

REPORT OF THE SUPERVISORY BOARD  
OF MURAPOL S.A.  
FROM ACTIVITIES DURING THE PERIOD  
FROM 1 JANUARY 2023  
UNTIL 31 DECEMBER 2023



## **I. COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN THE TURNOVER YEAR 2023.**

The Supervisory Board of Murapol S.A. with its registered office in Bielsko-Biała (hereinafter referred to as the "Company") exercises constant supervision over the activities of the Company in all fields of its activity.

The Supervisory Board operates in compliance with the provisions of the Code of Commercial Partnerships and Companies, the Articles of Association and the rules and regulations of the Supervisory Board

According to the Articles of Association of the Company, the Supervisory Board is composed of 7 to 9 members appointed by the General Meeting for a joint three-year term of office (subject to the "Personal Power" as described below), and the number of members of the Supervisory Board is determined by the General Meeting. Within the Supervisory Board, the Chairperson of the Supervisory Board and Vice-Chairperson of the Supervisory Board are appointed in numbers ranging from 1 to 3, elected by the Supervisory Board from among its own members, subject to the Personal Power.

AEREF V PL INVESTMENT S.á.r.l. (hereinafter referred to as the "Entitled Person") has the right to appoint and dismiss members of the Supervisory Board in the cases indicated below by delivering a written declaration to the Company ("Personal Power"):

- as long as the Entitled Person holds at least 40%, but less than 50% of the total number of votes at the General Meeting, he or she will have the personal right to appoint and dismiss 4 members of the Supervisory Board, from among which the Entitled Person appoints the Chairperson of the Supervisory Board;
- as long as the Entitled Person holds at least 30% but less than 40% of the total number of votes at the General Meeting, he or she will have the personal right to appoint and dismiss 3 members of the Supervisory Board, from among whom the Entitled Person appoints the Chairperson of the Supervisory Board.

The remaining members of the Supervisory Board are appointed by the General Meeting, provided that the voting right of the Entitled Person in selecting one who meets the independence criterion is excluded.

The term of office of the Supervisory Board is counted in years covering a period of 12 months.

Within the period from 1 January 2023 to 31 December 2023, the Supervisory Board of Murapol S.A. had 8 members:

<b>Supervisory Board</b>	<b>Function</b>
John Ruane	Chairman of the Supervisory Board
William Twemlow	Vice-Chairman of the Supervisory Board
Maciej Dyjas	Vice-Chairman of the Supervisory Board

Piotr Fijołek	Vice-Chairman of the Supervisory Board
Lukas Gradischnig	Member of the Supervisory Board
Nebil Şenman	Member of the Supervisory Board
Justyna Bauta-Szostak	Member of the Supervisory Board
Brendan O`Mahony	Member of the Supervisory Board

As of the date of adoption of the report of the Supervisory Board of the Company on the activities of the Board in the turnover year 2023, the composition of the Supervisory Board has not changed.

According to the Articles of Association of the Company, at least two members of the Supervisory Board should meet the independence conditions for members of supervisory boards within the meaning of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws of 2017, item 1089, as amended), and also not have actual and significant connections with a shareholder holding at least 5% of the total number of votes in the Company. A candidate for an independent member of the Supervisory Board will submit to the Company, prior to their appointment to the Supervisory Board, a written declaration on meeting the independence criteria. If a situation occurs as a result of which a given member of the Supervisory Board no longer meets the independence criterion, such member of the Supervisory Board is obliged to immediately notify the Company thereof. According to the submitted declarations, two members of the Supervisory Board (Justyna Bauta-Szostak and Brendan O'Mahony) meet the independence criteria specified above.

In the opinion of the Supervisory Board, in 2023 the criteria of independence, in accordance with the Act of 11 May 2017 on statutory auditors, audit companies and public supervision (Journal of Laws of 2017, item 1089, as amended) in 2023 was performed by Mrs. Justyna Bauta-Szostak and Mr. Brendan O'Mahony

There are permanent committees within the Supervisory Board of the Company: the Audit Committee and the Investment Committee, the composition of which is described in the reports of these committees, which have been adopted by the Supervisory Board and attached to this report of the Supervisory Board.

Currently, one woman has been appointed to the Supervisory Board. In the opinion of the Supervisory Board, the Company supports the implementation of the diversity policy, however, when deciding to appoint or employ a specific person, it primarily takes into account competences and appropriate professional experience and education, regardless of the person's sex.

## **II. SUMMARY OF THE ACTIVITIES OF THE SUPERVISORY BOARD AND ITS COMMITTEES.**

Within the turnover year 2023, four formal meetings of the Supervisory Board of the Company were held - on 29 March 2023, 18 April 2023, 9 October 2023 and 21 November 2023. Members of the Management Board of the Company also

participated in the meetings, inter alia, providing information on the current activities of the Company and the Murapol Capital Group.

Furthermore, within the year, the Supervisory Board processed and adopted resolutions by circulation or electronically. Among other things, resolutions were adopted to approve the annual budget of the Company for 2023 and to consent to the conclusion of contracts important for the Company.

During the year, the Supervisory Board cooperated with members of the Management Board of the Company, analysing and discussing at meetings and during working meetings the current situation of the Company and issues related to strategic plans for development within the group in the coming months..

The Supervisory Board assesses that it conducted its activities reliably in order to ensure the protection of the interests of all shareholders of the Company

During the reporting period, the Supervisory Board acted on the basis of the provisions of the Code of Commercial Partnerships and Companies, the provisions of the Articles of Association of the Company and the Rules and Regulations of the Supervisory Board, conducting constant supervision over the activities of the Company in all areas of its operation, as well as considering issues and motions submitted by the Management Board of the Company.

The Supervisory Board consists of persons with appropriate knowledge and professional experience in the fields of management, accounting and finance, as well as persons with significant knowledge of the sector of operation of the Company. Members of the Supervisory Board hold extensive professional experience, knowledge and skills, including thorough knowledge of the Company and understanding of its operations.

Within 2023, members of the Supervisory Board worked independently of the Management Board and maintained independent views on the operations of the Company.

The Supervisory Board performed its duties collectively and with the help of two committees: the Audit Committee and the Investment Committee.

Appended to this report is a report on the activities of the Audit Committee for the period from 1 January 2023 to 31 December 2023 and a report on the activities of the Investment Committee for the period from 1 January 2023 to 31 December 2023, which were adopted by the Supervisory Board.

### **III. ASSESSMENT OF THE SITUATION OF THE COMPANY IN A CONSOLIDATED APPROACH, INCLUDING THE ASSESSMENT OF INTERNAL CONTROL SYSTEMS, RISK MANAGEMENT, COMPLIANCE AND THE INTERNAL AUDIT FUNCTION.**

#### **1. General information on the situation of the Company.**

After consideration, the Supervisory Board gave a favourable opinion on the financial statements of Murapol S.A. for the year ended 31 December 2023 and the report of the Management Board on the activities of the Company and the Group for the year ended 31 December 2023.

In the opinion of the Supervisory Board, 2023 was another successful year for the Company and the Group. Despite unfavourable macroeconomic conditions, i.e. high inflation and high interest rates, and geopolitical conditions in the form of the armed conflict in Ukraine, the Company achieved, in line with expectations, very good financial results.

The consolidated sales revenue reached a historical high of over PLN 1 200 million and consolidated net profit amounted to PLN 219 million. On a stand-alone basis, profit amounted to PLN 217 million.

The Group also achieved record operating results. 2 889 development agreements were signed and 2 801 premises were handed over to the customers.

The PRS segment developed very well, with 187 million in sales revenue, an increase of 40% over 2022.

The situation in terms of assets is also favourable. The assets of the Company as of 31 December amounted to PLN 1 236 million and the assets of the Group to PLN 1 860 million. The consolidated balance sheet shows a healthy structure typical of a well-managed property development group. 75% of assets constitute inventories.

In the opinion of the Supervisory Board, the Management Board of the Company is pursuing its development strategy very skilfully. In 2023, expenditure on land amounted to PLN 291 million, which guarantees the development of the Company and the Group in the following years.

The Group has a reasonable financial policy. The Group is financed by a single syndicated loan. This is an open-ended, non-project finance facility which the Company can use to fund the general corporate purposes and working capital of the Company. The current levels of fulfilment of the covenants in the credit agreement as well as the sensitivity analyses performed internally allow us to assess the financial standing of the group as stable. The debt achieved was in line with expectations. The indebtedness of the Group remains at a safe level and at the same time provides funding for current operations and investment needs.

Furthermore, the Company successfully debuted on the main market of the Warsaw Stock Exchange on 15 December 2023.

## **2. Assessment of the internal control system, risk management, ensuring compliance of activities with standards or applicable practices and internal audit.**

Business profile of Murapol S.A. and its companies in the group did not change compared to 2022, and in 2023 the internal control system, risk management and compliance system were based on similar operating mechanisms.

Internal control is aimed at:

- a. ensuring that activities undertaken by employees are carried out in accordance with the adopted procedure;
- b. counteracting careless management;
- c. creating conditions for the protection of the assets of the Company and their effective use;
- d. determining the causes and effects of identified irregularities;
- e. formulating proposals for the Management Board and the Supervisory Board.

Supervision over the functioning and effectiveness of internal control and financial reporting is exercised by the Supervisory Board of the Company and the Audit Committee.

The control carried out by the Supervisory Board is of the nature of institutional control and functional control. Control is exercised on two levels - (i) ongoing control, based on cyclical meetings with the Management Board of the Company, analysis of current issues, financial and operating results, verification of actions and decisions of the Management Board taken in the normal course of conducting activities (ii) formal control consisting in approving or giving opinions on decisions made by the Management Board in the light of the applicable Articles of Association and other internal acts in force in the Company.

The Supervisory Board very positively assesses this model of exercising control, which, on the one hand, ensures compliance of the conducted activities with applicable procedures and allows maintaining the principle of accountability of processes taking place in the Company, and on the other hand, allows maintaining constant direct contact with the Management Board and appropriate response to current events in the Company.

Within the risk management process, of the utmost importance are:

- a. financial risk including deviation from the financial plan (approved budget);
- b. financial risk related to deviation from expected cash flows (insolvency risk);
- c. financial risk related to a failure to achieve the assumed sales margins;
- d. operational risk related to the timely implementation of the development project;
- e. legal risk related to the purchased land.

In turn, the main element of control and risk management in the field of financial reporting is the verification of separate and consolidated statements by an independent auditor. In this respect, the Audit Committee also performs additional control functions.

Proper risk management is also achieved through the specialisation of individual Group companies, which are responsible for specific areas, such as:

- a. accounting, controlling, taxes and human resources management;

- b. sale of real properties;
- c. acquisition of land properties and design;
- d. execution of development projects.

The Supervisory Board positively assesses the division of competences between individual companies in the Group, thanks to which individual processes can be properly separated, verified and settled. The analysis of the events of 2023 allows us to assume that the risk management mechanisms introduced are functioning properly.

Compliance tasks are also based on the division of responsibilities and control exercised by highly specialized departments and based on the knowledge of specialists in particular field areas. In this matter, important support is provided by an extensive team of lawyers responsible for consulting and supervision of individual processes to ensure full compliance with applicable provisions.

The processes that took place in the Company in 2023 were very similar to those that took place in 2022, except that in December 2023 the company was admitted and introduced to trading shares of the Company on the regulated market operated by the Warsaw Stock Exchange. Therefore, a number of actions were taken to eliminate the associated risks and threats. The Supervisory Board very positively assesses the course of work and the implementation of obligations arising from the stock exchange debut of the Company, noting that the mechanisms operating in the Company function properly.

A very important element that the Supervisory Board also puts emphasis on is continuous training of the human resources and improvement of their qualifications. This enables them to be provided with appropriate knowledge, as well as to ensure employment stabilisation and eliminate the risks that arise with high employee turnover.

#### **IV. ASSESSMENT OF THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES BY THE COMPANY AND THE METHOD OF FULFILLING THE INFORMATION OBLIGATIONS RELATED TO THEIR APPLICATION SPECIFIED IN THE STOCK EXCHANGE RULES AND REGULATIONS AND THE PROVISIONS CONCERNING CURRENT AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES, TOGETHER WITH INFORMATION ON THE ACTIONS THAT THE SUPERVISORY BOARD TAKEN TO MAKE THIS ASSESSMENT**

From the admission of the shares of the company to trading on the main market of the Warsaw Stock Exchange, based on the resolution of the Warsaw Stock Exchange No. 1359/2023 of 14 December 2023, Murapol S.A. was subject to a set of rules adopted by the Council of the Warsaw Stock Exchange on 29 March 2021, Resolution No. 13/1834/2021, i.e. "Good Practices of WSE Listed Companies 2021" ("DPSN 2021").

The Management Board applied all corporate governance principles under the DPSN 2021, subject to the following: 2.1, 2.2, 3.1, 3.2, 3.3, 3.5, 3.6, 6.4.

On March 29, 2024, the Report of the Management Board on the activities of Murapol S.A. and its Capital Group in 2023 was signed, which included, as a separate part of this report, the declaration of the Company on the application of corporate governance resulting from the DPSN 2021. The declaration of the Company also contains information which principles and recommendations of the DPSN 2021 were not applied by the Company in 2023 with a justification.

The Supervisory Board assesses that the Company submitted a declaration on the application of corporate governance within the applicable time limit. The content of the above declaration corresponds to the provisions of §70 section 6 clause 5) of 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 provisions of the law of a non-member state.

Moreover, the Company posted information on the status of the application of the Company of the recommendations and principles contained in the DPSN 2021 at the website:

<https://murapol.pl/relacje-inwestorskie/spolka/lad-korporacyjny/dobre-praktyki-spolek-notowanych-na-gpw>

The Supervisory Board monitored the application of corporate governance principles by the Company and the manner of fulfilling the information obligations regarding their application specified in the Stock Exchange Rules and Regulations and provisions concerning current and periodic information provided by issuers of securities, inter alia, by discussing the above issues with the Management Board, analysing and verifying the accurateness of the information and documents posted on the website of the Company.

Due to the aforesaid, the Supervisory Board assesses that the Company properly fulfills the information obligations regarding the application of corporate governance. Moreover, in the opinion of the Supervisory Board, the explanations published by the Company regarding the scope of application of corporate governance principles by the Company have been made transparent, accurate and comprehensive for shareholders, investors and other interested parties.

## **V. ASSESSMENT OF THE REASONABILITY OF EXPENSES INCURRED BY THE COMPANY AND ITS GROUP TO SUPPORT CULTURE, SPORTS, CHARITABLE INSTITUTIONS, MEDIA, SOCIAL ORGANISATIONS, TRADE UNIONS, ETC.**

Social responsibility is an important part of the activities of the Murapol Capital Group. The organisation emphasises not only high standards of economic activity, but also engages in the sustainable development of the communities and regions in which it is present. The key areas of CSR activity of the Murapol Capital Group are:



- Sports - support for both professional sports, including the outstanding ski mountaineer Andrzej Bargiel, the first team of Widzew Łódź, the winner of the Trans Sierra Norte competition - Sławek Łukasik, and the expansion of enduro trails in Bielsko-Biała, as well as promoting sports activities among children and youth, including sponsoring games for young football players - Murapol Cup in Cracow.
- Culture and art - partner of the Hipolit and Ludwika Festival organised by the Wawelberg Colony Residents and Friends Association and the Winter Wilanów, and the Royal Light Festival organised by the Wilanów District Office.
- Activities for local communities, including: support for the celebration of the 600th anniversary of Łódź or the Regional Congress of Women of Podbeskidzie in Bielsko-Biała.
- Charitable projects, including involvement in the following campaigns: All4Kids, Szlachetna Paczka, PZFD Christmas Charity Campaign, Łupkowa Children's Hospice in Łódź and the 'Dom w Łodzi' Foundation.

In addition to sponsoring activities, the Murapol Capital Group actively participates in public discourse on topics important to the industry, both in the legislative, operational and ESG spheres..

According to the principles 1.5 and 2.11.5 of the Good Practices of WSE Listed Companies, the Company has disclosed expenses incurred by the Company and the entire Capital Group for activities supporting sports, culture and art, projects for local communities and charities. The amounts allocated for the above purposes are not significant on the scale of the company and do not raise any objections on the part of the Supervisory Board.

The Supervisory Board positively assesses the activities of the Company and the entire Murapol Capital Group in the field of corporate social responsibility.

**VI. RESULTS OF ASSESSMENT OF THE FINANCIAL STATEMENTS OF MURAPOL S.A. FOR THE YEAR ENDED 31 DECEMBER 2023, REPORTS OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF MURAPOL S.A. AND ITS CAPITAL GROUP IN 2023, CONSOLIDATED FINANCIAL STATEMENTS OF THE MURAPOL S.A. CAPITAL GROUP FOR THE YEAR ENDED 31 DECEMBER 2023, THE MANAGEMENT BOARD'S PROPOSAL REGARDING THE DISTRIBUTION OF PROFIT FOR 2023.**

Report of the Supervisory Board of Murapol S.A. from the assessment:

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

was adopted by the Supervisory Board on the basis of resolution No. A/24/03/2024 of 29, March 2024, which, together with the report in question, constitutes the Appendix No. 3 to this Report.

The Supervisory Board, in accordance with the resolution No. A/22/03/2024 of 29, March, 2024, positively assessed and agreed the Management Board's proposal regarding the distribution of the Company's profit for 2023, i.e. that:

- 1) part of the Company's net profit for 2023 in the amount of PLN 80,376,000.00 (in words: eighty million three hundred seventy-six thousand zlotys), i.e. PLN 1.97 (in words: one zloty 97/100) for each share, was intended for the payment of dividend to the shareholders of MURAPOL S.A.,
- 2) part of the Company's net profit for 2023 in the amount of PLN 20,000,000.00 (in words: twenty million zlotys) was allocated to the Company's reserve capital, established to pay advances on the expected dividend,
- 3) and the remaining part in the amount of PLN 116,749,822.41 (in words: one hundred sixteen million seven hundred forty-nine thousand eight hundred twenty-two zlotys 41/100) was intended for increasing the Company's supplementary capital.

The said Resolution No. A/22/03/2024 of March, 29 2024 regarding the assessment of the application of the Management Board for the distribution of the net profit of Murapol S.A. for 2023, constitutes the Appendix No. 4 to this Report.

## **VII. ASSESSMENT OF THE IMPLEMENTATION OF THE OBLIGATIONS REFERRED TO IN ART. 380<sup>1</sup> OF THE CODE OF COMMERCIAL PARTNERSHIPS AND COMPANIES BY THE MANAGEMENT BOARD.**

The Supervisory Board assesses that the Management Board fully properly fulfilled the obligations related to providing the Supervisory Board with information resulting from the provisions of Art. 380<sup>1</sup> of the Code of Commercial Partnerships and Companies. In particular, before each meeting of the Supervisory Board, the Management Board provided the Supervisory Board with information about resolutions of the Management Board and their subject matter, the state of finances (cash flows), sales of real estate, ongoing construction works, real estate acquisitions, marketing activities undertaken, group reorganisation activities and financial forecasts.

On 15 December 2022, the Supervisory Board also adopted a resolution on the basis of which it decided that all information provided by the Management Board to the Supervisory Board, including those specified in Art. 380<sup>1</sup> §1 and §2 of the Code of Commercial Partnerships and Companies, do not have to be submitted in writing, they may also be submitted orally, by e-mail and any other means of communication, including in the form of a presentation at a meeting of the Supervisory Board.

In the turnover year 2023, the Management Board regularly presented and discussed with the members of the Supervisory Board business and financial results, implementation of the business plan and budget, as well as current issues indicated by the members of the Supervisory Board.

During the turnover year 2023, the members of the Supervisory Board also discussed with the Management Board all other issues related to the operations of the Company, including internal control, risk management and compliance supervision.

Due to the aforesaid, taking into account all information provided by the Management Board, the Supervisory Board assesses that in the turnover year 2023 the Management Board correctly fulfilled the information obligations referred to in Art. 380<sup>1</sup> of the Code of Commercial Partnerships and Companies.

**VIII. ASSESSMENT OF THE METHOD OF DRAWING UP OR SUBMITTING TO THE SUPERVISORY BOARD BY THE MANAGEMENT BOARD OF INFORMATION, DOCUMENTS, REPORTS OR EXPLANATIONS REQUESTED IN THE PROCEDURE SPECIFIED IN ART. 382 §4 OF THE CODE OF COMMERCIAL PARTNERSHIPS AND COMPANIES.**

In the turnover year 2023, the Supervisory Board had a full access to information, documents and reports of the Company, and the Management Board and employees of the Company provided explanations to the members of the Supervisory Board at each request of the members of the Supervisory Board. Due to this, the Supervisory Board did not submit a formal request in the turnover year 2023 in the manner specified in the Art. 382 §4 of the Code of Commercial Partnerships and Companies, to the persons mentioned in this provision

**IX. INFORMATION ON THE TOTAL REMUNERATION DUE TO THE COMPANY FOR ALL AUDITS COMMISSIONED BY THE SUPERVISORY BOARD DURING THE TURNOVER YEAR IN THE PROCEDURE SPECIFIED IN ART. 382<sup>1</sup> OF THE CODE OF COMMERCIAL PARTNERSHIPS AND COMPANIES.**

In the turnover year 2023, the Supervisory Board did not commission any audits in the manner specified in Art. 382<sup>1</sup> of the Code of Commercial Partnerships and Companies.

The Supervisory Board submits this report to the General Meeting for consideration, recommending at the same time that the General Meeting adopts a resolution on granting discharge to the Members of the Supervisory Board of the Company for the performance of their duties in the period from 1 January 2023 until 31 December 2023.

Appendices:

- 1) Report of the Audit Committee of Murapol S.A. from the activities during the period from 1 January 2023 until 31 December 2023
- 2) Report of the Investment Committee of Murapol S.A. from the activities during the period from 1 January 2023 to 31 December 2023
- 3) Resolution of the Supervisory Board No. A/24/03/2024 of March, 29 2024 and the Report of the Supervisory Board of Murapol S.A. from the assessment of:
  - a. Financial statements of Murapol S.A. for the financial year ended 31 December 2023
  - b. Report of the Management Board on the activities of Murapol S.A. and its Capital Group in 2023
  - c. Consolidated financial statements of the Murapol S.A. Capital Group. for the financial year ended 31 December 2023
- 4) Resolution of the Supervisory Board No. A/22/03/2024 of March, 29 2024 on the assessment of the motion by the Management Board considering the distribution of the net profit of Murapol S.A. for 2023.

on 29 March 2024

REPORT OF THE AUDIT COMMITTEE  
OF MURAPOL S.A.  
FROM THE ACTIVITIES OF THE AUDIT  
COMMITTEE DURING THE PERIOD  
FROM 1 JANUARY 2023  
UNTIL 31 DECEMBER 2023



## **I. COMPOSITION OF THE AUDIT COMMITTEE FOR TURNOVER YEAR 2023.**

Within the period from 1 January 2023 until 31 December 2023, the Audit Committee consisted of 3 members:

<b>Audit Committee</b>	<b>Function</b>
Brendan O'Mahony	Chairman of the Audit Committee
William Twemlow	Member of the Audit Committee
Justyna Bauta-Szostak	Member of the Audit Committee

As of the date of adoption of this report on the activities of the Committee in the turnover year 2023, the composition of the Committee has not changed.

According to the provisions of the Articles of Association of the Company and the Rules and Regulations of the Audit Committee adopted by the Resolution No. A/5/09/2021 of the Supervisory Board of MURAPOL S.A. with its registered office in Bielsko-Biała of 14 September 2021, the Audit Committee is a permanent committee of the Supervisory Board.

Independence criteria, according to the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws of 2017, item 1089, as amended), were met in 2023 by the majority of members of the Audit Committee, i.e. Mrs Justyna Bauta-Szostak and Mr Brendan O'Mahony. Furthermore, Mr Brendan O'Mahony has knowledge and skills in accounting and auditing financial statements, and Mr William Twemlow has knowledge and skills in the industry in which the Murapol S.A. Capital Group operates, i.e. real estate, development.

## **II. ACTIVITIES OF THE AUDIT COMMITTEE.**

In accordance with the Articles of Association of the Company and the Rules and Regulations of the Audit Committee, the tasks of the Audit Committee include in particular:

- Monitoring of the financial reporting process,
- Monitoring of the effectiveness of internal control, internal audit and risk management systems,
- Monitoring of the performance of financial audit activities,
- Providing oversight and monitoring of the independence of the statutory auditor and the entity authorised to audit financial statements

## **III. MEETINGS OF THE AUDIT COMMITTEE IN THE TURNOVER YEAR AND MATTERS COVERED BY THE AGENDA OF THESE MEETINGS.**

During the financial year 2023, three formal meetings of the Audit Committee of the Company were held:

- 18 April 2023,
- 15 September 2023,
- 2 November 2023.

All the above meetings of the Audit Committee of the Company were convened correctly and took place using means of distance communication.

At the meeting held on 18 April 2023, resolutions were discussed and adopted regarding a positive assessment of the financial statements of the Company for the financial year ending 31 December 2022 and the consolidated financial statements for the same period. A decision was also made regarding the report on the activities of the Audit Committee for the financial year ending 31 December 2022 and the assessment of the need to appoint an internal auditor.

The next meeting was held on 15 September 2023, during which the Committee members met with a representative of the audit company Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp.k., who presented a summary related to the issues concerning the audit in the Company and the audit of historical financial information prepared in connection with the planned public offering of the shares of the Company. Then, the members of the Committee recommended that the Supervisory Board adopt resolutions on the approval of consolidated historical financial information and consent to the provision of additional permitted services other than audit by an audit firm for the purposes related to the public offering of the shares of the Company.

The last meeting took place on 2 November 2023, during which the Committee members met with a representative of the audit company Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp.k., who presented a summary related to the issues regarding the audit in the Company and the audit of historical financial information prepared in connection with the planned public offering of the shares of the Company. The Committee members recommended that the Supervisory Board of the Company approve the consolidated historical financial information and the interim consolidated financial statements of the Company. Moreover, they assessed the conflict of interest in the context of providing services by a member of the Management Board of the Company to a subsidiary of the Company, concluding that there is no conflict of interest that would prevent the latter from holding a position on the Management Board.

#### **IV. OPINION ON THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE TURNOVER YEAR 2023.**

The Audit Committee recommended that the Supervisory Board of the Company adopt a resolution on a positive assessment of the financial statements of the Company for the financial year ending 31 December 2023 and the consolidated financial statements of the Company for the turnover year 2023 - in the resolution No. A/02/03/2024 of the Audit Committee of 25 March 2024.

## **V. ASSESSMENT OF THE WORK OF THE AUDIT COMMITTEE.**

In the turnover year 2023, the Committee Members held three formal meetings and a number of informal meetings and consultations in the scope of advising the Supervisory Board and the Management Board of the Company on matters related to the financial audit and financial reporting of the Company

The Audit Committee is composed of people with appropriate knowledge and professional experience in the fields of finance, accounting and auditing. The Committee Members have extensive experience, knowledge and skills, including thorough knowledge of the Company and understanding of its activities.

In its work, the Committee acted in accordance with its Rules and Regulations, the Rules and Regulations of the Supervisory Board, the Articles of Association of the Company and applicable law, guided by the legitimate interest of the Company and the good of its shareholders.

The Audit Committee submits this report to the Supervisory Board of the Company.

on 25 March 2024



REPORT OF THE INVESTMENT COMMITTEE  
OF MURAPOL S.A.  
FROM THE ACTIVITIES  
OF THE INVESTMENT COMMITTEE DURING THE  
PERIOD  
FROM 1 JANUARY 2023  
UNTIL 31 DECEMBER 2023



## **I. COMPOSITION OF THE INVESTMENT COMMITTEE FOR TURNOVER YEAR 2023.**

Within the period from 1 January 2023 to 31 December 2023, the Investment Committee was composed of 4 members:

<b>Investment Committee</b>	<b>Function</b>
John Ruane	Member of the Investment Committee
William Twemlow	Member of the Investment Committee
Maciej Dyjas	Member of the Investment Committee
Piotr Fijołek	Member of the Investment Committee

As of the date of adoption of this report on the activities of the Committee in the turnover year 2023, the composition of the Committee has not changed.

## **II. MEETINGS OF THE INVESTMENT COMMITTEE IN THE TURNOVER YEAR AND MATTERS COVERED BY THE AGENDA OF THESE MEETINGS.**

No formal meetings of the Investment Committee were held in 2023. During the year, the Committee processed and adopted resolutions electronically. In this manner, the Committee expressed 40 positive opinions and adopted the Resolution No. 1/04/2023 - on the adoption of the report of the Investment Committee of the Company on the activities of the Investment Committee in the turnover year 2022.

## **III. ASSESSMENT OF THE WORK OF THE INVESTMENT COMMITTEE.**

The task of the Investment Committee is to express opinions on planned purchases and sales of assets, financing plans, implementation of asset sales strategies and implementation of investment plans based on the approved Annual Budget.

The Management Board of the Company is obliged to seek the opinion of the Investment Committee before taking the actions specified in the Articles of Association of the Company. The Articles of Association of the Company (Art. 22(5)) specifies that the Management Board is obliged to obtain the opinion of the Investment Committee before taking the actions figured out in: (a) Art. 20 clause 7) and clauses 9) and 12) in connection with the clause 7) above, regardless of the value of such activity; and (b) Art. 20, clause 8) and clauses 9) and 12) in connection with the clause 8), with the value indicated therein reduced to PLN 500,000.00 (five hundred thousand Polish zlotys). The opinion of the Investment Committee indicated in the previous sentence, apart from the exceptions specified in the Art. 20 clauses 7) and 8), is also not required to conclude contracts in the ordinary course of business in connection with construction processes conducted by the Murapol S.A. Capital Group.

During the year, the Investment Committee cooperated with members of the Management Board of the Company and other managers of the Company, analysing and discussing at the meetings and teleconferences the current situation of the Company and issues related to the planned acquisition and disposal of assets, financing plans, implementation of asset sales strategies and implementation of investment plans.

In 2023, the Committee expressed 40 positive opinions regarding the activities performed by the Company, and one resolution adopting the report of the Investment Committee of the Company on the activities of the Investment Committee in the turnover year 2022.

In its work, the Committee acted according to its rules and regulations, the rules and regulations of the Supervisory Board, the Articles of Association of the Company and applicable provisions of law, guided by the legitimate interest of the Company and the good of its shareholders.

The Investment Committee submits this report to the Supervisory Board of the Company.

on 25 March 2024

**Resolution No. A/24/03/2024 of the Supervisory Board of  
MURAPOL S.A.  
with its registered seat in Bielsko-Biala  
dated 29 March 2024  
on approving of the report of the Supervisory Board of  
the Company on the assessment of reports for 2023**

**§ 1.**

The Supervisory Board of the Company hereby accepts the report of the Supervisory Board of the Company on the assessment of the Company's statements for 2023, constituting Annex No. 1 to this resolution.

**§ 2.**

The resolution shall enter into force on the date of its adoption.

**Uchwała nr A/24/03/2024 Rady Nadzorczej  
MURAPOL S.A.  
z siedzibą w Bielsku-Białej  
z dnia 29 marca 2024 r.  
w sprawie przyjęcia sprawozdania Rady Nadzorczej  
Spółki z oceny sprawozdań za rok 2023**

**§ 1.**

Rada Nadzorcza Spółki, niniejszym przyjmuje sprawozdanie Rady Nadzorczej Spółki z oceny sprawozdań Spółki za rok 2023, stanowiące załącznik nr 1 do niniejszej uchwały.

**§ 2.**

Uchwała wchodzi w życie z dniem jej ogłoszenia.

# 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 %
<b>ASSETS</b>	<b>1 236 406</b>	<b>1 060 413</b>	<b>175 993</b>	100%	<b>17%</b>
<b>Fixed assets</b>	<b>1 178 401</b>	<b>973 818</b>	<b>204 583</b>	95%	<b>21%</b>
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%
<b>Current assets</b>	<b>58 005</b>	<b>86 595</b>	<b>(28 590)</b>	5%	<b>(33%)</b>
<b>Cash</b>	1 469	60 997	(59 528)	0%	(98%)
<b>Othe current assets</b>	56 536	25 598	30 938	5%	121%

	2023	2022	Change	Structure in %	Dynamics in %
<b>LIABILITIES</b>	<b>1 236 406</b>	<b>1 060 413</b>	<b>175 993</b>	100%	<b>17%</b>
<b>Equity</b>	<b>560 536</b>	<b>441 510</b>	<b>119 026</b>	45%	<b>27%</b>
<b>Liabilities</b>	<b>675 870</b>	<b>618 903</b>	<b>56 967</b>	55%	<b>9%</b>
<b>Long-term liabilities</b>	<b>573 982</b>	<b>535 196</b>	<b>38 786</b>	46%	<b>7%</b>
Interest-bearing credits and loans	555 088	534 866	20 222	45%	4%
Other long-term liabilities	18 893	330	18 563	2%	5628%
<b>Short-term liabilities</b>	<b>101 888</b>	<b>83 707</b>	<b>18 181</b>	8%	<b>22%</b>
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
<b>Inventory turnover</b>	inventory / sales revenue × 365 days	6	7
<b>Receivables turnover</b>	trade receivables / revenue from sales × 365 days	120	74
<b>Liabilities turnover</b>	trade payables / revenue from sales × 365 days	96	53
<b>Debt ratio</b>	liabilities / total assets	54.66%	58.36%
<b>Short-term debt ratio</b>	short-term liabilities / total assets	8.24%	7.89%

<b>Long-term debt ratio</b>	long-term liabilities / total assets	46.42%	50.47%
<b>Current ratio</b>	current assets / short-term liabilities	0.6	1.0
<b>Quick ratio</b>	(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 %
<b>ASSETS</b>	<b>1 859 815</b>	<b>1 729 603</b>	<b>130 212</b>	<b>100%</b>	<b>8%</b>
<b>Fixed assets</b>	<b>86 523</b>	<b>72 941</b>	<b>13 582</b>	<b>5%</b>	<b>19%</b>
<b>Current assets</b>	<b>1 773 292</b>	<b>1 656 662</b>	<b>116 630</b>	<b>95%</b>	<b>7%</b>
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 %
<b>LIABILITIES</b>	<b>1 859 815</b>	<b>1 729 603</b>	<b>130 212</b>	<b>100%</b>	<b>8%</b>
<b>Equity</b>	<b>559 385</b>	<b>439 530</b>	<b>119 855</b>	<b>30%</b>	<b>27%</b>
<b>Liabilities</b>	<b>1 300 430</b>	<b>1 290 073</b>	<b>10 357</b>	<b>70%</b>	<b>1%</b>
<b>Long-term liabilities</b>	<b>454 770</b>	<b>411 181</b>	<b>43 589</b>	<b>24%</b>	<b>11%</b>
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%
<b>Short-term liabilities</b>	<b>845 660</b>	<b>878 892</b>	<b>(33 232)</b>	<b>45%</b>	<b>(4%)</b>
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.

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



**Resolution No. A/22/03/2024 of the Supervisory Board of  
MURAPOL S.A.  
with its registered seat in Bielsko-Biala  
dated 29 March 2024  
regarding the assessment of the management board's  
proposal regarding the distribution of profit for 2023**

**§ 1.**

Acting pursuant to Art. 388 § 3 of the Commercial Companies Code, the Supervisory Board of the Company hereby positively assesses the Management Board's proposal regarding the distribution of the Company's profit for 2023, i.e. that:

- 1) part of the Company's net profit for 2023 in the amount of PLN 80,376,000.00 (in words: eighty million three hundred seventy-six thousand zlotys), i.e. PLN 1.97 (in words: one zloty 97/100) for each share, was intended for the payment of dividend to the shareholders of MURAPOL S.A.,
- 2) part of the Company's net profit for 2023 in the amount of PLN 20,000,000.00 (in words: twenty million zlotys) was allocated to the Company's reserve capital, established to pay advances on the expected dividend,
- 3) and the remaining part in the amount of PLN 116,749,822.41 (in words: one hundred sixteen million seven hundred forty-nine thousand eight hundred twenty-two zlotys 41/100) was intended for increasing the Company's supplementary capital.

**§ 2.**

The resolution shall enter into force on the date of its adoption.

**Uchwała nr A/22/03/2024 Rady Nadzorczej  
MURAPOL S.A.  
z siedzibą w Bielsku-Białej  
z dnia 29 marca 2024 r.  
w sprawie dokonania oceny wniosku zarządu dotyczącego  
podziału zysku za rok 2023**

**§ 1.**

Działając na podstawie art. 388 § 3 Kodeksu spółek handlowych, Rada Nadzorcza Spółki, niniejszym pozytywnie ocenia wniosek Zarządu dotyczący podziału zysku Spółki za rok 2023, tj. aby:

- 1) część zysku netto Spółki za rok 2023 w kwocie 80.376.000,00 zł (słownie: osiemdziesiąt milionów trzysta siedemdziesiąt sześć tysięcy złotych), tj. 1,97 zł (słownie: jeden zloty 97/100) za każdą akcję, przeznaczona została na wypłatę dywidendy akcjonariuszom MURAPOL S.A.,
- 2) część zysku netto Spółki za rok 2023 w kwocie 20.000.000,00 zł (słownie: dwadzieścia milionów złotych) przeznaczona została na kapitał rezerwowy Spółki, utworzony w celu wypłaty zaliczek na poczet przewidywanej dywidendy,
- 3) pozostałą część w kwocie 116.749.822,41 zł (słownie: sto szesnaście milionów siedemset czterdzieści dziewięć tysięcy osiemset dwadzieścia dwa złote 41/100) przeznaczona została na powiększenie kapitału zapasowego Spółki.

**§ 2.**

Uchwała wchodzi w życie z dniem jej ogłoszenia.