2024

Consolidated Annual Report of Echo Investment Group


Fuzja, Łódź

ECHO investment

Content

Consolidated financial statements of Echo Investment Group for 2024

CHAPTER 1

Towarowa 22 project, Warsaw

1.1 Consolidated profit and loss account

Consolidated profit and loss account

	Note	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Sales revenues	1	1 083 405	1 573 293
Cost of sales	2	(718 167)	(1 085 831)
Gross sales profit		**365 238**	**487 462**
Profit (loss) on investment properties	3	(4 530)	(75 920)
Administrative costs associated with project implementation	2	(82 883)	(61 891)
Selling expenses	2	(80 631)	(49 412)
General and administrative expenses	2	(97 961)	(105 983)
Other operating income	6	26 795	12 846
Other operating expenses	7	(15 926)	(26 407)
Operating profit		**110 102**	**180 695**
Financial income	8	52 642	18 750
Financial expenses	9	(229 535)	(187 122)
Profit on derivatives	24	327	403
Foreign exchange profit	10	21 070	68 232
Share of profits of undertakings accounted for using the equity method	18	129 017	97 363
Profit before tax		**83 623**	**178 321**
Income tax	12	(68 000)	(60 458)
- current tax		(97 712)	(66 808)
- deferred tax	11	29 712	6 350
Net profit (loss), including:		**15 623**	**117 863**
Profit (loss) attributable to equity holders of the parent company		(14 175)	67 428
Profit of non-controlling intrest		29 798	50 435
Profit (loss) attributable to equity holders of the parent company		(14 175)	67 428
Weighted average number of ordinary shares ('000) without shares held		412 691	412 691
Profit (loss) per one ordinary share (PLN)		(0,03)	0,16
Diluted profit (loss) per one ordinary share (PLN)		(0,03)	0,16

1.2 Consolidated statement of financial position

Consolidated statement of financial position

	Note	As at 31.12.2024	As at 31.12.2023 restated data	As at 1.01.2023 restated data
Assets				
Non-current assets				
Intangible assets	16	81 579	76 365	71 752
Property, plant and equipment	17	74 497	56 489	60 409
Investment property	13	1 493 493	1 144 456	1 094 638
Investment property under construction	14	519 218	583 506	486 625
Investment in associates and joint ventures	18	876 309	642 468	478 180
Long-term financial assets	19	483 780	267 757	326 675
Lease receivables	21	5 070	-	-
Derivative financial instruments	24	-	-	26 251
Other assets		167	1 655	1 549
Deferred tax asset	11	151 928	112 993	94 494
Lands for development		83 930	63 063	21 359
		3 769 971	**2 948 752**	**2 661 932**
Current assets				
Inventory	20	2 161 728	1 553 824	1 592 885
Current tax assets		21 437	15 199	14 925
Other taxes receivable	21	81 738	80 801	81 762
Trade and other receivables	21	252 221	291 400	333 577
Short-term financial assets	19	1 674	38 392	15 327
Derivative financial instruments	24	-	11 065	366
Other financial assets *	25	117 912	59 730	88 914
Cash and cash equivalents	25	366 205	813 836	941 997
		3 002 915	**2 864 247**	**3 069 753**
Fixed assets (disposal group) held for sale	15	-	148 839	355 327
		3 002 915	**3 013 086**	**3 425 080**
Total assets		**6 772 886**	**5 961 838**	**6 087 012**

Consolidated statement of financial position

	Note	As at 31.12.2024	As at 31.12.2023 restated data	As at 1.01.2023 restated data
Equity and liabilities				
Equity				
Share capital	26	20 635	20 635	20 635
Supplementary capital	27	1 057 735	1 057 378	1 044 798
Retained earnings		596 814	611 346	577 337
Foreign exchange adjustments from conversion of foreign undertakings		300	694	1 008
Equity attributable to equidity holders of the parent company		**1 675 484**	**1 690 053**	**1 643 778**
Non-controlling interest	28	336 698	338 036	162 534
		2 012 182	**2 028 089**	**1 806 312**
Long-term liabilities				
Loans, borrowings and bonds	30	2 268 961	1 708 807	1 609 032
Loans, borrowings and bonds financing properties held for sale	30	-	52 006	20 230
Derivative financial instruments	24,33	554	331	-
Long-term provisions	32	8 304	9 283	5 356
Deferred income tax provision	11	163 377	154 154	140 651
Lease liabilities	31,33	171 610	142 037	138 837
Other liabilities	33	85 736	101 570	68 200
		2 698 542	**2 168 188**	**1 982 306**
Short-term liabilities				
Loans, borrowings and bonds	30	714 387	900 598	667 980
Loans, borrowings and bonds financing properties held for sale	30	-	2 116	122 264
Liabilities from acquisition of shares		-	-	51 478
Derivative financial instruments	24,33	-	441	-
Income tax liabilities		11 985	4 812	31 174
Other taxes liabilities	33	65 676	12 368	147 176
Trade liabilities	33	158 121	113 965	142 867
Dividend liabilities	33	-	6 986	90 792
Lease liabilities	31,33	90 428	72 097	96 389
Short-term provisions	32	28 327	31 339	51 238
Other liabilities	33	152 975	162 409	238 348
Liabilities from contracts with clients	1	840 263	457 377	613 679
		2 062 162	**1 764 508**	**2 253 385**
Liabilities directly associated with assets held for sale	15	-	1 053	45 009
		2 062 162	**1 765 561**	**2 298 394**
Total equity and liabilities		**6 772 886**	**5 961 838**	**6 087 012**

1.3 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Profit for the current financial year	**15 623**	**117 863**
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 discontinuation of the occupation of the property and the reclassification of the right of use to investment properties (including the tax impact)	-	733
- foreign exchange adjustments on conversion of foreign undertakings	(394)	(314)
Other comprehensive net income	**(394)**	**419**
Total income for the period, including:	**15 229**	**118 282**
Comprehensive income attributable to equdity holders of the parent company	(14 569)	67 847
Total comprehensive income attributable to non-controlling interest	29 798	50 435

1.4 Statement of changes in consolidated equity

Statement of changes in consolidated equity

	Share capital	Supple-mentary capital	Accumula-ted retained earnings	Exchange adjustments from conver-sion	Equity attributable to equity holders of the parent	Non-con-trollng share	Total equity
For the period 1.01.2024 - 31.12.2024							
Opening balance	**20 635**	**1 057 378**	**611 346**	**694**	**1 690 053**	**338 036**	**2 028 089**
Net profit (loss) for the period	-	-	(14 175)	-	(14 175)	29 798	15 623
Other comprehensive income	-	-	-	(394)	(394)	-	(394)
Total net income for the period	**-**	**-**	**(14 175)**	**(394)**	**(14 569)**	**29 798**	**15 229**
Advances on dividends	-	-	-	-	-	(21 416)	(21 416)
Dividend paid	-	-	-	-	-	(9 720)	(9 720)
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**(31 136)**	**(31 136)**
Distribution of previous years' profit/loss	**-**	**357**	**(357)**	**-**	**-**	**-**	**-**
Closing balance	**20 635**	**1 057 735**	**596 814**	**300**	**1 675 484**	**336 698**	**2 012 182**
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 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 interest	-	-	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**

1.5 Standalone cash flow statement

Standalone cash flow statement

	Note	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
A. Operating cash flow — indirect method			
I. Profit before tax		**83 623**	**178 321**
II. Total adjustments			
Share in net (profits) of undertakings accounted for using the equity method		(129 017)	(97 363)
Depreciation of fixed assets and intangible assets	2	15 786	14 170
Foreign exchange (gains) losses		(21 006)	(69 906)
Interest and share in profits (dividends)		182 636	170 606
Profit (loss) on investment properties		4 530	75 920
Loss on investing activities		3 311	2 901
Change in provisions		(3 992)	(15 972)
(Profit) loss on realization of financial instruments		(550)	(71)
		51 698	**80 285**
III. Changes in working capital			
Change in inventories		(570 852)	13 809
Change in amounts receivable		(57 352)	(118 578)
Change in short-term liabilities, except for loans and borrowings	38	483 929	(364 362)
Change in other financial assets		(58 181)	29 185
		(202 456)	**(439 946)**
IV. Net cash generated from operating activities (I+/-II+/-III)		**(67 135)**	**(181 340)**
Income tax paid		(96 777)	(93 444)
V. Net cash flow from operating activities		**(163 912)**	**(274 784)**
B. Cash flow from investing activities			
I. Inflows			
Disposal of intangible assets and tangible fixed assets		1 689	201
Disposal of investments in properties		144 693	176 470
Refund of borrowings granted, including interest		87 901	9 412
Lease interest		353	-

Standalone cash flow statement

	Note	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Repayment of lease receivables		544	-
Disposal of investments		4	-
		235 184	**186 083**
II. Outflow			
Purchase of intangible assets and tangible fixed assets		(22 495)	(8 034)
Investments in properties		(253 658)	(197 670)
Borrowings granted		(221 887)	(47 588)
Due to the acquisition of subsidiaries, less cash and cash equivalents in the acquired undertakings		-	(34 113)
Capital increase in joint ventures		(100 196)	(5 629)
		(598 236)	**(293 034)**
III. Net cash flow from investing activities (I+II)		**(363 052)**	**(106 951)**
C. Cash flow from financing activities			
I. Inflows			
Loans and borrowings	30	237 773	219 376
Issue of debt securities	30	855 120	559 714
Redemption of shares by non-controlling interest (shares in Archicom S.A.)		-	217 065
		1 092 893	**996 155**
II. Outflows			
Dividends and other payments to owners	27	(38 123)	(192 583)
Repayment of loans and borrowings	30	(116 809)	(54 684)
Redemption of debt securities	30	(594 610)	(289 264)
Payments of lease liabilities		(48 258)	(42 108)
Interest paid		(214 880)	(163 942)
Expenditures related to the issue of Archicom S.A. shares carried out in the previous year		(880)	-
		(1 013 560)	**(742 581)**
III. Net cash flow from financing activities (I+III)		**79 333**	**253 574**
D. Total net cash flows (A.V +/- B.III +/- C.III)		**(447 631)**	**(128 161)**
E. Change in cash in the consolidated statement of financial position		**(447 631)**	**(128 161)**
F. Cash and cash equivalents at the beginning of the period		**813 836**	**941 997**
G. Cash and cash equivalents at the end of the period (D+F)		**366 205**	**813 836**

CHAPTER 2

General information, basis for preparing the financial statements, and other explanatory information

Office house project, Warsaw

2.1 About the Company - business description

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 2024 in part 1 "Basic information about the Company and the Group".

2.2 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 2024 and comparative data for the 12-month period ending on 31 December 2023. Due to the reclassification of data described in note 39, the period starting from January 1, 2023, has also been presented.

All financial data in the Group's consolidated financial statements, unless otherwise stated, are presented in thousands of Polish zlotys (PLN), which is also the functional currency of the parent company.

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.

Approval of financial statements

The Consolidated Financial Statement for the year ended 31 December 2024 was approved for publication on 26 March 2024.

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.

2.3 Echo Investment Group

Composition of the Group

As at 31 December 2024 the Capital Group included 151 subsidiaries consolidated according to the full method and 58 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 DKR Echo Investment 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 2024. Echo Investment S.A. consolidates all companies of the Archicom S.A. group according to the full method.

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 or the residential project Browarna in Wrocław..

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	Cinema Asset Manager - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
3	City Space - GP Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
4	City Space Management Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
5	Dagnall Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
6	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp. z o.o.
7	DKR Echo Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
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.
11	Echo - Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
12	Echo Investment Project 1 S.R.L.	Brasov	100%	Echo - Aurus Sp. z o.o.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
13	Echo Investment Project Management S.R.L.	Brasov	100%	Echo Investment S.A.
14	Echo - Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
15	Echo - SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
16	Elektrownia RE Sp. z o.o.	Kielce	100%	Echo Investment S.A.
17	Face2Face - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
18	Fianar Investments Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
19	Galaxy - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
20	Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.k.	Kielce	100%	Fianar Investments Sp. z o.o.
21	Galeria Tarnów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
22	GRO Nieruchomości Sp. z o.o.	Kielce	100%	Echo Investment S.A.
23	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
24	Malta Office Park - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
25	Metropolis - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
26	Midpoint 71 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
27	Opolska Business Park — Grupa Echo Sp. z o.o. Sp.k.	Warszawa	100%	Pudsey Sp. z o.o.
28	Park Rozwoju III— Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp. z o.o.
29	PHS - Grupa Echo Sp. z o.o. Sp.k.	Warszawa	100%	Echo Investment S.A.
30	PPR - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
31	Projekt 16 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
32	Projekt 17 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
33	Projekt 139 - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
34	Projekt 144 - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo - Arena Sp. z o.o.
35	Projekt Beethovena - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
36	Projekt Echo - 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
37	Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
38	Projekt Echo - 111 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
39	Projekt Echo - 115 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
40	Projekt Echo - 120 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
41	Projekt Echo - 123 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
42	Projekt Echo - 129 Sp. z o.o.	Kielce	100%	Selmer Investments Sp. z o.o. Sp.k.
43	Projekt Echo - 130 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
44	Projekt Echo - 140 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
45	Projekt Echo - 142 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
46	Projekt Echo - 143 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
47	Projekt Echo - 144 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
48	Projekt Echo - 145 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
49	Projekt Naramowice - Grupa Echo Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
50	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
51	Pudsey Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
52	Q22 - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp. z o.o.
53	React - Dagnall Sp. z o.o. S.K.A.	Kielce	100%	Pudsey Sp z o.o.
54	Rondo 1 City Space - GP Sp. z o.o. Sp.k.	Warszawa	100%	City Space Management Sp. z o.o.
55	RPGZ IX Sp. z o.o.	Kielce	100%	Echo Investment S.A.
56	Sagittarius - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp. z o.o.
57	Seaford Sp. z o.o.	Warszawa	100%	Echo Investment S.A.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
58	Selmer Investments Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
59	Selmer Investments Sp. z o.o. Sp.k.	Warszawa	100%	Echo Investment S.A.
60	Strood Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
61	Symetris - Grupa Echo Sp. z o.o. Sp.k.	Warszawa	100%	Echo Investment S.A.
62	Swanage Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
63	Taśmowa - Projekt Echo - 116 Sp. z o.o. S.K.A.	Kielce	100%	Echo Investment S.A.
64	Villea Investments Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
65	Wołoska Development Capital Prosta S.A.	Warszawa	100%	Echo Investment S.A.
66	Service Hub Sp. z o.o.	Kielce	87,02%	Echo Investment S.A.
67	Service Hub Commercial - Grupa Echo Sp. z o.o. Sp.k.	Kielce	87,02%	Service Hub Sp. z o.o.
68	Archicom Asset Management Sp. z o.o.	Wrocław	87,02%	Service Hub Sp. z o.o.
69	12 - Archicom Projekt 127 Sp. z o.o. S.K.A.	Wrocław	74,04%	Archicom S.A.
70	AD Management Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
71	Altona Investments Sp. z o .o.	Wrocław	74,04%	Archicom Nieruchomości Residential Sp. z o.o.
72	Archicom Advisory Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
73	Archicom Bowen Sp. z o.o.	Wrocław	74,04%	Archicom Browary Warszawskie Sp. z o.o. Sp.k.
74	Archicom Browary Warszawskie Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
75	Archicom Browary Warszawskie Sp. z o.o. Sp.k.	Wrocław	74,04%	Archicom S.A.
76	Archicom Byczyńska 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
77	Archicom Cadenza Hallera Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
78	Archicom Dobrzykowice Park Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
79	Archicom Łódź 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
80	Archicom Fin Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
81	Archicom Gdańsk Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
82	Archicom Gosford Investments Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
83	Archicom Investment Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
84	Archicom Jagodno 5 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
85	Archicom Jagodno Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
86	Archicom Jagodno Sp. z o.o. Sp.k.	Wrocław	74,04%	Archicom S.A.
87	Archicom Lofty Platinum 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
88	Archicom Marina 3 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
89	Archicom Marina 4 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
90	Archicom Marina 5 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
91	Archicom Nieruchomości Sp. z o.o.	Wrocław	74,04%	Archicom Holding Sp. z o.o.
92	Archicom Nieruchomości 2 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
93	Archicom Nieruchomości 3 Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
94	Archicom Nieruchomości 4 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
95	Archicom Nieruchomości 5 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
96	Archicom Nieruchomości 6 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
97	Archicom Nieruchomości 7 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
98	Archicom Nieruchomości 8 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
99	Archicom Nieruchomości 9 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
100	Archicom Nieruchomości 10 Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
101	Archicom Nieruchomości 11 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
102	Archicom Nieruchomości 12 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
103	Archicom Nieruchomości 14 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
104	Archicom Nieruchomości 17 Sp. z o.o.	Wrocław	74,04%	Archicom Nieruchomości 20 Sp. z o.o.
105	Archicom Nieruchomości 18 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
106	Archicom Nieruchomości 19 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
107	Archicom Nieruchomości 20 Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
108	Archicom Nieruchomości JN1 Sp. z o.o.	Wrocław	74,04%	Altona Investments Sp. z o.o.
109	Archicom Nieruchomości JN2 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
110	Archicom Nieruchomości JN3 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
111	Archicom Nieruchomości Residential Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
112	Archicom Nowy Mokotów Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
113	Archicom Perth Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
114	Archicom Potton Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
115	Archicom Poznań Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
116	Archicom Projekt 127 Sp.z o.o.	Wrocław	74,04%	Archicom S.A.
117	Archicom Projekt 136 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
118	Archicom Projekt 136 Sp. z o.o. Sp.k.	Wrocław	74,04%	Archicom S.A.
119	Archicom Projekt 139 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
120	Archicom Residential Sp. z o. o.	Wrocław	74,04%	Archicom S.A.
121	Archicom Residential 2 Sp. z o. o.	Wrocław	74,04%	Archicom S.A.
122	Archicom RW Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
123	Archicom S.A.	Wrocław	74,04%	DKR Echo Investment Sp. z o.o./Echo Investment S.A.
124	Archicom Sales Services Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
125	Archicom Senja 2 Sp. z o.o.	Wrocław	74,04%	Archicom Browary Warszawskie Sp. z o.o. Sp.k.
126	Archicom Services Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
127	Archicom Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
128	Archicom Sp. z o.o. Realizacja Inwestycji Sp.k.	Wrocław	74,04%	Archicom S.A.
129	Archicom Sp. z o.o. Śląsk Sp.k.	Wrocław	74,04%	Archicom S.A.
130	Archicom Stabłowice Sp. z o.o.	Wrocław	74,04%	Archicom Residential 2 Sp. z o.o.
131	Archicom Warszawa Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
132	Archicom Warszawa 2 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
133	Archicom Wrocław Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
134	Archicom Wrocław 3 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
135	Archicom Wrocław 4 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
136	Bartoszowice 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
137	EASS5003 Sp. z o.o.	Kraków	74,04%	Archicom S.A.
138	Galeria Nova - Archicom Projekt 127 Sp. z o.o. S.K.A.	Wrocław	74,04%	Archicom S.A.
139	Haibisukasu Sp. z o.o.	Kraków	74,04%	Archicom S.A.
140	Himawari Investment Sp. z o.o.	Kraków	74,04%	Archicom S.A.
141	Karensansui Warsaw Investment Sp. z o.o.	Kraków	74,04%	Archicom S.A.
142	Keshi Sp. z o.o.	Kraków	74,04%	Archicom S.A.
143	Mioga Investment Sp. z o.o.	Kraków	74,04%	Archicom S.A.
144	P16 Inowrocławska Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
145	Projekt Echo - 137 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
146	Rentierresidence Sp. z o.o.	Kraków	74,04%	Archicom S.A.
147	Space Investment Strzegomska 3 Kamieńskiego Sp. z o.o.	Wrocław	74,04%	Archicom S.A.

Subsidiaries

No	Subsidiary	Registered office	% of capital held	Parent entity
148	Space Investment Strzegomska 3 Otyńska Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
149	Strzegomska Nowa Sp. z o.o.	Wrocław	74,04%	AD Management Sp. z o.o.
150	TN Stabłowice 1 Sp. z o.o.	Wrocław	74,04%	Archicom S.A.
151	ZAM Archicom Projekt 127 Sp. z o.o. Sp.k.	Wrocław	74,04%	Archicom Perth Sp. z o.o.

Joint ventures

No	Subsidiary	Registered office	% of capital held	Parent entity
Galeria Młociny				
1	Berea Sp. z o.o.	Warszawa	30%	Rosehill Investments Sp. z o.o.
2	Rosehill Investments Sp. z o.o.	Warszawa	30%	Echo Investment S.A.
Towarowa 22				
3	Projekt Echo - 138 Sp. z o.o.	Warszawa	30%	Echo Investment S.A.
4	Project Towarowa 22 Sp. z o.o.	Warszawa	30%	Strood Sp. z o.o.
5	T22 Budynek B Sp. z o.o.	Warszawa	30%	Strood Sp. z o.o.
Resi4Rent				
6	Hotel Gdańsk Zielony Trójkąt Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
7	Hotel Kraków Młyńska Sp. z o.o.	Kraków	30%	R4R Poland Sp. z o.o.
8	Hotel Kraków Romanowicza Sp. z. o.o.	Kraków	30%	R4R Poland Sp. z o.o.
9	Hotel Kraków Zabłocie Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
10	Hotel Poznań Dmowskiego Sp. z o.o.	Poznań	30%	R4R Poland Sp. z o.o.
11	Hotel Warszawa Wołoska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
12	Hotel Wrocław Bardzka Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
13	Hotel Wrocław Grabiszyńska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
14	M2 Biuro Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
15	M2 Hotel Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
16	Pimech Invest Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
17	R4R Gdańsk Kołobrzeska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
18	R4R Gdańsk Stocznia Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
19	R4R Kraków 3 Maja Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
20	R4R Kraków JPII Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
21	R4R Leasing Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
22	R4R Łódź Kilińskiego Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
23	R4R Łódź Wodna Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
24	R4R Poland Sp. z o.o.	Warszawa	30%	Echo Investment S.A.
25	R4R Poznań Nowe Miasto Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
26	R4R Poznań Szczepanowskiego Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
27	R4R RE Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
28	R4R RE Wave 3 Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
29	R4R RE Wave 4 Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
30	R4R SPV 10 Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.

Joint ventures

No	Subsidiary	Registered office	% of capital held	Parent entity
31	R4R Warszawa Browary Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
32	R4R Warszawa Opaczewska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
33	R4R Warszawa Taśmowa Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
34	R4R Warszawa Wilanowska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
35	R4R Warszawa Woronicza Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
36	R4R Wrocław Jaworska II Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
37	R4R Wrocław Kępa Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
38	R4R Wrocław Park Zachodni Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
39	R4R Wrocław Rychtalska Sp. z o.o.	Warszawa	30%	R4R Poland Sp. z o.o.
Resi Archicom				
40	Projekt Browarna Sp. z o.o.	Wrocław	55%	Archicom S.A.
Student Space				
41	SGE JVco SARL	Luxemburg	30%	Echo Investment S.A./ SGE Poland Holdco S.a.r.l.
42	SGE Operating company Sp. z o.o.	Warszawa	30%	SGE JVco SARL
43	SGE Propco 1 SARL	Luxemburg	30%	SGE JVco SARL
44	SGE Propco 1 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL
45	SGE Propco 2 SARL	Luxemburg	30%	SGE JVco SARL
46	SGE Propco 2 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL
47	SGE Propco 3 SARL	Luxemburg	30%	SGE JVco SARL
48	SGE Propco 3 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL
49	SGE Propco 4 SARL	Luxemburg	30%	SGE JVco SARL
50	SGE Propco 4 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL
51	SGE Propco 5 SARL	Luxemburg	30%	SGE JVco SARL
52	SGE Propco 5 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL
53	SGE Propco 6 SARL	Luxemburg	30%	SGE JVco SARL
54	SGE Propco 6 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL
55	SGE Propco 7 SARL	Luxemburg	30%	SGE JVco SARL
56	SGE Propco 8 SARL	Luxemburg	30%	SGE JVco SARL
57	SGE Propco 7 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL
58	SGE Propco 8 SARL Sp. z o.o. Oddział w Polsce	Warszawa	30%	SGE JVco SARL

Changes in the structure of the Group in 2024

Increase of the Group

Enity	Action	Data	Share capital [PLN]
Archicom Wrocław 2 Sp. z o.o.	Registration in the Register of Entrepreneurs	30.01.2024	10 000
Archicom Warszawa 2 Sp. z o.o.	Registration in the Register of Entrepreneurs	8.02.2024	10 000
EASS5003 Sp. z o.o.	Purchase of shares in the company by Archicom S.A.	14.02.2024	5 000
Wołoska Development Capital Prosta S.A.	Purchase of shares in the company by Echo Investment S.A.	27.03.2024	5 000
Keshi Sp. z o.o.	Purchase of shares in the company by Archicom S.A.	1.07.2024	5 000
Rentierresidence Sp. z o.o.	Purchase of shares in the company by Archicom S.A.	29.11.2024	5 000
Haibisukasu Sp. z o.o.	Purchase of shares in the company by Archicom S.A.	16.12.2024	5 000

Decrease of the Group

Enity	Action	Data	Share capital [PLN]
Archicom Consulting Sp. z o.o.	Merger with Archicom Residential 2 Sp. z o.o.	9.01.2024	14 445 050
Projekt 5 - Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Deletion from the Register of Entrepreneurs	7.02.2024	50 000
Echo - Opolska Business Park Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	12.02.2024	283 000
Projekt Echo - 113 Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	12.02.2024	278 000
Projekt 1 - Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Deletion from the Register of Entrepreneurs	29.02.2024	4 800 000
Archicom Wrocław 2 Sp. z o.o.	Sale of 45% shares in the company by Archicom S.A. to Rank Progress S.A.	7.03.2024	10 000
Kielce - Grupa Echo Sp. z o.o. S.K.A. w likwidacji	Deletion from the Register of Entrepreneurs	18.03.2024	136 940
Projekt Echo - 131 Sp. z o.o. w likwidacji	Deletion from the Register of Entrepreneurs	14.06.2024	306 000
Projekt Echo — 116 Sp. z o.o.	Takeover of the company by Projekt Echo — 115 Sp. z o.o.	28.06.2024	460 000
Projekt Echo — 121 Sp. z o.o.	Takeover of the company by Projekt Echo — 115 Sp. z o.o.	28.06.2024	150 000
Projekt Echo — 135 Sp. z o.o.	Takeover of the company by Projekt Echo — 115 Sp. z o.o.	28.06.2024	150 000
Stranraer Sp. z o.o.	Takeover of the company by Projekt Echo — 115 Sp. z o.o.	28.06.2024	5 000
Princess Investment Sp. z o.o.	Takeover of the company by Projekt Echo — 115 Sp. z o.o.	28.06.2024	4 000 000
Cornwall Investments Sp. z o.o.	Takeover of the company by Projekt Echo — 115 Sp. z o.o.	28.06.2024	5 000
Projekt Echo — 122 Sp. z o.o.	Takeover of the company by Projekt Echo — 115 Sp. z o.o.	28.06.2024	778 000
Projekt Echo - 135 Sp. z o.o. Sp.k.	Deletion from the Register of Entrepreneurs	14.08.2024	9 305 000
Archicom Nowy Mokotów Sp. z o.o. Sp.k.	Takeover of the company by Archicom Łódź 1 Sp. z o.o.	22.11.2024	1 250 000
Archicom Łódź Sp. z o.o.	Takeover of the company by Archicom Senja Sp. z o.o.	21.12.2024	10 000

The acquisition of Wołoska Development Capital prosta S.A.

On 27 March 2024, Echo Investment S.A. with its registered office in Kielce entered into an agreement for the purchase of shares of Woloska Development Capital prosta S.A. with its registered office in Warsaw with Curtis Development Sp. z o.o. with its registered office in Warsaw. The Seller is the sole shareholder of the Company. The sale price of the shares was agreed to be PLN 1,749 thous.

As a result of the settlement of the acquisition of the company, the amount of PLN 1,990 thous. was recognized in the item “inventories” in the consolidated statement of financial position.

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

Acquired assets

Assets		
Inventories		54 788
Trade receivables and others		734
Receivables from other taxes		12 194
Cash and cash equivalents		9
		67 725
Total assets	**A**	**67 725**
Acquired liabilities		
Current liabilities		
Borrowings		65 870
Trade liabilities		2 096
		67 966
Total liabilities	**B**	**67 966**
Net asset value	**C = A-B**	**(241)**
Purchase price	D	1 749
Acquisition result	E=D-C	**1 990**

2.4 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 .

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 theincome 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 capitalizationof depreciation costs in the value of investmentproperty 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 recognized 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

2.5 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 sales segment (sale of residential and commercial spaces within residential projects),
- Residential rental segment Resi4Rent (valuation of projects and services related to supervision over the preparation and execution of projects),
- Student housing segment Student Space (valuation of projects and services related to supervision over the preparation and execution of projects),
- Commercial real estate segment: shopping centers and office buildings (leasing, valuation and sale of projects, sale of services, and other services for external contractors — accounting, leasing, and development services).

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 (loss) per share for each period is calculated by dividing the net profit (loss) for the given period attributable to ordinary shareholders of the parent company by the weighted average number of issued shares outstanding 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.

2.6 New standards and interpretations that are effective as of 1 January 2024

The following standards and amendments to standards became effective on 1 January 2024:

Amendments to IAS 1 “Presentation of financial statements” - Classification of liabilities as current or non-current

Effective for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 16 “Leases” - lease liabilities in sale and leaseback transactions.

Effective for annual periods beginning on or after 1 January 2024.

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

(published on 25 May 2023)

These amendments are applicable to annual periods beginning on or after 1 January 2024.

The above amendments did not have a material impact on the Group’s of 2024 consolidated financial statements.

2.7 Published standards and interpretations which are not effective yet and have not been adopted

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

IFRS as approved by the EU does not currently differ significantly from the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to standards that, as of 31 grudnia 2024, have not yet been approved for use in the EU (the effective dates below refer to standards in their full version):

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 endorsement process for this temporary 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 the investor and its associate or joint venture and subsequent amendments

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

Amendments to IAS 12 "Income taxes: International Tax Reform - Second Pillar Model Rules"

(issued on 23 May 2023)

Not approved by the EU until the date of approval of these financial statements - applicable to 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)

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

IFRS 18 Presentation and disclosures in financial statements

(published on 9 April 2024)

Not approved by the EU as of the date of approval of these financial statements - effective for annual periods beginning on or after 1 January 2027.

IFRS 19 Subsidiaries Not Subject to Public Oversight Requirements: Disclosures

(published on 9 May 2024)

Not approved by the EU as of the date of approval of these financial statements - effective for annual periods beginning on or after 1 January 2027.

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

(issued on 30 May 2024)

Not approved by the EU as of the date of approval of these financial statements - effective for annual periods beginning on or after 1 January 2026.

Annual Improvements to IFRS

(published on 18 July 2024)

These amendments apply to the following standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards," IFRS 7 "Financial Instruments: Disclosures," IFRS 9 "Financial Instruments," IFRS 10 "Consolidated Financial Statements," and IAS 7 "Statement of Cash Flows."

As of the preparation date of this consolidated financial statement, these amendments have not yet been approved by the European Union.

Amendments to IFRS 9 and IFRS 7 regarding agreements related to electricity dependent on natural factors

(published on 18 December 2024)

As of the preparation date of this {consolidated} financial statement, these amendments have not yet been approved by the European Union.

According to the Group's estimates, the aforementioned new standards and amendments to existing standards would not have a material impact on the financial statements if applied by the Group as of the balance sheet date.

Hedge accounting for a portfolio of financial assets and liabilities, the rules of which have not been approved for use in the EU, continue to be not covered by EU-approved regulations.

CHAPTER 3
Explanatory Notes

Towarowa 22 office and residential complex, Warsaw

Explanatory notes to the consolidated income statement

NOTE 1 Sales revenues

Sales revenues by title

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Revenues from contracts with clients		
Sales of residential space (Segment: Apartments)	746 820	1 293 212
Sales of services to Resi4Rent (Segment: Apartments for rent)	39 069	35 409
Development services in office buildings (Segment: Commercial properties)	47 159	49 094
Development services in shopping and entertainment centers (Segment: Commercial properties)	658	840
Other sales (Segment: Commercial properties)	13 244	18 505
Sales of services to StudentSpace (Segment: Student Space)	39 094	-
Revenues from contracts with clients	**886 044**	**1 397 060**
Revenues from rental/lease (IFRS 16)		
Lease of residential space (Segment: Apartments)	187	210
Lease of space in ofice buildings (Segment: Commercial properties)	116 923	100 409
Lease of space in shopping and entertainment centers (Segment: Commercial properties)	77 657	73 828
Lease of other space (Segment: Commercial properties)	2 593	1 786
Lease / rental income (IFRS 16)	**197 360**	**176 233**
Revenues total	**1 083 404**	**1 573 293**

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 revenues and cash flows.

Future minimum cash flow arising from operating leases in which the Group is the lessor

	31.12.2024	31.12.2023
up to 1 year	96 263	61 448
over 1 year to 2 years	84 605	56 066
over 2 years to 3 years	82 536	51 712
over 3 years to 4 years	36 834	55 292
over 4 years to 5 years	35 924	53 414
over 5 years	64 190	121 789
Total	**400 353**	**399 721**

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,
- minimize vacancies in all properties,
- minimize 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

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Sales	746 820	1 293 212
Lease	187	210
Apartments	**747 007**	**1 293 422**
Lease	116 923	100 409
Fit-out services	47 159	49 094
Offices	**164 082**	**149 503**
Lease	77 657	73 828
Development services	658	840
Centers	**78 315**	**74 668**
Sales of services	39 069	35 409
Resi4Rent	**39 069**	**35 409**
Sales of services	39 094	-
Sudent Space	**39 094**	**-**
Sales	2 330	4 605
Lease	2 593	1 786
Services	10 914	13 900
Other	**15 837**	**20 291**

The value of the Group's revenues recognized upon the fulfillment of the performance obligation amounted to PLN 838,227 thous. (PLN 1,347,126 thous. in 2023).

The value of the Group's revenues recognized upon the fulfillment of the performance obligation amounted to PLN 245,177 thous. (PLN 226,167 thous. in 2023).

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

The Group recognizes 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 a 100% 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 from contracts with clients

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Liabilities from contracts with clients - opening balance	**457 377**	**606 672**
Increases - payments received	1 129 706	1 143 917
Presented as revenues in the period	(746 820)	(1 293 212)
— including revenues presented in the period, considered in the balance of received advanced payments at the beginning of the period	(392 076)	(536 268)
Liabilities under contracts with clients - closing balance	**840 263**	**457 377**

The total value of revenues to be recognized in the future resulting from contracts for the sales of residential space signed as at the balance sheet date of 31 December 2024 amounts to PLN 4,348,717 thous., of which the Group received advance payments of PLN 682,100 thous. until the balance sheet date. These revenues will be recognized 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 the construction.

Revenues to be recognized in the future, resulting from sales contracts on residential space as at 31 December 2024

Projects	Expected completion of the construction	Targeted total value of the project	Total revenue to be recognized in the future related to contractual performance obligations concluded	Advances received/ Liabilities from contracts with clients *	Deposits on apartments/ Liabilities from contracts with clients **
Residential projects					
Boho, Łódź	completed	107 643	4 754	215	2 496
Fuzja I, Łódź	completed	108 895	1 853	172	-
Fuzja II, Łódź	completed	101 964	8	106	-
Fuzja III, Łódź	completed	83 792	181	42	64
Nowa Dzielnica, Łódź	completed	30 434	1 121	-	-
Osiedle Enter IA, Poznań	completed	42 191	125	34	-
Osiedle Enter IB, Poznań	completed	39 009	99	24	-
Osiedle Enter II, Poznań	completed	61 826	262	10	-
Osiedle Enter III, Poznań	completed	65 559	1 666	7	3
Fuzja Lofty I, Łódź	I Q 2025	73 075	68 656	17 475	2 829
Empark I, Warszawa	II Q 2025	590 163	590 164	168 248	28 330
Fuzja Lofty II, Łódź	IV Q 2025	99 252	99 252	1 925	8 135
Wita Stwosza, Kraków	IV Q 2025	165 850	165 850	32 552	4 855
Awipolis Etap 2, Wrocław	completed	79 986	4	4	-
Bonarka Living II C, Kraków	completed	103 682	56	56	-
Bonarka Living II D, Kraków	completed	88 095	108	108	-
Browary Wrocławskie BP1-2, Wrocław	completed	63 591	398	398	-
Browary Wrocławskie BA1,BL3, Wrocław	completed	105 580	361	361	-
Browary Wrocławskie BA2-3, Wrocław	completed	183 484	1 731	1 731	-
Browary Wrocławskie BL1-2, BP3-4 Wrocław	completed	164 718	846	846	-
Browary Wrocławskie BP5-6, Wrocław	completed	109 107	176	176	-
Olimpia Port M1-4, Wrocław	completed	71 923	78	78	-
Olimpia Port M28-33, Wrocław	completed	142 270	2	2	-
Olimpia Port M21,M22,M23, Wrocław	completed	72 638	108	108	-
Olimpia Port M34,M35, Wrocław	completed	76 911	21	21	-
Olimpia Port M37,M39, Wrocław	completed	81 871	2	2	-
Olimpia Port S16a, S16b, S17, Wrocław	completed	54 184	135	135	-
Planty Racławickie R9, Wrocław	completed	120 797	8	1	7
River Point 4, Wrocław	completed	123 471	227	227	-
River Point 6 , Wrocław	completed	104 134	1 788	783	1 005
Rytm Kabaty, Warszawa	completed	290 397	-	-	-
Zenit I, Łódź	completed	65 720	27	27	-
Sady nad Zieloną 2 A1, C, Wrocław	completed	56 552	7 959	2 093	5 866
Stacja Wola II, Warszawa	completed	145 768	124	124	-
Awipolis etap 4, Wrocław	I Q 2025	108 416	108 416	94 716	-
Zenit II, Łódź	I Q 2025	50 484	50 484	42 307	3 592
Awipolis etap 4a, Wrocław	III Q 2025	36 627	36 627	28 260	435
Modern Mokotów VI, Warszawa	III Q 2025	275 874	275 874	28 150	344
Sady nad Zieloną 2B, Wrocław	III Q 2025	72 238	72 238	33 162	971
Zenit III, Łódź	III Q 2025	65 949	65 949	5 859	635

Revenues to be recognized in the future, resulting from sales contracts on residential space as at 31 December 2024

Projects	Expected completion of the construction	Targeted total value of the project	Total revenue to be recognized in the future related to contractual performance obligations concluded	Advances received/ Liabilities from contracts with clients *	Deposits on apartments/ Liabilities from contracts with clients **
Dąbrowskiego D3, Kraków	IV Q 2025	26 689	26 689	6 802	523
Flow (Fab - Gh) I, Łódź	IV Q 2025	83 642	83 642	23 066	469
Planty Racławickie R10, Wrocław	IV Q 2025	70 432	70 432	30 425	1
Wieża Jeżyce II, Poznań	IV Q 2025	165 714	165 714	28 343	778
Południk 17 K1 , Wrocław	II Q 2026	187 344	187 344	15 707	1 245
Południk 17 K2 , Wrocław	II Q 2026	123 499	123 499	8 457	1 082
Wieża Jeżyce V, Poznań	II Q 2026	154 107	154 107	12 415	3 621
Apartamenty M7, Warszawa	III Q 2026	510 506	510 506	39 180	-
Flow (Fab - Gh) II, Łódź	III Q 2026	178 067	178 067	13 212	1 174
Wieża Jeżyce VI, Poznań	III Q 2026	164 386	164 386	2 562	1 161
Gwarna, Wrocław	IV Q 2026	68 681	68 681	6 747	742
Przystań Reymonta WR1-3, Wrocław	IV Q 2026	275 847	275 847	13 700	2 161
Przystań Reymonta WR2, Wrocław	IV Q 2026	129 822	129 822	6 850	2 216
P. Skargi, Katowice	IV Q 2026	188 256	188 256	3 304	266
Stacja Wola III, Warszawa	I Q 2027	242 109	242 109	2 290	15 593
Powstańców 7D, Wrocław	III Q 2027	221 878	221 878	8 495	735
Total Residential Projects		**7 275 099**	**4 348 717**	**682 100**	**91 334**
Other projects					
Other		66 828	66 828	66 828	-
Total other projects		**66 828**	**66 828**	**66 828**	**-**
Total residential projects and other projects		**7 341 927**	**4 415 545**	**748 928**	**91 334**

* Advances released from escrow accounts (for residential projects)
** Advances remaining (gross) to be released from escrow accounts (relating to residential projects)

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 2024, the amount of released payments amounted to PLN 682 100 thous. As at 31 December 2023, the amount of released payments amounted to PLN 420 208 thous.

Revenues to be recognized in the future, resulting from sales contracts on residential space as at 31 December 2023

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 **
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
Bonarka Living 2C, Kraków	completed	103 682	7 478	1 627	109
Bonarka Living 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
Wieża Jeżyce I, Poznań	completed	110 870	15 466	10 836	100
Rytm Kabaty, 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
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

Revenues to be recognized in the future, resulting from sales contracts on residential space as at 31 December 2023

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 **
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

(B) Sales of commercial properties - office buildings and shopping centers

The Group recognizes the types and numbers of performances it has committed to the buyer under the contract for the sale of real estate. As part of the sale of investment properties, the Group recognizes revenues when the performance obligation is fulfilled, i.e. when the deed is signed, which is the moment when the control of the property is transferred to the buyer. The Group recognizes the amount of revenues 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 2024 are provided in Note 33. The Group recognizes 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 recognize receivables or other balances of contract assets related to this group of revenues.

Details of the sales transactions that occurred in 2024 are presented in Note 5.

(C)
Rental revenues

Commercial buildings - shopping centers and offices, put into use, and individual units in residential projects held for lease are a source of rental revenues for the Group. In accordance with IFRS 16 Leases, revenues from residential and commercial leases are recognized on a straight-line basis over the term of the contracts.

Lease contracts contain a non-leasing component as described in (D) below.

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

(D)
Revenues from fit-outs

As part of services for the completion of office projects, it is a market standard to perform fit-out work 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 organization and handling of construction work tenders , and the supervision and construction work coordination. The Group recognizes revenues when the performance obligation is fulfilled, i.e. when the work is 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 21).

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 31 December 2024 is PLN 1,100 thous. (31 December 2023 is PLN 10,422 thous. These revenues will be recognized when the work is completed, which, depending on the office facility, is expected in the following periods:

Revenues to be recognized in the future, resulting from contracts for fit-outs as at 31 December 2024

Building	Date of completion	Value
React I	2025/04	651
City1	2025/05	449
Total		**1 100**

Revenues to be recognized in the future, resulting from contracts for fit-outs as at 31 December 2023

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**

(E)
Revenues from project completion services

As part of its project completion services, the Group provides services to prepare and organize 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 project completion management. This process includes the preparation of investments, organization and handling of tenders for construction work, supervision and coordination of construction work and customer service.

The Group recognizes 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 21).

(F)
Other revenues generated by the Group

The Management Board analyzed other service contracts, including the provision of real estate agency services, accounting, legal, consulting, IT, financial, marketing and other services. The Group recognizes 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 revenues, 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 21).

(G)
Sales revenue from apartments for rent

As part of the sales of properties included in the R4R category, concerning the platform of apartments for rent, the Group recognizes revenues when the performance obligation is fulfilled, i.e. when control of the property is transferred to the buyer. The Group recognizes the amount of revenues in the amount of the price resulting from the transaction determined by a sale and purchase contract between the entity and the buyer. Its level is determined at the fair value of the payment.

NOTE 2 Cost of sales

Cost of sales

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Sales of residential space	(489 732)	(890 251)
Space development services in office buildings	(62 169)	(63 743)
Space development services in shopping and entertainment centers	(141)	(399)
Sales of Resi4Rent	(16 908)	(15 126)
Sales of Student Space	(26 414)	-
Other	(16 160)	(17 266)
Total cost of sales	**(611 524)**	**(986 785)**
Lease of residential space (Segment: Apartments)	-	(11)
Lease of space in office buildings (Segment: Commercial properties)	(66 586)	(63 519)
Lease of space in shopping and entertainment centers (Segment: Commercial properties)	(37 730)	(35 112)
Lease of other space (Segment: Commercial properties)	(2 327)	(404)
Cost of rental / lease (IFRS 16)	**(106 643)**	**(99 046)**
Total cost of sales	**(718 167)**	**(1 085 831)**

Costs by type

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Amortization	(15 786)	(14 170)
Consumption of materials and power	(91 108)	(58 520)
Construction services	(662 337)	(567 535)
Other external services	(291 635)	(164 643)
Taxes and charges	(34 557)	(26 431)
Payroll	(110 509)	(92 485)
Social security contributions and other benefits	(17 743)	(14 716)
Other costs by type	(53 350)	(51 613)
Total costs by type	**(1 277 024)**	**(990 113)**
Change in inventories, finished products and work in progress	297 383	(313 003)
Costs of manufacturing products for the entity's own needs	-	-
Administrative expenses related to the completion of projects	82 883	61 891
Cost of sales	80 631	49 412
General administrative expenses	97 961	105 983
Manufacturing cost of products sold	**(718 167)**	**(1 085 831)**

NOTE 3 Net profit (loss) on investment properties

Net profit (loss) on investment properties

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Profit (loss) from sale of investment properties, including:	(6 156)	9 237
- costs of securing rental income (master lease)	(12 678)	(13 576)
Revaluation of properties (profit/loss on fair value measurement), including:	1 626	(85 156)
- settlement of rental income over time	(656)	333
- changes in the valuation of investment properties (Note 13)	20 302	(64 247)
- changes in the valuation of investment properties under construction (Note 14)	665	(21 026)
- changes in the valuation of assets held for sale (Note 15)	(18 685)	(216)
Net profit (loss) on investment properties	**(4 530)**	**(75 920)**

In 2024, the Group sold the React I office building in Łódź and a land property at Wita Stwosza Street in Łódź. The transactions are described in Note 5.

The item of profit (loss) on sale of investment properties presents, among others, the cost of securing rental income (master lease), which mainly relates to the projects Sagittarius Business House, West4 Business Hub I in Wrocław, Fuzja Office in Łódź, React I in Łódź and Face2Face in Katowice.

Due to the fulfillment of the conditions for valuation specified in the accounting policy in 2024, the Group carried out the first valuation of the properties Fusion E_03, E_04, G_03, and H_03, as well as Swobodna I.

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

NOTE 4 Amounts regarding properties included in profit and loss account

Amounts regarding properties included in profit and loss account

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Rental income from investment properties	194 580	174 237
Direct operating costs (including repair and maintenance costs) related to investment properties which generated rental income in a given period	(104 316)	(98 631)
Direct operating costs (including repair and maintenance costs) related to an investment property that did not generate rental income during the period	(948)	(1 018)

Detailed information on the amounts relating to properties included in the income account are additionally provided in Note 3.

NOTE 5 Sale of investment properties

The React I office building in Łódź

A subsidiary of Echo Investment S.A. - React-Dagnall Sp. z o.o. - S.K.A., with its registered office in Kielce, entered into an agreement with Maggiora Sp. z o.o., with its registered office in Warsaw, for the sale of the React I office building in Łódź, 24 J. Piłsudskiego Avenue, on 27 November 2024.

The transaction value amounted to EUR 32,557 thous. plus VAT.

On the date of the Agreement, the amount corresponding to 90 percent of the net price was paid to the Seller. The payment of the remaining part of the price was deferred for up to 12 months. The deferred payment will bear interest of 8.5 percent yearly, calculated until the date of payment of the deferred payment.

The transaction also included a quality guarantee agreement for the Building and a rental 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 rental guarantee agreement provide for (i) a guarantee to the Buyer that the Seller will cover rental payments and maintenance fees for the part of the Building that will be transferred to the tenant upon entering into the agreement, and (ii) that the Seller will pay to the Buyer the amount of the value of unexpired rent-free periods and rent reductions granted to the tenants of the Building calculated as of the date of the agreement. As of the date of this report, the Building is 100 percent leased.

The difference between the sales price and historical expenditures amounted to PLN 6,874 thous.

The land property in Łódź at Wita Stwosza Street

A subsidiary of Echo Investment S.A. - GRO Nieruchomości Sp. z o.o., with its registered office in Cracow - signed an agreement on 17 September 2024 with SGE Propco 2 S.a r.l., with its registered office in Luxembourg, for the sale of the land property in Łódź at Wita Stwosza Street. The transaction value amounted to PLN 13,377 thous. plus VAT.

After taking into account all costs related to the transaction, the Group recognized the result from the sale of the land property in 2024 in the amount of PLN 4,096 thous.

NOTE 6 Other operating income

Other operating income

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Provisions released	7 221	2 045
Interest from operating activities	5 805	6 249
Contractual penalties	878	2 818
Compensation for mining losses	8 501	-
Adjustments of taxes and fees (including VAT)	2 396	-
Other	1 994	1 734
Total other operating income	**26 795**	**12 846**

NOTE 7 Other operating expenses

Other operating expenses

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Provisions created	(2 043)	(11 186)
Revaluation of assets	(413)	(6 002)
Revaluation of non-financial assets	(3 223)	-
Contractual penalties	(3 589)	(561)
Refund of easement fees	(1 679)	-
Donations	(473)	(657)
Loss on disposal of non-financial non-current assets	(770)	(1 076)
Other	(3 736)	(6 925)
Total other operating expenses	**(15 926)**	**(26 407)**

The item “Provisions created” mainly presents provisions for court cases for projects sold in previous years.

NOTE 8 Financial income

Financial income

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Income from borrowings interest with amortized cost	29 901	11 096
Income from valuation of acquired debt portfolios	10 380	-
Income from derivatives	8 362	6 265
Income from interest	3 868	1 230
Other financial income	131	158
Total financial income	**52 642**	**18 750**

NOTE 9 Financial costs

Financial costs

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Interest expense from bonds with amortized cost	(163 090)	(131 213)
Interest expense from credit with amortized cost	(53 473)	(49 084)
Profit share costs	3 766	4 237
Costs due to interest of leasing	(11 756)	(9 740)
Discount cost	(3 175)	(735)
Other financial costs	(1 806)	(587)
Total Financial costs	**(229 535)**	**(187 122)**

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 40,549 thous. in 2024 according to an annual yield of 10.23% (including: for inventories: PLN 33,694 thous., for investment properties under construction: PLN 6,855 thous). In 2023, it was PLN 18,821 thous. at an annual yield of 8.2% (including: for inventories: PLN 15,352 thous., for investment properties under construction: PLN 3,469 thous.).

In 2024 year there wasn't activated targeted financing costs on investment properties under construction, whereas in 2023 year the amount was PLN 1,568 thous. at an average yield of 6.1% - EURIBOR 1M plus a margin.

The profit share costs item presents costs that relate to the Moje Miejsce II office building in Warsaw.

NOTE 10 Profit (loss) due to exchange rate differences

Profit (loss) due to exchange rate differences

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
- Realised exchange rate differences' losses over profits surplus	1 344	(3 594)
- Unrealised exchange rate differences' losses over profits surplus	19 726	71 826
Total profit due to exchange rate differences	**21 070**	**68 232**

NOTE 11 Change in deferred income tax assets (+) and deferred tax provisions (-)

Change in deferred income tax assets (+) and deferred tax provisions (-)

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Deferred tax at the beginning 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
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)**
Change in the period		
measurement of financial instruments	2 712	(917)
valuation of investment property	(1 876)	20 596
- shares in joint ventures *	(21 927)	(17 198)
tax loss	(3 946)	11 958
liabilities due to loans and bonds (measurement, FX differences, etc.)	(3 014)	(10 069)
liabilities due to borrowings (measurement, FX differences, etc.)	6 135	10 511
- loans receivable (interest, valuation, exchange rate differences, etc.)	(9 421)	(6 063)
liabilities related to investment projects (master lease)	(432)	(1 484)
activated costs on projects during construction	11 561	9 167
- costs due to created reserves	(789)	2 065
IFRS 16	(2 038)	(2 283)
- difference between the book value and tax value of inventory	(77 056)	125 540
- difference between the book value and tax value of prepayments for premises	134 662	(137 992)
-Difference between the book value and tax value of the other assets	(124)	(215)
- Liabilities and provisions for employee benefits	(939)	620
other	(3 797)	759
	29 711	**4 996**
Total deferred income tax at the end of the period		
measurement of financial instruments	-	(2 712)
valuation of investment property	(51 541)	(49 666)
- shares in joint ventures *	(66 433)	(44 506)

Change in deferred income tax assets (+) and deferred tax provisions (-)

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
tax loss	50 654	54 600
liabilities due to loans and bonds (measurement, FX differences, etc.)	(4 512)	(1 499)
liabilities due to borrowings (measurement, FX differences, etc.)	27 333	21 198
- loans receivable (interest, valuation, exchange rate differences, etc.)	(49 477)	(40 056)
liabilities related to investment projects (master lease)	1 874	2 306
activated costs on projects during construction	41 691	30 130
- costs due to created reserves	27 817	28 606
IFRS 16	2 347	4 385
- difference between the book value and tax value of inventory	35 021	112 077
- difference between the book value and tax value of prepayments for premises	(10 936)	(145 598)
-difference between the book value and tax value of the other assets	(12 987)	(12 864)
- liabilities and provisions for employee benefits	844	1 783
other	(3 146)	651
	(11 451)	**(41 164)**
including:		
Deferred tax assets	151 928	112 993
change during the year	38 934	18 499
Deferred tax provision	163 377	154 154
change during the year	9 223	13 503

* 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 2024, the Group did not recognize deferred tax assets in the amount of PLN 44,296 thousand due to tax losses.

The expiration dates of the right to reduce income tax arise in 2025 (PLN 10,987 thousand), 2026 (PLN 16,566 thousand), 2027 (PLN 27,951 thousand), 2028 (PLN 103,524 thousand), in 2029 (PLN 107,570 thousand).

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).

The Group used the tax loss in 2024 in the amount of PLN 86,027 thousand (2023 in the amount of PLN 86,320 thousand).

The item "IFRS 16 leases" includes deferred tax for the right-of-use asset in the amount of PLN 11,188 thous. (31 December 2023 in the amount of PLN 20,604 thous.) and for the lease liability in the amount of PLN 8,841 thous. (31 December 2023 in the amount of PLN 16,219 thous.).

NOTE 12 Income tax - effective tax rate

Income tax
- effective tax rate

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
1. Profit before tax (gross profit)	**83 624**	**178 321**
2. Income tax calculated according to national rates	15 889	33 881
3. Differences:		
Tax effect of non-taxable income	(4 377)	(7 625)
Tax effect of income from change in provisions and non-taxable liabilities	(791)	(1 956)
Allowances for expected credit losses - release of receivables	(732)	(1 033)
Tax effect of permanently non-deductible expenses	10 419	12 344
Tax effect of permanently non-deductible finance costs	3 756	1 112
Financial services over ebidta limit	21 340	24 507
Utilization of previously unrecognized tax losses	-	(1 552)
Tax losses for which deferred income tax was not recognized	8 059	(282)
Income tax from previous years	825	2 138
Tax losses from previous years for which deferred income tax was recognized	(2 537)	(1 773)
Result of the period of partnerships	(3 543)	656
Effect of tax rate change	(255)	41
Settlement of the share sale transaction Archicom S.A. within the Group	19 947	-
Differences total	**52 111**	**26 577**
Charge on the financial result due to income tax, including	**68 000**	**60 458**
- current tax	97 712	66 808
- deferred tax	(29 712)	(6 350)

Explanatory notes to the consolidated financial statements

NOTE 13 Changes in investment properties

Changes in investment properties

	Offices	Shopping centers	Lands	Right-of-use asset	Total
Balance at 1.01.2023	**373 226**	**625 981**	**11 314**	**84 116**	**1 094 638**
- purchase	-	-	-	27 585	27 585
- expenditures on investments	76 170	938	-	-	77 108
- revaluation of property - profit/loss on fair value measurement (Note 3)	(11 068)	(53 400)	1 222	(1 001)	(64 247)
- transfer from investment properties	-	-	-	9 372	9 372
Balance at 31.12.2023	**438 328**	**573 519**	**12 536**	**120 073**	**1 144 456**
- purchase	124 805	-	-	46 192	170 997
- expenditures on investments	38 589	3 016	-	61	41 666
- revaluation of property - profit/loss on fair value measurement (Note 3)	25 466	15 977	596	(21 736)	20 302
- transfer to assets held for sale	(128 662)	-	-	-	(128 662)
- transfer from investment properties under construction	111 738	6 441	-	2 429	120 608
- transfer from assets held for sale	131 069	-	-	-	131 069
- transfer from lease receivables	-	-	-	(6 942)	(6 942)
Balance at 31.12.2024	**741 333**	**598 952**	**13 132**	**140 076**	**1 493 493**

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 12,687 thous.

The property value as of 31 December 2024 consists mainly of the following properties: the Libero shopping center in Katowice, the Brain Park I and II office building in Cracow, City 2 office building in Wrocław. At the same time, the value of investment properties includes the value of perpetual usufruct rights to land, which as of 31 December 2024 is PLN 140,076 thous. (as of 31 December 2023 is PLN 120,073 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 12,687 thous. For details, see Section 4.1 "Material estimates and judgments of the Management Board of the Group".

NOTE 14 Changes in investment properties under construction

Changes in investment properties under construction

	Offices	Centers	Land	Right-of-use asset	Total
Balance at 1.01.2023	**429 916**	**46 120**	**-**	**10 587**	**486 625**
- purchase	-	-	-	3 231	3 231
- expenditures on investments	102 002	15 887	-	-	117 888
- transfer to fixed assets	-	(3 212)	-	-	(3 212)
- changes in property valuation - profit/loss on fair value measurement (Note 3)	(13 115)	(7 961)	-	51	(21 026)
Balance at 31.12.2023	**518 803**	**50 834**	**-**	**13 869**	**583 506**
- purchase	-	-	-	4 739	4 739
- expenditures on investments	68 703	14 114	-	-	82 817
- transfer to inventories	(19 619)	-	-	(404)	(20 023)
- transfer to investment properties	(111 738)	(6 441)	-	(2 429)	(120 608)
- sale	(9 040)	-	-	(2 837)	(11 877)
- changes in property valuation - profit/loss on fair value measurement (Note 3)	919	(254)	-	-	665
Balance at 31.12.2024	**448 028**	**58 253**	**-**	**12 938**	**519 218**

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 2.4 "Main Accounting Policies." The valuations of investment properties under construction were performed by the internal analysis department.

The expenditures on investments under construction mainly concerned investment projects located in Kraków, Łódź and Wrocław.

The Group first updated the fair value of the Swobodna I office building in Wrocław in the amount of PLN 1,839 thous. and updated the Fuzja E_03 , G_03 i H_03 property in the amount of PLN (-) 254 thous.

As of 31 December 2024, the Group presented investment properties under construction with a total value of PLN 519,219 thous. The closing balance of the reporting period consisted primarily of the Swobodna I II office building in Wrocław, Wita Stwosza in Kraków and project in the pipeline Fuzja I_01 in Łódź. The value of investment properties under construction included the right of perpetual usufruct of land in the amount of PLN 12,938 thous. (31 December 2023 in the amount of PLN 13,869 thous.).

In the fair value hierarchy for investment properties under construction, the Group has assigned Level 3. Details are presented in Section 4.1 " Material estimates and judgments of the Management Board of the Group".

NOTE 15 Change in assets held for sale

Change in assets held for sale

	Offices	Centers	Land	Right-of-use asset	Total
Balance at 1.01.2023	**353 597**	**-**	**1 400**	**330**	**355 328**
- revaluation of property - profit/loss on fair value measurement (Note 3)	(216)	-	-	-	(216)
- expenditures on investments	4 773	-	-	-	4 773
- sale	(209 316)	-	(1 400)	(330)	(211 046)
Balance at 31.12.2023	**148 839**	**-**	**-**	**-**	**148 839**
- revaluation of property - profit/loss on fair value measurement (Note 3)	(18 685)	-	-	-	(18 685)
- transfer from investment properties	128 662	-	-	-	128 662
- expenditures on investments	996	-	-	-	996
- transfer to investment properties	(131 069)	-	-	-	(131 069)
- sale	(128 743)	-	-	-	(128 743)
Balance at 31.12.2024	**-**	**-**	**-**	**-**	**-**

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 2.4 “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 React I office building in Łódź in the amount of PLN 128,743 thous.

Details of the property sale transaction in 2024 are described in Note 5.

The item of assets held for sale presented until the balance sheet date was the investment property at Traugutta Street (the City 2 building) in Wroclaw. The City 2 building is finished, fully operational. Most of the space is leased and tenants are actively conducting their business. The property is available for immediate sale in its current condition (no significant expenditures are required), and the Group is actively marketing and selling the property. City 2 is offered at a price not materially different from its carrying value.

The sale of City 2 did not happen on the previously expected date. According to the Management Board, the delay in the sale is due solely to the macroeconomic situation and the current condition of the office market. The continuation of high interest rates has resulted in a lack of activity in the office real estate market. Since the real estate market is characterized by its cyclical nature, there is a high expectation for its recovery.

Given the prolonged plan to sell the property in question, and the lower than previously assumed probability of finalizing the sale within 12 months from the balance sheet date, it was decided to reclassify the building and present it under investment properties as of the balance sheet date. The reclassification of City 2 is solely due to the need to comply with IFRS regulations. The business objectives described above remain unchanged - the building is held for sale.

In the fair value hierarchy for investment properties classified as held for sale, the Group assigned Level 3. Details are presented in Section 4.1 “Material estimates and judgments of the Management Board of the Group.

Liabilities associated to assets held for sale

	31.12.2024	31.12.2023
Received deposits (Note 33)	-	967
Other (Note 33)	-	86
Total	**-**	**1 053**

NOTE 16 Changes in intangible assets

Changes in intangible assets (by respective groups)

	Trademark	Purchased permits, patents, licences and similar assets	Other and intangible assets in progress	Total intangible assets
1.01.2024 - 31.12.2024				
Gross value of intangible assets at the beginning of the period	**66 704**	**10 254**	**9 222**	**86 180**
- purchases	-	120	9 390	9 510
- liquidation	-	(1 008)	(1 289)	(2 297)
- other	-	9 971	(9 971)	-
Gross value of intangible assets at the end of the period	**66 704**	**19 337**	**7 352**	**93 393**
Accumulated amortization at the beginning of the period	**-**	**(9 024)**	**(790)**	**(9 814)**
- amortization	-	(1 725)	(517)	(2 243)
- liquidation	-	-	244	244
- other	-	922	(922)	-
Accumulated amortization (depreciation) at the end of the period	**-**	**(9 828)**	**(1 986)**	**(11 813)**
Net value of intangible assets at the end of the period	**66 704**	**9 509**	**5 366**	**81 579**
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**
- purchases	-	-	6 289	6 289
- sales	-	-	(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 amortization at the beginning of the period	**-**	**(8 363)**	**(707)**	**(9 070)**
- amortization	-	(1 245)	(598)	(1 843)
- sales	-	13	165	178
- other	-	571	350	921
Accumulated amortization (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**

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 2024, 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 2025 - 2029 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 Relief from Royalty method.
- The basis for determining the recoverable amount is the trademark asset.
- The license rate was set at 4.14 percent (2.41 percent in 2023), 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 14.74% (13.53% in 2023), while for intangible assets the expected rate of return was 20.42 percent (22.46% in 2023).
- The cash flow projection period was adopted for 5 years (from 2025 to 2029). (The same projection period was adopted for 2023 from 2024 to 2028).
- The growth in sales revenues over the projection period was set at an average level of about 30% (50% in 2023).
- For the terminal value, it was assumed a zero long-term growth rate (the same assumption in 2023).

Na podstawie przeprowadzonej analizy Zarząd Grupy nie stwierdził utraty wartości znaku Archicom. Wobec powyższego wartość znaku na dzień 31 grudnia 2024 r. wynosi nadal 66 704 tys. zł.

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 2024 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 license rate and discount rate would have is presented below, using the following assumptions:
- License fee rate - further estimation of the value range was made by verifying the value of the trademark for the calculated license fee, adjusted by the rate, respectively: -15%, -10%, +10% and +15%.
- 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%, -1.0%, +1.0% and +1.5%.

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

Trade mark value sensitivity analysis

Discount rate	License fee rate						
	2,90%	**3,31%**	**3,72%**	**4,14%**	**4,55%**	**4,96%**	**5,37%**
18,9%	100 804	154 082	207 360	261 475	315 216	368 494	421 772
19,4%	97 704	149 380	201 057	253 545	305 670	357 346	409 023
19,9%	94 766	144 924	195 082	246 027	296 620	346 778	396 936
20,4%	91 978	140 694	189 410	**238 891**	288 030	336 747	385 463
20,9%	89 328	136 674	184 020	232 110	279 867	327 213	374 559
21,4%	86 807	132 850	178 892	225 658	272 100	318 142	364 185
21,9%	84 407	129 207	174 008	219 512	264 702	309 502	354 303

NOTE 17 Changes in property, plant and equipment (by respective groups)

Changes in property, plant and equipment (by respective groups)

	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other and PP&E in progress	Right-of-use asset	Total PP&E
1.01.2024 - 31.12.2024							
Gross value of PP&E at the beginning of the period	**200**	**6 915**	**6 047**	**2 118**	**16 902**	**64 384**	**96 566**
- purchases	7	5 177	1 788	36	5 851	-	12 859
- from leases (IFRS 16)	-	-	-	-	-	23 002	23 002
- sales	(100)	(697)	(30)	(363)	(793)	-	(1 984)
- liquidation	-	(1 609)	(41)	(32)	(465)	(4 530)	(6 676)
Gross PP&E at the end of the period	**107**	**9 786**	**7 764**	**1 760**	**21 494**	**82 856**	**123 767**
Accumulated amortization at the beginning of the period	**(13)**	**2 435**	**(5 027)**	**(1 343)**	**(11 273)**	**(24 857)**	**(40 077)**
- amortization	(1)	(1 292)	(461)	(35)	(1 863)	-	(3 652)
- liquidation	-	641	62	-	337	2 068	3 108
- from leases (IFRS 16) - amortization	-	-	-	-	-	(9 891)	(9 891)
- correction due to sales	13	195	19	345	669	-	1 242
Accumulated amortization at the end of the period	**(1)**	**1 980**	**(5 406)**	**(1 032)**	**(12 130)**	**(32 680)**	**(49 270)**
Net value of PP&E at the end of the period	**106**	**11 766**	**2 357**	**727**	**9 365**	**50 176**	**74 497**

	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other and PP&E in progress	Right-of-use asset	Total PP&E
1.01.2023 - 31.12.2023							
Gross value of PP&E at the beginning of the period	**200**	**8 240**	**6 196**	**2 183**	**16 756**	**63 063**	**96 638**
- purchases	-	222	465	279	3 103	-	4 069
- from leases (IFRS 16)	-	-	-	-	-	5 966	5 966
- sales	-	(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 amortization at the beginning of the period	**(11)**	**(1 641)**	**(4 947)**	**(1 651)**	**(8 968)**	**(19 011)**	**(36 229)**
- amortization	(2)	(608)	(620)	(57)	(2 546)	-	(3 832)
- liquidation	-	4 289	359	(71)	92	(403)	4 266
- from leases (IFRS 16) - amortization	-	-	-	-	-	(8 495)	(8 495)
- from leases (IFRS 16) - derecognition at the end of the lease contract	-	-	-	-	-	160	160
- correction due to sales	-	-	181	436	149	-	766
- other	-	395	-	-	-	2 892	3 287
Accumulated amortization 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**

NOTE 18 Investments in associates and joint ventures accounted for using the equity method

The value of investments in 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 Towarowa 22 Sp. z o.o. (Towarowa 22)	R4R Poland Sp. z o.o. (Resi4Rent)	SGE JV co S. a r. l. (Student Space)	Projekt Browarna sp. z o.o. (prev. name Archi-com Wrocław 2 sp. z o.o.)	Total
Balance as of 1 January 2023	**205 274**	**103 715**	**169 192**	**-**	**-**	**478 180**
- increase in capitals	71 331	-	5 625	-	-	**76 956**
- Echo Investment Group's share in 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**
- increase in capitals	-	-	-	48	-	**48**
- disclosure due to disposal of shares	-	-	-	-	6	**6**
- increase in capitals	-	-	-	100 045	-	**100 045**
- Echo Investment Group's share of the joint venture's net profit/loss	(4 086)	40 187	71 173	18 493	(650)	**125 115**
- exchange differences due to conversion	-	-	-	(219)	-	**(219)**
Total cumulative unrecognized shares of the joint venture's loss	-	-	-	-	5 247	**5 247**
- elimination of transactions between the undertaking and the Group (revenues, costs, sales profits of 30 percent)	-	815	7 432	38	(4 602)	**3 683**
- other	-	-	-	(84)	-	**(84)**
Balance as of 31 December 2024	**277 217**	**142 353**	**338 418**	**118 321**	**-**	**876 309**

	Rosehill Investments Sp. z o.o., Berea Sp. z o.o. (Galeria Młociny)	Projekt Towarowa 22 Sp. z o.o. (Towarowa 22)	R4R Poland Sp. z o.o. (Resi4Rent)	SGE JV co S. a r. l. (Student Space)	Projekt Browarna sp. z o.o. (prev. name Archi-com Wrocław 2 sp. z o.o.)	Total
Total comprehensive income	**850 904**	**477 866**	**1 146 650**	**394 274**	**(1 173)**	**2 868 522**
Echo Investment Group's % share	30%	30%	30%	30%	55%	
Echo Investment Group's share of net assets	**255 271**	**143 360**	**343 995**	**118 282**	**(645)**	**860 263**
Goodwill after impairment loss	21 946	-	-	-	-	21 946
Elimination of transactions between the undertaking and the Group (revenues, costs, sales profits) and other adjustments	-	(1 006)	(5 577)	38	645	(5 900)
Echo Investment Group's share of net assets = the carrying value of the investment valued using the equity method	**277 217**	**142 353**	**338 418**	**118 321**	**-**	**876 309**
Borrowings granted	**-**	**29 448**	**311 958**	**-**	**138 944**	**480 350**
Echo Investment Group's total involvement in joint ventures as of 31 December 2024	**277 217**	**171 801**	**650 376**	**118 321**	**138 944**	**1 356 659**

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 2024 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 2024 was PLN 277,382 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 2024 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 2024, the company recognized an impairment loss of PLN 13,091 thous.

Financial data of the joint venture - Galeria Młociny
Selected data from the statement of comprehensive income

	31.12.2024	31.12.2023
Non-current assets - investment properties	1 659 892	1 675 284
Non-current assets - other financial assets	-	20 708
Current assets - other	11 152	13 131
Current assets - cash	30 898	59 987
Total assets	**1 701 942**	**1 769 110**
Long-term liabilities	**836 572**	**845 110**
Financial liabilities (without trade liabilities)	651 950	678 335
Other long-term liabilities	184 622	166 775
Short-term liabilities	**14 466**	**59 475**
Financial liabilities (without trade liabilities)	5 696	47 739
Other short-term liabilities	8 770	11 736
Total liabilities	**851 038**	**904 585**
Equity	**850 904**	**864 525**
Share % of the Echo Investment Group	30,00%	30,00%
Share of the Echo Investment Group in net assets	255 271	259 357
Goodwill	35 037	35 037
Impairment loss	(13 091)	(13 091)
Carrying value of the investment valued using the equity method	277 217	281 303

Financial data of the joint venture - Galeria Młociny
Selected data from the statement of comprehensive income

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Operating income	110 527	121 071
Operating costs	(44 388)	(50 515)
Amortization	-	-
Profit/loss on property revaluation to fair value	(2 281)	(7 766)
General and administrative expenses	(2 726)	(2 601)
Cost of sales	(822)	(619)
Other income/operating costs	1 472	1 898
Financial income and expenses, including:	(69 941)	(44 277)
Financial interest expenses	(67 374)	(44 126)
Gross profit (loss)	**(8 159)**	**17 191**
Income tax	(5 462)	(1 532)
Net profit (loss)	**(13 621)**	**15 659**
Total comprehensive income	**(13 621)**	**15 659**
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	(4 086)	4 698
Share of Echo Investment Group in total income from joint venture	(4 086)	4 698

Projekt Towarowa 22 Sp. z o.o. (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 and December 2024, 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 177,6 million from Projekt Towarowa 22 Sp. z o.o.

Following the completion of the above transactions and as of the balance sheet date, i.e. 31 December 2024, 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 2024 was PLN 142,354 thous. At the same time, since the beginning of the project, the Echo Group has granted Projekt Towarowa 22 Sp. z o.o. and Projekt Echo 138 Sp. z o.o. with a total value of PLN 29.448 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

	31.12.2024	31.12.2023
Non-current assets - investment properties	769 122	591 753
Non-current assets - other	33 080	8 400
Current assets - cash	21 615	9 637
Current assets	15 303	17 250
Total assets	**839 119**	**627 040**
Long-term liabilities	**301 468**	**159 505**
Financial liabilities (without trade liabilities)	249 032	155 511
Other long-term liabilities	52 435	3 994
Short-term liabilities	**59 785**	**123 625**
Financial liabilities (without trade liabilities)	4 755	5 409
Other short-term liabilities	55 030	118 216
Total liabilities	**361 253**	**283 130**
Equity	**477 866**	**343 910**
Share % of the Echo Investment Group	30,00%	30,00%
Elimination of transactions between the undertaking and the Group (revenues, costs, sales profits of 30 percent)	(1 006)	(1 822)
Echo Investment Group's share in net assets = carrying amount of the investment valued using the equity method	142 353	101 351

Financial data of the joint venture - Towarowa 22
Selected data from the statement of comprehensive income

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Operating income	124 475	60 834
Operating costs, including:	(108 931)	(57 594)
Amortization	-	-
Profit/loss on property revaluation to fair value	141 510	-
General and administrative expenses	(162)	(94)
Other income / operating costs	347	449
Financial income and costs, including:	(1 364)	(8 704)
Financial interest expenses	(1 651)	(3 416)
Gross profit (loss)	**155 876**	**(5 109)**
Income tax	(21 920)	1 935
Net profit (loss)	**133 956**	**(3 173)**
Total comprehensive income	**133 956**	**(3 173)**
Share % of the Echo Investment Group	30,00%	30,00%
Echo Investment Group's share of the joint venture's net profit/loss (30 percent)	40 187	(952)
Share of the Echo Investment Group in the total income from the joint venture	40 187	(952)

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 shareholders.

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: 39,236 thousand.

At the same time, Echo Investment granted loans to R4R Poland Sp. z o.o.: 311 958 thous.

In 2018 - 2024, 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 2024 amounted PLN 338,418 thous.

Financial data of the joint venture - Resi4Rent
Selected data from the financial situation

	31.12.2024	31.12.2023
Non-current assets - investment properties	2 316 339	2 290 925
Non-current assets - investment properties under construction	1 085 650	869 478
Other non-current assets	28 614	32 644
Current assets - cash	150 874	157 737
Current assets - other	56 982	65 480
Assets held for sale	709 301	-
Total assets	**4 347 760**	**3 416 264**
Long-term liabilities	**2 706 348**	**2 363 397**
Financial liabilities (without trade liabilities)	2 397 414	2 109 789
Other long-term liabilities	308 934	253 608
Short-term liabilities	**494 762**	**143 457**
Financial liabilities (without trade liabilities)	342 717	17 499
Other short-term liabilities	152 045	125 958
Total liabilities	**3 201 110**	**2 506 855**
Equity	**1 146 650**	**909 410**
Share % of the Echo Investment Group	30,00%	30,00%
Elimination of transactions between the undertaking and the Group (revenues, costs, sales profits of 30 percent)	(5 577)	(13 009)
Echo Investment Group's share in net assets = carrying amount of the investment valued using the equity method	338 418	259 814

Financial data of the joint venture - Resi4Rent
Selected data from the statement of comprehensive income

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Operating income	176 730	134 563
Profit/loss on property revaluation to fair value	274 244	356 743
Administrative expenses related to projects	(47 547)	(35 687)
General and administrative expenses, including:	(31 423)	(26 153)
Amortization	(680)	(510)
Other operating income/expenses	(15)	3 297
Financial income and expenses, including:	(79 148)	(68 195)
Financial interest expenses	(78 489)	(60 177)
Gross profit (loss)	**292 841**	**364 568**
Income tax	(55 599)	(70 281)
Net profit (loss)	**237 242**	**294 287**
Total comprehensive income	**237 242**	**294 287**
Share % of the Echo Investment Group	30,00%	30,00%
Share of the Echo Investment Group in net profit/loss of the joint venture	71 173	88 286
Echo Investment Group's share of total income from the joint venture	71 173	88 286

SGE JV co S. a r. l. (Student Space)

On 6 March 2024, Echo Investment S.A. acquired 30 percent of the shares and votes in a joint investment venture (Student Space) that will develop student housing projects in Poland. The remaining 70 percent of the shares and votes were acquired by Signal Alpha 3 R1 S.ŕ r.l., based in Luxembourg. Under the company deed, all strategic financial and operational decisions (including in particular the purchase of a significant asset) require that both shareholders unanimously agree.

Echo Investment S.A. intends to invest up to EUR 31.3 million in the development of the Venture. The assumed time horizon for the execution of the Venture will be from 3 to 5 years. The assumed number of beds to be completed as part of the Venture shall be at least 5,000. The assumed proportions of financing sources of the Venture shall be (i) 40 percent-50 percent - financing from the parties; (ii) the remaining 60 percent - 50 percent - debt.

The first two projects will be started in Kraków. There will be places for 1,230 students at Wita Stwosza Street and 29 Listopada Avenue. In turn, the first project in Warsaw is scheduled for completion in autumn 2026.

Echo Investment S.A., while fulfilling its commitment to co-finance the venture, contributed its capital to SGE JV co S. a r. l. in H1 2024 by acquiring new shares in the increased share capital for the amount of PLN 100,045 thous.

The Echo Investment Group's share in the consolidated financial statements is accounted for using the equity method. The financial information in the joint venture is summed up below.

The carrying amount of the project as at 31 December 2024 amounted to PLN 118,321 thous.

Financial data of the joint venture - Student Space
Selected financial data

	31.12.2024
Investment properties	290 520
Other non-current assets	1 477
Current assets - cash	97 943
Current assets - other	45 767
Total assets	**435 707**
Long-term liabilities	**16 180**
Financial liabilities (without trade liabilities)	-
Other long-term liabilities	16 180
Short-term liabilities	**25 253**
Financial liabilities (without trade liabilities)	-
Other short-term liabilities	25 253
Total liabilities	**41 433**
Equity	**394 274**
Share % of the Echo Investmen Group	30,00%
Elimination of transactions between the undertaking and the Group (revenues, costs, sales profits of 30 percent)	38
Echo Investment Group's share in net assets = carrying amount of the investment valued using the equity method	118 321

Financial data of the joint venture - Student Space
Selected data from the statement of comprehensive income

	1.01.2024 - 31.12.2024
Profit/loss on property revaluation to fair value	78 056
General and administrative expenses, including:	(2 129)
Amortization	(3)
Other operating income/expenses	(171)
Financial income and expenses	801
Gross profit (loss)	**76 557**
Income tax	(14 914)
Net profit (loss)	**61 643**
Total comprehensive income	**61 643**
Share % of the Echo Investment Group	30,00%
Share of Echo Investment Group in net profit/loss of the joint venture	18 493
Echo Investment Group's share of comprehensive income from the joint venture	18 493

Projekt Browarna sp. z o.o. (previously named Archicom Wrocław 2 sp. z o.o.)

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. (currently: Projekt Browarna sp. z o.o.) became the subject of the joint ownership of the two aforementioned companies. Archicom's share in the joint venture is 55 percent and Rank Progress 45 percent. As a result of the transaction, the Company lost exclusive control over the undertaking. Under the company deed, all strategic financial and operational decisions (including in particular the purchase of a significant asset) require that both shareholders unanimously agree.

The JV initiative relates to the development of a residential project on a site located at Browarna Street in Wrocław. The project assumes that Rank Progress will contribute the land to the venture, and Archicom will handle the comprehensive development of the project. As part of the three-stage investment, it is planned to build a residential estate with over 45,000 sqm of usable floor space, including nearly 800 apartments.

On 27 March 2024, Archicom S.A. granted Projekt Browarna sp. z o.o. (previous name: Archicom Wrocław 2 sp. z o.o.) a borrowing for a total amount of PLN 138,944 thous. On 19 July 2024, the loan was repaid in the amount of PLN 40,660 thous.

On 28 March 2024, the jointly-controlled undertaking and Rank Progress S.A. concluded, in performance of the preliminary and conditional agreement of 7 March 2024, a sales agreement and a transfer agreement concerning the purchase by Projekt Browarna sp. z o.o. (previous name: Archicom Wrocław 2 sp. z o.o.) from Rank Progress S.A. of the property located at Browarna Street in Wrocław.

The Echo Investment Group's share in the consolidated financial statements is accounted for using the equity method. The financial information in the joint venture is summed up below.

Financial data of the joint venture - Projekt Browarna sp. z o.o.
Selected data from the statement of comprehensive income [PLN ‘000]

	31.12.2024
Carrying amount of the investment measured using the equity method	2 032
Current assets - inventories	188 054
Current assets - other	952
Current assets - cash	2 210
Total assets	**193 249**
Long-term liabilities	**191 909**
Financial liabilities (without trade liabilities)	190 182
Other long-term liabilities	1 726
Short-term liabilities	**2 513**
Financial liabilities (without trade liabilities)	131
Other short-term liabilities	2 382
Total liabilities	**194 422**
Equity	**(1 173)**
Share % of Echo Investment Group	55%
Echo Investment Group's share of net assets	(645)
Elimination of transactions between the undertaking and the Group (revenues, costs, sales profits of 55 percent)	(4 602)
Total cumulative unrecognized share of the joint venture's loss	5 247
Carrying amount of the investment measured using the equity method	-

Financial data of the joint venture - Projekt Browarna sp. z o.o.
Selected data from the statement of comprehensive income [PLN ‘000]

	1.01.2024 - 31.12.2024
Operating income	5
Administrative expenses related to the implementation of projects	(163)
General and administrative expenses	(105)
Cost of sales	(1 074)
Financial income and expenses, including:	(123)
Financial interest expenses	(239)
Gross profit (loss)	**(1 460)**
Income tax	277
Net profit (loss)	**(1 183)**
Total comprehensive income	**(1 183)**
Share % of Echo Investment Group	55%
Share of Echo Investment Group in net profit/loss of the joint venture	(650)
Share of Echo Investment Group in comprehensive income from the joint venture	(650)

NOTE 19 Financial assets

Financial assets

	31.12.2024	31.12.2023
Long-term loans granted (with interest)	457 444	263 442
Short-term loans granted (with interest)	1 674	38 392
Long-term deposits	4 667	4 291
Long-term prepayments	21 669	24
Assets at the end of the period	**485 454**	**306 149**
- long-term	483 780	267 757
- short-term	1 674	38 392

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 445,284 thous. (converted to PLN) were granted to the entities accounted for using the equity method: Towarowa 22 and Resi4Rent, to be repaid in 2025-2032. The carrying amount of the loans granted to other entities is PLN 13,834 thous., to be repaid in 2025-2027.

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 20 Inventories

Inventories

	31.12.2024	31.12.2023
Semi-finished products and work-in-progress	2 015 246	1 383 295
— asset on perpetual usufruct	49 444	33 307
Finished products	14 792	167 399
Goods	131 690	3 131
Total inventories	**2 161 728**	**1 553 824**

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 2.4 "Main Accounting Policies."

The item of goods includes lands held for sale.

Inventories are 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 33,694 thous. in 2024 (annual yield of 10.23 percent), while in 2023 - PLN 15,352 thous. (annual yield of 8.2 percent).

The value of inventories as of 31 December 2024 is PLN 2,161,728 thous., including for sale within 12 months of PLN 478,988 thous.

Inventories — impact on profit/loss

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Amount of inventories recognised as an expense in the period	(549 484)	(922 453)
Impairment losses on inventories recognised in the period as cost	(480)	(536)
Reversal of impairment losses which decreases the value of inventories recognised in the period as income	750	346

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 2024 amounted to (-) PLN 269 thous. (31 December 2023 - PLN (-) 190 thous.).

The reversal of write-downs in 2024 mainly related to residential projects located in Warsaw.

NOTE 21 Short-term receivables

Short-term receivables

	31.12.2024	31.12.2023
Trade receivables		
- up to 12 months	122 287	67 021
Total trade receivables	**122 287**	**67 021**
Land and office space use right asset (perpetual usufruct)	1 193	1 594
Prepayments - policies	2 356	2 641
Prepayments and accruals - others	12 748	9 537
Prepayments - settlement of rents over time	11 024	3 806
Receivable due to price increase	-	5 526
Assignment of receivables	66 051	14 400
Other receivables	3 689	3 545
Total non-financial assets	**97 061**	**41 049**
Tender bond for the purchase of properties	2 585	18 268
Deposits paid	-	7 896
Advances for other deliveries	14 788	20 310
Advances for the purchase of land	15 500	136 856
Total financial assets	**32 873**	**183 330**
Total trade and other receivables:	**252 221**	**291 400**
Receivables due to VAT tax	75 341	80 330
Receivables due to other taxes	6 397	471
Total receivables due to taxes	**81 738**	**80 801**
Total net short-term receivables	**333 959**	**372 201**
- allowances for expected credit losses - trade receivables	15 304	16 015
Total gross-short-term receivables	**349 263**	**388 216**

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

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 4,036 thous. (2023: PLN 3,053 thous.) and in the form of guarantees in the amount of PLN 1,872 thous. (2023. PLN 5,462 thous.)

In 2024, lease receivables were recognized in the Group's statement of financial position in relation to the sublease of a part of the City 1 office building. The value of the receivables as of 31 December 2024 amounted to PLN 6,263 thous. (including a long-term part of PLN 5,070 thous.).

NOTE 22 Change in allowances for expected credit losses - short-term receivables

Change in allowances for expected credit losses - short-term receivables

	31.12.2024	31.12.2023
Opening balance	**16 015**	**12 482**
Increases due to:		
creation of allowance	2 483	11 812
	2 483	**11 812**
Decreases due to:		
release of allowance	(3 126)	(4 069)
repayment	(68)	(4 210)
	(3 194)	**(8 279)**
Balance of allowances for expected credit losses - short-term receivables at the end of the period	**15 304**	**16 015**

The Group estimated the value of impairment loss on receivables from leases and apartments in the amount of PLN 4,465 thous. (2023 PLN 3,603 thousand), accrued penalties on interest in the amount of PLN 4,503 thous. (FY 2023: PLN 3,623 thous.), and other services in the amount of PLN 6,336 thous. (FY 2023: PLN 8,789 thous.). based on a provision matrix developed on the basis of historical data on repayment of receivables by contractors. The matrix is presented in the chapter on financial risk management, in the section on credit risk.

NOTE 23 Trade and other receivables (gross) - broken down by receivables outstanding during the period

Trade and other receivables (gross) - broken down by receivables outstanding during the period

	31.12.2024	31.12.2023
not required	181 077	256 921
up to 1 month	57 431	22 071
over 1 month to 3 months	3 883	5 693
over 3 months to 6 months	1 978	1 465
over 6 months to 1 year	4 663	8 167
over 1 year	18 493	13 098
Total (gross) overdue trade receivables	**267 525**	**307 415**
Allowance for expected credit losses - value of trade and other receivables	(15 304)	(16 015)
Total (net) trade and other receivables	**252 221**	**291 400**

NOTE 24 Derivative financial instruments

Financial instruments — assets

	31.12.2024	31.12.2023
- Interest Rate Swap	-	9 392
- FX fowards	-	1 673
Total derivative financial investments	**-**	**11 065**
With maturities:		
- up to 1 year	-	11 065

Derivative financial instruments (liabilities)

	31.12.2024	31.12.2023
- Interest Rate Swap	554	772
Total derivative financial investments	**554**	**772**
With maturities:		
- up to 1 year	-	441
- from 3 year	554	331

Derivative financial instruments (recognition in the consolidated profit and loss account)

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
- income/(expenses) from updating forward instruments	327	1 194
- income/(expenses) from updating call/put option instruments	-	(791)
Forward, call/put options, total (included in "Profit (loss) on derivatives")	**327**	**403**
- income/(expenses) from updating Interest Rate Swap instruments (Note 8)	8 362	6 265
Interest Rate Swap, total (included in "Financial income")	**8 362**	**6 265**
Total profit on derivatives	**8 689**	**6 668**

NOTE 25 Cash and other financial assets

Cash and its equivalents

	31.12.2024	31.12.2023
Cash in bank accounts	366 205	813 836
Total cash	**366 205**	**813 836**

The Group deposits cash surpluses in banks: PKO BP S.A., mBank S.A., Pekao S.A., Alior Bank Polska S.A. and Bank Millennium S.A.

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

Other financial assets

	31.12.2024	31.12.2023
Other financial assets:		
- receipts from residential clients, blocked in escrow accounts, released by the bank as the project progresses	91 335	27 463
- constituting security for the return of the deposit	13 050	18 837
- constituting security to cover interest and principal payments	13 527	13 430
Total other financial assets	**117 912**	**59 730**

NOTE 26 Share capital

Shareholders of Echo Investment S.A. holding more than 5 percent of share capital as of 31 December 2024

Shareholders	No. of shares and votes	% of share capital	% votes at the GMS
Lisala Sp. z o.o. (Wing IHC Zrt oraz Griffin Capital Partners)	272 375 784	66,00%	66,00%
Nationale-Nederlanden OFE	46 201 330	11,20%	11,20%
Allianz Polska PTE	39 781 769	9,64%	9,64%
Nicklas Lindberg	1 004 283	0,24%	0,24%
Maciej Drozd	291 065	0,07%	0,07%
Péter Kocsis	111 084	0,03%	0,03%
Bence Sass	50 000	0,01%	0,01%
Other equity holders	52 875 267	12,81%	12,81%
	412 690 582	**100,00%**	**100,00%**

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 2024.

NOTE 27 Supplementary capital

Supplementary capital

	31.12.2024	31.12.2023
From share premium	100 748	100 748
Created from generated profits	650 952	650 952
Reserve fund for payment of dividends	306 035	305 678
Total supplementary capital	**1 057 735**	**1 057 378**

Dividend from profit for 2023

“The Annual General Meeting of Shareholders of Echo Investment S.A. was held on 26 June 2024. The shareholders passed a resolution to distribute the net profit generated in 2023 in the amount of PLN 50,254 thous. as follows:
(i) to increase the amount of the distributed profit of PLN 50,254 thous. by the amount of PLN 40,538 thous., and thus to allocate the total amount of PLN 90,792 thous. (PLN 0.22 per share) to be distributed to all shareholders of the Company for dividends,
(ii) to credit the amount of PLN 90,792 thous. paid by the Company on 10 November 2023 in advance dividends for the 2023 financial year pursuant to the resolution of the Company’s Management Board dated 5 October 2023.
The dividend corresponds to the amount of the Dividend Advance paid by the Company on 10 November 2023, therefore, the Company did not pay additional funds from the profit for the 2023 financial year.”

“The Annual General Meeting of Shareholders of Archicom S.A. was held on 18 June 2024. The shareholders passed a resolution to allocate the profit generated in 2023 in the amount of PLN 52,749 thous. as follows:
(i) the net profit in the amount of PLN 52,647 thous., plus the amount of PLN 11,699 thous. from the dividend reserve fund - a total of PLN 64,346 thous. - was allocated to be distributed to all shareholders of the Company for dividends.
(ii) the profit in the amount of PLN 102 thous. was allocated to the Dividend Reserve Fund.
The dividend amount per share amounted to PLN 1.1. The dividend payable to minority shareholders in the amount of PLN 9,720 thous. or PLN 0.64 per share was paid on 25 July 2024.”

Dividend advance from profit for 2024

On 30 September 2024, the Management Board of Archicom S.A. adopted a resolution to pay an advance on dividend to the Company’s shareholders for the 2024 financial year. The total amount allocated for the advance was PLN 82,479 thous, i.e. PLN 1.41 per share. The dividend advance payable to minority shareholders, in the amount of PLN 21,416 thous, was paid on 7 November 2024.

NOTE 28 Non-controlling interests

Non-controlling interests

	Place of business	Proportion of non-controlling interest	Proportion of voting rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Cumulative non-controlling interest in a subsidiary	Dividends paid to non-controlling interest in the year
Year ended on 31 December 2024	Wrocław, Polska	25,96%	23,47%	29 812	336 863	(31 136)
Archicom S.A.						
Year ended on 31 December 2023	Wrocław, Polska	25,96%	23,47%	50 455	338 187	(17 985)
Archicom S.A.						

The condensed financial information of the subsidiaries is as follows:

				as at 31 December				Year ended on 31 December
	Current assets	Non-current assets	Short-term liabilities	Long-term liabilities	Revenues	Profit/loss	Total income	Cashflow
2024								
Archicom S.A.	2 034 226	857 314	831 166	739 737	752 388	114 816	114 816	(397 383)
2023								
Archicom S.A.	2 230 653	267 507	770 563	405 324	1 113 908	217 810	217 810	246 530

NOTE 29 Book value and earnings (loss) per share

Book value per share

	31.12.2024	31.12.2023
Equity attributable to equity holders of the parent entity	1 675 484	1 690 053
Number of shares (in thous. pieces)	412 691	412 691
Book value per share (in PLN)	**4,06**	**4,10**
Diluted number of shares	412 691	412 691
Diluted book value per share	4,06	4,10

Earnings (loss) per share

	1.01.2024-31.12.2024	1.01.2023-31.12.2023
Profit (loss) attributable to the parent entity's shareholders	(14 175)	67 428
Weighted average number of ordinary shares (in thousands)	412 691	412 691
Basic profit (loss) per ordinary share (in PLN)	**(0,03)**	**0,16**
Profit (loss) attributable to the parent entity's shareholders	(14 175)	67 428
Weighted average diluted number of ordinary shares (in thousands)	412 691	412 691
Diluted profit (loss) per ordinary share (in PLN)	**(0,03)**	**0,16**

In 2024 and 2023 the Company did not use diluting instruments.

NOTE 30 Credit, loans and bonds

Credit, loans and bonds

	31.12.2024	31.12.2023
Loans and borrowings	924 413	803 033
Credits, loans, - non-current assets classified as held for sale	-	54 122
Debt securities	2 047 293	1 794 915
Profit share liabilities	11 642	11 457
Total liabilities due to loans, borrowings and bonds	**2 983 348**	**2 663 527**
- of which long-term portion	2 268 961	1 760 813
- of which short-term portion	714 387	902 714

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 156,010 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 10,66 percent in 2024 (9,47 percent in 2023) and 8,1 percent in EUR (7,6 percent in 2023). 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 1.21 of the report of the Management Board Financial liabilities of the Company and Group.

The Management Board of the Group decided to change the presentation of profit share liabilities. After the analysis, the Management Board decided that profit share liabilities should be presented in the consolidated statement of financial position under "Loans, advances and bonds" and "Loans, loans and bonds financing real estate" and not as before in short and long term provisions. At the same time, profit share costs were presented in the consolidated income statement under "financial expenses" and not under "profit (loss) on investment property" as before. The presentation results from the fact that the 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 at the time the project is sold (or at the final maturity date) and therefore meets the definition of a financial liability under IAS 32.

As a consequence, the Group made an appropriate presentation change in the consolidated statement of financial position.

Profit share is the minority investor's share of profit. It results from agreements entered into, according to which the investor is required to pay a capital that represents a share in the investment. The capital is contributed to the entities implementing the project in the form of a loan granted or the issuance of participation bonds. When the project is sold, the capital is returned to the investor together with the profit share due to the investor (calculated as sales price - costs). Profit share liabilities are estimated for projects measured by the income approach in proportion to the released result on the property. Hence, the first profit share liability is created with the first valuation of the project at fair value.

Liabilities from profit distribution were divided according to their maturity from the balance sheet date, i.e.:
to long-term, in the amount of PLN 10 474 thous. (PLN 10 631 thous. as of 31 December 2023) and short-term, amounting to PLN 1 168 thous. (PLN 826 thous. as of 31 December 2023).

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

Debt financial instruments

	31.12.2024	31.12.2023
Carrying value	2 039 792	1 791 065
Fair value	2 066 288	1 810 898

Financial liabilities: the projection for the consolidated statement of financial position as of 31 December 2024

Selected items of the consolidated statement of financial position	Forecast [PLN billion]	Consolidated statement of financial position as at 31 December 2024 [PLN billion]	Difference [PLN billion]
Liabilities from loans and borrowings	0,6	0,9	0,3
Liabilities from the issue of debt securities	2,0	2,0	0,0
Lease liabilities	0,2	0,3	(0,1)

The Group's financial liabilities presented in the consolidated statement of financial position as of 31 December 2024 do not differ materially from the Group's previously published projections as of that date.
The slight differences on the item of liabilities from loans and borrowings are due to the assumed in the projection but not completed disposals of office properties: Brain phase I and II as well as Citi 2 and thus the projected repayment of loans drawn by the Companies.

The Group has entered into the loan agreements that include the financial covenants which are standard for this type of agreements.

The special-purpose loan agreements are based on LMA's templates and mainly contain ratios: during the project's construction period, LTC and ISCR and during the project's investment period, LTV and DSCR.

The Group is obliged to maintain the ratio levels required by the loan agreements.

In case of breach of the covenants, lenders have the right in accordance with the provisions of the loan agreements to request the loan borrower to rectify the ratio.
The Parent Company's Management Board monitors compliance with the covenants on an ongoing basis to ensure that they are met.

As of the balance sheet date, the Group is in compliance with all required covenants.

As of the balance sheet date and the date of the report, the Management Board is not aware of facts and circumstances indicating that there would be difficulties in meeting the covenants.

Bonds

Company's liabilities due to bonds issued as at 31 December 2024

Series	ISIN code	Bank / brokerage house	Nominal value [PLN '000]	Maturity	Interest rate
Bonds issued by Echo Investment S.A. for institutional investors					
1I/2022	PLO017000079	Ipopema Securities S.A.	180 000	8.12.2027	WIBOR 6M + margin 4,5%
2I/2023	PLO017000087	Ipopema Securities S.A.	140 000	24.05.2028	WIBOR 6M + margin 4,5%
4I/2024	PLO017000103	Ipopema Securities S.A.	100 000	27.02.2029	WIBOR 6M + margin 4,5%
5I/2024	PLO017000111	Ipopema Securities S.A.	100 000	13.05.2029	WIBOR 6M + margin 4,5%
6I/2024	PLO017000129	Ipopema Securities S.A.	200 000	1.08.2029	WIBOR 6M + margin 4,5%
		Total	**720 000**		
Bonds issued by Archicom S.A. for institutional investors					
M7/2023	PLO221800108	mBank S.A.	62 000	17.03.2025	WIBOR 3M + margin 3,5%
M8/2023	PLO221800116	mBank S.A.	210 000	8.02.2027	WIBOR 3M + margin 3,4%
M9/2024	PLO221800124	mBank S.A.	168 000	1.06.2027	WIBOR 3M + margin 3,25%
M10/2024	PLO221800132	mBank S.A.	190 000	19.06.2028	WIBOR 3M + margin 3,1%
		Total	**630 000**		
Bonds issued by Echo Investment S.A. for individual investors					
K-series	PLECHPS00324	DM PKO BP	50 000	10.01.2025	WIBOR 6M + margin 4,0%
L-series	PLECHPS00332	DM PKO BP	50 000	22.02.2026	WIBOR 6M + margin 4,0%
M-series	PLECHPS00340	DM PKO BP	40 000	27.04.2026	WIBOR 6M + margin 4,0%
N-series	PLECHPS00357	DM PKO BP	40 000	27.06.2026	WIBOR 6M + margin 4,0%
O-series	PLECHPS00365	DM PKO BP	25 000	6.09.2026	WIBOR 6M + margin 4,0%
P/P2-series	PLECHPS00373	DM PKO BP	50 000	28.06.2027	WIBOR 6M + margin 4,0%
R-series	PLECHPS00381	DM PKO BP	50 000	15.11.2027	WIBOR 6M + marża 4,0%
S/S2-series	PLECHPS00399	DM PKO BP	140 000	31.01.2028	WIBOR 6M + marża 4,0%
T - series	PLECHPS00415	DM PKO BP	60 000	26.04.2028	WIBOR 6M + marża 3,8%
		Total	**505 000**		
		Total bonds issued in PLN	**1 855 000**		

Bonds issued by Echo Investment S.A. for institutional investors

Series	ISIN code	Bank / brokerage house	Nominal value [EUR '000]	Maturity	Interest rate
31/2023	PLO017000095	Ipopema Securities S.A.	43 000	27.10.2028	fixed interest rate 7,4%
Total bonds issued in EUR/PLN			43 000		

The value of bonds corresponds to undiscounted cash flows, not including the value of interest. The change in business and economic conditions did not have a significant impact on the fair value of the financial liabilities.

All are quoted on the Catalyst market of debt instruments operated by the Warsaw Stock Exchange, on trading platforms operated by the Warsaw Stock Exchange (in the regulated market and ASO formula) and by Bondspot (analogous two markets).

Change of company's bond liabilities in 2024

Bonds redeemed by Echo Investment S.A.

Series	ISIN code	Date	Nominal value [PLN '000]
1P/2021	PLO017000053	27.02.2024	16 113
2/2021	PLO017000061	27.02.2024	71 670
1/2021.	PLO017000046	27.02.2024	12 210
2/2021	PLO017000061	10.05.2024	100 330
1/2020	PLO017000012	31.05.2024	70 000
1/2021.	PLO017000046	17.09.2024	182 790
1P/2021	PLO017000053	22.10.2024	171 887
Total			625 000

Bonds redeemed by Archicom S.A.

Series	ISIN code	Date	Nominal value [PLN '000]
M6/2022	PLO221800090	23.02.2024	2 500
M6/2022	PLO221800090	15.03.2024	58 700
Total			61 200

Bonds redeemed by Echo Investment S.A.

Series	ISIN code	Date	Nominal value [PLN '000]
1E/2020	PLECHPS00316	23.10.2024	8 700
Total			**8 700**

Bonds issued by Echo Investment

Series	ISIN code	Date	Nominal value [PLN '000]
4I/2024	PLO017000103	27.02.2024	100 000
S	PLECHPS00399	26.02.2024	70 000
S2	PLECHPS00399	20.03.2024	70 000
5I/2024	PLO017000111	13.05.2029	100 000
T	PLECHPS00415	26.04.2028	60 000
6I/2024	PLO017000129	1.08.2024	200 000
Total			**600 000**

Bonds issued by Archicom S.A.

Series	ISIN code	Date	Nominal value [PLN '000]
M9/2024	PLO221800124	1.03.2024	168 000
M10/2024	PLO221800132	19.06.2024	190 000
Total			**358 000**

NOTE 31 Leasing

Leasing 2024

	Perpetual usufruct right				Other contracts		
	Inventories	Investment properties	Investment properties in progress	Liabilities related to assets held for sale	Fixed assets	Investment properties	Total
Asset on right of use							
As at 1 January 2024	**33 307**	**12 253**	**13 869**	**-**	**39 528**	**107 820**	**206 777**
Amortization	(2 971)	(252)	-	-	(9 891)	-	**(13 114)**
Fair value measurement	-	-	-	-	-	(21 736)	**(21 736)**
Increases	20 206	8 710	2 310	-	23 953	45 521	**100 700**
Reductions	(1 098)	-	(3 241)	-	(3 413)	(12 240)	**(19 992)**
As at 31 December 2024	**49 444**	**20 711**	**12 938**	**-**	**50 177**	**119 365**	**252 635**

	Perpetual usufruct right				Other contracts		
	Inventories	Investment properties	Investment properties in progress	Liabilities related to assets held for sale	Fixed assets	Investment properties	Total
Lease liabilities							
As at 1 January 2024	**30 336**	**11 621**	**13 491**	**-**	**39 519**	**119 167**	**214 134**
Interest expense	3 122	1 041	735	-	1 448	5 070	**11 416**
Repayment of the liability with interest	(6 836)	(1 302)	(815)	-	(16 542)	(27 419)	**(52 914)**
Increases	17 501	6 175	1 986	-	28 191	43 745	**97 598**
Reductions	(463)	-	(2 702)	-	(2 813)	(2 219)	**(8 197)**
As at 31 December 2024	**43 660**	**17 535**	**12 695**	**-**	**49 803**	**138 344**	**262 038**

	Perpetual usufruct right				Other agreements		
	Inventories	Investment properties	Investment properties in progress	Liabilities related to assets held for sale	Fixed assets	Investment properties	Total
Lease liabilities							
short-term	43 659	1 459	571	-	18 627	26 111	**90 428**
long-term	-	16 076	12 125	-	31 179	112 230	**171 610**

The item of increases in right-of-use assets and lease liabilities mainly included new lease agreements concluded in the amount of PLN 58,769 thous., changes in estimated lease payments in the amount of PLN 23,155 thous. and modifications to lease agreements in the amount of PLN 18,776 thous

The item of reductions in right-of-use asset and lease liabilities is mainly related to modifications of lease contracts, termination of leases, sale of Investment Properties and Inventories, and changes in estimated lease payments.

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Costs associated with leases of low-value assets	(3 898)	(241)
Costs associated with short-term leases	(44 824)	(45 426)
Revenues from sublease (subleases) of right-of-use assets	50 019	49 423

The total cash outflow from the repayment of lease liabilities in 2024 amounted to PLN 52,914 thous. (PLN 44,444 thous. in 2023).

Details regarding the operating lease are described in Note 1.

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.

NOTE 32 Change in provisions

Change in provisions - by title

	31.12.2024	31.12.2023
Opening balance		
- provision for general and administrative expenses	11 324	12 876
- provision for anticipated penalties	10 767	13 738
- provision for anticipated costs of warranty repairs, etc.	10 091	7 994
- provision for court cases	8 361	8 324
- provision for other costs	79	13 662
	40 622	**56 594**
Increases due to		
- provision for general and administrative expenses	13 914	15 253
- provision for anticipated penalties	174	8 791
- provision for anticipated costs of warranty repairs, etc.	5 941	8 125
- provision for court cases	1 641	2 126
- provision for other cost	-	395
	21 670	**34 690**
Utilization due to		
- incurred of general administrative expences	(13 055)	(16 805)
- incurred penalties	(3 552)	(11 762)
- incurred of warranty repairs, renovations, etc.	(5 725)	(6 028)
- provision for court cases	(3 252)	(2 089)
- provision for other cost	(79)	(13 978)
	(25 663)	**(50 662)**
Closing balance		
- provision for general and administrative expenses	12 186	11 324
- provision for anticipated penalties	7 389	10 767
- provision for anticipated costs of warranty repairs, etc.	10 307	10 091
- provision for court cases	6 750	8 361
- provision for other cost	-	79
	36 632	**40 622**
including:		
- long-term provisions	**8 304**	**9 283**
- short-term provisions	**28 327**	**31 339**

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

NOTE 33 Trade and other liabilities

Trade and other liabilities

	31.12.2024	31.12.2023
Trade payables maturing:		
- up to 12 months	158 119	113 965
Total	**158 119**	**113 965**
Lease liabilities		
Long-term	171 610	142 037
Short-term	90 428	72 097
Total	**262 038**	**214 134**
Non-financial liabilities		
Liabilities from contracts with clients regarding fit-out work	13 913	21 448
Liabilities from contracts with clients regarding investment projects	19 768	45 586
Accruals - expenditures on property projects to be incurred in connection with concluded contracts	26 848	9 280
Accruals - bonuses for the Management Board and employees	37 543	23 923
Accruals - other	8 695	7 302
Total	**106 767**	**107 539**
Financial liabilities		
Liabilities on land purchases	9 600	-
Deposits from contractors and advances received	90 650	112 698
Derivative financial instruments	554	772
Liabilities on securing revenues for rent-free or rent-reduced periods (master lease)	27 580	36 461
Other liabilities	4 116	7281
Total	**132 500**	**157 212**
Dividend liabilities		
Dividend liabilities	-	6 986
Total	**-**	**6 986**
Liabilities due to VAT	43 770	8 940
Liabilities due to other taxes	21 906	3 428
Total	**65 676**	**12 368**
Total trade and other liabilities	**725 100**	**612 204**

	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Liabilities on contracts with clients (fit out, investment projects) - balance at the beginning of the period	**67 034**	**63 254**
Increases	13 806	52 873
Presented as revenues in the period	(47 159)	(49 094)
- including revenues recognized in the period, included in the balance at the beginning of the period	(40 679)	(27 643)
Liabilities on contracts with clients (fit out, investment projects) - balance at the end of the period	**33 681**	**67 034**

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. The dividend liabilities was paid on January 19, 2024.

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

The value of the 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 2024, the liabilities due to revenue security for rent-free or rent-reduced periods (master lease) were related to projects: Face2Face, React I, MidPoint, West 4 HUB I, Fuzja CD, Browary GH, J (Face2Face, Sagittarius, Moje Miejsce I, II, MidPoint, West 4 HUB I, Fuzja CD, Browary GH, J in 2023). The Group provides revenue security for rent-free periods (master lease) up to a maximum of 2032 (in 2023, a maximum of 2032).

The 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 18,130 thous. (PLN 23,374 thous. as of 31 December 2023), short-term in the amount of PLN 9,450 thous. (PLN 13,087 thous. as of 31 December 2023). The liabilities for revenue security for rent-free periods (master lease) will settle up to one year in the amount of PLN 9,450 thous. (PLN 13,087 thous. for 2023), over one year to three years in the amount of PLN 12,912 thous. (PLN 12,446 thous. for 2023), over three to five years in the amount of PLN 4,224 thous. (PLN 9,205 thous. for 2023) and over five to ten years in the amount of PLN 994 thous. (PLN 1,723 thous. for 2023).

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 34 Information on financial instruments

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 flow of these instruments.

Instrument type	Note	Classification under IFRS 9	Carrying value as of 31.12.2024	Carrying value as of 31.12.2024
Financial assets				
Long-term borrowings granted	19	Amortized cost	457 444	263 442
Short-term borrowings granted	19	Amortized cost	1 674	38 392
Trade and other receivables	21	Amortized cost	155 160	250 351
Derivative financial instruments	24	Fair value through profit or loss	-	11 065
Cash and other cash assets	25	Amortized cost	484 117	873 566
Financial liabilities				
Liabilities due to issue of debt securities	30	Amortized cost	2 047 293	1 794 915
Profit share liabilities	30	Amortized cost	11 642	11 457
Derivative financial instruments	33	Fair value through profit or loss	554	772
Trade and other liabilities	33	Amortized cost	290 065	270 405
Lease liabilities	33	Measurement outside the scope of IFRS 9	262 038	214 134
Loans and borrowings	30	Amortized cost	924 413	857 155

Borrowings 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."

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.

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.

NOTE 35 List of mortgages on investment properties and inventory

List of mortgages on investment properties of Echo Investment Group as of 31 December 2024

Company	Property	Asset value	Mortgage value [EUR '000]	Mortgage value [PLN '000]	For	Comment
Galeria Libero - Projekt Echo 120 Sp. z. o.o. Sp. k.	Katowice Libero, ul. Kościuszki	535 215	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 Brain I-II, Al. Pokoju / ul. Fabryczna	463 791	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		
Archicom Nieruchomości 14 Sp. z o.o.	Wrocław / City Forum 2	131 069	34 000	9 720	Bank Pekao S.A.	due to the financing of the City Forum 2 project
Total		**1 130 075**				

List of mortgages on Echo Investment Group's inventory as of 31 December 2024

Company	Property	Asset value	Mortgage value [EUR '000]	Mortgage value [PLN '000]	For	Comment
Archicom Perth Sp. z o.o.	Warszawa / Modern Mokotów III	58 695		240 000	Bank PKO BP S.A.	due to the bank overdraft facility granted to Archicom S.A.
Archicom Perth Sp. z o.o.	Warszawa / Modern Mokotów IV	60 540				
Archicom Perth Sp. z o.o.	Warszawa / Modern Mokotów V	21 621				
Total		**140 856**				

Explanatory notes to operating segments

NOTE 36 Notes on business segments

The strategic steering committee of the Group, which includes the Management Board, analyzes the activity throughout the type of product / service and distinguishes 4 segments: apartments, Resi4Rent, Student Space 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 2024.

Both in the 2024 and in 2023, the Group generated sales revenues only in Poland.

Selected items of the balance sheet as at 31 December 2024 divided by segments

	Total	Residential	Student Space	Resi4Rent	Commercial properties
Investment properties	**1 493 493**	-	-	-	1 493 493
Investment properties under construction	**519 218**	-	-	-	519 218
Investments in associates and joint ventures accounted for using the equity method and in affiliates	**876 309**	-	118 321	338 419	419 569
Deferred tax asset	**151 928**	113 581	1 194	865	36 288
Inventories	**2 161 728**	2 078 831	36 643	44 560	1 694
Cash and cash equivalents	**366 205**	125 394	8	522	240 281
Assets held for sale	**-**	-	-	-	-
Other segment liabilities	**1 204 005**	619 829	3 762	317 570	262 844
Segment assets	**6 772 886**	**2 937 635**	**159 928**	**701 936**	**2 973 388**
Loans, borrowings and bonds - long-term	**2 268 961**	831 544	84 666	315 583	1 037 167
Loans, borrowings and bonds - short-term	**714 387**	152 337	11 331	42 233	508 486
Loans, borrowings and bonds financing properties held for sale	**-**	-	-	-	-
Incentive program	**-**	-	-	-	-
Motivational program	**21 308**	-	-	-	21 308
Other liabilities	**152 975**	74 567	-	-	78 408
Liabilities due to clients	**840 263**	779 669	30 000	30 000	594
Liabilities related to assets held for sale	**-**	-	-	-	-
Other segment liabilities	**762 810**	301 516	4 829	11 329	445 136
Segment liabilities	**4 760 704**	**2 139 634**	**130 825**	**399 146**	**2 091 099**

Selected items of the profit and loss account for the period 01.01.2024-31.12.2024 by segments

	Total	Residential	Student Space	Resi4Rent	Commercial properties
Sales revenues (from external receivers/clients), including:	**1 083 405**	747 006	39 094	39 069	258 236
Revenues from contracts with clients	**886 045**	746 820	39 094	39 069	61 062
Lease / rental income (IFRS 16)	**197 361**	187	-	-	197 174
Cost of sales	**(718 167)**	(489 732)	(26 414)	(16 908)	(185 113)
Gross profit on sales	**365 238**	257 274	12 680	22 161	73 123
Profit (loss) on sale of investment properties	**(6 156)**	-	4 096	-	(10 252)
Revaluation of properties (gain/loss on fair value measurement)	**1 626**	596	-	-	1 030
Impairment loss	**(413)**	(79)	-	-	(335)
Amortization of fixed assets and intangible assets	**(15 786)**	(9 176)	(190)	(1 263)	(5 157)
Interest income on borrowings	**29 901**	12 720	-	13 382	3 799
Interest expenses on loans	**(53 473)**	(7 253)	-	(402)	(45 818)
Interest expenses on bonds	**(163 091)**	(64 245)	-	(14 499)	(84 348)
Share in profits (losses) of undertakings accounted for using the equity method	**129 017**	(5)	18 493	79 849	30 681
Profit before tax	**83 623**	22 817	26 669	78 805	(44 668)

Selected items of the balance sheet as at 31 December 2023 divided by segments

	Total	Residential	Resi4Rent	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 profit and loss account for the period from 1 January 2023 to 31 December 2023 divided by segment [PLN '000]

	Total	Residential	Resi4Rent	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)

Explanatory notes to the consolidated cash flow statement

NOTE 37 Change of liabilities resulting from financial activities

Change of liabilities resulting from financial activities

	liabilities due to loans, borrowings and bonds	lease liabilities	dividend liabilities
opening balance as at 01.01.2024	**2 663 527**	**214 134**	**6 986**
Cash flows			
- receipts	1 092 893	-	-
- payments	(954 746)	(52 914)	(38 123)
Non-cash changes	**181 674**	**100 818**	**31 137**
- accrued interest	240 395	11 417	-
- valuation of FX differences	(19 498)	-	-
- valuation by effective interest rate	-	-	-
- loan repayment with investment receivables*	(39 223)	-	-
- other lease changes	-	89 401	-
- distribution of the result and resolution on advance payment	-	-	31 137
closing balance as at 31.12.202	**2 983 348**	**262 038**	**-**

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

Change of liabilities resulting from financial activities

	liabilities due to loans, borrowings and bonds	lease liabilities	dividend liabilities
opening balance as at 01.01.2023	**2 419 506**	**235 226**	**90 792**
Cash flows			
- receipts	779 090	-	-
- payments	(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)	-	-
- valuation by effective interest rate	-	-	-
- loan repayment with investment receivables*	(103 432)	-	-
- other lease changes	-	13 216	-
- distribution of the result and resolution on advance payment	-	-	108 777
closing balance as at 31.12.2023	**2 663 527**	**214 134**	**6 986**

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

NOTE 38 Change of short-term liabilities, excluding borrowings and loans

Change of short-term liabilities, excluding borrowings and loans

	1.01.2024— 31.12.2024	1.01.2023— 31.12.2023
Change of short-term liabilities, excluding borrowings and loans, including:	**483 929**	**(364 362)**
- due to deferred income	36 839	(148 856)
- due to trade liabilities and other	55 307	(57 948)
- due to other tax liabilities	54 092	(133 490)
- due to accrued expenses	(1 042)	(7 043)
- due to liabilities from apartment deposits blocked on escrow accounts	23 720	(34 523)
- due to liabilities from deposits from contractors and advance payments received	309 081	17 458
Liabilities related to assets held for sale	(1 053)	39
Liabilities for dividends	6 986	-

Additional notes 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 the lessee classifies:
- short-term lease payments,
- lease payments including low-value assets, and
- variable lease payments not included in the valuation of the lease liability.

Other explanatory notes

NOTE 39 IAS amendments - restatement of financial statements for prior periods

Due to the amendment, starting from 1 January 2024, of IAS 1 "Presentation of financial statements" - the classification of liabilities as short-term and long-term, the presentation of liabilities relating to loans financing properties held for sale (City 2 in Wrocław) was changed. The previous presentation of these liabilities under short-term liabilities, was changed and thus the loans financing properties held for sale as at 31 December 2023 in the amount of PLN 52,006 thous. (PLN 20,230 thous. as at 1 January 2023) were transferred to long-term liabilities. The changes are presented in the table below.

Consolidated statement of financial position

	31.12.2023 released data	31.12.2023 restated data	Change
Long-term liabilities			
Loans, borrowings and bonds	1 708 807	1 708 807	-
Loans, borrowings and bonds financing properties held for sale	-	52 006	52 006
Short-term liabilities			
Loans, borrowings and bonds	900 598	900 598	-
Loans, borrowings and bonds financing properties held for sale	54 122	2 116	(52 006)

	1.01.2023 released data	1.01.2023 restated data	Change
Long-term liabilities			
Loans, borrowings and bonds	1 609 032	1 609 032	-
Loans, borrowings and bonds financing properties held for sale	-	20 230	20 230
Short-term liabilities			
Loans, borrowings and bonds	667 980	667 980	-
Loans, borrowings and bonds financing properties held for sale	142 494	122 264	(20 230)

NOTE 40 Off-balance sheet items

Off-balance sheet items

	31.12.2024	31.12.2023
Contingent liabilities for other entities:		
- due to guarantees and sureties granted	215 780	217 135
- due to court cases	19 220	17 344
Total	**235 000**	**234 478**

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 note 41. In contrast, information on expected credit losses can be found in the section 4.2 - Financial risk management.

NOTE 41 Changes in the structure of guarantees and sureties issued by the Echo Investment Group.

Surety agreements

The Echo Investment Group does not disclose any surety as at 31 December 2024 as well as any changes in 2024.

Guarantees issued by the Echo Investment Group as at 31 December 2024 [PLN '000]

Financial guarantees

Guarantor	Entity receiving the guarantee	Beneficiary	Value	Validity	Description
Echo - Aurus Sp. z o.o.	Nobilis - City Space GP Sp. z o.o. Sp.k.	Nobilis Business House Sp. z o.o.	772	31.10.2027	Guarantee securing the liabilities arising from the lease agreement concluded on 28.02.2017. Issued in EUR.
Echo Investment S.A.	Nobilis - City Space GP Sp. z o.o. Sp.k.	Nobilis Business House Sp. z o.o.	557	31.10.2027	Guarantee securing liabilities resulting from the annex to leasing agreement. Issued in EUR.
Echo Investment S.A.	Projekt Towarowa 22 Sp. z o.o.	Miasto stołeczne Warszawa	13 500	26.06.2034	Guarantee regarding the waiver of claims related to the planned adoption of the local spatial development plan for the area of Twarda Street.
Archicom Sp. z o.o. - Realizacja Inwestycji - Sp.k.	City One Park Sp. z o.o.	City One Park Sp. z o.o.	57	Until the defects in Building B are removed and a protocol confirming this circumstance is signed.	Agreement concluded in place of a bank guarantee to secure claims from the Construction Contract for the implementation of building B, which expired on 9 July 2023. Under the agreement, claims for the removal of defects in the City 1 building (building B) were secured.
Total			**14 886**		

Performance and other guarantees

Guarantor	Entity receiving the guarantee	Beneficiary	Value [PLN '000]	Validity	Description
Echo Investment S.A.	Echo Investment S.A.	Nobilis Business House Sp. z o.o.	40 000	31.10.2026	Quality guarantee for construction work related to the Nobilis office building in Wrocław.
Echo - SPV 7 Sp. z o.o.	M2 Biuro Sp. z o.o.	Santander Bank Polska S.A.	44 097	31.12.2027	Security of the borrowers liabilities arising from the cost overrun not included in the budget specified in credit agreement.
Echo - SPV 7 Sp. z o.o.	R4R Warszawa Wilanowska Sp. z o.o.	Bank Pekao S.A.	19 541	31.12.2029	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.	Bank Pekao S.A.	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
Total			**200 894**		
Total financial, performance and other guarantees			**215 780**		

Changes in guarantee agreements issued by Echo Investment Group in 2024

Change	Guarantor	Entity receiving the guarantee	Beneficiary	Value [PLN '000]	Validity	Description
Expiry	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.
Expiry	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.	Projekt Towarowa 22 Sp. z o.o.	Veolia Energia Warszawa S.A.	3 500	27.05.2024	Securing liabilities resulting from the lease agreement of the Heat Pipeline Transfer Agreement, Warszawa, ul. Towarowa 22.
Issue	Echo Investment S.A.	Projekt Towarowa 22 Sp. z o.o.	Miasto stołeczne Warszawa	13 500	26.06.2034	Guarantee regarding the waiver of claims related to the planned adoption of the local spatial development plan for the area of Twarda Street.

NOTE 42 Transactions with related entities

Transactions with related entities

	31.12.2024	31.12.2023
Results of transactions with owners		
Receivables from loans granted	12 207	13 921
Trade liabilities	3 795	1 896
Incurred costs	18 529	18 535
Recognized revenue - interests	1 753	1 345
Results of transactions with related entities		
Trade receivables	852	1 103
Recognized revenue	2 999	1 891
Key Personnel Transaction Results		
Recognized revenue	1 208	1 625
Advances received	8 116	-
Trade receivables	91	-
Results of transactions with jointly controlled entities		
Receivables from loans granted	452 039	290 844
Trade receivables	35 946	17 892
Receivables - advance for land paid	-	136 856
Liabilities	9	10
Incurred costs	3 842	2 682
The purchases activated for reserve, including the right of perpetual usufruct of land.	174 248	-
Purchase of land	-	24 401
Recognized revenue due to rental, consulting, accounting and other services	36 507	7 816
Recognized revenue due to sale of land, properties, support for development of projects	83 205	72 838
Recognized revenue - interests	19 921	9 751
Received deposits and advances	-	14 403
The advance payment for the purchase of land.	624	-
Advance payments for the purchase of land	57 000	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 2024, the Group recognised a provision in the financial statements in the amount of PLN 21,308 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 2024 amounted to PLN 6,539 thousand gross to increase profit or loss. Details are set out in the note 44 'Remuneration of the Management Board and Supervisory Board'.

Change in allowances for expected credit losses - receivables

	31.12.2024	31.12.2023
As at the beginning of the period	**1 417**	**1 434**
Increases due to		
- release of the write-down	232	(17)
- creation of a write-of	-	-
Balance of allowances at the end of the period	**1 649**	**1 417**

NOTE 43 Significant events after the balance sheet day

Total redemption of bonds

Series	K	M7/2023
Emitent	Echo Investment S.A.	Archicom S.A.
ISIN code	PLECHPS00324	PLO221800108
Maturity date	10.01.2025	17.03.2025
Nominal value	PLN 50 mln	PLN 62 mln

Notification under Article 19 of the MAR Regulation

The company Echo Investment received a notification from a significant shareholder, Lisala sp. z o.o., in accordance with Article 19 of the MAR Regulation, informing the Company that on 23 January 2025, the securities, including registered and financial pledges, established on 272,375,784 bearer shares held by Lisala sp. z o.o., were released and expired.

Issuance of unsecured bearer bonds by Archicom S.A.”

Series	M11/2025
Issue date	14.03.2025
Series value	120 mln zł
Maturity date	5 lat
Interes rate	WIBOR 3M + margin 2,55%
Offering agent	mBank S.A.

Bonds of series 6I (PLARHCM00172) are unsecured and have been introduced and will be listed in the alternative trading system operated by the Warsaw Stock Exchange (GPW S.A.).

The funds raised from the issuance will be used by the Company to finance its ongoing development activities.

Signed of a Loan Agreement by Galeria Libero

On March 13, 2025, a subsidiary of Echo Investment, Galeria Libero Sp. z o.o. Sp.K., signed a loan agreement with Bank Polska Kasa Opieki S.A. to refinance the company's current loan. Based on the Loan Agreement, an amount of EUR 61,400,000 was raised. The financing of the loan is set until November 30, 2029. The Agreement stipulates that the loan will ultimately be secured by an Interest Rate Swap (IRS) for 75% of the loan's value.

Conclusion of a conditional property sale agreement by Archicom S.A.

On 7 February 2025, Archicom Senja 2 sp. z o.o., as the seller, and Monting Real Estate sp. z o.o., concluded a conditional agreement for the sale of the perpetual usufruct rights to properties located on Chłodna Street in Warsaw. Upon the fulfillment of the condition specified in the conditional agreement, the parties will conclude transfer and sale agreements, under which the total price for the properties (and related rights) will amount to PLN 96,000,000 net.

Signed an amendment to the credit agreement by Archicom S.A.

On 11 February 2025, Archicom signed an amendment to the credit agreement with PKO BP S.A. The credit amount has been increased to PLN 240 million. The credit is interest-bearing at a variable interest rate equal to the reference rate (WIBOR 1M) plus the bank's margin. The credit availability period has been extended until 30 September 2027.

Publication of the Echo Investment Group's sustainability report for 2024.

Along with the annual financial report, Echo Investment Group summarized its activities and achievements in the ESG area for 2024 by publishing its fifth sustainability report. This is the second report prepared in accordance with the ESRS standard introduced by the CSRD directive. For the first time, the sustainability report has been subject to attestation.

NOTE 44 Remuneration of the Management Board and Supervisory Board

Remuneration of Management Board paid in a given year [PLN]

	2024					2023				
	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	1 290 385	411 518	3 281 135	50 543	5 033 581	1 363 506	437 495	3 471 149	46 131	5 318 281
Maciej Drozd	495 697	193 481	1 445 015	55 343	2 189 536	508 386	219 260	1 560 049	50 931	2 338 621
Artur Langner	258 000	191 040	925 080	7 310	1 381 430	240 000	172 920	861 840	5 962	1 280 722
Rafał Mazurczak	355 500	225 522	1 092 090	16449	1 689 561	306 000	255 952	1 059 693	14 424	1 636 069
Małgorzata Turek	325 800	214 200	1 234 000	6710	1 780 710	306 000	223 380	958 820	6 562	1 494 762
Total	**2 725 382**	**1 235 761**	**7 977 320**	**136 355**	**12 074 818**	**2 723 888**	**1 309 007**	**7 911 551**	**124 010**	**12 068 455**
Total in year	**2 725 382**	**1 235 761**	**7 977 320**	**136 355**	**12 074 818**	**2 723 888**	**1 309 007**	**7 911 551**	**124 010**	**12 068 455**

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.

At Echo, the LTI bonus program was extended until the end of 2026 for Maciej Drozd and Nicklas Lindberg (they submitted appropriate declarations to the Company and the Company expressed its consent — in accordance with the provisions of the program). . 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 31 December 2024, within the yearly report the Company recognized a provision in the amount of PLN 21,308 thous. for a management bonus based on the share price. The change in the amount of the provision in 2024 increased the financial result of the Company by PLN 6,539 thous. gross. These amounts are not included in the table above.

Agreements concluded between the company and members of the management

In 2024 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 Members of the Supervisory Board paid in a given year [PLN]

	2024			2023		
	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**	**-**	**-**

NOTE 45 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 2023-2024. 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 15 September 2022].

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]
Additional audit of the standalone financial statement for the 1st half-year 2024	110 000
Audit of the standalone and consolidated financial statements for 2024	765 000
Attestation the consolidated sustainability statements of Echo Investment Group for 2024	200 000
Audit statements of remuneration of Echo Investment Group for 2024	30 000
Review of the interim financial statements and audit of the interim standalone financial statements of Archicom Group.	260 000
Audit of the annual consolidated and standalone financial statements of Archicom S.A.	655 000
Attestation the consolidated sustainability statements of Archicom Group for 2024	140 000
Total	**2 165 000**

CHAPTER 4

Explanatory information to the notes

Fuzja, Łódź

Explanatory information on significant estimates and judgments made by the Group's Management Board

4.1 Significant estimates and judgments of the Group's Management Board

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 point 2.4 "Basic accounting principles", describes the conditions under which, if not met, an investment property is not measured at fair value.

The impact of each indicator on the fair value of properties as of 31 December 2024 is presented below:

Segment	Number of struc-tures	Value [PLN '000]	Approach	NOI [mln PLN]	Yield %	Discount rate %	Sensitivity (gross change in PLN '000)			
Shopping Centers	1	538 316	income approach	38,5	7,00%	7,50%	Yield [p.p]			
							NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	14 915	-5 096	-23 724
							0%	20 212	-	-18 816
							1%	25 510	5 096	-13 908
Offices	4	675 313	income approach	61,3	6,75% - 8,10%	7,25% - 8,10%	Yield [p.p]			
							NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	22 917	-8 228	-37 202
							0%	31 463	-	-29 270
							1%	40 009	8 228	-21 338
City Space	13	117 800		43,9	-	7,09%	Yield [p.p]			
			income approach				NOI [%]	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	-317	-1 073	313
							0%	763	-	-753
							1%	1 842	1 073	313
Shopping Centers		59 483	comparative approach							
Offices		149 161	value at cost							
Offices		12 687	comparative approach							
Other properties		437 933	at manufac-turing cost							
Total		**1 990 693**								

Segment	Number of struc-tures	Value [PLN '000]	Approach	area (sq m)	price per meter (PLN/sq m)	Discount rate %	Sensitivity (gross change in PLN '000)			
Shopping Centers	4	22 018	income method	1 798,95	11 000 - 18 000	7,15%	discount rate p.p.			
							price per meter (%)	-0,25 p.p.	0 p.p.	+ 0,25 p.p.
							-1%	-52	-206	-360
							0%	156	-	-155
							1%	364	206	50
Total		**22 018**								
Total		**2 012 711**								

The impact of each indicator on the fair value of properties as of 31 December 2023 is presented below:

Segment	Number of struc-tures	Value [PLN '000]	Approach	NOI [mln PLN]	Yield %	Discount rate %	Sensitivity (gross change in PLN '000)			
Shopping Centers	1	545 792	income approach	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%	20 327	-	-18 922
							1%	25 530	5 002	-14 109
Offices	4	723 236	income approach	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%	31 637	-	-29 401
							1%	39 863	7 909	-21 786
City Space	11	97 475	income approach	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%	555	-	-549
							1%	1 535	975	420
Offices		12 021	comparative approach							
Other properties		498 275	at manufac-turing cost							
Total		**1 876 801**								

Investment property under construction

According to the valuations prepared by the Group, the value of investment propertiesin progress as at 31 December 2024 amounted to PLN 519,218 thous. It consisted of properties measured at fair value (PLN 81,729 thous.) and other properties (PLN 437,489 thous.) 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 the analysis of investment properties in progress carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Investment properties in progress — fair value hierarchy levels

	Level 1*	Level 1**	Level 1***	Fair value - total
31.12.2024				
Offices	-	-	67 652	67 652
Shopping Centers	-	-	14 077	14 077
Total	**-**	**-**	**81 729**	**81 729**

* 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 value are as follows:

Investment properties in progress — valuation techniques

	Valuation	Approach	Discount rate %	Yield %
31.12.2024				
Offices	67 652	income approach	7,25% - 8,10%	6,75% - 7,60%
Shopping Centers	14 077	income approach	7,50%	-*
Total	**81 729**	-		

* for Fuzja Retail projects, the residual value is calculated based on the square meter of the projected price of the sale of the unit.

The following table presents basic information for office projects in progress as of 31 December 2024

Project / address	GLA [sqm]*	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Construction start	Targeted construction completion
ŁÓDŹ						
Fuzja I01	8 300	1,4	79,4	63%	Q1 2022	Q4 2025
ul. Tymienieckiego						
WROCŁAW						
Swobodna I	16 100	3,3	142,7	40%	Q3 2023	Q3 2025
ul. Swobodna						
KRAKÓW						
Wita Stwosza	18 700	4,2	176,1	31%	Q2 2024	Q4 2025
ul. Wita Stwosza						
Total	**43 100**	**8,9**	**398,2**			

According to the valuations prepared by the Group, the value of investment properties in progress as at 31 December 2023 amounted to PLN 583,506 thous. It consisted of properties measured at fair value (PLN 114,168 thous.) and other properties (PLN 469,338 thous.) 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 uin progress carried at fair value in the consolidated statement of financial position according to the levels of the fair value hierarchy:

Investment properties in progress — fair value hierarchy levels

	Level 1*	Level 1**	Level 1***	Fair value - total
31.12.2023				
Offices	-	-	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 in progress measured at fair value are as follows:

Investment properties in progress — valuation techniques

	Valuation	Approach	Discount rate %	Yield %
31.12.2023				
Offices	114 168	income approach	7,25%	6,75%
Total	**114 168**	-		

The following table presents basic information for office projects in progress as of 31 December 2023

Project / address	GLA [sqm]*	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion
Swobodna I Wrocław, ul. Swobodna	16 000	3,2	140,9	19%	Q3 2023	Q2 2025
Fuzja I01 & I03 Łódź, ul. Tymienieckiego	9 400	1,6	88,4	55%	Q1 2022	Q4 2024
Wita Stwosza Kraków, ul. Wita Stwosza	26 600	5,5	261,7	22%	Q2 2024	Q4 2025
Swobodna II Wrocław, ul. Swobodna	25 600	5,1	222,8	12%	Q3 2024	Q3 2026
Razem	**77 600**	**15**	**714**			

Investment property

According to the Group's valuations, as of 31 December 2024, the value of investment properties amounted to PLN 1,493,493 thous. and consisted of properties valued at fair value (PLN 1,493,049 thous.) and other properties (PLN 444 thous.) valued at cost due to the inability to establish any reliable fair value.

The table below presents the 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 properties — fair value hierarchy levels

	Level 1*	Level 1**	Level 1***	Fair value - total
31.12.2024				
Shopping Centers	-	-	605 740	605 740
Offices	-	12 687	756 822	769 509
Offices - City Space	-	-	117 800	117 800
Total	**-**	**12 687**	**1 480 362**	**1 493 049**

* 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 value are as follows:

Investment properties — valuation techniques

	Valuation	Approach	Discount rate %	Yield %
31.12.2024				
Shopping Centers	546 257	income approach	7,15% - 7,50%	7,00%*
Shopping Centers	59 483	comparative approach	-	-
Offices	607 661	income approach	6,92% - 8,10%	6,75% - 8,10%
Offices - City Space	117 800	income approach	7,09%	-
Offices	149 161	value at cost	-	-
Offices	12 687	comparative approach	-	-
Total	**1 493 049**	**-**		

* for Fuzja Retail projects, the residual value is calculated based on the square meter of the projected price of the sale of the unit.

“ccording to the Group’s valuations, as of 31 December 2023, the value of investment properties amounted to PLN 1,144,456 thous. and consisted of properties valued at fair value (PLN 1,115,519 thous.) and other properties (PLN 28,937 thous.) valued at cost due to the inability to establish any reliable fair value.

The table below presents the 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 properties — fair value hierarchy levels

	Level 1*	Level 1**	Level 1***	Fair value - total
31.12.2023				
Shopping Centers	-	-	545 792	545 792
Offices	-	12 091	460 160	472 251
Offices - 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 at fair value are as follows:

Investment property — valuation techniques

	Valuation	Approach	Discount rate %	Yield %
31.12.2023				
Shopping Centers	545 792	income approach	7,50%	7,00%
Offices	460 160	income approach	7,25% - 8,00%	6,75% - 7,61%
Offices - City Space	97 475	income approach	8,97%	-
Offices	12 091	comparative approach	-	-
Total	**1 115 518**	**-**		

Assets held for sale

As of 31 December 2024, there were no assets held for sale.

According to valuations prepared by the Group, the value of assets held for sale as of 31 December 2023 amounted to PLN 148,839 thous. and consisted of properties valued at fair value (PLN 148,839 thous.).

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 1**	Level 1***	Fair value - total
31.12.2023				
Offices	-	-	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	Approach	Discount rate %	Yield %
31.12.2023				
Offices	148 839	income approach	7,25%	6,75%
Total	**148 839**	**-**		

Fit-out works

As of 31 December 2024, the value of liabilities due to contracts with clients regarding finishing works amounted to PLN 13,913 thousand.

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

Inventory

When estimating the amount of the write-down on inventories 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 20.

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. 31 December 2024, 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 16.

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 clients

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).

Investments in joint ventures measured using the equity method

The Group owns investments in joint ventures ("JVs"), which it accounts for using the equity method. From the joint venture's perspective, contributions made by investors to cover the JV's issued shares were classified according to IFRS as financial liabilities and not as equity instruments. Therefore, the Group performed an analysis of whether it is reasonable to apply the equity method to recognize the shares held in the JVs despite the fact that from the perspective of the JVs as the issuer of the instrument, the instrument is a liability instrument. The Group analyzed the contractual provisions, evaluated the features of the instrument to determine which standard is more appropriate for recognizing the investment: IFRS 9 or IAS 28, since the classification of an instrument as a liability instrument from the JV's point of view does not automatically mean that also from the investor's point of view such an instrument is a financial asset to the extent of IFRS9. The Group concluded that because the instrument provides the investor with (i) voting rights, (ii) a share of the entity's (JV's) profits, and (iii) volatility of returns over the life of the investment, in line with the typical return from ordinary shares (i.e., proportionate or subordinated rights to net assets), the application of the equity method to the Group's investment in the shares in the JVs in accordance with IAS 28 is appropriate.

Explanatory information on financial and capital risk management

4.2 Financial risk management

Cash flow and fair value risk associated with interest rates

The Group's exposure to the risk of changes in interest rates is related to financial assets and liabilities, in particular borrowings, bank deposits, bank loans received and bonds issued. Variable-rate borrowings, loans and bonds expose the Group to the risk of changes in interest rates, while fixed-rate borrowings expose the Group to fluctuations in the fair value of financial instruments. In addition, the Group is exposed to the risk of interest rate fluctuations in the event it draws a new loan or refinances its current debt into long-term financing.

As of 31 December 2024, 6.18 percent of liabilities on loans and debt securities bore interest at fixed rates, with the remaining part bearing interest at variable rates. As of 31 December 2023, 49.74 percent of liabilities on loans and debt securities bore interest at fixed rates, the remaining part - at variable rates.

As of 31 December 2024, 91.27 percent of borrowings were at fixed rates, the remaining part - at variable rates. As of 31 December 2023, 87.56 percent of borrowings were at fixed rates, the remaining part - at variable rates.

AAs of 31 December 2024, the Group used economic interest rate hedges for the loan, in the form of IRS instruments (i.e., the conversion of a variable rate to a fixed rate).

Interest rate risk - liabilities from the issue of debt securities

				The value calculated for analytical purposes
		31.12.2024		31.12.2023
Balance of liabilities from the issue of debt securities bearing a variable interest rate	1 863 554	1 863 554	1 206 518	1 206 518
Financial expenses from interest on the issue of debt securities	148 777	148 777	68 777	68 777
Estimated interest rate change	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Financial expenses from interest on the issue of debt securities, considering the increase / (decrease) in interest rates	18 636	93 178	12 065	60 326
Total impact on the gross result for the period	**18 636**	**93 178**	**12 065**	**60 326**
Income tax	3 541	17 704	2 292	11 462
Total impact on the net result for the period	**15 095**	**75 474**	**9 773**	**48 864**

Interest rate risk - liabilities from loans and borrowings

		The value calculated for analytical purposes		The value calculated for analytical purposes
	31.12.2024		31.12.2023	
Balance of liabilities from loans and borrowings bearing interest at variable rates	924 413	924 413	698 754	698 754
Financial expenses from interest	58 571	58 571	26 881	26 881
Estimated interest rate change	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Change in interest due to the change in interest rate (per annum)	9 244	46 221	6 988	34 938
Total impact on the gross result for the period	**9 244**	**46 221**	**6 988**	**34 938**
Income tax	1 756	8 782	1 328	6 638
Total impact on the net result for the period	**7 488**	**37 439**	**5 660**	**28 300**

Interest rate risk - cash

		The value calculated for analytical purposes		The value calculated for analytical purposes
	31.12.2024		31.12.2023	
Cash balance	366 205	366 205	817 951	817 951
Other operating revenues arising from interest	5 805	5 805	6 249	6 249
Estimated interest rate change	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Other operating revenues arising from interest, considering changes in the level of interest rates	3 662	18 310	8 180	40 898
Total impact on the gross result for the period	**3 662**	**18 310**	**8 180**	**40 898**
Income tax	696	3 479	1 554	7 771
Total impact on the net result for the period	**2 966**	**14 831**	**6 625**	**33 127**

Interest rate risk - borrowings granted

		The value calculated for analytical purposes		The value calculated for analytical purposes
	31.12.2024		31.12.2023	
Balance of borrowings granted at a variable interest rate	36 202	36 202	31 789	31 789
Financial revenues from interest on borrowings granted	12 996	12 996	3 507	3 507
Estimated interest rate change	+/- 1 p.p.	+/- 5 p.p.	+/- 1 p.p.	+/- 5 p.p.
Financial revenues arising from interest on borrowings granted, considering changes in the level of interest rates	362	1 810	318	1 589
Total impact on the gross result for the period	**362**	**1 810**	**318**	**1 589**
Income tax	69	344	60	302
Total impact on the net result for the period	**293**	**1 466**	**257**	**1 287**

Credit risk

In the case of receivables and borrowings, the entities with which the Group has these settlements do not have released external ratings. For financial institutions, the external credit rating ranged between A2 (according to Moody's Investors Service rating agency) and BB+ (according to FitchRatings rating agency). The Group provided borrowings to the entities recognized under the equity method: Towarowa 22, Resi4Rent and Project Browarna in view of which the concentration risk exists. All of these items are classified as Level 1 in the expected credit loss model, as the credit risk has not increased since the initial recognition. There has been no movement on gross and allowance between levels. The borrowers do not have external ratings, the group rated the borrowers as very good, with a high ability to regulate contractual cash flows. The maximum exposure to the credit risk is equal to the carrying value of the borrowings granted.

The credit risk relates to cash, borrowings, derivative financial instruments and deposits in banks and financial institutions, as well as the Group's clients and tenants - as unsettled receivables. The specific nature of the Group's operations in the areas of sales of apartments, rentals and provision of services means that the Group is not exposed to a significant credit risk. As of 31 December 2024, the Group estimated the value of the allowance due to impairment losses on trade receivables on the basis of a provision matrix developed on the basis of historical data regarding repayments of receivables by counterparties broken down by types of sales revenues. Indicators of credit losses were calculated based on a model that relies on historical repayments of receivables in each overdue group. The following table presents data on exposures and the value of the allowance for expected credit losses.

31.12.2024	Default rate weighted average	Gross value of trade receivables (PLN '000)	Allowance for expected credit losses
current	2,20%	51 143	1 125
1-30 days	1,51%	57 431	866
31-90 days	4,32%	3 883	168
91-360 days	25,00%	6 641	1 660
over 361 days	62,11%	18 493	11 485
Total		**137 591**	**15 304**

In addition, the Group has procedures in place to assess the creditworthiness of clients and tenants, and security deposits and guarantees are also used for tenants. There is no significant risk concentration in relation to any of Echo Investment Group's clients. In case of cash and deposits in financial institutions and banks, as well as payments of residential clients on escrow accounts presented as other financial assets, the Group makes use of reputable entities.

With regard to the aforementioned categories, the Group faces the concentration risk arising from holding more than 65 percent of funds in PKO Bank Polski.

The financial institutions that the Group benefits from have external ratings.

Rating Agency	Rating	Amount of cash and other financial assets (PLN ,000)
Moody's Investors Service	A2	315 719
FitchRatings	BBB+	20 014
FitchRatings	BBB	65 811
FitchRatings	BBB-	81 798
FitchRatings	BB+	775
		484 117

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

In the Management's opinion, considering the presented characteristics of the business, the risk of non-performance of contractual obligations entered into is low. The Group's debtors have a high short-term ability to meet their obligations under their contracts with the Group, and possible unfavorable changes in economic and business conditions in the long term may - but not necessarily, and in the Management Board's opinion should not - limit their ability to meet their obligations under their contracts.

Illiquidity risk

The illiquidity risk is a risk that the Group will not be able to pay its financial obligations as they fall due. The Group manages its illiquidity risk by maintaining an adequate amount of available cash reserves, utilizing a range of banking services and standby facilities, and continuously tracking projected and actual cash flows.

Available current and working capital loans and cash [PLN MLN]

	31.12.2024	31.12.2023
"current and working capital loans	355	350
including available limits	165	174
"unrestricted cash on bank accounts	366	814

Due to the dynamic nature of its business, the Group keeps its financing flexibility through the availability of cash and a variety of financing sources. The Group has sufficient cash to settle all obligations in a timely manner. The minimization of the liquidity risk in the long term is achieved through the availability of bank loans. The Group can tap into financing at any time by mobilizing funds from allocated credit facilities provided by banks.

The analysis of the Group's undiscounted financial liabilities, which will be settled in the relevant time frames, based on the remaining period until the contractual maturity date as of the balance sheet date of 31 December 2024:

Analysis of undiscounted financial liabilities as of 31 December 2024

Period	Loans	Borro-wings	Bonds	Leases	Guaran-tees and sureties	Derivative financial instru-ments	Trade and other liabilities	Liabilities from securing revenues for rent-free periods (master lease)	Profit share liabilities	Total
Up to 1 month	464 606	-	71 098	5 735	-	-	151 598	1 189	-	**694 226**
1 - 3 months	10 040	1 223	116 007	19 158	-	-	6 114	2 001	-	**154 543**
3 months - 1 year	24 741	-	244 107	56 407	-	-	407	6 259	1 168	**333 089**
1 — 3 years	433 801	8 199	1 082 784	87 831	85 484	-	-	12 912	10 474	**1 721 485**
3 — 5 years	48 532	-	1 121 723	73 486	19 541	554	-	4 225	-	**1 268 061**
5 — 10 years	-	-	-	59 208	110 756	-	-	994	-	**170 958**
Over 10 years	-	-	-	158 161	-	-	-	-	-	**158 161**
Total	**981 720**	**9 422**	**2 635 719**	**459 986**	**215 781**	**554**	**158 119**	**27 580**	**11 642**	**4 500 523**

Analysis of undiscounted financial liabilities as of 31 December 2023

Period	Loans	Borro-wings	Bonds	Leasing	Guaran-tees and sureties	Derivative financial instru-ments	Trade and other liabilities	Liabilities from securing revenues for rent-free periods (master lease)	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**

Estimated future interest payments were included in the analysis.

Values of liquidity ratios

	31.12.2024	31.12.2023
Current ratio	1,48	1,65
Quick ratio	0,41	0,76
Cash ratio	0,24	0,50

Liquidity ratios

In 2024 there was an increase in the current ratio and decreases in the quick and cash ratios. This was mainly influenced by an increase in inventories and a decrease in cash and cash equivalents held, with a basically unchanged level of current liabilities.

Current ratio
(current assets / short-term liabilities)

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

Cash ratio
(cash / short-term liabilities)

Currency risk

The risk of exchange rate fluctuations is related to construction loans and borrowings expressed in foreign currencies within the Group (as of 31 December 2024, they amounted to EUR 169,025 thous., while as of 31 December 2023, they amounted to EUR 177,818 thous.), rental agreements in which rents depend on the PLN/EUR exchange rate, and other receivables expressed in foreign currencies. This risk arises with the following types of financial events:

- conversion of received loans (loan tranches), borrowings and funds from selling commercial projects from EUR to PLN;
- repayment of credit installments;
- receipt of receivables from property rentals;
- currency conversion of other receivables in foreign currency.

The Group uses a natural hedge: contracts with tenants are expressed in the currency of the loan that was taken out to finance the project. Payments received from tenants in this way are used to repay the said loans. Such linking of financing to sources of revenues reduces the exchange rate risk to a minimum or eliminates it altogether.

As of 31 December 2024, the Group did not use derivatives to hedge its foreign exchange risk. Transactions made on the basis of agreements with banks were not speculative and were concluded as part of the hedging policy (but were not treated by the Group as hedge accounting under IAS 39) - in order to ensure the future level of cash flows due to the currency conversion of tranches of EUR loans and funds from selling commerical projects.

Basic data on long-term derivative financial instruments as of 31 December 2024

	Nominal hedge	Interest rate	Conclusion date	End date
IRS - 30597132	8 750	EURIBOR 3M	28.12.2023	13.11.2028

The Group maintains a uniform policy for managing the risk of exchange rate fluctuations and continuously monitors risk areas, using available strategies and mechanisms to minimize the negative effects of the market fluctuations and to hedge cash flows. The Group strives to maintain financial surpluses mainly in PLN. Amounts held on bank accounts in other currencies are mainly used for day-to-day transactions.

Currency structure of cash held by the Group

	31.12.2024	31.12.2023
PLN	89,1%	88,0%
EUR	10,9%	12,0%

Based on performed simulations, it was concluded that the impact of a 10 percent change in the EUR/PLN exchange rate on net profit would be a maximum increase or decrease, respectively, within each category of receivables and liabilities:

Currency risk - receivables from sales of projects and others (PLN '000)

	The value calculated to be used for the analysis:	
	31.12.2024	31.12.2023
Balance of receivables from sold projects and others in EUR	55 353	16 231
Estimated change in the exchange rate of EURO	+/- 10 p.p.	+/- 10 p.p.
Exchange rate differences due to change in exchange rate	**5 535**	**1 623**
Estimated (deferred) income tax	1 052	308
Net impact on result	**4 483**	**1 315**

Foreign exchange risk - receivables from borrowings (PLN '000)

	The value calculated to be used for the analysis:	
	31.12.2024	31.12.2023
Balance of receivables from loans in EUR	6 814	124 454
Estimated change in the exchange rate of EURO	+/- 10 p.p.	+/- 10 p.p.
Exchange rate differences due to change in exchange rate	**681**	**12 445**
Estimated (deferred) income tax	129	2 365
Net impact on result	**552**	**10 080**

Foreign exchange risk - liabilities from loans (PLN ‘000)

	The value calculated to be used for the analysis:	
	31.12.2024	**31.12.2023**
Balance of liabilities from loans in EURO	715 431	661 148
Estimated change in the exchange rate of EURO	+/- 10 p.p.	+/- 10 p.p.
Exchange rate differences due to change in exchange rate	**71 543**	**66 115**
Estimated (deferred) income tax	13 593	12 562
Net impact on result	**57 950**	**53 553**

Currency risk — liabilities from issued bonds (PLN ‘000)

	The value calculated to be used for the analysis:	
	31.12.2024	**31.12.2023**
Balance of bonds in EUR	183 113	68 390
Estimated change in the exchange rate of EURO	+/- 10 p.p.	+/- 10 p.p.
Exchange rate differences due to change in exchange rate	**18 311**	**6 839**
Estimated (deferred) income tax	3 479	1 299
Net impact on result	**14 832**	**5 540**

Currency risk - cash and cash equivalents (PLN ‘000)

	The value calculated to be used for the analysis:	
	31.12.2024	**31.12.2023**
Balance of cash, cash equivalents in EUR	38 042	56 916
Estimated change in the exchange rate of EURO	+/- 10 p.p.	+/- 10 p.p.
Exchange rate differences due to change in exchange rate	**3 804**	**5 692**
Estimated (deferred) income tax	723	1 081
Net impact on result	**3 081**	**4 611**

Currency risk - other financial assets (PLN ‘000)

	The value calculated to be used for the analysis:	
	31.12.2024	**31.12.2023**
Balance of other financial assets in EUR	14 599	17 969
Estimated change in the exchange rate of EURO	+/- 10 p.p.	+/- 10 p.p.
Exchange rate differences due to change in exchange rate	**1 460**	**1 797**
Estimated (deferred) income tax	277	341
Net impact on result	**1 183**	**1 456**

4.3 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

	Nota	31.12.2024	31.12.2023
Total loans, borrowings and bonds	30	2 983 348	2 611 521
Cash and cash equivalents	25	(366 205)	(813 836)
Net debt		2 617 143	1 797 686
Total assets		6 772 886	5 961 838
Net assets		6 406 681	5 148 002
Debt ratio		40,85%	34,92%

The values of the ratios presented remained within the Group's financial assumptions.

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, 26 March 2025

CHAPTER 5

Statement of the Management Board

Fuzja, Łódź

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 2024 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, 26 March 2025

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