

Directors' Report on the operations of
Murapol S.A. and its Group
for the year ended 31 December 2023



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1 Basic information on the Company and the Group



Murapol
Matecznia

Kraków

The Murapol Group has been present on the residential property market in Poland since 2001, which makes it one of the most experienced residential developers in the country. From the beginning of its operations up until 31 December 2023, the Group has completed 83 development projects in 17 cities in Poland, with 424 buildings and 28.5 thousand residential/business premises. In nearly 23 years of operation, it has sold 28 thousand apartments to retail customers in 18 cities.

Since 15 December 2023, the shares of Murapol S.A. have been listed on the main market of the Warsaw Stock Exchange.

The Murapol Group has the most geographically diversified operations among Polish property development companies. Its investment map - understood as cities in which investment projects have historically been completed, as well as those in which there are currently projects under way or in the pipeline - covers a total of 19 locations in Poland (Bielsko-Biała, Bydgoszcz, Chorzów, Gdańsk, Gdynia, Gliwice, Katowice, Kraków, Lublin, Łódź, Mikołów, Poznań, Siewierz, Sosnowiec, Toruń, Tychy, Warsaw, Wieliczka and Wrocław).

A hallmark of the Murapol Group is its operating model described as “Plug & Play” – it can effectively transfer proven solutions and standardized projects to almost any location. The Group's ability to quickly replicate proven apartment layouts and schemes ensures high operational efficiency in all conditions and on all markets. Drawing on in-house expertise, including Building Information Modelling (BIM) technology and 3D planning, the Group aims to maximize floor space in buildings and usable floor space (PUM) of residential/business premises.

Since the first quarter of 2020, the Murapol Group's leading investors have been entities which belong to the funds managed by Ares Management UK Limited (a subsidiary of Ares Management Corporation), a global alternative investment manager specializing in debt financing, private equity and real estate, advised by Griffin Capital Partners.

In 2021, in order to develop its business further and to draw on its experience and competence, the Murapol Group expanded its general contracting activities in new and, as expected, growing and attractive sectors of the Polish property market: PRS (private rented sector) and PBSA (purpose built student accommodation). In the PRS sector, the Group is working with PRS Investor and LifeSpot, supported by Ares, which is advised by GCP, one of the largest and fast growing private equity investors in Central and Eastern Europe.

The Murapol Group's consistently implemented strategy and business model have enabled the Group to achieve growth in recent years and have proven the resilience of the Group's operations in uncertain market conditions. Despite the deterioration of the macroeconomic and geopolitical conditions in 2022 following the war in Ukraine, high interest rates and high inflation, the Group maintained a high level of sales of its apartments to retail customers.

In implementing its sustainable development strategy, Murapol integrates environmental, social and corporate governance (ESG) initiatives into its operations. The Group strives to optimize the consumption of raw materials, uses new technologies and implements energy-efficient solutions. The Company is also involved in various forms of social, charitable and sports activities, supporting both professional sports and projects that promote physical activity among children and young people.

1.1 Group structure

The Murapol Group consists of Murapol S.A. (the **"Parent Company"**, "Issuer", "Company") and its subsidiaries.

The Parent Company is entered in the Register of Businesses of the National Court Register (KRS) maintained by the District Court for Bielsko-Biała in Poland, 8th Business Department of the National Court Register, with the KRS reference number: 0000275523.

The Parent Company has a REGON statistical number: 072695687 and a NIP tax identification number: 5471932616.

The registered office of the Parent Company is in Bielsko-Biała.

The share capital of the Parent Company is PLN 2,040,000 (fully paid up).

All the entities which belong, directly or indirectly, to the Murapol Group are consolidated by the Parent Company using the acquisition consolidation method.

Structure of the Murapol S.A. Group as at 31 December 2023, presenting the direct and indirect shareholdings of the Parent Company in its subsidiaries:

Company name	Capital amount/ value of contributions	Interest in capital
Murapol Real Estate S.A.	PLN 28,167,522	100% (directly)
Murapol Venture Partner S.A.	PLN 100,000	100% (indirectly)
Murapol Architects Drive S.A.	PLN 100,000	100% (indirectly)
MyMurapol Sp. z o.o.	PLN 10,000	100% (indirectly)
Cross Bud S.A.	PLN 100,000	96.40% (indirectly)
Murapol Centrum Usług Wspólnych Sp. z o.o.	PLN 5,000	100% (indirectly)
Murapol Projekt Sp. z o.o.	PLN 175,000	100% (directly)
Murapol Nowy Złocień 23 Sp. z o.o.	PLN 20,000	100% (directly and indirectly)
MFM Capital 2 Sp. z o.o.	PLN 5,000,000	100% (directly and indirectly)
MFM Capital 3 Sp. z o.o.	PLN 5,000,000	100% (directly and indirectly)
MFM Capital 4 Sp. z o.o.	PLN 5,000,000	100% (directly and indirectly)
MFM Capital 5 Sp. z o.o.	PLN 5,000,000	100% (directly and indirectly)
MFM Capital 6 Sp. z o.o.	PLN 5,000,000	100% (directly and indirectly)
TP III Capital Sp. z o.o.	PLN 15,000	100% (indirectly)
Petrofox Sp. z o.o.	PLN 5,000	100% (indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością 3 Sp.j.	PLN 25,600	100% (directly and indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością 12 Sp.j.	PLN 10,100	100% (directly and indirectly)
Murapol Projekt 26 Sp. z o.o.	PLN 50,000	100% (directly)

Murapol Projekt 27 Sp. z o.o.	PLN 5,000	100% (directly and indirectly)
Murapol Projekt 34 Sp. z o.o.	PLN 5,000	100% (directly)
Murapol Projekt 35 Sp. z o.o.	PLN 5,000	100% (directly and indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością Deweloper Sp.j.	PLN 25,600	100% (directly and indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością Nowe Winogrody Sp.j.	PLN 26,000	100% (directly and indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością Nowe Czyżyny Sp.j.	PLN 1,000	100% (indirectly)
Murapol Wola House Sp. z o.o.	PLN 500,000	100% (indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością Garbarnia Sp.j.	PLN 17,580,000	100% (directly and indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością GDA S.K.A.	PLN 50,100	100% (directly and indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością 23 Sp.j.	PLN 10,100	100% (indirectly)
Murapol Projekt Spółka z ograniczoną odpowiedzialnością Sp.j.	PLN 18,516,496	100% (directly and indirectly)
Murapol Smidowicza Sp. z o.o.	PLN 5,000	100% (indirectly)
Murapol Projekt 37 Sp. z o.o.	PLN 5,000	100% (directly)
Murapol Westini Sp. z o.o.	PLN 5,755,250	100% (indirectly)
Murapol Projekt 39 Sp. z o.o.	PLN 5,000	100% (directly)
Murapol Projekt 42 Sp. z o.o.	PLN 5,000	100% (directly)
Murapol Projekt 43 Sp. z o.o.	PLN 5,000	100% (directly)
Murapol Projekt 45 Sp. z o.o.	PLN 5,000	100% (directly)
Media Deweloper.pl Sp. z o.o.	PLN 5,000	100% (directly)
Murapol Projekt 59 Sp. z o.o.	PLN 45,300,150	100% (directly)
Media Deweloper.pl Sp. z o.o.	PLN 5,000	100% (directly)
Locomotive Management Limited	EUR 73,414	100% (directly)
Murager GmbH	EUR 25,000	100% (indirectly)
Polish Development Closed-End Investment Fund	PLN 1,402,148	100% (directly and indirectly)

Description of changes in the structure of the Murapol S.A. Group in 2023:

17 April 2023 – Acquisition by Murapol Real Estate S.A. of 3,596 A series shares in Cross Bud S.A. from an individual, in accordance with the share sales agreement of 9 October 2020, thereby the Company

increased its shareholding from 92.808% to 96.404%.

26 May 2023 - Transformation of OTLA 12 Sp. z o.o. into Murapol Projekt Spółka z ograniczoną odpowiedzialnością OTLA 12 Sp.j. in connection with the reorganization of the Murapol S.A. Group.

5 July 2023 - Dissolution of Murapol Projekt Spółka z ograniczoną odpowiedzialnością OTLA 12 Sp.j. in connection with the reorganization of the Murapol S.A. Group.

29 September 2023 – the Polish Development Closed-End Investment Fund redeemed 90 E series investment certificates of the fund with a total redemption price of PLN 3,100 thousand, and 20 C series investment certificates of the fund with a total redemption price of

PLN 689 thousand for the fund participant Murapol S.A.

22 December 2023 – Change of the business name of Home Credit Group Finanse i Nieruchomości Sp. z o.o. to MyMurapol Sp. z o.o.

1 March 2024 – Change of the business name of Partner S.A. to Murapol Venture Partner S.A.

1.2 Strategy and business model

The aim of the Murapol Group is to maintain sustainable growth and a strong position in the development industry in Poland and on the financial markets. The Group's vision is to create an organization that operates on the basis of a repeatable and optimized business model on the for-sale residential market and for the PRS segment, which responds to the challenges of the market and the competition, using its competence to expand its business model and sales mix by adding solutions and products based on new solutions and technologies, in line with market demand. This is to allow to be seen as an organization with a stable and sustainable growth strategy, in the long term, consistently delivering repeatable operational results.

Using its competitive advantages, the Murapol Group intends to consistently build its shareholder value through the implementation of its growth strategy:

Utilizing the potential of its land bank to become a leading developer in the residential property market in Poland

The Murapol Group plans to continue to increase and scale its operations in Poland based on the effective positioning of its product mix in the most receptive popular (affordable) and popular premium (affordable premium) market segments. The Group is constantly on the lookout for new plots of land both in the largest cities,

usually in locations outside city centres but in dynamically developing districts, and in smaller regional cities which, in turn, are characterized by attractive development prospects or a significant shortage of apartments on the primary market. The Company intends to continue pursuing its strategy of geographic diversification of its operations in Poland and, to this end, plans to acquire new investment sites enabling the implementation of projects also outside the locations where it currently operates, such as Szczecin, Olsztyn, Rzeszów, Kielce and Częstochowa.

Taking advantage of the growth opportunities that come from the developing PRS and PBSA markets in Poland based on concluded cooperation agreements and projects in progress

In order to capitalize on the expected growth of the PRS market in Poland, in 2021 the Management Board took a strategic decision to initiate cooperation with the PRS and PBSA Investor. This includes the sale of land and design-build general contracting services to private rental and student house sector companies. As part of the PRS cooperation, the Murapol Group's aim is to create, within the period of being bound by a five-year contract, a portfolio of premises which will be: commissioned for use or in progress (under construction), or in the form of secured rights to land (bound by

a preliminary purchase contract), in the largest cities in Poland for rental through the PRS Platform (owned by the funds managed by Ares). The total number of these units is expected to be approximately 10,000.

Continuation of the land acquisition model in place, based on advances/deposits and conditional preliminary property sales contracts, to further increase flexibility and reduce risk exposure, and further improve capital management

Over the years of its operations, the Group has developed a land acquisition model unique to the residential property market in Poland. Under this model, approximately 10-30% of the price of the property is paid as a deposit or down payment at the conclusion of the conditional preliminary sales contract and in the course of its performance (or other conditional binding contract), and the remainder (70-90%) at the conclusion of the contract transferring ownership of the property, for the most part upon fulfilment of the conditions precedent indicated in the preliminary contract, among other things, obtaining certain administrative decisions. The Group intends to continue to acquire land based on the aforementioned adopted business model in order to further optimize the capital structure.

Using the team's specialist and diverse knowledge along the development performance chain to further improve operational efficiencies and technological solutions

The Murapol Group's growth plan provides for further optimization of the processes, operational efficiency and the technological solutions used, based on the unique know-how developed over the years, which has proven its worth. Within its structure the Group has the extensive competences necessary for real estate development (vertical integration of the business model). Teams of experienced experts work on the preparation and implementation of the Group's projects, covering the entire investment process with their competences, including land acquisition and obtaining administrative decisions, design and architectural-engineering work, and general contracting or sales competences.

Attention to environmental, health, social and corporate governance (ESG) issues

The Murapol Group is taking measures to integrate ESG (environmental, health, social and corporate governance) issues into its operations, which are increasingly relevant to its development activities. The Group intends to continue to follow the trends in the ESG area, carry out R&D projects in this regard, analyse available solutions and initiate further environmental and other ESG solutions in its development projects. In response to the growing environmental awareness of society, including future residents of the housing estates under construction, the Group analyses and introduces new technological solutions. In the Company's opinion, the measures taken and solutions proposed will have a positive impact on the end result of development projects, their usability and their resident-friendly nature, which may positively influence, among other things, the competitiveness of the Group's residential offer and the margins earned.

The Group's business model for conducting development projects is applied by

separate teams of specialists dealing with the project at specific procedural stages of its implementation.

- **Land acquisition** – seeking and selecting business-attractive plots of land for investment and their detailed analysis. The planning of future development projects involves the conclusion of preliminary contracts for the sale of plots of land or conditional contracts committing to the sale of plots of land under which the Company/Subsidiary has the right to purchase the plot in the future from its owner.
- **Architectural and engineering design** – comprehensive design of architectural, installation and structural projects carried out in our own architectural and engineering design office. It takes place using the engineering solutions developed over the years, drawing and design standards, details, building specifications and guidelines for creating optimal layouts for interiors and common areas. In doing so, standardized solutions reduce costs while maintaining optimum residential quality.
- **Budgeting** – the Group uses modern technologies, including Building Information Modelling (BIM), to create optimum investment budgets which are a breakdown of the costs of all the work required to perform the project comprehensively, from the start of designing to obtaining an occupancy permit for the investment. The completed investment budget is a confirmation of the optimality of the construction project, as well as a controlling element of the costs of the individual stages of the investment. In addition, the investment budget is the basis for making strategic

decisions on the selling price of apartments in a given location.

- **General contractor for construction and supply of materials** – in the development of real estate projects, the Group acts as the general contractor for the project, i.e. it is responsible for constructing the development project in accordance with the architectural design, with the specified parameters and quality, and according to the specified schedule. At the same time, the Group itself is responsible for the procurement of key construction materials, including concrete/cement, mortar/plaster/gypsum, bricks/blocks, steel and others, leaving subcontractors and third-party suppliers to select materials that are less important in terms of value or that do not affect the aesthetics of the projects. Adopting such a purchasing model ensures cost optimization for the Group (the large scale of orders, obtaining competitive commercial terms, good price to quality ratio of the purchased materials). The Murapol Group's development process is divided into 94 standardized tasks (batches) (so-called Unit94), which enables high efficiency of budgeting and precise planning processes on the basis of "94 batches" universal for each investment.
- **Investor supervision** – consists of, among other things, controlling the construction process, which includes ensuring that the construction is carried out in accordance with the previously prepared design (and technical documentation, building permit, legislation, etc.), checking and accepting the construction work, testing and accepting the technical equipment installations, coordination with the construction

manager, controlling the settlement of construction costs.

Sales and marketing activities – sales are carried out based on: (i) the Group's own sales channel (with support through the Group Lead Centre), in the form of a website and sales offices located in each of the Group's markets; and (ii) external sales channels. Sales activities are complemented by marketing and PR

activities covering a broad range of promotional and communication tools tailored to the customer profile and the products offered, fully carried out by the Group's own resources. Sales and marketing activities are not applicable to the Group's operations in the PRS sector due to the contractual guarantee of LifeSpot's taking up the premises developed in the PRS sector.



2 Description of the Company's and the Group's activities in 2023 and non-financial key performance indicators



2.1 Basic products, goods and services

The Murapol Group offers apartments in the most receptive segment of the residential property market, which, in the opinion of the Management Board, is relatively resistant to fluctuations in macroeconomic factors and performs well even in difficult times. The Murapol Group's offer covers the popular and affordable premium segments and is dominated by 2- and 3- room apartments, with floor areas ranging from 35 to 55 sq. m. The Group observes that in the previous year, in line with the market as a whole, customers were most likely to purchase 2- and 3-room apartments from its offer. Premises with such parameters are of the greatest interest to the market, both among individual customers purchasing apartments for their own needs, and investment buyers who purchase them to rent them out or as a means of maintaining the value of their savings. This offer is complemented by studios and 4-room apartments with larger floor areas, as well

as the possibility of combining flats. Thanks to the characteristics of its operations and product profile, Murapol reaches a wide range of customers and takes advantage of development opportunities not only in the largest but also in the regional residential markets.

Murapol also has a second line of business - it builds residential premises under the design&build formula, of which the LifeSpot platform is a regular customer. The PRS sector is, in principle, complementary to the residential sector, these projects being developed on land earmarked for different use than the Group's core business. The cooperation consists of searching for land that, in the investor's opinion, can be used for development projects in the PRS segment, and then designing and constructing units for the PRS platform managed by the Ares Group, which is a significant investor in the Murapol Group.

2.2 Information on sales markets

The Group's offer is available throughout almost the entire country. Murapol has development projects under construction and in the pipeline in 17 cities - both in Poland's largest agglomerations, including Warsaw, Kraków, Wrocław, the Tri-City, the Silesian Agglomeration, Poznań, and Łódź, as well as in smaller regional cities such as Bydgoszcz and Toruń.

A geographically diversified investment map and a unique, vertically integrated business model, involving concentration within the Group of all the competences necessary for carrying out property

projects, ensure the Group's sustainable growth and high margins.

Within the PRS segment, the Murapol Group cooperates with one customer, the LifeSpot Group (the subsidiaries of AEREF V PL PRS S.à r.l. in the PRS sector), for which it is developing or has developed projects in Warsaw, Gdynia, Wrocław, Łódź, Katowice and Kraków. Sales to the LifeSpot Group companies account for approximately 16% of the revenue earned in 2023.

The Group works with a large number of subcontractors none of which deliver more than 10% of its revenue.

2.3 Description of significant achievements with a list of key events

The Murapol Group recorded highly satisfactory operating results in 2023, in every area of activity, including sales, handovers, construction of apartments, design preparation and land acquisition.

2.3.1 Sales of apartments

In 2023, the Murapol Group signed 2,889 development and preliminary contracts, compared with 2,783 contracts concluded a year before.

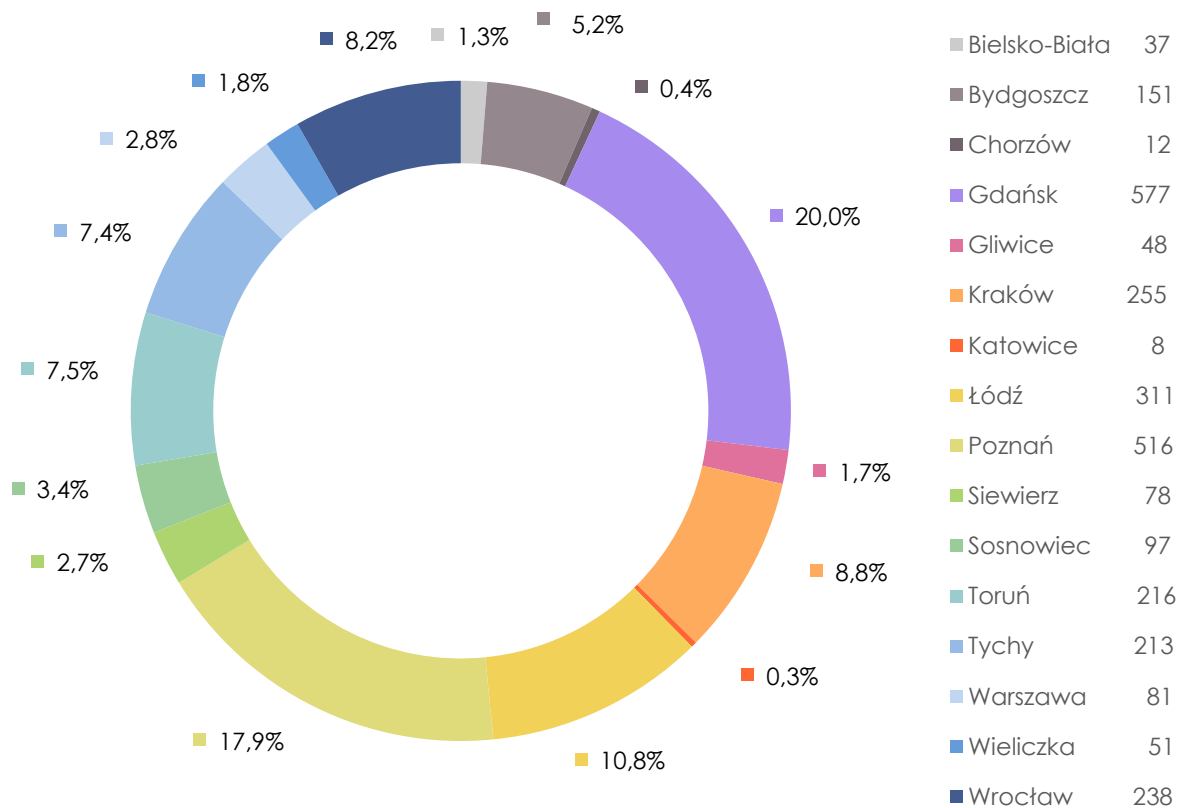
The locations in which apartments from the Murapol Group's offer enjoyed the greatest interest were Gdańsk, where 577 apartments were sold, and Poznań, with 516 apartments sold. The agglomerations in which the Group's results were good also include: Łódź - 311 apartments, Kraków - 255 apartments and Wrocław - 238 apartments. In Toruń, the developer sold 216 apartments, in Tychy and Bydgoszcz 213 and 151 apartments respectively.

Moreover, at the end of 2023 the Group had 142 paid booking contracts (after eliminating cancellations), compared with 205 at the end of 2022.

Total net sales to retail customers of the Murapol Group made in 2023 amounted to 3,031 apartments (development contracts, preliminary contracts and paid reservation contracts, after eliminating cancellations) (2,988 in 2022).

During the analysed period, the developer also sold 693 apartments in the PRS segment (for institutional rental of apartments) under the design&build formula (compared with 664 in 2022).

To summarize, in 2023, total net sales to retail customers and to the PRS segment amounted to 3,724 apartments compared with 3,652 in 2022.



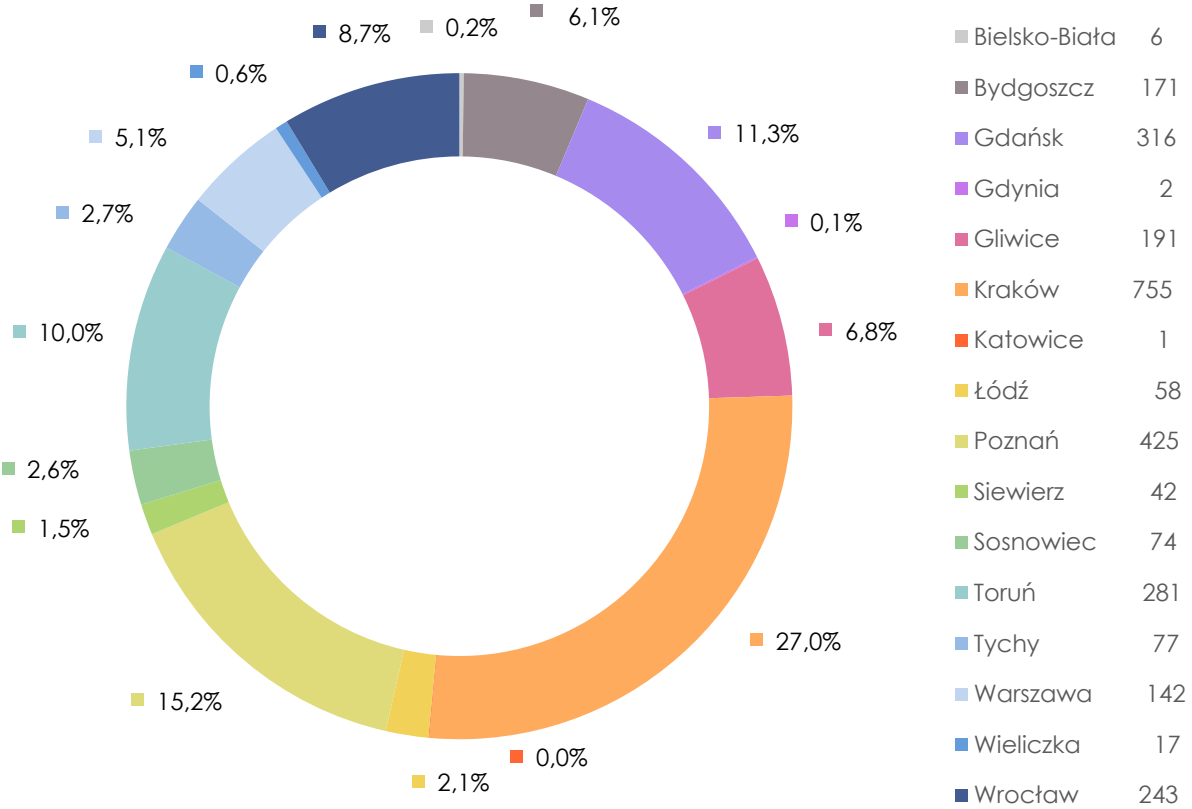
Sales of apartments to retail customers (development and preliminary contracts) by geographical area

2.3.2 Handover of apartments

In the previous year, the Murapol Group handed over the keys to 2,801 residential units, compared with 2,653 apartments handed over to owners in 2022.

755, Poznań - 425, Gdańsk - 316, Toruń - 281 and Wrocław - 243. In addition, 191 customers in Gliwice, 171 in Bydgoszcz and 142 in Warsaw received keys to their flats.

The largest number of apartments in 2023 was handed over to customers in Kraków -



Apartments handed over to retail customers by geographical area

2.3.3 Projects put on sale

In 2023, Murapol offered a total of 3,770 new flats to customers compared with 2,631 a year before. The apartments put on sale are being built in 13 cities, both in the main national residential markets, i.e. Kraków,

Poznań, Łódź, Wrocław and Gdańsk, and also in smaller locations such as Bielsko-Biała, Toruń, Gliwice, Sosnowiec and Siewierz.

Location	Apartments put on sale in Q1 2023	Apartments put on sale in Q2 2023	Apartments put on sale in Q3 2023	Apartments put on sale in Q4 2023	Total
Bielsko-Biała	-	143	-	-	143
Bydgoszcz	85	-	-	-	85
Chorzów	-	135	-	-	135
Gdańsk	-	369	-	291	660
Gliwice	-	-	188	-	188
Kraków	-	187	-	-	187
Łódź	43	472	143	442	1,100
Poznań	-	-	338	326	664
Siewierz	84	-	115	-	199
Sosnowiec	121	-	-	-	121
Toruń	-	170	-	-	170
Wieliczka	22	-	-	-	22
Wrocław	-	-	-	96	96
Total	355	1,476	784	1,155	3,770

2.3.4 Projects under construction

At the end of 2023, the portfolio of projects in progress included 6,238 apartments with a total floor area of up to 256 thousand sq. m, being constructed in 54 buildings being erected as part of 24 construction

projects in 14 cities. The largest number of new apartments is being built in Łódź: 1,306 and Kraków: 1,284 units. In Gdańsk and Poznań, 1,044 and 812 residential units and investment apartments are being built, respectively.

Location	Construction project	Number of residential (RP) and business (BP) premises	PUM (RP and BP)	Project start date
Bielsko-Biała	Murapol Trzy Lipki (buildings 1,4)	143	6,910	May 2023
Bydgoszcz	Murapol Osiedle Akademickie IV (building 1)	85	3,686	May 2023
Bydgoszcz	Murapol Osiedle Akademickie V (building 8)	85	3,686	December 2022
Chorzów	Murapol Osiedle Wolka (buildings 1, 2, 3)	135	6,571	June 2023
Gdańsk	Murapol Osiedle Zen (buildings 2, 4, 6)	173	7,821	June 2023
Gdańsk	Murapol Scarpa (buildings 1, 2)	291	14,010	December 2023
Gdańsk	Murapol Portovo (building 1)	384	11,929	December 2023

Location	Construction project	Number of residential (RP) and business (BP) premises	PUM (RP and BP)	Project start date
Gdańsk	Murapol Portovo (building 2)	196	5,850	April 2023
Gliwice	Murapol Osiedle Szafirove (buildings 6, 7)	188	9,941	September 2023
Kraków	Czerwone Maki (building 1) [PRS]	404	12,115	September 2022
Kraków	Murapol Matecznią (buildings 1, 2, 3)	187	8,109	April 2023
Kraków	Lipska (buildings 1; 2) [PRS]	249	7,185	September 2023
Kraków	Okulickiego (building 1) [PRS]	444	13,283	November 2023
Katowice	Sikorskiego (building 1) [PRS]	266	7,553	August 2022
Łódź	Murapol Osiedle Faktoria (buildings 1, 2)	269	9,868	March 2023
Łódź	Murapol Agosto (buildings 1, 2, 3)	442	20,306	September 2022
Łódź	Murapol Argentum (building 1)	409	19,410	December 2022
Łódź	Murapol Osiedle Filo (building 1)	143	6,376	November 2023
Łódź	Murapol Nowa Przędzalnia IX (building 1)	43	2,044	February 2023
Poznań	Murapol Osiedle Verde (building 1)	198	8,905	October 2022
Poznań	Murapol Osiedle Verde II (building 2)	225	10,559	January 2023
Poznań	Murapol Zielony Żurawiniec II (buildings 2, 5)	249	13,635	May 2022
Poznań	Murapol Zielony Żurawiniec III (buildings 6, 7)	140	6,202	August 2023
Siewierz	Murapol Siewierz Jeziorna (buildings 13, 14)	84	4,219	January 2023
Siewierz	Murapol Siewierz Jeziorna (building 15-18)	115	5,784	September 2023
Sosnowiec	Murapol Apartamenty Na Wzgórzu III (building 3)	121	5,763	January 2023
Toruń	Murapol Aviator (building 1)	170	5,650	May 2023
Warsaw	Murapol Osiedle Natura IV (buildings 8, 9, 10)	123	6,502	June 2022
Wrocław	Murapol Jagodno Park (building 1)	66	2,954	March 2022
Wrocław	Murapol Jagodno Park II (buildings 4-7)	211	9,276	March 2022
Total		6,238	256,103	

2.3.5 Projects in the pipeline

As at 31/12/2023, the Murapol Group's land bank contained a portfolio of projects in the pipeline, comprising approximately 15.65 thousand premises with a total floor area of 664.15 thousand sq. m, ensuring the

continuity of its operations for the next few years.

Branch	Planned PUM	Planned number of premises
	sq. m	units
Bielsko-Biała	7,315	136
Bydgoszcz	5,786	130
Gdańsk	60,683	1,892
Gdynia	10,221	227
Gliwice	35,849	752
Katowice	75,889	1,727
Kraków	33,515	708
Lublin	15,130	332
Łódź	119,224	2,700
Poznań	45,283	1,011
Siewierz	16,649	350
Sosnowiec	14,620	307
Toruń	37,685	848
Warsaw	142,421	3,466
Wrocław	43,883	1,064
Total	664,153	15,650

As at 31 December 2023, the Murapol Group had an active land bank for the construction of more than 21 thousand apartments with a total floor area of approximately 903,300 sq. m.

2.4 Contracts material to the Group's operations

Development segment

In 2023, the Murapol Group concluded the following contracts for the expansion of its active land bank.

Preliminary contracts

Date	City	RPA in sq. m	No. of premises
18/01/2023	Warsaw	21,480	477
09/02/2023	Lublin	14,871	331
03/03/2023	Kraków	13,170	439
07/03/2023	Toruń	19,440	432
08/03/2023	Bydgoszcz	5,729	127
31/03/2023	Warsaw	21,050	456
07/04/2023	Katowice	6,927	154
07/04/2023	Poznań	14,221	319
18/04/2023	Katowice	11,810	340
09/05/2023	Łódź	25,265	561
09/05/2023	Toruń	13,012	270
29/05/2023	Warsaw	17,815	395
21/06/2023	Łódź	8,275	184
07/09/2023	Warsaw	13,013	400
13/11/2023	Wrocław	15,002	462
27/11/2023	Wrocław	11,168	320
28/11/2023	Warsaw	7,414	223
07/12/2023	Łódź	7,846	171
18/12/2023	Siewierz	16,785	352
21/12/2023	Wrocław	9,714	232
22/12/2023	Kraków	11,375	252

Purchase/ownership transfer contracts

Date	City	RPA in sq. m	No. of premises
16/02/2023	Bielsko-Biała	13,197	279
04/04/2023	Łódź	9,831	265
17/04/2023	Gdańsk	17,559	583
17/05/2023	Chorzów	6,229	124
20/06/2023	Toruń	13,012	270
07/08/2023	Gliwice	31,070	620
04/09/2023	Łódź	15,023	338
13/11/2023	Gdańsk	13,955	282
27/11/2023	Poznań	14,400	326

PRS segment

On 18 January 2023, Murapol Projekt 59 Sp. z o.o. entered into a contract for the development of a PRS facility in Kraków at ul. Czerwone Maki for a consideration of approximately PLN 93.4 million.

On 29 January 2023, Murapol Projekt 59 Sp. z o.o. entered into contracts for the development of a PRS project in Kraków at ul. Lipska for a building with 249 apartments and in ul. Okulickiego for a building with 444 apartments.

Funding agreements

On 21 December 2023, the Company concluded an annex to the loan agreement of 14 September 2022 with a syndicate of two banks - Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A., according to which the repayment date of the loans granted under the loan agreement was extended to 30 June 2026, and the loan amount was increased by PLN 72 million to a total of PLN 550 million.

On 5 October 2023, the Company entered into a multi-product agreement with ING Bank Śląski S.A. for a bank guarantee line in

the amount of PLN 7.3 million with a period of availability until 4 October 2024.

2.5 Factors material to the development of the Company and the Group

In terms of the characteristics of the factors material to the Group's development, the key ones which occurred in the 2023 reporting period and at the time of finalizing this report include:

Economic situation in Poland

The Murapol Group operates exclusively in Poland. Accordingly, the macroeconomic conditions in Poland which, in turn, are influenced by the economic environment in the region and the global economy, have a significant impact on its operations and financial performance. Any significant or sudden changes in macroeconomic conditions, such as GDP, unemployment rates, wages (including the statutory minimum wage), disposable income, private consumption, state policies in favour of families and social policies, consumer confidence indices, interest rates and inflation/deflation rates and the exchange rate of the zloty, have an impact on the general wealth of the society, consumer purchasing power and consumer inclinations, including the decision to purchase a dwelling. In addition, important factors shaping demand in the residential real estate sector also include the state's housing policy and programmes supporting apartment acquisition or apartment development projects, the scale of bank lending and the general availability of mortgage loans, including related costs (e.g. interest rates), as well as the scale of acquisition of residential real estate for investment purposes (for rent). The above factors also affect the selling prices of apartments and business premises, the prices of land acquisitions and some of the Group's operating expenses and, therefore, have a significant impact on the Murapol Group's financial results.

Poland's macroeconomic situation in 2023 was improving steadily - in particular, in the analysed period the observed GDP increases and real GDP growth for Poland compared with EU countries were higher, the monetary policy was eased through gradual interest rate cuts, the PFSA's prudential buffer was lowered, which is conducive to improving customers' creditworthiness and has a positive impact on the mortgage market. In consequence, there was a rebound in the number of residential loans granted and in the value of residential loans granted in 2023. The implementation of the government programme of subsidized fixed-rate loans (2%) from 1/07/2023 proved to be an additional factor in favour of the residential sector. Economic factors such as inflation, the unemployment rate and wage levels also improved during the analysed period.

Competitive environment and situation of the residential real estate sector in Poland

The residential real estate market and the development industry in Poland are highly competitive due to the presence and continuous growth of large development companies and the high demand for their products. The situation on the real estate market is fostered, among other things, by a high shortage of apartments in Poland, and according to the JLL Market Report the deficit is approximately 1.5 million apartments in 2023, which is one of the lowest ratios of apartments per 1,000 inhabitants compared with other European Union countries. In addition, the impact on the demand for residential property in Poland translates into a high interest in the most attractive plots of land, consequently representing one of the main areas where developers compete with each other. The Murapol Group continuously monitors, among other things, the investment

projects carried out and planned by its competitors, the architectural, technological and environmental solutions implemented, the prices and promotions offered by its competitors, in order to respond appropriately to changes in the market environment and changes in customer behaviour, and, to the extent commercially justified, to adapt its offer. Increased levels of competition may, among other things, increase the cost of acquiring land, the selling price of premises or the level of marketing costs, affecting the Group's profitability in the future.

Interest rate level and inflation

The COVID-19 pandemic in 2020-2021, the outbreak of war in Ukraine in February 2022 and the resultant increases in inflation and interest rates are all factors which have a negative effect on the creditworthiness of apartment buyers. In 2022, due to the rising cost of debt servicing for borrowers, the PFSA identified the need for urgent action to reduce the level of credit risk. Based on the criteria of Recommendation S, banks were obliged by the PFSA to calculate creditworthiness with an interest rate that is five percentage points higher than the lending rate. In February 2023, the PFSA eased the creditworthiness assessment conditions resulting from Recommendation S from the previous year, indicating that for loans with a temporarily fixed interest rate, the minimum level of the expected change in interest rate of 2.5 percentage points should be used in the creditworthiness assessment. The buffer for variable rate loans remained unchanged. Any such changes could lead to a significant reduction in creditworthiness and the need to increase the level of the required minimum contribution of apartment buyers, which directly affects the availability of mortgages, also despite the lowering of the criteria for calculating creditworthiness and introducing housing policy support instruments such as the 2% Safe Mortgage programme.

Demand for the properties offered by the Murapol Group and its revenue are heavily

dependent on the availability of mortgages and the ability to service them. A potential economic downturn may have an adverse effect on the liquidity and financial position of apartment buyers, which, in turn, may result in weaker demand for the premises offered by the Group and a drop in the revenue it generates.

Legal and regulatory environment

The Group's activities are subject to a number of laws and regulations, including, among others, planning and zoning, construction law, real estate trading requirements, consumer protection and vendor liability, as well as restrictions on the manner of use of land. Over the past several years, a process of frequent changes in real estate law can be observed, which has a significant impact on the sector in which the Murapol Group operates.

One of the important legal regulations that affect the Murapol Group is the Developers Act. Among the most relevant provisions of this act, there are: (i) regulations establishing a Developer Guarantee Fund to guarantee the return of funds paid by purchasers of residential premises in the event of bankruptcy of the developer or the bank maintaining the escrow account; (ii) regulations obliging the developer to pay compensation for non-performance or malperformance of the contract; (iii) provisions increasing the rationing and formalization of the pre-sale processes for apartments; (iv) provisions specifying the acceptance of the apartments by their purchasers, and (v) the developer's obligation to present a ready-made prospectus already at the stage of concluding the booking contract.

With the commencement of the listing of Murapol S.A.'s shares on the Warsaw Stock Exchange, the Company became subject to additional laws and regulations imposing a number of obligations, the non-performance or malperformance of which exposes it to a risk of high fines. The Company has implemented a number of internal procedures aimed at the reliable

and timely fulfilment of the imposed obligations, the proper circulation of stock exchange information, as well as the continuous monitoring of Murapol S.A.'s activities in terms of its information obligations.

Extraordinary events

The most important factor affecting the economy in 2022 was the outbreak of war in Ukraine, initiated by the Russian invasion on 24 February 2022. The war caused an abrupt increase in the prices of energy resources and construction materials and led to disruptions in supplies in international trade. Although the Group is not in a position to determine the extent of the impact of the war in Ukraine on its operations, financial results and development prospects, given the dynamics of the situation in Ukraine, the emergence of new risk factors having such an impact in the future cannot be ruled out. Among other things, the war has had, and may continue to have, a serious impact on the Polish economy, and the construction industry may find itself in a particularly difficult situation, e.g. due to rising energy, fuel or gas costs, which may increase the cost of workmanship as well as construction materials. It cannot be ruled out, either, that, with the end of the war, many workers of Ukrainian origin will leave Poland. The Murapol Group has not seen this risk materialize, given the significant improvement in the real estate sector in Poland and the increasing scale of development projects in the market, but it has to take into consideration the potential materialization of this risk in the future, which would have a material adverse effect on the schedules of its development projects.

Subcontractors

As part of the development process, the Murapol Group acts as a general contractor, entrusting construction services

to a number of subcontractors, some of whom employ foreign workers, including a significant number of Ukrainian citizens. The Company does not have any detailed information about the scale of this factor at its subcontractors'. In 2023, the Company did not experience any increased delays in the schedules of its development projects by its subcontractors.

Human capital

The Management Board believes that the competence and experience of the management team, as well as the knowledge and commitment of the employees, are a significant factor in the success of the Murapol Group, which has contributed to its leading position on the residential property market in Poland and provides solid foundations necessary for further growth.

Over more than two decades of operation, the Group has managed to attract high-calibre professionals with the knowledge and experience to manage all stages of development projects. The Group's management and project delivery expertise is implemented by a specialized team of designers, architects, engineers, constructors, lawyers, surveyors, statutory auditors, as well as a marketing and sales team.

Implementing development programmes, providing employees with opportunities for promotion and development within the Company's structure and building a friendly organizational culture significantly counteract the risks associated with retaining and recruiting employees for the Company.

Other financial risks such as credit and liquidity risks and financial risk management objectives and methods are discussed in the consolidated financial statements, in Note 37.

2.6 Major achievements in research and development

Development and construction activities have an impact on the environment, so the Group is committed to ensuring that its development projects are carried out and exploited in a conscious manner reducing their negative impact on the environment.

For this purpose, the Group has a research and development department in place to optimize technical issues. Among other things, the Group takes steps to optimize the use of raw materials and water and to reduce waste production on its projects. To this end, it makes efforts to introduce energy-saving solutions in all of its new construction projects, such as full LED lighting of the common areas or the proprietary infrastructure and installation Home Management System, which enables smart home solutions to be installed on the premises - Murapol Appartme, which allows utilities (electricity, heating, lighting) to be controlled in a precise manner in the apartments. An anti-smog package, i.e. a system based on an innovative nanomaterial that reduces the amount of harmful substances which get into residential interiors with the air, has also been introduced as a standard feature of the Murapol Group premises. Electric vehicle charging stations, photovoltaic panels or heat pumps are installed in selected construction project areas.

As part of its strategy, the Group intends to continue the trend started in 2019 of introducing and developing smart and eco-friendly solutions on its construction projects, working on further eco-friendly and innovative solutions, analysing, in particular, the following:

development of the HMS system by adding new functionalities;

- photovoltaic systems used for lighting common areas in buildings;
- anti-smog building materials, such as anti-smog paving slabs based on high-tech cement or anti-smog façade plaster used in the ETICS building insulation system;
- smart solutions in common areas, e.g. benches in playgrounds with mobile phone charging functions, integrated with bike racks and bike repair stations;
- rainwater recycling through the use of rain gardens or grey water systems;
- ecological heat source solutions for buildings, e.g. heat pumps, solar collectors or recuperation systems;
- introduction of prefabricated elements, such as system solutions for prefabricated steel frame walls or modular bathroom solutions.



3 Discussion of the Company's and the Group's financial position



Murapol
Forum

Łódź

3.1 Discussion of financial results

3.1.1 Discussion of the Group's financial performance

in PLN'000	2023	2022	Change	Growth rate in %
Sales revenue	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 profit on 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%

	2023	2022	Change in p.p.
Gross margin on sales	31.5%	35.3%	(3.8)
Operating profit margin	21.9%	25.4%	(3.5)
Net profit margin	18.0%	21.2%	(3.2)
ROE	39.2%	48.4%	(9.2)

In the opinion of the Management Board of Murapol S.A., the Group achieved very good financial results in 2023. Sales revenue increased by 21% and amounted to PLN 1,216 million. This increase was due to a higher volume of sales of apartments and a higher transaction price in the development segment. In 2023, 2,801 apartments were handed over compared with 2,653 units in 2022. In 2023, the average price of an apartment handed over was PLN 365 thousand and in 2022 – PLN 326 thousand. In addition, revenue in the PRS segment increased by PLN 53.4 million and amounted to PLN 187 million.

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

The operating profit amounted to PLN 266 million in 2023 and increased by PLN 11 million, i.e. 4%, compared with 2022. The net profit amounted to PLN 219 million in 2023 and increased by PLN 6 million, i.e. 3%

compared with 2022. The results were in line with the Management Board's expectations.

The gross margin on sales amounted to 31.5% in 2023 and decreased by 3.8 percentage points compared with 2022. The decrease in the sales margin as a percentage of sales was due to a higher proportion of sales in the PRS segment, which has lower margins compared with the development segment.

In 2023, the operating profit margin was 21.9%, down 3.5 percentage points compared with 2022. The corresponding net profit margin was 18%, down 3.2 percentage points. As with the gross margin on sales, the decreases were due to the higher share of sales to the PRS segment in total sales.

ROE amounted to 39.2% in 2023 and recorded a decrease of 9.2 percentage points compared with 2022. The decrease

was due to the higher value of the Group's equity at the end of 2023.

3.1.2 Discussion of Murapol S.A.'s financial performance

in PLN'000	2023	2022	Change	Growth rate in %
Sales revenue	65,250	52,632	12,618	24%
Gross profit on sales	14,737	16,657	(1,920)	(12%)
Operating income and expenses, including measurement 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%

		2023	2022	Change in p.p.
Gross margin on sales	Gross margin on sales / sales	22.6%	31.6%	(9.0)
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)

Murapol S.A.'s sales revenue mainly relates to management services for related entities. These amounted to PLN 65 million in 2023, up PLN 13 million compared with 2022. The gross profit on sales was PLN 15 million in 2023, a decrease of PLN 2 million compared with 2022. This decrease was due to the recognition of one-time sales in 2022.

The Company measures the value of its subsidiaries under the equity method. This method is a major component of the Issuer's financial result. In 2023, the gain on valuation was PLN 262 million, up PLN 24 million compared with 2022.

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

In 2023, the net profit amounted to PLN 217 million and was PLN 6 million higher than in 2022. The increase was due to an increase

in the operating profit, partly offset by higher finance costs.

The gross margin on sales amounted to 22.6% in 2023 and decreased by 9.0 percentage points compared with 2022. The decrease was due to the recognition of a one-time sale with a high margin in 2022.

In 2023, the operating profit margin amounted to 419.9% and decreased by 50.5 percentage points compared with 2022. The corresponding net profit margin was 332.8%, down 68.1 percentage points. The percentage margins above 100% are due to the inclusion of valuation gains under the equity method at cost level and operating income level, i.e. below the sales revenue level.

ROE amounted to 38.8% in 2023, which was a decrease of 9.0 percentage points compared with 2022. The decrease was due to the higher value of the Group's equity at the end of 2023.

There were no extraordinary events with a significant impact on performance in 2023.

3.2 Assets and liabilities

3.2.1 Discussion of the Group's assets and liabilities

	2023	2022	Change	Structure in%	Growth rate in %
ASSETS	1,859,815	1,729,603	130,212	100%	8%
Non-current assets	86,523	72,941	13,582	5%	19%
Current assets	1,773,292	1,656,662	116,630	95%	7%
Inventories	1,399,763	1,243,859	155,904	75%	13%
Trade and other receivables	98,154	78,890	19,263	5%	24%
Other current assets	27,207	24,893	2,314	1%	9%
Cash and cash equivalents and cash in escrow accounts	248,168	309,020	(60,852)	13%	(20%)

	2023	2022	Change	Structure in%	Growth rate in %
EQUITY AND 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%
Non-current liabilities	454,770	411,181	43,589	24%	11%
Interest-bearing loans and borrowings	391,280	365,497	25,783	21%	7%
Other non-current liabilities	63,490	45,684	17,806	3%	39%
Current liabilities	845,660	878,892	(33,232)	45%	(4%)
Interest-bearing bank loans and borrowings and other financial liabilities	67,494	46,675	20,819	4%	45%
Trade and other payables	92,337	96,054	(3,717)	5%	(4%)
Liabilities from contracts with customers	587,342	651,350	(64,008)	32%	(10%)
Other current liabilities	98,487	84,812	13,675	5%	16%

The Group's total assets as at 31 December 2023 amounted to PLN 1,860 million and increased by PLN 130 million compared with 31 December 2022. The main assets

were inventories, which amounted to PLN 1,400 million as at 31 December 2023 and increased by PLN 156 million. This increase is due to the growth of the

Murapol Group and the increased expenditure on starting new development projects. In 2023, expenditure on new land was PLN 291 million, up PLN 92 million compared with 2022. The second largest asset category was cash at bank and in escrow accounts. As at 31 December 2023, it amounted to PLN 248 million and decreased by PLN 61 million compared with 31 December 2022. It should be noted that the Group has maintained a high and safe level of cash despite the payment of PLN 100 million in dividends and an increase in land expenditure.

As at 31 December 2023, equity amounted to PLN 559 million and increased by PLN 120

million compared with 31 December 2022. The increase was mainly due to an increase of PLN 115 million in retained earnings.

In the case of liabilities, the largest item was liabilities from contracts with customers, which amounted to PLN 587 million. They decreased by PLN 64 million compared with 31 December 2022. The total non-current and current liabilities in respect of interest-bearing loans and borrowings amounted to PLN 459 million and increased by PLN 47 million compared with 31 December 2022. This was mainly due to the drawdown of a loan tranche of PLN 110.5 million on 27 January 2023, as described in section 3.4.

		2023	2022
Inventory turnover	inventory / sales revenue × 365 days	420	451
Receivables turnover	trade receivables / sales revenue × 365 days	11	15
Payables turnover	trade payables / sales revenue × 365 days	22	27
Overall debt ratio	liabilities / total assets	69.92%	74.59%
Short-term debt ratio	current liabilities / total assets	45.47%	50.81%
Long-term debt ratio	Non-current liabilities/ total assets	24.45%	23.77%
Current ratio	current assets / current liabilities	2.1	1.9
Quick ratio	(current assets - inventories) / current liabilities	0.4	0.5

All turnover ratios had a shorter cycle compared with the previous year: 31 days less for inventory turnover, 4 days less for receivables turnover and 5 days less for payables turnover, respectively. This was mainly due to an increase in sales.

The total debt ratio shows a decrease of 4.7 percentage points, which is mainly due to the decrease in short-term debt. The improved ratios are a consequence of the Management Board's policy to build

a Group with a strong balance sheet and secure debt levels.

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

Discussion of Murapol S.A.'s assets and liabilities	2023	2022	Change	Structure in%	Growth rate in %
ASSETS	1,236,406	1,060,413	175,993	100%	17%
Non-current assets	1,178,401	973,818	204,583	95%	21%
Investments in subsidiaries accounted for under the equity method	1,101,897	925,091	176,805	89%	19%
Other non-current assets	76,505	48,727	27,778	6%	57%
Current assets	58,005	86,595	(28,590)	5%	(33%)
Cash and cash equivalents	1,469	60,997	(59,528)	0%	(98%)
Other current assets	56,535	25,598	30,937	5%	121%

	2023	2022	Change	Structure in%	Growth rate in %
EQUITY AND 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%
Non-current liabilities	573,982	535,196	38,786	46%	7%
Interest-bearing loans and borrowings	555,089	534,866	20,223	45%	4%
Other non-current liabilities	18,893	330	18,563	2%	5,625%
Current liabilities	101,888	83,707	18,181	8%	22%
Interest-bearing loans and borrowings	66,491	49,768	16,723	5%	34%
Other current liabilities	35,397	33,939	1,458	3%	4%

The Issuer's total assets amounted to PLN 1,236 million as at 31 December 2023 and increased by PLN 176 million compared with 31 December 2022. The main driver of the increase were investments in subsidiaries accounted for under the equity method, which increased by PLN 177 million and resulted from profits earned by the subsidiaries. This item is also the most important asset of the Issuer.

As at 31 December 2023, equity amounted to PLN 561 million and increased by PLN 119 million compared with 31 December 2022.

The increase was mainly due to an increase of PLN 113 million in retained earnings.

In the case of liabilities, the largest item was the total of current and non-current liabilities which amounted to PLN 622 million and increased by PLN 37 million compared with 31 December 2022. This was mainly due to the full drawdown of the funds available under the credit facility agreement and movements in intercompany borrowings, as described in section 3.4.

		2023	2022
Inventory turnover	Inventory / sales revenue × 365 days	6	7
Receivables turnover	trade receivables / sales revenue × 365 days	120	74
Payables turnover	Trade payables / sales revenue × 365 days	96	53
Overall debt ratio	liabilities / total assets	54.66%	58.36%
Short-term debt ratio	current liabilities / total assets	8.24%	7.89%
Long-term debt ratio	Non-current liabilities/ total assets	46.42%	50.47%
Current ratio	current assets / current liabilities	0.6	1.0
Quick ratio	(current assets - inventories) / current liabilities	0.6	1.0

The inventory turnover ratio recorded a shortening of the cycle compared with the previous year by 1 day. The receivables turnover ratio recorded a cycle extension of 46 days, and the payables turnover ratio recorded a cycle extension of 43 days. These changes were of a one-time nature and related to the recognition of provisions for listing costs, as well as a revenue provision related to the re-invoicing of these costs to subsidiaries.

The overall debt ratio shows a decrease in debt of 3.7 percentage points, which is the

consequence of the Management Board's policy to build a Group with a strong balance sheet and secure debt levels.

The liquidity ratios decreased by 0.4 points for the current ratio and the quick ratio. The decreases resulted from lower cash levels as at 31 December 2023 compared with 31 December of the previous year. The Issuer manages liquidity collectively for the entire Group. Because of this, the Company's cash levels may fluctuate regardless of the financial position of the Group as a whole.

3.3 Cash flows

3.3.1 The Group's cash flows

in PLN'000	2023	2022
Cash flows from operating activities	31,220	159,106
Cash flows from investing activities	(1,091)	765
Cash flows from financing activities	(116,495)	(158,218)

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

The cash flows from financing activities result from the dividend paid in 2023 and the cash flows related to the loan agreement described in section 3.4.

3.3.2 Cash flows of Murapol S.A.

in PLN'000	2023	2022
Cash flows from operating activities	(10,352)	10,526
Cash flows from investing activities	77,794	242,983
Cash flows from financing activities	(126,969)	(198,569)

Cash flows from investing activities resulted from repayments of IC borrowings related

to the refinancing of the Group's financial structure.

3.4 Financial liabilities

3.4.1 Bank loans

As at 1 January 2023, Murapol S.A. was a party to a loan agreement dated 14 September 2022 with a syndicate of banks covering a term loan up to a maximum of PLN 500 million and a working capital loan not exceeding PLN 50 million, of which PLN 439.5 million was used. On 27 January 2023, the

Company drew down the final tranche of the loan in the amount of PLN 110.5 million. The interest rate on the loan is WIBOR 3M + a margin.

In 2023, the Company made repayments of the principal of the above-mentioned loan in the amount of PLN 64.8 million in accordance with the schedule.

On 21 December 2023, Murapol S.A. concluded an annex to the loan agreement, according to which the repayment deadline was extended to 30 June 2026 and the loan amount was increased by PLN 71.7 million. The tranche was paid out on 18 January 2024.

Moreover, in 2023, as part of the loan agreement, Murapol S.A. entered into an interest rate swap contract, so that 75% of the loan is hedged against changes in interest rates.

3.4.2 Intercompany borrowings

As at 1 January, the balance of the intercompany borrowings received by Murapol S.A. was PLN 172 million. As at

31 December 2023, the balance of these borrowings dropped to PLN 167 million. During the year, the Issuer repaid borrowings totalling PLN 27 million, including PLN 21 million worth of principal and PLN 6 million worth of interest, and it took out borrowings with a value of PLN 13 million.

As at 1 January, the balance of the intercompany borrowings granted to Murapol S.A. was PLN 23 million. As at 31 December 2023, the balance of these borrowings increased to PLN 28 million. During the year, the Issuer lent PLN 35 million and received a total of PLN 32 million in repayments of the borrowings granted.

3.5 Assessment of the adopted financial risk management policies

The Group is financed by a single syndicated loan. This is open-ended, non-project financing that the Group can use to fund its general corporate objectives and working capital. The loan matures in June 2026. The loan agreement includes interest rate swaps, so that 75% of the loan value has a secured fixed interest rate. This allows future finance costs and cash outflows from servicing the debt to be forecast with a low margin of error.

The current levels of fulfilment of the covenants in the loan agreement as well as the sensitivity analyses performed internally allow the Group's financing situation to be assessed as being stable.

The debt incurred was in line with the expectations.

The Group's debt remains at a safe level and, at the same time, provides funding for current operations and investment needs.

3.6 Description of off-balance sheet liabilities

Off-balance sheet liabilities consist of:

- collateral for loans described in the consolidated financial statements, in Note 29;
- contingent liabilities described in the consolidated financial statements, in Note 34;
- contingent liabilities, including guarantees granted, as described in the separate financial statements in Note 30.

3.7 Discussion of differences between financial results and forecasts

The Issuer has not published any forecasts.



4 Corporate governance



4.1 Corporate governance statement

Since the admission of the Company's shares to trading on the main market of the Warsaw Stock Exchange S.A., pursuant to Resolution No. 1359/2023 of the Warsaw Stock Exchange S.A. of 14 December 2023, Murapol S.A. has been subject to the set of principles adopted by the Management Board of the Warsaw Stock Exchange S.A. on 29 March 2021 by Resolution No. 13/1834/2021, i.e. the "Code of Best Practice for WSE Listed Companies 2021" ("DPSN 2021").

The Management Board has applied all the corporate governance principles in accordance with DPSN 2021, subject to the following:

- Principle 2.1 - the company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, education, specialist knowledge, age and work experience, among others, and indicates when and how achieving these objectives will be monitored. In terms of gender diversity, a condition for ensuring the diversity of the company's bodies is that the minority share of the given body cannot be less than 30%.

The Company strives to ensure that the composition of the management and supervisory boards is versatile and diverse in terms of gender, education, expertise, age and professional experience. The balanced participation of women and men in the bodies mentioned above has not been fully implemented. The Company supports the implementation of the diversity policy, however, in deciding whether to appoint or employ a particular person, it first and foremost takes into account their competences, relevant work experience

and education, regardless of the gender of such a person.

- Principle 2.2 - those deciding on the election of the members of a company's management or supervisory boards should ensure that these bodies are versatile by assuring their diverse composition, allowing, among other things, for the achievement of a target of a minimum 30% minority participation rate, in line with the objectives set out in the adopted diversity policy referred to in Principle 2.1.

In the explanation of Principle 2.1, the Company indicated that it does not apply the above principle with regard to ensuring a minimum minority gender quota of 30%.

- Principle 3.1 - a listed company shall maintain effective internal control, risk management and compliance systems, as well as an effective internal audit function, appropriate to the size of the company and the nature and scale of its operations, for which the management board is responsible.

The Company indicates that it does not apply the above principle with respect to maintaining the internal audit function. The Company does not have a separate internal audit function or a separate internal auditor.

- Principle 3.2 - a company shall identify within its structure the units responsible for the tasks of particular systems or functions, unless this is not justified by the size of the company or the nature of its activities.

The Company indicates that it does not apply the above principle to the extent that, in its opinion, this is not justified by the size or nature of the Company's business. In the Company's view, in its case, due to its

size or type of business the optimal solution e.g. in the area of compliance, internal control or risk management, is to disperse certain tasks, systems or functions between different units within the organizational structure, taking into account the type of business activity of the companies or the areas of activity of individual business departments.

- Principle 3.3 - A company belonging to the WIG20, mWIG40 or sWIG80 index shall appoint an internal auditor to head the internal audit function, who shall operate in accordance with internationally recognized professional standards of internal audit practice. In other companies where an internal auditor meeting the above requirements has not been appointed, the audit committee (or the supervisory board, if it performs the functions of an audit committee) annually assesses whether there is a need to appoint such a person.

The Company does not apply the above principle with respect to the appointment of an internal auditor to head the internal audit function. Internal audit functions are carried out as part of the processes set apart within the Group: sales, purchasing and production, employment and payroll, and the closure of accounts and preparation of the financial statements.

- Principle 3.5 - those responsible for risk management and compliance report directly to the president or another member of the management board.

The Company indicates that it does not apply the above principle with regard to the persons responsible for risk management and compliance reporting

The set of principles of the "Code of Best Practice for WSE Listed Companies 2021" is available at: https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf

directly to the President of the Management Board or another member of the Company's Management Board. The persons responsible for risk management and compliance within the Company's structure do not report directly to the President of the Company's Management Board or any other member of the Company's Management Board.

- Principle 3.6 - the head of internal audit reports organizationally to the president of the management board and functionally to the chairman of the audit committee or to the chairman of the supervisory board if the supervisory board acts as an audit committee.

The Company does not apply the above principle with respect to the appointment of an internal auditor to head the internal audit function.

- Principle 6.4 - the supervisory board performs its tasks continuously and, therefore, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of the members of the committees, in particular the audit committee, should take into account the additional workload related to the work of these committees.

The Company indicates that it does not apply the above principle to the six members of the Supervisory Board whose remuneration for their functions on the Supervisory Board depends on the number of meetings held and does not take into account additional remuneration for work in the Supervisory Board committees (the Supervisory Board members affiliated with Ares or with GCP).

The Company has posted information on the status of the Company's application of the recommendations and principles contained in DPSN 2021 at:

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

4.2 Shareholders

As at 31 December 2023 the shareholding structure was as follows:

Shareholder	Number of Shares and number of votes attached to them	% of shares in the share capital and % of votes at the General Meeting
AEREF V PL INVESTMENT S.à r.l.	27,760,000	68.04
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.*	2,960,000	7.25
Hampont sp. z o.o.**	2,040,000	5.00
Other shareholders	8,040,000	19.71
Total	40,800,000	100.00

As at the date of publication of the financial statements, the shareholding structure is as follows:

Shareholder	Number of Shares	% of shares in the share capital and % of votes at the General Meeting
AEREF V PL Inwestycje sp. z o.o.*	27,760,000	68.04
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.**	2,960,000	7.25
Hampont sp. z o.o.***	2,040,000	5.00
Other shareholders	8,040,000	19.71
Total	40,800,000	100.00

* On 1 March 2024, AEREF V PL Investment S.à r.l and AEREF V PL Inwestycje sp. z o.o. entered into a contribution-in-kind agreement on the basis of which AEREF V PL Investment S.à r.l transferred to AEREF V PL Inwestycje sp. z o.o. all of its shares in the Company, i.e. 27,760,000 shares and all rights attached to them.

** The number of shares of Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. is given in accordance with the notice of 18 December 2023 and includes shares held by Nationale-Nederlanden Otwarty Fundusz Emerytalny (*Open Pension Fund*).

*** Hampont sp. z o.o. is a company jointly controlled by Nebil Şenman (directly) and Maciej Dyjas (indirectly) - members of the Supervisory Board of Murapol S.A.

The Company has not issued any shares conferring any special control rights.

There are the following restrictions on the transfer of ownership of the issuer's securities:

To the best of the Company's knowledge, as at the date of these financial statements, 30,243,939 shares in the Company have restrictions on the transfer of ownership rights arising from the lock-up agreements described in paragraph 17.3 "Lock-up Agreements" of the Company's prospectus approved on 27 November 2023 by the Polish Financial Supervision Authority and published on the Company's website www.murapol.pl under "Investor Relations", whereas 533,334 of the Company's shares have a restriction on the transfer of their ownership resulting from the resolution of the District Court dated 31 August 2020 (ref. no. IX GCo 110/20) on securing the claim

prior to the commencement of proceedings.

In addition, there are the following agreements as a result of which there may be changes in the interests held by the existing shareholders and bondholders in the future:

Nikodem Iskra has a contract with AEREF V PL INVESTMENT S.à r.l., Luxembourg, which is described in section 12.8 "Shares or rights to Shares held by members of the Management Board and members of the Supervisory Board" of the Company's prospectus approved on 27 November 2023 by the Polish Financial Supervision Authority and published on the Company's website www.murapol.pl under "Investor Relations", as a result of which there may be a change in the interests held by the existing shareholders in the future.

Total number and nominal value of all shares in the Group entities held by the Company's management and supervisory officers:

<u>Management Board</u>	<u>Number of the Company's Shares</u>	<u>Nominal value of the Company's shares in PLN</u>
Nikodem Iskra	327,272	16,363.60
Iwona Sroka	12,121	606.05
Przemysław Kromer	9,091	454.55

<u>Supervisory Board</u>	<u>Number of the Company's Shares</u>	<u>Nominal value of the Company's shares in PLN</u>
John Ruane	-	-
Maciej Dyjas*	-	-
William Twemlow	-	-
Piotr Fijotek	95,455	4,772.75
Lukas Gradischnig	-	-
Nebil Senman*	-	-
Justyna Bauta-Szostak	-	-
Brendan O'Mahony	-	-

* Hampont sp. z o.o., which holds 2,040,000 of the Company's shares (with a nominal value of PLN 102,000) is a company jointly controlled by Nebil Şenman (directly) and Maciej Dyjas (indirectly) - members of the Supervisory Board of Murapol S.A.

The members of the Company's Management Board and Supervisory Board did not hold any shares in any other entities of the Murapol Group with the exception of Murapol S.A.

4.3 General shareholders' meeting

The General Meeting of the Company acts on the basis of the provisions of the Commercial Companies Code, the provisions of the Company's Articles of Association, the open and publicly available Regulations of the General Meeting of Murapol S.A., the Regulations setting out the principles of participation in the General Meeting of Murapol S.A. by means of electronic communication.

In particular, the following matters, in addition to those reserved to the competence of the General Meeting by the provisions of the Commercial Companies Code and other generally applicable laws, require resolutions of the General Meeting: 1) appointing and dismissing members of the Supervisory Board, subject to the exceptions provided for in the Articles of Association; 2) reviewing and approving the report of the Management Board on the Company's operations and the financial statements for the previous financial year; 3) acknowledging the performance of duties by the members of the Management Board and the Supervisory Board; 4) making decisions concerning claims for the rectification of damage caused in the establishment of the Company or in the performance of management or supervision; 5) disposing of and leasing out the enterprise or a business unit and establishing a limited right in rem thereon; 6) issuing convertible or priority bonds and issuing subscription warrants; 7) distributing profits and covering losses; and 8) creating capital reserves and other equity items or special purpose funds and liquidating them.

Resolutions of the General Meeting are adopted by an absolute majority, unless otherwise provided by law or the provisions of these Articles of Association.

The General Meeting may be held using electronic means of communication, pursuant to the Regulations setting out the principles of participation in the General Meeting of Murapol S.A.

Pursuant to the provisions of the Commercial Companies Code, the General Meeting is authorized to set the date on which the list of shareholders entitled to dividends for a given financial year (dividend date) and the date of payment of the dividends is determined.

Persons who are Shareholders on the Record Date are entitled to attend the General Meeting.

The list of holders of shares and pledgees and users with voting rights entitled to attend the Company's General Meeting is determined by the Company on the basis of a list drawn up by the Central Securities Depository of Poland (CSDP).

A shareholder may chair a General Meeting.

Each A1, B and C1 Series share carries two voting rights at the general meeting. This preference expires if the preference share is converted into a bearer share.

The Company's shares are freely transferable. The Company's shares are equal and indivisible. There are no restrictions on the exercise of voting rights.

4.4 Information on the Issuer's management and supervisory officers

4.4.1 Principles of the Management Board's activities

The Management Board consists of 2 (two) to 5 (five) members appointed and

dismissed by the Supervisory Board. The number of members of the Management Board is determined by the Supervisory Board.

In addition, as long as the Eligible Shareholder within the meaning of the Company's Articles of Association holds at least 30% of the total number of votes at the Company's General Meeting, in the event of the election of the members of the Supervisory Board by way of voting in separate groups, the Eligible Shareholder shall have the personal right to appoint one member of the Company's Management Board.

The Supervisory Board may designate the functions to be performed by individual members of the Management Board.

Members of the Management Board are appointed for a joint term of five years.

All members of the Management Board are obliged and entitled to jointly manage the Company's affairs. To the extent not requiring a resolution of the Management Board, individual members of the Board may manage the Company's affairs independently, to the extent specified in the Management Board's Regulations.

All matters relating to the management of the Company's affairs not reserved by law or the Articles of Association for the General Meeting or the Supervisory Board are the responsibility of the Management Board.

The powers of the Management Board include, in particular: a) managing the Company's affairs; b) making and accepting declarations of intent on behalf of the Company; c) acquiring, disposing of real estate (shares in real estate) and the right of perpetual usufruct (a share in this right) without the consent of the General Meeting; d) encumbering real estate with limited rights in rem without the consent of the General Meeting; e) issuing organizational rules governing the principles of functioning of the Company, in particular: (i) the internal organization of the Company; (ii) the adoption and approval of management standards; (iii) the accounting policies; (iv) the scope of powers, duties and responsibilities of employees in individual positions; (f) ensuring the stable and dynamic

development of the Company; (g) amending the Regulations of the Management Board; however, in order for the amendments to become effective, they must be approved by the relevant bodies of the Company, in accordance with the provisions of the Articles of Association; (h) other tasks not reserved by law or the Articles of Association for other bodies of the Company.

Under the terms of the Commercial Companies Code, the Company's Management Board is authorized to pay out an interim dividend to shareholders, provided that the Company has sufficient funds to make such payments. The payment of an interim dividend requires the approval of the Supervisory Board in the form of a resolution adopted in accordance with the provisions of these Articles of Association.

The Board of Directors is not authorized to increase the Company's share capital by issuing new shares, nor does it decide to buy back shares.

The General Meeting of the Company acts on the basis of the provisions of the Commercial Companies Code, the provisions of the Company's Articles of Association, the open and publicly available Regulations of the General Meeting of Murapol S.A., approved by the Supervisory Board.

If the Management Board is composed of more than one person, two members of the Management Board acting jointly or one member of the Management Board acting jointly with a proxy are required to make representations on behalf of the Company.

Serving on the Company's Management Board is the Board Member's main professional activity. A member of the Management Board should not undertake any additional professional activity if the time dedicated to such an activity prevents him/her from performing his/her duties at the Company diligently.

The performance of functions by the members of the Company's Management Board in the bodies of entities outside the Company's Group requires the approval of the Supervisory Board.

The members of the Management Board take part in the General Meeting, either at the place of the meeting or by means of two-way electronic communication in real time, in such a composition as to be able to express themselves on the matters to be dealt with at the General Meeting and to provide substantive answers to the questions asked in the course of the General Meeting.

Meetings of the Management Board are held as often as the proper functioning of the Company requires. The right to convene a meeting of the Management Board is vested in any member of the Management Board.

Resolutions of the Management Board may be adopted if all members of the Management Board have been notified of the date of the meeting.

Resolutions are adopted by a simple majority of the Board Members present at the Management Board meeting, with the exception of the resolution on the appointment of a proxy, which requires the consent of all.

4.4.2 Composition of the Management Board

In the period from 1 January 2023 to 31 December 2023 and as at the date of preparation of the Directors' Report, the composition of the Management Board was as follows:

1. **Nikodem Iskra - President of the Management Board**
2. **Przemysław Kromer - Member of the Management Board**
3. **Iwona Sroka - Member of the Management Board**

4.4.3 Principles of appointment and dismissal of the Supervisory Board

The Supervisory Board consists of 7 (seven) to 9 (nine) members, appointed and dismissed for a joint term of three years.

The number of members of the Supervisory Board within the limits indicated above is determined by the General Meeting.

Within the Supervisory Board, the Chairman of the Supervisory Board and 1 (one) to 3 (three) Deputy Chairmen of the Supervisory Board are appointed.

The Chairman of the Supervisory Board and the Deputy Chairmen of the Supervisory Board are elected by the Supervisory Board from among its members.

An Eligible Shareholder within the meaning of the Articles of Association has the personal right to appoint members of the Supervisory Board as follows: 1) as long as the Eligible Shareholder holds at least 40% but less than 50% of the total number of votes at the General Meeting, the Eligible Shareholder shall have a personal right to appoint and dismiss 4 (four) members of the Supervisory Board, from among whom the Eligible Shareholder shall appoint the Chairman of the Supervisory Board; 2) as long as the Eligible Shareholder holds at least 30% but less than 40% of the total number of votes at the General Meeting, the Eligible Shareholder shall have a personal right to appoint and dismiss 3 (three) members of the Supervisory Board, from among whom the Eligible Shareholder shall appoint the Chairman of the Supervisory Board.

The other members of the Supervisory Board are appointed by the General Meeting, provided that the voting right of an Eligible Shareholder in the election of one Independent Member is excluded.

4.4.4 Composition of the Supervisory Board

In the period from 1 January 2023 to 31 December 2023 and as at the date of preparation of the Directors' Report, the composition of the Supervisory Board was as follows:

1. **John Ruane - Chairman of the Supervisory Board**
2. **Maciej Dyjas - Deputy Chairman of the Supervisory Board**
3. **Piotr Fijołek - Deputy Chairman of the Supervisory Board**
4. **William Twemlow - Deputy Chairman of the Supervisory Board**
5. **Justyna Bauta-Szostak - Member of the Supervisory Board**
6. **Lukas Gradischnig - Member of the Supervisory Board**
7. **Brendan O'Mahony - Member of the Supervisory Board**
8. **Nebil Senman - Member of the Supervisory Board**

4.4.5 Principles of the Supervisory Board's activities

The Company's Supervisory Board acts on the basis of the provisions of the Commercial Companies Code, the provisions of the Company's Articles of Association, and the open and publicly available Regulations of the Supervisory Board.

The Supervisory Board adopts resolutions if at least half of its members are present at the meeting and all members have been invited to the meeting.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In the event of equality of votes, the Chairman of the Supervisory Board has the casting vote.

Members of the Supervisory Board may participate in adopting resolutions of the Supervisory Board by casting their votes in writing through another member of the Supervisory Board.

The Supervisory Board may adopt resolutions in writing or by means of remote direct communication, subject to the mandatory applicable laws.

The Supervisory Board is authorized to adopt the Regulations of the Supervisory Board, which define its organization and the manner in which it carries out its activities.

The Supervisory Board establishes an Audit Committee. The Audit Committee should be composed of at least 3 (three) members appointed by the Supervisory Board.

The Supervisory Board has also established an Investment Committee to express opinions on planned asset purchases and sales, financing plans, the implementation of the asset sale strategy and the implementation of investment plans based on the approved Annual Budget.

4.4.6 Information about the Audit Committee

The Audit Committee acts on the basis of the generally applicable laws, the Articles of Association, the Regulations of the Supervisory Board and the Regulations of the Audit Committee.

The Committee's resolutions are adopted by a simple majority of votes.

The Committee should submit annual reports on its activities to the Supervisory Board, which will be made available to the shareholders by the Management Board.

The Committee's tasks are carried out by presenting conclusions, opinions and reports to the Supervisory Board on the scope of its tasks, in the form of resolutions adopted by the Committee.

The Audit Committee is composed of at least three members. The majority of the members of the Audit Committee, including its Chairman, meet the independence criteria set out in the Act of 11 May 2017 on statutory auditors, audit firms and public oversight.

The primary function of the Audit Committee is to advise the Supervisory Board on the proper implementation and control of the Company's financial reporting processes, the effectiveness of internal controls and risk management systems, and to liaise with the statutory auditors.

The Audit Committee may, without any duty of intermediation on the part of the Supervisory Board in this respect, request information, explanations and the transfer of documents necessary for the performance of its tasks, including the provision of certain information on accounting, finance, internal control, internal audit and the risk management system by the Management Board.

In the period from 1 January 2023 to 31 December 2023 and as at the date of preparation of the Directors' Report, the composition of the Audit Committee was as follows:

1. **William Twemlow**
2. **Justyna Bauta-Szostak**
3. **Brendan O'Mahony**

The Audit Committee is composed of two independent members of the Supervisory Board: Justyna Bauta-Szostak and Brendan O'Mahony, who, according to the declarations submitted, meet the independence criteria set out in the Act on Statutory Auditors and in para. 2.3 of the Code of Best Practice for WSE Listed Companies. In addition, Brendan O'Mahony has a knowledge of and skills in accounting or auditing financial statements. The third member of the Audit Committee is William Twemlow who has expertise in the industry in which the Murapol Group operates, i.e. real estate and development. At its first meeting, on 14 October 2021, the Audit Committee appointed its chairman, Brendan O'Mahony.

Three Audit Committee meetings were held in 2023.

4.4.7 Information about the Investment Committee

The Investment Committee acts on the basis of the generally applicable laws, the Articles of Association, the Regulations of the Supervisory Board and the Regulations of the Investment Committee.

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

The Committee's resolutions are adopted by a simple majority of votes.

The Committee should submit annual reports on its activities to the Supervisory Board, which will be made available to the shareholders by the Management Board.

The Investment Committee should be composed of at least 2 members appointed by the Supervisory Board from among its members.

In the period from 1 January 2023 to 31 December 2023 and as at the date of preparation of the Directors' Report, the composition of the Investment Committee was as follows:

1. **Maciej Dyjas - Member of the Investment Committee**
2. **John Ruane - Member of the Investment Committee**
3. **William Twemlow - Member of the Investment Committee**
4. **Piotr Fijolek - Member of the Investment Committee**

4.4.8 Remuneration of the Issuer's managing and supervisory officers

In 2023, the remuneration of the members of the Company's Management Board was as follows:

in PLN'000	Fixed remuneration	Variable remuneration
<i>of Murapol S.A.</i>		
Nikodem Iskra	767	1,650
Przemysław Kromer	300	300
Iwona Sroka	691	1,023
<i>of the subsidiaries</i>		
Nikodem Iskra	959	2,150
Przemysław Kromer	514	886
Iwona Sroka	48	-

In addition, the Company has a long-term incentive bonus scheme as described in Note 35.4.1 of the consolidated financial statements. In 2023, the cost of the scheme was PLN 1,900 thousand.

In 2023, the remuneration of the members of the Company's Supervisory Board was as follows:

in PLN'000	Fixed remuneration
John Ruane*	1
William Twemlow*	1
Maciej Dyjas	1
Piotr Fijolek	1
Lukas Gradischnig*	1
Nebil Şenman	1
Justyna Bauta-Szostak	180
Brendan O`Mahony	180

* Mr. Lukas Gradischnig, Mr. John Ruane and Mr. William Twemlow donated their fees to charity. The Company made a direct payment to the Children's Foundation "Zdążyć z Pomocą" KRS 0000037904.

The Group does not have any liabilities arising from pensions and similar benefits for former members of the management, supervisory or administrative bodies.

4.4.9 Contracts between the Issuer and its managers providing for compensation in the event of their resignation or dismissal

For certain members of the Company's Management Board, the Supervisory Board has provided for additional one-time remuneration as compensation in the event of their dismissal and/or resignation. Such remuneration shall not be due if, at the same time, the managerial contract of the Management Board Member concerned is terminated without notice for reasons set out in the resolutions of the Supervisory Board.

4.5 Internal control system

Murapol maintains the following systems:

- a. **internal control;**
- b. **risk management; and**
- c. **supervision over compliance,**

to the extent related to its size, structure and scale of operations.

They are the responsibility of the Company's Management Board.

Oversight over the functioning and effectiveness of internal control and financial reporting within the Group is exercised by the Supervisory Board (of the Company) and the Audit Committee.

The Management Board presents the Supervisory Board with monthly, quarterly and annual business and financial results, as well as current matters identified by the Supervisory Board members, and discusses them with it. In addition, the Management Board presents to and discusses with the Supervisory Board the implementation of the business plan and the performance of the budget, as well as certain key performance parameters.

The Audit Committee's responsibilities for the financial reporting process include, in particular: (i) monitoring the effectiveness of the internal control and risk management systems, including the financial reporting process mainly with respect to the Company's and Group's interim (quarterly, semi-annual) and annual separate and consolidated financial statements); (ii) discussing with the

Company's auditor the key issues arising from the audit or review of the Company's and Group's interim or annual separate and consolidated financial statements as expressed in the auditor's reports, as well as discussing the issues raised by the auditor in the additional report to the Audit Committee; (iii) informing the Supervisory Board of the results of the audit and explaining how the audit contributed to the fairness of financial reporting in the Company, as well as the role of the Audit Committee in the audit process; and (iv) formulating the necessary recommendations and developing internal policies for the selection of the audit firm and the provision of permitted services by it.

Preparation of the financial statements is the responsibility of the reporting department. Isolating the reporting department, including, above all, separating it from the accounting department responsible for the recognition and grouping of business transactions, has made it possible to focus and build competence in reporting standards (Polish and international) and the control functions performed on accounting data.

The preparation and coordination of the separate and consolidated financial statements is the responsibility of the Reporting Department.

This process is properly controlled and the risk is managed both horizontally and vertically.

In terms of horizontal control, an important role is played by the support from individual departments, i.e. the Accounting Department in terms of examining source accounting documents and their formal and accounting correctness, the Operating Departments in terms of evaluating individual events and their correct inclusion in the report, the Tax Department, which ensures that tax events are consistent with balance sheet events, the Legal Department in cases requiring a specific legal analysis of a particular issue.

Vertical control runs on several levels and is carried out by the Management Board, the Audit Committee and the Supervisory Board.

This segregation of competences and responsibilities makes it possible to develop mechanisms of mutual control of individual participants in the process of drawing up the financial statements to ensure their compliance with the applicable regulations and a reliable reflection of business events and the company's financial position.

Internal control functions are carried out by area: (i) controlling the process of purchasing materials or services of a general nature; (ii) construction

controlling responsible for supervising the process of purchasing materials and services directly for the development project (construction work); (iii) controlling the process of sale of apartments, storage units and parking spaces; and (iv) financial controlling responsible, among other things, for verifying compliance with covenants in financial agreements, financial planning and issues related to insurance of the Group's activities.

Risk management comprises the management of financial risks (within the financial controlling team), liquidity risks (according to a long-term and short-term horizon) and the management of operational risks identified through separate business processes, monitored within the competences of the Group's various departments and units.

The Group's compliance functions are dispersed throughout the Group's organizational structure, taking into account the type of business activity of the companies or the area of activity of the individual business departments. The compliance functions are performed by approximately 20 lawyers - specialists in specific areas assigned to the relevant business areas.

4.6 Information on the control system for employee share schemes

The Company has a long-term incentive bonus scheme in place between certain members of the Management Board of Murapol S.A. and AEREF V PL Investment S.à r.l. and AEREF V PL Master S.à r.l. (i.e. the

entity directly controlling AEREF V PL Investment S.à r.l.) described in Note 35.4.1. of the Consolidated Financial Statements for 2023. Other than this, the Group did not run any other employee share schemes.

4.7 Description of the rules for amending the Issuer's Articles of Association

Amendments to the Company's Articles of Association take place in accordance with the rules provided for by the generally applicable laws, including the provisions of the Commercial Companies Code.

4.8 Information on the purchase of own shares

The Company did not hold any treasury shares in the 2023 financial year.

4.9 Use of issue proceeds

No issues of new shares by the Company in 2023.

4.10 Auditor

4.10.1 Fees of the audit firm

The table below shows the audit firm's fees paid or payable for the year ended 31 December 2023 and 31 December 2022 by type of service:

Type of service	year ended	year ended
	31 December 2023	31 December 2022
Statutory audit of separate and consolidated annual financial statements	530	420
Other services*	1,145	197
	1,675	617

*relates to assurance services performed for the IPO in 2023 and the costs of additional services in 2022

The fees do not include the costs of audit services with respect to the financial statements of the Group companies provided by auditors other than Ernst & Young Audył Polska spółka z ograniczoną odpowiedzialnością sp.k.

The Audit Committee gave its consent by Resolution No. A/3/09/2023 of 15 September 2023 to the provision of permitted non-audit services to the Company and other permitted services for the purposes of the public offering of the Company's shares, including the audit of the consolidated historical financial information for the years 2020-2022 and the review of the interim financial information for the nine months ended 30 September

2023, prepared in connection with the public offering of the Company's shares, by Ernst & Young Audył Polska spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw, and to the issuance of the related comfort letters.

4.10.2 Audit firm appointment policy

The key assumptions of the developed policy for appointing an audit firm to audit the financial statements and the policy for providing permitted non-audit services by the audit firm which conducts the audit, its related entities, and by a member of the audit firm's network.

The Company has its semi-annual separate and consolidated financial statements reviewed and its annual separate and consolidated financial statements audited by an audit firm.

The Company has in place (i) a policy for the appointment of an audit firm to audit the separate and consolidated financial statements of Murapol S.A.; and (ii) a procedure for the appointment of an audit firm by Murapol S.A.

The audit firm is appointed by the Supervisory Board. The appointment is made taking into account the recommendations of the Audit Committee.

The maximum duration of uninterrupted engagements (i.e. the first engagement including any renewed engagements) for audits of the statutory financial statements of the Company carried out by the same

audit firm or an audit firm affiliated to that audit firm or any member of its network operating in the European Union Member States to which those audit firms belong is 10 years.

No audit firm that has provided non-audit services to Murapol S.A. other than the Permitted Services set out in the Policy on Provision of Permitted Non-Audit Services to Murapol S.A. by the audit firm, its affiliates or a member of its network may be appointed to audit the financial statements of the Company, and on terms consistent with that Policy, since the commencement of the audited period.

No audit firm which, after the beginning of the financial year immediately preceding the period to be audited, provided services to Murapol S.A. for the development and implementation of internal control procedures or risk management procedures related to the preparation or control of financial information or the development and implementation of technological systems relating to financial information may be appointed to audit the financial statements of Murapol S.A.

The Audit Committee recommends the appointment, and the Supervisory Board may only appoint an audit firm which, to the best knowledge of the members of the Supervisory Board and in accordance with the representations made to Murapol S.A., meets the independence requirements referred to in Articles 69-73 of the Act on Statutory Auditors.

4.10.3 Appointment of the audit firm

The Company acquired the status of a public company within the meaning of Article 4(20) of the Act on public offering and the conditions for introducing financial instruments into the organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended), when the audit firm for the year 2023-2025 had already been appointed.

On 28 November 2023, the Company signed a contract with Ernst & Young Audyt

Polska spółka z ograniczoną odpowiedzialnością sp. k. for the audit of the separate and consolidated financial statements for the years 2023-2025.

The appointed audit firm meets all the requirements and standards required by the generally applicable laws and the Policy for the selection of an audit firm to audit the separate and consolidated financial statements of Murapol S.A.

As stated by the Company's Supervisory Board, the Company's Management Board informs that:

- a) the appointment of the audit firm for the audit of the annual consolidated and separate financial statements for 2023 was made in accordance with the regulations, including those on the appointment and procedure for the appointment of an audit firm based on a request to submit proposals;
- b) the audit firm and the members of the audit team fulfilled the conditions for the preparation of an impartial and independent audit report on the annual consolidated and separate financial statements in accordance with the applicable regulations, professional standards and professional ethics;
- c) the applicable rules relating to the rotation of the audit firm and the key auditor and the mandatory grace periods are complied with;
- d) the Company has a policy on the appointment of the audit firm and a policy on the provision by the audit firm, an affiliate of the audit firm or members of its network, of additional non-audit services, including conditionally exempt services provided by the audit firm to the Company.

5 Statement on non-financial information



The Group is not required to publish a statement on non-financial information pursuant to Article 49b(1) of the Accounting Act of 29 September 1994 (Journal of Laws 1994 No. 121, item 591, as amended). The following information is published on a voluntary basis to better meet the requirements and expectations of the capital market.

The Group incorporates sustainability initiatives into its business activities. The key areas of sustainability are environmental, social and corporate governance (CSG) activities. Each of these areas covers a number of different aspects, such as how the Group uses renewable and non-renewable resources, or the types of measures taken out of care and concern for the environment - in the case of environmental factors or the impact of the Group's activities on its social environment - employees, customers or the local community - in the case of social factors. Corporate governance, on the other hand, means the Group's internal governance system and refers to the procedures, standards and mechanisms in place to ensure effective management, improved decision-making processes, compliance with laws, etc.

In 2022, the Group initiated a project to implement an ESG Strategy for the Murapol Group. The Group's objective is to become fully ready for reporting in accordance with the CSRD and selected ERS reporting standards by 2025.

As part of the work on the ESG strategy for the Murapol Group as at 31 December 2023, a document titled *"Proposed assumptions for the sustainability strategy of the Murapol Group"* was prepared. The

document proposes strategic priorities, areas and measures in the form of KPI cards enabling the allocation of responsibilities and development of an implementation plan for the key elements of the proposed ESG strategy. In addition, the document sets out a list of important sustainability themes for the Murapol Group, prepared on the basis of four pillars: (i) sustainable and modern construction; (ii) a responsible strategic partner; (iii) a sustainable working environment and (iv) a responsible organization.

As at 31 December 2023, in the ESG area, the Murapol Group had developed strategic ESG analyses, including regulatory readiness, climate risks and opportunities, social risks and corporate governance, as well as an analysis of the Murapol Group's material sustainability topics. In addition, the Group has developed the requirements of the so-called Taxonomy (arising from Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088) by preparing a list of activities eligible for systematization and guidance on the calculation of KPIs. The Murapol Group has also counted its carbon footprint in Scope 1 (i.e. including direct greenhouse gas emissions) and Scope 2 (i.e. including indirect emissions) for 2022. The Murapol Group's GHG report was prepared in accordance with the requirements of the standards of the *"Greenhouse Gas Protocol. A Corporate Accounting and Reporting Standard"* and *"GHG Protocol Scope 2 Guidance Amendment to the GHG Protocol Corporate Standard"*.

5.1 Environmental measures

Development and construction activities affect the environment, so the Group is committed to ensuring that its

development projects are managed in a conscious manner reducing their negative impact on the environment. The

Group attaches great importance to carrying out all site work in accordance with technical and environmental requirements. For this purpose, the Group has a research and development department to optimize technical issues. Among other things, the Group takes steps to optimize the use of raw materials, water and reduce waste production on its projects. In particular, the Group takes steps to ensure that basic waste materials are disposed of in accordance with legal standards, including, depending on their type, recycling by specialized entities.

In addition, the Group seeks to limit or minimize the negative impact of the construction projects in progress on the surrounding area and neighbourhood, such as noise and other construction nuisances. Prior to commencing a project, the Group examines in detail the external aspects of the site works so as to protect the neighbouring flora and fauna, and it seeks to manage the access roads to the site so as to minimize dust and noise.

In order to reduce the consumption of non-renewable fossil fuels and thus reduce its carbon footprint, the Group aims to use energy efficiently and reduce gas emissions that are responsible for global climate change. To this end, it makes efforts to introduce energy-saving solutions in all its new investments, such as full LED lighting or the HMS systems (proprietary infrastructure and installation Home Management System, which allows *smart home* solutions to be installed on the premises - *Murapol Appartme*), which enables precise control of utilities (electricity, heating, lighting) in individual apartments. Energy-saving solutions, including HMS systems, allow noticeable energy savings. In an attempt to find a compromise between the impact of the technologies used on the environment, at the time of application and taking into account the duration of their operation and the period associated with their disposal once their operation has ended, the Group also introduces solutions such as photovoltaic panels or heat pumps on selected construction projects. In addition,

the Murapol Group is looking into the possibility of implementing further solutions such as solar panels or recuperation systems. An anti-smog package, i.e. a system based on an innovative nanomaterial that reduces the amount of harmful substances that get into apartments with the air, has also been introduced as a standard feature on Murapol Group premises.

As part of its strategy, the Group intends to continue the trend started in 2019 of introducing and developing smart and eco-friendly solutions on its construction projects, working on further eco-friendly and innovative solutions, analysing, in particular, the following solutions:

- **development of the HMS by adding new functionalities;**
- **photovoltaic systems used for lighting common areas in buildings;**
- **anti-smog building materials, such as an anti-smog paving slabs based on high-tech cement or an anti-smog façade plaster used in the ETICS building insulation system;**
- **smart solutions in common areas, e.g. benches in playgrounds with mobile phone charging functions, integrated with bike racks and bike repair stations;**
- **rainwater recycling;**
- **ecological heat source solutions for buildings, e.g. heat pumps, solar collectors or recuperation systems;**
- **introduction of prefabricated elements, such as system solutions for prefabricated steel frame walls or modular bathroom solutions.**

The Group also constructs buildings on previously disused land, such as post-factory or post-military sites. In many cases, the restoration of these sites to redevelopment involves remediation, i.e. the removal or neutralization of factors that have previously prevented development.

For example, the Group has restored development land in Gdynia to full functionality in terms of landscape architecture and public utility. An area of approximately 17,000 sq. m and a mass of soil of approximately 22,500 tonnes underwent remediation work. During the remediation work, all waste is disposed of, and entities with the appropriate expertise and competence are selected to carry out the work.

With the aim of continuously improving the environmental performance of its projects, the Murapol Group organizes regular training for its engineering staff in technology, introduction of innovative materials and technological solutions. The purpose of the training courses organized is, above all, to find solutions aimed at optimizing the use of materials, reducing waste through their optimal layout in the construction process, as well as reducing the carbon footprint. The training also enhances the knowledge of the engineering staff in terms of environmental responsibility.

The Group's environmental activities in 2017 were awarded the BREEAM green certification for sustainable construction projects. The Group was awarded the aforementioned certificate for the Murapol

Warsaw Parks project, designed as an environmentally and resident-friendly development project. It was the second residential development in Poland to be awarded this certificate and the first with a distinction in the BREEAM International NC (New Construction) 2016 Residential scheme.

In 2021, the Group also participated in an environmental campaign by the Polish Association of Developers, which saw the construction of one of the world's largest insect houses. The house is made up of 150 smaller ones which will be located within residential developments across Poland, including the Murapol Siewierz Jeziorna construction. The aim of the project is to make the public aware of the important role insects play in the ecosystem and to strengthen public awareness of environmental protection.

In addition, the Murapol Group actively participates in the public discourse on the application of ESG principles in the real estate industry, engaging, among others, in the Roundtable - ESG Compass, supporting the Togetair Climate Summit or speaking at the ESG & Sustainability Forum "Go to the future" and debates dedicated to sustainable construction issues.

5.2 Social activities

Responsibility for the employee

The Murapol Group's employees are one of its most important resources. The Group appreciates their diverse experience, competence, education, way of working and individual approach to their tasks. The Murapol Group's team consists of designers and design support staff (approximately 30% of the staff), construction and investment support staff (approximately 25% of the staff), sales specialists and those supporting customer service and sales processes (approximately 20% of the staff) and specialists in areas such as accounting, finance, marketing, PR, lawyers, HR, IT and

others (approximately 25% of the staff) (Company data as at 30 September 2023).

The Group aims to provide equal rights and development opportunities for all. Thanks to a transparent organizational structure, hierarchy and job descriptions, the Group's employees are ensured clear career paths, with the possibility of both promotion within individual Group companies or departments, and of migration between them if they wish to develop their skills in a new field. As at 30 September 2023, the Company's senior management (approximately 50 people) consists mostly of people internally promoted, i.e. those

who started their careers in entry-level positions before moving to higher positions in the hierarchy as they gained experience and specialist knowledge. In addition, the Group is committed to increasing the proportion of women in leadership positions throughout the organization, valuing competence and experience regardless of gender. As at 30 September 2023, 49% of the Murapol Group's management team was made up of women, of which 45% are directors and 55% are managers and executives.

The Group strives to recruit the best specialists from the market but, at the same time, seeks to continuously develop the competences of those already employed. With numerous training programmes in both hard and soft skills, the Group strengthens the team and expands the group of internal experts. The Murapol Group also organizes annual training and integration trips to strengthen the bonds between employees and managers and the sense of belonging to the organization. In addition, employee surveys and job satisfaction surveys are carried out to ensure ongoing dialogue between the management team and employees, especially in territorially dispersed teams. The results of these surveys provide managers with information on employee needs and guide changes in building and motivating teams. In 2021, the Group implemented a pilot employee appraisal programme involving annual development interviews, consisting of a self-assessment phase and an interview with the supervisor. The premise of the programme is to achieve an optimal and transparent remuneration and bonus model for the employees.

All Group employees and collaborators have access to the so-called employee benefits such as private medical care, group insurance fully funded by the Group or sports cards, 60% of which are financed by the Group.

The Murapol Group's activities for its employees have been recognized several times by the juries of the Best Quality

Employer, Good Employer or Good Company programmes.

Creating good space for living and leisure activities

The Group's aim is to create good space for living and leisure activities. The Group supports the community by building the necessary infrastructure or useful solutions for residents as part of its development projects. As part of its commitments to local authorities, which are undertaken on the basis of investment agreements, the Group, among other things, reconstructs or upgrades the existing road network, builds or repairs pavements, builds new access roads aimed at providing better comfort for residents, plants trees and organizes green areas. Although these investments are directly or indirectly linked to ongoing development projects, they also serve the local community. In selected development areas, the Murapol Group provides recreation zones, including outdoor gyms, which are not only a place for relaxation but also foster closer neighbourly ties among the residents of the estates.

Supporting charitable, cultural and sports initiatives

The Group strives to support its environmental responsibly. Since its incorporation, it has carried out various forms of social, charitable or sports activities. For more than a decade, each of the Company's branches in Poland has been involved in the "Szlachetna Paczka" project during the holiday season (a wide-ranging social project in which volunteers search for families in need who meet certain criteria, and donors prepare Christmas parcels for them). Charitable activities are also undertaken at the initiative of the employees themselves, who, with the involvement of the Management Board, organize campaigns and collections to support those in need (e.g. the charity project "Pacuszka dla Maluszka" [a parcel for a toddler] or the Great Orchestra of Christmas Charity). In 2016, the Group was also involved in a medical expedition of Polish doctors to

Tanzania, who performed nearly 100 surgical procedures by Lake Victoria. Between 2021 and 2023, Group employees, by riding thousands of kilometres on their bicycles, provided financial support to the Happy Kids Foundation in the "Bikes for Kids" project.

The Group also provides funds to sports ventures. Andrzej Bargiel (a Polish alpine skier and mountaineer) is the brand ambassador, and since 2017 the Murapol Group has been collaborating with Widzew Łódź football team, with the Murapol Group acting as the main sponsor for the 2023/2024 and 2024/2025 seasons. In addition, the Murapol Group supports numerous sports initiatives, including events planned for children and young people, for the benefit of local communities, as well as cultural initiatives. The Murapol Group sponsors the Murapol Cup - a football tournament for young players - and the Orkan Sochaczew rugby team, and is also involved in the development of the Infinitas Hockey Club KTH team from Krynica-Zdrój. In addition, the Murapol Group is involved in the construction of the mountain bike trails of the Enduro Trails Bielsko-Biała complex. In terms of initiatives for the benefit of local communities, the Murapol Group supported, among others, the celebration of the 600th anniversary of

Łódź, the construction of an outdoor gym in the Siewierz Jeziorna Township and an insect house in Siewierz as part of the "We build for insects" campaign. In 2023, i.e. for the third consecutive year, the Murapol Group is a partner of the Hipolit and Ludwika Festival, a cultural initiative of the Warsaw Association of Residents and Friends of the Wawelberg Colony. Other events supported by the Murapol Group include Winter Wilanów, the Royal Festival of Light of the Council of the Wilanów District and the Podbeskidzie Regional Congress of Women.

Regulatory and educational activities

The Group is actively involved in expert and legislative work. As a representative of the business organization Employers of Poland (in the organization's council), the Group's representative is a member of the Social Dialogue Council. The Group and its representative is also an active member of the management board of the Polish Association of Developers.

With a view to its past and future activities on the financial markets, the Company is a member of the Association of Stock Exchange Issuers and provides expert input at conferences of the Chamber of Brokerage Houses and the Association of Individual Investors.



6 Additional information



6.1 Material court proceedings

In April 2023, the President of the Office of Competition and Consumer Protection (OCCP) initiated proceedings against the Company for declaring the provisions of the model contract prohibited. The provisions questioned by the President of the Office of the OCCP concern, among other things, the Company's designation of the notary's office where contracts with consumers will be concluded, consent to the disposal of the property for construction purposes, the bearing of costs and charges related to the premises from the moment they are made available or the granting of a power of attorney to represent them in administrative proceedings and to change the amount of shares in the common property. The Company submitted respective explanations in which it indicated, among other things, that it ceased to apply some of the provisions under investigation, as well as presented proposed changes to its model contracts for future use to meet the expectations of the President of the OCCP. The Company's actions taken as part of the proceedings are aimed at minimizing the risk of the President of the OCCP imposing a fine which may amount to a maximum of 10% of the turnover made by the Company in the financial year preceding the year in which the fine is imposed.

Since 2021, cassation proceedings have been pending before the Supreme Administrative Court, concerning an administrative penalty imposed on the Company by the PFSA for violations of the

requirements for significant holdings of shares in public companies provided for in the Act on Public Offering in connection with the Company's transactions in shares of a public company listed on the main market of the WSE - Skarbiec Holding S.A. in 2017-2018. The fine was imposed following the administrative proceedings conducted by the PFSA against the Company, which concerned a suspected administrative tort amounting to the so-called parking of the Skarbiec Holding S.A. shares by the Company at the time. In April 2021, the Company filed a complaint with the Provincial Administrative Court in Warsaw against the PFSA's decision, upholding the objections raised at an earlier stage of the administrative proceedings before the PFSA; the complaint was dismissed by the Provincial Administrative Court in June 2021, against which the Company filed a cassation complaint with the Supreme Administrative Court. By the date of this Report, the Supreme Administrative Court has not issued a judgment in the above case.

As at 31 December 2023, neither the Company nor its subsidiaries were a party (before a court, an authority competent for arbitration proceedings or a public administration body) to any other proceedings concerning liabilities or receivables of the Company or its subsidiaries, the one-time or aggregate value of which would represent at least 10% of the Company's equity.

6.2 Diversity policy

In the opinion of the Company's Management Board, the composition of the Management Board and the Supervisory Board ensures the diversity of gender, age, education and professional experience necessary to achieve a broad perspective to support the Company's operations and supervision.

The diversity principles are, therefore, applied regardless of the fact that there is no specific diversity policy applicable to the Issuer's administrative, management and supervisory bodies. The selection of managers is based on the Company's natural needs and the aptitude of individuals of a certain gender, age, education and experience to meet those needs.

There were 2 men and 1 woman on the Company's Management Board in 2023. These individuals have diverse backgrounds and a wealth of experience both inside and outside the development industry itself. The qualities of the individual members of the Management Board complement each other and ensure a strong team of highly qualified managers in the Company.

There were 7 men and 1 woman on the Company's Supervisory Board in 2023. They are people of different ages, with different predispositions, with extensive, varied experience and educational backgrounds in finance, real estate, audit, investment banking and law.

6.3 Significant events affecting the Group's operations which occurred after the end of the reporting period

On 18 January 2024, the Group drew down a funding tranche of PLN 71.7 million under an annex to the loan agreement dated 21 December 2023.

On 1 March 2024, AEREF V PL Investment S.à r.l and AEREF V PL Inwestycje sp. z o.o. entered into a contribution-in-kind agreement, on the basis of which AEREF V PL Investment S.à r.l transferred to AEREF V PL Inwestycje sp. z o.o. all of its shares in the Company, i.e. 27,760,000 shares and all rights attached to them.

On 8 March 2024, Murapol S.A. concluded an annex to the loan agreement concluded with the banks: Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A., according to which it will be possible to pay dividends of up to a total of PLN 122 million in the period after 30 June 2025 until the complete repayment of the loan, i.e. 30 June 2026. Prior to the conclusion of the annex, dividend payments during the period described above were only allowed with the consent of the banks: Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A.

6.4 Branches owned

The Company has no branches.

6.5 Transactions with related entities

Transactions with related entities are described in the consolidated financial statements, in Note 35.

We hereby represent that, to the best of our knowledge, the annual consolidated financial statements of Murapol S.A. as at 31 December 2023 and the comparative data have been prepared in accordance with the applicable accounting policies and give a true, fair and clear view of the Issuer's financial position and results of operations.

We hereby represent that, to the best of our knowledge, the separate annual financial statements of Murapol S.A. as at 31 December 2023 and the comparative data have been prepared in accordance with the applicable accounting policies and give a true, fair and clear view of the Issuer's financial position and results of operations.

The Company's Management Board declares that this Directors' Report on the operations of Murapol S.A. and its Group in 2023 provides a true view of the development, achievements and position of the Company and the Group, including a description of the main threats and risks.

Signatures of the Management Board Members

Nikodem Iskra
President of the Management Board

Signature

Przemysław Kromer
Member of the Management Board

Signature

Iwona Sroka
Member of the Management Board

Signature

