

REPORT OF THE SUPERVISORY BOARD OF MURAPOL S.A.

ON THE ASSESSMENT OF:

FINANCIAL STATEMENTS OF MURAPOL S.A. FOR THE TURNOVER YEAR
ENDED 31 DECEMBER 2023

CONSOLIDATED FINANCIAL STATEMENTS OF THE MURAPOL S.A. CAPITAL
GROUP FOR THE TURNOVER YEAR ENDED 31 DECEMBER 2023

REPORTS OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF
MURAPOL S.A. AND ITS CAPITAL GROUP IN 2023



I. ASSESSMENT OF FINANCIAL STATEMENTS AND REPORT ON ACTIVITIES OF THE MANAGEMENT BOARD.

The Company prepared a management report on its activities and financial statements for 2023, as well as a consolidated report of the Murapol S.A. Capital Group for 2023. Members of the Supervisory Board have read the documents in question and then have assessed them:

- 1) Financial statements of Murapol S.A. for the year ended 31 December 2023, prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"), which consists of:
 - The statement of financial position prepared as of 31 December 2023, which discloses the amount of PLN 1,236,406 thousand in respect of the assets and liabilities;
 - Statement of comprehensive income for the twelve-month period ended 31 December 2023, which discloses a net profit of PLN 217,126 thousand;
 - Cash flow statement for the twelve-month period ended 31 December 2023, which discloses the balance of cash and cash equivalents as of 31 December 2023 in the amount of PLN 1,469 thousand;
 - Statement of changes in equity for the twelve-month period ended 31 December 2023, which discloses the equity balance as of 31 December 2023 in the amount of PLN 560,536 thousand;
 - Accounting principles (policies) and additional explanatory notes.

- 2) Consolidated financial statements of the Murapol S.A. Capital Group for the year ended 31 December 2023, prepared in accordance with the IFRS, which consists of:
 - Consolidated statement of financial position prepared as of 31 December 2023, which discloses the amount of PLN 1,859,815 thousand in respect of the assets and liabilities;
 - Consolidated statement of comprehensive income for the twelve-month period ended 31 December 2023, which discloses net comprehensive income in the amount of PLN 218,455 thousand;
 - Consolidated cash flow statement for the twelve-month period ended 31 December 2023, which discloses the balance of cash and cash equivalents as of 31 December 2023 in the amount of PLN 183,156 thousand;
 - Consolidated statement of changes in equity for the twelve-month period ended 31 December 2023, which discloses the equity balance as of 31 December 2023 in the amount of PLN 557,960 thousand;
 - Accounting principles (policies) and additional explanatory notes to the consolidated financial statements.

- 3) Reports of the Management Board on the activities of Murapol S.A. and its Capital Group in 2023.

II. AUDIT OF FINANCIAL STATEMENTS.

Audit of the financial statements of Murapol S.A. and the consolidated financial statements of the Murapol S.A. Capital Group. for the turnover year ended 31

December 2023, was conducted on the basis of a contract concluded between Murapol S.A. and Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw entered into the register of entrepreneurs under the National Court Register (KRS) number: 0000481039. The basis for concluding the contract was the resolution of the Supervisory Board of Murapol S.A. No. B/01/06/2023 of 5 June 2023 and No. B/01/08/2023 of 22 August 2023.

The audit was conducted by a certified auditor in accordance with the provisions of:

- 1) Act of 11 May 2017 on statutory auditors, audit firms and public supervision,
- 2) National Auditing Standards in the wording of the International Auditing Standards, adopted by the resolution No. 2783/52/2015 of the National Council of Statutory Auditors in Poland of 10 February 2015, as amended,
- 3) Regulation No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements for the audit of the financial statements of public-interest entities, repealing Commission Decision 2005/909/EC.

III. ASSESSMENT OF THE SUPERVISORY BOARD.

In the opinion of the Supervisory Board:

1. Financial statements of Murapol S.A. for the year ended 31 December 2023:
 - Presents reliably and clearly all information relevant to the assessment of the property and financial situation of Murapol S.A. as of 31 December 2023, as well as its financial result and cash flows for the turnover year from 1 January 2023 until 31 December 2023,
 - Have been prepared in accordance with the IFRS,
 - Are consistent with the legal provisions governing the preparation of financial statements that affect the form and content of financial statements,
 - Have been prepared in a manner consistent with the books and documents, as well as with the actual status and legal provisions.
2. Consolidated financial statements of the Murapol S.A. Capital Group for the year ended 31 December 2023:
 - Presents reliably and clearly all information relevant to the assessment of the property and financial situation of the Murapol S.A. Capital Group as of 31 December 2023, as well as its financial result and cash flows for the turnover year from 1 January 2023 until 31 December 2023,
 - Have been prepared in accordance with the IFRS,
 - Are consistent with the legal provisions governing the drawing up of financial statements that affect the form and content of the consolidated financial statements,

- Have been prepared in a manner consistent with the books and documents, as well as with the actual status and legal provisions.
3. Report of the Management Board on the activities of Murapol S.A. and its Capital Group in 2023:
- It is complete within the meaning of Art. 49 of the Accounting Act and the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information submitted by issuers of securities and the conditions for recognising as equivalent information required by the laws of a non-member state,
 - The information contained therein is consistent with the information contained in the audited financial statements and the audited consolidated financial statements,
 - It has been drawn up in a manner consistent with the books and documents, as well as with the actual status and legal provisions.

IV. ASSUMPTION OF THE SITUATION OF MURAPOL S.A.

1. Profit and Loss Statement

in thousands of PLN	2023	2022	Change	Dynamics w %
Revenues from sales	65 250	52 632	12 618	24%
Gross margin from sales	14 737	16 657	-1 920	-12%
Operating expenses including valuation under the equity method	259 269	230 919	28 350	12%
Operating profit	274 006	247 576	26 430	11%
Net profit	217 126	210 990	6 136	3%

The revenues from sales of Murapol S.A. mainly relate to management services to related entities. They amounted to PLN 65 million in 2023 and increased by PLN 12,6 million compared to 2022. The gross margin on sales in 2023 amounted to PLN 14,7 million, corresponding to a decrease of PLN 2 million compared to 2022. This decrease was due to recognised non-recurring sales in 2022.

The Company uses the equity method of valuation for the purpose of valuing its subsidiary entities. This method is a major component of the financial result of the Issuer. In 2023, operating expenses including valuation profit amounted to PLN 259 million and were higher by PLN 28 million compared to 2022.

The operating profit amounted in 2023 to PLN 274 million and increased by PLN 26 million compared to 2022. The increase was due to the profit from equity method valuation as described above.

The net profit amounted in 2023 to PLN 217 million and was higher by PLN 6 million compared to 2022. The increase was due to an increase in operating profit, partially offset by higher finance expenses.

2. Balance sheet

	2023	2022	Change	Structure in %	Dynamics in %
ASSETS	1 236 406	1 060 413	175 993	100%	17%
Fixed assets	1 178 401	973 818	204 583	95%	21%
Investment in related parties valuated under the equity method	1 101 897	925 091	176 805	89%	19%
Other fixed assets	76 504	48 727	27 777	6%	57%
Current assets	58 005	86 595	(28 590)	5%	(33%)
Cash	1 469	60 997	(59 528)	0%	(98%)
Othe current assets	56 536	25 598	30 938	5%	121%

	2023	2022	Change	Structure in %	Dynamics in %
LIABILITIES	1 236 406	1 060 413	175 993	100%	17%
Equity	560 536	441 510	119 026	45%	27%
Liabilities	675 870	618 903	56 967	55%	9%
Long-term liabilities	573 982	535 196	38 786	46%	7%
Interest-bearing credits and loans	555 088	534 866	20 222	45%	4%
Other long-term liabilities	18 893	330	18 563	2%	5628%
Short-term liabilities	101 888	83 707	18 181	8%	22%
Interest-bearing credits and loans	66 491	49 768	16 723	5%	34%
Other short-term liabilities	35 397	33 939	1 458	3%	4%

The balance sheet total of the Company as of 31 December 2023 amounted to PLN 1 236 million and increased by PLN 176 million compared to 31 December 2022. The main growth factor were Investments in subsidiary companies using the equity method, which increased by PLN 177 million and resulted from profits realised by subsidiary companies. This item is also the most important component of the assets of the Issuer.

The equity as of 31 December 2023 amounted to PLN 561 million and increased by PLN 119 million compared to 31 December 2022. The increase was mainly due to an increase in retained earnings of PLN 113 million.

In case of liabilities, the largest item was the total long-term and short-term liabilities for interest-bearing credits and loans, which amounted to PLN 622 million and increased by PLN 37 million compared to 31 December 2022. This was mainly due to the full utilisation of funds available under the credit agreement and movements on intra-group loans.

3. Cash flows

in thousands of PLN	2023	2022
Cash flows from operating activities	(10 352)	10 527
Cash flows from investment activities	77 794	242 983
Cash flows from financial activities	(126 969)	(198 569)

Flows from investing activities resulted from repayments of IC loans related to the refinancing of the financial structure of the Group.

4. Ratio analysis

		2023	2022	Change in percentage points
Gross margin on sales	Gross margin on sales / sales	22,6%	31,6%	-9,1
Operating profit margin	Operating profit / sales	419,9%	470,4%	-50,5
Net profit margin	Net profit / sales	332,8%	400,9%	-68,1
ROE	Net profit / equity	38,7%	47,8%	-9,1

The margin on sales in 2023 was of 22.6 %, declining by 9.1 percentage points compared to 2022. This decline was due to the recognised high margin one-off sales in 2022.

The operating profit margin in 2023 was of 419,9% and decreased by 50.5 percentage points compared to 2022. The corresponding net profit margin was of 332,8% and decreased by 68,1% percentage points. Percentage margins above 100 % are due to the inclusion of equity valuation gains at the level of operating expenses and income, and therefore below sales. The decreases in margins were due to higher sales in 2023.

The ROE stood at 38.7 % in 2023 and recorded a decrease of 9.1 percentage points compared to 2022. The decrease was due to the higher value of the equity of the Group at the end of 2023.

		2023	2022
Inventory turnover	inventory / sales revenue × 365 days	6	7
Receivables turnover	trade receivables / revenue from sales × 365 days	120	74
Liabilities turnover	trade payables / revenue from sales × 365 days	96	53
Debt ratio	liabilities / total assets	54.66%	58.36%
Short-term debt ratio	short-term liabilities / total assets	8.24%	7.89%

Long-term debt ratio	long-term liabilities / total assets	46.42%	50.47%
Current ratio	current assets / short-term liabilities	0.6	1.0
Quick ratio	(current assets – inventory) / short-term liabilities	0.6	1.0

The inventory turnover ratios recorded a shortening of the cycle compared to the previous year by 1 day. The receivables turnover ratio recorded a cycle extension of 47 days and the payables turnover ratio recorded a cycle extension of 42 days. These increases were non-recurring in nature and related to the creation of provisions for entry costs due to an entry into stock exchange, as well as a revenue provision related to the re invoicing of these costs to subsidiary companies.

The debt ratio shows a decrease of 3.7 percentage points. This is a consequence of the policy of the Management Board to build a Company with a strong balance sheet and a safe level of debt.

The liquidity ratios recorded decreases of 0.4 points for the current liquidity ratio and 0.5 points for the quick ratio, respectively. The decreases are due to lower cash levels of 31 December 2023 compared to 31 December of the previous year. The Issuer manages liquidity collectively for the entire Group. As a result, the cash level of the Company may fluctuate, irrespective of the financial situation of the Group as a whole.

V. ASSUMPTION OF THE SITUATION OF THE CAPITAL GROUP OF MURAPOL S.A.

1. Profit and Loss Statement

in thousands of PLN	2023	2022	Change	Dynamics in %
Revenues from sales	1 215 944	1 005 660	210 284	21%
Including R4S	1 028 787	871 875	156 912	18%
Including PRS	187 157	133 785	53 372	40%
Gross margin from sales	383 393	355 272	28 121	8%
Operating profit	266 199	255 249	10 950	4%
Net profit	219 151	212 898	6 253	3%

In the opinion of the Supervisory Board, the Murapol S.A. Group achieved very good financial results in 2023. Sales increased by 21 % and amounted to PLN 1 216 million. This increase was due to a higher volume of sales of residential units and a higher transaction price in the development segment. In 2023, 2,801 premises were handed over compared to 2,653 premises in 2022. In 2023, the average price of a handed over premises was PLN 365 thousand and in 2022 PLN 326 thousand. Furthermore, revenues in the PRS segment increased by PLN 53,4 million and amounted to PLN 187 million.

The gross margin on sales amounted to PLN 383 million in 2023 and increased by PLN 28 million i.e. by 8%.

Operating profit amounted to PLN 266 million in 2023 and increased by PLN 11 million, i.e. 4%, compared with 2022. Net profit amounted to PLN 219 million in 2023 and increased compared to 2022 by PLN 6 million i.e. 3%. The results were in line with expectations.

2. Balance sheet

	2023	2022	Change	Structure in %	Dynamics in %
ASSETS	1 859 815	1 729 603	130 212	100%	8%
Fixed assets	86 523	72 941	13 582	5%	19%
Current assets	1 773 292	1 656 662	116 630	95%	7%
Inventory	1 399 763	1 243 859	155 904	75%	13%
Trade receivables and others	98 154	78 891	19 263	5%	24%
Other current assets	27 207	24 893	2 314	1%	9%
Cash and cash equivalents and cash in trust accounts	248 168	309 020	(60 852)	13%	(20%)

	2023	2022	Change	Structure in %	Dynamics in %
LIABILITIES	1 859 815	1 729 603	130 212	100%	8%
Equity	559 385	439 530	119 855	30%	27%
Liabilities	1 300 430	1 290 073	10 357	70%	1%
Long-term liabilities	454 770	411 181	43 589	24%	11%
Interest-bearing credits and loans	391 280	365 497	25 783	21%	7%
Other long-term liabilities	63 490	45 684	17 806	3%	39%
Short-term liabilities	845 660	878 892	(33 232)	45%	(4%)
Interest-bearing credits and loans and other financial liabilities	67 494	46 675	20 819	4%	45%
Trade liabilities and others	92 337	96 054	(3 717)	5%	(4%)
Liabilities under contracts with customers	587 342	651 350	(64 008)	32%	(10%)
Other short-term liabilities	98 487	84 812	13 675	5%	16%

The balance sheet total of the Company as of 31 December 2023 amounted to PLN 1 860 million and increased by PLN 130 million compared to 31 December 2022. The main asset was inventories, whose value as of 31 December 2023 amounted to PLN 1 400 million, an increase of PLN 156 million. This increase is attributable to the growth of the Murapol Group and increased expenditure on starting new development projects. In 2023, expenditure on the purchase of new land amounted

to PLN 291 million and was higher by PLN 94 million than expenditure on land in 2022. The second largest asset category was cash in bank accounts and trust accounts. As of 31 December 2023, these amounted to PLN 248 million, which represents a decrease of PLN 61 million compared to 31 December 2022. It should be noted that the Group maintained a high and safe level of cash despite the payment of the 100 million dividend and the increase in land expenditure.

The equity as of 31 December 2023 amounted to PLN 559 million and increased by PLN 120 million compared to 31 December 2022. The increase was mainly due to an increase in retained earnings by PLN 115 million.

In case of liabilities, the largest item was liabilities under contracts with customers, which amounted to PLN 587 million. These decreased by 64 million compared to 31 December 2022. Total non-current and current liabilities from interest-bearing loans and credits amounted to PLN 459 million and increased by PLN 47 million compared to 31 December 2022. This was mainly due to the drawdown of a credit tranche of PLN 110.5 million on 27 January 2023.

3. Cash flows

in thousands of PLN	2023	2022
Cash flows from operating activities	31 220	159 106
Cash flows from investment activities	(1 091)	765
Cash flows from financial activities	(116 495)	(158 218)

The decrease in operating cash flow is due to increased land purchases and higher capital expenditure on new development projects, which will translate into increased operating cash flow in the subsequent years.

Flows from financing activities result from dividends paid in 2023 and flows related to the credit agreement.

4. Ratio analysis

		2023	2022	Change in percentage points
Gross margin on sales	Gross margin on sales / sales	31,5%	35,3%	(3,8)
Operating profit margin	Operating profit / sales	21,9%	25,4%	(3,5)
Net profit margin	Net profit / sales	18,0%	21,2%	(3,2)
ROE	Net profit / equity	39,2%	48,4%	(9,2)

The sales margin in 2023 amounted to 31.5% and decreased by 3.8 percentage points compared to 2022. The decrease in the sales margin in percentage terms

resulted from a higher share of sales in the PRS segment, which is a segment characterized by lower margins in compared to the development segment.

The operating profit margin in 2023 was 21.9% and decreased by 3.5 percentage points compared to 2022. Accordingly, the net profit margin was 18% and decreased by 3.2 percentage points. The declines, similarly to the gross margin on sales, resulted from the greater share of sales to the PRS segment in total sales.

The ROE ratio in 2023 amounted to 39.2% and recorded a decrease of 9.2 percentage points compared to 2022. The decrease was due to the higher value of the Group's equity at the end of 2023.

		2023	2022
Inventory turnover	inventory / sales revenue × 365 days	420	451
Receivables turnover	trade receivables / revenue from sales × 365 days	11	15
Liabilities turnover	trade payables / revenue from sales × 365 days	22	27
Debt ratio	liabilities / total assets	69,92%	74.59%
Short-term debt ratio	short-term liabilities / total assets	45,47%	50.81%
Long-term debt ratio	long-term liabilities / total assets	24,45%	23.77%
Current ratio	current assets / short-term liabilities	2,1	1.9
Quick ratio	(current assets – inventory) / short-term liabilities	0,4	0.5

All turnover ratios recorded a cycle shortening compared to the previous year by 31 days for inventory turnover, 4 days for receivables turnover and 5 days for payables turnover, respectively. This was mainly due to the increase in sales.

The debt ratio reveals a decrease of 4.5 percentage points. This is mainly due to a decrease in short-term debt. The improved ratios are a consequence of the policy of the Management Board to build a Group with a strong balance sheet and a safe level of debt.

The liquidity ratios are typical of enterprises in the property development industry, characterised by long production cycles and high inventory levels. The increase in the current ratio is mainly due to an increase in inventories. The decrease in the quick ratio is mainly due to the decrease in cash.

5. Summary

On the basis of the financial statements for the turnover year 2023, the consolidated financial statements of the Murapol Group for 2023 and the report of the Management Board on the activities of the Company and its Capital Group for the

turnover year 2023, the Supervisory Board assesses 2023 as a very good year for Murapol S.A. The Group has dealt with negative factors affecting the development market in Poland, including, inter alia, the effects of the armed conflict in Ukraine, limited customer access to mortgage financing and problems in the supply chains of construction materials, and the availability of skilled labour

In 2023, the activities of the Company and the Group generated significant profits comparable to 2022, as disclosed in the profit and loss account. Having analysed the financial statements for 2023, the consolidated financial statements of the Murapol S.A. Group for 2023 and the report of Management Board on the activities of Murapol S.A. and its Capital Group in 2023, the Supervisory Board estimates that the financial situation of Murapol S.A. at the end of 2023 was good and constitutes a solid basis for the continued development of the Company. This opinion results from both an analysis of the current operating activities and financial situation of the Company, as well as an analysis of the actions taken by the Management Board and their effectiveness.

VI. MOTIONS TO THE ORDINARY GENERAL MEETING OF MURAPOL S.A.

As a result of the assessment of the submitted reporting documentation for the turnover year 2023, the Supervisory Board gives a positive assessment and recommends to the Ordinary Meeting of the Company for the approval of:

- 1) Financial statements of Murapol S.A. for the turnover year ended 31 December 2023.
- 2) Report of the Management Board on the activities of Murapol S.A. and Murapol S.A. Capital Group in the turnover year 2023.
- 3) Consolidated financial statements of the Murapol S.A. Capital Group for the turnover year ended 31 December 2023.

VII. DECLARATIONS MADE BY THE SUPERVISORY BOARD.

The Supervisory Board of Murapol S.A. with its registered office in Bielsko-Biała declares that:

Selection of the audit firm auditing the annual financial statements of Murapol S.A. for 2023 and the annual consolidated financial report of the Murapol S.A. Capital Group for 2023, i.e. Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, has been made in accordance with the provisions of the law, including those regarding the selection and procedure for selecting an audit company.

The audit company, i.e. Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, and members of the team auditing the annual financial statements of Murapol S.A. for 2023 and the annual consolidated financial report of the Murapol S.A. Capital Group for 2023 have met the conditions for preparing an impartial and independent report on the audit

of the annual separate and consolidated financial statements according to the applicable provisions of law, professional standards and principles of professional ethics.

At Murapol S.A. applicable regulations related to the turnover of the audit company and the key statutory auditor and mandatory grace periods are adhered to.

Murapol S.A. has a policy regarding the selection of an audit company and a policy regarding providing services to Murapol S.A. by an audit company, an entity related to an audit company or a member of its network of additional non-audit services.

At Murapol S.A. the regulations regarding the appointment, composition and functioning of the Audit Committee are complied with, including the principles related to independence and the requirements concerning knowledge and skills in the industry in which Murapol S.A. operates, and in the field of accounting or auditing of financial statements.

The Audit Committee operating at Murapol S.A. has performed the tasks of the audit committee provided for in applicable legal provisions.

This report was adopted by the Supervisory Board of Murapol S.A. on March 29, 2024.

on 29 March 2024