SEPARATE FINANCIAL STATEMENTS
of INPRO SA
for the year ended on 31 December 2023

drafted in conformity with the International Financial Reporting Standards

SPÓŁKA NOTOWANA NA GPW

Approval
of the financial statements of
INPRO SA

for the year ended on 31 December 2023

prepared in conformity with the International Financial Reporting Standards

Krzysztof Maraszek President of the Management Board	
Zbigniew Lewiński Vice-President of the Management Board	
Robert Maraszek Vice-President of the Management Board	
Marcin Stefaniak Vice-President of the Management Board	
Elżbieta Marks The person responsible for keeping the books of accounts	

Gdańsk, 25/04/2024

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Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

SELECTED FINANCIAL DATA CONCERNING THE SEPARATE FINANCIAL STATEMENTS OF INPRO SA

Selected financial data concerning the separate financial statements of INPRO SA				
	01/01/2023 -31/12/2023	**01/01/2022 -31/12/2022**	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
	PLN '000		**EUR '000**	
Net sales revenues	150 452	192 074	33 224	40 969
Gross profit (loss) on sales	39 860	62 507	8 802	13 333
Profit (loss) on operating activities	22 328	44 666	4 931	9 527
Gross profit (loss)	27 488	51 465	6 070	10 977
Net profit (loss)	23 930	43 536	5 284	9 286
Profit (loss) per share	0.60	1.09	0.13	0.23
Net cash flows from operating activities	(14 809)	(28 526)	(3 270)	(6 085)
Net cash flows from investing activities	7 379	9 815	1 629	2 094
Net cash flows from financing activities	(7 759)	10 708	(1 713)	2 284
Net cash flows	(15 189)	(8 003)	(3 354)	(1 707)
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/2022**
	PLN '000		**EUR '000**	
Total assets	567 024	527 104	130 410	112 391
Liabilities and provisions for liabilities	172 737	146 737	39 728	31 288
Provisions for liabilities	11 384	20 511	2 618	4 373
Long-term liabilities	44 599	54 342	10 257	11 587
Short-term liabilities	116 754	71 884	26 852	15 327
Equity	394 287	380 367	90 682	81 103
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share	9.85	9.50	2.27	2.03
ZLOTY TO EURO CONVERSION RATES	**average EUR rate in the period 01/01/2023-31/12/2023**		**average EUR rate as at 31/12/2023**	
	4.5284		4.3480	
	average EUR rate in the period 01/01/2022-31/12/2022		**average EUR rate as at 31/12/2022**	
	4.6883		4.6899	

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF TOTAL INCOME FOR THE PERIOD ENDED ON 31/12/2023

Statement of total income	**Note**	**01/01/2023 -31/12/2023 (audited)**	**01/01/2022 -31/12/2022 (audited)**
Continuing operations			
Sales revenues	**11.1**	150 452	192 074
Cost of sales	**11.2**	(110 592)	(129 567)
Gross profit (loss) on sales		**39 860**	**62 507**
Selling costs	**11.2**	(6 615)	(5 618)
Administrative expenses	**11.2**	(11 803)	(13 700)
Other operating revenues	**11.3**	1 364	1 860
Other operating costs	**11.4**	(478)	(383)
Profit (loss) on operating activities		**22 328**	**44 666**
Financial revenues	**11.5**	8 642	11 079
Financial costs	**11.6**	(3 482)	(4 280)
Gross profit (loss)		**27 488**	**51 465**
Income tax	**12**	(3 558)	(7 929)
Net profit (loss) from continuing operations		**23 930**	**43 536**
Total overall income		**-**	**-**
TOTAL INCOME		**23 930**	**43 536**

Earnings per share from continuing operations (PLN/share):	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**
– basic	0.60	1.09
– diluted	0.60	1.09

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2023

ASSETS	Note	31/12/2023 (audited)	31/12/2022 (audited)
Non-current (long-term) assets		**108 850**	**107 429**
Property, plant and equipment	**16**	5 077	4 635
Other intangibles	**18**	7	-
Investment property	**17**	105	108
Long-term receivables		890	1 382
Shares in related entities	**19**	64 942	64 942
Other financial assets	**20**	36 419	36 334
Deferred income tax assets		1 387	-
Other assets		23	28
Current (short-term) assets		**458 174**	**419 675**
Inventory	**21**	405 796	370 649
Trade and other receivables	**22**	15 620	9 752
Current tax assets		-	109
Other financial assets	**20**	18 677	5 895
Cash and cash equivalents	**23**	18 081	33 270
TOTAL ASSETS		**567 024**	**527 104**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2023 (CONTINUED)

EQUITY AND LIABILITIES	**Note**	**31/12/2023 (audited)**	**31/12/2022 (audited)**
Equity	**25**	**394 287**	**380 367**
Issued share capital		4 004	4 004
Reserves		11 531	11 531
Share premium		62 237	62 237
Retained profit		316 515	302 595
Long-term liabilities		**44 884**	**60 458**
Provision for retirement benefits	**26**	285	213
Deferred income tax provision	**12.4**	-	5 903
Long-term credit and bank loans	**27**	6 908	16 585
Other financial liabilities (lease)	**28**	646	605
Trade and other liabilities	**29**	4 138	3 857
Debt instrument liabilities	**27**	32 580	32 762
Long-term prepaid expenses		327	533
Short-term liabilities		**127 853**	**86 279**
Short-term provisions	**26**	11 099	14 395
Loans and credit	**27**	37 140	21 892
Debt instrument liabilities	**27**	2 805	3 384
Other financial liabilities (lease)	**28**	525	524
Current income tax liabilities		101	-
Trade and other liabilities	**29**	75 888	45 577
Short-term prepaid expenses		295	507
Total liabilities		**172 737**	**146 737**
TOTAL EQUITY AND LIABILITIES		**567 024**	**527 104**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01/01/2023 TO 31/12/2023

Changes in equity	Share capital	Share premium	Revaluation reserve	Retained profit	Total
As at 1/1/2023	**4 004**	**62 237**	**11 531**	**302 595**	**380 367**
Dividend payment	-	-	-	(10 010)	**(10 010)**
Net profit (loss) for the financial year	-	-	-	23 930	**23 930**
As at 31/12/2023	**4 004**	**62 237**	**11 531**	**316 515**	**394 287**

Changes in equity	Share capital	Share premium	Revaluation reserve	Retained profit	Total
As at 1/1/2022	**4 004**	**62 237**	**11 531**	**269 069**	**346 841**
Dividend payment	-	-	-	(10 010)	**(10 010)**
Net profit (loss) for the financial year	-	-	-	43 536	**43 536**
As at 31/12/2022	**4 004**	**62 237**	**11 531**	**302 595**	**380 367**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2023

Cash flows from operating activities	**01/01/2023 -31/12/2023 (audited)**	**01/01/2022 -31/12/2022 (audited)**
Profit before tax	**27 488**	**51 465**
Adjustments:	**(31 660)**	**(74 980)**
Depreciation	708	1 055
Interest and dividends (net)	(4 598)	(4 523)
Profit/(loss) on investing activities	(22)	(1 916)
(Increase)/ decrease of receivables	(6 530)	(799)
(Increase)/ decrease of inventory	(35 147)	(60 927)
Increase / (decrease) of liabilities	17 555	(8 150)
Increase / (decrease) of accrued/prepaid expenses	17	(50)
Increase / (decrease) of deferred income	(419)	(419)
Change in provisions	(3 224)	749
Cash generated from operating activities	**(4 172)**	**(23,515)**
Income tax paid	(10 637)	(5 011)
Net cash flows from operating activities	**(14 809)**	**(28 526)**

Cash flows from investing activities	**01/01/2023 -31/12/2023 (audited)**	**01/01/2022 -31/12/2022 (audited)**
Sale of property, plant, equipment and intangibles	82	89
Dividends from related entities	7 886	8 560
Other proceeds from investment – reimbursement of additional contributions	-	1 916
Acquisition of property, plant, equipment and intangibles	(589)	(129)
Acquisition of financial assets – shares in a subsidiary	-	(621)
Net cash flows from investing activities	**7 379**	**9 815**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2023 (CONTINUED)

Cash flows from financing activities*	**01/01/2023 -31/12/2023 (audited)**	**01/01/2022 -31/12/2022 (audited)**
Proceeds in relation to loans/credit obtained	72 210	119 950
Payments in relation to finance lease agreements	(328)	(391)
Repayment of loans/credit	(66 639)	(98 000)
Interest paid	(4 204)	(2 304)
Dividends paid	(10 010)	(10 010)
Other financial proceeds (from lease activities)	1 212	1 463
Other financial expenditure	-	-
Net cash flows from financing activities	**(7 759)**	**10 708**
Net increase/decrease in cash and cash equivalents	**(15 189)**	**(8 003)**
Cash at the beginning of the period	**33 270**	**41 273**
Cash at the end of the period	**18 081**	**33 270**

* In the current reporting period, there was a change of the presentation of interest paid on bonds as part of financing activities. The change was also introduced for comparative data. Details in note No. 24.2.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

ADDITIONAL INFORMATION AND EXPLANATIONS

1. General information

These financial statements of INPRO SA were made in conformity with the International Financial Reporting Standards (IFRS).

The main object of INPRO SA is the construction and sale of residential and commercial real estate in conformity with the Polish Classification of Activity (PKD) 4120Z.

INPRO SA was established by way of the notarised deed of 6 April 1987. On 29 May 2008 the company's legal status was changed from a limited liability company to a joint-stock company.
The registered office of the Company is in Gdańsk at ul. Opata Jacka Rybińskiego 8.
The Company is recorded in the register of entrepreneurs of the National Court Register kept by the District Court in Gdańsk, 7th Business Division of the National Court Register, under number KRS 306071.
The Company was given the National Official Business Register (REGON) number 008141071 and the tax identification number: 589-000-85-40.

The duration of the Company is unrestricted.

INPRO SA is the parent entity of the INPRO SA Corporate Group.

As at 31 December 2023, the share capital of INPRO was PLN 4,004 k and was divided into 30,030,000 ordinary series A bearer shares of the nominal value of 10 groszes each, and 10,010,000 ordinary series B bearer shares of the nominal value of 10 groszes each.

2. Share capital structure

Shareholding structure of Inpro SA as at 31/12/2023 and 31/12/2022

Shareholder	Series	Number of shares	Nominal value in PLN	Share in the capital	Number of votes	Share in votes
Krzysztof Maraszek	A	10 010 000	1 001 000	25 %	10 010 000	25 %
Zbigniew Lewiński	A	9 460 000	946 000	23.63 %	9 460 000	23.63 %
Grażyna Dąbrowska-Stefaniak	A	5 640 000	564 000	14.09 %	5 640 000	14.09 %
Nationale Nederlanden OFE	A	2 100 000	210 000	17.93 %	2 100 000	17.93 %
	B	5 077 704	507 770		5 077 704	
Shareholders holding less than 5 % of votes	A and B	7 752 296	775 230	19.35 %	7 752 296	19.35 %
TOTAL		**40 040 000**	**4 004 000**	**100 %**	**40 040 000**	**100 %**

To the Company's best knowledge, no significant changes in the shareholding structure occurred against the status as at 31/12/2023.

In the period after 31/12/2023 and until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA.
No change in the shareholdings of the executives and supervisors took place in that period, either.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

The shareholdings of the members of the Management Board and Supervisory Board of INPRO SA as at 25/04/2024 and 31/12/2023 were as follows:

	Shares Number of shares	**Shares Nominal value (PLN)**
Management Board		
Krzysztof Maraszek – President of the Management Board	10 010 000	1 001 000
Zbigniew Lewiński – Vice-President of the Management Board	9 460 000	946 000
Total	**19 470 000**	**1 947 000**

	Shares Number of shares	**Shares Nominal value (PLN)**
Supervisory Board		
Wojciech Stefaniak – member of the Supervisory Board	1 410 000	141 000
Total	**1 410 000**	**141 000**

The members of the Management Board and Supervisory Board did not hold stock (shares) in other entities of the Group.

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

As at the date of drafting these financial statements, the **composition of the Company's Management Board** was as follows:

- Krzysztof Maraszek – President of the Management Board
- Zbigniew Lewiński – Vice-President of the Management Board
- Robert Maraszek – Vice-President of the Management Board
- Marcin Stefaniak – Vice-President of the Management Board

No changes in the composition of the body occurred in the period in question.

For the shareholdings of the members of the Management Board, see the shareholding structure in note 2.

As at the date of drafting these financial statements, the **composition of the Company's Supervisory Board** was as follows:

- Jerzy Glanc – Chairperson of the Supervisory Board
- Krzysztof Gąsak – Deputy Chairperson of the Supervisory Board
- Łukasz Maraszek – Secretary of the Supervisory Board
- Beata Krzyżagórska–Żurek – Independent Member of the Supervisory Board
- Mariusz Linda – Independent Member of the Supervisory Board
- Szymon Lewiński – Member of the Supervisory Board
- Wojciech Stefaniak – Member of the Supervisory Board

No changes in the composition of this governing body occurred in the reporting period.
On 27 June 2023 the Company's Ordinary General Meeting adopted a resolution on the appointment of the persons mentioned above as members of the Supervisory Board for the next common term of office.

Within the Supervisory Board, there operates the **Audit Committee** in the bench consisting of the following persons as at 31/12/2023:

- Beata Krzyżagórska–Żurek – Chairperson of the Audit Committee, Independent Member
- Jerzy Glanc – Member of the Audit Committee
- Mariusz Linda – Independent Member of the Audit Committee

4. Approval of the financial statements

These financial statements were approved by the Management Board on 25/04/2024 for publication on 26/04/2024.

5. Grounds for the preparation of the financial statements

The financial statements were prepared in conformity with the historical cost principle.

The financial statements were prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances are found to exist which indicate a threat to the Company to continue as a going concern.

These financial statements were prepared in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of INPRO SA. Unless indicated otherwise, the data in financial statements have been presented in thousands of zlotys.

The Company also drafted the consolidated financial statements of the INPRO SA Group for 2023, which were approved by the Company’s Management Board on 25/04/2024 for publication on 26/04/2024.

6. The platform of the applied International Financial Reporting Standards

6.1 Statement on compliance with the provisions of law

Polish legal provisions impose the obligation on the Company to draw up financial statements in conformity with the IFRS endorsed by the EU. In view of the ongoing IFRS implementation process in the EU and the Company's operations, as regards the accounting principles used by the Company, there is no difference between the IFRS to have come into force and those approved by the EU for the reporting period ended on 31 December 2023.

These financial statements were made in conformity with all the applicable International Financial Reporting Standards endorsed by the EU. The IFRS cover the standards and interpretations approved by the International Accounting Standards Committee (“IASC”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

6.2 Standards adopted for the first time

Accounting principles used for the preparation of these financial statements of the Company are coherent with those used for the preparation of the financial statements for the year ended on 31 December 2022 except the application of the following new or amended standards and interpretations effective in relation to annual periods commencing on 1 January 2023:

- Amendments to IAS 1 "Presentation of Financial Statements" and Guidelines of the IFRS Committee with regard to disclosures concerning accounting policies in practice – the question of materiality in relation to accounting policies;
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – the definition of estimates;
- Amendments to IAS 12 "Income Tax" – the duty to recognise deferred income tax in connection with assets and liabilities arisen within a single transaction;
- Amendments to IAS 12 "Income Tax" – the global minimum income tax (Pillar Two);
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17;
- Amendments to IFRS 17 "Insurance Contracts" – first adoption of IFRS 17 and IFRS 9 – Comparative Information.

The amendments to the standards mentioned above do not have significant influence on the Company's financial standing and profits from its business operations as well as on the scope of information presented in these separate financial statements.

6.3 Standards and amendments to standards which are not effective yet

This report does not take into account the amendments to the standards and interpretations, which await approval by the European Union or those which have been approved by it but have or will become effective after the balance sheet date.
The Company did not take advantage of the opportunity of early adoption of the following standards, amendments thereto, or interpretations:

- **Amendments to IAS 1 "Presentation of Financial Statements" –** classification of liabilities as short or long-term and long-term liabilities with covenants under contracts – amendments are effective in relation to financial statements for periods commencing on 1 January 2024 or after that date

- **Amendments to IFRS 16 "Lease" –** lease liabilities within the sale and lease-back lease – amendments are effective in relation to financial statements for periods commencing on 1 January 2024 or after that date

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates"** with regard to sales or contributions of assets between an investor and its associates or joint ventures – approval of these amendments has been postponed by the European Union

- **Amendments to IAS 7 „Cash-Flow Statement" and IFRS 7 "Financial Instruments: Disclosures" –** supplier finance arrangements – amendments will be effective for reporting periods commencing on 1 January 2024 or after that date; as at the date of drafting these financial statements, the amendments were not approved by the European Union.

- **Amendments to IAS 21 "Effects of Foreign Currency Fluctuations" –** no convertibility – amendments will be effective for reporting periods commencing on 1 January 2025 or after that date; as at the date of drafting these financial statements; as at the date of drafting these financial statements, the amendments were not approved by the European Union.

The Company's Management Board is in the process of the analysis of the influence of the above amendments to standards on the Company's financial standing and profits from business operations as well as on the scope of information presented in financial statements. The Company's Management Board does not envisage significant influence of the aforementioned amendments to current standards on the Company's financial statements for the period in which these standards and amendments will be initially adopted.

7. Amendments to accounting principles in use

During the preparation of these financial statements, the standards, amendments and interpretations effective for annual periods commencing on or after 1 January 2023 were initially used.

The Company's last financial statements were those for the year ended on 31 December 2022, made in conformity with the International Financial Reporting Standards and approved of 26 April 2023 on for publication in on 27 April 2023.
In the reporting period, the Company did not make any significant changes in the accounting principles in use except the changes following from the application of amendments to International Financial Reporting Standards (IFRS).

8. Material values based on professional judgement and estimates

8.1 Professional judgement

In the event that a transaction is not regulated in any standard or interpretation, the Management Board, while being guided by a subjective judgement, specifies and applies an accounting policy, which ensures that the financial statements contain appropriate and credible information and will:

- present a true, clear and fair view of the economic and financial position of the Company, the results of its activity and cash flows, and reflect the commercial substance of transactions,
- be objective and prepared in conformity with the conservative valuation principle,
- be complete in all essential aspects.

Recognition of sales revenues

Revenues from the sale of real property (mainly residential units) are recognised upon satisfying the performance obligation by delivering the promised goods to the customer. In the Company's opinion, this takes place upon the delivery of the real estate to the buyer on the basis of an acceptance report signed by the parties, on condition that all the payments towards the price of the acquisition of the real estate were made by the buyer.

Discount rate

The discount rate taken influences the figures presented in the financial statements. This concerns, for example, the value of the provisions for employee benefits. The discount rate taken by the Management Board of INPRO SA is based on the interest rate on 10-year treasury bonds.

8.2 Uncertainty of estimates

The preparation of financial statements requires the Company's Management Board to make estimates because much information in the financial statements cannot be valued precisely. The Management Board reviews the estimates on the basis of the changes of factors taken into consideration when the estimates were made, of new information or of previous experience. It is for that reason that the estimates as at 31 December 2023 may be revised in the future. The main estimates have been described in the following notes:

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

21	Impairment of non-current assets and the analysis of the realisable net selling price of inventories	The Company makes impairment tests for property, plant, equipment and inventories in case factors indicating possible impairment occur. The analysis of the net realisable selling price of inventories in the case of finished products (completed residential units) is conducted by comparing their book value with current market selling prices of premises for a given stage of a project implemented by the Company.
22	Trade receivable valuation allowances	The Company makes the valuation of the allowance for the expected credit losses in the amount equal to the expected credit losses in the entire life of the instrument.
12	Income tax	The Company recognises deferred tax assets on the basis of the assumption that a taxable profit permitting the deferred tax asset to be utilised will be available in the future. The deterioration of the tax results obtained in the future could make that assumption groundless.
26	Employee benefits	Provisions for retirement benefits and unused vacation leaves Discount rate: 5.38 %
26	Provisions	Provisions for guarantees and sureties, claims and litigation, construction works and additional remuneration.
9.2	Useful life of property, plant and equipment and of intangibles	Depreciation rates are determined on the basis of the estimated useful life of property, plant and equipment and the value of intangibles.

9. Accounting principles in use

9.1 Conversion of items denominated in foreign currencies

Transactions in a currency other than the functional currency (in foreign currencies) are shown at the conversion rate binding on the transaction date. As at the balance sheet date, assets and liabilities denominated in foreign currencies are converted on the basis of the rate binding on that date. Non-cash items measured at fair value and denominated in foreign currencies are measured on the basis of the rate binding on the fair value date. Non-cash items are measured on the basis of the historical cost.

The following rates have been taken for the purposes of the balance sheet valuation:

Rate binding on the last day of the period	**31/12/2023**	**31/12/2022**
EURO	4.3480	4.6899

The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
EURO	4.5284	4.6883

9.2 Property, plant and equipment

Property, plant and equipment are reported at the price of acquisition / cost of manufacture less depreciation and all impairment losses. The initial value of fixed assets comprises their acquisition price increased by all the costs directly related to the purchase and to making an asset suitable for use. The cost also includes the cost of replacement of components of machinery and equipment when such cost is incurred, if the recognition criteria have been met. The costs arising after the date of placing a fixed asset in service, such as maintenance and repair costs, are charged to the income statement when they are incurred.

Upon acquisition, fixed assets are disaggregated into components of a considerable value, to which relevant useful life may be allocated.

Important spare and service parts reported as property, plant and equipment are amortised in conformity with the estimated period of use, but not longer than the useful life of fixed assets which they service.

The balance sheet value of a fixed asset comprises the costs of regular significant inspections, which are necessary to prevent faults, and whose value in various reporting periods varies considerably. The value of an inspection is depreciated until the next inspection or until the end of useful life of a fixed asset, whichever is sooner. Any residual balance sheet value of the costs of the previous inspection is derecognised.

Depreciation is computed on a straight-line basis throughout the estimated useful life of an asset.

If during the preparation of financial statements any circumstances have occurred which indicate that the balance sheet value of property, plant and equipment may not be recoverable, an inspection of those assets is performed from the point of view of their impairment. If there are factors indicating that impairment may have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units, to which those assets belong, is brought down to the level of the recoverable amount. The recoverable amount corresponds to the lower of the following two values: the fair value less the cost of sales or the value in use. When determining the value in use, the projected future cash flows are discounted to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and any risk related to an asset. In the case of an asset which does not generate cash flows in a significantly separate way, the recoverable amount is determined for a cash generating unit, to which that asset belongs. Impairment losses are recognised in the income statement under other operating costs.

An item of property, plant and equipment may be derecognised upon its disposal or when no economic benefits following from the further use of such an asset are expected. Any profits or losses following from the derecognition of an asset (calculated as the difference between any net proceeds from the sale and the balance sheet value of an item) are recognised in the income statement in the period in which such derecognition was effected.

Commenced investments concern fixed assets in the process of construction or erection and are reported at the cost of acquisition or manufacture. Fixed assets under construction are not depreciated until the end of construction and placing them in service.

The residual value, useful life and depreciation method of fixed assets are reviewed and revised if necessary at the end of each financial year.

9.3 Borrowing costs

The borrowing costs directly relating to the acquisition or manufacture of assets requiring an extended period to bring them into use are capitalised as a part of the cost of acquisition or manufacture until those assets are ready for use or sale. Borrowing costs comprise interest and exchange gains or losses up to the amount corresponding to the interest cost adjustment.

Other borrowing costs are recognised as costs when they are incurred.

9.4 Investment property

Investment property is recognised at the acquisition price or the cost of manufacture with the transactions costs taken into consideration. After initial recognition the value of investment property is decreased by depreciation and impairment losses.
Investment property is derecognised on disposal or when permanently withdrawn from use, and no future benefits are expected from its disposal. Any profits or losses following from the derecognition of investment property are recognised in the income statement in the period in which such derecognition was effected.
Assets are transferred to investment property only when a change in their use takes place as confirmed by the end of the use of an asset by its owner, the conclusion of an operating lease agreement or the completion of construction/manufacture of investment property.
In view of the application of the cost model, in the case of a transfer of investment property to or from assets used by the owner or to/from inventory, there is no change of the value of real property.

9.5 Lease and the right of perpetual usufruct of land

The Company as a lessee

A contract is a lease or contains a lease if the contract transfers the right to control the use of an identified asset for a given period against a fee.

On the date of lease commencement, the Company recognises the asset in relation to the right of use and the liability in relation to the lease. The asset is measured at cost. The liability is measured at the current value of lease payments remaining to be paid on that date.
After the date of lease commencement, the asset is measured with the use of the cost model, i.e. following the deduction of depreciation and valuation allowances and after the adjustment by the revaluation of the lease liability. If the title is transferred under the lease or the cost of the asset in relation to the right of use recognises the Company's use of the purchase option, the Company amortises the asset in relation to the right of use until the end of the period of use of the base asset. Otherwise the Company amortises the asset in relation to the right of use until the end of the period of use or lease, whichever date is earlier.
After the date of lease commencement the liability is measured through the computation of interest, the reduction by the fees which have been paid and by the updated balance sheet valuations in order to recognise any repeated lease valuation or change.

The Company as a lessor

The Company is a party to lease agreements under which it renders fixed assets (premises including land) for use and collection of benefits against payment for an agreed period.
Under these agreements, substantially all the risks and benefits incidental to ownership of the assets are transferred to the lessee, which is why the Company classifies such agreements as finance lease.
Accordingly, the subject matter of the finance lease is not recognised under fixed assets in the statement of financial position, while the value of the receivables in the receivables group is recognised at an amount equal to the lease investment (net value resulting from the lease).
The excess of the net value under the lease agreement over the balance sheet value of the asset at the time of lease is charged to accrued income and is subsequently accounted for as income on a straight-line basis over the term of the lease. In the statement of total income, revenue from lease is presented under other operating income.

9.6 Intangibles

Intangibles acquired separately are valued at the price of acquisition or the cost of manufacture. The price of acquisition of intangibles acquired in the merger of business entities is equal to their fair value as at the merger date. After initial recognition, intangibles are reported at the price of acquisition or cost of manufacture less depreciation and/or impairment losses. Expenses on intangibles manufactured on one's own account, except the recognised costs of development work, are not capitalised but recognised in the costs of the period in which they were incurred.
The Company decides on whether the useful life of intangibles is limited or indefinite. Intangibles of limited useful life are amortised over that life and tested for impairment each time when there are factors indicating impairment of such assets. The period and method of depreciation of intangibles with limited useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or in the pattern in which economic benefits from an asset are expected to be consumed are recognised by changing, as appropriate, the period or method of depreciation, and treated as the changes of estimates. A depreciation charge on intangibles with a limited useful life is recognised in the income statement in the category which corresponds to the function of a given intangible asset.
Intangibles with an indefinite useful life and those which are not used are reviewed every year for impairment with reference to the various assets or at the cash generating unit level. Other intangibles are assessed every year from the point of view of the factors which may signify their impairment.
The costs of research work are written to the income statement when they are incurred. The costs of development work carried out as part of a given project are transferred to the next period if it may be assumed that they will be recovered in the future. After initial recognition of the costs of development work, applied is the historical cost convention, which requires that assets are recognised at the price of acquisition less accumulated depreciation and accumulated impairment losses. Any costs transferred to the next period are amortised over the period when proceeds from the sale of a given project are expected.
Costs of development work are assessed for possible impairment on an annual basis if an asset has not been placed in use yet or, more frequently, when in the reporting period there occurs an impairment factor indicating that their balance sheet value may not be recoverable.
Profits or losses following from the derecognition of intangibles are measured as the difference between net proceeds from the sale and the balance sheet value of an asset and recognised in the income statement when such asset is derecognised.

9.7 Recoverable amount of long-term assets

As at each balance sheet date, the Company evaluates assets for factors indicating their impairment. If such factors exit, the Company performs a formal assessment of the recoverable amount. When the balance sheet value of an asset or cash generating unit exceeds its recoverable amount, the impairment of such an asset is recognised and its value written down to the recoverable amount level. The recoverable amount is the higher of the following two amounts: the fair value less the costs of disposal or the value in use of an asset or cash generating unit.

9.8 Financial instruments

A financial instrument is any agreement which causes a financial asset to arise on one part and a financial liability or equity instrument on the other.

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

Financial liabilities are divided into:
- measured at the amortised cost,
- measured at fair value through profit or loss.

The classification of financial assets is based on the business model and cash flow characteristics. Upon of initial recognition, it is possible to irrevocably designate financial assets as measured at fair value through profit or loss, if the inconsistency of the measurement or recognition is eliminated or considerably mitigated in that way, which lack of cohesion would have otherwise arisen due to the measurement of assets or liabilities or the recognition of relevant profits or losses according to various principles.

Initial measurement

A financial asset or liability is recognised in the statements when and only when the Company becomes bound by the provisions of the instrument agreement.

All standard financial asset purchase and sale transactions are recognised on the transaction date i.e. on the date on which the entity has undertaken to acquire a given asset. Standard financial asset purchase or sale transactions are purchase or sale transactions in which the time limit for the delivery of the assets to the other party is basically set out in the regulations or by market customs.

Upon initial recognition, a financial asset or liability is measured at fair value which, in the case of financial assets or liabilities not measured at fair value through profit or loss is increased or decreased by transaction costs which may be directly allocated to the acquisition or issue of those financial assets or liabilities. The above does not concern trade receivables which do not have a significant financing component. Such receivables are measured upon initial recognition at their transaction price.

Financial assets measured at the amortised cost

A financial asset is measured at the amortised cost if both conditions below are met:
- the business model taken assumes the maintenance of the asset to accumulate cash flows under the agreement;
- cash flows under the agreement and concerning one instrument comprise only the repayment of the principal and interest on the principal remaining to be paid.

The Company classifies, first of all, the following as financial assets measured at the amortised cost: trade receivables, cash and cash equivalents, investment security deposits and other receivables.

Financial assets measured at fair value through other total income

Assets measured at fair value through other total income are as follows:
- asset components, if two conditions are met: the asset is maintained in the business model which aims at obtaining agreed cash flows in relation to financial assets held and in relation to the sale of financial assets, and contractual conditions give the right to obtain cash flows constituting only the principal and interest on the principal at specific dates;
- equity instruments which were, upon initial recognition, classified into that category, with the omission of instruments for trading, for which such a choice is unavailable.

Financial assets measured at fair value through profit or loss

The category of assets measured at a fair value through profit or loss includes those financial instruments which were not allocated to the groups of assets measured at the amortised cost or fair value through other total income and those instruments about which the Company made a decision on such classification.

At the Company, that category includes, first of all, derivative instruments (the Company does not use hedge accounting), and debt or equity instruments acquired for resale in a short time.

Assets classified as financial assets measured at fair value through profit or loss are measured as at each reporting date at fair value, and any profits or losses charged to financial revenues or costs.

Financial liabilities measured at the amortised cost

The Company classifies all the financial liabilities as measured, after initial recognition, at the amortised cost, with the exception of:
- financial liabilities measured at fair value through profit or loss,
- financial liabilities which have arisen as a result of the transfer of a financial asset, which does not qualify for the cessation of recognition, or when the interest maintenance approach applies,
- financial guarantee agreements,

- obligations to grant a loan bearing interest below the market interest rate,
- conditional payment recognised by the acquiring entity as part of a business combination to which IFRS 3 applies.

The Company classifies the following, first of all, as financial liabilities measured at the amortised cost: credit, loans, trade liabilities and other liabilities.

Financial liabilities measured at fair value through profit or loss

The Company classifies financial liabilities meeting one of the following conditions as financial liabilities measured at fair value:

- compliance with the definition of holding for trade (liabilities acquired or contracted mainly for sale or resale in the near term or upon initial recognition; those liabilities are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of the current actual mode of generation of short-term profits or those liabilities are a derivative instrument, except derivative instruments being financial guarantee agreements or designated and effective hedging instruments),
- upon initial recognition, they are held by the Company as measured at fair value through profit or loss pursuant to law,
- are held upon initial recognition or later as measured at fair value through profit or loss.

In the Company, financial liabilities measured at fair value through profit or loss include primarily derivative instruments with a negative fair value (the Company does not use hedge accounting).

Measurement of financial assets and liabilities at fair value

Derivative instruments are measured at fair value as at the balance sheet date and at the end of each reporting period on the basis of valuations performed by banks effecting the transactions. Other financial assets measured at fair value are measured with the use of stock exchange quotations and, if there are none, with appropriate valuation techniques which comprise the use of the prices from recent transactions or of tender prices, a comparison with similar instruments, and option valuation models. The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

The Company classifies financial instruments in a hierarchical way, in conformity with the three main levels of valuation with reference to the fair value, which reflect the base taken for the valuation of each of the instruments.

The fair value hierarchy is as follows:
Level 1 – the prices of market quotations from active markets for identical assets and liabilities (e.g. shares and bonds quoted);
Level 2 – the prices from active markets, but other than the prices of market quotations – fixed directly (by comparison with actual transactions) or indirectly (through valuation techniques based on actual transactions), e.g. the majority of derivative instruments;
Level 3 – prices not originating from active markets.

The position of a financial instrument in the fair value hierarchy depends on the lowest valuation base affecting the determination of the fair value of such a financial instrument.

Impairment of financial assets

To estimate the impairment of financial assets, the Company uses the expected loss model based on the calculation of expected losses irrespective of whether there were any circumstances for that or not.

With the exception of financial liabilities acquired or issued with impairment, expected credit losses are recognised an allowance at the amount equal to:
- the total of expected credit losses over 12 months (the losses which may arise as a result of debtors' failure to meet the liabilities under financial instruments in the period of 12 months from the date of the financial statements);
- the total of expected credit losses over the entire life of an asset. Those losses should be recognised before the financial instrument becomes overdue.

The Company uses impairment requirements to recognise and measure the allowance for expected credit losses related to the financial assets which are measured at fair value through other total income. The allowance is recognised in other total income and that allowance does not reduce the balance sheet value of the financial asset in the statement of financial position.

Impairment of financial instruments, with regard to which a considerable increase of credit risk is noted from initial recognition, irrespective of whether they were measured individually or collectively, should take into consideration all rational and documentable information including information concerning the future.
In its profit or loss, the Company recognises as profit or impairment loss the amount of expected credit losses (or the amount of the dissolved provision), which is required in order to adjust the allowance for expected credit losses as at the reporting date to the amount to be recognised in conformity with IFRS 9.

Shares in subsidiaries and related entities

Shares in subsidiaries are reported by the Company in conformity with IAS 27 at the historical cost less impairment losses.

9.9 Derivative instruments

Derivative instruments

Derivative instruments are measured at the fair value as at the date of contract conclusion, and then revalued to the fair value as at each balance sheet date. The resulting profit or loss is recognised in the income statement immediately unless a derivative instrument acts as security. In such a case the moment of recognition of profit or loss depends on the nature of the hedging relationship. The Company defines the designated derivative instruments as fair value hedges for specified assets and liabilities or firm commitments (fair value hedges), for highly probable forecast transactions, for a currency exchange risk of firm commitments (cash flow hedges) or as hedges for net investments in foreign operations. Instruments are presented as non-current assets or long-term liabilities if the period to the instrument's maturity exceeds 12 months and it is not foreseen that such an instrument is realised or settled within 12 months. Other derivative instruments are reported as current assets or short-term liabilities.

Embedded derivative instruments

An embedded derivative instrument is a hybrid contract component which also comprises the basic agreement, which is not a derivative instrument. That component causes some cash flows following from the combined instrument to change in way similar to cash flows which would follow from the derivative instrument occurring independently.
If the hybrid contract comprises the basic contract which is a financial asset, the entity measures the entire hybrid contract as appropriate. In the opposite case embedded derivative instruments are segregated from contracts and treated as derivative instruments if all of the following conditions are met:

- the economic character and the risk of an embedded instrument are not closely linked to the economic character and risk of the agreement into which a given derivative instrument is embedded,
- an independent instrument with identical conditions of realisation as those of an embedded instrument would comply with the definition of a derivative instrument,
- a hybrid (combined) instrument is not reported at fair value, and the changes of its fair value are not recognised in profit or loss (i.e. a derivative instrument embedded in a financial liability measured at fair value through a profit or loss is not separated).

Embedded derivative instruments are recognised in the same way as independent derivative instruments (financial assets are measured at fair value through profit or loss).

9.10 Inventory

Inventory is valued at the lower of two values: the acquisition price / cost of manufacture and net realisable selling price.
The costs incurred in bringing each asset to its present location and condition, both in relation to the current and previous year, are recognised in the following way:

Materials	- at the acquisition price determined by way of the first in – first out method,
Finished products and work in progress	- the cost of direct materials and labour and an appropriate indirect labour determined on the assumption of the normal utilisation of production capacity,
Goods for resale	- at the price of acquisition determined by way of the specific identification (land).

The price of acquisition or cost of manufacture of inventory comprises all the purchase, processing and other costs incurred in bringing inventory to its present location and condition.

The costs of purchase of inventory comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The net realisable price is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory is reported at the net value (less revaluation deductions). Inventory revaluation deductions are created in relation to the loss of inventory value, with a view to bringing the value of inventory to the realisable net value level. Revaluation deductions are recognised directly as an expense. The value of a revaluation deduction reduces the balance sheet value of inventory comprised by such a deduction.

9.11 Trade and other receivables

Trade receivables and other financial receivables are valued as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate) less impairment losses. In the case of short-term receivables with the term of payment up to 1 year, where the significant financing component does not occur, the valuation at the amortised cost corresponds to the sum due.

When the influence of the time value of money is significant, the receivable is determined by discounting the projected future cash flows to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and the contractor's credit risk. If discounting has been used, an increase of the receivable in relation to the passage of time is recognised as financial revenues.

Non-financial receivables are initially recognised at their nominal value and measured at the payable amount as at the balance sheet date.
The principles concerning financial assets are used to determine revaluation deductions on receivables. In the case of trade receivables or assets under agreements arising from transactions covered by IFRS 15, the Company measures the allowance for expected credit losses in the amount equal to those losses over the entire life of the instrument.

Expected credit loss revaluation deductions on receivables are recognised as other operating costs. The reduction of the allowances is recognised in the income statement as other operating revenues.

9.12 Uninvoiced receivables from the settlement of long-term contracts

Within the above item, the Company reports a surplus revenue recognised at a given contract over the invoiced revenue by the percentage of completion method.

9.13 Cash and cash equivalents

Cash and short-term deposits reported in the balance sheet comprise cash at bank and at hand as well as short-term deposits with original maturity not exceeding three months.
The balance of cash and cash equivalents reported in the cash flow statement consists of the above-specified cash and cash equivalents.

9.14 Non-current assets held for disposal

Non-current assets (or their groups) held for disposal are classified as held for sale if their balance sheet value will be recovered through sale transactions rather than through continued use provided that they are available for sale immediately in their present condition, subject to the conditions customarily used in the sale of those assets (or disposal groups) and that their sale is highly probable.
Immediately before the qualification of an asset (or a disposal group) as held for sale, those assets are measured i.e. their balance sheet value is determined in conformity with the provisions of relevant standards. Property, plant and equipment as well as intangibles are amortised to the reclassification date, and if factors indicating possible impairment occur, an impairment test is conducted and, consequently, an allowance is recognised, in conformity with IAS 36 "*Impairment of Assets*".

Non-current assets (or disposal groups), whose value was fixed in the above way are reclassified to assets held for sale. On reclassification, those assets are measured at the lower of the following two: the balance sheet value or the fair value less the costs of disposal. The difference from the measurement at the fair value is recognised in other operating costs. Upon subsequent valuation, any reversal of the fair value is recognised in other operating revenues.
A non-current asset is not depreciated if it is classified as held for sale or is included in a disposal group that is classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.
If an entity no longer meets the criteria for the classification of an asset as held for sale, an asset is recognised in that balance sheet item from which it had been reclassified previously and measured at the lower of the following two amounts:

- the balance sheet value as at the date preceding the classification of an asset as held for sale, adjusted by amortisation or revaluation, which would have been recognised had the asset not been classified as held for sale, or
- the recoverable amount at the date of the decision not to sell.

9.15 Equity

Equity is recognised in accounting books with a division into its kinds and with reference to the principles set out in the provisions of law and the Company's Statutes.
Share capital is reported in the amount shown in the Statutes and the National Court Register. Capital contributions declared but not paid-in are recognised as capital not paid-in. Own shares and share capital not paid in decrease the Company's equity.
Share premium capital – that capital is constituted by surpluses achieved at the issue of shares less the costs of such an issue of shares.

Other capital is constituted by the revaluation reserve from the measurement of the fair value of financial assets included in the category of available-for-sale financial assets.
Retained profits are constituted by: supplementary capital and reserves from profit for subsequent years, retained profit or non-financed loss from previous years (accumulated profits/losses from previous years), and the profit or loss for a current financial year.

9.16 Interest bearing credit, loans and debt securities

Upon initial recognition, all credit, loans and debt securities are recognised at the price of acquisition corresponding to the fair value of cash received less credit or loan costs.
After initial recognition, interest-bearing credit, loans and debt securities are subsequently valued at the amortised cost with the application of the effective interest rate method.
The costs related to a loan or credit and the discounts or bonuses obtained upon the settlement of a liability are taken into account in the determination of the amortised cost.
Profits and losses are recognised in the income statement on the derecognition of a liability from the balance sheet, and also as a result of the calculation of an allowance.

9.17 Trade and other liabilities

Liabilities are a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

Financial and non-financial liabilities measured at the fair value through profit or loss are measured as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate). In the case of short-term liabilities with the term of payment up to 360 days, that valuation corresponds to the sum due.

Liabilities not classified as financial liabilities are measured at the amount required to be paid.

9.18 Provisions

Provisions are created when the Company has the obligation (legal or customarily expected) stemming from past events and when it is likely that meeting such obligation will cause the outflow of economic benefits as well as when the amount of that liability may be estimated credibly.

The recognised provision amount reflects possibly the most precise estimate of the amount required for the settlement of the current liability as at the balance sheet, with the risk and uncertainty of that liability taken into consideration. If the provision is measured by estimated cash flows necessary for the settlement of the current liability, the balance sheet value of the provision corresponds to the current value of those cash flows (when the influence of the time value of money is significant).

If the Company expects that the costs covered by the provision will be reimbursed, for example on the basis of an insurance agreement, such reimbursement is recognised as a separate asset but only when it is virtually certain that such reimbursement will actually take place and its reliable measurement is possible.

The amount of provisions is updated twice a year – after six months and at the end of a financial year.

9.19 Accrued income from the settlement of long-term contracts

That item comprises the surplus of the invoiced revenue on construction contracts over the revenue recognised and measured by the proportion of works completed.

9.20 Revenues

Revenues are recognised in such a way as to reflect the transfer of the promised goods or services to the customer, in the amount which reflects the remuneration to which the Company, as expected by it, will be entitled in consideration of those goods or services.
The Company recognises a revenue under an agreement with the customer only when all the following criteria are met jointly:

- the parties entered into an agreement (in writing, orally or in accordance with other customary trade practices) and are obliged to meet their obligations;
- The Company is able to identify each party's rights concerning the goods or services to be handed over;
- The Company is able to identify the terms of payment for the goods or services to be handed over;
- the agreement has economic contents;
- the entity is likely to receive the remuneration to which the entity will be entitled in consideration of the goods and services which will be handed over to the customer.

Upon conclusion of the agreement, the Company evaluates the goods or services promised in the agreement with the customer and identifies each promise made to the customer to provide the following as a performance obligation:

- discernible goods or a service (or a package of goods or services); or
- group of relevant goods or services, which are substantially the same and in the case of which their handover to the customer is of the same nature.

The Company recognises revenues on satisfying (or in the process of satisfying) the performance obligation through the handover of the promised goods or a service (i.e. an asset) to the customer. Asset handover takes place upon the customer gaining control of that asset, that is when the customer becomes able to dispose of that asset directly and derive substantially all other benefits from the asset. In the case of revenues from the property development activity, the Company acknowledges that control is transferred upon signing an acceptance inspection report in condition that the customer made all the payments towards the price of real estate.

The Company transfers the control of the goods or service with the passage of time and thus satisfies the performance obligation and recognises the revenues with the passage of time if one of the following conditions has been met:

- the customer simultaneously receives and derives benefits from the performance as it is provided by the Company;
- as the performance is being provided, an asset comes into being or is improved (e.g. work in progress), and control of that asset, as it comes into being or becomes improved) is exercised by the customer; or
- an asset with the alternative use for the Company does not come into being, and the Company is entitled to an enforceable right to the payment for the performance provided previously.

With regard to each performance obligation satisfied with the passage of time, the Company recognises the revenues with the passage of time while measuring the extent to which the performance obligation was satisfied. The purpose of the measurement is to determine the progress in the satisfaction of the Company's obligation to transfer control of the goods or services promised to the customer (i.e. the extent to which the performance obligation was fulfilled).
After the performance obligation has been fulfilled (or when it is being provided), the Company recognises as a revenue the amount equal to the transaction price (except the estimated values of the variable remuneration) which was allocated to that performance obligation. The transaction price does not include tax on goods and services (VAT), other taxes (except excise) and rebates (discounts and bonuses).
If the remuneration fixed in the agreement comprises the variable amount, the Company estimates the remuneration to which it will be entitled in consideration of the handover of the promised goods or services to the customer. At the end of each reporting period, the Company updates the estimated transaction prices so that they reliably reflect the circumstances at the end of the reporting period and the changes of the circumstances during that period.

Interest

Interest revenue is recognised gradually as it accrues (with the effective interest rate method taken into account, that rate being the discounting rate for future cash proceeds over the estimated period of use of financial instruments) in relation to the net balance sheet value of a financial asset.

Dividends

Dividends are recognised when the shareholders' right to receive payment is established.

9.21 Income tax

Current tax

Current tax expense is calculated on the basis of taxable income (the taxable base) in a given financial year. The tax profit (loss) differs from the accounting profit (loss) in connection with the exclusion of revenues which are not subject to tax and of the non-allowable costs. Tax expenses are calculated on the basis of tax rates in force in a given financial year.

Deferred tax

For the requirements of financial reporting, the income tax reserve is created by way of the balance sheet liability method in relation to all temporary differences occurring as at the balance sheet date between the positive value of assets and liabilities and their balance sheet value shown in the financial statements.

The deferred tax liability is recognised in relation to all taxable temporary differences:

- except when the deferred tax liability arises as a result of the initial recognition of goodwill or of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of taxable temporary differences following from investments in subsidiaries or associates and interests in joint ventures – except when the timing of the reversal of temporary differences is controlled by the investor and when it is probable that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax assets and unused tax losses carried forward to next years, in the amount in which it is probable that taxable income will be available, which will permit the above-mentioned differences, assets and losses to be utilised:

- except when the deferred tax assets pertaining to deductible temporary differences arise as a result of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of deductible temporary differences following from investments in subsidiaries or associates and interests in joint ventures, a deferred tax asset is recognised in the balance sheet only in the amount in which it is probable that the above temporary differences will be reversed in the foreseeable future and that taxable income will be available, which will permit the deductible temporary differences to be deducted.

The balance sheet value of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.
Income tax on items recognised directly in equity is recognised in equity, and not in the income statement.

9.22 Net earnings per share

Net earnings per share for each period is calculated by dividing net profit for a given period by the weighted average number of shares in the given reporting period.

10. Information on operating segments

An operating segment is a component of an entity:

a) which is engaged in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
c) for which discrete financial information is available.

In accordance with the requirements of IFRS 8, operating segments shall be identified on the basis of internal reports concerning those elements of the Company, which are regularly reviewed by persons deciding on the allocation of a resource to a given segment and assessing its financial performance.

The Company's activity is focussed on one operating segment, which is the property development activity. The Company's activity is pursued in the whole territory of Poland.

11. Costs and revenues

11.1 Sales revenues

Sales revenues	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Revenues from the sales of products	147 527	188 936
Revenues from the sales of services	2 916	3 112
Revenues from the sale of goods for resale and materials	9	26
Total sales revenues	**150 452**	**192 074**

Sales revenues	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Domestic sales	150 452	192 074
Foreign sales	-	-
Total sales revenues	**150 452**	**192 074**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

11.2 Costs by category, including employee benefits

Costs by category	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Depreciation of fixed assets	464	804
Depreciation of intangibles	4	6
Depreciation of investment property	2	2
Amortisation under IFRS 16	238	243
Consumption of materials and energy	41 446	56 514
External services	96 354	117 101
Taxes and charges	3 849	2 365
Costs of employee benefits, including:	20 694	20 638
• payroll	17 066	16 794
• costs of social security and other benefits	3 628	3 844
Other costs, including:	7 366	5 447
• costs of credit	4 658	2 613
• entertainment and advertising	1 803	2 139
• property and personal insurances	358	357
• business trips	255	142
• other operating costs	292	196
Total costs by category	**170 417**	**203 120**
Change in products, work in progress and accruals (+/-)	(41 414)	(54 261)
Costs of products for the entity's in-house needs (-)	-	-
Selling costs (-)	(6 615)	(5 618)
Administrative expenses (-)	(11 803)	(13 700)
Value of goods for resale and materials sold	7	26
Cost of sales	**110 592**	**129 567**
Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses	**129 010**	**148 885**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

11.3 Other operating revenues

Other operating revenues	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Net profit from the disposal of non-financial non-current assets	61	44
Revenues from the liquidation of property, plant, equipment and intangibles	12	-
Penalties and damages received	277	1 002
Reimbursement of costs of court proceedings	-	4
Cancelled and time-barred liabilities	95	291
Release of the provision for contentious issues	500	-
Release of revaluation deductions	-	92
Revenue from the lease margin	419	419
Other	-	8
Total other operating revenues	**1 364**	**1 860**

11.4 Other operating costs

Other operating costs	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Valuation allowance for time-barred and cancelled receivables and bad debts	-	19
Provision for penalties, court costs and damages	178	-
Donations given	144	179
Penalties, fines and damages	115	151
Costs of court proceedings	8	8
Other	33	26
Total other operating costs	**478**	**383**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

11.5 Financial revenues

Financial revenues	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Interest revenue, including:	750	582
• interest on bank deposits and cash	577	354
• interest on loans	85	80
• interest on lease activities	70	116
• other interest	18	32
Dividends received	7 886	8 560
Reimbursement of additional contributions	-	1 916
Other	6	21
Financial revenues	**8 642**	**11,079**

11.6 Financial costs

Financial costs	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Interest revenue, including:	3 443	4 235
• interest on loans and credit	675	346
• interest on finance lease	50	44
• valuation of bonds at the adjusted acquisition price	2 718	3 844
• other interest	-	1
Other	39	45
Financial costs	**3 482**	**4 280**
Net financial revenues and costs	**5 160**	**6 799**

11.7 Borrowing costs

	01/01/2023 -31/12/2023	**01/01/2022 -31/12/2022**
Borrowing costs (interest) capitalised in inventory in the period, including*:	4 523	2 609
- borrowing costs capitalised in work in progress at the end of the period	4 390	1 201
Borrowing costs (interest) recognised in the state of total income under “financial costs”	675	347
Interest paid on bonds	3 479	1 913
Total financial costs in relation to interest	**8 677**	**4 869**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

* This item includes financial costs incurred for the financing of property development projects, capitalised on inventories in the period – those costs still partly remaining in inventory at the end of the period and partly recognised as the cost of sales in relation to delivery of units to buyers.

12. Income tax

12.1 Income tax disclosed in the statement of total income

Income statement	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Current income tax	**10 848**	**4 770**
Current income tax liability	10 866	4 775
Adjustments concerning current income tax from previous years	(18)	(5)
Deferred income tax	**(7 290)**	**3 159**
Relating to the establishment and reversal of temporary differences	(7 290)	3 159
Tax liability shown in the statement of total income	**3 558**	**7 929**

As regards income tax, the Company is subject to the general provisions of law. The Company does not conduct activity in a Special Economic Zone. The tax and balance sheet year coincide with the calendar year.

12.2 Income tax recognised in equity – not applicable

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

12.3 Reconciliation of income tax on gross accounting profit

The reconciliation of taxable income with the accounting income is as follows:

	01/01/2023 - 31/12/2023	**01/01/2022 - 31/12/2022**
Gross profit / (loss) from continuing operations before tax	27 488	51 465
Profit / (loss) from discontinued operations before tax	-	-
Profit /(loss) before tax	**27 488**	**51 465**
Profit / loss before tax	27 488	51 465
Non-taxable base revenues (-)	(8 989)	(63 228)
Revenues from previous years constituting the revenue in the current year (+)	103 083	-
Non-allowable costs (+)	7 119	43 624
Costs from previous years constituting allowable costs in the current year (-)	(66 814)	(3 726)
Tax costs concerning operating lease settlements (-)	(428)	(490)
Hypothetical interest on amounts transferred to capital (-)	(250)	(250)
Capitalised cost of furnishings for the show house	(290)	-
Cost of issue of bonds	(3 751)	(2 186)
Other (+/-)	21	(79)
Current and deferred income tax base	**57 189**	**25 130**
Calculated loss from previous years	-	-
Current and deferred income tax base	57 189	25 130
Income tax with reference to the tax rate binding in Poland, 19 %	10 866	4 775
Adjustments concerning current income tax from previous years (+/-)	(18)	(5)
Deferred income tax	(7 290)	3 159
Income tax disclosed in the income statement	**3 558**	**7 929**
Income tax allocated to discontinued operations	-	-
Effective tax rate	**12.94 %**	**15.41 %**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

12.4 Deferred income tax

01/01/2023-31/12/2023	Status as at the beginning of the period	(Increases) charged to profit or loss	(Decreases) charged to profit or loss	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	71	97	(71)	97
Provision for unused vacation leave and retirement severance pay	143	85	(102)	126
Unpaid payroll	342	99	(342)	99
Provision for indemnities	25	20	-	45
Provision for the result on contracts	1 301	262	(154)	1 409
Provision for bond issue costs	361	-	(196)	165
Provision for the balance sheet audit	8	10	(8)	10
Provision for the loss of profit in relation to price reduction	225	-	-	225
Provision for commission on sold premises	160	25	(54)	131
IFRS 16	5	9	(5)	9
Other	276	179	(23)	432
	2 917	**786**	**(955)**	**2 748**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	8 623	1 135	(8 623)	1 135
Interest on loans granted and on deposits	43	25	(17)	51
Property, plant and equipment	154	21	-	175
	8 820	**1 181**	**(8 640)**	**1 361**
Total provision / deferred tax assets after compensation:				**1 387**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

01/01/2022-31/12/2022	Status as at the beginning of the period	(Increases) charged to profit or loss	(Decreases) charged to profit or loss	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	124	71	(124)	71
Provision for unused vacation leave and retirement severance pay	155	102	(114)	143
Unpaid payroll	231	342	(231)	342
Provision for indemnities	26	-	(1)	25
Provision for the result on contracts	1 286	15	-	1 301
Provision for bond issue costs	46	315	-	361
Provision for the balance sheet audit	8	8	(8)	8
Provision for the loss of profit in relation to price reduction	242	-	(17)	225
Provision for commission on sold premises	90	149	(79)	160
IFRS 16	4	5	(4)	5
Other	116	276	(116)	276
	2 328	**1 283**	**(694)**	**2 917**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	4 905	8 623	(4 905)	8 623
Interest on loans granted and on deposits	20	23	-	43
Property, plant and equipment	146	8	-	154
Other	1	-	(1)	-
	5 072	**8 654**	**(4 906)**	**8 820**
Total provision / deferred tax assets after compensation:				**5 903**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

13. Assets and liabilities relating to the Company Social Welfare Fund

The Company stopped the creation of the Company Social Welfare Fund on 1 January 2016.

14. Earnings per share

The basic earnings per share are calculated by dividing net profit for a period, such profit falling to the Company's ordinary shareholders, by the average weighted number of the issued ordinary shares occurring in the period.
The diluted earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders (following the deduction of interest on redeemable privileged shares convertible into ordinary shares) by the average weighted number of the issued ordinary shares occurring in the period (such number having been adjusted by the impact of diluting options and diluting privileged shares convertible into ordinary ones).

The figures concerning profit and shares used for the calculation of the basic and diluted earnings per share are presented below:

Earnings per share	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Net profit (loss) from continuing operations	23 930	43 536
Net profit from discontinued operations	-	-
Net profit attributable to ordinary shareholders	**23 930**	**43 536**

The weighted average number of issued ordinary shares used for the calculation of the earnings per share from continuing operations is presented below.

Basic earnings per share	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Net profit	23 930	43 536
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0.60	1.09

Diluted earnings per share	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
Net profit attributable to ordinary shareholders for diluted earnings per share calculation	23 930	43 536
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0.60	1.09

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

15. Dividends paid and declared for payment

Declared and paid dividends for ordinary shares in the period:	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Dividend paid from profit for 2022:	10 010	-
Dividend paid from profit for 2021:	-	10 010
	10 010	**10 010**

Pursuant to resolution No. 8/2023 of 27 June 2023, the Ordinary General Meeting of INPRO SA decided to allocate part of the Company's net profit for 2022 in the amount of PLN 10,010,000.00 i.e. PLN 0.25 per share towards the dividend to the Company's shareholders. The General Meeting fixed 25 July 2023 as the record date and 08 August 2023 as the dividend date.

Pursuant to resolution No. 8/2022 of 24 June 2022, the Ordinary General Meeting of INPRO SA decided to allocate part of the Company's net profit for 2021 in the amount of PLN 10,010,000.00 i.e. PLN 0.25 per share towards the dividend to the Company's shareholders. The General Meeting fixed 29 July 2022 as the record date and 12 August 2022 as the dividend date.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

16. Property, plant and equipment

MOVEMENT OF NON-CURRENT ASSETS 01/01/2023 - 31/12/2023	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**270**	**4 788**	**5 322**	**4 422**	**3 340**	**-**	**18 142**
b) increases (in relation to) (+)		**424**	**49**	**648**	**43**	**-**	**1 164**
• purchase			49	485	43		**577**
• taken over on the basis of a finance lease agreement				163			**163**
• IFRS 16		424					**424**
c) decreases (in relation to) (-)		**-**	**(13)**	**(495)**	**(144)**	**-**	**(652)**
• sale			(9)	(495)			**(504)**
• liquidation			(4)		(144)		**(148)**
• IFRS 16							
d) gross value of fixed assets as at the end of the period	**270**	**5 212**	**5 358**	**4 575**	**3 239**	**-**	**18 654**
e) depreciation as at the beginning of the period (-)	**(44)**	**(2 334)**	**(4 722)**	**(3 495)**	**(2 912)**	**-**	**(13 507)**
f) depreciation for the period (in relation to) (-)	**(3)**	**(312)**	**(63)**	**282**	**26**	**-**	**(70)**
• annual depreciation charge		(77)	(75)	(211)	(100)	-	**(463)**
• sale of a fixed asset			9	493			**502**
• liquidation of a fixed asset			3		126		**129**
• IFRS 16	(3)	(235)					**(238)**
g) depreciation as at the end of the period (-)	**(47)**	**(2 646)**	**(4 785)**	**(3 213)**	**(2 886)**		**(13 577)**
h) net value of fixed assets as at the beginning of the period	**226**	**2 454**	**600**	**927**	**428**	**-**	**4 635**
i) net value of fixed assets as at the end of the period	**223**	**2 566**	**573**	**1 362**	**353**	**-**	**5 077**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

COMPARATIVE DATA:

MOVEMENT OF NON-CURRENT ASSETS 01/01/2022 - 30/12/2011	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**475**	**4 420**	**5 373**	**4 625**	**3 686**	**-**	**18 579**
b) increases (in relation to) (+)	**-**	**377**	**55**	**461**	**60**	**-**	**953**
• purchase			55		60		**115**
• taken over on the basis of a finance lease agreement				461			**461**
• IFRS 16		377					**377**
c) decreases (in relation to) (-)	**(205)**	**(9)**	**(106)**	**(664)**	**(406)**	**-**	**(1 390)**
• sale			(14)	(664)			**(678)**
• liquidation			(92)		(406)		**(498)**
• IFRS 16	(205)	(9)					**(214)**
d) gross value of fixed assets as at the end of the period	**270**	**4 788**	**5 322**	**4 422**	**3 340**	**-**	**18 142**
e) depreciation as at the beginning of the period (-)	**(39)**	**(2 017)**	**(4 672)**	**(3 717)**	**(3 146)**	**-**	**(13 591)**
f) depreciation for the period (in relation to) (-)	**(5)**	**(317)**	**(50)**	**222**	**234**	**-**	**84**
• annual depreciation charge	(1)	(78)	(156)	(417)	(152)		**(804)**
• sale of a fixed asset			14	639			**653**
• liquidation of a fixed asset			92		386		**478**
• IFRS 16	(4)	(239)					**(243)**
g) depreciation as at the end of the period (-)	**(44)**	**(2 334)**	**(4 722)**	**(3 495)**	**(2 912)**	**-**	**(13 507)**
h) net value of fixed assets as at the beginning of the period	**436**	**2 403**	**701**	**908**	**540**	**-**	**4 988**
i) net value of fixed assets as at the end of the period	**226**	**2 454**	**600**	**927**	**428**	**-**	**4 635**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

The balance sheet value of all the fixed assets used as at 31 December 2023 on the basis of finance lease agreements and lease agreements with a purchase option was PLN 726 k (31 December 2022: PLN 751 k).

17. Investment property

In the current reporting period the net value of investment property decreased from the level of PLN 108 k to PLN 105 k, which is an outcome of the depreciation charges applied.

Item in the statements	**31/12/2023**	**31/12/2022**
Investment property	105	108
Total	**105**	**108**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

18. Intangibles

CHANGES IN INTANGIBLES 01/01/2023-31/12/2023	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period			**322**	**5**	**327**
b) increases (in relation to)			**11**		**11**
• purchase			11		11
c) decreases (in relation to)					
• liquidation					
d) gross value of intangibles as at the end of the period			**333**	**5**	**338**
e) accumulated depreciation as at the beginning of the period			**(322)**	**(5)**	**(327)**
f) depreciation for the period (in relation to) (-)			**(4)**		**(4)**
• depreciation (the annual charge)			(4)		(4)
• liquidation					
g) accumulated amortisation (depreciation) as at the end of the period			**(326)**	**(5)**	**(331)**
h) net value of intangibles as at the beginning of the period	**-**	**-**	**-**	**-**	**-**
i) net value of intangibles as at the end of the period	**-**	**-**	**7**	**-**	**7**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

COMPARATIVE DATA:

CHANGES IN INTANGIBLES 01/01/2022-31/12/2022	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period			**374**	**5**	**379**
b) increases (in relation to)			**-**	**-**	**-**
• purchase					-
c) decreases (in relation to)			**(52)**	**-**	**(52)**
• liquidation			(52)		(52)
d) gross value of intangibles as at the end of the period			**322**	**5**	**327**
e) accumulated depreciation as at the beginning of the period			**(367)**	**(5)**	**(372)**
f) depreciation for the period (in relation to) (-)			**45**	**-**	**45**
• depreciation (the annual charge)			(6)		(6)
• liquidation			51		51
g) accumulated amortisation (depreciation) as at the end of the period			**(322)**	**(5)**	**(327)**
h) net value of intangibles as at the beginning of the period	**-**	**-**	**7**	**-**	**7**
i) net value of intangibles as at the end of the period	**-**	**-**	**-**	**-**	**-**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

19. Shares in related entities

Specification of shares in related entities as at the balance sheet date of 31/12/2023

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	Inbet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of precast concrete and reinforced concrete items	80.32 %	80.32 %	10 907
2.	Dom Zdrojowy Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	19 120
3.	DOMESTA Sp. z o.o.	Gdańsk, ul. Budowlanych 68B	Property development activity, main contracting for residential buildings	58.33 %	58.33 %	13 926
4.	Hotel Mikołajki Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	17 984*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Plumbing and heating systems	100.00 %	100 %	2 804
6.	SML Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Building services, fit-out and apartment finishes	100.00 %	100.00 %	201
						64 942

* The total capital commitment of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions (PLN 35,150 k) made in 2015.

In addition to the interests mentioned above, INPRO SA is associated with Hotel Oliwski Sp. z o.o., that company being personally related through the shareholders, Ms Grażyna Dąbrowska-Stefaniak, Ms Monika Stefaniak and Mr Wojciech Stefaniak – 162 shares of the nominal value of PLN 10,000 each, which constitutes 100 % of the shares in the equity of that entity (PLN 1,620,000).

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Specification of shares in related entities as at the balance sheet date of 31/12/2022

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	Inbet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel items	80.32 %	80.32 %	10 907
2.	Dom Zdrojowy Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	19 120
3.	Domesta Sp. z o.o.	Gdańsk, ul. Budowlanych 68B	Property development activity, main contracting for multi-family residential buildings	59.57 %	59.57 %	13 926
4.	Hotel Mikołajki Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Renting and managing of own real property	100.00 %	100.00 %	17 984*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Plumbing and heating systems	100.00 %	100.00 %	2 804
6.	SML Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Interior fit-out, construction and finishing services	100.00 %	100.00 %	201
						64 942

* The total capital commitment of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions (PLN 35,150 k) made in 2015.

Changes in the Group's composition and structure in the reporting period

No changes occurred in the composition of the Inpro Corporate Group in the period from 01/01/2023 to 31/12/2023. **However, the share in one of the subsidiaries, DOMESTA Sp. z o.o., decreased from 59.57 % as at 31/12/2022 to 58.33 % as at 31/12/2023.**

Pursuant to resolutions Nos. 13 and 14 of 2 June 2023, the General Meeting of DOMESTA spółka z ograniczoną odpowiedzialnością increased the share capital of that company from PLN 300,800.00 by the amount of PLN 2,771,200.00 to PLN 3,072,000.00.
Following the registration of event by the Court, which took place on 07/07/2023, the share capital of DOMESTA is PLN 3,072,000.00 and is divided into 384 equal and indivisible shares with the nominal value of PLN 8,000 each.
As a result of the increase of the share capital of DOMESTA, the Issuer now holds 224 shares with the nominal value of PLN 8,000.00 each, totalling PLN 1,792,000.00, that is **58.33 %** of the share capital of DOMESTA.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Group share in the share capital of DOMESTA Sp. z o.o.	Number of shares held	Nominal value of 1 share	% of capital
As at 01/01/2023	224	800	59.57 %
As at 31/12/2023	224	8 000	58.33 %

As at 31/12/2023, the value of the shares in Hotel Mikołajki Sp. z o.o., Domesta Sp. z o.o., Dom Zdrojowy Sp. z o.o. and PI Isa Sp. z o.o. was reviewed for impairment.

The analysis was based on the current financial and economic position of the companies, on future development prospects, on the analysis of macroeconomic factors and on the characteristics of the markets on which those companies operate. Impairment tests were conducted with a 6-year horizon. The discount rates for the companies were respectively as follows: Domesta Sp. z o.o. – 8.9 % and PI Isa Sp. z o.o. – 12 %.
In relation to the change of the type of activity pursued by Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o. following the signing of tenancy agreements referred to in note 2 of the Report of the Management Board on the Group's Activity for 2018 and in note 2 of the Report of the Management Board on the Group's Activity for 2019, the value of the shares in those companies was reviewed for impairment as at 31/12/2023. The analysis was based on both companies' current financial and economic position and future development prospects, with the operational change and the analysis of macroeconomic factors and the characteristics of the market at which the companies operate. The agreements entered into with the hotel lessee and financial plans were the basis for cash flow projections. Assumptions were made , as to lease revenues reflecting previous experience related to the business being pursued, and the prospects for the development of the hotel market in Poland.

Impairment tests for Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o. were conducted with a 6-year horizon. The discount rate for the companies respectively was as follows: Hotel Mikołajki Sp. z o.o. – 13.4 %, Dom Zdrojowy– 13.9 %.
Following the test, no need to create a share revaluation deduction was identified.

Security on shares in subsidiaries:

	31/12/2023	31/12/2022
Security established on financial assets for the benefit of Group companies	17 980	17 980
Total	**17 980**	**17 980**

Security on the shares of INPRO S.A. as at both 31/12/2023 and 31/12/2022 concerned the registered pledge of 04/10/2017 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 17,980 k for the following credit agreement:
- investment credit of 05/09/2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 54,321 k.
If the whole or part of the secured claim is not repaid, the satisfaction of the claims may take place by the satisfaction of the pledgee's claims, at its choice, in the manner prescribed by the regulations on enforcement proceedings, by the seizure of the title to the object of the pledge or by its sale in a public tender organised by a bailiff or notary public.
On the date of the registration of the pledge in the pledge register maintained by the Gdańsk-North District Court in Gdańsk, 9th Business Division of Pledge Registers (i.e. as from 16/11/2017), the agreement of 5 September 2011 for the registered pledging on rights, as amended, and the agreement of 23 May 2013 for the registered pledging of rights were terminated.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

20. Other financial assets

Other short-term financial assets	31/12/2023	31/12/2022
Advances at separate revenue (escrow) accounts	18 677	5 895
Total	**18 677**	**5 895**

Other long-term financial assets	31/12/2023	31/12/2022
Additional contributions to the related entity's capital	35 150	35 150
Loans to related entities	1 269	1 184
Total	**36 419**	**36 334**

21. Inventory

Inventory	31/12/2023	31/12/2022
Materials at the acquisition price	607	477
Work in progress at the cost of manufacture	212 689	120 491
Finished goods at the cost of manufacture	23 941	77 535
Commodities at the acquisition price	168 559	172 146
Total	**405 796**	**370 649**

Ordinary mortgages and those to secure existing and future claims are established on inventories to secure credit repayment. Detailed information on mortgages established on inventory is included in note 27 of additional information.

The value of the borrowing costs capitalised in work in progress in the current period was presented in note 11.7.

The Company did not create any inventory revaluation reductions in 2023.

Inventory revaluation deductions	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Inventory revaluation deductions as at the beginning of the period	1 184	1 276
Revaluation deductions created	-	-
Reversal of revaluation deductions	-	(92)
Inventory revaluation deductions as at the end of the period	**1 184**	**1 184**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

22. Trade and other receivables

	31/12/2023	31/12/2022
Receivables from related entities	**98**	**29**
Gross trade receivables	98	29
Other receivables	-	-
Receivables from other entities	**15 467**	**9 656**
Gross trade receivables	4 487	3 525
State budget receivables other than current income tax	1 203	2 621
Advances on inventory	9 079	2 265
Advances on fixed assets	62	1
Other financial liabilities	561	1 211
Other non-financial receivables	75	33
Gross receivables	**15 565**	**9 685**
Valuation allowance for receivables	**(120)**	**(120)**
Short-term prepayments, including:	**175**	**187**
• subscription of periodicals	-	12
• software, domains, licences	29	40
• cost of insurances	112	97
• rent	11	12
• advertisements	4	2
• other prepaid expenses	19	24
Total receivables (net)	**15 620**	**9 752**

The conditions of transactions with related entities are presented in item 33 of additional information.

Trade accounts receivable are not interest-bearing and their time-limit for payment is usually 30 days. Trade and other receivables are valued as at the amortised cost with the application of the effective interest rate, with valuation allowances on receivables taken into account. The book value of receivables is close to their fair value. Trade receivables with the maturity date below 1 year from the date on which they arise are not subject to discounting.
The description of risks relating to trade and other receivables and the Company's policy concerning the management of those risks was presented in item 34 of additional information.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

23. Cash and cash equivalents

The balance of cash and cash equivalents shown in the statement of the financial position and in the cash flow statement consisted of the following items:

	31/12/2023	**31/12/2022**
Cash at bank and in hand	18 081	18 230
Cash at bank deposits (without overnight deposits)	-	15 040
Total cash and cash equivalents	**18 081**	**33 270**

	31/12/2023	**31/12/2022**
Cash in PLN	18 081	33 270
Total cash and cash equivalents	**18 081**	**33 270**

Free cash is accumulated at bank accounts and invested in fixed-time deposits, if any. The Company obtains both variable and fixed interest rates on cash.
The fair value of cash and cash equivalents as at 31 December 2023 is PLN 18,081 k (31 December 2022: PLN 33,270 k).
As at 31 December 2023, the Company had unused credit for property development projects in the amount of PLN 105,954 k, including an open credit line up to PLN 15,000 k (31 December 2022: PLN 82,310 k, including an open credit line up to PLN 16,000 k). Those funds will be used with the progress of the construction works.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

24. Explanation to the cash flow statement

24.1 Explanation of differences between the balance sheet changes of certain items and changes following from the cash flow statement

		01/01/2023 -31/12/2023
1.	Balance sheet change in provisions	(9 127)
2.	Change in provisions in the cash flow statement	(3 224)
3.	Difference	5 903
4.	Explanation of the difference:	
-	change in provisions in relation to CIT	5 903
1.	Balance sheet change in prepayments	(1 370)
2.	Change in prepayments in the cash flow statement	17
3.	Difference	(1 387)
4.	Explanation of the difference:	
-	change in assets in relation to CIT	(1 387)
1.	Balance sheet change in inventory	(35 147)
2.	Change in inventory in the cash flow statement	(35 147)
3.	Difference	-
1.	Balance sheet change in net long and short-term receivables	(5 279)
2.	Change in receivables in the cash flow statement	(6 530)
3.	Difference	(1 251)
4.	Explanation of the difference:	
-	change in receivables in relation to CIT	(109)
-	change in receivables in relation to lease	(1 142)
1.	Balance sheet change in deferred liabilities and income	35 127
2.	Change in deferred liabilities and income in the cash flow statement	17 136
3.	Difference	(17 991)
4.	Explanation of the difference:	
-	change in short and long-term loans and credit	(5 571)
-	change in liabilities in relation to CIT	(101)
-	change in liabilities in relation to finance lease	166
-	change of advances on separate revenue accounts	(12 782)
-	change in liabilities in relation to the issue of debt securities	761
-	IFRS 16	(464)
1.	**Balance sheet change in cash**	**(15 189)**
2.	**Change in cash in the cash flow statement**	**(15 189)**
3.	**Difference**	**-**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

24.2 Comparative data in relation to the altered presentation in the cash flow statement regarding financing activities

In the current reporting period, the Company changed the presentation of interest paid on bonds from the item titled “Other financial expenditure” to the item titled “Interest paid”.

In relation to the change, comparative data is presented below:

Cash flow from financing activities	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022** (after the change of the presentation)	**01/01/2022 -31/12/2022** (published data)
Proceeds in relation to loans/credit obtained	72 210	119 950	119 950
Payments in relation to finance lease agreements	(328)	(391)	(391)
Repayment of loans/credit	(66 639)	(98 000)	(98 000)
Interest paid	(4 204)	(2 304)	(390)
Dividends paid	(10 010)	(10 010)	(10 010)
Other financial proceeds (from lease activities)	1 212	1 463	1 463
Other financial expenditure	-	-	(1 914)
Net cash flows from financing activities	**(7 759)**	**10 708**	**10 708**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

25. Share and other capital

25.1 Share capital

As at:	**31/12/2023**	**31/12/2022**
Registered share capital	4 004	4 004

SHARE CAPITAL AS AT 31/12/2023 and 31/12/2022						
Series	Kind of shares	Kind of preferential rights on the shares	Kind of restriction of the rights to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

The shareholding structure was described in detail in note No. 2 in Additional Information.

Nominal share value
All the issued shares have the nominal value of PLN 0.10 and are fully paid for.

Shareholders' rights
Series A and B shares carry one vote per share. The shares are equally preferred as to the dividend and return from equity.

25.2 Supplementary capital

Supplementary capital was created from profits from previous years in conformity with resolutions adopted by the shareholders and from the issue of shares above their nominal value. Supplementary capital is presented under retained profits. Only share premium is shown under a separate item.

25.3 Other capital

By way of resolution No. 29/2021 of 28/06/2021 of the Ordinary General Meeting of INPRO SA, reserve capital in the amount of PLN 11,000 k was created through the transfer of that amount from the supplementary capital. The reserve capital so created may be used for the acquisition of the Company’s own shares for the purpose of their redemption and financing the costs of these proceedings.

The revaluation reserve from financial assets available for sale is not applicable.
The reserve capital related to exchange gains/losses from the conversion of subordinate units is not applicable.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

25.4 Retained profits and restrictions on capital

On the basis of § 396 of the Commercial Companies Code, INPRO SA is obliged to maintain retained profit (the so-called supplementary capital) up to 1/3 of the share capital only for the financing of possible financial losses. As at 31/12/2023, retained profit exceeded the value of the share capital many times and amounted to PLN 316,515 k.

26. Provisions

26.1 Change in provisions

01/01/2023 - 31/12/2023	Retirement and other post-employment benefits	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	**Total**
Status as at the beginning of the period	**213**	**901**	**376**	**13 118**	**14 608**
Increase (+)	72	178	510	2 245	**3 005**
Decrease (-)		(557)	(376)	(5 296)	**(6 229)**
Status as at the end of the period	**285**	**522**	**510**	**10 067**	**11 384**

01/01/2022 - 31/12/2022	Retirement and other post-employment benefits	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	**Total**
Status as at the beginning of the period	**363**	**928**	**654**	**11 914**	**13 859**
Increase (+)	-	-	376	5 739	**6 115**
Decrease (-)	(150)	(27)	(654)	(4 535)	**(5 366)**
Status as at the end of the period	**213**	**901**	**376**	**13 118**	**14 608**

Time structure of provisions	**31/12/2023**	**31/12/2022**
Long-term part	285	213
Short-term part	11 099	14 395
Total provisions	**11 384**	**14 608**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

26.2 Retirement severance pay

The Company pays retiring employees retirement severance pay in the amount set out by the Labour Code.
The Company does not separate assets which could be used to settle the retirement severance pay in the future. The Company creates a provision for future retirement severance pay liabilities to allocate the costs to the periods concerned.
The provision is updated twice a year – after six months and at the end of a financial year.
For the purpose of the update of the provision as at the end of the current period, the Company took the available inflation forecasts, the analysis of the increase of the minimum pay ratios and the projected profitability of highly liquid securities.
The main assumptions taken by the Company as at the balance sheet date and for the years ended on 31 December 2023 and 31 December 2022 for the calculation of the liability are as follows:

	31/12/2023	31/12/2022
Discount rate	5.38 %	6.87 %

26.3 Employment termination benefits

In the event of employment termination, the Company's employees are entitled to benefits prescribed by the provisions of labour law in force in Poland, such benefits including the annual leave equivalent and indemnities in relation to the non-competition obligations. The amount of the provision for the unused vacation leave equivalent is revised on the last day of the financial year and on the last day of the half-year of a given financial year.
Provisions for other employment termination benefits are created upon the expiry of the employment relationship.

26.4 Other provisions

That item is composed of, among other things, the following provisions:

- for unused vacation leave (PLN 377 k),
- for the additional remuneration for 2023 (PLN 504 k),
- for construction works to be done (PLN 8,440 k),
- for commissions on the profit on sold projects (PLN 694 k),
- for the costs of the balance sheet audit (PLN 52 k).

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

27. Interest-bearing bank credit, loans, issued bonds and liabilities relating to finance lease

Long-term financial liabilities	**31/12/2023**	**31/12/2022**
Liabilities relating to finance lease and lease agreements with a purchase option	96	264
Loans and credit	6 908	16 585
Bonds – the long-term part	32 580	32 762
Impact of IFRS 16	550	341
Total	**40 134**	**49 952**

Short-term financial liabilities	**31/12/2023**	**31/12/2022**
Liabilities relating to finance lease and lease agreements with a purchase option	273	271
Loans and credit	37 140	21 892
Bonds – the short-term part	2 805	3 384
Impact of IFRS 16	252	253
Total	**40 470**	**25 800**

There were no cases of violation of credit agreements in the periods covered by these financial statements.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Credit liabilities of INPRO SA as at 31/12/2023

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			
					Mortgage	Mortgage object	Location	Other security
SGB-Bank SA	PLN	8 000	3 250	31/12/2024	contractual real estate mortgage up to PLN 12,000 k	GD1G/00094328/3	Straszyn, the commune of Pruszcz Gdański	power of attorney to the current account, blank promissory note, statement on submission to enforcement up to PLN 12,000 k (Article 777 of the Civil Procedure Code)
SGB-Bank SA	PLN	3 400	2 478	31/08/2025	mortgage up to PLN 5,100 k	EL1E/00112595/8	Elbląg	blank promissory note, power of attorney to the current account, statement on submission to enforcement (Article 777 of the Civil Procedure Code) up to PLN 5,100 k in favour of SGB Bank S.A.
mBank SA	PLN	35 940	18 816	31/07/2024	contractual real estate mortgage up to PLN 53,910 k	GD1W/00190254/6	Gdańsk, Mieczysława Słabego Street	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
Alior Bank SA	PLN	54 100	5 919	15/03/2025	mortgage up to PLN 81,150 k	OL1M/00037563/3	Mikołajki	blank promissory note, power of attorney to the current bank account, statement on submission to enforcement (Article 777 of the Civil Procedure Code) up to PLN 108,200 k in favour of Alior Bank SA, assignment under the insurance policy, silent assignment in favour of the Bank of the receivables due to INPRO SA from the buyers of the units, court registered and financial pledge for all accounts maintained at Alior Bank SA, notarised power of attorney for the Bank to sell apartments if the credit is not repaid within the deadline on terms and

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

								conditions set out in the agreement
Alior Bank SA	PLN	16 000	-	28/06/2024	joint mortgage up to PLN 24,000 k	GD1G/00068140/0 and GD1G/00083407/1, GD1G/00281583/6, GD1G/00279506/6, GD1G/00284240/1, GD1G/00300460/8	Gdańsk, ul. Opata Jacka Rybińskiego 8, Opacka Street	power of attorney to bank accounts, assignment under the insurance policy for real property in Gdańsk, 8 Opata Jacka Rybińskiego Street, Company's submission to enforcement under Article 777 of the Civil Procedure Code, blank promissory note
Powiślański Bank Spółdzielczy in Kwidzyn	PLN	5 000	3 387	30/09/2025	contractual real estate mortgage up to PLN 7,500 k	GD1G/00036115/3	Gdańsk, Myśliwska Street	power of attorney to accounts, blank promissory note, statement on submission to enforcement up to PLN 7,500 k (Article 777 of the Civil Procedure Code)
The Consortium of Zjednoczony Bank Spółdzielczy in Rumia and Gospodarczy Bank Spółdzielczy in Gorzów Wielkopolski	PLN	7 000	4 742	30/09/2025	mortgage up to PLN 7,500 k in favour of ZBS in Rumia and up to PLN 3,000 k in favour of GBS in Gorzów Wielkopolski	OL1O/00009267/5	Olsztyn, Cicha Street	two blank promissory notes, power of attorney to the current bank account, assignment of claims from the current account at ZBS in Rumia in favour of GBS in Gorzów, statement on submission to enforcement up to PLN 7,500 k in favour of ZBS in Rumia and up to PLN 3,000 k in favour of GBS in Gorzów (Article 777 of the Civil Procedure Code)

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Consortium of Bank Spółdzielczy in Pruszcz Gdański and Bank Spółdzielczy in Pszczółki	PLN	7 500	5 456	31/10/2025	mortgage up to PLN 12,000 k in favour of BS in Pruszcz and up to PLN 3,000 k in favour of BS in Pszczółki	OL1O/00191643/7	Olsztyn, Głowackiego Street	two blank promissory notes, power of attorney to the current bank account, assignment of claims from the current account at BS in Pruszcz in favour of BS in Pszczółki, statement on submission to enforcement up to PLN 12,000 k in favour of BS in Pruszcz and up to PLN 3,000 k in favour of BS in Pszczółki, mortgage up to PLN 12,000 k and PLN 3,000 k respectively on real property in Rumia, Sobieskiego Street – interim security
BOŚ Bank SA	PLN	17 600	-	31/08/2025	contractual real estate morgage up to PLN 26,400 k	GD1G/0094328/3	Rotmanka, Zaczarowana Street	assignment of rights under insurance policy, blank promissory note, power of attorney to bank accounts, financial pledge on accounts at BOŚ Bank, transfer of financial copyright to design documentation, statement on submission to enforcement under Article 777 of the Civil Procedure Code up to PLN 26,400,000, a guarantee from the portfolio guarantee line (PLG) from the credit guarantee fund (FGK) of BGK in the amount of 20 % of the credit amount, i.e. PLN 3,520,000

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

BOŚ Bank SA	PLN	17 600	-	31/10/2025	contractual real estate mortgate up to PLN 26,400 k	GD1G/0094328/3	Rotmanka, Zaczarowana Street	assignment of rights under insurance policy, blank promissory note, power of attorney to bank accounts, financial pledge on accounts at BOŚ Bank, transfer of financial copyright to design documentation, statement on submission to enforcement under Article 777 of the Civil Procedure Code up to PLN 26,400,000, a guarantee from the portfolio guarantee line (PLG) from the credit guarantee fund (FGK) of BGK in the amount of 20 % of the credit amount, i.e. PLN 3,520,000
Total credit liabilities			**44 048**					

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Credit liabilities of INPRO SA as at 31/12/2022

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			Other security
					Mortgage	Mortgage object	Location	
SGB Bank SA	PLN	9 000	2 575	02/10/2023	mortgage up to PLN 13,500 k	GD1G/00094562/5	Straszyn, the commune of Pruszcz Gdański	blank promissory note, power of attorney to the current account, statement on submission to enforcement (Article 777 of the Civil Procedure Code) up to PLN 13,500 k in favour of SGB Bank S.A.
SGB Bank SA	PLN	8 000	6 250	31/12/2024	contractual real estate mortgage up to PLN 12,000 k	GD1G/00094328/3	Straszyn, the commune of Pruszcz Gdański	power of attorney to the current account, blank promissory note, statement on submission to enforcement up to PLN 12,000 k (Article 777 of the Civil Procedure Code)
mBank SA	PLN	24 430	130	29/09/2023	contractual real estate mortgage up to PLN 36,645 k	GD1W/00127124/8, GD1W/00127125/5	Rumia, Jeziorna Street	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
mBank SA	PLN	23 920	10 034	31/10/2023	contractual real estate mortgage up to PLN 35,880 k	GD1W/00319540/9	Gdańsk, Bramińskiego Street	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
mBank SA	PLN	35 940	-	31/07/2024	contractual real estate mortgage up to PLN 53,910 k	GD1W/00190254/6	Gdańsk, Mieczysława Słabego Street	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
mBank SA	PLN	15 370	-	28/06/2024	contractual real estate mortgage up to PLN 23,055 k	GD1G/00330088/5	Gdańsk, Jasińskiego Street	assignment of rights under the insurance policy, blank promissory note, global assignment of the receivables due to INPRO SA from the buyers of units in favour of the Bank
Alior Bank SA	PLN	15 000	-	28/06/2024	-	-	-	power of attorney to accounts, the Company's submission to enforcement (Article 777 of the Civil Procedure Code), blank promissory note, a guarantee from the Liquidity Guarantee Fund up to PLN 12,000 k with the deadline of 28/09/2024
Powiślański Bank Spółdzielczy in Kwidzyn	PLN	5 000	5 000	30/09/2025	contractual real estate mortgage up to PLN 7,500 k	GD1G/00036115/3	Gdańsk, Myśliwska Street	power of attorney to accounts, blank promissory note, statement on submission to enforcement up to PLN 7,500 k (Article 777 of the Civil Procedure Code)

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Consortium of Zjednoczony Bank Spółdzielczy in Rumia and Gospodarczy Bank Spółdzielczy in Gorzów Wielkopolski	PLN	7 000	7 000	30/09/2025	mortgage up to PLN 7,500 k in favour of ZBS in Rumia and up to PLN 3,000 k in favour of GBS in Gorzów Wielkopolski	OL1O/00009267/5	Olsztyn, Cicha Street	two blank promissory notes, power of attorney to the current bank account, assignment of claims from the current account at ZBS in Rumia in favour of GBS in Gorzów, statement on submission to enforcement up to PLN 7,500 k in favour of ZBS in Rumia and up to PLN 3,000 k in favour of GBS in Gorzów (Article 777 of the Civil Procedure Code)
Consortium of Bank Spółdzielczy in Pruszcz Gdański and Bank Spółdzielczy in Pszczółki	PLN	7 500	7 488	31/10/2025	mortgage up to PLN 12,000 k in favour of BS in Pruszcz and up to PLN 3,000 k in favour of BS in Pszczółki	OL1O/00191643/7	Olsztyn, Głowackiego Street	two blank promissory notes, power of attorney to the current bank account, assignment of claims from the current account at BS in Pruszcz in favour of BS in Pszczółki, statement on submission to enforcement up to PLN 12,000 k in favour of BS in Pruszcz and up to PLN 3,000 k in favour of BS in Pszczółki, mortgage up to PLN 12,000 k and PLN 3,000 k respectively on real property in Rumia, Sobieskiego Street – interim security
Total credit liabilities			**38 477**					

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Open credit lines as at 31/12/2023

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			Other security
					Mortgage	Mortgage object	Location	
Alior Bank S.A.	PLN	15 000	-	28/06/2024	-	-	-	power of attorney to accounts, the Company's submission to enforcement Article 777 of the Civil Procedure Code), blank promissory note, a guarantee from the Liquidity Guarantee Fund up to PLN 12,000 k with the deadline of 04/03/2026
Total			**-**					

Open credit lines as at 31/12/2022

Financing party	Credit currency	Credit/limit amount	Liability value as at the balance sheet date	Repayment deadline	Security			
					Mortgage	Mortgage object	Location	Other
Alior Bank S.A.	PLN	16 000	-	07/11/2023	joint mortgage up to PLN 24,000 k	GD1G/00068140/0, GD1G/00083407/1, GD1G/00281583/6, GD1G/00284240/1, GD1G/00279506/6, GD1G/00300460/8	Gdańsk, 8 Opata Jacka Rybińskiego Street, Opacka Street	power of attorney to bank accounts, assignment under insurance policy for real property in Gdańsk, Opata Jacka Rybińskiego 8, Company's submission to enforcement under Article 777 of the Civil Procedure Code, blank promissory note
Total								

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Liabilities in relation to bonds issued as at 31/12/2023

Kind of liability	Currency	Issue value	Nominal value of the liability	Balance sheet value of the liability	Repayment deadline	Security			
						Mortgage	Mortgage object	Location	Other
Bearer bonds with coupons issued at the Warsaw Stock Exchange purpose of the issue – to finance current operations and repay the issue of series B bonds	PLN	35 000	35 000	35 385	07/10/2025	Mortgage up to PLN 52,500 k	GD2W/00040638/7	Jastarnia, 2A. Kościuszki Street (the Dom Zdrojowy hotel)	
Total liabilities in relation to bonds			**35 000**	**35 385**					

Liabilities in relation to bonds issued as at 31/12/2022

Kind of liability	Currency	Issue value	Nominal value of the liability	Balance sheet value of the liability	Repayment deadline	Security			
						Mortgage	Mortgage object	Location	Other
Bearer bonds with coupons issued at the Warsaw Stock Exchange purpose of the issue – to finance current operations and repay the issue of series B bonds	PLN	35 000	35 000	36 146	07/10/2025	Mortgage up to PLN 52,500 k	GD2W/00040638/7	Jastarnia, 2A Kościuszki Street (Dom Zdrojowy)	
Total liabilities in relation to bonds			**35 000**	**36 146**					

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

28. Liabilities relating to finance lease agreements and tenancy agreements with a purchase option

Nominal value of minimum lease payments	31/12/2023	31/12/2022
Within 1 year	273	271
Within from 1 to 3 years	96	264
Within from 3 to 5 years	-	-
Impact of IFRS 16	802	594
Total liabilities relating to finance lease – minimum total lease payments	**1 171**	**1 129**
Financial costs in relation to finance lease	50	44

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

As at the balance sheet date, the Company had the following liabilities relating to lease agreements:

Financing party	Object of the agreement	Agreement number	Initial value	Agreement end date	Liability as at the end of the period	The short-term part	The long-term part
Volkswagen Leasing GmbH	VW T-roc	5230446-1221-03877	108	09/06/2024	13	13	-
Volkswagen Financial Services	Skoda Octavia	5230446-1221-21344	96	30/10/2024	23	23	-
Mercedes-Benz Leasing Polska Sp. z o.o.	Mercedes Vito CDI Mixto	L374292	144	09/12/2024	42	42	-
Toyota Leasing Polska Sp. z o.o.	Toyota Corolla	LSTD/2022/2/T1F/0634	88	13/02/2025	31	28	3
Toyota Leasing Polska Sp. z o.o.	Toyota Corolla	LSTD/2022/2/T1F/0633	88	13/02/2025	31	28	3
Volkswagen Financial Services	VW T-roc	5230446-1221-28896	121	03/02/2025	43	38	5
Toyota Leasing Polska Sp. z o.o.	Toyota C HR	LSTS/2022/6/T12F/0753	106	15/07/2025	52	33	19
Toyota Leasing Polska Sp. z o.o.	Toyota Yaris	LSTS/2022/6/T12F/0754	59	15/07/2025	29	18	11
Volkswagen Financial Services	VW Crafter delivery van	5230446-0923-00007	163	22/06/2026	105	50	55
TOTAL before the adoption of IFRS 16					**369**	**273**	**96**
IFRS 16					802	252	550
TOTAL					**1 171**	**525**	**646**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Liabilities of INPRO SA in relation to lease agreements as at 31/12/2022:

Financing party	Object of the agreement	Agreement number	Initial value	Agreement end date	Liability as at the end of the period	The short-term part	The long-term part
Toyota Leasing Polska Sp. z o.o.	Toyota Rav 4	37972018	110	10/05/2023	10	10	-
Santander Leasing SA	Nissan Qashqai	NP1/04339/2020	90	24/05/2023	11	11	-
Toyota Leasing Polska Sp. z o.o.	Toyota Corolla	60372020	72	24/07/2023	14	14	-
Volkswagen Leasing GmbH	VW T-roc	5230446-1221-03877	108	09/06/2024	46	33	13
Volkswagen Financial Services	Skoda Octavia	5230446-1221-21344	96	30/10/2024	49	26	23
Mercedes-Benz Leasing Polska Sp. z o.o.	Mercedes Vito CDI Mixto	L374292	144	09/12/2024	84	42	42
Toyota Leasing Polska Sp. z o.o.	Toyota Corolla	LSTD/2022/2/T1F/0634	63	13/02/2025	57	26	31
Toyota Leasing Polska Sp. z o.o.	Toyota Corolla	LSTD/2022/2/T1F/0633	88	13/02/2025	57	26	31
Volkswagen Financial Services	VW T-roc	5230446-1221-28896	121	03/02/2025	80	37	43
Toyota Leasing Polska Sp. z o.o.	Toyota C HR	LSTS/2022/6/T12F/0753	106	15/07/2025	81	29	52
Toyota Leasing Polska Sp. z o.o.	Toyota Yaris	LSTS/2022/6/T12F/0754	59	15/07/2025	46	17	29
TOTAL before the adoption of IFRS 16					**535**	**271**	**264**
IFRS 16					594	253	341
TOTAL					**1 129**	**524**	**605**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

29. Trade and other liabilities

Long-term liabilities	**31/12/2023**	**31/12/2022**
In relation to related entities	**184**	**185**
Trade liabilities	184	185
In relation to other entities	**3 954**	**3 672**
Trade liabilities	3 954	3 672
Other liabilities	-	-
Total trade and other long-term liabilities	**4 138**	**3 857**

Short-term liabilities	**31/12/2023**	**31/12/2022**
In relation to related entities	**1 935**	**1 844**
Trade liabilities	1 823	1 844
Advances received	112	-
In relation to other entities	**73 953**	**43 733**
Trade liabilities	15 944	16 888
Payroll payable	221	229
State budget liabilities other than current income tax	820	755
Advances received	56 501	25 662
Other liabilities	467	199
Total trade and other short-term liabilities	**75 888**	**45 577**

Total trade and other liabilities	**80 026**	**49 434**

The conditions of transactions with related entities are presented in item 33 of additional information.
Trade liabilities are not interest-bearing and are usually settled within 30-day periods.
Other liabilities are not interest-bearing and their average payment term is usually 1 month.
The amount following from the difference between value added tax receivable and payable is paid to the competent tax authorities in the required periods.

30. Long-term contracts

The Company did not perform any long-term contracts in the reporting period and in the previous year.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

31. Contingent liabilities and receivables

31.1 Other contingent liabilities

Contingent liabilities	31/12/2023	31/12/2022
Liabilities in relation to bank guarantees granted mainly as security on the performance of trade agreements	761	5 103
Other contingent liabilities	36 214	36 214
Total contingent liabilities	**36 975**	**41 317**

Contingent liabilities as at 31/12/2023:

1. Unconditional agreement for granting by INPRO SA of subordinate loans to Hotel Mikołajki Sp. z o.o. to cover additional costs, if any, of the project in excess of those specified in the business plan submitted to PKO BP and to repay credit awarded by that Bank. Security for investment credit: agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011 in the amount of PLN 36,214 k, as amended (credit obtained by Hotel Mikołajki Sp. z o.o.).

2. Joint and severable civil law surety given by INPRO S.A. for the liabilities of Hotel Mikołajki Sp. z o.o. in relation to investment credit agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011, as amended, such a surety granted on the basis of Annexe No. 4 of 25/06/2015, in the total amount of PLN 28,517,303.81 as at 25/06/2015.

3. Bank payment guarantee for PLN 2,537,220.58 issued by mBank SA upon order from INPRO SA in favour of the State Treasury – the General Director of National Roads and Motorways, with the expiry date of 31/12/2027/. The guarantee will be reduced to PLN 761,166.17 upon receipt by the bank of the final acceptance report for the works and provide security for claims under guarantee and warranty for defects. The guarantee is issued to ensure the correct performance of the agreement to be signed by INPRO and the General Director for National Roads and Motorways (GDDKiA) in relation to the alteration of the road layout of Jana III Sobieskiego and Kombatantów streets in Rumia.

Contingent liabilities as at 31/12/2022:

1. Unconditional agreement for granting by INPRO SA of subordinate loans to Hotel Mikołajki Sp. z o.o. to cover additional costs, if any, of the project in excess of those specified in the business plan submitted to PKO BP and to repay credit awarded by that Bank. Security for investment credit: agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011 in the amount of PLN 36,214 k, as amended (credit obtained by Hotel Mikołajki Sp. z o.o.).

2. Joint and severable civil law surety given by INPRO S.A. for the liabilities of Hotel Mikołajki Sp. z o.o. in relation to investment credit agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011, as amended, such a surety granted on the basis of Annexe No. 4 of 25/06/2015, in the total amount of PLN 28,517,303.81 as at 25/06/2015.

3. Bank payment guarantee for PLN 2,566,140 issued upon instruction from INPRO SA by mBank SA in favour of the Gdańsk City Commune, with the expiry date of 31/12/2022. The guarantee was issued to secure funds for the purposes of the announcement by the Directorate for Gdańsk City Development of the public contract for the undertaking comprising stage III of the road project

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

(Nowa Opacka Street) and as security for the commune's claims in the event of INPRO SA's failure to pay invoices for construction works executed as part of the road project.

4. Bank payment guarantee for PLN 2,537,220.58 issued by mBank SA upon order from INPRO SA in favour of the State Treasury – the General Director of National Roads and Motorways, with the expiry date of 31/12/2027/. The guarantee will be reduced to PLN 761,166.17 upon receipt by the bank of the final acceptance report for the works and provide security for claims under guarantee and warranty for defects. The guarantee is issued to ensure the correct performance of the agreement to be signed by INPRO and the General Director for National Roads and Motorways (GDDKiA) in relation to the alteration of the road layout of Jana III Sobieskiego and Kombatantów streets in Rumia.

31.2 Contingent receivables

Contingent receivables	**31/12/2023**	**31/12/2022**
Guarantees received	19 972	14 185
Total contingent receivables	**19 972**	**14 185**

The main items among contingent liabilities as at 31/12/2023 are as follows:
- a guarantee from the Liquidity Guarantee Fund up to PLN 12,000 k with the expiry date of 04/03/2026, established as security for the repayment of the overdraft facility in the amount of PLN 15,000 k granted to INPRO SA by Alior Bank SA,
- a guarantee from the Liquidity Guarantee Fund up to PLN 3,520 k with the expiry date of 30/11/2025 and a guarantee from the Liquidity Guarantee Fund up to PLN 3,520 k with the expiry date of 31/01/2026, established as security for the repayment of two credits – each at PLN 17,600 k, both granted to Inpro SA by BOŚ Bank SA.

The guarantees are described in the credit table - note 27.

31.3 Investment liabilities

As at 31/12/2023 and 31/12/2022, the Company did not disclose investment liabilities.

31.4 Significant court cases

As at 31/12/2023, Company was not a party to significant court proceedings.

31.5 Tax settlements

Tax settlements and other areas of activity subject to the regulations (e.g. customs or foreign currency matters) may be inspected by administrative bodies authorised to impose high penalties and other sanctions. The lack of reference to established legal provisions in Poland causes ambiguities and inconsistencies in the binding legal provisions. Frequent differences in opinions about the legal interpretation of tax provisions both within state bodies and between them and enterprises cause the rise of uncertainty and conflict areas. Those phenomena cause the tax risk in Poland to be significantly higher than the risk usually existing in countries with a more developed tax system.
Tax settlements may be the subject to inspection for a five year period from the end of a year in which tax was paid. As a result of inspections, the Company's previous tax settlements may be increased by additional tax liabilities.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

32. Security on the Company's assets

Security established on the Company's assets as at 31 December 2023 and 31 December 2022

Security - the fair value*	31/12/2023	31/12/2022
- on property, plant and equipment	24 000	24 000
- on current assets	209 160	155 025
Total	**233 160**	**179 025**

* Note. In addition to security on the Company’s assets shown in the table above and described below, security was also established on the Company’s shares in subsidiaries, as described in note 19 in these financial statements.

31/12/2023

Security on non-current assets

Joint contractual mortgage up to PLN 24,000 k in favour of Alior Bank SA on the share of INPRO SA in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, Opata Jacka Rybińskiego Street, land and mortgage register No. GD1G/00068140/0, and on the right to non-residential unit No. 2 in Gdańsk, 8 Opata Jacka Rybińskiego Street, land and mortgage register No. GD1G/00083407/1 (legal security for the repayment of the overdraft facility in the amount of PLN 15,000 at Alior Bank SA until 05/12/2023, which will be transferred in 2024 as security for the overdraft facility on the credit account in the amount of PLN 16,000 k at Alior Bank SA)

Security on current assets

This concerns legal security established on current assets. The schedule of mortgages established on current assets as at 31/12/2023 in the total amount of PLN 209,160 k is included in note No. 27.

In addition, the following security was also established on the Company’s current assets:

- court registered and financial pledge on all accounts of INPRO SA at Alior Bank SA as security for the repayment of credit No. U0003653077839 of 26/06/2023 signed with Alior Bank SA and designated for the financing of the construction of apartments in Mikołajki;
- financial pledge on accounts at BOŚ Bank SA as security for the repayment of credit No. S/54/06/2023/1098/K/KON of 29/09/2023 designated for financing the construction of the Atut I project and agreement No. S/31/09/2023/1098/K/KON of 24/11/2023 (financing the construction of the Atut II project).

31/12/2022

Security on non-current assets

Joint contractual mortgage up to PLN 24,000 k in favour of Alior Bank SA on the share of INPRO SA in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, Opata Jacka Rybińskiego Street, land and mortgage register No. GD1G/00068140/0, on the right to non-residential unit No. 2 in Gdańsk, 8 Opata Jacka Rybińskiego Street, land and mortgage register GD1G/00083407/1 (a legal security for the repayment of an overdraft facility; details in current report No. 24/2016 of 22/09/2016 and current report No. 25/2019 of 14/10/2019).

Security on current assets

This concerns legal security established on current assets. The schedule of mortgages established on current assets as at 31/12/2022 in the total amount of PLN 155,025 k is included in note No. 27.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

33. Information on related entities

33.1 Transactions with related entities

The following table presents the total amounts of transactions effected with related entities for the financial years 2023 and 2022.

Revenues from the sale of products, services, goods for resale and materials to related entities	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**
Inbet Sp. z o.o.	191	167
Dom Zdrojowy Sp. z o.o.	41	41
Domesta Sp. z o.o.	-	-
Hotel Mikołajki Sp. z o.o.	47	41
PI Isa Sp z o.o.	75	91
SML Sp. z o.o.	42	40
Transactions with the Members of the Management Board and Supervisory Board	-	-
Total	**396**	**380**

Purchase from related entities	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**
Inbet Sp. z o.o.	8 645	13 346
Dom Zdrojowy Sp. z o.o.	-	-
Hotel Mikołajki Sp. z o.o.	-	107
PI Isa Sp z o.o.	4 281	5 441
SML Sp. z o.o.	366	340
Hotel Oliwski Sp z o.o.	2	-
Total	**13 294**	**19 234**

Sales by Inpro SA to related entities as per invoices	**01/01/2023 -31/12/2023**	**01/01/2022 -31/12/2022**
InBet Sp. z o.o.	191	167
Dom Zdrojowy Sp. z o.o.	41	41
Domesta Sp. z o.o.	-	-
Hotel Mikołajki Sp. z o.o.	53	62
PI Isa Sp. z o.o.	75	91
SML Sp. z o.o.	42	40
Transactions with the Members of the Management Board and Supervisory Board	-	33
Total	**402**	**434**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Loans granted by Inpro SA to related entities	31/12/2023	31/12/2022
Hotel Mikołajki Sp. z o.o.	1 269	1 184
Total loans granted to related entities	**1 269**	**1 184**

Dividend paid by Inpro SA to personally related entities	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Members of the Management Board of Inpro SA	4 868	4 868
Members of the Supervisory Board	353	353
Total dividend paid by Inpro SA to related entities	**5 221**	**5 221**

Dividend received by Inpro SA from related entities:	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Inbet Sp. z o.o.	2 811	2 008
Domesta Sp. z o.o.	3 575	2 682
Dom Zdrojowy Sp. z o.o.	1 500	3 769
SML Sp. z o.o.	-	101
PI ISA Sp. z o.o.	-	-
Total dividend received by Inpro SA from related entities	**7 886**	**8 560**

Reimbursement of additional contributions to the capital of related entities, as received by Inpro SA	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Dom Zdrojowy Sp. z o.o.	-	1 916
Total reimbursement of additional contributions received by Inpro SA	**-**	**1 916**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Receivables of Inpro SA from related entities

	31/12/2023	31/12/2022
Trade receivables – up to 12 months	**98**	**29**
Inbet Sp. z o.o.	15	14
Dom Zdrojowy Sp. z o.o.	4	4
Hotel Mikołajki Sp. z o.o.	10	4
PI Isa Sp. z o.o.	3	2
SML Sp. z o.o.	66	5
Trade receivables – over 12 months	-	-
Other receivables up to 12 months	**-**	**-**
Inbet Sp. z o.o.	-	-
Hotel Mikołajki Sp. z o.o.	-	-
Total receivables	**98**	**29**
Inbet Sp. z o.o.	15	14
Dom Zdrojowy Sp. z o.o.	4	4
Hotel Mikołajki Sp. z o.o.	10	4
PI Isa Sp. z o.o.	3	2
SML Sp. z o.o.	66	5

Liabilities of Inpro SA in relation to related entities

	31/12/2023	31/12/2022
Trade liabilities – up to 12 months	**1 823**	**1 844**
Inbet Sp. z o.o.	475	1 315
SML Sp. z o.o.	348	-
PI Isa Sp. z o.o.	1 000	529
Trade liabilities over 12 months	**184**	**185**
Inbet Sp. z o.o.	1	1
PI Isa Sp. z o.o.	179	184
SML Sp. z o.o.	4	-
Other liabilities up to 12 months	**213**	**99**
Inbet Sp. z o.o.– impact of IFRS 16	101	99
SML Sp. z o.o.	112	-
Other liabilities over 12 months	**330**	**-**
Inbet Sp. z o.o. – impact of IFRS 16	330	-
Total liabilities	**2 550**	**2 128**
Inbet Sp. z o.o.	907	1 415
SML Sp. z o.o.	464	-
PI Isa Sp. z o.o.	1 179	713

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

33.2 Conditions of transactions with related entities

Transactions with related entities are effected on terms and conditions equivalent to those binding in transactions with other entities.

33.3 Loan granted to a member of the Management Board

The Company did not give loans to the members of the Management Board.

34.3 Remuneration of the Company's senior executives

The remuneration of the senior executives	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Management Board	**3 616**	**3 036**
Short-term employee benefits	3 616	3 036
Benefits related to employment relationship termination	-	-
Supervisory Board	**303**	**312**
Short-term employee benefits	303	312
Other senior executives	**1 523**	**1 239**
Short-term employee benefits	1 523	1 239
Jubilee awards and retirement severance pay	-	-
TOTAL	**5 442**	**4 587**

33.5 Participation of the senior executives in the employee share programme

Not applicable.

34. Purposes and rules of financial risk management

The main financial instruments used by the Company include bank credit, loans, finance lease agreements, lease agreements with a purchase option, cash and short-term deposits. The main purpose of those financial instruments is to obtain funds for the Company's activity. The Company also has other financial instruments such as trade receivables and liabilities which arise directly in the course of its activity. The main kinds of risk arising from the Company's financial instruments comprise the interest rate, liquidity, currency and credit risks. The Management Board reviews and agrees the principles of managing each of those kinds of risk. Those principles are briefly discussed below.

34.1 Interest rate risk

The Company has credit liabilities for which interest is computed on the basis of a variable interest rate, in relation to which there is a risk of the increase of those rates against the time when the agreement was entered into. The Company also deposits free cash in variable rate deposits, which results in the reduction of profits when interest rates go down.
Information on assets and liabilities exposed to the interest rate risk is presented below.
As the Company in reporting period had both assets and liabilities bearing variable interest (a fact which partly balanced the risk), and interest rate fluctuation was insignificant in the past years, the

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Company did not use interest rate hedging. The Company does not rule out hedging in the future and keeps monitoring the exposure to the interest rate risk and the relevant current forecasts.

The table below shows the balance sheet value of the Company's financial instruments exposed to the interest rate risk broken down to various age categories.

01/01/2023-31/12/2023

Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets – fixed term deposits					
Lease receivables	561	890			1 451
Total	**561**	**890**			**1 451**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	18 081				18 081
Short-term financial assets – advances on escrow accounts	18 677				18 677
Loans granted		1 269			1 269
Bank credit	(37 140)	(6 908)			(44 048)
Debt securities issued	(2 805)	(32 580)			(35 385)
Liabilities relating to finance lease and lease agreements with a purchase option	(273)	(96)			(369)
Total	**(3 460)**	**(38 315)**			**(41 775)**

01/01/2022-31/12/2022

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets – fixed term deposits	15 040	-	-	-	15 040
Lease receivables	1 211	985	397	-	2 593
Total	**16 251**	**985**	**397**	**-**	**17 633**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	18 207	-	-	-	18 207
Short-term financial assets – advances on escrow accounts	5 895	-	-	-	5 895
Loans granted	-	-	-	1 184	1 184
Bank credit	(21 892)	(16 585)	-	-	(38 477)
Debt securities issued	(3 384)	(32 762)	-	-	(36 146)
Liabilities relating to finance lease and lease agreements with a purchase option	(271)	(264)	-	-	(535)
Total	**(1 445)**	**(49 611)**	**-**	**1 184**	**(49 872)**

The interest rate on variable interest rate financial instruments is updated in periods below one year. Interest on fixed interest financial instruments is fixed throughout the period to the maturity of those instruments. The Company's other financial instruments not covered in the tables above do not bear interest and are therefore not subject to the interest rate risk.

34.2 Foreign currency risk

The Company is not exposed to the currency conversion rate risk because of insignificant sales of products in a foreign currency and because of the coverage of the majority of the costs of production in the national currency. Moreover, all the Company's credit, loans and deposits are denominated in the national currency. The currency risk is insignificant.

No receivables in foreign currencies occurred as at 31/12/2023 and 31/12/2022.
The Company had no foreign currency liabilities as at 31/12/2023 and 31/12/2022.

34.3 Other price risk

The Company is not exposed to another significant price risk related to financial instruments, there is, however, a price risk related to the prices of both the Company's products and of the materials. The Company's products and raw materials are not commonly offered on commodity exchanges, a fact which prevents the implementation of hedging strategies. The increase of the prices of materials and services is made up for by the increase of the selling price of flats at the property development market.

34.4 Market risk sensitivity analysis

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

As at 31 December 2023 and 31 December 2022 the Company does not have receivables and liabilities expressed in a foreign currency.

The potentially possible changes concerning the market risk were assessed by the Company as follows:

1.0 % point change of the PLN interest rate (an increase or decrease of that rate).

The above figures were determined on the annual basis.

The sensitivity analysis conducted by the Company takes the impact of taxation into account.

The influence of potentially possible changes on the Company's profit or loss and capital is presented in the table below:

31/12/2023

Item in the financial statements	Value of the item	Interest rate risk			
		Impact on the result		Impact on the capital	
		+ 100 base points	- 100 base points	+ 100 base points	-100 base points
Bank deposits	18 677	187	(187)		
Debt securities issued	35 385	(354)	354		
Credit incurred	44 048	(440)	440		
Other financial liabilities (lease)	369	(4)	4		
Loans granted	1 269	13	(13)		
Total increase / (decrease) before tax		(598)	598		
Income tax		114	(114)		
Total increase / (decrease) after tax		**(484)**	**484**		

31/12/2022

Item in the financial statements	value of the item	Interest rate risk			
		impact on the result		impact on the capital	
		+ 100 base points	- 100 base points	+ 100 base points	-100 base points
Bank deposits	5 895	59	(59)		
Debt securities issued	36 146	(361)	361		
Credit incurred	38 477	(385)	385		
Other financial liabilities (lease)	535	(5)	5		
Loans granted	1 184	12	(12)		
Total increase / (decrease) before tax		(680)	680		
Income tax		129	(129)		
Total increase / (decrease) after tax		**(551)**	**551**		

1. Short-term bank deposits

31/12/2023
These comprise short-term deposits (with a variable interest rate) and interest-bearing deposits on escrow accounts, totalling PLN 18,677 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 18,677 k x 100 base points] = PLN 187 k.

31/12/2022
These comprise short-term deposits (with a variable interest rate) and interest-bearing deposits on escrow accounts, totalling PLN 5,895 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 5,895 k x 100 base points] = PLN 59 k.

2. Bonds

31/12/2023
Variable interest bonds expressed in PLN at 35,385 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN [PLN 35,385 k x 100 base points] = PLN 354 k.

31/12/2022
Variable interest bonds expressed in PLN at 36,146 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN [PLN 36,146 k x 100 base points] = PLN 361 k.

3. Credit

31/12/2023
Variable interest credit expressed in PLN in the amount of PLN 44,048 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 44,048 k x 100 base points] = PLN 440 k.

31/12/2022
Variable interest credit expressed in PLN in the amount of PLN 38,477 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 38,477 k x 100 base points] = PLN 385 k.

4. Other financial liabilities (lease)

31/12/2023
Variable interest lease liabilities expressed in PLN in the amount of PLN 369 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 369 k x 100 base points] = PLN 4 k.

31/12/2022
Variable interest lease liabilities expressed in PLN in the amount of PLN 535 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 535 k x 100 base points] = PLN 5 k.

5. Loans

31/12/2023
Variable interest loans expressed in PLN in the amount of PLN 1,269 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 1,269 k x 100 base points] = PLN 13 k.

31/12/2022
Variable interest loans expressed in PLN in the amount of PLN 1,184 k. Sensitivity to change by +/- 100 base points of market interest rates in PLN +/-[PLN 1,184 k x 100 base points] = PLN 12 k.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

34.5 Other price risk

The Company is not exposed to another significant price risk related to financial instruments, there is, however, a price risk related to the prices of both the Company's products and of the materials. The Company's products and raw materials are not commonly offered on commodity exchanges, a fact which prevents the implementation of hedging strategies.

34.6 Credit risk

The Company is exposed to credit risk understood as the risk of the creditors failing to meet their obligations and thus causing the Company to suffer losses. The maximum exposure to credit risk as at the balance sheet date is PLN 4,465 k (as at 31 December 2022: PLN 3,434 k) and was estimated as the balance sheet value of trade and other receivables (without short-term accruals, advances to inventories and state budget liabilities).

01/01/2023-31/12/2023			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	**4 465**	4 454	6	3	1		1

01/01/2022-31/12/2022			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	**3 434**	3 379	52	2			1

In the opinion of the Company's Management Board, no significant concentration of the credit risk occurs because the Company has many customers. The Company takes steps aiming the limitation of the credit risk, such steps consisting in: checking the customers' credit rating, fixing credit limits, monitoring the customers' situation, sometimes obtaining security (promissory notes, letters of credit, sureties and security on movable property and real estate). As at 31/12/2023, the Company's receivables were not secured.

In the opinion of the Company's Management Board, the credit risk is covered in the financial statements by way of creation of valuation allowances. No new valuation allowances were created in relation to credit losses as at the balance sheet date and 31/12/2022.

Credit risk related to bank deposits, derivative instruments and other investments is considered insignificant because the Company effected transactions with companies with an established financial position.

There is no significant concentration of the credit risk at the Company.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

34.7 Liquidity risk

The Company is exposed to liquidity loss risk understood as the risk of losing the capacity to pay liabilities within the specified time limits. The risk stems from the potential restriction of access to financial markets, which may result in the lack of an opportunity to obtain new finance or to refinance its debt. In the opinion of the Company's Management Board, owing to the safe amount of cash as at the balance sheet date (note 23), and cash deposits at recognised banks, available credit lines (note 27), new credit agreements signed after the balance sheet date (note 39) and the Company's good financial condition, the liquidity loss risk should be assessed as insignificant.

Cash at bank and in hand (the EuroRating):

Item in the financial statements	31/12/2023	31/12/2022
Cash at bank and in hand	18 081	33 270
Other short-term financial assets (funds at escrow accounts)	18 677	5 895
Total	**36 758**	**39 165**

Rating	31/12/2023	31/12/2022
A- rated bank	23	15 108
BBB rated bank	-	-
BBB- rated bank	28 524	13 820
BB+ rated bank	5 176	-
BB rated bank	2 270	7 992
BB- rated bank	-	71
B rated bank	-	1 131
Cash desk	9	23
Non-rated bank	756	1 020
Total	**36 758**	**39 165**

The analysis of financial liabilities in time intervals was presented below. The figures constitute non-discounted cash flows, which are the Company's maximum risk exposure.

Age structure of financial liabilities:

01/01/2023-31/12/2023		Liabilities maturing in the period			
Age structure of financial liabilities	**Total liabilities**	up to 30 days	from 31 to 90 days	from 91 to 365 days	over 365 days (see the note below)
Trade liabilities	21 905	12 429	4 647	691	4 138
Bonds issued	35 385			2 805	32 580
Loans and credit	44 048	9 293	5 320	22 527	6 908
Other financial liabilities (including IFRS 16)	1 171	45	91	389	646
Total	**102 509**	**21 767**	**10 058**	**26 412**	**44 272**

Liabilities matured over 365 days	1-3 years	3-5 years	>5 years	Total

Trade liabilities	2 400	1 738		4 138
Bonds issued	32 580			32 580
Loans and credit	6 908			6 908
Other financial liabilities	338	90	218	646
Total	**42 226**	**1 828**	**218**	**44 272**

01/01/2022-31/12/2022		**Liabilities maturing in the period**			
Age structure of financial liabilities	**Total liabilities**	up to 30 days	from 31 to 90 days	from 91 to 365 days	over 365 days (see the note below)
Trade liabilities	22 589	14 470	3 492	770	3 857
Bonds issued	36 146		1 732	1 652	32 762
Loans and credit	38 477	1 784	3 694	16 414	16 585
Other financial liabilities (including IFRS 16)	1 129	49	107	368	605
Total	**98 341**	**16 303**	**9 025**	**19 204**	**53 809**

Liabilities maturing over 365 days	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Trade liabilities	2 810	1 047	-	3 857
Bonds issued	32 762	-	-	32 762
Loans and credit	16 585	-	-	16 585
Other financial liabilities	605	-	-	605
Total	**52 762**	**1 047**	**-**	**53 809**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

35. Capital management

The Company manages its capital to retain the capacity to continue as a going concern with the implementation of the planned investments taken into account to be able to generate a return to the shareholders and yield benefits to the other stakeholders.
In accordance with the market practice, the Company monitors capital on the basis of, among other things, the net worth ratio and the credit, loan and other sources of finance to EBITDA ratio.
The ratio concerning the financing of assets with equity is calculated as the equity to total assets ratio. Compared to the previous year, the ratio increased by 2 percentage points, that is to the level of 70 %.
The debt to equity ratio calculated as the relationship of liabilities with the exception of provisions to equity increased to 0.41 (it was 0.33 as at 31/12/2022).
The net worth ratio is calculated as the net value of property, plant and equipment (equity less intangibles) to the balance sheet total.
The credit, loans and other sources of finance to EBITDA ratio is calculated as the ratio of credit, loans and other sources of finance to EBITDA. Credit, loans and other sources of finance means the total liability in relation to credit, loans and leases, and EBITDA is the profit from operating activities plus depreciation.
To maintain financial liquidity and credit capacity enabling borrowing at a reasonable cost level, the Company assumes that it will maintain the net worth ratio at the level not lower than 0.4, and of the credit, loans and other sources of finance to EBITDA ratio at the level of up to 10.

Equity to total assets ratio	**31/12/2023**	**31/12/2022**
Equity	394 287	380 367
Total assets	567 024	527 104
	0.70	**0.72**

Relationship between liabilities and equity	**31/12/2023**	**31/12/2022**
Total liabilities (without provisions)	161 353	126 226
Equity	394 287	380 367
	0.41	**0.33**

Net worth ratio	**31/12/2023**	**31/12/2022**
Total equity less intangibles	394 280	380 367
Balance sheet total	567 024	527 104
	0.70	**0.72**

Ratio: Credit, loans and other sources of finance/EBITDA	**31/12/2023**	**31/12/2022**
Profit from operating activities	22 328	44 666
Plus: depreciation	708	1 055
EBITDA	**23 036**	**45 721**
Credit, loans and other sources of finance	**80 604**	**75 752**
	3.50	**1.66**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

36. Financial instruments

The fair value of the financial instruments held by the Company as at 31 December 2023 and 31 December 2022 did not differ considerably from the figures presented in the financial statements for the particular periods for the following reasons:
• any discounting effect in relation to short-term instruments is not significant;
• those instruments concern the transactions effected on market conditions.

Financial assets	Classification in accordance with IFRS 9	31/12/2023	31/12/2022
Trade receivables	Assets measured at the amortised cost	4 465	3 434
Long-term loans granted	as above	1 269	1 184
Other short-term financial assets	as above	18 677	5 895
Cash and cash equivalents	as above	18 081	33 270
Other long-term financial receivables (lease)	as above	890	1 382
Other short-term financial receivables (lease)	as above	561	1 211
		43 943	**46 376**

Financial liabilities	Classification in accordance with IFRS 9	31/12/2023	31/12/2022
Long-term loans and bank credit	Financial liabilities valued as at the amortised cost	6 908	16 585
Short-term loans and bank credit	as above	37 140	21 892
Trade liabilities	as above	21 905	22 589
Debt instrument liabilities	as above	35 385	36 146
Other long-term financial liabilities (lease)	as above	646	605
Other short-term financial liabilities (lease)	as above	525	524
		102 509	**98 341**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Revenue, cost, profit and loss items included in the statement of total income divided into financial instrument categories

01/01/2023-31/12/2023	Financial assets measured at the amortised cost	Financial liabilities valued as at the amortised cost	Total
Interest revenues/costs	750	(725)	25
Changes in liabilities in relation to the issue of debt securities, due to the time for meeting the liability becoming closer	-	(2 718)	(2 718)
Total	**750**	**(3 443)**	**(2 693)**

01/01/2022-31/12/2022 (SHOULD BE)	Financial assets measured at the amortised cost	Financial liabilities valued as at the amortised cost	Total
Interest revenues/costs	582	(391)	191
Changes in liabilities in relation to the issue of debt securities, due to the time for meeting the liability becoming closer	-	(3 844)	(3 844)
Total	**582**	**(4 235)**	**(3 653)**

01/01/2022-31/12/2022 (WAS)	Financial assets measured at the amortised cost	Financial liabilities valued as at the amortised cost	Total
Interest revenues/costs	196	(390)	(194)
Changes in liabilities in relation to the issue of debt securities, due to the time for meeting the liability becoming closer	-	(3 844)	(3 844)
Total	**196**	**(4 234)**	**(4 038)**

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

37. Employment structure

The average employment level at the Company in the period from January to December 2023 and in the comparative period was as follows:

	01/01/2023 -31/12/2023	01/01/2022 -31/12/2022
Management Board	4*	4*
Administration	32	34
Sales Department	11	9
Production Division	66	83
Other	3	5
Total	**116**	**135**

*Including two persons hired on the basis of an employment agreement, one person on the basis of appointment, and one under the management contract

38. Remuneration of the statutory auditor or entity authorised to audit financial statements

1. For 2023:
a) audit of the separate and consolidated annual financial statements of Inpro SA – PLN 50 k,
b) audit of the separate statements of other companies within the Group – PLN 66 k,
c) review of the interim separate and consolidated financial statements of Inpro SA – PLN 34 k,
d) audit of compliance of the annual consolidated statements with ESEF requirements – PLN 9 k,
e) evaluation of the annual report on the remuneration of the Management Board and Supervisory board – PLN 8.5 k.

1. For 2022:
a) audit of the separate and consolidated annual financial statements of Inpro SA – PLN 38.9 k,
b) audit of the separate statements of other companies within the Group PLN – 51.9 k,
c) review of the interim separate and consolidated financial statements of Inpro SA – PLN 27.9 k,
d) audit of compliance of the annual consolidated statements with ESEF requirements – PLN 8.8 k,
e) evaluation of the annual report on the remuneration of the Management Board and Supervisory board – PLN 8.4 k.

39. Significant events affecting the Company's activity in the reporting period

The events significantly affecting the activity of INPRO SA, its financial results as well as development prospects are described in detail in items 10 and 25 of the report of the Management Board of activity in 2023.

Key factors influencing financial performance in 2023:

- The Group sold the total of 863 flats and houses net (in the meaning of concluded preliminary sale agreements net i.e. with the resignations taken into consideration under reservation agreements, preliminary sale agreements concerning completed projects, agreements with entities other than customers who are natural persons, and agreements concerning commercial units, including INPRO SA with 540 units. That result is considerably better than in the previous year (2022: the Group: 420 units – an increase by 105 %, INPRO SA: 239 units – an increase by 126 %). The gross value of flats sold by the Group in the period under review was approximately PLN 479 m, which was higher by 96 % than the value achieved in 2022.

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

- in relation to the specific nature of the property development cycle, the revenues from operations are posted after approximately 2-3 years from the start of a property development project, following receipt of the occupancy permit and delivery of the units to the buyers. During the entire 2023, INPRO SA placed the following projects in service: one multi-family building at the Optima VI estate (32 units), two buildings at the Koncept II estate (88 units). In turn, DOMESTA Sp. z o.o. completed the works at the Leszczynowy Park estate, building 2 (50 units), #Na Swoim, building 1 (72 units), and Urzeka, buildings 1 and 2 (105 units), as well as office building A of the Matarnia Office Park. In total, the construction of 347 units and single-family houses was completed, including INPRO with 120 units (in 2022, the construction of 932 units was completed, including 658 units by INPRO). The number of flats delivered to the buyers in the reporting period is lower than in the previous year as 577 units/houses were delivered (a 19 % decrease against 2022). In relation to that, the revenues generated in 2023 are lower than those in 2022 (a drop by 14 %).
- An important factor most strongly affecting the demand on the property development market in the first months of the previous year was a high level of interest rates and the stringent recommendations of the Polish Financial Supervision Authority reducing the mortgage credit capacity of prospective buyers. In the second half of 2023, interest rates dropped down, and demand for flats from customers buying them for cash was strongly supported by demand from customers buying flats on credit, particularly those who wanted to take advantage of the “Safe 2 % Credit” programme which became effective in July 2023. In the experts’ opinion, the growth of the market demand in 2023 was stimulated by, first of all, the concern about price rises and the shrinking offer, and by the willingness to use preferential financing conditions available in the central government's programme.
- The demand for residential units in 2023 increased considerably compared to the previous year, but the difficult situation of developers in 2022, particularly the fact that some projects were put on hold due to low demand, affected the construction companies’ sector. A significant proportion of construction companies faced liquidity problems in 2023 and the outflow of workers from Ukraine made the situation even worse. As a result, INPRO SA experienced several week delays in the implementation of some projects, which resulted in putting off the deadlines for the procurement of the occupancy permit to 2024 on projects such as the RYTM estate and apartments in Mikołajki. Those delays do not threaten the Company’s and Group’s financial situation in any way, but the revenue generated by the INPRO SA Corporate Group on those projects will be booked as late as in 2024.
- The growth of the prices of materials and labour slowed down, which made it easier to create cost estimates and budgets of property development projects.

40. Events after the balance sheet date

a) The Company entered into the following new credit agreements after the balance sheet date:

Bank	**Amount in PLN '000**	**Details: Current report No./object of financing**
mBank SA	37 200	Current Report No. 3/2024 of 09/02/2024 / financing the construction of the Optima VII project
mBank SA	24 900	Current Report No. 4/2024 of 15/03/2024 / financing the construction of the KONCEPT III project
Powiślański Bank Spółdzielczy in Kwidzyn	3 000	- / financing the purchase of land in Gdańsk, Świętokrzyska Street
TOTAL	**65 100**	

b) After the balance sheet date, the Company repaid the following credit agreements:

Unless indicated otherwise, all amounts are stated in thousands of Polish zlotys

Bank	Date of signing the agreement	Amount in PLN '000	Credit purpose
mBank SA	22/04/2022	35 940	Financing the costs of construction, RYTM
SGB-Bank SA	09/05/2022	8 000	Refinancing the costs of land purchase in Rotmanka
TOTAL		**43 940**	

c) After the balance sheet date, the Company entered into new lease agreements of the total value of PLN 526 k with third parties.

d) On 10/04/2024 INPRO SA signed with SML Sp. z o.o. with its registered office in Gdańsk the annexes to both preliminary lease agreements for two commercial units in a building constructed at the RYTM estate. Based on the annexes, the value of the objects of lease was lifted to the total of PLN 1,315 k new, and the lease was extended to 7 years. The new deadline for signing the promised lease agreements is the end of July 2024.

Gdańsk, 25 April 2024