022, the Group generated sales revenues only in Poland.

Selected balance sheet items as of 31 December 2023 by segment [PLN thous.]

	Total	Residential	PRS	Commercial properties
Investment property	**1 144 456**	-	-	1 144 456
Investment property under construction	**583 505**	-	-	583 506
Investment in associates and joint ventures	**642 468**	-	259 814	382 654
Deferred tax asset	**112 993**	77 844	-	35 149
Inventory	**1 553 824**	1 461 739	-	92 085
Cash and cash equivalents	**813 836**	442 646	508	370 682
Non-current assets (or disposal groups) held for sale	**148 839**	-	-	148 839
Other reportable segment assets	**961 917**	441 147	281 260	239 510
Total reportable segment assets	**5 961 838**	**2 423 376**	**541 582**	**2 996 881**
Credits, loans, bonds - Long-term liabilities	**1 708 806**	630 194	177 256	901 356
Credits, loans, bonds - Short-term liabilities	**900 598**	197 701	63 806	639 091
Credits, loans, bonds - non-current as- sets classified as held for sale Short-term liabilities	**54 122**	-	-	54 122
Incentive program	**14 769**	-	-	14 769
Other liabilities	**162 409**	78 281	13 959	70 169
Liabilities due to customers	**457 377**	453 373	3 000	1 004
Liabilities directly associated with non-current assets classified as held for sale	**1 053**	-	-	1 053
Other reportable segment liabilities	**634 614**	248 829	116	385 670
Total reportable segment liabilities	**3 933 748**	**1 608 378**	**258 137**	**2 067 233**

Selected items of the balance sheet as at 31 December 2022 divided by segments

	Total	Residential	PRS	Commercial properties
Investment property	**1 094 638**	32 938	0	1 061 700
Investment property under construction	**486 625**	0	0	486 625
Investment in associates and joint ventures	**478 180**	0	169 192	308 988
Deferred tax asset	**94 494**	53 403	22	41 069
Inventory	**1 592 886**	1 505 275	656	86 956
Cash and cash equivalents	**941 997**	271 245	237	670 515
Non-current assets (or disposal groups) held for sale	**355 327**	0	0	355 327
Other reportable segment assets	**1 042 865**	404 785	230 963	407 118
Total reportable segment assets	**6 087 012**	**2 267 646**	**401 069**	**3 418 299**
Credits, loans, bonds - Long-term liabilities	**1 609 032**	340 733	131 396	1 136 904
Credits, loans, bonds - Short-term liabilities	**667 979**	154 945	55 484	457 550
Credits, loans, bonds - non-current as- sets classified as held for sale Short-term liabilities	**142 494**	0	0	142 494
Incentive program	**4 330**			4 330
Other liabilities	**293 775**	121 939	4	171 832
Liabilities due to customers	**558 253**	557 425	0	828
Liabilities directly associated with non-current assets classified as held for sale	**45 009**	0	0	45 009
Other reportable segment liabilities	**959 826**	448 542	668	510 615
Total reportable segment liabilities	**4 280 698**	**1 623 584**	**187 552**	**2 469 562**

Selected items of the profit and loss account for the period from 1 January 2023 to 31 December 2023 divided by segment [PLN '000]

	Total	Residential	PRS	Commercial properties
Revenues	**1 573 293**	1 293 422	35 409	244 462
Revenue from Contracts with Customers	**1 397 060**	1 293 212	35 409	68 439
Rental income	**176 233**	210	-	176 023
Cost of sales	**(1 085 831)**	(890 262)	(15 126)	(180 443)
Gross profit	**487 462**	403 160	20 283	64 019
Profit on investment property	**9 236**	-	-	9 236
Revaluation of real estate (profit/loss on fair value measurement)	**(85 156)**	-	-	(85 156)
Revaluation of receivable	**(6 002)**	(3 489)	(373)	(2 140)
Amortisation	**(14 170)**	(5 765)	(1 162)	(7 243)
Income from borrowings interest with amortized cost	**11 096**	11 408	10 302	(10 614)
interest expense from credit with amortized cost	**(49 084)**	(3 455)	(1 004)	(44 625)
interest expense from bonds with amortized cost	**(131 213)**	(57 074)	(8 468)	(65 671)
Share of profit (loss) of associates and joint ventures	**97 363**	-	94 339	3 024
Profit before tax	**178 321**	219 847	98 936	(140 462)

Selected items of the profit and loss account as at 31 December 2022 divided by segment [PLN '000]

	Total	Residential	PRS	Commercial properties
Revenues	**1 394 306**	1 109 627	16 873	267 806
Revenue from Contracts with Customers	**1 198 900**	1 109 440	16 873	72 587
Rental income	**195 406**	186	-	195 220
Cost of sales	**(901 914)**	(732 132)	(9 115)	(160 666)
Gross profit	**492 393**	377 495	7 758	107 140
Profit on investment property	**(37 524)**	-	-	(37 524)
Revaluation of real estate (profit/loss on fair value measurement)	**26 098**	-	-	26 098
Revaluation of receivable	**(4 884)**	(961)	-	(3 923)
Amortisation	**(15 298)**	(8 048)	(811)	(6 439)
Income from borrowings interest with amortized cost	**22 072**	7 589	5 864	8 618
interest expense from credit with amortized cost	**(42 113)**	(3 505)	(644)	(37 964)
interest expense from bonds with amortized cost	**(132 555)**	(45 779)	(7 826)	(78 949)
Share of profit (loss) of associates and joint ventures	**68 677**	-	69 140	(463)
Profit before tax	**219 002**	206 120	61 670	(48 789)

NOTE 32

Sale of investment properties

Moje Miejsce II office building in Warsaw

A subsidiary of Echo Investment S.A. - Beethoven Project Echo 122 Sp. z o.o. S.K.A. - entered into an agreement with TAL Poland Sp. z o.o. for the sale of the Moje Miejsce II office building in Warsaw on 30 March 2023.

The transaction value of EUR 44,235 thous. increased by VAT was reduced by the value of rent-free and rent-reduced periods, as well as other costs, resulting in the amount of EUR 41,968 thous. increased by VAT. The amount to be paid at the Closing was reduced by, among other things, the value of work related to the arrangement of unrented premises in the Building. The amount of such work will be released in portions to the Seller after the lease and the completion of the arrangement work for the benefit of new tenants. As a result, the price to be paid at the Closing was approx. EUR 40,270 thous. increased by VAT.

As part of the transaction, the Parties also entered into a Building Quality Guarantee Agreement and a Rent Guarantee Agreement. The basic provisions of the Quality Guarantee Agreement provide for the granting of a quality guarantee to the Buyer for the Building and structures located on the Property. The basic provisions of the Rent Guarantee Agreement provide for a guarantee to be granted to the Buyer for the Seller to cover rent payments and service charges for the various parts of the Building that have not been leased to third parties as of the date of signing the Agreement, as well as those that have been leased but for which additional conditions have not been met (such as handing over to tenants).

After taking into account all costs associated with the above transactions, the Group recognized the result from the sale of the investment property in 2023 in the amount of (+) PLN 1,709 thous. The difference between the sales price and the historical expenditures amounted to PLN 24,027 thous

Land property in Gdańsk at Nowomiejska Street

A subsidiary of Echo Investment S.A. - Project 16 - Grupa Echo Sp. z o.o. S.K.A. - entered into agreements on 13 April 2023 with R4R Gdańsk Stocznia Sp. z o.o., with its registered office in Warsaw, and on 19 April 2023 with R4R SPV10 Sp. z o.o., with its registered office in Warsaw, for the sale of an undeveloped property in Gdańsk, at Nowomiejska Street. The total value of the transaction amounted to PLN 40,206 thous. increased by VAT.

After taking into account all costs related to the transaction, the Group recognized the result from the sale of the land property in 2023 in the amount of PLN 9,230 thous.

NOTE 33

Change of liabilities resulting from financial activity [PLN '000]

	liabilities due to loans, borrowings and bonds	leasing liabilities	liabilities due to dividends
opening balance as at 1.01.2023	**2 419 506**	**235 226**	**90 792**
Cash flows			
- inflows	779 090	-	-
- Outflows	(505 554)	(44 444)	(192 583)
Non-cash changes	**(29 515)**	**23 352**	**108 777**
			-
- accrued interest	156 400	10 136	-
- valuation of FX differences	(82 483)	-	-
- loan repayment with investment receivables*	(103 432)	-	-
- other lease changes	-	13 216	-
- distribution of the result and a resolution on the advance payment	-	-	108 777
closing balance as at 31.12.2023	**2 663 527**	**214 134**	**6 986**
opening balance as at 1.01.2022	**2 894 078**	**224 994**	**-**
Cash flows			
- inflows	554 772	-	-
- Outflows	(639 981)	(31 327)	(99 994)
Non-cash changes	**(389 363)**	**41 559**	**190 786**
- accrued interest	99 962	11 136	-
- valuation of FX differences	15 448	-	-
- valuation by effective interest rate	865	-	-
- loan repayment with investment receivables*	(647 807)	-	-
- other leasing changes	-	30 423	-
- repayment with a loan from liabilities**	142 169	-	-
- distribution of the result and a resolution on the advance payment	-	-	190 786
closing balance as at 31.12.2022	**2 419 506**	**235 226**	**90 792**

* repayment of the loan by the buyer of the real estate, bypassing the Group's bank accounts (with funds from the sold real estate)
** repayment of liabilities by taking out a loan, excluding the Group's bank accounts

Change of short-term liabilities, excluding borrowings and loans [PLN ‘000]

	1.01.2023 - 31.12.2023	1.01.2022 - 31.12.2022
Change of short-term liabilities, excluding borrowings and loans, including	**(364 362)**	**194 104**
- due to deferred income	(148 856)	(41 819)
- due to trade liabilities and others	(57 948)	98 406
- due to other tax liabilities	(133 490)	131 988
- due to liabilities on residential deposits on escrow accounts	(7 043)	13 950
- due to liabilities on deposits received from sybcontractors and advance payment received	(34 523)	10 660
- due to liabilities on deposits received from sybcontractors and advance payment received	17 458	(20 094)
- due to liabilities an assets held for sale	39	1 013

Additional explanations to the consolidated statement of cash flows

In the consolidated statement of cash flows, the lessee classifies within financing activities:
- cash payments of the principal plus interest,

In contrast, within operating activities it classifies:
- short-term lease payments,
- lease payments including low-value assets, and
- variable lease payments not included in the valuation of the lease liability.

NOTE 34

Information on financial instruments

The Group classifies its financial assets into the following categories:
- financial assets measured at amortised cost,
- financial assets measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss.

The classification of components is made at initial recognition. It depends on what model the entity adopted to manage the financial instruments and its analysis of the characteristics of the contractual cash flows of these instruments.

Instrument type	Note	Classification according to IFRS 9	Carrying amount as at 31 December 2023	Carrying amount as at 31 December 2022
Financial assets				
Long-term loans granted	8	Amortized cost	263 442	319 236
Short-term loans granted	8	Amortized cost	38 392	15 327
Trade and other receivables	10	Amortized cost	250 351	315 465
Derivative financial instruments	13	Fair value through profit or loss	11 065	26 617
Cash and other cash assets	14	Amortized cost	873 566	1 030 911
Financial liabilities				
Liabilities due to issue of debt securities	17	Amortized cost	1 794 915	1 554 491
Profit share liabilities	17	Amortized cost	11 457	15 706
Derivative financial instruments	18	Fair value through profit or loss	772	-
Trade and other liabilities	18	Amortized cost	270 405	343 276
Leasing liabilities	18	Measurement outside the scope of IFRS 9	214 133	235 555
Credits and loans	17	Amortized cost	857 155	849 309

Loans granted, trade receivables and other receivables are measured by the Group at amortised cost, as two conditions are met for them:
1. assets are held as part of the business model, the intention of which is to hold assets in order to receive contractual flows.
2. contractual terms and conditions of these financial assets result in cash flows at specified times that represent solely repayment of principal and interest on the outstanding portion of the principal.

In accordance with IFRS 9, at each reporting date the Group estimates the amount of the impairment loss equal to the expected credit losses
- in the next 12 months, if credit risk associated with a given instrument did not significantly increase since the initial recognition of the instrument, or
- by the end of the expected life of the financial asset, if credit risk associated with the instrument increased significantly from initial recognition of the instrument and if a default occurred, which is identified after 90 days from the maturity date.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform. In response to the expected reform of reference rates (IBOR reform), the International Accounting Standards Board published the second part of the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments relate to accounting issues that will arise when instruments IBOR-based financial institutions will switch to the new interest rates. The changes from 1 January 2021 introduced a number of guidelines and exemptions, in particular a practical simplification in the case of modifications of contracts required by the reform, which will be accounted for by updating the effective interest rate, exemption from the obligation to terminate hedge accounting, temporary exemption from the need to identify the risk component, and also the obligation to include additional disclosures. The above-mentioned the changes have been analyzed by the Management Board of the Group and do not have a significant impact on the financial position, results of the Group's operations, or the scope of information presented in these interim condensed financial statements. The interest rates on which financial instruments are based continue to be published and comply with the BMR. The National Benchmark Reform Working Group (NGR), established by the Office of the Polish Financial Supervision Authority, is working on the implementation of a new RFR-type benchmark - WIRON (Warsaw Interest Rate Overnight), which will replace WIBOR and WIBID. The Roadmap published by NGR explains that the change is taking place under the BMR Regulation as part of the IBOR reform. Completion of the reform is planned by the end of 2027.

In determining the future expected credit loss, the Group considers all reasonable and confirmed information, including information that relates to the future. The Group will apply the permitted simplified impairment measurement on the basis of expected lifetime losses for all receivables in the range provided for in IFRS 9. For trade receivables, the Group applies the simplified approach and therefore does not monitor changes in credit risk during the life and measures the impairment loss at the amount equal to the expected credit losses over the life horizon of the receivables. The Group uses a provision matrix performed on the basis of historical data on the repayment of receivables by contractors to calculate the impairment loss on trade receivables. In addition, the Group individually analyses trade and other receivables with a significant degree of probability of irrecoverability, in cases justified by the nature of its business or the structure of its clients - and recognises a write down at a reliably estimated value. The classification of an asset into this category is made on the basis of information about the current financial position of the contractor and information about other events that may have a significant impact on the recoverability of the asset. The impairment loss is updated at each reporting date.

NOTE 35

List of mortgages on Echo Investment Group's inventories

Company	Real estate	Assets value [PLN '000]	Mortgage value [EUR '000]	[PLN '000]	For	Comment
Galeria Libero - Projekt Echo 120 Sp. z. o.o. Sp. k.	Katowice, ul. Kościuszki	542 692	50 675	33 000	Santander Bank Polska S.A.	due to the financing of the Libero shopping center in Katowice
				9 000		
			50 675	20 850	BNP Paribas Bank Polska S.A.	
				9 000		
Echo - Arena Sp. z o.o.	Kraków, Al.Pokoju / ul. Fabryczna	415 522	131 120	119 100	Bank PKO BP S.A. oraz Pekao S.A.	due to the financing of the Brain Park I and II in Cracow
				18 000		
Fianar Investments Sp. z.o.o	Kraków, ul. Kapelanka	138 142	31 005		Topaz Jewel Sp. z.o.o.	security of pecuniary receivable debts in connection with the real estate purchase transaction in Cracow at Kapelanka street
			5 704		Pearl Jewel Sp. z o.o.	security of pecuniary receivable debts due the real estate purchase transaction in Poznań and Łódź
			5 070			
React - Dagnall Sp. z o.o. Sp. K.a.	Łódź / React I	134 545	27 150	10 050	Bank Pekao S.A.	due to the financing of the React I project
Archicom Nieruchomości 14 Sp. z o.o.	Wrocław / City Forum 2	148 839	35 200	24 000	Bank Pekao S.A.	due to the financing of the City Forum 2 project
GRO Nieruchomości Sp. z o.o.	Kraków, ul. Żelazna / ul. Kątowa	16 447	120 000*		Bank Pekao S.A.	due to the credit concluded by PE 129 Sp. z o.o.
Projekt 139 - Grupa Echo Sp. z o.o. Sp.k.	Wrocław, ul. Swobodna	57 100				
Villea Investments Sp. z o.o	Kraków, ul. Wita Stwosza	70 580				
Total		**1 524 206**				

* The mortgage of this value applies to both investment properties and inventories as a whole, these amounts should not be considered individually.

List of mortgages on the inventories of Echo Investment Group's inventories

Company	Real estate	Assets value [PLN '000]	Mortgage value [EUR '000]	[PLN '000]	For	Comment
Archicom Nieruchomości 9 Sp. z o.o.	Wrocław, ul. Góralska (etap 2)	24 870		120 000	Bank PKO BP S.A.	due to the bank overdraft facility granted to Archicom S.A.
Archicom Nieruchomości JN3 sp. z o.o.	Wrocław / Awipolis bud L6aL7L8 - etap 4, bud L6b - etap 4a	30 129				
Archicom Nieruchomości 8 Sp. z o.o.	Wrocław / Sady nad Zieloną bud 2a, 2b	34 714				
Archicom Nieruchomości JN2 sp. z o.o.	Wrocław / Iwiny Radomierzyce	40 025				
Archicom Warszawa sp. z o.o.	Warszawa / Postępu	58 494				
Archicom Residential Sp. z o.o.	Wrocław, Kępa Mieszczańska (bud. KM4,KM6), ul. Dmowskiego	128 194				
Projekt Echo - 143 Sp. z o.o. SKA	Warszawa, al. KEN	98 202	120 000*		Bank Pekao S.A.	due to the loan concluded by PE 129 Sp. z o.o.
Total		**414 628**				

* The mortgage of this value applies to both investment properties and inventories as a whole, these amounts should not be considered individually.

CHAPTER 3

Information on financial statement of the Group

Show apartment in Fusion, Lodź

01

Echo Investment Group

Composition of the Group

As at 31 December 2023 the Capital Group included 164 subsidiaries consolidated according to the full method and 39 jointly controlled companies consolidated according to the equity method.

The most important role in the Group's structure belongs to Echo Investment S.A., which supervises, co-delivers and provides funds for carrying out ongoing developer projects. Most of the Group's companies have been established or acquired for the purpose of carrying out specific project-based tasks, including those arising from the process of execution of specific projects.

Echo Investment S.A. directly and indirectly - through three entities 100 percent subsidiaries, companies: DKR Echo Investment Sp. z o.o., DKR Echo Invest S.A. and DKRA Echo Sp. z o.o. - is a major shareholder of Archicom S.A., in which it held 74,04 percent of shares entitling it to 76,53 percent of votes at the General Meeting of Shareholders as at 31 December 2023. Echo Investment S.A. consolidates all companies of the Archicom S.A. group according to the full method.

The Echo Investment Group includes Echo Investment ACC - Grupa Echo Sp. z o.o. Sp. k., which acts as an accounting and clearing centre for most of the Group's companies.

The Group also holds minority interests in a number of joint ventures - mostly in companies owning finished, under construction or planned projects with apartments for rent Resi4Rent, the shopping centre Galeria Młociny in Warsaw or the planned multifunctional project Towarowa 22 in Warsaw.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
1	Avatar - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
2	City Space - GP Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
3	Rondo 1 City Space - GP Sp. z o.o. Sp.k.	Warszawa	100%	City Space Management Sp. z o.o.
4	City Space Management Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
5	Cornwall Investments Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
6	Dagnall Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
7	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp z o.o.
8	Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
9	Echo - Advisory Services Sp. z o.o.	Kielce	100%	Echo Investment S.A.
10	Echo - Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
11	Echo - Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
12	Galaxy - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
13	Echo - Opolska Business Park Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
14	Opolska Business Park — Grupa Echo Sp. z o.o. Sp.k.	Warszawa	100%	Pudsey Sp. z o.o.
15	Echo - Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
16	Echo - SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
17	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
18	Echo Investment Project 1 S.R.L.	Brasov	100%	Echo - Aurus Sp. z o.o.
19	Echo Investment Project Management S.R.L.	Brasov	100%	Echo Investment S.A.
20	Elektrownia RE Sp. z o.o.	Kielce	100%	Echo Investment S.A.
21	Fianar Investments Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
22	Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.k.	Kielce	100%	Fianar Investments Sp. z o.o.
23	Galeria Tarnów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
24	GRO Nieruchomości Sp. z o.o.	Kraków	100%	Echo Investment S.A.
25	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
26	Kielce - Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Kielce	100%	Echo Investment S.A.
27	Malta Office Park - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
28	Metropolis - Projekt Echo 121 Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
29	Park Rozwoju III— Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp. z o.o.
30	PHS - Grupa Echo Sp. z o.o. Sp.k.	Warszawa	100%	Echo Investment S.A.
31	PPR - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
32	Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
33	Projekt 1 - Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Kielce	100%	Echo Investment S.A.
34	React - Dagnall Sp. z o.o. S.K.A.	Kielce	100%	Potton Sp z o.o.
35	Projekt 16 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
36	Projekt 17 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
37	Cinema Asset Manager - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
38	Face2Face - Stranraer Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
39	Midpoint 71 - Cornwall Investments Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
40	Projekt 5 - Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Szczecin	100%	Echo - Aurus Sp. z o.o.
41	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
42	Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
43	Projekt Echo - 111 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
44	Projekt Echo - 113 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
45	Projekt Echo - 115 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
46	Projekt Echo - 116 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
47	Projekt Echo - 120 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
48	Projekt Echo - 121 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
49	Projekt Echo - 122 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
50	Projekt Echo - 123 Sp. z o.o.	Kielce	100%	Galeria Nova - Grupa Echo Sp. z o.o. SKA
51	Projekt Echo - 129 Sp. z o.o.	Kielce	100%	Selmer Investments Sp. z o.o. Sp.K.
52	Projekt Echo - 130 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
53	Projekt Echo - 131 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
54	Projekt Echo - 135 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
55	Projekt Echo - 135 Sp. z o.o. Sp.K.	Kielce	100%	Pudsey Sp. z o.o.
56	Projekt 139 - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
57	Projekt 140 - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
58	Projekt 144 - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo - Arena Sp. z o.o.
59	Projekt Echo - 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
60	Projekt Naramowice - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
61	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
62	Pudsey Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
63	Q22 - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp. z o.o.
64	Sagittarius - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp. z o.o.
65	Seaford Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
66	Selmer Investments Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
67	Selmer Investments Sp. z o.o. Sp.k.	Warszawa	100%	Echo Investment S.A.
68	Stranraer Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
69	Strood Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
70	Swanage Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
71	Symetris - Grupa Echo Sp. z o.o. Sp.k.	Warszawa	100%	Echo Investment S.A.
72	Taśmowa - Projekt Echo - 116 Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
73	Villea Investments Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
74	RPGZ IX Sp. z o.o.	Kraków	100%	Echo Investment S.A.
75	Projekt Echo - 140 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
76	Projekt Echo - 141 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
77	Projekt Echo - 142 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
78	Projekt Echo - 143 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
79	Projekt Echo - 144 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
80	Projekt Echo - 145 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
81	DKR Echo Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
82	DKR Echo Invest S.A.	Kielce	100%	Echo Investment S.A.
83	DKRA Echo sp. z o.o.	Kielce	100%	Echo Investment S.A.
84	Archicom S.A.	Wrocław	74,04%	Echo Investment S.A./ DKR Echo Investment Sp. z o.o.
85	Archicom Residential Sp. z o. o.	Wrocław	74,04%	Archicom S.A.
86	Archicom Residential 2 Sp. z o. o.	Wrocław	74,04%	Archicom S.A.
87	Archicom Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
88	Archicom Consulting Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
89	Archicom Stabłowice Sp. z o.o.	Wrocław	74,04%	Archicom Consulting sp. z o.o.
90	Archicom Jagodno 5 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
91	Bartoszowice 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
92	Archicom Nieruchomości Sp. z o.o.	Wrocław	74,04%	Archicom Holding sp. z o.o.
93	Archicom Nieruchomości 2 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
94	Archicom Nieruchomości 3 Sp. z o.o.	Wrocław	74,04%	Archicom Nieruchomości sp. z o.o.
95	Archicom Nieruchomości 4 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
96	Archicom Nieruchomości 5 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
97	Archicom Nieruchomości 6 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
98	Archicom Nieruchomości 7 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
99	Archicom Nieruchomości 8 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
100	Archicom Nieruchomości 9 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
101	Archicom Nieruchomości 10 Sp. z o.o.	Wrocław	74,04%	Archicom Consulting sp. z o.o.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
102	Archicom Nieruchomości 11 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
103	Archicom Nieruchomości 12 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
104	Archicom Nieruchomości 14 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
105	Archicom Poznań Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
106	Archicom Nieruchomości 17 Sp. z o.o.	Wrocław	74,04%	Archicom Nieruchomości 20 Sp. z o.o.
107	Archicom Nieruchomości 18 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
108	Archicom Nieruchomości 19 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
109	Archicom Nieruchomości JN1 Sp. z o.o.	Wrocław	74,04%	Altona Investments sp. z o.o.
110	Archicom Nieruchomości JN2 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
111	Archicom Nieruchomości JN3 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
112	Archicom Gdańsk Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
113	Archicom Nieruchomości Residential Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 sp. z o.o.
114	Archicom Holding Sp. z o. o.	Wrocław	74,04%	Archicom Consulting sp. z o.o.
115	Archicom Cadenza Hallera Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
116	Archicom Lofty Platinum 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
117	Archicom Jagodno Sp. z o.o.	Wrocław	74,04%	Archicom Consulting Sp. z o.o.
118	Archicom Jagodno Sp. z o.o. Sp.k.	Wrocław	74,04%	Archicom S.A.
119	Archicom Marina 3 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
120	Archicom Marina 4 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
121	Archicom Marina 5 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
122	TN Stabłowice 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
123	Archicom Dobrzykowice Park Sp. z o.o.	Wrocław	74,04%	Archicom Consulting Sp. z o.o.
124	Archicom Byczyńska 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
125	Archicom Nieruchomości 20 Sp. z o.o.	Wrocław	74,04%	Archicom Consulting sp. z o.o.
126	Space Investment Strzegomska 3 Otyńska Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
127	Space Investment Strzegomska 3 Kamieńskiego Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
128	Archicom Investment Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
129	Strzegomska Nowa Sp. z o.o.	Wrocław	74,04%	AD Management sp. z o.o.
130	AD Management Sp. z o.o.	Wrocław	74,04%	Archicom Consulting sp. z o.o.
131	Archicom Sp. z o.o. Realizacja Inwestycji Sp.k.	Wrocław	74,04%	Archicom S.A.
132	Archicom Asset Management Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
133	Archicom Fin Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
134	P16 Inowrocławska Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
135	Altona Investments Sp. z o .o.	Wrocław	74,04%	Archicom Nieruchomości Residential Sp. z o.o.
136	Archicom RW Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
137	Archicom Wrocław Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
138	Archicom Łódź Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
139	Archicom Warszawa sp. z o.o.	Wrocław	74,04%	Archicom S.A.
140	Mioga Investment sp. z o.o.	Kraków	74,04%	Archicom S.A.
141	Archicom Advisory Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
142	Archicom Services Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
143	Himawari Investment Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
144	Karensansui Warsaw Investment Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
145	Archicom Doxent Investments Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
146	Archicom Browary Warszawskie Sp. z o.o.	Wrocław	74,04%	Archicom S.A.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
147	Echo - Browary Warszawskie Sp. z o.o. Sp.k.	Kielce	74,04%	Archicom S.A.
148	Archicom Nowy Mokotów Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
149	Echo - Nowy Mokotów Sp. z o.o. Sp.k.	Kielce	74,04%	Archicom Nowy Mokotów sp. z o.o.
150	Galeria Nova - Projekt Echo - 127 Sp. z o.o. S.K.A.	Kielce	74,04%	Archicom Projekt 127 Sp.z o.o.
151	Archicom Gosford Investments Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
152	Archicom Perth Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
153	Archicom Potton Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
154	12 - Projekt Echo - 127 Sp. z o.o. S.K.A.	Kielce	74,04%	Archicom S.A.
155	Archicom Projekt 127 Sp.z o.o.	Wrocław	74,04%	Archicom S.A.
156	Archicom Projekt 136 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
157	Projekt Echo - 136 Sp. z o.o. Sp.K.	Kielce	74,04%	Archicom Projekt 136 sp. z o.o.
158	Projekt Echo - 137 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
159	Archicom Senja 2 Sp. z o.o.	Wrocław	74,04%	Echo - Browary Warszawskie Sp. z o.o. Sp.K.
160	ZAM - Projekt Echo - 127 Sp. z o.o. Sp.k.	Warszawa	74,04%	Perth Sp. z o.o.
161	Archicom Bowen Sp. z o.o.	Wrocław	74,04%	Echo - Browary Warszawskie Sp. z o.o. Sp.K.
162	Archicom Projekt 139 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
163	Issogne Sp. z o.o.	Warszawa	74,04%	Archicom S.A.
164	RPGZ XXXI Sp. z o.o.	Kraków	74,04%	Archicom S.A.

Joint ventures

No	Subsidiary	Registered office	% of capital held	Parent entity
Galeria Młociny				
1	Rosehill Investments Sp. z o.o.	Warszawa	30%	Echo Investment S.A.
2	Berea Sp. z o.o.	Warszawa	30%	Rosehill Investments Sp. z o.o.
Towarowa 22				
3	Projekt Echo - 138 Sp. z o.o. Sp.k.	Warszawa	30%	Strood Sp. z o.o.
4	Projekt Echo - 138 Sp. z o.o.	Warszawa	30%	Echo Investment S.A.
5	Torelia Sp. z o.o.	Warszawa	30%	Strood Sp. z o.o.
Resi4Rent				
6	R4R Poland Sp. z o.o.	Warszawa	30%	Echo Investment S.A.
7	R4R Łódź Wodna Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
8	R4R Wrocław Kępa Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
9	R4R Wrocław Rychtalska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
10	R4R Warszawa Browary Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
11	R4R Leasing Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
12	R4R Poznań Szczepanowskiego Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
13	R4R Warszawa Taśmowa Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
14	R4R Warszawa Woronicza Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
15	R4R Gdańsk Kołobrzeska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
16	R4R RE Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
17	R4R Kraków 3 Maja Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
18	R4R Warszawa Wilanowska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.

Joint ventures

No	Subsidiary	Registered office	% of capital held	Parent entity
19	R4R RE Wave 3 Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
20	R4R Wrocław Jaworska II Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
21	Pimech Invest Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
22	M2 Hotel Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
23	R4R RE Wave 4 Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
24	R4R Kraków JPII Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
25	R4R Gdańsk Stocznia Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
26	R4R Wrocław Park Zachodni Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
27	M2 Biuro Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
28	R4R Łódź Kilińskiego Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
29	Hotel Gdańsk Zielony Trójkąt Sp. z o.o.	Gdańsk	30%	R4R Poland Sp. z o.o.
30	R4R SPV 10 Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
31	Hotel Wrocław Grabiszyńska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
32	Hotel Kraków Romanowicza Sp. z. o.o.	Kraków	30%	R4R Poland Sp. z o.o.
33	R4R Poznań Nowe Miasto Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
34	Hotel Kraków Zabłocie Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
35	Hotel Kraków Młyńska Sp. z o.o.	Kraków	30%	R4R Poland Sp. z o.o.
36	Hotel Poznań Dmowskiego Sp. z o.o.	Poznań	30%	R4R Poland Sp. z o.o.
37	Hotel Wrocław Bardzka Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
38	R4R Warszawa Opaczewska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
39	Hotel Warszawa Wołoska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.

Changes in the structure of the Group in 2023

Increase of the Group

Enity	Action	Data	Share capital [PLN]
Mioga Investment Sp. z o.o.	Purchase of shares in the company by Archicom S.A.	14.03.2023	5 000
Archicom Warszawa Sp. z o.o.	Registration in the Register of Entrepreneurs	24.03.2023	10 000
DKRA Echo Sp. z o.o.	Purchase of shares in the company by Echo Investment S.A. (thus the acquisition of a block of shares in Archicom S.A. constituting 8.31 percent of the share capital)	18.04.2023	50 000
Archicom Advisory Services Sp. z o.o.	Registration in the Register of Entrepreneurs	15.06.2023	10 000
Karensansui Warsaw Investment Sp. z o.o.	Registration in the Register of Entrepreneurs	15.06.2023	5 000
Himawari Investment Sp. z o.o.	Registration in the Register of Entrepreneurs	11.07.2023	5 000
Archicom Services Sp. z o.o.	Registration in the Register of Entrepreneurs	21.07.2023	5 000
RPGZ XXXI Sp. z o.o.	Purchase of shares in the company by Archicom S.A.	26.10.2023	5 000
Issogne Sp. z o.o.	Purchase of shares in the company by Archicom S.A.	10.11.2023	50 000

Decrease of the Group

Enity	Action	Data	Share capital [PLN]
Projekt CS Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	2.02.2023	5 000
Projekt Echo 93 Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	23.02.2023	50 000
Projekt Echo 104 Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	28.02.2023	50 000
Oxygen — Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Deletion from the Register of Entrepreneurs	8.03.2023	96 200
Bełchatów — Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Deletion from the Register of Entrepreneurs	31.03.2023	85 230
DKR Echo Invest S.A.	Merger with DKR Echo Investment Sp. z o.o.	27.11.2023	9 816 050
DKRA Echo Sp. z o.o.	Merger with DKR Echo Investment Sp. z o.o.	27.11.2023	50 000
Projekt Echo - 112 Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	1.12.2023	30 000
Projekt Echo - 128 Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	21.12.2023	30 000
Pure Systems Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	21.12.2023	100 000

The most significant change that took place in the Echo Investment Capital Group in 2023 concerned the acquisition of Issogne Sp. z o. o.. 10 November 2023 Archicom S.A. concluded a contract with Dom Development S.A. share purchase agreement, under which he purchased 100% of the shares in Issogne Sp. z o. o. based in Warsaw. The transaction was settled as an asset acquisition.

The fair values of the acquired assets and liabilities are presented in the table below:

Acquired Assets

Assets	
Receivables due to other taxes	5 111
Trade and other receivables	29 491
Cash and cash equivalents	113
	34 715
Total assets	**34 715**
Acquired Liabilities	
Current liabilities	
Loans *	27 402
	27 402
Total Liabilities	**27 402**
Payment transferred	**34 715**

* Loan from the Group, without impact on the settlement of the acquisition

02

Main accounting principles

The most important accounting principles applied in the preparation of these financial statements are presented below. These rules were applied in all presented periods in a continuous manner unless stated otherwise (in part 07 - Financial risk management, the note “Analysis of undiscounted financial liabilities” was updated in the comparative period)

Functional currency and currency of presentation

Items in the financial statements of each Group’s entities are presented in the main currency of the economic environment in which given subsidiary operates (functional currency). The Group’s financial statement is presented in the Polish zloty (PLN) — the presentation currency and the functional currency of the parent company.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate effective on the transaction or measurement day when items are revalued. Gains and losses arising from the settlement of such transactions and measurement of assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for foreign exchange gains and losses related to interest costs to the extent that such interest is capitalized in the value of the asset, which is recognized in the carrying amount of the asset.

The Group comprises entities with a functional currency other than PLN. The reporting data of those companies included in these statements have been converted to PLN in accordance with IAS 21, excluding capital items, that should be recalculated according to historical currency exchange. Balance sheet items are translated at the exchange rate on the balance sheet, the profit and loss account items are translated at the average exchange rate for the period (unless this average is not a reasonable approximation of cumulative effect of the rates effective on the transaction days — in which case income and expenses are translated at the dates of the transaction days). The resulting exchange differences are recognised in other comprehensive income and the cumulative amounts are recognised in a separate component of equity. In the moment of the foreign entity disposal, its accumulated currency differences recognised in equity are recognised in profit and loss account as profit on disposal.

Leasing

The Group as a lessee

In order for a contract to be classified as a leasing agreement, the following conditions must be met:
- the contract must relate to an identified asset for which the supplier does not have a significant converting right,
- the contract should give the beneficiary the right to control the use of the identified asset for a specified period of time. This means that the user has the right to take advantage of the economic benefits of using a given component and the right to decide on its use,

the contract must be payable.

The Group applies the following simplifications, based on not including the lease liability:
- short-term lease: a short-term lease agreement is a contract with no option to purchase an asset, concluded for a period shorter than 12 months from the beginning of the contract,
- low-value lease: the basis for the assessment of the „low” value should be the value of the new asset. The Management Board of the Group has decided that this applies to lease agreements regarding assets whose value did not exceed PLN 15,000 (when new), which can be treated as the upper limit of recognition as a low value item.

The Group recognizes a right of perpetual usufruct of land granted by an administrative decision as a leasing contract. This applies to all land, including those related to development projects presented in stock.

The Group applies the straight-line method of depreciation and depreciation rates: the perpetual annuity method or over the period covered by the use, depending on the contract.

If leasing and non-leasing elements are identified in the contract, the Group chooses a practical solution according to which it recognizes each leasing element and any accompanying non-leasing elements as a single leasing element.

In addition, in the case of a portfolio of leases with similar characteristics, the Group applies the standard to the entire portfolio when it reasonably expects that the impact that the application of this standard will have on the financial statements will not be significantly different from the impact of applying it to individual leases under this portfolio.

The duration of the lease agreement is defined as the irrevocable period of the lease agreement including also possible periods of renewal of the lease agreement if the lessee has sufficient certainty that this option will be used and the possible periods of notice for the lease agreement if the lessee has sufficient certainty that this option will be used.

At the time of the first recognition, the Group recognizes the lease liability measured at the current value of lease payments due to the lessor over the lease period discounted at the marginal lending rate typical for a given asset, and if it is not available, at the incremental borrowing rate specific to the asset.

Lease payments include:
- fixed payments less any incentives due,
- variable lease payments, that depend on the index or the rate, initially priced using the index or the rate effective as at the starting date of the contract,
- amounts whose payment by the lessee is expected within the guaranteed residual value,
- the exercise price of the purchase option, if it can be assumed with sufficient certainty that the lessee will use this option,
- penalty payments for termination of the lease, if the lease terms stipulate that the lessee may use the option of termination of the lease.

At the same time, the Group recognises an asset for the right to use in the same amount as a liability, adjusted for all lease payments paid on or before the start date, less any lease incentives received and increased by any initial direct costs incurred by the lessee. After initial recognition, the Group recognises a lease liability by:
- increasing the carrying amount to reflect interest on a lease liability,
- reducing the carrying amount to reflect lease payments paid, and
- updating the valuation of the carrying amount to take account of any reassessment or changes in the leases listed below (changes in the lease contract), or to reflect substantially updated constant lease payments.

Changes to the lease agreement that make it necessary to update the value of the liability include:
- change in the leasing period,
- change in the assessment of the call option of the underlying asset.

For the above changes, the Group applies an unchanged discount rate.

For the following changes:
- change in the amount expected to be paid under the residual value guarantee,
- a change in future lease payments resulting from a change in the index or rate used to determine these payments, including, for example, a change to take account of changes in rental rates on the free market following a review of these rentals.

The Group applies an unchanged discount rate, unless the change in lease payments results from a change in variable interest rates. In this case, the Group applies an updated discount rate that reflects changes in the interest rate.

The Group shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes the remaining amount of the revaluation in the result.

After the date of commencement of the lease, the asset under the right of use is measured at cost less total depreciation and amortization (impairment) and total impairment loss and the revised lease liability adjusted for any revaluation. Depreciation is calculated using the straight-line method over the estimated useful life. If the lease agreement transfers to the Group the title of the asset before the end of the lease period or when the cost of the asset due to the right of use reflects the fact that the Group will exercise the option to buy the residual value of the leased asset, the Group depreciates the asset from the right of use from the moment of commencement of the leasing contract until the end of the estimated economic useful life of the asset. In other cases, the Group depreciates assets due to the right of use from the date of commencement of the contract to the earlier of two dates: the date of the end of the economic life of the asset or the end date of the lease. For lease contracts, the subject of which is an asset which, in accordance with the Group's accounting policies, is measured at fair value, the Group does not depreciate such assets due to the right of use but measures them at fair value.

The Group has decided to include assets due to the right of use in the same line of the statement of financial position, in which the corresponding leased assets are presented when they are the property of the Group. Liabilities are presented appropriately in long-term - when the asset due to the right of use is classified as a fixed asset, investment property or investment property under construction, or shortterm - when perpetual usufruct concerns assets classified as inventory.

The Group classifies assets due to the right of use resulting from contracts / decisions issued to the following balance sheet items and applies the appropriate accounting policy for certain items:

Contract type and presentation in the balance sheet	Valuation method as at the balance sheet date	Impact on the income statement
Office space lease agreements:		
— investment property, or	Valuation at fair value	Yes
— fixed assets	Depreciation	Yes
Rental agreement on means of transport:		
— fixed assets	Depreciation	Yes
Perpetual usufruct of land:		
— investment property, or	Valuation at fair value	Yes
— investment property under construction, not valued at fair value, or	Depreciation with simultaneous capitalization of depreciation costs in the value of investment property under construction	No
— fixed assets	Depreciation	Yes
inventory	Depreciation with simultaneous capitalization of depreciation costs in inventory	Yes

Lease liabilities are covered by IFRS 9 with respect to determining when these liabilities meet the criteria for removing them from the balance sheet. A liability in accordance with IFRS 9 par. B.3.31-B.3.34 is removed from the balance sheet once it has been settled, expired or the debtor has been legally released from debt, e.g. by transferring the debt to another party. The right of perpetual usufruct of land, in relation to which the Group is legally released from the debt arising from the obligation to pay fees for perpetual usufruct or transformation fees only at the time of legal (notarial) transfer of a share in the land belonging to the premises sold to the buyer, is a special case. Therefore, until the transfer of the above ownership, the liabilities of the lease of land, as well as the corresponding assets due to the right to use the land in perpetual usufruct, remain on the balance sheet, although in accordance with the policies described in section 20. Methods for determining the financial result, revenues from the sale of residential and service premises are recognized when the property is delivered to the buyer.

For this reason, when the premises are transferred to the buyer (which is also the moment when the proceeds from the sale of the premises are recognized), a portion of the related leasing asset is transferred from inventory to receivables from the buyer, in the amount corresponding to the recognized liability for the leasing of the given land. Until the (notarial) transfer of the property to the purchaser, both the receivable and the liability are disclosed as short-term, because they will be settled by transfer to the buyer during the "operating cycle". On the date of transfer of ownership to the buyer, the liability for land lease and receivables from the purchaser of premises are derecognized.

The Group as a lessor

In the case of contracts where the Group acts as a lessor, each lease contract is classified as operating or finance lease. Lease agreements under which the lessor retains a significant portion of the risks and rewards of ownership of the leased asset are classified as operating leases. A leasing contract is classified as a financial leasing if, as a result of this contract, substantially all of the risk and rewards of ownership of the leased asset are transferred to the lessee.

In the case of operating lease agreements, the Group recognizes lease revenues on an straight-line basis in the statement of comprehensive income. In the case of finance leases, the Group derecognises the asset that is the subject of the agreement while recognizing the lease receivable.

Sub-leasing — a transaction for which an underlying asset is re-leased by a lessee ('intermediate lessor') to a third party, and the lease ('head lease') between the head lessor and lessee remains in effect.

The Group classifies sub-leasing as follows:
- if it was decided to choose a short-term lease exemption for main lease, subleasing is classified as operating lease,
- otherwise, sub-leasing is classified in relation to the asset due to the right to use the principal lease and not the underlying asset.

If the sub-lease agreement is classified as operating lease, the indirect lessor (the Group) continues to recognize the lease liability and asset due to the right to use of the main lease. At the same time, it recognizes sublease leasing revenues during the lease period basis. If the sub-lease agreement is classified as financial lease, the indirect lessor (the Group):
- ceases to recognize the asset due to the right to use the main lease as at the date of the initial sub-lease agreement,
- recognizes the net investment from sub-leasing instead and assesses it for impairment (lease receivable),
- continues to recognize the original lease liability.

Property, plant and equipment

Property, plant and equipment include fixed assets owned by the Group.

The composition of the Group's fixed assets include:
- real estate (not leased and not intended for trade) used by the Group,
- plant and machinery,
- vehicles,
- other complete and serviceable items with an expected service life of more than one year.

Fixed assets are valued and presented in the statement according to purchase prices or production costs, less depreciation and impairment write-offs.

Fixed assets are posted on collective accounts according to the groups of the Classification of Fixed Assets and a detailed register of fixed assets is kept.

Fixed assets are depreciated using the straight-line method of tax rates, which reflect the period of economic usefulness.

Fixed assets are depreciated on a straight-line basis by using the rates shown in the table below, which reflect the economic useful life indicated:

Property, plant and equipment	**Depreciation rates**
Right of perpetual usufruct of land	1.3% - 1.5%
Buildings	2.5%-4.5%
Technical devices and machinery	10% - 60%
Means of transport	20.00%
Other property, plant and equipment	4.5%-20%

Subsequent expenditure is included in the asset's carrying amount or recognized as a separate asset (where appropriate) only when it is probable that economic benefits will flow to the Company from the item and the cost of the item can be reliably measured . All other repair and maintenance expenses are charged to the profit and loss account in the financial period in which they were incurred.

Property, plant and equipment are verified for impairment if events or changes in circumstances indicate that the carrying amount may not be realizable. An impairment loss is recognized for the amount by which the carrying amount of an asset or cash-generating unit exceeds the recoverable amount and is recognized in the profit and loss account. The recoverable amount is the higher of the fair value less costs to sell or value in use.

Gains and losses on disposal of fixed assets, representing the difference between the sales proceeds and the carrying amount of the fixed asset sold are recognised in the profit and loss account under other operating income / expenses.

Intangible assets

Intangible assets are recognized if it is probable that they will result in future economic benefits that can be directly related to these assets. Initial recognition of intangible assets is made at cost of acquisition or cost of manufacturing.

After initial recognition, intangible assets are measured at cost of acquisition or cost of manufacturing reduced by amortization (except for assets that have an indefinite useful life) and impairment losses. Intangible asset records are kept according to analytical methods. The amortization plan adopts amortization rates from 2.5 percent to

50 percent, which reflect the economic useful life. Intangible assets are amortized using the straight-line method.

Intangible assets are tested for impairment, if certain events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is disclosed in the amount by which the carrying value of an asset exceeds the recoverable value.

If a trademark is identified among the acquired assets, the Management Board assesses whether the intangible asset has a definite or indefinite useful life. An intangible asset with an indefinite useful life is not amortized. The Group con-ducts an analysis of possible impairment by comparing the carrying amount of the trademark with its recoverable amount, at least once a year, and any writedowns of the trademark value are charged to the Group's current financial result.

Investment properties, investment properties under construction

Investment properties include properties owned by the Group which are leased out together with land directly related to these properties, as well as land purchased and maintained in order to in-crease their value. Investment properties under construction are investments carried out by the Group intended for lease and under construction. The Group classifies investment properties under construction as investment properties when they are available for use.

In addition, as investment properties, the Group includes properties acquired for future development projects that currently generate significant rental revenues. Such presentation under investment properties is until such time as a development project is launched and such property is demolished.

Investment properties are initially recognized at purchase price / manufacturing cost. Subsequent expenditure is included in the carrying amount of the investment property or recognized as a separate investment property (where applicable) only when it is probable that an economic benefit will flow to the Group from the item and the cost of the item can be reliably measured. All other repair and maintenance expenses are charged to the statement of comprehensive income in the financial period in which they are incurred. The value of investment properties under construction includes costs directly related to the project not yet completed. They consist of expenses incurred for the purchase of land real estate, outlays for the design and implementation of buildings (mainly external services), activated financial costs and other costs incurred during the implementation directly related to the investment.

After initial recognition, as at each balance sheet date, investment property under construction that meets the premises for their valuation, and investment property are disclosed at fair value. The fair value measurement is updated at least quarterly. Profits or losses resulting from changes in the fair value of investment properties are recognized in the statement of comprehensive income in the period in which they arise. The result on the valuation of investment properties is presented in the profit / loss on investment property item.

For investment properties under construction, the premises for valuation are deemed to be met in the case of projects where a significant part of the risks related to the construction process has been eliminated and it is possible to measure reliably at fair value. In other cases, when it is not possible to reliably determine the fair value, the value of real estate under construction is valued according to the purchase price or production cost less impairment losses.

The Group has specified the conditions under which it begins the process of analyzing whether significant risks relating to investment properties under construction have been eliminated. These conditions include:
- obtaining a building permit,
- contracting construction works with a value of at least 30 percent of the investment budget,
- renting at least 20 percent of the area in the project under implementation.

The presented conditions constitute the boundary criteria of the analysis. Each investment property under construction is analyzed individually in terms of the possibility of obtaining a reliable valuation to fair value, taking into account, in addition to the conditions described above, also the general economic and market situation, the availability of data for similar properties and expectations regarding the volatility of factors underlying the valuation and the method of financing investment project.

The fair values of land and buildings measured at fair value are updated in such a way as to reflect the market conditions prevailing at the end of the reporting period. The fair value of investment property is the price that would have been received for the sale of an asset or paid for the transfer of a liability in a transaction between market participants carried out on normal conditions at the valuation date. Property fair values are subject to verification by internal Analyse Department in cooperation with the Management Board, based on transaction concluded on active market, offers, preliminary agreements, knowledge and experience, or based on external vauations prepared by experts. As a rule, valuations of office real estate, for which the Group carries out an active sales preparation process, are prepared internally, based on available market data, in particular a level of discount rate (yield) discussed with potential buyers, and based on levels of rent and oter rental conditions. The discounted net cash flow (DCF) method is used to determine the fair value. In the case of investment property under construction, the valuation is reduced by the discounted expenditure necessary to complete the investment, taking into account the development margin. As part of the fair value measurement of real estate, the Group estimates the area that remains vacant for certain periods.

In the event of a change in the use of the property, it shall be appropriately reclassified in the financial statements. The property is transferred and recognized in the item of property, plant and equipment or inventory at the previously disclosed carrying amount.

The result on the sale of in-vestment property is recognized under ‘profit / loss on investment property’.

The Group transfers investment properties to the category of assets held for sale only when a property is subject to sale outside of its standard operating cycle and when the criteria of IFRS 5 are fulfilled. This is due to the adopted strategy of the Echo Investment Group, according to which real estate is maintained by the Group and sold at the best moment - in the opinion of the Management Board - that takes into account expectations regarding return on invested capital, availability of capital for other investments, as well as basing the decision on the market situation and expectations for its further development. The Group’s goal is to build properties and increase their value through active management of investment projects. Therefore, the Group classifies in-vestment projects as investment properties (or investment properties under construction) and re-classifies them to assets held for sale only in rare situations.

Assets held for sale

Assets (or a disposal group) are classified as held for sale if their carrying amount is recovered principally through a sale transaction and not through its further use. This condition is considered to be fulfilled only when the occurrence of the sale transaction is highly likely and the asset (or the disposal group) is available for immediate disposal in its current state (in accordance with generally accepted commercial terms). Classification of an asset as held for sale assumes the intention of the Group’s management to make a sale transaction within one year from the change of classification.

Investment properties measured at fair value in accordance with IAS 40, after reclassification to assets held for sale, continue to be measured at fair value and at the same time are excluded from IFRS 5 valuation rules.

Inventories

The item of inventories comprises: semi-finished products and work in process, finished products, and goods. Due to the nature of the business, newly purchased plots of land are presented as land and plots of land to be developed are divided by the Group between fixed and current assets based on the estimated duration of the operating cycle. The operating cycle is a period of approx. 5 years on average, individually estimated for each project, consisting of 2 phases: (1) the preparatory phase (which includes obtaining all necessary administrative arrangements, permits, environmental decisions, building permits or drawing up the architectural concept and design) lasting most often up to 3 years, and then (2) the construction phase lasting from the end of the preparatory phase until the granting of the occupancy permit. Projects that are in the operational cycle (phase 1 or 2) are presented in short-term assets under Inventories (Work in progress), and projects beyond the operational cycle are presented in long-term assets under “Land held for development”. The individual evaluation of each project, in terms of meeting the classification criteria, is carried out at each balance sheet date. The work in progress includes also the expenses incurred over the process of construction of facilities and sites for sale (design services, construction works, etc. provided by external contractors). Finished products mainly include residential and business premises completed and sold under final sale contracts.

The inventories of tangible items of current assets are measured at the value corresponding to the purchase price of land and the cost of production of developers’ business products increased by activated financial costs, being not higher than the net realizable value. This value is collected from information on the active market. Reversal of impairment loss of inventories appears either on the sale of inventories exor due to increased net sales price. Both the amount of write-downs of inven-tories recognised as an expense in the period and the amount of any reversal of any write-downs decreasing the value of inventories recognised in the period as reduction in cost are stated in the profit and loss accounts under cost of sales.

Financial assets

In accordance with IFRS 9, the Group classifies its financial assets into the following categories:
- financial assets measured at amortized cost,
- financial assets measured at fair value through other comprehensive income,
- financial assets at fair value through profit or loss.

The classification of assets takes place at the moment of initial recognition. It depends on the financial instruments management model adopted by the entity and analysis of the characteristics of contractual cash flows from these instruments.

Loans granted, trade and other receivables and restricted cash that do not meet the definition of cash equivalents in accordance with IAS 7 Statement of Cash Flows (i.e. collateral for bank guarantees and funds held in open housing fiduciary accounts) are measured by the Group at amortized cost, as two conditions are met for them: the assets are held in a business model whose intention is to hold the assets to obtain contractual flows and the contractual terms of these financial assets give rise to cash flows at certain times that are only repayments of principal and interest on outstanding capital.

Assets are entered into the books on the trade date and are excluded from the balance sheet when the contractual rights to cash flows from the financial asset expire or when the financial asset is transferred along with all the risks and rewards of ownership of the asset. The Group uses a weighted average of financial instruments of the same type and risk as the applicable cost method for financial instruments.

If the renegotiation or other type of modification of the contractual cash flows generated by the financial asset results in its derecognition in accordance with IFRS 9, the modified instrument is treated as new. In the event of a renegotiation or other modification of the contractual cash flows generated by a given asset that does not result in derecognition, the Group revalues the gross carrying amount of that financial asset (ie the amount of its amortized cost before allowance for credit losses). The revaluation is the discounting of new expected contractual cash flows (after modification) using the original effective interest rate. The resulting difference is recognized as profit / loss in profit or loss. From that point on, an entity assesses whether the credit risk of the financial instrument has increased significantly after its initial recognition by comparing the credit risk at the reporting date (under the modified terms) with that at initial recognition (under the pre-modification terms).

Receivables

Trade and other receivables constituting financial assets are recognized in the balance sheet at transaction price and then at amortized cost using the effective interest method, reducing them by impairment losses using the expected credit loss model. When the difference between the value at amortized cost and the value of the amount of the payment required does not have a significant effect on the Group's financial results, such receivables are recognized in the balance sheet as the amount of the payment required.

The value of receivables is updated taking into account the degree of probability of their payment by making a write-down. The rules for creating revaluation writeoffs are described below in the section Impairment of financial assets.

Advances for deliveries are valued according to cash disbursed and in accordance with received VAT invoices documenting the granting of advance payments.

Borrowings granted

Borrowings granted are debt instruments held for the purpose of obtaining contractual cash flows that consist solely of principal and interest repayments ("SPPI").

These assets are booked under at the date of the transaction, and derecognized when the contractual rights to cash flows from a financial asset expire or when the financial asset is transferred along with all the risks and benefits of ownership of the asset.

Borrowings granted are recognized as at the date of entering the books at fair value plus transaction costs, then as at the balance sheet date at amortized cost determined using the effective interest method.

The rules for recognition of impairment write-downs are described below in the section 'Impairment of financial assets'.

Loss of value of financial assets ('ECL')

Pursuant to IFRS 9, as at each reporting day, the Group estimates the amount of the impairment loss equal to the expected credit loss ('ECL').

The Group calculates the write-off as follows for individual asset categories:

Trade receivables

The Group uses a simplified approach and therefore does not monitor changes in credit risk over the lifetime, and measures the impairment loss at an amount equal to the expected credit losses ('ECL') over the lifetime horizon of the receivables. To calculate the impairment loss on trade receivables, the Group uses a provision matrix made once a year as of 31 December, based on historical data (for the past 5 years adjusted for the time value of money and information that is available without undue cost or effort at the reporting date regarding past events, current conditions and projections of future economic conditions) concerning the payment of receivables by counterparties.

Impairment losses are updated as at each reporting day. The provision matrix is based on the analysis of the payment of receivables in individual past due groups and determining the probability of non-payment of receivables from a given age range based on historical data. For the purposes of the analysis, trade receivables are divided into two groups: receivables from the sale of apartments, the lease and other receivables.

The calculated probability of non-payment of receivables in each of the past due groups for specific categories of receivables is applied to the current balance of receivables in each of the past due groups and the write-off for the expected credit losses of receivables is calculated.

Additionally, the Group analyzes individual trade receivables and other receivables where it is highly probable they will become uncollectible, in cases justified by the type of business or the client structure - and recognizes the write-off in a reliably estimated value. Classification of an asset to this category is made on the basis of information about the current financial situation of the counterparty and information about other events that may have a significant impact on the recoverability of the asset.

Such receivables are excluded from the matrix analysis, and a possible write-off is recognized on the basis of an individual analysis.

Loans granted and covered bonds

The Group calculates the expected credit losses ('ECL') for loans and bonds as the difference between the cash flows arising from the contracts signed and the cash flows that the entity expects to receive.

If, as at the reporting date, the credit risk related to loans granted has not increased significantly since initial recognition, the Group measures the allowance for expected credit losses on this financial instrument in the amount equal to 12-month expected credit losses.

A significant increase follows analyses of the financial situations of the entities to which the Group has granted loans, in particular:

- financial projections and the fair value of the properties held, and information on the investment projects carried out by these companies,
- analysis of the value of the equities of these companies and its changes in the analyzed periods,
- analysis of financial results.

In the case of an increase in credit risk from the initial recognition, the expected credit losses are calculated over the entire life of a given financial instrument.

The Group calculates the cash flows that it expects to obtain based on the default ratio determined on the basis the credit risk of entities to which loans were granted and for which bonds were issued and adjusted by the recovery ratio as a reliable estimate of the level of credit risk.

In addition, the Group provides the individual analysis of loans granted and bonds covered with a significant level of probability of default, in cases justified by the type of business or the client structure - and recognizes the write-off in a reliably estimated value. Such loans and bonds are excluded from the matrix analysis, and a possible write-off is recognized on the basis of an individual analysis.

Derivatives

Derivatives are ecognized in the books at the time where the Group becomes a party to a binding agreement. The Group takes recourse to derivative instruments to mitigate the risks associated with changes in ex-change rates or interest rates. The Group does not apply hedge accounting.

At the balance sheet date, derivatives are measured at fair value. Whereas derivatives with fair value greater than zero are financial assets, those with negative fair value are financial liabilities.

Profit or loss on derivatives is recognized in financial income or expenses (IRS) or in profits/losses on derivatives (Forwards), respectively, and in the consolidated statement of cash flows as cash flows from operating (forwards) and financing activities (IRS).

Cash

Cash at bank and in hand as well as short-term deposits (up to 3 months from the date of establishment), as well as other financial assets that meet the definition of cash equivalents are measured at nominal value plus accrued interest. At each balance sheet date, the Group assesses the premises for impairment of cash value, including the need to create a write-down for expected credit losses.

Foreign currency cash is measured as of the reporting date. The same definition of cash applies to the cash flow statement.

Liabilities

Financial liabilities

Financial liabilities include loans, borrowings, debt securities, not payable interest on bank loans accounted for according to the accrual principle as well as the discount of debt securities to be settled in subsequent accounting periods. Foreign currency loans are measured at the selling rate of the National Bank of Poland. The credits, bonds and loans line also includes profit share liabilities, and the revaluation is recognized as interest expense in the period when the revaluation occurred. Profit share is an integral part of the loan, which results from contractual provisions. The loan plus accrued additional interest is the lender's interest in the borrower, which is redeemable when the project is sold (or at final maturity).

Financial liabilities are initially recognized at fair value less transaction costs, and then measured using the "amortized cost" method. The valuation of liabilities includes all costs of obtaining financing, including directly related to financing costs of bank fees, costs of brokers and agents, legal costs, experts and a bank monitor.

Other liabilities

Trade liabilities are initially measured at fair value, and subsequently, long-term liabilities are measured at amortized cost using the effective interest method. In cases where the difference between the value at amortized cost and the value in the amount of the payment required does not have a significant effect on the financial results of the Group, such liabilities are recognized in the balance sheet in the amount of the payment required.

Income tax liabilities and other taxes include the Group's liabilities arising from public-law settlements, i.e. mainly taxes: income tax, VAT, taxes on property, social security, etc.

Under dividend payables, the Group presents unpaid dividends to shareholders as of the balance sheet date.

The Group has liabilities due to deposits from contractors, which are a form of security for the due performance of the work performed by the contractors and their compliance with the warranty period, or are used to cover any costs arising from their failure to do so. The deposits are discounted as of the balance sheet date based on the maturity date and the discount rate adopted as of the date the deposit is posted. The discount is recognized in the inventory value if it meets the capitalization criteria.

Liabilities due to contracts with clients include payments from residential clients blocked in escrow accounts and payments released from these accounts. Liabilities due to contracts with clients are presented within current liabilities. The Management Board does not identify a significant financing component within these liabilities.

Contracts of issued financial guarantees

After initial recognition, the Group measures granted financial guarantees at the higher of the following values:
(i) the amount of the allowance for expected credit losses, and
(ii) the amount initially recognized, if applicable, less the cumulative amount of income recognized in accordance with the principles of IFRS 15.

According with IFRS 9 principles the Group calculates the expected credit loss ('ECL') regarding the guarantees given as expected payments to compensate the guarantee holder for the incurred credit loss. The Group first determines the value of the Group's exposure due to guarantees granted (the actual total value of the contingent liability as at the balance sheet date). The net exposure resulting from the guarantee thus determined is multiplied by the default ratio (determined on the basis the credit risk of the entities to which the guarantee was granted . and adjusted for the recovery ratio).

Income tax

Income tax on the profit or loss for the financial year includes current and deferred income tax. Income tax is recognised in the profit and loss account, except for amounts related to items recognised directly in equity or in other comprehensive income; in this case, income tax is disclosed in equity and other comprehensive income respectively

The current portion of income tax is the expected amount of tax on taxable income for a given year, calculated based on the tax rates determined as of the balance sheet date along with any tax adjustments for previous years.

Deferred tax is calculated with the balance sheet method as tax to be paid or reimbursed in the future on the differences between the carrying values of assets and liabilities and the corresponding tax values used to calculate the tax base, except for temporary differences which arise at the time of initial recognition of an asset or liability, and do not affect the accounting or tax result. At the commencement of the lease, the right-of-use asset and the lease liability are equal, so there is no temporary difference and no deferred tax is created. During the lease term, a difference arises between the value of the asset and the lease liability. The Group charges deferred income tax on the difference between these values. This approach aims to reflect the relationship between the right-of-use asset and the lease liability, and account for deferred tax based on cumulative temporary differences. This method provides an effective tax rate that better reflects the economics of the entire lease transaction. In accordance with the recent amendments to IAS 12, as described above, the Group recognizes temporary differences separately for assets and liabilities in the statement of financial position.

Deferred tax is not created for temporary differences on investments in subsidiaries, jointly controlled entities and associates, if the Group controls the reversal of these differences and they will not be reversed in foreseeable future.

Deferred income tax assets due to tax loss are created, if the settlement of the loss in the following years is probable.

Deferred income tax is estimated on every balance sheet date by recognising differences in the profit and loss account, other comprehensive income or equity, depending where the temporary difference from which the deferred tax is subtracted was recognised.

Equity

The Group has the following types of equity:
– share capital,
– supplementary capital
– retained earnings,
– foreign exchange differences on translation of foreign entities,
– capital of non-controlling interests

The share (initial) capital is valued at nominal value as reported in the National Court Register

Differences between the fair value of the payment received and the nominal value from the sale of shares are recognized in the supplementary capital.

Share issue costs reduce the Group's supplementary capital.

As part of retained earnings, the Group recognizes net income (loss) for the current financial year and undistributed profit or unrecovered loss from the financial year and prior years,

Foreign exchange differences on translation of foreign entities - the Group recognizes foreign exchange differences arising on translation of individual items of the statement of financial position of a foreign entity into the Polish currency.

Provisions

The provisions are recognised when the Group is under a present obligation resulting from past events, it is probable that fulfilment of this obligation will cause an outflow of resources representing economic costs and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the costs estimated in accordance with the best knowledge of the management of the Group, the incursion of which is required to settle the present liability at the balance sheet date.

The Group creates provisions for unused leaves of employees. The provision is calculated on a quarterly basis. The provision is estimated for each employee individually, as the product of gross remuneration increased by social security contributions, which are the employer's expense, and the days of the due leave and unused leave as at the balance sheet date for which the provision is calculated. Provisions for unused leaves are presented under short-term pro visions in the statement of financial position, and the change in the value of the provision in the period is charged to remuneration costs.

The Group creates provisions for retirement gratuities. Retirement benefits are paid on a one-off basis upon the employee's retirement. The amount of the retirement benefits depends on the length of service and the employee's average salary. The Group creates a provision for future liabilities due to retirement benefits in order to assign costs to the periods of acquiring rights by employees. The calculated provisions are equal to discounted payments to be made in the future and relate to the period until the balance sheet date. Demographic information and information on employment rotation are based on historical data. The effects of the valuation of the provision for future liabilities due to retirement benefits are recognized in profit or loss.

The Group creates provisions for warranty repairs. The provision is made quarterly, on a given project at the time of putting it into operation - ultimately for a period of 5 years. The value of the provision is calculated as the product of the value of the costs of completing the project and the provision level ratio. This ratio is determined on the basis of historical data. The initial amount of the provision each quarter is adjusted by the expenses already incurred for the execution of repairs. The Group conducts a quarterly analysis of incurred and future expenditures on individual projects. If the initial amount of the provision adjusted for the incurred expenditures is less than the value of repairs assumed by the warranty service department, then the amount of the provision is the value given by the aforementioned department. The effects of the valuation of the provision are recognized in the Profit and Loss Account under "Cost of sales."

The Group presents the above provisions in the statement of financial position divided into long-term provisions and short-term provisions.

Share-based payments

In cash-settled share-based payment transactions, the Group measures the services acquired and the liability incurred at fair value of the liability. Until the liability is settled, the Group at the end of each reporting period, as well as at the date of settlement, measures the liability at fair value and recognizes any changes of the value in profit or loss for the period

03 Methods of determining the financial result

Revenue

In accordance with IFRS 15, the Company recognises revenues when the obligation is fulfilled (or in the course of fulfilling) by transferring a promised goods or services (i.e. an asset) to a customer. The asset is transferred when the customer obtains control of that asset. After fulfilling (or in the course of fulfilling) obligations, the entity recognises an amount equal to a transaction price as income, which has been assigned to that performance obligation. To determine the transaction price, the entity shall consider the terms of the contract and its usual commercial practices. The transaction price is the amount of remuneration that the entity expects to be entitled to in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The remuneration specified in the contract with the client may include fixed amounts, variable amounts or both.

Revenue from the sale of residential and service premises are recognised on the date of handover of real estate to the buyer. This occurs on the basis of the acceptance protocol signed by the parties providing only after completion of the construction of real estate and receiving the occupancy permit on condition that the buyer will pay 100 percent towards the purchase price of real estate. Paid apartments are also considered to be cases of minor underpayments (up to PLN 500), larger underpayments, which the Group decides not to collect from customers, or in the event of receivables from tenant changes, which, according to arrangements, are payable later than the moment of handover of the premises.

Revenue from the sale of real estate is recognized when control over the investment property is transferred to the buyer, which takes place when the ownership is legally transferred and the property is handed over to the buyer.

Bonuses of persons with employment contracts (other than sales office managers) involved in the sale of apartments in a given residential project are subject to capitalization into inventory during the period up to the date on which a given residential project is delivered for use.

Revenues from the rental of residential and commercial space are recognised on a straight-line basis over the term of the contracts concluded. Revenue from other contracts for the provision of services (legal, consulting, IT, financial, marketing, security and other services) is recognised by the Group when the performance obligation is met.

The Group analyses if a sales contract contains several performance obligations. In general, the sales contract may include the following performance obligations:
- the sale of the property,
- the performance of fit-out and other finishing works after transferring control of the property to the buyer,
- the performance of property leasing agency services (finding clients that rent the property).

The Group allocates transaction prices to the individual performance obligations on the basis of their proportional individual sales price.

Revenues from the sale of investment properties, together with the costs of their sale, are presented under “Profit (loss) from investment properties” in the profit and loss account.

The Group recognises revenues from the sale of services (the performance of fit-out works and leasing agency services) within the period of fulfilling the performance obligation.

The Group measures the service advancement based on the advancement of the services/works provided.
The Group acts as a the principal in respect of all such services and recognises, on account of their performance, own costs and revenues in the period of fulfilment of the performance obligation.

The component of the transaction price allocated to the performance of fit out and other finishing works, once control of the property is transferred to the buyer, and the performance of property agency services (finding clients that rent the property) are recognised as liabilities due to contracts with clients.

Revenues from residential and commercial leases are recognized on a straight-line basis during the term of the concluded contracts. This also applies to situations of potential rent reductions and rent-free periods granted.

Revenues from other service contracts (legal, consulting, IT, financial, marketing, security and other services) are recognized by the Group when the performance obligation is fulfilled.

Cost of sales

Costs of goods, products and services sold consist of costs incurred in respect of revenues of a given financial year and overheads not yet incurred.

The cost of goods and products sold is measured at the production cost, using the method of detailed identification of the actual cost of assets sold or the percentage share e.g. of the land or shares sold, etc. In particular, the cost of sales of premises and land sold is determined proportionally to their share in the total cost of construction of the facility and the entire land constituting a given project.

As part of cost of sales, the Group recognizes provisions for warranty repairs.

Administrative costs associated with projects

Administrative costs related to projects include administrative costs indirectly related to the implementation of development projects which include: real estate tax, maintenance fees, property protection, administrative staff remuneration costs and maintenance costs of employees responsible for construction of projects in the part where cannot be assigned to a specific project or they relate to projects completed and other costs related to the maintenance of development projects. Costs of employees responsible for construction of projects in the part where cannot be assigned to a specific project, during the construction period are capitalised in the value of project. Costs are allocated on the basis of working hours reported by employees.

These costs, despite their indirect connection with development projects, are not capitalized in the value of stock / investment property because:

- in the light of IAS 2, they are excluded from the purchase price or cost of stock production as they are not incurred in order to bring the stock to its current status and location;
- in the light of IAS 40 in relations to IAS 16, does not allow to capitalize general and administrative costs in the value of investment properties.

Cost of financing

Financial costs related to the current period are recognized in the profit and loss account according to the amortized cost method described in the Liabilities section, except for costs subject to activation in accordance with the solution included in IAS 23.

The Group activates the part of financial expenses which is directly related to the acquisition and production of financial assets recognized as stock and projects commenced. In case of targeted financing, incurred to implement a project, the amount of financial costs, less income from temporary deposits of cash (i.e. amounts of interest on bank deposits, except for deposits resulting from blocking accounts, letters of credit agreement) is activated. Regarding general financing, capitalized financing costs are determined by applying the weighted average of all borrowing costs to expenditures incurred for a given asset, reduced by funds paid by clients. In the case of leasing, interest costs on the leasing obligation related to a specific project are capitalized in the cost of this project (targeted financing).

Pursuant to the requirements of IAS 23, the Group begins to activate financial costs when the Group undertakes actions necessary to prepare an asset for its intended use or sale. These activities involve more than just activities related to its manual construction. They also include technical and administrative work preceding manual construction, such as activities related to obtaining necessary permits, design and preparatory. The beginning of cost capitalization takes place when no significant time difference is expected between the administrative activities started and the construction work launched. However, such activities exclude the holding of an asset if there are no accompanying processes that affect the change in the asset's condition. The Group terminates the capitalization of finance costs when the asset is placed in service.

Consolidation of subsidiaries

Subsidiaries are all entities over which the Group exercises control, which occurs when the Company exercises authority over the entity, is exposed to changing returns or holds rights to variable returns, is capable of using the authority exercised over the entity in which the investment was made to influence the amount of their financial returns.

Subsidiaries are consolidated in the full method from the date of extending authority over them to the time of losing it.

Financial statements of subsidiaries present data for the same accounting period as the parent company, using consistent accountancy methods. The process of consolidation eliminates all intra-group transactions and accounting balances. Elimination also extends to the value of shares held by the Company and other consolidated entities in subsidiaries which represents the share of the Company and other Group entities subject to consolidation in the equity of subsidiaries.

The most important role in the structure of the Group is played by Echo Investment S.A., which is the owner of units of the Group, supervises, co-participates and provides funds for the implementation of ongoing developer's projects. The companies included in its composition have been established or acquired in order to carry out specific investment tasks and mostly do not engage in business operations other than that which would result from the process of execution of specific project, and next from the provision of services of lease assets already completed or other services.

Combinations of business entities

The Group has subsidiaries which hold real estate. At the time of the acquisition, the Group considers whether the acquisition is the acquisition of an enterprise or the acquisition of an asset. The Group analyzes whether the acquisition meets the definition of a venture in accordance with IFRS 3. In particular, the Group performs a concentration test that enables a simplified assessment of whether the acquired set of activities and assets constitutes a venture. A positive concentration test result means that the acquisition does not constitute a business and no additional assessment is required. The concentration test is positive when substantially all of the fair value of the acquired gross assets is concentrated in a single identifiable asset or group of similar identifiable assets. A negative result requires a detailed analysis of whether the acquisition meets the definition of a project.

The acquisition of subsidiaries by the Group, except for the acquisition of entities under common control, is accounted for according to the acquisition method. The payment transferred in the business combination transaction is measured at fair value, calculated as the collective fair value of the Group's assets transferred, liabilities contracted to the previous owners of the acquired entity and capital instruments issued by the Group in exchange for acquisition of control over the acquired entity. The costs related to the acquisition are recognized in the result at the time they are incurred.

Goodwill is valued as the excess of the amount of payment transferred, the amount of non-controlling interest in the acquired entity and the fair value of shares in the acquiree previously held the acquirer over the fair value of identifiable net assets acquired and liabilities measured at the acquisition date. If, after re-verification, the net value of identifiable assets and liabilities valued at the date of acquisition, exceeds the sum of the payment transferred, the value of non-controlling interests in the acquiree and the fair value of shares in that entity previously held by the acquirer, this surplus is recognized directly in the result as a gain on bargain purchase.

Non-controlling shares that form part of ownership interests and entitle owners to a proportionate share in the net assets of the entity in the event of its liquidation can be initially measured at fair value or proportionally to non-controlling interests in the recognized value of identifiable net assets of the acquiree. The selection of the valuation method is made individually for each takeover transaction.

In the event that the acquisition of subsidiaries does not constitute a takeover of the business, it is recognized as the acquisition of a group of assets and liabilities. The acquisition cost is allocated to assets and liabilities acquired based on their relative fair values and no goodwill or deferred income tax is recognized

Investments in associated companies and joint ventures

Associates are the companies which the parent company has a direct or indirect (through subsidiaries) influence on yet are not its subsidiaries or joint ventures.

Joint ventures are joint contractual arrangements whereby two or more parties undertake a business which is subject to co-control. Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture is a joint contractual arrangement in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The financial year of associates, joint ventures and the parent company is the same.

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognized at cost and subsequently adjusted to take account of the Group's interest in the financial result and other comprehensive income of the associate or joint venture. If the Group's share of losses in an associate or joint venture exceeds its share in the entity, the Group ceases to recognize its share of further losses. Additional losses are recognized only to the extent consistent with legal or customary liabilities assumed by the Group or to payments made on behalf of an associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the entity acquired the status of a joint venture or associate. On the date of investing in an associate or joint venture, the amount by which the investment costs exceed the Group's share of the net fair value of the identifiable assets and liabilities of that entity is recognized as goodwill and included in the balance value of the investment. The amount by which the Group's share of net fair value in identifiable assets and liabilities exceeds investment costs is recognized directly in profit or loss in the period in which the investment was made.

When assessing the need to recognize the impairment of an investment of the Group in an associate or joint venture, the requirements of IAS 28 apply. If necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount. with the carrying amount. The recognized impairment is part of the carrying amount of the investment. The reversal of this impairment is recognized in accordance with IAS 36 to the extent corresponding to the subsequent increase in the recoverable amount of the investment.

The Group ceases to apply the equity method on the date a given investment ceases to be its associate or joint venture and when it is classified as earmarked for sale. The difference between the balance value of an associate or joint venture at the date of discontinuance of the equity method and the fair value of retained interests and proceeds from the disposal of a portion of the interest in that entity is taken into account when calculating the gain or loss on disposal of an associate or joint venture.

If the Group reduces its share in an associate or in a joint venture but it continues to settle it using the equity method, it transfers to the financial result any portion of profit or loss previously recognized in other total income, corresponding to the share reduction, provided that the profit or loss is subject to reclassification to the financial result at the time of the disposal of related assets or liabilities.

Unrealized profits and losses resulting from transactions between the Group and the entity recognized under the equity method are subject to consolidation eliminations in accordance with the Group's share in the equity of the entity recognized using the equity method.

The group grants loans to units under joint projects, the repayment of which is planned according to the date resulting from the concluded contracts.

Valuation to fair value

The Group measures financial instruments such as instruments measured at fair value available for sale as well as derivative instruments and non-financial assets such as investment properties at fair value as at each balance sheet date. Fair value is defined as the price that would have been received from the sale of an asset or paid to transfer a liability in a transaction carried out on the usual terms of asset disposal between market participants on the valuation date under current market conditions. The fair value measurement is based on the assumption that the sale transaction of an asset or liability transfer takes place on the market available for the main market for a given asset or liability, available to the Group, or in the absence of the main market, on the most advantageous market for a given asset or liability.

The fair value of an asset or liability is measured assuming that when determining the price of an asset or liability, market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits through the largest possible and best use of the asset or its disposal to another market participant that would ensure the greatest possible and best use of the asset.

The Group applies valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, with the maximum use of appropriate observable input data and the minimum use of unobservable input data. All assets and liabilities that are measured at fair value or their fair value is disclosed in the financial statements are classified in the fair value hierarchy as described below based on the lowest input data level that is significant for the fair value measurement taken as a whole:

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

At each balance sheet date, in the case of assets and liabilities occurring at particular balance sheet dates, the Group assesses in the financial statements whether transfers took place between levels of the hierarchy by reassessing the classification to individual levels, guided by the relevance of the input data from the lowest level that is significant for the valuation to fair value treated as a whole.

Segment reporting

The Group's business segments are presented in accordance with data from internal management reporting and analyzed by the key operational decision maker. The key operating decision maker, which is responsible for the allocation of resources and the assessment of operating segments' results, is the Management Board of Echo Investment S.A. In the Group, the following reporting segments were identified, which are identical to operating segments defined on the basis of the type of projects implemented:

- residential areas (rental and sale of residential and service areas),
- sale of real estate: Resi4Rent (sale of properties classified as apartments for rent, related to the rental platform),
- share of profits (losses) of entities accounted for using the equity method - Resi4Rent
- commercial properties (shopping centres and offices — rental, services and other services for external counter partners — accountancy, leasing, development).

Principles for determining revenues, costs, segment's result measurement, asset valuation and segment's liabilities are the accounting policies adopted for the preparation and presentation of the Group's consolidated financial statements, as well as accounting policies that specifically relate to segment reporting. The operating segment profit margin is measured as 'gross profit / loss on sales'.

Segment financial data are included in note 31 to the financial statements.

Net profit per share

The net profit per share for each period is calculated by dividing the net profit for a given period attributable to ordinary shareholders of the parent entity by the weighted average number of shares issued during the period.

Cash flow

The cash flow statement is prepared using the indirect method. Liabilities on account of overdraft facilities are denominated as loan debt rather than cash equivalent.

04 New standards and interpretations that are effective as of 1 January 2023

The following standards and amendments to standards became effective on 1 January 2023:

Amendments to IFRS 4 "Insurance contracts" titled "Extension of the temporary exemption from the application of IFRS 9"

approved in the EU on 16 December 2020)

The expiry date of the temporary exemption from IFRS 9 has been extended from 1 January 2021 to annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 "Presentation of financial statements" - Disclosures about accounting policies applied

Effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - Disclosures on accounting policies applied

Effective for annual periods beginning on or after 1 January 2023.

IFRS 17 "Insurance contracts", as amended by IFRS 17

Effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12 Income taxes

(issued on 7 May 2021)

Not adopted by the EU up to the date of approval of these financial statements - applicable for annual periods beginning on 1 January 2023.

The above amendments did not have a material impact on the Group's of 2023 consolidated financial statements.

05 Published standards and interpretations which are not effective yet and have not been adopted by the Group

In approving these financial statements, the following amendments to existing standards have been issued by the IASB and endorsed for use in the EU, which are effective at a later date:

Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities as shortterm or long-term

It is effective for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 16 "Leasing" - lease liabilities in sale and leaseback transactions

It is effective for annual periods beginning on or after 1 January 2024.

New standards and amendments to existing standards issued by the IASB but not yet endorsed for use in the EU

The IFRS as approved by the EU do not currently differ significantly from the regulations issued by the International Accounting Standards Board (IASB), except for the following new standards and amendments to standards, which as at 31 December 2023 have not yet been approved for use in the EU (the following effective dates refer to the full version of the standards):

IFRS 14 "Deferred balances from regulated activities"

Effective for annual periods beginning on or after 1 January 2016. The European Commission has decided not to initiate the approval process of this interim standard for use in the EU until the final version of IFRS 14 is issued.

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Undertaking undertaking and subsequent changes

The effective date of the amendments has been postponed until the completion of research work on the equity method.

Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures: Supplier Financing Arrangements”

(published on 25 May 2023)

As at the date of approval of these financial statements not approved by the EU - effective for annual periods beginning on or after 1 January 2024.

Amendments to IAS 12 “Income Taxes: International Tax Reform - Pillar Two Model Rules”

(published on 23 May 2023)

As at the date of approval of these financial statements not approved by the EU - effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”

(published on 15 August 2023)

As at the date of approval of these financial statements not approved by the EU - effective for annual periods beginning on or after 1 January 2025.

According to the Group’s estimates, the above-mentioned new standards and changes to the existing standards would not have a significant impact on the financial statements, if they had been applied by the Group as at the balance sheet date.

Hedge accounting of the portfolio of financial assets and liabilities, the principles of which have not been approved for use in the EU, still remain outside the regulations approved by the EU.

06 Material estimates and judgments of the Management Board of the Group

The preparation of the financial statements requires the Management Board of the Company to adopt certain assumptions and make estimates and judgments that affect the figures disclosed in the financial statements. Assumptions and estimates are based on the best knowledge of current and future events and activities, however, actual results may differ from those anticipated. Estimates and related assumptions are subject to ongoing verification. Change in accounting estimates is recognized in the period in which they were changed — if it concerns only this period, or in the current and future period — if the changes concern both the current and future period.

The main fields in which the Management Board's estimates have a material impact on the financial statements and key sources of uncertainty as at the balance sheet date are:

Investment properties under construction / Investment properties / Assets held for sale

Investment real estate includes facilities leased to clients by companies which are part of the Group. The fair value of investment real estate is classified at level 2 and 3 in the fair value hierarchy. There were no transfers between the levels.

The Group most often measures properties at fair value during construction and / or commercialisation. The property valuation is based on the income method using the discounted cash flow technique, which takes into account future proceeds from rent (including rent guarantees), the sale of real estate and other expenditure to be incurred. The yield used to determine residual values recognized in cash flows result from the Management Board's estimates based on preliminary agreements for the sale of real estate, letters of intent, external valuations of appraisers or their familiarity with the market. The rates used also take into account the risk, and the level of risk is assessed individually for each property subject to its status.

The fair value of real estate properties which are almost 100 percent commercialised and generate a fixed income is determined by the unit according to the income method, using simple capitalization technique as the quotient of the project's net operating income (NOI) and the yield, or using the value resulting from external valuation, a preliminary contract for the sale of real estate, a letter of intent or a purchase offer, provided they exist.

The accounting policy, in part 02 "Basic accounting principles", describes the conditions under which, if not met, an investment property is not measured at fair value.

The impact of individual ratios on the fair value of real estate at 31 December 2023 is presented below:

Segment	Number of objects	Value [PLN '000]	Valuation type	NOI [mln PLN]	Yield %	Discount rate %	Sensitivity (gross change in PLN '000)			
Retail	1	545 792	income method	39,1	7,00%	7,50%	Yield [p.p] / NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	15 123	-5 002	-23 735
							0,0%	20 327	0	-18 922
							1%	25 530	5 002	-14 109
Offices	4	723 236	income method	58,3	6,75% - 7,61%	7,25% - 8,00%	Yield [p.p] / NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	23 411	-7 909	-37 016
							0,0%	31 637	0	-29 401
							1%	39 863	7 909	-21 786
City Space	4	97 475	income method	34,9		7,37%	Yield [p.p] / NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	-425	-975	-1 518
							0,0%	555	0	-549
							1%	1 535	975	420
Offices		12 021	comparative method							
Other real estate		498 275	by cost production							
Total		**1 876 801**								

The impact of individual ratios on the fair value of real estate at 31 December 2022 is presented below:

Segment	Num-ber of objects	Value [PLN '000]	Valuation type	NOI [mln PLN]	Yield %	Discount rate %	Sensitivity (gross change in PLN '000)			
Retail	1	595 400	income method	42,2	7,00%	7,50%	Yield [p.p]			
							NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	16 178	-5 593	-25 860
							0,0%	21 990	0	-20 471
							1%	27 803	5 593	-15 082
Offices	5	756 676	income method	75,9	6,75% - 7,50%	7,25% - 8,00%	Yield [p.p]			
							NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	29 624	-10 407	-47 619
							0,0%	40 438	0	-37 590
							1%	51 252	10 407	-27 562
Offices - City Space	4	71 032	metoda dochodowa	25,1		7,37%	Yield [p.p]			
							NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	-310	-710	-1 106
							0,0%	404	0	-400
							1%	1 119	710	306
Offices		12 269	comparative method							
Retail - Right-of-use asset		3 101								
Offices - Right-of-use asset		7 629								
Other real estate		490 485	by cost production							
Total		**1 936 590**								

Investment property under construction

According to the valuations prepared by the Group, the value of investment properties under construction as at 31 December 2023 amounted to PLN 583,506 thousand. It consisted of real estate measured at fair value (PLN 114,168 thousand) and other properties (PLN 469,338 thousand) valued at the purchase value that best reflects the fair value of the asset at the balance sheet date valued at the purchase amount, which best reflects the fair value of the asset as at the balance sheet date.

The table below presents an analysis of investment properties under construction carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Investment property under construction — fair value hierarchy levels

	Level 1*	Level 2**	Level 3***	Fair value - total
31.12.2023				
Office	-	-	114 168	114 168
Total	**-**	**-**	**114 168**	**114 168**

* Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
** Level 2 - valuation techniques where the lowest level inputs that are relevant to the determination of fair value are directly or indirectly observable
*** Level 3 - valuation techniques where the lowest level inputs that are relevant to the measurement of fair value are unobservable.

The key input data and assumptions adopted for investment properties under construction measured at fair valueare as follows:

Investment property under construction — valuation techniques

	Valuation	Valuation technique	Discount rate %	Capitalization %
31.12.2023				
Office	114 168	income method	7,25%	6,75%
Total	**114 168**	-		

According to the valuations prepared by the Group, the value of investment properties under construction as at 31 December 2022 amounted to PLN 486,625 thousand. PLN and consisted of real estate valued at fair value (PLN 65,344 thousand) and other real estate (PLN 421,281 thousand) valued at the purchase amount, which best reflects the fair value of the asset as at the balance sheet date.

The table below presents an analysis of investment properties under construction carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Investment properties under construction — fair value hierarchy levels

	Level 1*	Level 2**	Level 3***	Fair value — total
31.12.2022				
Office	-	-	65 344	65 344
Total	**-**	**-**	**65 344**	**65 344**

* Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
** Level 2 - valuation techniques where the lowest level inputs that are relevant to the determination of fair value are directly or indirectly observable
*** Level 3 - valuation techniques where the lowest level inputs that are relevant to the measurement of fair value are unobservable.

The key input data and assumptions adopted for investment properties under construction measured at fair valueare as follows:

Investment property under construction — valuation techniques

	Valuation	Valuation technique	Discount rate %	Capitalization %
31.12.2022				
Office	65 344	income method	7,25%	6,75%
Total	**65 344**			

The table below presents basic information for office projects under construction as of 31 December 2023.

Project/address	GLA [sqm]*	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
Swobodna I Wrocław, ul. Swobodna	16 000	3,2	140,9	19%	III Q 2023	II Q 2025
Fuzja 101 & 103 Łódź, ul. Tymienieckiego	9 400	1,6	88,4	55%	I Q 2022	IV Q 2024
Wita Stwosza Kraków, ul. Wita Stwosza	26 600	5,5	261,7	22%	II Q 2024	IV Q 2025
Swobodna II Wrocław, ul. Swobodna	25 600	5,1	222,8	12%	III Q 2024	III Q 2026
Total	**77 600**	**15**	**714**			

All office buildings under construction and under preparation are presented as ‘investment properties under construction’ in the condensed interim consolidated statement of financial position.

Investment property

As at 31 December 2023, the value of investment properties was PLN 1,144,456 thousand. It consisted of real estate measured at fair value (PLN 1,115,519 thousand) and other properties (PLN 28,937 thousand) measured at cost due to the inability to determine a reliable fair value.

The table below presents an analysis of investment properties carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Investment property — fair value hierarchy levels

	Level 1*	Level 2**	Level 3***	Fair value — total
31.12.2023				
Retail	-	-	545 792	545 792
Office	-	12 091	460 160	472 251
Office — City Space	-	-	97 475	97 475
Total	**-**	**12 091**	**1 103 428**	**1 115 519**

* Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
** Level 2 - valuation techniques where the lowest level inputs that are relevant to the determination of fair value are directly or indirectly observable
*** Level 3 - valuation techniques where the lowest level inputs that are relevant to the measurement of fair value are unobservable.

The key input data and assumptions adopted for investment properties measured using the income method are as follows:

Investment property — valuation techniques

	Valuation	Valuation technique	Discount rate %	Capitalization %
31.12.2023				
Retail	545 792	income method	7,50%	7,00%
Office	460 160	income method	7,25% - 8,00%	6,75% - 7,61%
Office — City Space	97 475	income method	8,97%	-
Office	12 091	comparative method	-	-
Total	**1 115 519**			

According to the valuations prepared by the Group, the value of investment properties as at 31 December 2022 amounted to PLN 1,094,638 thousand. It consisted of properties measured at fair value (PLN 1,061,255 thousand) and other properties (PLN 33,383 thousand) measured at cost due to the inability to determine a reliable fair value.

The table below presents an analysis of investment properties carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Investment property — fair value hierarchy levels

	Level 1*	Level 2**	Level 3***	Fair value — total
31.12.2022				
Retail	-	-	598 500	598 500
Office	-	10 869	380 855	391 724
Office — City Space	-	-	71 032	71 032
Total	**-**	**10 869**	**1 050 386**	**1 061 255**

* Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
** Level 2 - valuation techniques where the lowest level inputs that are relevant to the determination of fair value are directly or indirectly observable
*** Level 3 - valuation techniques where the lowest level inputs that are relevant to the measurement of fair value are unobservable.

The key input data and assumptions adopted for investment properties measured at fair valueare as follows:

Investment property — valuation techniques

	Valuation	Valuation technique	Discount rate %	Capitalization %
31.12.2022				
Retail	598 500	income method	7,50%	7,00%
Office	380 855	income method	7,25% - 8,00%	6,75% - 7,50%
Office — City Space	71 032	income method	9,16%	-
Office	10 869	comparative method	-	-
Total	**1 061 255**			

Assets held for sale

The value of assets held for sale as at 31 December 2023 amounted to PLN 148,839 thousand. It consisted of real estate valued at fair value (PLN 148,839 thousand).

The table below presents an analysis of assets held for sale carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Assets held for sale — fair value hierarchy levels

	Level 1*	Level 2**	Level 3***	Fair value - total
31.12.2023				
Office	-	-	148 839	148 839
Total	**-**	**-**	**148 839**	**148 839**

* Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
** Level 2 - valuation techniques where the lowest level inputs that are relevant to the determination of fair value are directly or indirectly observable
*** Level 3 - valuation techniques where the lowest level inputs that are relevant to the measurement of fair value are unobservable.

The key input data and assumptions adopted for assets held for sale measured using the income method are as follows:

Assets held for sale — valuation techniques

	Valuation	Valuation technique	Discount rate %	Capitalization %
31.12.2023				
Office	148 839	income method	7,25%	6,75%
Total	**148 839**			

The value of assets held for sale as at 31 December 2022 amounted to PLN 355,327 thousand. It consisted of real estate valued at fair value (PLN 319,506 thousand) and real estate valued at the value of expenditure (PLN 35,821 thousand), valued at the purchase amount that best reflects the fair value of the asset as of the balance sheet date (applies to a land property on Nowomiejska Street in Gdańsk).

The table below presents an analysis of assets held for sale carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Assets held for sale — fair value hierarchy levels

	Level 1*	Level 2**	Level 3***	Fair value - total
31.12.2022				
Office	-	1400	318 106	319 506
Total	**-**	**1 400**	**318 106**	**319 506**

* Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
** Level 2 - valuation techniques where the lowest level inputs that are relevant to the determination of fair value are directly or indirectly observable
*** Level 3 - valuation techniques where the lowest level inputs that are relevant to the measurement of fair value are unobservable.

The key input data and assumptions adopted for as-sets held for sale measured using the income method are as follows:

Assets held for sale — valuation techniques

	Valuation	Valuation technique	Discount rate %	Capitalization %
31.12.2022				
Office	318 106	income method	7,25% - 7,65%	6,75% - 7,15%
Office	1 400	comparative method	-	-
Total	**319 506**			

Fit-out works

As of 31 December 2023, the value of liabilities due to contracts with clients regarding finishing works amounted to PLN 21,448 thousand.

As of 31 December 2022, the value of liabilities due to contracts with clients regarding finishing works amounted to PLN 46,760 thousand.

Inventory

When estimating the amount of the write-down on in-ventories held by the Group as at the balance sheet date, information is analyzed according to the current market prices obtained from the development market, regarding the expected sale prices and current market trends, as well as information resulting from the preliminary sales agreements concluded by the Group.

Assumptions used in the calculation of the writedown are mainly based on valid market prices of real estate in a given market segment. In the case of land included in the item of inventories, the value of write-downs results from the suitability of the given land for the needs of the current and future operations of the Group estimated by the Management.

Data regarding write-downs updating the value of inventories to the net value possible to obtain and reversing write-downs on this account are presented in note 9.

Financial instruments valued according to fair value

The Group uses its judgment when selecting valuation methods and makes assumptions based on market conditions existing at each balance sheet date. In particular, concluded forward contracts and concluded option agreements are valued on the basis of valuations provided by banks, are based on the discounted cash flow method using observable data such as exchange rates, interest rates (WIBOR, EURIBOR) and interest rate curves

As at 30 June 2023, the Group did not change the valuation principles for financial instruments, there were no changes in the classification or movements between levels of the fair value hierarchy. There is no difference between the carrying value and the fair value of financial instruments.

Asset from deferred income tax

The Group recognizes deferred tax asset based on the assumption that tax profit will be achieved in the future and it will be possible to use it. This assumption would be unjustified if the tax results deteriorated in the future.

The Management Board verifies the estimates adopted for the probability of the recovery of deferred tax assets based on changes in the factors considered in determining them, new information and past experience.

Leasing

The adaption and application of IFRS 16 required the Company to make various estimates and to engage in professional judgment. The main area in which it happened concerning the assessment of lease periods, in agreements for an indefinite period and in agreements for which the Company was entitled to extend the agreement. When determining a lease period, the Company had to consider all facts and circumstances, including the existence of economic incentives to use or not to extend the agreement and any termination option. The Company also estimated the discount rate used in the calculation of the lease liability - as a rate reflecting the cost of financing a similar asset for the same period.. As at 1 January 2019, the average weighted IBR rate used to discount of liability valuation amounted to 5.73 percent.

Estimated useful life of the trademark

In accordance with IAS 38 para. 88, the Group evaluated whether the “Archicom” trademark as an intangible asset, which arose from the business acquisition and was valued at PLN 67 million as of the acquisition date in 2021, has an indefinite or limited useful life. Indefinite does not mean ‘infinite’ (IAS 38 para. 91), but simply means that, based on the relevant factors, as at the valuation date, there is no reasonably foreseeable limit to the period over which the asset is expected to generate net proceeds to the entity. In particular, the assessment of the assumed period took into account that the Echo Group owns and controls the “Archicom” brand; there are no indications that would limit the period of using the brand by the Echo Group and it plans to use the brand without time limit and there are no other factors that would limit the period of using the brand. In addition, in the opinion of the Management Board, there is no foreseeable time limit for the use of the brand, the trademark is recognisable in the Wrocław market where it has a significant market share with a growing trend, no technical, technological or commercial obsolescence of the brand is expected, as the Group is constantly improving its construction technique and technology to follow the market and intends to follow the preferences and expectations of its clients, especially in terms of living/housing conditions. The industry is relatively stable, with the strongest brands in the industry existing for around 20-30 years. In accordance with IAS 38 para. 109, the useful life of an intangible asset that is not subject to depreciation is verified each period to determine whether events and circumstances continue to support the indefinite useful life for that asset, as discussed in note 2.

Long-term incentive program

The Group has a long-term incentive program that meets the definition of a program based on IFRS 2 “Share-based payment”, to which the members of the Management Board and the CEO of the subsidiary Archicom S.A. are covered. As the Group expects to settle the program in the form of cash, the amount of the obligation and the cost were recognised in the period within general and administrative expenses, respectively. The valuation of the program is based on the “Monte Carlo” model and variables such as the share price, the period to the end of the program or the expected share price at the end of the program.

Identification of a significant financing component within contracts with clientsi

The Group considered that the contracts with clients do not contain a significant financing component. In support of the conclusion that the contract does not contain a significant financing component is the fact that advance payments from clients are intended to secure the implementation of the contract (i.e. they guarantee to the developer that the client will not withdraw from the purchase and, from the client's point of view, they are securities that a given unit will be sold to the client at the agreed price), so they are made for reasons other than to provide financing to the developer (IFRS 15 para. 62c).

07 Financial risk management

The risk of changes in cash flows and fair value related to interest rate

The Group's exposure to interest rate risk stems from financial assets and liabilities, in particular with loans granted, bank deposits, bank loans received and bonds issued. Borrowings, loans, and bonds bear interest at variable rates and make the Group vulnerable to interest rate risk, while loans bear interest at fixed interest rates and expose the Group to fluctuations in fair value of financial instruments. In addition, the Group is exposed to the risk of interest rate fluctuations in the case of borrowing a new loan or refinancing existing debt into long-term financing.

As at 31 December 2023, 28.16 percent of liabilities due to loans and debt securities earned interest at fixed rates, the rest - at floating rates. As at 31 December 2022, 22.93 percent of liabilities due to loans and debt securities earned interest at fixed rates, the rest - at floating rates.

As at 31 December 2022, 87.56 percent of liabilities due to loans and debt securities earned interest at floating rates. As at 31 December 2022, 80.02 percent of liabilities due to loans and debt securities earned interest at floating rates.

As at 31 December 2023, the Group apply interest rate hedge for bonds in the form of IRS instruments (i.e. changing the floating rate to constant).

Interest rates' risk - liabilities due to debt securities issue [PLN '000]

	Value calculated for analysis purposes			
	31.12.2023		31.12.2022	
Balance of liabilities due to the debt securities issue with a variable interest rate	1 206 518	1 206 518	1 003 288	1 003 288
Financial costs of debt securities issue's interests	68 777	68 777	73 400	73 400
Estimated change in interest rates	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Financial costs of debt securities issue's interests rates, taking into account increase / (decrease) of interests rates	12 065	60 326	10 033	50 164
Total impact on the gross results for the period	**12 065**	**60 326**	**10 033**	**50 164**
Income tax	2 292	11 462	1 906	9 531
Total impact on the net result for the period	**9 773**	**48 864**	**8 127**	**40 633**

Interest rates' risk - liabilities due to loans and borrowings [PLN `000]

Value calculated for analysis purposes

	31.12.2023		31.12.2022	
Balance of liabilities due to loans and borrowings with a variable interest rate	698 754	698 754	849 309	849 309
Financial costs of interests	26 881	26 881	30 914	30 914
Estimated change in interest rates	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Change of interest as a result of interest rate's change (on a yearly basis)	6 988	34 938	8 493	42 465
Total impact on the gross results for the period	**6 988**	**34 938**	**8 493**	**42 465**
Income tax	1 328	6 638	1 614	8 068
Total impact on the net result for the period	**5 660**	**28 300**	**6 879**	**34 397**

Interest rates' risk — cash [PLN '000]

Value calculated for analysis purposes

	31.12.2023		31.12.2022	
Cash balance	817 951	817 951	941 997	941 997
Other operating revenues on interests	6 249	6 249	3 503	3 503
Estimated change in interest rate	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Other operating revenues on interests with change of interest rate impact	8 180	40 898	9 420	47 100
Total impact on the gross results for the period	**8 180**	**40 898**	**9 420**	**47 100**
Income tax	1 554	7 771	1 790	8 949
Total impact on the net result for the period	**6 625**	**33 127**	**7 630**	**38 151**

Interest rates' risk - loans granted [PLN `000]

Value calculated for analysis purposes

	31.12.2023		31.12.2022	
Loans granted balance with a variable interest rate	31 789	31 789	58 063	58 063
Operating revenues on granted loans	3 507	3 507	3 014	3 014
Estimated change in interest rates	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Financial revenues on interests due to loans granted with change of interest rate impact	318	1 589	581	2 903
Total impact on the gross results for the period	**318**	**1 589**	**581**	**2 903**
Income tax	60	302	110	552
Total impact on the net result for the period	**257**	**1 287**	**470**	**2 352**

Credit risk

Regarding receivables and loans, the entities with which the Group has these settlements do not have any external ratings published. In case of financial institutions, the external credit rating ranged between BBB - and A - (according to the rating agency EuroRating). The Group granted loans to entities accounted for using the equity method: Galeria Młociny, Towarowa 22 and Resi4Rent, therefore there is a concentration risk. All of these items were classified as Level 1 in the ECL model because credit risk has not increased since initial recognition. There were no movements on gross value and write-downs between levels. The borrowers do not have external ratings, the group assessed the borrowers as very good, characterized by a high ability to regulate contractual cash flows. The maximum exposure to credit risk is equal to the carrying amount of loans granted.

Credit risk arises in the case of cash, granted borrowings, derivative financial instruments and deposits in banks and financial institutions, as well as in relation to clients and tenants of the Group in the form of outstanding receivables. The specifics of the Group's operations in the field of sales of residential space, lease and provision of services mean that the Group is not exposed to significant credit risk.

As at 31 December 2023, the Group estimated the value of impairment losses on trade receivables based on the provision matrix based on historical data regarding repayment of receivables by contractors in the division of types of revenues. Credit loss ratios were calculated on the basis of a model based on historical repayment of receivables in individual overdue groups. The table below presents data on exposures and the value of impairment losses on expected credit losses.

31.12.2023	Default rate weighted average	Gross value of trade receivables [PLN `000]	Provision for expected credit losses [PLN `000]
current	3,26%	32 437	1 057
1-30 days	2,10%	22 071	464
31-90 days	17,91%	5 693	1 019
91-360 days	60,73%	11 161	6 778
over 361 days	57,36%	11 674	6 696
Total		**83 036**	**16 015**

In addition, the Group has procedures in place to assess the creditworthiness of customers and tenants, and in the case of tenants, security deposits and guarantees are also used. There is no significant concentration of risk in relation to any of the clients of the Echo Investment Group. In the case of cash and deposits in financial institutions and banks, as well as payments made by residential clients on escrow accounts presented as other financial assets, the Group uses the services of reputable entities. With regard to the above-mentioned categories, there is a concentration risk resulting from maintaining almost 65 percent of funds in the bank Polska Kasa Opieki S.A.

Financial institutions with which the beneficial Group have an external rating:

rating wg Fitch Issuer Default Ratings	Amount of cash and other financial assets [PLN `000]
A-	707 595
BBB-	149 136
BB+	438
BB-	16 397
	873 566

Cash and cash equivalents along with payments made by residential customers on escrow accounts presented as other financial assets were classified to level 1 in the expected credit loss model, and the estimated impairment loss was considered by the management to be immaterial.

In the Management Board's opinion, in view of the presented business characteristics, the risk of non-performance of contractual obligations is low. The Group's debtors have a high short-term ability to fulfil their obligations resulting from contracts concluded with the Group, and possible adverse changes in economic and business conditions in the long term may - but not necessarily and, in the opinion of the Management Board, they should not - limit their ability to fulfil their obligations within the scope resulting from concluded agreements.

Loss of liquidity

The risk of losing liquidity is the risk that the Group will not be able to settle its financial liabilities on their maturity dates. The Group manages the liquidity risk by maintaining the appropriate amount of the available cash reserve, using the offer of banking services and reserve credit lines and by monitoring the forecast and actual cash flows.

Available current and revolving loans and cash [mln PLN]

	31.12.2023	31.12.2022
current and revolving loans	350	295
including available limits	174	124
non-restricted cash on bank accounts	814	942

Due to the dynamic nature of its operations, the Group retains the flexibility of financing through the availability of cash and the diversity of sources of financing. The Group has sufficient funds to pay all liabilities in due time. Liquidity risk is minimised in the longer term through the availability of bank credit facilities. At any time, the Group may use sufficient funds from the loan facilities granted by banks.

The analysis of the Group's undiscounted financial liabilities that will be settled in appropriate aging periods based on the time remaining to contractual maturity date as at the balance day 31 December 2023:

Analysis of undiscounted financial liabilities as at 31 December 2023 [PLN `000]

Okres	Loans	Borro-wings	Bonds	Leasing	Guaran-tees and sureties	Derivates	Trade and other liabilities	Revenue security liabi-lities for rent--free periods (masterlease)	Profit share liabilities	Total
Up to 1 month	1 334	-	16 218	3 323	11	-	112 563	1 860	-	**135 309**
1 - 3 months	11 807	1 894	138 619	12 325	-	-	3 002	3 138	-	**170 785**
3 months - 1 year	520 013	555	490 040	60 996	-	9 100	79	8 089	826	**1 089 697**
1 - 3 years	360 815	9 550	746 186	69 335	103 595	-	-	12 446	10 631	**1 312 559**
3 - 5 years	55 629	-	824 725	63 035	-	8 750	-	9 205	-	**961 344**
5 - 10 years	-	-	-	44 675	97 256	-	-	1 723	-	**143 654**
Over 10 years	-	-	-	91 311	-	-	-	-	-	**91 311**
Total	**949 598**	**11 999**	**2 215 788**	**344 999**	**200 863**	**17 850**	**115 644**	**36 461**	**11 457**	**3 904 659**

Analysis of undiscounted financial liabilities as at 31 December 2022 [PLN `000]

Okres	Loans	Borro-wings	Bonds	Leasing	Guaran-tees and sureties	Derivates	Trade and other liabilities	Revenue security liabi-lities for rent--free periods (masterlease)	Profit share liabilities	Total
Up to 1 month	17 213	10	2 959	10 967	12 237	-	136 678	2 839	-	**182 902**
1 - 3 months	104 480	185	127 318	24 750	-	-	7 430	6 417	-	**270 580**
3 months - 1 year	327 622	1 735	374 550	100 426	-	-	48 686	15 696	886	**869 600**
1 - 3 years	322 197	-	1 059 748	60 906	-	-	-	11 809	14 820	**1 469 481**
3 - 5 years	118 668	8 572	353 575	34 879	-	-	-	9 223	-	**524 916**
5 - 10 years	-	-	-	96 463	-	-	-	5 914	-	**102 377**
Over 10 years	-	-	-	97 831	-	-	-	-	-	**97 831**
Total	**890 179**	**10 501**	**1 918 149**	**426 222**	**12 237**	**-**	**192 794**	**51 898**	**15 706**	**3 517 687**

Estimated future interest payments were included in the analysis.

Liquidity ratios

Current ratio
(current assets / short-term liabilities)

Quick ratio indicator
(current assets - inventories / short-term liabilities)

Instant cash ratio
(cash / short-term liabilities)

In 2023, the liquidity ratios increased and remain at good levels, which proves the stable liquidity situation of the Group.

The increase in ratios results from an increase in current assets (cash and receivables) with a decrease in the level of short-term liabilities.

Value of liquidity ratio

	31.12.2023	31.12.2022
Current ratio	1,60	1,38
Quick ratio indicator	0,73	0,66
Instant cash ratio	0,49	0,46

Currency risk

The risk of foreign exchange rate fluctuations is related to the investment loans and borrowings denominated in foreign currencies within the Group (as at 31 December 2023 it amounted to EUR 180,681 thousand, as at 31 December 2022 they amounted EUR 150,166 thousand) the lease agreements, where rents are dependent on the PLN/EUR exchange rate and other receivables expressed in foreign currencies.

This risk arises with the following types of financial events:

- currency translation of received loans (tranches of loans) and funds from the sale of commercial projects from EUR to PLN,
- repayment of loan instalments,
- obtaining receivables in respect of property lease,
- currency translation of other receivables in foreign currency.

The Group uses natural hedging: contracts with tenants are expressed in the currency of the loan that was taken out to finance the investment. Payments received from the tenants obtained in this way are intended for repayment of the aforementioned loans. Such linking of funding with sources of income reduces the foreign exchange risk to a minimum or eliminates it completely.

In 2023 in order to safeguard from exchange rate risk the Group opened positions on the forward currency market by acquiring derivative financial instruments hedging the exchange rate of EUR to PLN.

As a result of opened position, as of 31 December 2023 the Group remained hedged for cash flows of EUR 26 million. Transactions were conducted on the basis of bank agreements, not speculatively and were a part of hedging policy (but not treated by the Group as hedge accounting as defined by IAS39) with the intention of securing future cash flows from conversion of loan tranches granted in EUR and funds from the sale of commercial projects.

Main data on long-term derivative financial instruments as at 31 December 2023 [PLN ‘000]

	Nominal collateral	Interest	Date	Date
IRS - 39624	150 000	0,59%	24.08.2020	31.05.2024
IRS - 39827	100 000	0,54%	16.09.2020	5.08.2024
Forward	13 000	not applicable	1.06.2023	29.03.2024

The Group pursues a uniform risk management policy of exchange rate changes and constantly monitors risk areas, while using available strategies and mechanisms to minimise the negative effects of market volatility and cash flow hedges. The Group maintains financial surpluses mostly in the PLN. The amounts held in bank accounts in other currencies are mainly to current transactions.

Currency structure of cash owned by the Goup [PLN ‘000]

	31.12.2023	31.12.2022
PLN	88,0%	83,9%
EUR	12,0%	16,1%

Based on the simulations, it was found that the impact of changes in EUR/PLN interest rates by 10 percent net profit would be a maximum increase or decrease, within individual categories of receivables and liabilities:

Currency risk - receivables due to sale of projects and other [PLN ‘000]

	Value calculated for the purpose of analysis	
	31.12.2023	**31.12.2022**
Balance of receivables due to sale of projects and ithers in EUR	16 231	16 518
Estimated change of exchange rate (EUR)	+/- 10 p.p.	+/- 10 p.p.
FX difference due to exchange rate’s change	**1 623**	**1 652**
Estimated (deferred) income tax	308	314
Net impact on net result	**1 315**	**1 338**

Currency risk - borrowings receivables [PLN '000]

	Value calculated for the purpose of analysis	
	31.12.2023	31.12.2022
Balance of receivables due to borrowings in EUR	-	35 983
Estimated change of exchange rate (EUR)	+/- 10 p.p.	+/- 10 p.p.
FX difference due to exchange rate's change	**-**	**3 598**
Estimated (deferred) income tax	-	684
Net impact on net result	**-**	**2 914**

Currency risk — borrowings liabilities [PLN '000]

	Value calculated for the purpose of analysis	
	31.12.2023	31.12.2022
Balance of liabilities due to borrowings in EUR	124 454	10 539
Estimated change of exchange rate (EUR)	+/- 10 p.p.	+/- 10 p.p.
FX difference due to exchange rate's change	**12 445**	**1 054**
Estimated (deferred) income tax	2 365	200
Net impact on net result	**10 080**	**854**

Currency risk — loans liabilities [PLN '000]

	Value calculated for the purpose of analysis	
	31.12.2023	31.12.2022
Balance of liabilities due to loans in EUR	661 148	693 724
Estimated change of exchange rate (EUR)	+/- 10 p.p.	+/- 10 p.p.
FX difference due to exchange rate's change	**66 115**	**69 372**
Estimated (deferred) income tax	12 562	13 181
Net impact on net result	**53 553**	**56 191**

Currency risk — bonds liabilities [PLN '000]

	Value calculated for the purpose of analysis	
	31.12.2023	31.12.2022
Balance of liabilities due to bonds in EUR	68 390	208 100
Estimated change of exchange rate (EUR)	+/- 10 p.p.	+/- 10 p.p.
FX difference due to exchange rate's change	**6 839**	**20 810**
Estimated (deferred) income tax	1 299	3 954
Net impact on net result	**5 540**	**16 856**

Currency risk — cash and cash equivalents [PLN '000]

	Value calculated for the purpose of analysis	
	31.12.2023	31.12.2022
Balance of cash and cash equivalents (in EUR)	56 916	148 779
Estimated change of exchange rate (EUR)	+/- 10 p.p.	+/- 10 p.p.
FX difference due to exchange rate's change	**5 692**	**14 878**
Estimated (deferred) income tax	1 081	2 827
Net impact on net result	**4 611**	**12 051**

Currency risk - other financial assets [PLN '000]

	Value calculated for the purpose of analysis	
	31.12.2023	31.12.2022
Balance of other financial assets (in EUR)	17 969	16 316
Estimated change of exchange rate (EUR)	+/- 10 p.p.	+/- 10 p.p.
FX difference due to exchange rate's change	**1 797**	**1 632**
Estimated (deferred) income tax	341	310
Net impact on net result	**1 456**	**1 322**

08 Capital risk management

The Group's objective in managing capital is to protect the Group's ability to continue its operations, so that it can generate return for shareholders and to maintain an optimal capital structure to reduce its cost.

While managing the capital, the Group makes decisions regarding the level of financial leverage, dividend policy, issuance of new shares or purchasing and subsequent redemption or resale of previously issued shares and the possible sale of assets to reduce debt.

The Group monitors its capital by such methods as debt ratios. This ratio is calculated as net debt to net assets. Net debt is calculated as total loans, borrowings and bonds (including current and long-term loans and borrowings presented in the balance sheet) less cash, cash equivalents. Net assets are calculated as total assets presented in the balance sheet reduced by cash and cash equivalents.

Debt ratio [PLN '000]

	Note	31.12.2023	31.12.2022
Total loans, borrowings and bonds	17	2 663 527	2 419 506
Cash and cash equivalents	14	(813 836)	(941 997)
Net debt		1 849 691	1 477 509
Total equity		5 961 838	6 087 012
Total capital		5 148 002	5 145 015
Debt ratio		35,93%	28,72%

Value of presented ratios are within the financial assumptions of the Group.

09 Agreements concluded with related entities

Transactions with related entities [PLN '000]

	31.12.2023	31.12.2022
Results of transactions with owners		
Receivables from loans granted	13 921	10 900
Trade liabilities	1 896	1 901
Incurred costs	18 535	18 541
Recognized revenue - interests	1 345	1 133
Results of transactions with related entities		
Trade receivables	1 103	1 541
Recognized revenue	1 891	5 528
Results of transactions with members of the Management Board		
Recognized revenue	1 625	1 023
Advances received	-	891
Results of transactions with jointly controlled entities		
Receivables from loans granted	290 844	320 084
Trade receivables	17 892	9 087
Receivables - advance for land paid	136 856	109 779
Liabilities	10	483
Incurred costs	2 682	374
Purchase of land	24 401	-
Recognized revenue due to rental, consulting, accounting and other services	7 816	6 266
Recognized revenue due to sale of land, properties, support for development of projects	72 838	18 579
Recognized revenue - interests	9 751	13 188
Received deposits and advances	14 403	-
Advance payments for the purchase of land	16 959	-

The Members of the Management Board of Echo Investment S.A. and the President of the Management Board of its subsidiary Archicom S.A. are entitled to additional additional incentive remuneration in the form of a Long-Term Bonus. As at 31 December 2023, the Group recognised a provision in the financial statements in the amount of PLN 14 769 thousand for bonuses for the Management Board based on the share price. The impact on the company's profit or loss due to changes in the amount of this provision in 2023 amounted to PLN 10 439 thousand gross to increase profit or loss. Details are set out in the section 1 'Remuneration of the Management Board and Supervisory Board'.

Change in allowances for expected credit losses - receivables [PLN ‘000]

	31.12.2023	31.12.2022
As at the beginning of the period	**1 434**	**482**
Increases due to		
- release of the write-down	(17)	-
- creation of a write-of	-	952
Balance of allowances at the end of the period	**1 417**	**1 434**

10 Significant events after the balance sheet day

Issue of public bonds by Echo Investment for individual investors

The S and S2-series ordinary bearer bonds are registered with Krajowy Depozyt Papierów Wartościowych S.A.

The S-series bonds (PLECHPS00399) and S2 (PLECHPS00399) are listed in the continuous trading system on the Catalyst main market operated by the Warsaw Stock Exchange.

The money raised will be spent on business development and rollover of the company's debt maturing in 2024.

The bonds public offering was carried out on the basis of the prospectus approved by the Polish Financial Supervision Authority on 19 June 2023 and supplements to the prospectus.

Series	S	S2
Data of issued	26.02.2024	20.03.2024
Value	PLN 70 mln	PLN 70 mln
Maturity	4 years	4 years
Interest	WIBOR 6M + margin 4%	WIBOR 6M + margin 4%
Offering agent	Consortium: 1) Biuro Maklerskie of PKO Bank Polski 2) Michael / Ström Dom Maklerski Spółka Akcyjna 3) Noble Securities Spółka Akcyjna	Consortium: 1) Biuro Maklerskie of PKO Bank Polski 2) Michael / Ström Dom Maklerski Spółka Akcyjna 3) Noble Securities Spółka Akcyjna

Issue of public bonds by Echo Investment for institutional investors (in PLN)

Series	4I/2024
Data of issued	27.02.2024
Value	PLN 100 mln
Maturity	5 years
Interest	WIBOR 6M + margin 4.5%
Offering agent	Ipopema Securities S.A.

The 4I-series bonds (PLO017000103) are not secured and will be listed to introduction to trading in the alternative trading system operated by the Warsaw Stock Exchange S.A.

The money raised will be spent on rollover part of the company's debt under bonds maturing in 2024 and 2025.

The 4I/2024-series bonds public offering was carried out based on the agreement approved Ipopema Securities S.A. registered in Warsaw, under the Company's bond issue program up to PLN 500 million from 2022, increased to PLN 1 billion by an annex of 25 October 2023.

At the same time, in connection with the process of issuing series 4I bonds, the Company purchased the following bonds for redemption:

Issuance of public bonds by Echo Investment for investors institutional (in PLN)

Emitent	Series	ISIN code	Maturity date	Nominal value
Echo Investment S.A.	1P/2021	PLO017000053	22.10.2024	PLN 16 mln
Echo Investment S.A.	1/2021	PLO017000046	17.03.2025	PLN 12 mln
Echo Investment S.A.	2/2021	PLO017000061	10.11.2025	PLN 72 mln

All purchased bonds are registered in the National Depository of Securities.

Dividend advance payment

On 27 November 2023, the Management Board of Archicom S.A., in view of the approval by the Ordinary General Meeting of the Company's financial statements for the 2022 financial year, which showed a profit, and in view of the audit of the Company's financial statements for H1 2023 by the auditor, which also showed a profit, decided to conditionally pay the Company's shareholders an advance towards the expected dividend for the 2023 financial year, in the total amount of PLN 26,908,179.78, i.e. in the amount of PLN 0.46 per share.

The advance payment was made on 19 January 2024.

Conclusion of significant agreements on the establishment of a joint venture to construct purpose-built student housing

On 6 March 2024, Echo Investment S.A. entered into a transaction with Signal Alpha 3 R1 S.à r.l. regarding the establishment of a joint venture, under which the parties will develop projects for the construction of student housing in Poland.

Echo Investment S.A. intends to engage up to EUR 31.3 million in the venture. The assumed time frame for the implementation of the venture will be from 3 to 5 years. The assumed number of beds to be provided as part of the venture will be at least 5,000. The assumed proportions of the venture's financing sources will be (i) 40 percent-50 percent - financing from the parties; (ii) the remaining 60 percent - 50 percent - debt.

Execution of a joint venture agreement with Rank Progress S.A.

On 7 March 2024, documents concerning the establishment of a joint venture by Archicom S.A. and Rank Progress S.A. were signed, as a result of which Archicom Wrocław 2 Sp. z o.o. became the subject of joint ownership of the two aforementioned companies. Archicom's share in the joint venture will be 55 percent and Rank Progress 45 percent.

The JV initiative relates to the construction of a residential project in the area located at Browarna Street in Wrocław. The project involves the contribution of land by Rank Progress to the company, and Archicom will handle the comprehensive development of the project. As part of the three-phase project, it is planned to build a residential estate with more than 45,000 sqm of usable floor space, including nearly 800 apartments.

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Remuneration of the Management Board and Supervisory Board

Remuneration of the Management Board [PLN]

	2023					2022				
	From Echo Investment S.A.					From Echo Investment S.A.				
	Basic remuneration	Bonus	From subsidiaries, joint-ventures and associates	Other benefits	Total	Basic remuneration	Bonus	From subsidiaries, joint-ventures and associates	Other benefits	Total
Nicklas Lindberg	1 363 506	437 495	3 471 149	46 131	5 318 281	1 407 305	793 349	2 566 960	658 414	5 426 028
Maciej Drozd	508 386	219 260	1 560 049	50 931	2 338 626	538 285	422 829	1 334 915	42 350	2 338 379
Artur Langner	240 000	172 920	861 840	5 962	1 280 722	240 000	208 373	932 747	6 019	1 387 139
Rafał Mazurczak	306 000	255 952	1 059 693	14 424	1 636 069	306 000	260 100	1 066 932	12 220	1 645 252
Małgorzata Turek	306 000	223 380	958 820	6 562	1 494 762	306 000	252 450	1 004 550	5 419	1 568 419
Total	**2 723 888**	**1 309 007**	**7 911 551**	**124 010**		**2 797 590**	**1 937 101**	**6 906 104**	**724 422**	
Total in year					**12 068 460**					**12 365 217**

The long-term incentive program of the CEO and CFO

On 21 July 2021, Echo Investment S.A. entered into contracts with Nicklas Lindberg, the CEO of the Company and Maciej Drozd, the CFO specifying the terms of additional incentive compensation in the form of a long-term bonus. Such additional compensation conforms with the Remuneration Policy.

Nicklas Lindberg and Maciej Drozd obtained the right to a long-term bonus. The amount of it will depend on the growth in the Company's goodwill measured by the aggregate amount of dividend and the growth in the share price on the Warsaw Stock Exchange in annual evaluation periods.

The contracts define the rules of determining the amount of the long-term bonus based on the growth in the average six-month price of the Company's shares calculated for one-year periods, increased by the dividend disbursed by the Company above the initial value of a Company share determined at PLN 4.34 per share. The right to the longterm bonus will be acquired in annual periods over the term of the program, i.e., from 1 January 2020 to 31 December 2024, unless a material change in the shareholding structure of the Company occurs earlier. The amount of the longterm bonus depends on the growth in the value of the Company's shares, provided that the amount of the long-term bonus (the "base value") does not exceed EUR 10 million for Nicklas Lindberg and EUR 5 million for Maciej Drozd if at the end of the five-year period the growth in the average six-month price of the Company's shares increased by the dividend disbursed during the term of the program exceeds the amount of the initial quotation of the Company's shares by PLN 5.80, i.e., if the aggregate amount of the disbursed dividend increased by the average six-month price of the Company's shares reaches the amount of PLN 10.14 per share. In case of a material change in the shareholding structure of the Company, in lieu of the average six-month price of the Company's shares, the basis for the calculation of the long-term bonus will be the price received for the Company's shares calculated on the basis of the price indicated in the transaction resulting in such material change in the shareholding structure.

The duration of the program may be extended by a two years (to a seven-year total), i.e., until 31 December 2026; in such case the maximum amount of the long-term bonus will be 125 percent of the base value if the average six-month price of the Company's shares increased by the dividend disbursed during the seven-year evaluation period exceeds the base value by PLN 7.25, i.e., the aggregate amount of the disbursed dividend increased by the average six-month price of the Company's shares reaches the value of PLN 11.59 per share.

The long-term bonus is to be disbursed in the form of the Company's shares (whether existing or of a new issue) annually, at the end of the evaluation period, and should that be impracticable, it will be disbursed as a lump sump in cash at the end of the five-year term (or the seven-year term, should the former be extended) of the program. In case of a material change in the shareholding structure of the Company, the long-term bonus shall be disbursed as a lump sum upon occurrence of such event.

The Contracts also define the detailed terms of the disbursement of the longterm bonus, as well as addressing a situation where a Management Board memberforfeits the right to receive the long-term bonus or a part thereof, in particular inthe event of causing damage to the Company or of taking actions that breach the elevant provisions of the law or the Company's in-house regulations.

Extension of the Long-Term Bonus program

On 15 June 2022, Echo Investment S.A. entered into contracts with Rafał Mazurczak and Małgorzata Turek, members of the company's management board and Waldemar Olbryk, president of the management board of Archicom S.A., the subsidiary of the Company specifying the terms of additional incentive compensation in the form of a long-term bonus. Such additional compensation conforms with the Remuneration Policy.

Under the contracts, Rafał Mazurczak, Małgorzata Turek and Waldemar Olbryk obtained the right to a long-term bonus. The amount of it will depend on the growth in the Company's goodwill measured by the aggregate amount of dividend and the growth in the share price on the Warsaw Stock Exchange in annual evaluation periods.

The contracts define the rules of determining the amount of the long-term bonus based on the growth in the average six-month price of the Company's shares calculated for one-year periods, increased by the dividend disbursed by the Company above the initial value of a Company share determined at PLN 4.07 per share. The right to the longterm bonus will be acquired in annual periods over the term of the program, i.e., from 31 December 2022 to 31 December 2025, unless a material change in the shareholding structure of the Company occurs earlier. The maximum amount of the long-term bonus (the "base value") does not exceed EUR 1 million for each of the participants if at the end of the four-year period the growth in the average six-month price of the Company's shares increased by the dividend disbursed during the term of the program exceeds the amount of the initial quotation of the Company's shares by PLN 5.60, i.e., if the aggregate amount of the disbursed dividend increased by the average six-month price of the Company's shares reaches the amount of PLN 9.67 per share. In case of a material change in the shareholding structure of the Company, in lieu of the average six-month price of the Company's shares, the basis for the calculation of the long-term bonus will be the price received for the Company's shares calculated on the basis of the price indicated in the transaction resulting in such material change in the shareholding structure.

The duration of the program may be extended by a further one years (to a five-year total), i.e., until 31 December 2026; in such case the maximum amount of the long-term bonus will be 112.5 percent of the base value if the average six-month price of the Company's shares increased by the dividend disbursed during the five-year evaluation period exceeds the base value by PLN 6.3, i.e., the aggregate amount of the disbursed dividend increased by the average six-month price of the Company's shares reaches the value of PLN 10.37 per share.

The other rules regarding the long-term bonus program for Małgorzata Turek, Rafał Mazurczak and Waldemar Olbryk are the same as in the case of Nicklas Lindberg and Maciej Drozd.

As at 30 June 2023, the Company recognized a provision in the amount of PLN 14,768,704 for a management bonus based on the share price. The change in the amount of the provision in H1 2023 increased the financial result of the Company by PLN 10,439,106 gross. These amounts are not included in the table above.

Agreements concluded between the company and members of the management

In 2023 and as at the date of publication of the report, there were no agreements concluded between the Company and executives, providing for compensation in case of their resignation or dismissal from their position without an important reason, or if their dismissal occurs due to a merger of Echo Investment S.A. or due to an acquisition.

Remuneration of the Supervisory Board [PLN]

	2023			2022		
	From Echo Investment S.A.	From subsidiaries, joint-ventures and associates	Other benefits	From Echo Investment S.A.	From subsidiaries, joint-ventures and associates	Other benefits
Noah M. Steinberg	240 000	-	-	240 000	-	-
Tibor Veres	84 000	-	-	84 000	-	-
Margaret Dezse	180 000	-	-	180 000	-	-
Maciej Dyjas	60 000	-	-	60 000	-	-
Sławomir Jędrzejczyk	180 000	-	-	180 000	-	-
Péter Kocsis	60 000	-	-	60 000	-	-
Bence Sass	60 000	-	-	60 000	-	-
Nebil Senman	60 000	-	-	60 000	-	-
Total	**924 000**	**-**	**-**	**924 000**	**-**	**-**

12 Agreements concluded with an auditor

The Supervisory Board of Echo Investment S.A., upon the recommendation of the Audit Committee, has selected Pricewaterhousecoopers Polska Sp. z o.o. Audyt Sp.k. based in Warsaw, ul. Polna 11, registered as number 144 in the list of expert auditors to audit separate financial reports of Echo Investment and consolidated financial reports of the Echo Investment Capital Group for the years 2022-2023. The agreement was concluded by the Management Board, based on the Supervisory Board's authorisation.

The Management Board of Echo Investment S.A. informs that the selection of the auditing company conducting the audit of the annual financial statements was made in accordance with the polish regulations, including on the basis of the applicable policy and procedure for selection of the auditing company [adopted by the Audit Committee on 23 March 2018].

The auditing company and the members of the team conducting the audit met the conditions for preparing an unbiased and independent report on the audit of the annual financial statements in accordance with the applicable regulations, professional standards and professional ethics.

Echo Investment S.A. complies with the existing regulations related to rotation of the auditing company and the key statutory auditor, as well as prevailing mandate periods. Echo Investment S.A. has a policy with respect to the selection of the auditing company and a policy with respect to providing services to the issuer by the auditing company, any entity related to the auditing company or a member of its network of additional non-auditing services, including services which are conditionally excluded from the ban on such services by the auditing company. The auditing company selection policy and procedure and the non-auditing services purchase policy are available on the Company's website under Investor relations / Strategy and corporate governance and were adopted by resolutions of the Audit Committee of 15 September 2022 and 2 February 2023, respectively.

The net remuneration due to the auditor entitled to audit financial reports of the company and the group

Title	Contractual amount [PLN]
Review of the standalone and consolidated financial statements for the 1st half-year 2023	150 000
Additional audit of the standalone financial statement for the 1st half-year 2023	105 000
Audit of the standalone and consolidated financial statements for 2023	840 000
Audit statements of remuneration for 2023	30 000
Audit statements of remuneration for 2023 of Archicom S.A.	30 000
Review of the interim consolidated financial statements and audit of the interim standalone condensed financial statements of Archicom S.A.	205 000
Audit of the annual consolidated and standalone financial statements of Archicom S.A.	710 000
Total	**2 070 000**

Nicklas Lindberg
President of the Board, CEO

Maciej Drozd
Vice-President of the Board, CFO

Artur Langner
Vice-President of the Board

Rafał Mazurczak
Member of the Board

Małgorzata Turek
Member of the Board

Anna Gabryszewska-Wybraniec
Chief Accountant

The document is signed with qualified electronic signature

Kielce, 27 March, 2024

CHAPTER 4

Statement of the Management Board

Swoboda SPOT office project, Wrocław

The Management Board of Echo Investment S.A. declares that, to the best of its knowledge, the Annual Consolidated Financial Statements of Echo Investment S.A. and its Group for 2023 and comparative data have been presented in compliance with the applicable accounting principles, and that they reflect in a true, reliable and transparent manner the economic and financial situation of Echo Investment Group and its financial result.

The management report on operations of the Echo Investment S.A. and its Group provides a true view of the development and achievements and standing, including the description of major threats and risks.

Nicklas Lindberg
President of the Board, CEO

Maciej Drozd
Vice-President of the Board, CFO

Artur Langner
Vice-President of the Board

Rafał Mazurczak
Member of the Board

Małgorzata Turek
Member of the Board

The document is signed with qualified electronic signature

Kielce, 27 March, 2024

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