STALEXPORT Autostrady

SEPARATE FINANCIAL STATEMENTS

as at the day and for the year ended
31 December 2023

Mysłowice, 12 March 2024

CONTENTS

Separate statement of comprehensive income
for the year ended 31 December

In thousands of PLN, unless stated otherwise	*Note*	***2023***	***2022***
Revenue	5,7	4 660	4 023
Cost of sales	8	(5 764)	(5 327)
Other income	9	17	134
Administrative expenses	8	(6 512)	(5 397)
Other expenses	9	(2)	(1)
Impairment losses on trade and other receivables		(9)	(24)
Operating loss		**(7 610)**	**(6 592)**
Finance income		120 694	56 060
Finance expenses		(177)	(117)
Net finance income	10	**120 517**	**55 943**
Profit before income tax		**112 907**	**49 351**
Income tax expense	11.1	(1 175)	(374)
Profit for the period		**111 732**	**48 977**
Other comprehensive income			
Items that will never be reclassified to profit or loss for the period			
Change in fair value of equity instruments	15	150	(37)
Remeasurement of employee benefits	23	(137)	14
Income tax on other comprehensive income	11.3	(1)	4
Other comprehensive income for the period, net of income tax		**12**	**(19)**
Total comprehensive income for the period		**111 744**	**48 958**
Earnings per share	21		
Basic earnings per share (PLN)		0,45	0,20
Diluted earnings per share (PLN)		0,45	0,20

The separate statement of comprehensive income should be analyzed together with notes, which constitute integral part of the separate financial statements

Separate statement of financial position
as at

In thousands of PLN	*Note*	***31 December 2023***	***31 December 2022***
ASSETS			
Non-current assets			
Property, plant and equipment	12	239	309
Intangible assets		42	27
Investment property	13	6 340	6 617
Investments in subsidiaries and associates	14	67 060	67 060
Other non-current investments	15	107	95
Finance lease receivables	17	6 303	4 708
Deferred tax assets	16	1 513	2 635
Total non-current assets		**81 604**	**81 451**
Current assets			
Current investments	15	1 223	1 085
Finance lease receivables	17	3 645	2 014
Trade and other receivables	18	763	619
Cash and cash equivalents	19	287 459	226 806
Total current assets		**293 090**	**230 524**
Total assets		**374 694**	**311 975**
EQUITY AND LIABILITIES			
Equity			
Share capital	20.1	185 447	185 447
Share premium reserve		7 431	7 431
Fair value reserve	20.2	(58)	(182)
Other reserve and supplementary capitals		61 838	62 302
Retained earnings		111 620	48 988
Total equity		**366 278**	**303 986**
Liabilities			
Non-current liabilities			
Lease liabilities	22	4 778	4 787
Employee benefits	23	1 683	505
Total non-current liabilities		**6 461**	**5 292**
Current liabilities			
Lease liabilities	22	185	177
Income tax liabilities		4	4
Trade and other payables	24	1 631	1 203
Employee benefits	23	135	1 313
Total current liabilities		**1 955**	**2 697**
Total liabilities		**8 416**	**7 989**
Total equity and liabilities		**374 694**	**311 975**

The separate statement of financial position should be analyzed together with notes, which constitute integral part of the separate financial statements

Separate statement of cash flows
for the year ended 31 December

In thousands of PLN	*Note*	*2023*	*2022*
Cash flows from operating activities			
Profit before income tax		**112 907**	**49 351**
Adjustments for			
Depreciation and amortisation	8	403	687
Net gain on disposal of property, plant and equipment and intangible assets	9	-	(74)
Interest and dividends		(119 586)	(55 101)
Change in receivables		(3 370)	1 910
Change in trade and other payables		291	(1 765)
Cash used in operating activities		**(9 355)**	**(4 992)**
Income tax paid		(54)	(32)
Net cash used in operating activities		**(9 409)**	**(5 024)**
Cash flows from investing activities			
Investment proceeds		**119 762**	**55 301**
Sale of intangible assets and property, plant and equipment		-	74
Dividends received	10	108 138	48 314
Interest received		11 624	6 913
Investment expenditures		**(71)**	**(100)**
Acquisition of intangible assets and property, plant and equipment		(71)	(100)
Net cash from investing activities		**119 691**	**55 201**
Cash flows from financing activities			
Financial expenditures		**(49 630)**	**(59 470)**
Dividends paid	20.3	(49 452)	(59 343)
Payment of lease liabilities	22	(178)	(127)
Net cash used in financing activities		**(49 630)**	**(59 470)**
Total net cash flows		**60 652**	**(9 293)**
Change in cash and cash equivalents	19	**60 652**	**(9 293)**
Cash and cash equivalents at the beginning of the period		**226 806**	**236 099**
Cash and cash equivalents at the end of the period, including:		**287 458**	**226 806**
Restricted balances		-	*5*

The separate statement of cash flows should be analyzed together with notes, which constitute integral part of the separate financial statements

Separate statement of changes in equity

In thousands of PLN

	Note	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2023		**185 447**	**7 431**	**(182)**	**62 302**	**48 988**	**303 986**
Profit for the period		-	-	-	-	**111 732**	**111 732**
Other comprehensive income		**-**	**-**	***124***	**-**	***(112)***	***12***
Change in fair value of equity instruments	15	-	-	150	-	-	**150**
Remeasurement of employee benefits	23.1	-	-	-	-	(137)	**(137)**
Income tax on other comprehensive income	11.3	-	-	(26)	-	25	**(1)**
Total comprehensive income for the period		**-**	**-**	***124***	**-**	***111 620***	***111 744***
Dividends paid	20.3	-	-	-	(464)	(48 988)	**(49 452)**
As at 31 December 2023		**185 447**	**7 431**	**(58)**	**61 838**	**111 620**	**366 278**

In thousands of PLN

	Note	Share capital	Share premium reserve	Fair value reserve	Other reserve and supplementary capitals	Retained earnings	Total equity
As at 1 January 2022		**185 447**	**7 431**	**(151)**	**62 695**	**58 949**	**314 371**
Profit for the period		**-**	**-**	**-**	**-**	***48 977***	***48 977***
Other comprehensive income		**-**	**-**	***(31)***	**-**	***12***	***(19)***
Change in fair value of equity instruments	15	-	-	(37)	-	-	**(37)**
Remeasurement of employee benefits	23.1	-	-	-	-	14	**14**
Income tax on other comprehensive income	11.3	-	-	6	-	(2)	**4**
Total comprehensive income for the period		**-**	**-**	***(31)***	**-**	***48 989***	***48 958***
Dividends paid	20.3	-	-	-	(393)	(58 950)	**(59 343)**
As at 31 December 2022		**185 447**	**7 431**	**(182)**	**62 302**	**48 988**	**303 986**

1. Company overview

Stalexport Autostrady S.A. ("the Company") with its seat in Mysłowice, Piaskowa 20 Street, is a public listed company registered in the National Court Register under registration number KRS 16854.

As at 31 December 2023 the Company's business activity includes management and business advisory (holding activity), rental of investment properties and also finance lease services.

The Company is a parent entity of Stalexport Autostrady S.A. Capital Group and prepares consolidated financial statements.

The Company also constitutes a part of the Capital Group Mundys S.p.A. and is included within the consolidated financial statements drawn up by the higher-level parent entity Mundys S.p.A. (formerly Atlantia S.p.A.) with its seat in Italy. The ultimate parent company is Edizione S.p.A. with its seat in Italy.

2. Basis of preparation of the separate financial statements

2.1. Statement of compliance

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS EU") and other regulations in force.

The separate financial statements were approved by the Management Board of the Company on 12 March 2024.

The Company prepared also the consolidated financial statements drawn up in accordance with IFRS EU, which were approved by the Management Board of the Company on 12 March 2024.

IFRS EU contain all International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS") as well as related Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") except for Standards and Interpretations which are awaiting approval of the European Union as well as those Standards and Interpretations which have been approved by the European Union but are not yet effective.

2.2. Basis of measurement

The separate financial statements have been prepared on the historical cost basis, except for equity instruments measured at fair value through other comprehensive income.

2.3. Functional and presentation currency

The separate financial statements are presented in Polish zloty, being the functional currency and presentation currency of the Company, rounded to full thousands.

2.4. New standards and interpretations not adopted

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2023, have not been applied in preparation of these separate financial statements. Neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the separate financial statements of the Company for the period for which they will become effective.

2.5. Use of estimates and judgements

The preparation of the separate financial statements in conformity with IFRS EU requires that the Management Board makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, equity and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments and estimates made by the Management Board while applying IFRS EU, which had significant impact on the separate financial statements, have been discussed in notes 4.2, 4.3, 13, 14, 15, 16, 22, 23, and 26.1 (expected credit losses).

Uncertainty over tax treatments

Regulations regarding VAT, corporate income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax settlements and other areas of business activity may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

The Company recognises and measures receivables/liabilities due to current income tax, as well as deferred tax assets/liabilities applying the requirements of IAS 12 *Income Taxes*, based on taxable profit (tax loss), tax bases, unused tax losses, and relevant tax rates, taking into the account the uncertainty related to tax settlements in accordance with interpretation IFRIC 23 *Uncertainty over income tax treatments*.

3. Going concern

The separate financial statements have been prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future. Taking into account the overall economic and legal situation of the Company, including the known economic and social impact of the conflict in Ukraine, as at the date of approval of these separate financial statements, there is no evidence indicating that the Company will not be able to operate as a going concern. The Management Board of the Company is not aware of any material uncertainties related to events or circumstances that may cast significant doubt upon the Company's ability to continue as a going concern.

4. Description of material accounting principles

Introduction of amendments to existing standards and interpretations, effective for reporting periods beginning on 1 January 2023 or later, had no significant impact on Company's accounting policies, and as the result, on these separate financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

Effective 1 January 2023, the Company adopted amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Making Materiality Judgements*, which did not result in changes to accounting policies themselves, however their introduction impacted the accounting policy information disclosed below.

The amendments require entities to disclose "material" rather than, as previously, "significant" accounting policies. They also provide guidance on application of materiality to disclosure of accounting policies, assisting entities in providing useful, entity-specific accounting policy information that users need to understand other information contained therein.

In order to ensure consistency with the revised standard, the Company has reviewed its accounting policies, updating the disclosures in some instances.

4.1. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 4.6).

The cost includes the purchase price of the assets and costs directly related to the purchase and completion of the asset, so that it can be available for use, including the transport, loading, unloading and storing costs. Rebates, discounts and other similar reductions decrease the cost. The construction cost of property, plant and equipment or assets under construction includes total cost incurred by the entity in the period of their construction, assembly, adjustment and modernization till the date of their transfer to use (or up to the end of the reporting period, if the asset was not transferred to use before this date). If required, the construction cost also includes preliminary estimates of the cost of dismantling and removing the components of tangible fixed assets and the restoration cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) shall be capitalised as part of the cost of that asset. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are costs which could have been avoided, if the capital expenditure on qualified asset had not been incurred. The capitalisation of borrowing costs as part of the cost of a qualifying asset shall commence when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

Subsequent expenditures

The Company recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost can be measured reliably. The expenditures related to maintenance of property part and equipment are recognized as incurred.

Depreciation

Items of property, plant and equipment, relatively their significant and separate components, are depreciated on a straight – line basis over their estimated useful lives, considering residual values. Land is not depreciated.

The Company adopted following useful lives for particular categories of property plant and equipment:

▪ buildings	25-40 years
▪ plant and equipment	1-15 years
▪ vehicles	5 years
▪ other	1-5 years

The adequacy of useful lives, depreciation methods and residual values (if significant) is reassessed annually.

4.2. Investment property

Investment property is property (land or a building—or part of a building—or both) held (by the Company as an owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both.

An owned investment property is measured initially at its cost. Subsequently such investment properties are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of investment property (residual values are taken into account).

Considering that the part of the office building owned by the Company and building's component parts are only marginally used in administrative activities, all these assets are treated entirely as investment property. The Company assumed 40-year period of economic useful life for the aforementioned office building.

Investment property held by the Company as right-of-use assets is recognised and measured according to policies described in note 4.3, i.e. at cost less any accumulated depreciation and impairment losses, taking into account adjustments resulting from remeasurement of lease liabilities, with which these assets were initially recognised.

4.3. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, the customer has both of the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset, and
- the right to direct the use of the identified asset.

If the customer has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The lease commencement date is the date on which a lessor makes an underlying asset available for use by a lessee, i.e. an asset that is the subject of a lease, for which the right to use that asset has been provided by a lessor to a lessee.

Company as a lessor

The Company recognises assets held under a finance lease in its separate statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred by the Company, and thus the lease payments receivable are treated by the Company as repayment of principal and finance income to reimburse and reward the lessor for its investment and services.

Other leases which are not classified as finance lease contracts are treated as operating lease.

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

Company as a lessee

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability.

At the lease commencement date, the Company measures the right-of-use asset at cost comprising the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company and also an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequently right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, taking into account adjustments resulting from a potential revaluation of lease liabilities. The right-of-use assets are depreciated using the straight-line method from the lease commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease, or if that rate can't be readily determined, using the Company's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The Company subsequently measures the lease liabilities by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset, or, if the carrying amount of the right-of-use asset has been reduced to zero, in profit or loss for the period.

After the lease commencement date, the Company recognises in profit or loss for the period, unless the costs are included in the carrying amount of another asset, both:

- interest on the lease liability; and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

If a right-of-use asset meets the definition of investment property, it is presented within the separate statement of financial position as investment property, in other cases, the Company includes assets in question within the same line item as that within which the corresponding underlying assets would be presented if they were owned by the Company. Lease liabilities are presented separately from other liabilities, broken down into current and non-current liabilities.

In case of short-term leases and leases for which the underlying asset is of low value, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Perpetual usufruct of land

In the Company's opinion, the perpetual usufruct of the land meets the prerequisites for the identification of the lease.

4.4. Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost less impairment losses (see note 4.6).

4.5. Non-derivative financial instruments

4.5.1. Recognition and initial measurement

The Company recognises a financial asset or a financial liability in the separate statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument

Except for trade receivables without a significant financing component, at initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Trade receivables without a significant financing component are initially measured at the transaction price.

4.5.2. Classification and subsequent measurement

Financial assets

At initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (debt investments and investments in equity instruments) or fair value through profit or loss on the basis of both:

a) the Company’s business model for managing the financial assets, and
b) the contractual cash flow characteristics of the financial asset.

Financial assets are measured at amortised cost if both of the following conditions are met and these assets are not designated as at fair value through profit or loss:

(i) the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
(ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

All foreign exchange gains and losses on monetary assets are recognised in profit or loss.

Debt investments are measured at fair value through other comprehensive income if both of the following conditions are met and these assets are not designated as at fair value through profit or loss:

(i) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(ii) their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest calculated using the effective interest method, impairment gains or losses and foreign exchange gains and losses are recognised in profit or loss.

In line with an option foreseen in IFRS 9 *Financial Instruments*, the Company measures investments in equity instruments, that are not held for trading, at fair value (however in limited circumstances cost may be an appropriate estimate of fair value), which subsequent changes are recognised in other comprehensive income (without possibility of subsequent transfer to profit or loss). Dividends on such investments are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets not classified as measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a financial asset that is measured at fair value through profit or loss, including interest expense and dividends, is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial liability is derecognised and through the amortisation process. A gain or loss on a financial liability that is measured at fair value through profit or loss, including any interest expense, is recognised in profit or loss. All foreign exchange gains and losses on monetary liabilities are recognised in profit or loss.

4.5.3. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The difference between the carrying amount measured at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Company removes a financial liability (or a part of a financial liability) when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

4.6. Impairment

4.6.1. Financial assets

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the Company expects to be paid in full but later than when contractually due.

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;
- lease receivables;
- debt investments measured at fair value through other comprehensive income;
- contract assets (IFRS 15 *Revenue from Contracts with Customers*).

The Company recognises loss allowances for expected credit losses at the amount equal to:

- lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or
- 12-month expected credit losses if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables the Company measures loss allowances at an amount equal to lifetime expected credit losses.

When determining whether the credit risk has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

When determining whether the credit risk on a financial instrument has increased significantly, the Company considers the change in the risk of a default occurring since initial recognition. The Company considers a financial asset to be in default when: i) the borrower is unlikely to pay its credit obligations to the Company in full, without the Company realising security (if any is held), or ii) the financial asset is more than 90 days past due.

The maximum period over which expected credit losses shall be measured is the maximum contractual period (including extension option) over which the entity is exposed to credit risk.

For financial assets, a credit loss is the present value of the difference (cash shortfall) between:

- the contractual cash flows that are due to the Company under the contract; and
- the cash flows that the Company expects to receive.

Expected credit losses are discounted to the reporting date, not to the expected default or some other date, using the effective interest rate determined at initial recognition or an approximation thereof.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Company. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e. the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it). Consequently, any cash flows that are expected from the realisation of the collateral beyond the contractual maturity of the contract should be included in this analysis.

As at the end of the current reporting period for trade receivables the Company determined the amount of expected credit losses using a provision (allowance) matrix, defined on the basis of historical credit loss experience in the period of 10 previous years.

The Company recognises in profit or loss, as an impairment gain or loss under separate item of separate statement of comprehensive income, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with accounting policy applied.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as an event of default or failure to make payment within 90 days;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the Company measures the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

4.6.2. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In case of assets, which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

4.7. Equity

Fair value reserve

All gains and losses from valuation of investments in equity instruments measured at fair value through other comprehensive income are attributed to this equity item.

4.8. Employee benefits

4.8.1. Retirement and disability benefits

The Company in accordance with its remuneration rules is obliged to payment of retirement and disability benefits.

The Company's obligation resulting from retirement/disability benefits is measured by estimation of future salary of a given employee for the period in which an employee will receive the benefit and by estimation of future retirement/disability benefit. Retirement/disability benefits are discounted using market Treasury bond return rate at the end of reporting period. The retirement/disability benefits obligation is recognized proportionally to the projected length of service of a given employee. Recognising the liability due to retirement/disability benefits, the Company discloses total actuarial gains or losses in other comprehensive income, for the period in which they arisen.

4.8.2. Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised in the amount expected to be paid under short-term employee benefits, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.9. Revenue

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

4.10. Finance income and expenses

Finance income comprises interest income on funds invested by the Company and due to finance lease agreements and also dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established.

Finance expenses comprise interest expense on borrowings recognised using the effective interest method.

4.11. Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payables or receivables due to tax on taxable income of the year, calculated using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences in relation to investments in subsidiaries, which utilization in foreseeable future is considered doubtful. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. These reductions are reversed when it is probable that sufficient taxable profits will be available.

4.12. Earnings per share (EPS)

In preparation of the separate financial statements basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares for the reporting date.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

5. Segment reporting

5.1. Business and geographical segments

The Company's business activity includes management and business advisory and also rental of office space and its revenues derive exclusively from Poland, where all Company's non-current assets are located (excluding financial instruments).

5.2. Major customer

Revenues from one customer of management, advisory and rental services segment exceeded 10% of revenue and amounted to TPLN 799 for 2023 (for 2022 TPLN 661).

6. Non-current assets held for sale

As at 31 December 2023 and 31 December 2022 the Company had no assets classified as non-current assets held for sale.

7. Revenue

	2023	*2022*
Revenue from contracts with customers		
IT services	264	257
	264	**257**
Other revenue		
Revenue from rental of investment property	4 394	3 762
Revenue due to other services rendered	2	4
	4 396	**3 766**
Total	**4 660**	**4 023**

8. Expenses by nature

	2023			*2022*		
	Cost of sales	*Administrative expenses*	*Total expenses by nature*	*Cost of sales*	*Administrative expenses*	*Total expenses by nature*
Depreciation and amortisation	(275)	(128)	**(403)**	(557)	(130)	**(687)**
Energy and materials consumption	(2 162)	(72)	**(2 234)**	(1 815)	(69)	**(1 884)**
External services, including:	(2 984)	(1 526)	**(4 510)**	(2 640)	(1 023)	**(3 663)**
- property management services	(1 320)	-	**(1 320)**	(1 182)	-	**(1 182)**
- advisory services	(29)	(909)	**(938)**	(26)	(534)	**(560)**
Taxes and charges	(312)	(161)	**(473)**	(281)	(165)	**(446)**
Employee benefit expenses	-	(4 514)	**(4 514)**	-	(3 931)	**(3 931)**
Other costs	(31)	(111)	**(142)**	(34)	(79)	**(113)**
Total expenses by nature	**(5 764)**	**(6 512)**	**(12 276)**	**(5 327)**	**(5 397)**	**(10 724)**
Cost of sales and administrative expenses			**(12 276)**			**(10 724)**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

8.1. Employee benefit expenses

	2023	2022
Wages and salaries	(2 840)	(2 316)
Social security contributions and other benefits	(392)	(347)
Movement in employee benefits liabilities included in profit and loss:	(1 282)	(1 268)
Post-employment benefits	(12)	(10)
Jubilee bonuses liabilities	31	(3)
Other employee benefits	(1 301)	(1 255)
Total	**(4 514)**	**(3 931)**

9. Other income and expenses

	2023	2022
Compensations, grants, contractual penalties and costs of court proceedings received	4	50
Interest from receivables	13	9
Net gain on disposal of property, plant and equipment and intangible assets	-	74
Other	-	1
Other income	**17**	**134**
Penalties, compensations, payments	(2)	-
Interest on payables	-	(1)
Other expenses	**(2)**	**(1)**

10. Net finance income

	2023	2022
Recognised in profit or loss for the period		
Dividend income:	108 138	48 304
- investments in subsidiaries	107 997	48 254
- investments in associates	95	-
- equity instruments - financial instruments measured at fair vale through other comprehensive income (held at the reporting date)	46	50
Interest income on financial instruments measured at amortised cost, including:	11 948	7 315
- cash and cash equivalents	11 948	7 315
Interest income on lease receivables	608	441
- from related entities	591	419
Finance income	**120 694**	**56 060**
Interest expense on liabilities measured at amortised cost, including:	(177)	(115)
- lease interest expense	(177)	(115)
Net foreign exchange loss	-	(2)
Finance expenses	**(177)**	**(117)**
Net finance income recognised in profit or loss for the period	**120 517**	**55 943**
Recognised in other comprehensive income		
Change in fair value of equity instruments	150	(37)
Finance income/(expenses) recognised in other comprehensive income	**150**	**(37)**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

11. Income tax

11.1. Income tax recognised in profit or loss for the period

	2023	*2022*
Current income tax expense	**(54)**	**(36)**
Current income tax on profits for the year	(54)	(36)
Deferred tax	**(1 121)**	**(338)**
Recognition and reversal of temporary differences	(1 121)	(338)
Income tax impacting profit or loss for the period	**(1 175)**	**(374)**

The income tax rate which embraced the Company's activity amounted to 19% in 2022-2023. It is assumed that the income tax rate shouldn't change in upcoming years.

In 2023 the Company generated a tax profit amounting to TPLN 6,242 (2022: tax profit of TPLN 15), which was fully offset against tax loss carry-forwards (see note 16.3). The current income tax recognised in the separate statement of comprehensive income comprises tax on income from buildings and withholding tax related to dividends received by the Company.

11.2. Effective tax rate

	2023		*2022*	
	%		%	
Profit before income tax		**112 907**		**49 351**
Income tax calculated using domestic tax rate	(19,0%)	(21 452)	(19,0%)	(9 377)
Permanent differences*	18,0%	20 333	18,3%	9 034
Unrecognised temporary differences/temporary differences previously unrecognised	(0,0%)	(56)	(0,1%)	(31)
	(1,0%)	**(1 175)**	**(0,8%)**	**(374)**

* Including TPLN 20,546 in respect of finance income from dividends (2022: TPN 9,178).

11.3. Income tax recognised in other comprehensive income

	2023			*2022*		
	Before tax	**Tax (expense) /benefit**	**Net**	**Before tax**	**Tax (expense) /benefit**	**Net**
Change in fair value of equity instruments	150	(26)	124	(37)	6	(31)
Remeasurement of employee benefits	(137)	25	(112)	14	(2)	12
Other comprehensive income that will never be reclassified to profit or loss for the period	**13**	**(1)**	**12**	**(23)**	**4**	**(19)**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

12. Property, plant and equipment

	Buildings	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2022	**67**	**4**	**745**	**661**	**-**	**1 477**
Acquisitions	-	-	-	17	74	**91**
Transfer from property, plant and equipment under construction	-	-	-	-	(74)	**(74)**
Disposals	-	-	(211)	(5)	-	**(216)**
Cost as at 31 December 2022	**67**	**4**	**534**	**673**	**-**	**1 278**
Cost as at 1 January 2023	**67**	**4**	**534**	**673**	**-**	**1 278**
Acquisitions	-	1	-	45	-	**46**
Disposals	-	(1)	-	(37)	-	**(38)**
Cost as at 31 December 2023	**67**	**4**	**534**	**681**	**-**	**1 286**
Depreciation and impairment losses as at 1 January 2022	**(54)**	**(4)**	**(375)**	**(634)**	**-**	**(1 067)**
Depreciation for the period	(1)	-	(107)	(10)	-	**(118)**
Disposals	-	-	211	5	-	**216**
Depreciation and impairment losses as at 31 December 2022	**(55)**	**(4)**	**(271)**	**(639)**	**-**	**(969)**
Depreciation and impairment losses as at 1 January 2023	**(55)**	**(4)**	**(271)**	**(639)**	**-**	**(969)**
Depreciation for the period	(1)	(1)	(95)	(19)	-	**(116)**
Disposals	-	1	-	37	-	**38**
Depreciation and impairment losses as at 31 December 2023	**(56)**	**(4)**	**(366)**	**(621)**	**-**	**(1 047)**
Carrying amounts						
As at 1 January 2022	13	-	370	27	-	**410**
As at 31 December 2022	12	-	263	34	-	**309**
As at 1 January 2023	12	-	263	34	-	**309**
As at 31 December 2023	11	-	168	60	-	**239**

As at 31 December 2023 and 31 December 2022 the property, plant and equipment were not subject to any impairment.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

13. Investment property

	Right-of-use assets	Other investment property	Total
Cost as at 1 January 2022	**3 247**	**30 879**	**34 126**
Transfer from property, plant and equipment under construction	-	74	**74**
Remeasurement of lease liabilities	1 759	-	**1 759**
Cost as at 31 December 2022	**5 006**	**30 953**	**35 959**
Cost as at 1 January 2023	**5 006**	**30 953**	**35 959**
Cost as at 31 December 2023	**5 006**	**30 953**	**35 959**
Depreciation and impairment losses as at 1 January 2022	**(138)**	**(28 646)**	**(28 784)**
Depreciation for the period	(46)	(512)	**(558)**
Depreciation and impairment losses as at 31 December 2022	**(184)**	**(29 158)**	**(29 342)**
Depreciation and impairment losses as at 1 January 2023	**(184)**	**(29 158)**	**(29 342)**
Depreciation for the period	(72)	(205)	**(277)**
Depreciation and impairment losses as at 31 December 2023	**(256)**	**(29 363)**	**(29 619)**
Carrying amounts			
As at 1 January 2022	3 109	2 233	**5 342**
As at 31 December 2022	4 822	1 795	**6 617**
As at 1 January 2023	4 822	1 795	**6 617**
As at 31 December 2023	4 750	1 590	**6 340**

Investment property comprises the Company-owned part of the building property at Mickiewicza St. in Katowice including the land (subject to perpetual usufruct) on which the office building and the adjacent parking lot are situated, as well as the parking lot property at Sokolska St. in Katowice, consisting of land (subject to perpetual usufruct) on which parking lot and garages are situated.

Based on property expert's valuation conducted in November 2023, as at 31 December 2023 the fair value of the Company-owned part of the building at Mickiewicza St. (appraised using income-based approach, investment method, simple capitalization technique of net income) and the fair value of perpetual usufruct of land on which aforementioned building is situated (appraised using the comparative approach, paired comparison method) were estimated at PLN 12.5 million – the fair value of the investment property situated at Sokolska St. was estimated at PLN 19.9 million (the perpetual usufruct of land was appraised using the comparative approach, paired comparison method and the building component using replacement cost method, index technique). The fair value measurement for all of the Company's investment properties has been categorised as a Level 3 of fair value hierarchy.

Rental income (office and parking space) in 2023 amounted to TPLN 4,394 (in 2022: TPLN 3,762) and it was presented in the separate statement of comprehensive income under "Revenue" – costs directly attributable to rental income amounted to TPLN 5,764 (in 2022: TPLN 5,327) and were presented under "Cost of sales".

(all amounts in PLN thousand (TPLN), unless stated otherwise)

14. Investments in subsidiaries and associates

Investments in subsidiaries and associates included following entities:

	Cost	Impairment loss	Carrying amount	Ownership
31 December 2023				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100,00%
Stalexport Autostrada Małopolska S.A.	66 753	-	66 753	100,00%
VIA4 S.A.	275	-	275	55,00%
Biuro Centrum Sp. z o.o.	32	-	32	40,63%
Total	**68 787**	**(1 727)**	**67 060**	
31 December 2022				
Petrostal S.A. w likwidacji	1 727	(1 727)	-	100,00%
Stalexport Autostrada Małopolska S.A.	66 753	-	66 753	100,00%
VIA4 S.A.	275	-	275	55,00%
Biuro Centrum Sp. z o.o.	32	-	32	40,63%
Total	**68 787**	**(1 727)**	**67 060**	

* Due to the ongoing liquidation process, there are limitations regarding control exercise over the entity.

Financial information on above entities, which shares were not subject to 100% impairment was as follows:

	Ownership	Assets	Liabilities	Equity	Revenue	Profit for the period
31 December 2023						
Stalexport Autostrada Małopolska S.A.	100,00%	1 246 814	775 712	471 102	503 459	122 672
VIA4 S.A.	55,00%	41 883	28 039	13 844	70 145	15 414
Biuro Centrum Sp. z o.o.*	40,63%	3 582	2 183	1 399	16 431	314
Total		**1 292 279**	**805 934**	**486 345**	**590 035**	**138 400**
31 December 2022						
Stalexport Autostrada Małopolska S.A.	100,00%	1 169 803	601 364	568 439	409 206	70 470
VIA4 S.A.	55,00%	32 380	20 004	12 376	61 322	14 190
Biuro Centrum Sp. z o.o.**	40,63%	3 497	2 178	1 319	13 957	235
Total		**1 205 680**	**623 546**	**582 134**	**484 485**	**84 895**

* Data prepared based on unaudited financial statements of the entity.
** Updated based on final version of the financial statements of Biuro Centrum Sp. z o.o. for 2022.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

15. Other investments

	31 December 2023	*31 December 2022*
Non-current		
Equity instruments measured at fair value through other comprehensive income	107	95
Total	**107**	**95**
Current		
Equity instruments measured at fair value through other comprehensive income	1 223	1 085
Total	**1 223**	**1 085**

Following investments constitute equity instruments measured at fair value through other comprehensive income:

	Fair value at 31 December 2023	*Dividend income recognised in 2023*
Dom Maklerski BDM S.A.	1 223	43
Zakłady Metalowe DEZAMET S.A.	95	3
HUTA ŁAZISKA S.A.	9	-

	Fair value at 31 December 2022	*Dividend income recognised in 2022*
Dom Maklerski BDM S.A.	1 085	44
Zakłady Metalowe DEZAMET S.A.	95	6

(all amounts in PLN thousand (TPLN), unless stated otherwise)

16. Deferred tax

16.1. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items of assets and liabilities:

	Assets		Liabilities		Net	
	31 December 2023	*31 December 2022*	*31 December 2023*	*31 December 2022*	*31 December 2023*	*31 December 2022*
Property, plant and equipment	2 167	1 413	(25)	(27)	**2 142**	**1 386**
Intangible assets	-	-	(3)	(4)	**(3)**	**(4)**
Investment property	-	-	(820)	(795)	**(820)**	**(795)**
Other non-current investments	-	-	(13)	(12)	**(13)**	**(12)**
Finance lease receivables	-	-	(1 890)	(1 277)	**(1 890)**	**(1 277)**
Trade and other receivables	346	344	(62)	(62)	**284**	**282**
Current investments	269	295	-	-	**269**	**295**
Cash and cash equivalents	-	-	(143)	(82)	**(143)**	**(82)**
Lease liabilities	943	943	-	-	**943**	**943**
Employee benefits	345	345	-	-	**345**	**345**
Trade and other payables	164	128	-	-	**164**	**128**
Deferred tax assets/liabilities on temporary differences	**4 234**	**3 468**	**(2 956)**	**(2 259)**	**1 278**	**1 209**
Tax loss carry-forwards	235	1 426	-	-	**235**	**1 426**
Set off of tax	(2 956)	(2 259)	2 956	2 259	**-**	**-**
Net deferred tax assets as in statement of financial position	**1 513**	**2 635**	**-**	**-**	**1 513**	**2 635**

Both as at 31 December 2023 and 31 December 2022, the deferred tax assets were recognised in full amount of excess of negative temporary differences and tax losses over positive temporary differences.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

16.2. Changes of deferred tax during the period

	1 January 2023	Change of deferred tax on temporary differences recognised in: profit or loss for the period	Change of deferred tax on temporary differences recognised in: other comprehensive income	31 December 2023
Property, plant and equipment	1 386	756	-	2 142
Intangible assets	(4)	1	-	(3)
Investment property	(795)	(25)	-	(820)
Other non-current investments	(12)	-	(1)	(13)
Finance lease receivables	(1 277)	(613)	-	(1 890)
Trade and other receivables	282	2	-	284
Current investments	295	(1)	(25)	269
Cash and cash equivalents	(82)	(61)	-	(143)
Lease liabilities	943	-	-	943
Employee benefits	345	(25)	25	345
Trade and other payables	128	36	-	164
Tax loss carry-forwards	1 426	(1 191)	-	235
Total	**2 635**	**(1 121)**	**(1)**	**1 513**

	1 January 2022	Change of deferred tax on temporary differences recognised in: profit or loss for the period	Change of deferred tax on temporary differences recognised in: other comprehensive income	31 December 2022
Property, plant and equipment	1 135	251	-	1 386
Intangible assets	(1)	(3)	-	(4)
Investment property	(475)	(320)	-	(795)
Other non-current investments	(12)	-	-	(12)
Finance lease receivables	(1 084)	(193)	-	(1 277)
Trade and other receivables	277	5	-	282
Current investments	288	-	7	295
Cash and cash equivalents	(5)	(77)	-	(82)
Lease liabilities	611	332	-	943
Employee benefits	697	(349)	(3)	345
Trade and other payables	117	11	-	128
Tax loss carry-forwards	2 058	(632)	-	1 426
Unrecognised temporary differences and tax losses	(637)	637	-	-
Total	**2 969**	**(338)**	**4**	**2 635**

16.3. Tax losses

As at 31 December 2023 the maximum amount of tax losses remaining to be utilized during next five tax years amounted to TPLN 1,239 (31 December 2022: TPLN 7,504). As at 31 December 2023 the Company recognised the corresponding deferred tax assets in full, i.e. TPLN 235 (as at 31 December 2022: TPLN 1,426).

Year of tax loss		**2021**
Expected utilization date		
	2024	1 239
Total		***1 239***
Remaining tax loss		**1 239**
Deferred tax assets recognised		**235**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

17. Finance lease receivables

The receivables derive dominantly from lease agreements struck with a related company VIA4 S.A., which acts as operator on Katowice-Kraków section of A-4 Motorway. Assets subject to the lease included cars, trucks and special purpose vehicles, which are used by VIA4 S.A. in its activity. The finance lease receivables were recognized at an amount equal to the net investment in the lease.

	31 December 2023	*31 December 2022*
Gross investment in leases	11 060	7 811
Unearned finance lease income	(1 112)	(1 089)
Net investment in leases	**9 948**	**6 722**

As a result of lease agreements concluded in 2023, the balance of receivables under lease agreements increased by amount of TPLN 6,351, which exclusively concerned VIA4 S.A.

Future lease payments to be received are as follows:

	Lease payments	**Finance income (interest)**	**Net investment in leases**
31 December 2023			
up to 1 year	4 297	652	3 645
from 1 to 2 years	3 994	365	3 629
from 2 to 3 years	2 742	95	2 647
from 3 to 4 years	27	-	27
Total	**11 060**	**1 112**	**9 948**
31 December 2022			
up to 1 year	2 532	518	2 014
from 1 to 2 years	2 224	344	1 880
from 2 to 3 years	1 873	183	1 690
from 3 to 4 years	1 173	44	1 129
from 4 to 5 years	9	-	9
Total	**7 811**	**1 089**	**6 722**

18. Trade and other receivables

	31 December 2023	*31 December 2022*
Trade receivables from related entities	29	29
Trade receivables from other entities	192	182
Receivables due to VAT	520	392
Other receivables from other entities	22	16
Total	**763**	**619**

Receivables from contracts with customers included within trade and other receivables amounted to TPLN 27 as at 31 December 2023 (31 December 2022: TPLN 27).

Information about the Company’s exposure to credit and market risks, as well as information on impairment losses are included in notes 26.1 and 26.2.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

19. Cash and cash equivalents

	31 December 2023	*31 December 2022*
Bank balances	1 463	172
Current bank deposits	285 996	226 634
Cash and cash equivalents in the statement of financial position	**287 459**	**226 806**
Differences due to rounding	(1)	-
Cash and cash equivalents in the statement of cash flows	**287 458**	**226 806**
including restricted balances comprising:	-	5
- VAT accounts	-	*5*

20. Equity

20.1. Share capital

	31 December 2023	*31 December 2022*
Number of ordinary shares at the beginning of the period	247 262 023	247 262 023
Number of ordinary shares at the end of the period (fully paid)	247 262 023	247 262 023
Nominal value of 1 share (PLN)	0,75	0,75
Nominal value of A-series issue	6 256	6 256
Nominal value of B-series issue	370	370
Nominal value of D-series issue	3 000	3 000
Nominal value of E-series issue	71 196	71 196
Nominal value of F-series issue	37 500	37 500
Nominal value of G-series issue	67 125	67 125
Total	**185 447**	**185 447**

All shares entitle the shareholders to Company’s assets in the same extent in case of its division. The holders of ordinary shares are entitled to dividends as declared and are entitled to one vote per share at General Meeting of the Company.

20.2. Fair value reserve

All gains and losses from valuation of investments in equity instruments measured at fair value through other comprehensive income are attributed to this equity item (see also note 15).

20.3. Dividends

On 4 April 2023 the Ordinary General Meeting of the Company decided to pay out the dividend in amount of TPLN 49,452, i.e. PLN 0.20 per share. The dividend date was set for 13 April 2023 and the dividend payment date for 25 April 2023.

On 4 April 2022 the Ordinary General Meeting of the Company decided to pay out the dividend in amount of TPLN 59,343, i.e. PLN 0.24 per share. The dividend date was set for 13 April 2022 and the dividend payment date for 25 April 2022.

21. Earnings per share

The calculation of basic earnings per share was performed based on the net profit attributable to the ordinary shareholders of the Company of TPLN 111,732 (2022: net profit of TPLN 48,977) and a weighted average number of ordinary shares at the reporting date of 247,262 thousand (31 December 2022: 247,262 thousand).

Net profit attributable to shareholders per ordinary share

	2023	*2022*
Profit for the period attributable to Company's shareholders (in TPLN)	111 732	48 977
Weighted average number of ordinary shares at the end of the period (thousands of shares)	247 262	247 262
Profit for the period per ordinary share attributable to Company's shareholders (in PLN)	**0,45**	**0,20**

As at 31 December 2023 and 31 December 2022 no factors were determined that would result in dilution of profit per one share.

22. Lease liabilities

As the result of IFRS 16 *Leases* introduction the Company recognised a lease liability amounting to the present value of payments for perpetual usufruct that are not yet paid (the perpetual usufruct expires in December 2089), discounted using the Company's incremental borrowing rate (3.67%) as of initial application date, i.e. 1 January 2019

Lease liabilities as at 1 January 2023	**4 964**
Changes from financing cash flows	**(178)**
Payment of lease liabilities	(178)
Other changes	**177**
Interest expense	177
Lease liabilities as at 31 December 2023	**4 963**
current amount	185
non-current amount	4 778

Lease liabilities as at 1 January 2022	**3 217**
Changes from financing cash flows	**(127)**
Payment of lease liabilities	(127)
Other changes	**1 874**
Remeasurement of lease liabilities	1 759
Interest expense	115
Lease liabilities as at 31 December 2022	**4 964**
current amount	177
non-current amount	4 787

(all amounts in PLN thousand (TPLN), unless stated otherwise)

23. Employee benefits

	31 December 2023	*31 December 2022*
Non-current		
Retirement benefits	105	71
Disability benefits	3	3
Jubilee bonuses liabilities	-	31
Total	**1 683**	**505**
Current		
Retirement benefits	134	120
Disability benefits	1	1
Other employee benefits	-	1 192
Total	**135**	**1 313**

Amounts of future liabilities due to retirement benefits, disability benefits and jubilee bonuses (year 2022) were calculated on the basis of actuarial appraisal model.

Other employee benefits as at 31 December 2023 comprised accrued amount of bonuses under non-current incentive programme for years 2022-2024, which embraced members of the Management Board of the Company in accordance with Supervisory Board decision (maximum level of benefits awarded is assumed).

Other employee benefits as at 31 December 2022 constituted Company’s expectations for payment of bonuses under non-current incentive programmes, which embrace members of the Management Board of the Company, as well as liability in amount of TPLN 369 in respect of cash severance pay due to former CEO of the Company under the termination agreement of 28 November 2022, which was settled in 2023.

23.1. Movement in employee benefits liabilities

	Post-employment benefits		Jubilee bonuses liabilities		Other employee benefits		Total	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*	*2023*	*2022*
As at 1 January	**195**	**199**	**31**	**28**	**1 592**	**3 441**	**1 818**	**3 668**
Included in profit or loss	**12**	**10**	**(31)**	**3**	**1 301**	**1 255**	**1 282**	**1 268**
Current service cost	6	7	1	1	1 313	1 592	**1 320**	**1 600**
Gains arising from settlements	-	-	-	-	(12)	(337)	**(12)**	**(337)**
Interest cost	6	3	2	1	-	-	**8**	**4**
Actuarial (profit)/loss	-	-	(34)	1	-	-	**(34)**	**1**
Included in other comprehensive income	**137**	**(14)**	**-**	**-**	**-**	**-**	**137**	**(14)**
Actuarial (profit)/loss arising from:	137	(14)	-	-	-	-	**137**	**(14)**
- demographic assumptions	4	-	-	-	-	-	**4**	**-**
- financial assumptions	21	(28)	-	-	-	-	**21**	**(28)**
- other assumptions	112	14	-	-	-	-	**112**	**14**
Benefits paid	**(101)**	**-**	**-**	**-**	**(1 318)**	**(3 104)**	**(1 419)**	**(3 104)**
As at 31 December	**243**	**195**	**-**	**31**	**1 575**	**1 592**	**1 818**	**1 818**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

23.2. Actuarial assumptions

Liabilities due to retirement benefits, disability benefits and jubilee bonuses were calculated according to following assumptions:

	31 December 2023	*31 December 2022*
Discount rate	5,00%	6,80%
Future remuneration increase	0%-11,90%	2,60%-23,41%
Probability of resignation	1,37%	1,77%
Weighted-average duration of liabilities (in years)		
Retirement benefits	6,4	5,5
Disability benefits	8,1	7,6
Jubilee bonuses liabilities	-	3,7

23.3. Sensitivity analysis

Below a sensitive analysis has been disclosed, showing how reasonably possible changes of material actuarial assumptions made at the reporting date, holding other assumptions constant, would have impacted the liabilities due to employee benefits.

	Discount rate change		Remuneration increase change		Probability of resignation change	
31 December 2023	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp
Retirement benefits	243	235	237	241	241	238
Disability benefits	3	3	3	3	3	3
Total	**246**	**238**	**240**	**244**	**244**	**241**

	Discount rate change		Remuneration increase change		Probability of resignation change	
31 December 2022	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp
Retirement benefits	194	189	189	194	194	189
Disability benefits	3	3	3	3	3	3
Jubilee bonuses liabilities	31	30	30	31	31	30
Total	**228**	**222**	**222**	**228**	**228**	**222**

24. Trade and other payables

	31 December 2023	*31 December 2022*
Trade payables to related entities	210	88
Trade payables to other entities	441	347
Amounts due to taxes, duties, social and other benefits	88	69
Payroll liabilities	469	368
Other payables and accruals to other entities	423	331
Total	**1 631**	**1 203**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

25. Financial instruments – classification and fair value

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2023		Carrying amount			Fair value			
	Note	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments*	15	1 330	-	**1 330**	-	-	1 330	**1 330**
		1 330	**-**	**1 330**				
Financial assets not measured at fair value								
Finance lease receivables	17	-	9 948	**9 948**				
Trade and other receivables**	18	-	243	**243**				
Cash and cash equivalents	19	-	287 459	**287 459**				
		-	**297 650**	**297 650**				
Financial liabilities not measured at fair value								
Lease liabilities	22	-	4 963	**4 963**				
Trade and other payables**	24	-	806	**806**				
		-	**5 769**	**5 769**				

(all amounts in PLN thousand (TPLN), unless stated otherwise)

31 December 2022		Carrying amount			Fair value			
	Note	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments*	15	1 180	-	**1 180**	-	-	1 180	**1 180**
		1 180	**-**	**1 180**				
Financial assets not measured at fair value								
Finance lease receivables	17	-	6 722	**6 722**				
Trade and other receivables**	18	-	227	**227**				
Cash and cash equivalents	19	-	226 806	**226 806**				
		-	**233 755**	**233 755**				
Financial liabilities not measured at fair value								
Lease liabilities	22	-	4 964	**4 964**				
Trade and other payables**	24	-	546	**546**				
		-	**5 510**	**5 510**				

* Equity instruments belonging to the Company are not listed on financial markets, the Company has also no information on recent observable arm's length transactions in these instruments. Considering the above, the fair value of the equity instruments determined based on the Company's share in net assets of their issuers as at 31 December 2022 or at the end of the last reporting period for which the Company has adequate financial data. In 2023 the Company recorded a profit due to valuation of aforementioned equity instruments amounting TPLN 150 (2022: loss of TPLN 37), presented within item "Change in fair value of equity instruments" of the separate statement of comprehensive income.

** Without consideration of receivables due to VAT/payables due to taxes, duties, social and health insurance and other benefits, as well as payroll liabilities.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Fair value hierarchy

Financial instruments measured at fair value can be classified according to the following valuation methods:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3: inputs that are not based on observable market data (unobservable inputs).

26. Financial risk management

26.1. Credit risk

Credit risk is a risk of financial loss to the Company if a customer or a counterparty fails to meet its contractual obligations, and it arises principally from the Company's investments in corporate bonds, trade receivables, finance lease receivables and investments in equity instruments.

The Company places its cash and cash equivalents in financial institutions with high financial credibility. Considering the above, the Company assesses that aforementioned financial instruments had low credit risk.

The following table shows the Company's maximum exposure to credit risk:

	31 December 2023	*31 December 2022*
Other non-current investments	107	95
Current investments	1 223	1 085
Finance lease receivables	9 948	6 722
Trade and other receivables*	243	227
Cash and cash equivalents	287 459	226 806
Razem	**298 980**	**234 935**

* Excluding receivables due to VAT.

In relation to trade receivables and lease receivables the Company measures loss allowances at an amount equal to lifetime expected credit losses.

As at 31 December 2023 for trade receivables the Company determined the amount of expected credit losses using a provision (allowance) matrix, defined on the basis of historical credit loss experience in the period of 10 previous years.

The following tables provide information about the exposure to credit risk and also allowances for expected credit losses for trade receivables as at 31 December 2023 and 31 December 2022.

31 December 2023	Weighted-average loss rate	Trade receivables (gross)	Secured amount (up to gross receivables)	Trade receivables (gross) exceeding secured amount	Loss allowance
Current (not past due)	0,20%	72	20	52	-
1-30 days past due	0,60%	45	18	27	-
31-90 days past due	4,10%	60	8	52	2
91-180 days past due	12,70%	19	8	11	2
181-365 days past due	37,60%	43	-	43	16
366-730 days past due	69,10%	7	-	7	5
more than 730 days past due	100,00%	664	-	664	664
Total		**910**	**54**	**856**	**689**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

31 December 2022	Weighted-average loss rate	Trade receivables (gross)	Secured amount (up to gross receivables)	Trade receivables (gross) exceeding secured amount	Loss allowance
Current (not past due)	0,20%	38	-	38	-
1-30 days past due	0,50%	82	30	52	-
31-90 days past due	3,90%	56	8	48	2
91-180 days past due	13,20%	35	28	7	1
181-365 days past due	45,20%	2	-	2	1
366-730 days past due	74,90%	8	-	8	6
more than 730 days past due	100,00%	664	-	664	664
Total		**885**	**66**	**819**	**674**

As at 31 December 2023, the payment of trade receivables due to rental of investment property amounting to TPLN 54 was secured by the guarantee deposits received by the Company (31 December 2022: TPLN 66).

Other receivables are subject to loss allowance in amount of TPLN 91,303. These receivables derive from activities discontinued in previous periods and mainly result from loan guarantees granted to entities which were not able to settle their liabilities.

The movement in loss allowances in respect of trade and other receivables and other was as follows:

	2023	*2022*
Balance as at 1 January	**(91 977)**	**(91 947)**
Net remeasurement of loss allowance	(9)	(24)
Reclassifications	(6)	(6)
Balance as at 31 December	**(91 992)**	**(91 977)**
Net remeasurement of loss allowance on trade receivables or contract assets arising from contracts with customers	-	(29)

26.2. Market risk

Market risk is the risk that changes in market demand, supply and prices, as well as other factors will affect the Company's financial results or controlled assets value (such as foreign exchange rates, interest rates and cost of capital). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The Company's exposure to the interest rate risk relates mainly to cash and cash equivalents with floating interest rates based on WIBOR + margin. The Company doesn't hedge against the risk of interest rate fluctuations.

The table below presents susceptibility profile of the Company (maximum exposure) to the risk of interest rate fluctuations by means of financial instruments presentation according to the fixed and floating interest rate:

	Nominal amount *31 December 2023*	Nominal amount *31 December 2022*
Floating interest rate instruments		
Finance lease receivables	9 948	6 722
Cash and cash equivalents	287 459	226 806
Total	**297 407**	**233 528**

While managing interest rate risk, the Company aims to reduce the impact of interest rate fluctuations via current monitoring of financial market.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

The Company has conducted sensitivity analysis of floating interest rate financial instruments to fluctuations of market interest rates. The table below presents the impact of increase or decrease of interest rate by 100 basis points on the profit or loss and equity. The analysis assumes that all other variables such as foreign exchange rates remain constant. The analysis was performed for current and comparable reporting periods.

	Profit or loss for the period		Equity	
	increase 100 bp	decrease 100 bp	increase 100 bp	decrease 100 bp
31 December 2023				
Floating interest rate instruments	2 974	(2 974)	2 974	(2 974)
31 December 2022				
Floating interest rate instruments	2 335	(2 335)	2 335	(2 335)

Foreign currency risk

At the end of 2023 and 2022, none of the Company's assets/liabilities were denominated in foreign currencies.

26.3. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, possession of financial means, necessary to fulfil Company's financial and investment liabilities using the most attractive sources of financing.

Liquidity management focuses on detailed analysis, planning and undertaking suitable actions related to working capital and net financial indebtedness.

The table below shows the Company's maximum exposure to liquidity risk:

31 December 2023

Non-derivative financial liabilities	Carrying amount	Contracted cash flow amount	up to 6 months	1-2 years	2-5 years	over 5 years
Lease liabilities	**4 963**	**(12 908)**	(185)	(187)	(587)	(11 949)
Trade and other payables	**1 631**	**(1 631)**	(1 631)	-	-	-
Total	**6 594**	**(14 539)**	**(1 816)**	**(187)**	**(587)**	**(11 949)**

31 December 2022

Non-derivative financial liabilities	Carrying amount	Contracted cash flow amount	up to 6 months	1-2 years	2-5 years	over 5 years
Lease liabilities	**4 964**	**(13 086)**	(178)	(187)	(587)	(12 134)
Trade and other payables	**1 203**	**(1 203)**	(1 203)	-	-	-
Total	**6 167**	**(14 289)**	**(1 381)**	**(187)**	**(587)**	**(12 134)**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

26.4. Capital management

The Company's policy is to maintain strong capital base, which should be foundation for positive perception of the Company by investors, creditors and market and should also lead to further business development. Company monitors the changes in ownership, return on equity and debt/equity ratios.

The Company aims to achieve a return on equity ratio at the level considered satisfactory by the shareholders.

The Company is subject to the regulation resulting from art. 396 § 1 of the Polish Commercial Companies Code, which requires that at least 8% of profit for a given financial year should be assigned to supplementary capital, until this capital reaches at least 1/3 of the share capital. As at 31 December 2023 the Company's supplementary capital already exceeded aforementioned level.

The net debt to total equity ratio at the end of the reporting period was as follows:

	31 December 2023	*31 December 2022*
Total liabilities	8 416	7 989
minus		
Cash and cash equivalents	287 459	226 806
Net debt	**(279 043)**	**(218 817)**
Total equity	**366 278**	**303 986**
Net debt to total equity ratio	**(0,8)**	**(0,7)**

There were no changes in the capital management policy during the financial year.

27. Contingencies, guarantees and other commitments

Both as at 31 December 2023 and 31 December 2022 the Company had no contingent liabilities.

28. Related party transactions

28.1. Intergroup receivables and liabilities

31 December 2023	**Trade and other receivables**	**Finance lease receivables**	**Trade and other payables**
Stalexport Autostrada Małopolska S.A.	-	-	5
VIA4 S.A.	27	9 721	-
Subsidiaries	***27***	***9 721***	***5***
Biuro Centrum Spółka z o.o.	1	104	205
Associates	***1***	***104***	***205***
Total	**28**	**9 825**	**210**

31 December 2022	**Trade and other receivables**	**Finance lease receivables**	**Trade and other payables**
Stalexport Autostrada Małopolska S.A.	-	-	4
VIA4 S.A.	27	6 311	-
Subsidiaries	***27***	***6 311***	***4***
Biuro Centrum Spółka z o.o.	2	142	84
Associates	***2***	***142***	***84***
Total	**29**	**6 453**	**88**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

28.2. Related party transactions amounts

2023	Revenue	Finance income (dividends)	Finance income (other)	Cost of sales	Capital expenditures
Stalexport Autostrada Małopolska S.A.	-	98 514	-	(47)	-
VIA4 S.A.	264	9 483	580	-	-
Subsidiaries	***264***	***107 997***	***580***	***(47)***	**-**
Biuro Centrum Spółka z o.o.	268	-	11	(5 226)	(2)
Associates	***268***	**-**	***11***	***(5 226)***	***(2)***
Total	**532**	**107 997**	**591**	**(5 273)**	**(2)**

2022	Revenue	Finance income (dividends)	Finance income (other)	Cost of sales	Capital expenditures
Stalexport Autostrada Małopolska S.A.	-	42 305	-	(38)	-
VIA4 S.A.	257	5 949	407	-	-
Subsidiaries	***257***	***48 254***	***407***	***(38)***	**-**
Biuro Centrum Spółka z o.o.	236	-	12	(4 487)	(74)
Associates	***236***	**-**	***12***	***(4 487)***	***(74)***
Total	**493**	**48 254**	**419**	**(4 525)**	**(74)**

Company's related party transactions were at an arm's length basis (see also point 5.3 of the Report of the Management Board on the activities of the Company and of the Group in 2023).

28.3. Transactions with key personnel

The cost of employee benefits for the managing and supervising personnel of the Company was as follows:

	2023	***2022***
Management Board	**2 312**	**2 109**
Employee benefits	1 011	854
Movement in employee benefits liabilities	1 301	1 255
Supervisory Board	**298**	**197**
Employee benefits	298	197
Total	**2 610**	**2 306**

In 2023 and 2022 the Company did not grant any loans, advances or guarantees to the members of the Management Board and Supervisory Board.

Management remuneration for 2023 includes provision for Management Board bonuses for the year 2023 recognised as at 31 December 2023 in amount of TPLN 252 (corresponding provision as at 31 December 2022 amounted to TPLN 207), as well as the accrued in 2023 portion of movement in employee benefits liabilities due to non-current incentive programmes (cost of TPLN 1,304), which embrace members of the Management Board of the Company (see note 23).

29. Remuneration of the entity conducting audit the financial statements and its related entities

Information regarding the remuneration of entity authorised to audit financial statements has been provided within point 5.23 of the Report of the Management Board on the activities of the Company and of the Group in 2023.

30. Subsequent events

There were no significant subsequent events, which should be disclosed in the separate financial statements for the year 2023.

Explanation

This document constitutes a translation of the separate financial statements of Stalexport Autostrady S.A., which were originally issued in Polish. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.