



MANAGEMENT BOARD'S REPORT

ON THE ACTIVITIES OF MLP GROUP S.A.
FOR THE YEAR ENDED 31 DECEMBER 2023

This document is a translation. Polish version prevails.

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Authorisation by the MLP Group S.A. Management Board Management Board's Report on the activities of the MLP Group S.A. in the 12 months ended 31 December 2023

This Management Board's Report on the activities of the MLP Group S.A. in the 12 months ended 31 December 2023 was prepared as at and authorised for issue by the Company's Management Board on 18 March 2024 ".

Signed with qualified electronic signature.

Pruszków, 18 March 2024



Introduction

MLP Group S.A. (the “Company”, the “Issuer”, the “Parent”) is the parent of the MLP Group S.A. Group (the “Group”). The Company is entered in the National Court Register maintained by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register, under No. 0000053299. The Company's registered office is located at ul. 3-go Maja 8, 05-800 Pruszków, Poland.

The Company was established on 18 February 1995 (based on a deed of transformation) and was incorporated for an indefinite term.

The Company's principal business activities comprise development, purchase and sale of own real estate, lease of own real estate, management of residential and non-residential real estate, general activities involving construction of buildings, and construction. The PKD code of the principal business activity is: 7032Z, i.e. property management services.

The majority shareholder MLP Group S.A. is CAJAMARCA HOLLAND B.V. of the Netherlands, registered address: Locatellikade 1, 1076 AZ Amsterdam.

The Group's ultimate parent is Israel Land Development Company Ltd. (of Tel Aviv, Israel), whose shares are listed on the Tel Aviv Stock Exchange.



1. General information on MLP Group S.A.

1. 1 Shareholding structure of MLP Group S.A.

As at 31 December 2023, MLP Group S.A. held directly or indirectly interests in the following entities:

| No. | Entity | Country of registration | Parent's direct and indirect interest in equity | Parent's direct and indirect interest in voting rights |
|-----|---------------------------------------------------------|-------------------------|-------------------------------------------------|--------------------------------------------------------|
| 1 | MLP Pruszków I Sp. z o.o. | Poland | 100% | 100% |
| 2 | MLP Pruszków II Sp. z o.o. | Poland | 100% | 100% |
| 3 | MLP Pruszków III Sp. z o.o. | Poland | 100% | 100% |
| 4 | MLP Pruszków IV Sp. z o.o. | Poland | 100% | 100% |
| 5 | MLP Poznań Sp. z o.o. | Poland | 100% | 100% |
| 6 | MLP Lublin Sp. z o.o. | Poland | 100% | 100% |
| 7 | MLP Poznań II Sp. z o.o. | Poland | 100% | 100% |
| 8 | MLP Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% |
| 9 | Fenix Obrót Sp. z o.o. | Poland | 100% | 100% |
| 10 | MLP Property Sp. z o.o. | Poland | 100% | 100% |
| 11 | MLP Bieruń Sp. z o.o. | Poland | 100% | 100% |
| 12 | MLP Bieruń I Sp. z o.o. | Poland | 100% | 100% |
| 13 | MLP Sp. z o.o. | Poland | 100% | 100% |
| 14 | MLP Teresin Sp. z o.o. | Poland | 100% | 100% |
| 15 | MLP Business Park Poznań Sp. z o.o. | Poland | 100% | 100% |
| 16 | MLP FIN Sp. z o.o. | Poland | 100% | 100% |
| 17 | LOKAFOP 201 Sp. z o.o. | Poland | 100% | 100% |
| 18 | LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% |
| 19 | MLP Wrocław Sp. z o.o. | Poland | 100% | 100% |
| 20 | MLP Gliwice Sp. z o.o. | Poland | 100% | 100% |
| 21 | MLP Business Park Berlin I LP Sp. z o.o. | Poland | 100% | 100% |
| 22 | MLP Czeladź Sp. z o.o. | Poland | 100% | 100% |
| 23 | MLP Temp Sp. z o.o. | Poland | 100% | 100% |
| 24 | MLP Dortmund LP Sp. z o.o. | Poland | 100% | 100% |
| 25 | MLP Dortmund GP Sp. z o.o. | Poland | 100% | 100% |
| 26 | MLP Logistic Park Germany I Sp. z o.o. &Co KG. | Germany | 100% | 100% |
| 27 | MLP Poznań West II Sp. z o.o. | Poland | 100% | 100% |
| 28 | MLP Bucharest West Sp. z o.o. | Poland | 100% | 100% |
| 29 | MLP Bucharest West SRL | Romania | 100% | 100% |
| 30 | MLP Teresin II Sp. z o.o. | Poland | 100% | 100% |
| 31 | MLP Pruszków V Sp. z o.o. | Poland | 100% | 100% |
| 32 | MLP Germany Management GmbH | Germany | 100% | 100% |
| 33 | MLP Wrocław West Sp. z o.o. | Poland | 100% | 100% |
| 34 | MLP Business Park Berlin I GP sp. z o.o. | Poland | 100% | 100% |
| 35 | MLP Łódź II sp. z o.o. | Poland | 100% | 100% |

| No. | Entity | Country of registration | Parent's direct and indirect interest in equity | Parent's direct and indirect interest in voting rights |
|-----|------------------------------------------------|-------------------------|-------------------------------------------------|--------------------------------------------------------|
| 36 | MLP Poznań East ¹⁾ | Poland | 100% | 100% |
| 37 | MLP Schwalmthal LP sp. z o.o. | Poland | 100% | 100% |
| 38 | MLP Schwalmthal GP sp. z o.o. | Poland | 100% | 100% |
| 39 | MLP Pruszków VI sp. z o.o. | Poland | 100% | 100% |
| 40 | MLP Business Park Berlin I Sp. z o.o. & Co. KG | Germany | 100% | 100% |
| 41 | MLP Schwalmthal Sp. z o.o. & Co. KG | Germany | 100% | 100% |
| 42 | MLP Business Park Wien GmbH | Austria | 100% | 100% |
| 43 | MLP Wrocław West I Sp. z o.o. | Poland | 100% | 100% |
| 44 | MLP Gelsenkirchen GP Sp. z o. o. | Poland | 100% | 100% |
| 45 | MLP Gelsenkirchen LP Sp. z o. o. | Poland | 100% | 100% |
| 46 | MLP Gelsenkirchen Sp. z o.o. & Co.KG | Germany | 100% | 100% |
| 47 | MLP Gorzów Sp. z o.o. | Poland | 100% | 100% |
| 48 | MLP Idstein LP Sp. z o.o. | Poland | 100% | 100% |
| 49 | MLP Idstein GP Sp. z o.o. | Poland | 100% | 100% |
| 50 | MLP Idstein Sp. z o.o. & Co. KG | Germany | 100% | 100% |
| 51 | MLP Business Park Trebur GP Sp. z o.o. | Poland | 100% | 100% |
| 52 | MLP Business Park Trebur LP Sp. z o.o. | Poland | 100% | 100% |
| 53 | MLP Business Park Trebur Sp. z o.o. &Co. KG | Germany | 100% | 100% |
| 54 | MLP Poznań West III Sp. z o.o. | Poland | 100% | 100% |
| 55 | MLP Łódź III Sp. z o.o. ²⁾ | Poland | 100% | 100% |
| 56 | Feniks PV sp. z o.o. ³⁾ | Poland | 100% | 100% |
| 57 | MLP Bieruń West sp. z o.o. ⁴⁾ | Poland | 100% | 100% |

Changes in equity interests held

1) On 16 January 2023, the change of the name of MLP Poznań East sp. z o.o MLP Zgorzelec Sp. z o.o. was registered.

2) On 23 May 2023, MLP Łódź III Sp. z o.o. was incorporated pursuant to a notarial deed. All shares in the company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 5 June 2023.

3) On 20 June 2023, Feniks PV Sp. z o.o. was incorporated pursuant to a notarial deed. All shares in the company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 22 August 2023.

4) On 27 September 2023, MLP Bierun West Sp. z o.o. was incorporated pursuant to a notarial deed. All shares in the company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 20 October 2023.

1. 2 Principal business of the Company and the Group

The MLP Group S.A. Group is the Parent Company for one of the leading European logistics platforms, offering clients a complete range of services, from site identification, through land acquisition, to property management. The unique business model is based on the "Build & Hold" strategy, which allows the Issuer Group's to establish and maintain direct, long-term customer relationships. As a result, the Company achieves high tenant satisfaction levels, which translates into excellent occupancy rates.

The Company's principal business activity is management of logistics space. This activity includes:

- purchase of investment property (directly or through acquisition of shares in companies owning real property),
- property management (including activities related to the management of tenant services, such as determination of the target groups of tenants, acquisition of tenants, negotiating lease contracts, release of properties),
- securing financing for the properties (determining the target amount of debt to equity and securing the required amount of debt financing for each asset on the best terms available at a given time),
- technical activities and supervision of the properties (including repair and maintenance and cleaning services),
- sale of investment property.

The Company conducts these activities through its subsidiaries. MLP GROUP S.A. is a holding company and manages companies operating at individual logistics parks.

Through its subsidiaries, the Company currently manages its operations in Poland, Germany, Romania and Austria. The Company manages 23 logistics parks. MLP Group operates 16 logistics parks in key locations in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin, MLP Teresin, MLP Wrocław, MLP Gliwice, MLP Czeladź, MLP Poznań West, MLP Wrocław West, MLP Łódź, MLP Zgorzelec, MLP Business Park Poznań, MLP Business Park Łódź and MLP Gorzów Wielkopolski.

In Germany, the Group currently operates 5 logistics parks: MLP Unna, MLP Business Park Berlin, MLP Business Park Trebur - Spreenhagen, MLP Business Park Schalke, MLP Idstein. The Group owns the logistics park MLP Bucharest West in Romania and MLP Business Park Vienna in Austria.

The Group holds several land reservations for the development of additional parks.

The Group currently operates two types of warehouse space formats:

- (1) large-scale warehouse facilities, commonly referred to as big-box facilities, primarily used to meet the growing demand from e-commerce and light industry customers, driven by factors such as the relocation of production from Asia to Europe; and
- (2) City Logistics facilities, operated as MLP Business Parks and offering small warehouse units (ranging from 700 m² to 2.5 thousand m²). MLP Business Parks are City Logistics projects with a high potential for growth, which address the retail evolution (e-commerce) and are located within or close to city boundaries with easy access to labour and public transportation. The first such projects are MLP Business Park Berlin, MLP Business Park Schalke, MLP Business Park Łódź, MLP Business Park Vienna, and MLP Business Park Poznań.

The Group's key customers include logistics, production and e-commerce companies. The structure of tenants is distributed proportionally across the business segments.

In 2023, the Group acquired a new land in Poland with a total area of approximately 42 hectares, which will enable the construction of 209 thousand m² of new logistics space.

Group companies also hold several reservation agreements for the acquisition of new land for planned logistics parks in Poland, Germany, and Austria, with a combined area of approximately 200 hectares.

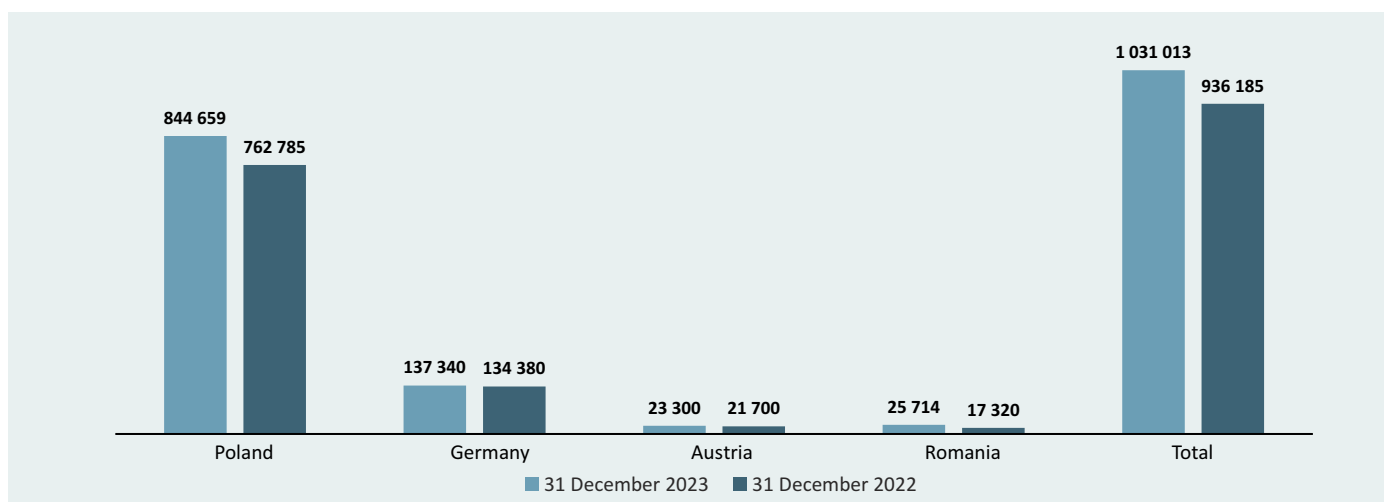
This provides potential for further development of approximately 1000 thousand m² of logistics space.

Investment property in logistics parks is measured at fair value by independent appraisers.

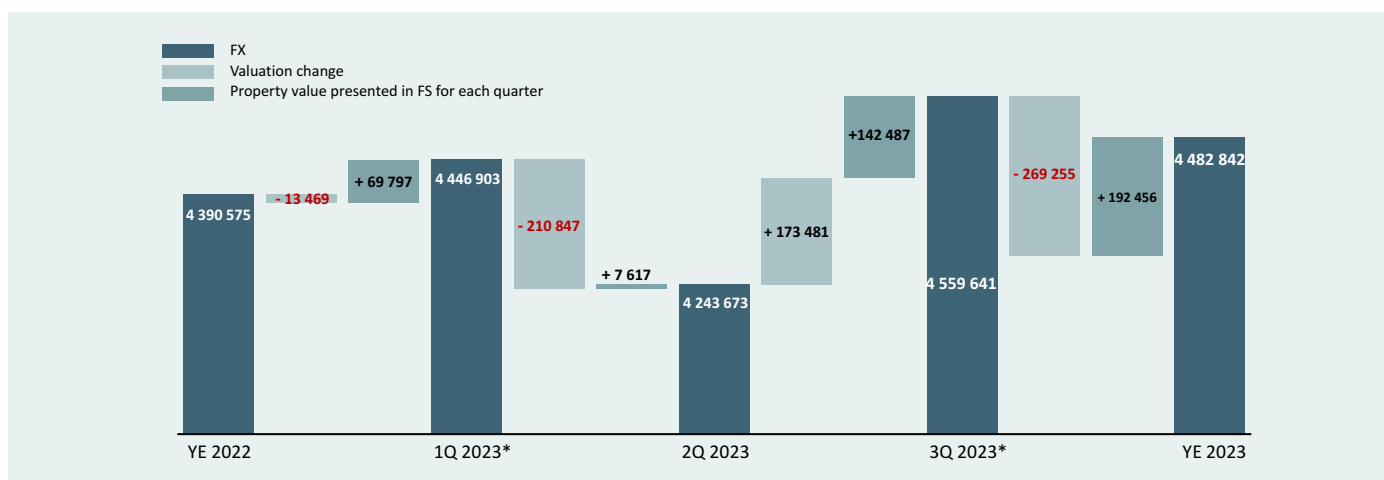
Fair value of the Company's property portfolio as at 31 December 2023:

| Logistics park | Fair value (EUR '000) | Fair value (PLN '000) |
|----------------|-----------------------|-----------------------|
| POLSKA | 844 659 | 3 672 575 |
| NIEMCY | 137 340 | 597 154 |
| AUSTRIA | 23 300 | 101 308 |
| RUMUNIA | 25 714 | 111 805 |
| Total | 1 031 013 | 4 482 842 |

Investment property in EUR ths



Change in property valuation in 2023 - per quarter in PLN ths



The chart above does not include value of Perpetual Usufruct.

* Due to the fact the MLP Group values its property portfolio twice a year, i.e., as at 30 June and 31 December, the valuation change in 1Q 2023 & 3Q 2023 is equal to book value. The valuation change in 2023 in the amount of 412 357 TPLN is increase from the independent appraisal valuation.

1. 3 Main products and services

The primary and sole business activity of MLP Group S.A is management of logistics space. The Company's revenue comprises revenue from property management and provision of advisory services.

Revenue

| | <i>in the year ended 31 December</i> | 2023 | 2022 |
|----------------------------------|--------------------------------------|---------------|---------------|
| Domestic sales | | | |
| Revenue from external customers | | 47 | 185 |
| Sales to related parties | | 19 210 | 15 949 |
| Total domestic sales | | 19 257 | 16 134 |
| International sales | | | |
| Sales to related parties | | 437 | 177 |
| Total international sales | | 437 | 177 |
| Total revenue | | 19 694 | 16 311 |

1. 4 Market, customers and suppliers

The primary and sole business activity of MLP Group S.A is management of logistics space and the provision of advisory services. The Company conducts its operations across all of the geographical areas in which the Group operates.

1. 4.1 Structure of the Company's sales

The Company derives revenue primarily from (i) administration of investment property by subsidiaries, and (ii) advisory and management services to the subsidiaries. Related-party transactions constitute the main source of the Company's revenue.

Revenue

| | <i>in the year ended 31 December</i> | 2023 | 2022 | <i>change (%)</i> |
|-----------------------------------------|--------------------------------------|---------------|---------------|-------------------|
| Property management | | 6 856 | 5 979 | 15% |
| Project management | | 1 091 | 887 | 23% |
| Advisory services | | 11 315 | 8 260 | 37% |
| Recharge of services | | 432 | 1 185 | -64% |
| Total revenue | | 19 694 | 16 311 | 20,7% |
| <i>- including from related parties</i> | | <i>19 647</i> | <i>16 126</i> | <i>22%</i> |

In 2023, the total value of service sales transactions to related entities amounted to PLN 19,647 thousand, of which the company MLP Poznań West II Sp. z o.o. was the main beneficiary of these services. Its share in the structure of sales to related entities in the period in question was 23% (in 2022, it was 18%). The table below shows the Company's sales structure in 2023 and 2022:

Structure of sales to related parties

| | <i>in the year ended 31 December</i> | 2023 | 2022 |
|---------------------------------------------------------|--------------------------------------|-------------|-------------|
| Parent | | | |
| The Israel Land Development Ltd | | 172 | 177 |
| Subsidiaries | | | |
| MLP Pruszków I Sp. z o.o. | | 2 952 | 2 958 |
| MLP Pruszków II Sp. z o.o. | | 787 | 733 |
| MLP Pruszków III Sp. z o.o. | | 1 447 | 1 496 |
| MLP Pruszków IV Sp. z o.o. | | 823 | 966 |
| MLP Poznań Sp. z o.o. | | 292 | 330 |
| MLP Poznań II Sp. z o.o. | | 272 | 292 |
| MLP Lublin Sp. z o.o. | | 1 096 | 1 106 |
| MLP Teresin Sp. z o.o. | | 520 | 519 |
| Feniks Obrót Sp. z o.o. (MLP Energy Sp. z o.o.) | | 551 | 576 |
| MLP Wrocław Sp. z o.o. | | 1 031 | 909 |
| MLP Czeladź Sp. z o.o. | | 1 325 | 340 |
| MLP Gliwice Sp. z o.o. | | 1 009 | 982 |
| MLP Property Sp. z o.o. | | 6 | 4 |
| MLP Business Park Poznań Sp. z o.o. | | 241 | 233 |
| MLP Temp Sp. z o.o. | | 6 | 6 |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | | 6 | 7 |
| MLP Bieruń Sp. z o.o. | | 4 | 2 |
| MLP Bieruń I Sp. z o.o. | | 3 | 24 |
| MLP Sp. z o.o. | | 4 | 2 |
| MLP FIN Sp. z o.o. | | 4 | 2 |
| LOKAFOP 201 Sp. z o.o. | | 4 | 2 |
| MLP Business Park Berlin I LP Sp. z o.o. | | 5 | 6 |
| MLP Spółka z ograniczoną odpowiedzialnością SKA | | 4 | 2 |
| MLP Poznań West II Sp. z o.o. | | 4 499 | 1 022 |
| MLP Bucharest West Sp. z o.o. | | 8 | 7 |
| MLP Dortmund LP Sp. z o.o. | | 4 | 2 |
| MLP Dortmund GP Sp. z o.o. | | 4 | 2 |
| MLP Teresin II Sp. z o.o. | | 3 | 3 |
| MLP Pruszków V Sp. z o.o. | | 686 | 581 |
| MLP Wrocław West Sp. z o.o. | | 187 | 137 |
| MLP Łódź II sp. z o.o. | | 466 | 1 165 |
| MLP Poznań East sp. z o.o. | | 91 | 29 |
| MLP Pruszków VI Sp. z o.o. | | 655 | 27 |
| MLP Business Park Berlin I GP sp. z o.o. | | 4 | 2 |
| MLP Schwalmtal LP sp. z o.o. | | 4 | 2 |
| MLP Schwalmtal GP sp. z o.o. | | 4 | 2 |
| MLP Wrocław West I Sp. z o.o. | | 17 | 4 |
| MLP Gelsenkirchen GP Sp. z o.o. | | 4 | 4 |

| | | |
|-------------------------------------------------|---------------|---------------|
| MLP Gelsenkirchen GP Sp. z o.o. | 4 | 4 |
| MLP Gelsenkirchen LP Sp. z o.o. | 4 | 4 |
| MLP Gorzów Sp. z o.o. | 92 | 7 |
| MLP Idstein LP Sp. z o.o. | 4 | 4 |
| MLP Idstein GP Sp. z o.o. | 4 | 4 |
| MLP Logistic Park Germany I Sp. z o.o. & Co. KG | 5 | - |
| MLP Bucharest West SRL | 223 | 184 |
| MLP Germany Management GmbH | 34 | 1 |
| MLP Schwalmtal Sp. z o.o. & Co. KG | 1 | - |
| MLP Business Park Berlin I Sp. z o.o. & Co. KG | - | 1 234 |
| MLP Business Park Wien GmbH | 1 | 13 |
| MLP FIN Sp.z o.o. Sp.k. | 4 | 2 |
| Fenix Polska Sp. z o.o. | 6 | 6 |
| MLP BUSINESS PARK TREBUR GP Sp. z o.o. | 4 | 2 |
| MLP BUSINESS PARK TREBUR LP Sp. z o.o. | 4 | 2 |
| MLP Poznań West III Sp. z o.o. | 27 | - |
| MLP Łódź III Sp. z o.o. | 31 | - |
| Feniks PV Sp. z o.o. | 1 | - |
| MLP Bieruń West Sp. z o.o. | 1 | - |
| MLP Gelsenkirchen Sp. z o.o. & Co. KG | - | - |
| MLP Idstein Sp. z o.o. & Co.KG | - | - |
| MLP Trebur Sp. z o.o. & Co.KG | 1 | - |
| Total | 19 647 | 16 126 |

1. 4.2 Key trading partners

In the reporting period the Company cooperated mainly with providers of the following services:

- construction services (as part of development projects),
- supply of utilities,
- consulting and advisory services – business and legal,
- financial audit and review services, professional appraising services.

In 2023, none of the Company's service providers accounted for more than 10% of the Company's revenue.

With a broad base of suppliers, the Company is not dependent on any single one of them.

2. Activities of the MLP Group S.A. Group and the Company

2. 1 Activities of the MLP Group S.A. Group and the Company in 2023

In 2023, the Company continued its activity consisting in the construction and management of logistics properties. The activity was conducted through subsidiaries.

In the reporting period, the Company, acting through its subsidiaries, carried out several property development projects and leased more than 1 079 m² of the existing warehouse and office space. The Management Board of the Company reviewed and assessed on an ongoing basis:

- current construction projects in terms of their progress,
- actual and expected revenue,
- use of the Group's existing land resources and its ability to tailor the offering to meet the anticipated market expectations and demand,
- available opportunities to purchase land for new projects to be implemented in subsequent years,
- the Group's efforts to optimise financing of its investing activities.

2. 1.1 *Projects started and projects completed*

In 2023, the Company and its subsidiaries were involved in the construction of projects with a total area of 288 thousand m². An additional 126 thousand m² was in preparation as at 31 December 2023, bringing the total area of projects under development to 414 thousand m².

Of the total area of 414 thousand sqm of projects that were implemented and in preparation in 2023, 66 thousand sqm of project area was started in 2022 and completed in 2023 (including MLP Pruszków II - 37 thousand sqm, MLP Wrocław - 19 thousand sqm, MLP Czeladź - 9 thousand sqm and MLP Poznań West II - 1 thousand sqm). In turn in 2023, the Group began implementing projects with a total area of 198,000 sqm, of which 16 thousand sqm ended in 2023.

2. 1.2 *Projects under construction or in the pipeline*

In 2023, the Company, through entities in which it has shares, carried out projects with a total area of 288 thousand sqm. Of these projects, projects with a total area of 106 thousand sqm were completed in 2023, which were located in Poland (including 50 thousand sqm in MLP Pruszków II, 20 thousand sqm in MLP Wrocław, 20 thousand sqm in MLP Poznań West II, MLP Łódź - 8 thousand sqm, MLP Czeladź - 8 thousand sqm).

As at 31 December 2023, 182 thousand m² of space was under construction.

As at the date of publication of this report, the Group has started the construction of a new logistics park in Vienna (Austria) with an area of 54.5 thousand sqm.

In addition, the Group's project pipeline covered by construction permits amounts to another 126 thousand sqm. The process of obtaining the necessary consents and permits to start the construction of new warehouse space on land already owned and reserved by the Group is being successfully continued.

The Group companies also signed a number of reservation agreements to purchase new land with a total area of 200 hectares.

Projects are carried out on a pre-lease basis, i.e. launch of the investment process is conditional upon execution of a lease contract with a potential tenant. In 2023, at selected locations the Group launched big-box speculative projects, which, together with pre-lease projects, constitute larger investment projects implemented in response to the present market situation.

2. 1.3 **Material agreements**

Material suppliers with whom agreements with a total value exceeding 10% of the Company's equity were concluded in 2023

In the financial 2023, the Company did not enter into any agreements with a single supplier where the total amount of payments to the supplier would exceed 10% of the Company's equity.

2. 1.4 **Shareholder agreements**

MLP Group S.A. is not aware of any agreements between the Company's shareholders.

Further, the Company has no knowledge of any agreements (including those concluded after the reporting date) which could result in future changes in the proportions of shares held by the current shareholders.

2. 1.5 **Partnership or cooperation agreements**

In 2023, the Company did not enter into any significant partnership or cooperation agreements with other entities.

2. 1.6 **Related-party transactions**

For description of related-party transactions, see Note 25 to the Company's Separate Financial Statements for the year ended 31 December 2023.

2. 1.7 **Litigation**

Proceedings pending before courts, arbitration bodies or public administration bodies

As at 31 December 2023, no single court, arbitration or administrative proceedings were pending with respect to any liabilities or claims of the Company whose value would represent 10% or more of the Company's equity.

As at 31 December 2023, no two or more court, arbitration or administrative proceedings were pending with respect to any liabilities or claims of the Company whose combined value would represent 10% or more of the Company's equity.

Proceedings involving the Company have no material impact on the Company's business.



2. 2 Development of MLP Group S.A. and risk factors

Development of the MLP Group S.A. business depends on the development of the subsidiaries comprising the MLP Group S.A. Group.

2. 2.1 Key risk factors relevant to the development of the Company

MLP Group S.A. conducts its business through entities in which it holds equity interests. The Company's and the Group's business is exposed to the following risks:

- Credit risk,
- Liquidity risk,
- Market risk (including currency risk, interest rate risk, and risk related to the Company's dependence on macroeconomic conditions).

The Management Board is responsible for establishing and overseeing the risk management functions at the Company, which include identifying and analyzing the risks that the Company is exposed to, determining appropriate risk limits and controls, as well as monitoring and matching the limits. The Company regularly reviews its risk management policies and procedures to ensure they are up-to-date with changes in market conditions and the Company's operations.

Credit risk

Credit risk represents the potential financial loss that the Company and the Group companies may incur in the event that a counterparty of a financial instrument fails to fulfill its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to establish and maintain a stable and sustainable portfolio of loans and other investments in debt instruments in terms of both quality and value. This is achieved by implementing an appropriate credit limit policy.

Liquidity risk

Liquidity risk refers to the possibility of the Company being unable to fulfill its obligations that require cash or other financial assets to be delivered within a reasonable time frame. The Company's approach to liquidity management involves ensuring that it has adequate liquidity to fulfill its obligations promptly, even under adverse circumstances, while avoiding unacceptable losses or harm to its reputation. The Company monitors its cash flows and ensures that it has enough cash to cover its expected operating expenses and current financial liabilities, and maintains the required liquidity ratios to achieve this goal.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices will affect the Group's results or the value of financial instruments it holds. The Company mitigates the risk by constantly monitoring its exposures, keeping them within assumed limits, and seeking to optimize the rate of return on investments. The risk mitigation measures involve using hedge accounting to reduce the influence of market price volatility on financial results.

Currency risk

Currency risk arises in connection with sale, purchase and borrowing transactions which are denominated in currencies (chiefly the euro) other than the functional currency of the Company.

The Company's financial statements are prepared in the PLN currency, which is the functional currency of the Company. For making estimated calculations regarding the required capital level for achieving its strategic objectives, the Company uses the euro as a reference currency. Therefore, to hedge against currency risk, the Company employs natural hedging, i.e., it provides loans to related entities for financing investment projects in euros. This linkage of financing sources with their further redistribution minimizes or completely eliminates exchange rate risk.

Interest rate risk

Credit facilities used by the Group companies bear interest at variable rates. Interest rates depend, to a significant degree, on many factors, including the monetary policy of central banks, national and international economic and political conditions, as well as other factors beyond the Group's control. Changes in interest rates may increase Group companies' borrowing costs under the financial liabilities and thus affect the Group's profitability. Any need to hedge interest rate risk is considered on a case-by-case basis.

In addition to the risks listed above, the Company's business is also exposed to the following risks:

Risk related to the Company's and subsidiaries' dependence on macroeconomic conditions

The development of the commercial real estate market on which the Company and its companies operate depends on changes in the construction and real estate industries, trends in the manufacturing, commerce, industry, services, and transport sectors, and on the development of the economy, which is driven by a number of macroeconomic factors, including economic growth rate, inflation rate, interest rates, the situation on the labour market and the value of direct foreign investments. Also, the Company's and its subsidiaries' business depends indirectly on changes in the world economy. It is affected in particular by gross domestic product, inflation rate, currency exchange rates, interest rates, unemployment rates, average wages, as well as the government's fiscal and monetary policies. The rate of growth of the domestic economy, and thus the Company's and its subsidiaries' business and results, may be affected by slowdown of the global economy. Adverse changes in the macroeconomic conditions and economic and monetary policies in Poland and other countries may have a material adverse effect on the Company's and its subsidiaries' financial results and their ability to implement their plans.

Risks related with factors specific to the real estate sector

The Company is exposed to risks related to property development, acquisition, ownership and management of real estate on the commercial real estate market.

The Company's revenue and the value of its properties may be affected by a number of factors, including: (i) changes in the legal and administrative regulations governing the real estate market, including permits and consents, land use planning, taxes and other public charges; (ii) cyclical changes in the real estate market on which the Company operates; (iii) the Company's ability to procure appropriate construction, management, maintenance and insurance services. Although the Company takes specific measures to protect its business from the negative impact of these risks, it is impossible to eliminate them entirely. The occurrence of any of the risks will have a material adverse effect on the

Company's business, financial condition, results or growth prospects.

Risk related to a possible downturn on the real estate market and general economic slowdown

Downturn on the property market may adversely affect the Group companies' performance in terms of profits from lease of warehouse space. If tenants default on their obligations or if the Company and its subsidiaries are not able to attract tenants, the Company and its subsidiaries will not earn rental income but will incur costs related to the property. Such costs may include legal costs and valuation expenses, maintenance costs, insurance and property taxes. As a rule, lease rents and market prices of property depend on economic conditions. Consequently, a decrease in market prices may result in lease rents being set at levels lower than those originally planned, may lead to losses on individual projects, or may result in a need to find an alternative use of the purchased land. The occurrence of such events may have a material adverse effect on the Company's business, financial condition and results.

Insurance risk

The Group companies' properties may be destroyed or damaged due to many foreseeable or unforeseeable circumstances. In addition, third parties may suffer damage as a result of events for which the Group companies are liable. Given the scope of the subsidiaries' existing insurance cover, there is a risk that such damage or claims will not be covered by the insurance or that they will be covered only in part. Some risks are not insured/insurable, and for other risks the cost of insurance premiums is disproportionate to the likelihood of the risk occurring. The subsidiaries' insurance cover may not protect them against all losses that they may incur in connection with their business, and some types of insurance may not be available on commercially reasonable terms or at all. Accordingly, the insurance cover may not be sufficient to fully compensate for losses incurred in connection with the subsidiaries' real estate.

Risk related to the nature of the Company's business

Development of the Company's business involves risks inherent in the process of constructing industrial property. During construction of industrial property delays or technical problems may occur, beyond the developer's control, which may result in the Company's failure or inability to obtain in a timely manner permits or administrative decisions required by law, which in turn may have an adverse effect on the Company's business, financial condition or results.

Risk of failure to successfully complete profitable investments, in particular in the property development business

The Group companies' ability to start and complete development, reconstruction or upgrade projects depends on a number of factors, some of which are beyond their control. These factors include, in particular, the subsidiaries' ability to obtain all of the necessary administrative decisions, to raise external financing on satisfactory terms or at all, to hire reliable contractors, and to attract suitable tenants.

The following factors, over which the Group companies have limited or no control, that may result in a delay or otherwise adversely affect the development or upgrade of the properties include:

- increase in the cost of materials, labour costs or other expenses that may cause the completion of a project to be unprofitable;
- defects or limitations of legal title to plots or buildings acquired by the Group companies, or defects, limitations or conditions related to administrative decisions concerning the plots of land owned;

- changes in applicable laws, rules or standards which take effect after the subsidiaries start the planning or construction phase of a project, resulting in the subsidiaries incurring additional costs or resulting in delays in the project or its interpretation or application;
- violations of building standards, incorrect methods of construction or faulty construction materials;
- forces of nature, such as bad weather, earthquakes and floods, which may cause damage or delay execution of projects;
- acts of terrorism or riots, revolts, strikes or civil unrest.

Development projects may be carried out only if the land has appropriate technical infrastructure required by law, (e.g. access to internal roads, access to utilities, certain procedures for fire protection and adequate facilities to ensure this protection). Competent authorities may oblige the Group companies to develop additional infrastructure required by law as part of the construction works before relevant administrative decisions are issued. Such additional work may significantly affect the cost of construction.

Further, certain projects may become unprofitable or impracticable for reasons beyond the subsidiaries' control, such as slowdown in the real estate market. The Group companies may not be able to complete these projects on time, within budget or at all, due to any of the above or other factors, which may increase the costs, delay the implementation of the project or cause the project to be abandoned.

Risk relating to general contractors

In a significant number of cases, subsidiaries outsource the execution of their projects to general contractors or other third parties. The successful completion of construction projects depends on the ability of the Group companies to employ general contractors who carry out projects in accordance with the established standards of quality and safety, on commercially reasonable terms, within the agreed deadlines and within the approved budget. Inability to employ general contractors on commercially reasonable terms and the failure of general contractors to meet accepted standards of quality and safety, or non-completion of construction or repairs on time or within the agreed budget may increase the cost of the project, lead to project delays, or result in claims against the Group companies. In addition, such circumstance may adversely affect the Group's image and ability to sell the completed projects.

The financial strength and liquidity of the general contractors employed by the Group companies may not be sufficient in the event of a severe downturn in the property market, which in turn could lead to their bankruptcy, thus adversely affecting the execution of the Group's strategy. Any security that is typically provided by general contractors to secure the performance of their contractual obligations may not cover the total costs and damages incurred in such circumstances.

The subsidiaries' dependence on general contractors also exposes them to all risks arising from poor quality of work of such general contractors, their subcontractors and employees, and from construction defects. In particular, the Group companies may incur losses due to the need to engage other contractors to correct defective work or to pay damages to persons who incurred losses due to the faulty execution of the work. Furthermore, there is a risk that such losses or costs will not be covered by the Group companies' insurance, by the contractor or the relevant subcontractor.

Risk related to obtaining administrative decisions

As part of its activities and in the course of managing its assets, the Company's subsidiaries are legally required to obtain a number of licenses, consents, administrative decisions or other decisions from public administration bodies, including in particular permits for execution, construction and use of its properties. No assurance can be given by any of the Company's subsidiaries that all such permits, consents, administrative decisions or other decisions of public administration bodies concerning the existing properties or new projects will be obtained on time (including due to the recurring risk of the COVID-19 pandemic, as described above) or that they will be obtained at all, or that the permits, consents, administrative decisions or other decisions of public administration bodies held or obtained in the future will not be revoked or their validity will be extended on time. Moreover, certain administrative or other decisions of public administration authorities may be subject to satisfaction of additional conditions by the Group (including the provision of appropriate infrastructure by the Group), or such authorities may impose additional conditions and obligations on the Group, which may entail additional costs, protract the proceedings and result in temporary inability to earn revenue due to such delays.

The Group companies may also seek changes in some of the projects or facilities, as well as changes in the use of the properties to make them more effective or aligned with current trends in the real estate market. Implementing such changes may prove impossible due to difficulties in obtaining or amending the terms of the required permits, consents and decisions, in particular in the case of properties entered in the register of historical places.

In addition, social organisations and organisations dealing with the protection of the environment, as well as owners of adjacent property and local residents may take action to prevent the Group companies from obtaining the required permits, consents or other decisions, including through participation in administrative and judicial proceedings involving the Group companies, challenging decisions, regulations and rulings issued in the course of such proceedings, as well as disseminating negative and defamatory information about the Company and its projects. Such activities may significantly affect the time needed by the Company to execute its projects and may result in additional costs the Company has to incur in connection with its projects.

Risk related to land acquisition

The effectiveness and scale of the Group's operations depend, among other factors, on the supply of appropriate properties for development, their prices and legal status. The ability to find and acquire appropriate real estate at competitive prices and to obtain financing on appropriate terms is a prerequisite for efficient execution of the adopted strategy and delivery of the planned results. Opportunities to acquire land at attractive locations depend on the Group's effectiveness, the legal aspects of the Group's operations, and the objective factors of the market environment (i.e. strong competition in the land market, long time necessary to change intended use of the land caused by delays in adoption of the local zoning plans or the absence of such plans, as well as limited supply of land with appropriate infrastructure). The Group has a team of professionals responsible for searching for suitable land, analysis of its legal status and prospects, and managing the administrative processes. The Group also cooperates with a group of reputable market and legal advisors.

The price of land is driven indirectly by such factors as demand for lease of warehouse, manufacturing and office space, as well as macroeconomic conditions, availability of financing, supply of warehouse, manufacturing and office space in a given area, and tenants' expectations as to the standard and location of the properties. The Group seeks to effectively respond to changes in the macroeconomic environment through such measures as phased approach to project execution.

An increase in future land prices may also adversely affect the competitiveness and profitability of the Group's new projects. This is because the cost of land is a major factor determining the viability of a given project. On the other hand, increase in land prices may improve the competitiveness of the Group's projects on land which had already been purchased at lower prices. In order to minimise the impact of the risk of land price increases, the Group has a land bank for prospective projects with a total area of approximately 114.3 ha. Decline in the value of land may result in lower valuations of the investment properties, and may adversely affect the competitiveness and profitability of some of the Group's projects on land owned by the Group.

There is a risk that the demand for warehouse space may decrease due to potential negative effects of the full-scale military aggression launched by Russia in Ukraine, such as changes in the nature of economic activity and disruptions in supply chains

On 24 February 2022, the armed forces of the Russian Federation initiated a full-scale invasion of Ukrainian territory, escalating the limited hostilities that began in 2014 into the largest armed conflict on the European continent since 1945. The Ukrainian military's effective resistance and the decisive response of the European Union and NATO member states, in the form of military assistance to Ukraine, have brought about significant changes in the economic situation of all European countries. This has also had a significant impact on the directions of supply and transport of both raw materials and products. The European Union, along with several non-EU member states, have imposed sanctions on Russia, Belarus, as well as their leadership and business elites. The sanctions are unprecedented in relations between European countries. Due to the amount of trade with Russia and the reliance of EU countries on natural resources such as gas, crude oil, and food exports from Russia and Ukraine, the sanctions imposed and Russia's response have had a significant impact on the global economy. These actions have caused changes in the direction of the flow of raw materials and products, particularly by limiting the exchange of goods with Russia and Belarus and restricting transit between Europe and Asia via Russia, Belarus, and Ukraine. The logistics industry is also affected by these changes.

At present, it is difficult to determine the potential impact of the war in Ukraine, economic sanctions, and changes in economic activity in the countries where the Group operates. It is also challenging to evaluate how changes in the flow of goods may affect demand for the Group's warehouse and manufacturing space.

It should be noted that the Company's business is not currently experiencing any significant adverse effects from the geopolitical situation.

Risks related to operating in multiple jurisdictions

The Group has been present in the warehouse markets of Germany and Romania (Bucharest area) since 2017, and in Austria since 2021. Having expanded its business into those countries, it operates in four jurisdictions – Polish, German, Romanian and Austrian. Therefore, it needs to appropriately adjust its internal regulations, including those related to monitoring and reporting. Improper handling of foreign projects, or inadequate adjustment of internal regulations.

Risk of dependence on management personnel and key employees

The success of the Group's business depends to a large extent on its management staff, who have the knowledge and experience in running the business of developing, leasing and operating warehouse and manufacturing centres. Given that the people in management positions have the expertise necessary to run and develop the Group's business, with respect to search for and acquisition of new development sites and tenants with established standing on the market, as well as the development, marketing and management of logistics parks, the departure of any member of the Management Board or any key employee of the Group may have a negative impact on the Group's business and financial results. These factors may adversely affect the Group's ability to further develop its business or even complete projects already under way.

Risks related to the Group's dependence on its ability to actively manage assets

An important part of the Group's business is active asset management, which includes managing the vacancy rates and rent levels and the terms and conditions of lease contracts for all properties, as well as ensuring the desired tenant mix. Beside legal restrictions, the Group's ability to lease vacant space, renegotiate rents and achieve a desired tenant mix depends on market factors. Some of these factors, such as the general economic environment, consumer confidence, inflation and interest rates, are beyond the Group's control. During recessions or economic downturns, competition among investors and developers makes it more difficult to retain existing tenants and attract new ones. If the Group is unable to generate or capitalise on demand for its properties, it may be impossible for it to reduce vacancy rates or renegotiate rents to preferred levels.

If the vacancy rates are persistently high for a longer period of time, this could result in an overall reduction of rents paid by tenants, making it much more difficult to increase the average rents planned by the Group. Vacant space also increases the Group's overall operating expenses due to the need to cover costs generated by unoccupied properties or space. Any such decrease in rental income or increase in operating expenses may have a material adverse effect on the Group's financial condition and results of operations.

Risks related to environmental liability

Under the applicable laws, an entity using the natural environment is obliged to take preventive and remedial measures to avoid or eliminate environmental damage. In addition, if an imminent threat of environmental damage or actual environmental damage were caused with the consent or knowledge of the landowner, the landowner is obliged to take preventive and remedial measures bearing joint and several liability with the entity using the environment that caused the damage. Failure to take appropriate action may result in an obligation to reimburse the cost that administrative bodies have incurred for preventive or remedial measures, and pay administrative fines. Furthermore, in order to carry out its projects, the Group must obtain a number of environmental permits and authorisations, waste management permits and water permits, and is required to pay charges for use of the environment.

The Company may be exposed to damage resulting from sudden and unforeseen environmental pollution caused by events related to civilizational progress (primarily technical disasters) or caused by forces of nature (natural disasters).

So far, the Company and the Group companies have complied with all environmental protection requirements stipulated in applicable laws, and tenants of their warehouse and manufacturing space have not conducted any activities harmful to the environment within the meaning of the environmental protection regulations. However, one cannot rule out the risk that in the future the Group companies may be required to pay damages, administrative fines or remediation costs as a result of environmental pollution on any land they own or have acquired. This could have a negative impact on the Group's business, financial condition or results of operations.

Risk of legislative changes affecting the Group's market that may adversely affect the Company's business and financial condition

The Group's business is subject to numerous laws and regulations, such as spatial planning and land development requirements (including local laws on zoning plans), construction codes, requirements for real property trade, seller's liability and land use restrictions. Changes in the legal system and frequency with which they are introduced may significantly affect the manner in which businesses operate and their financial results. This also applies to the Group's business, as investment projects in the property development industry depend on the fulfilment of numerous requirements under civil and administrative law (construction law, planning regulations, consumer law, local laws on zoning plans, etc.). The entry into force of any new regulation with a significant impact on business activity may cause direct and significant changes on the real property market through a substantial rise in project costs (e.g. a change in technical standards applicable to buildings) or a change in contracts with property buyers or tenants. Furthermore, the enactment of any new laws that are open to conflicting interpretations may give rise to uncertainty as to the actual legal situation, which may in turn entail temporary suspension of many projects prompted by concerns about the possible adverse consequences of applying such ambiguous regulations (such as financial losses or even criminal sanctions for actions or omissions made under the applicable laws which are then construed by courts or public administration authorities to the disadvantage of the business). These factors may have a material adverse effect on the Company's and the Group's business, financial condition and results of operations.

Risk of changes in and unfavourable interpretation of tax laws

The Polish tax regime is highly unstable. The interpretation of those regulations by tax authorities and administrative courts is also subject to significant changes, which may have negative consequences for businesses which follow their previous known interpretations. The Group also operates in Romania, Germany, and Austria. Especially in Romania, the tax laws have undergone significant changes in recent years. They have been frequently changed, often to the disadvantage of taxpayers. The interpretation of tax regulations may be subject to similar changes. Such changes may not only involve increasing the applicable tax rates, but also introducing new specific legal instruments, expanding the scope of taxation, or even imposing new tax burdens, or limiting the ability to reduce the tax base. The changeable character of tax laws is also due to the need for countries in which the Group operates to implement new measures provided for in the EU law or obligations assumed by OECD countries. Frequent changes in the laws governing business taxation, as well as their divergent and changing interpretations by tax authorities, may prove unfavourable to the Company.

Risk related to loss of anchor tenants

Attracting solid tenants, especially anchor tenants, for the Group's logistics parks is critical to achieving its commercial success. Anchor tenants are vitally important for further growth of its logistics parks. The Group may have difficulty attracting tenants during economic downturns or when competing with other parks. Moreover, the termination of a lease contract by any of the anchor tenants may diminish a park's attractiveness. If a tenant defaults on the lease contract, is declared bankrupt or placed under restructuring, there may be (temporary or long-term) delays in rent payments or a decline in rental income, which the Group may be unable to offset due to difficulty in finding a suitable replacement tenant. If the Group is unable to renew the existing lease contracts with anchor tenants or quickly replace them with new tenants of a comparable quality, it may incur significant additional costs or lose some of its income, which in turn could have an adverse effect on the Group's business, financial condition and results of operations.

Risk of deterioration of tenants' financial condition due to external factors

The financial condition of tenants may deteriorate due to a negative change in their economic situation regardless of the quality of their own operations. This may result from an overall deterioration in the economic climate on the market where they operate, a decline in demand, as well as their deteriorated payment position or insolvency, including due to revaluation of assets or remeasurement of liabilities or an increase in cost burden resulting from a depreciation of the currency in which they settle accounts with their customers, an increase in interest rates or other events beyond their control which affect the entire group of tenants given the type of their business, the market where they operate, or the manner in which their assets are financed. This may render them unable to meet their obligations under the lease contracts with Group companies. The materialisation of this risk may lead to a significant deterioration of the Group's financial condition.

Risks associated with tenants' operations in logistics parks

The Group companies lease warehouse and manufacturing space to tenants engaged in various businesses. In their lease contracts, tenants agree to hold business liability insurance policies. However, it cannot be ruled out that aggrieved parties may experience problems in pursuing claims for damages against tenants for damage caused in connection with their business, in particular any business activities that may cause environmental damage, or damage resulting from defective workmanship of warehouse units. Such a situation may give rise to civil claims against Group companies as the owners of land and facilities where business activities giving rise to third-party damage claims are conducted, and may have an adverse effect on the Group's business, financial condition or results of operations. As at the date of signing these risk factors, none of the tenants of real property located on the premises of active logistics parks is engaged in business activities which are considered dangerous.

Risk related to the supply of utilities to properties leased by Group companies

All the logistics parks have access to utilities adequate to meet the tenants' current demand. Also properties purchased by the Company or Group companies can be connected to utilities of a similar type. However, it cannot be ruled out that in the future, due to an increase in demand for utilities, the current volumes will prove insufficient, while the volumes planned for new projects may turn out to be underestimated. This could have a negative impact on the Group's business, financial condition or results of operations.

2. 2.2 Business development prospects

MLP Group's strategic goal is to continuously expand its warehouse space portfolio in the European market, specifically in Poland, Germany, Austria, and Romania, and to enter new markets, i.e. the Benelux countries.

The Group aims to achieve its strategic objectives by constructing the following types of buildings: 1) big-box warehouse facilities, primarily addressing e-commerce growth and increased demand from light industry customers, driven by such factors as relocation of production from Asia to Europe; and 2) City Logistics projects as assets with a high potential for growth driven by rapid growth of the e-commerce business; the Group responds to this demand by offering: smaller warehouse units (ranging from 700 m² to 2.5 thousand m²), located within or close to city boundaries with easy access to labour and public transportation.

The strategic objectives of MLP Group were announced in Current Reports No. 35/2021 and 36/2021 of 18 November 2021.

MLP Group has taken measures to mitigate various risks, including the current high prices. The Group's commercial rents are automatically adjusted based on the HICP inflation index, as stipulated in the contracts with tenants. Furthermore, MLP Group is not affected by currency risk since the rents are all denominated in EUR. Almost all of the Group's financial debt obligations are backed by IRS for the next five years.

MLP Group is optimistic about the future of the warehouse market in all the countries where it operates. Demand for state-of-the-art warehouse and manufacturing space remains high. Russia's aggression in Ukraine is leading to shorter supply chains, higher levels of warehouse stocks, and relocation of production from conflict zones. Ukrainian businesses and international companies operating in Ukraine will relocate warehouses to other countries, including Poland. Also, international firms have been leaving Russia in protest against the invasion. This will increase demand for warehouse and logistics space in Poland and other markets served by MLP Group.

3. Financial condition of MLP Group S.A. and management of its financial resources

3. 1 Key economic and financial data disclosed in MLP Group S.A.'s separate financial statements for 2023

3. 1.1 Selected financial data from the separate statement of financial position

Structure of the separate statement of financial position of MLP Group S.A. (selected material items)

| <i>as at</i> | 31 December 2023 | % share | 31 December 2022 | % share | change (%) |
|-------------------------------------------------|---------------------|-------------|---------------------|-------------|-------------|
| ASSETS | 1 372 344 | 100% | 1 272 028 | 100% | 8% |
| Non-current assets | 1 210 212 | 88% | 1 066 586 | 84% | 13% |
| Including: | | | | | |
| Non-current financial assets in related parties | 123 480 | 9% | 123 465 | 10% | 0% |
| Long-term investments | 1 085 352 | 79% | 942 187 | 74% | 15% |
| CURRENT ASSETS | 162 132 | 12% | 205 442 | 16% | -21% |
| Including: | | | | | |
| Trade and other receivables | 5 277 | 0% | 5 392 | 0% | -2% |
| Cash and cash equivalents | 155 115 | 11% | 200 042 | 16% | -22% |

| <i>as at</i> | 31 December 2023 | % share | 31 December 2022 | % share | change (%) |
|------------------------------------------------|---------------------|-------------|---------------------|-------------|------------|
| EQUITY AND LIABILITIES | 1 372 344 | 100% | 1 272 028 | 100% | 8% |
| Total equity | 660 385 | 48% | 618 326 | 48% | 7% |
| Non-current liabilities | 598 463 | 44% | 587 535 | 46% | 2% |
| Non-bank borrowings and other debt instruments | 592 632 | 43% | 586 751 | 46% | 1% |
| Current liabilities | 113 496 | 8% | 66 167 | 5% | 72% |
| Including: | | | | | |
| Non-bank borrowings and other debt instruments | 111 394 | 8% | 57 044 | 4% | 95% |

As at 31 December 2023, long-term investments were the key item of the Company's assets, accounting for 79% of total assets. The largest item of equity and liabilities was non-current liabilities under non-bank borrowings and other debt instruments (43% of total equity and liabilities) and equity (48% of total equity and liabilities).

Non-current financial assets in related entities

| | <i>as at 31 December</i> | 2023 | 2022 |
|-------------------------------------------------------------------------------------------------------------------|--------------------------|----------------|----------------|
| Gross amount at beginning of period | | 123 465 | 123 450 |
| Acquisition of shares in MLP Business Park Trebur GP Sp. z o.o. (formerly: MLP Schwäbisch Gmünd GP Sp. z o.o.) | | - | 5 |
| Acquisition of shares in MLP Business Park Trebur LP Sp. z o.o. (formerly: MLP Schwäbisch Gmünd LP Sp. z o.o.) | | - | 5 |
| Acquisition of shares in MLP Poznań West III | | - | 5 |
| Acquisition of shares in MLP Łódź III Sp. z o.o. | | 5 | - |
| Acquisition of shares in Feniks PV Sp. z o.o. | | 5 | - |
| Acquisition of shares in MLP Bieruń West Sp. z o.o. | | 5 | - |
| Gross amount at end of period | | 123 480 | 123 465 |
| Net amount at end of period | | 123 480 | 123 465 |

The shares held by MLP Group S.A. in the subsidiaries as at 31 December 2023 are presented in section 1.1 (Shareholding structure of MLP Group S.A.).

Long-term and short-term investments

| | <i>as at 31 December</i> | 2023 | 2022 |
|--------------------------------|--------------------------|------------------|----------------|
| Long-term investments | | 1 085 352 | 942 187 |
| Loans to related parties | | 1 085 352 | 942 187 |
| Total other investments | | 1 085 352 | 942 187 |

As of 31 December 2023, the Company held long-term and short-term investments totaling PLN 1,085,352 thousand in loans to related parties. The largest portion of these loans was advanced to subsidiaries currently undertaking expansion projects at their logistics parks.

Cash

| | <i>as at 31 December</i> | 2023 | 2022 |
|----------------------------------------------------------------------------------|--------------------------|----------------|----------------|
| Cash in hand | | 7 | 11 |
| Cash at banks | | 36 299 | 31 031 |
| Short-term deposits | | 118 809 | 169 000 |
| Cash and cash equivalents in the separate statement of financial position | | 155 115 | 200 042 |
| Cash and cash equivalents in the separate statement of cash flows | | 155 115 | 200 042 |

As at 31 December 2023, the balance of cash was PLN 155 115 thousand, having decreased from PLN 200 042 thousand a year earlier. The change was primarily due to the investment activity.

Equity

Share capital

| | <i>as at 31 December</i> | 2023 | 2022 |
|---------------------|--------------------------|-------------------|-------------------|
| Series A shares | | 11 440 000 | 11 440 000 |
| Series B shares | | 3 654 379 | 3 654 379 |
| Series C shares | | 3 018 876 | 3 018 876 |
| Series D shares | | 1 607 000 | 1 607 000 |
| Series E shares | | 1 653 384 | 1 653 384 |
| Series F shares | | 2 621 343 | 2 621 343 |
| Total | | 23 994 982 | 23 994 982 |
| Par value per share | | 0,25 zł | 0,25 zł |

As at 31 December 2023, the Parent's share capital amounted to PLN 5,998,745.5 and was divided into 23,994,982 shares conferring 23,994,982 voting rights in the Company. The par value per share is PLN 0,25 and the entire capital has been paid up.

Series F ordinary bearer shares with a par value of PLN 0.25 per share were introduced to trading on the main market of the WSE on 12 January 2023 under ISIN PLMLPGR00017.

3. 1.2 Selected financial data from the separate statement of profit or loss

Separate statement of profit or loss for the financial year ended 31 December 2023 vs the previous year:

| <i>for the year ended 31 December</i> | 2023 | <i>% sales</i> | 2022 | <i>% sales</i> | Change (%) |
|------------------------------------------------|---------------|----------------|----------------|----------------|-------------------|
| Revenue | 19 694 | 100% | 16 311 | 100% | 21% |
| Other income | 413 | 2% | 177 | 1% | 133% |
| Distribution costs and administrative expenses | (11 740) | 60% | (22 417) | 137% | -48% |
| Other expenses | (473) | 2% | (190) | 1% | 149% |
| Operating profit/(loss) | 7 894 | -40% | (6 119) | 38% | -229% |
| Net finance income, including: | 39 294 | 200% | 32 771 | 201% | 20% |
| <i>Other expenses</i> | 21 540 | 109% | 10 764 | 66% | 100% |
| <i>Net interest</i> | 31 029 | 158% | 22 014 | 135% | 41% |
| <i>Other</i> | (13 275) | -67% | (7) | 0% | 189543% |
| Profit before tax | 47 188 | 240% | 26 652 | 163% | 77% |
| Income tax | (5 093) | 26% | (3 630) | 22% | 40% |
| Net profit | 42 095 | 214% | 23 022 | 6% | 83% |

The main source of the Company's revenue stream is the provision of management and advisory services.

Distribution costs and administrative expenses in 2023 were PLN 11 740 thousand, having decreased by PLN 10 677 thousand on 2022. These costs mainly included expenses related to the Group's operations and services provided to the Group.

In 2023, the Company earned net finance income of PLN 39 294 thousand, which represented a PLN 6 523 thousand increase year on year. The main cause of the change was an increase in interest on loans to related entities.

3. 1.3 Selected information from the separate statement of cash flows

| | <i>for the year ended 31 December</i> | 2023 | 2022 |
|---------------------------------------------------------|---------------------------------------|-----------------|----------------|
| Net cash from operating activities | | (22) | (5 592) |
| Net cash from investing activities | | (105 106) | (63 469) |
| Net cash from financing activities | | 61 469 | 172 856 |
| Total net cash flows | | (43 659) | 103 795 |
| Cash and cash equivalents at beginning of period | | 200 042 | 92 192 |
| Effect of exchange differences | | (1 268) | 4 055 |
| Cash and cash equivalents at end of period | | 155 115 | 200 042 |

The 2023 opening balance of cash and cash equivalents was PLN 200 042 thousand; at year end, the balance was PLN 155 115 thousand, having decreased by PLN -44 927 thousand in the reporting period.

In 2023, in contrast to the previous year, the Company recorded negative cash flows from operating activities of PLN 22 thousand.

In 2023, the Company reported negative cash flows of PLN 105 106 thousand from investing activities. The primary contributor were loans advanced by MLP Group S.A. to Group companies of PLN 470 042 thousand. These loans were used to finance project developments in Poland and abroad. These outflows were offset by repayment of loans (the Group companies repaid PLN 322 366 thousand of loans granted by MLP Group S.A.).

In 2023, cash flows from financing activities were PLN 61 469 thousand, down year on year. In 2022, the Company increased its share capital by issuing shares, which generated proceeds of PLN 181 979 thousand, PLN 28 546 thousand from the issue of Series E bonds, and PLN 10 764 thousand from dividends. These proceeds were partially offset by the redemption of series A bonds PLN 94 118 thousand.

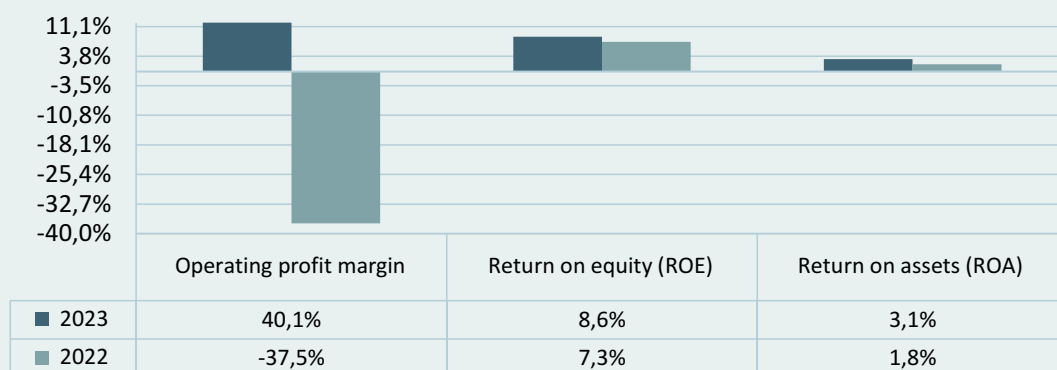
3. 2 Management Board's position on published forecasts

The Management Board of MLP Group S.A. has not published any financial forecasts for 2023.

3. 3 Management of financial resources

3. 3.1 Profitability ratios

Profitability ratios



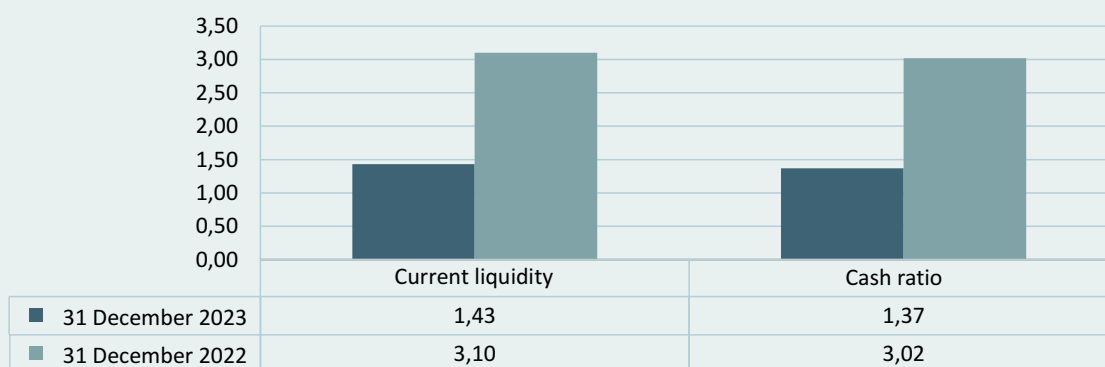
The profitability analysis is based on the following ratios:

- operating profit margin: operating profit (before recognition of one-off costs) / revenue;
- return on equity (ROE): net profit/(loss)/adjusted equity (weighted average of the sum of share capital and share premium);
- return on assets (ROA): net profit (loss) / total assets.

In 2023, the operating margin increased year on year, to 40.1%. The main reason was the operating profit for 2023. All other ratios increased relative to 2022.

3. 3.2 Liquidity ratios

Liquidity ratios



The liquidity analysis is based on the following ratios:

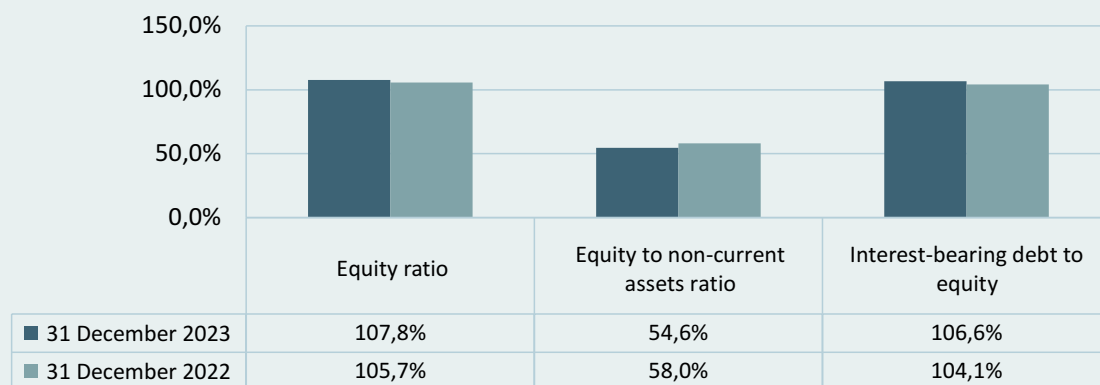
- current ratio: current assets / current liabilities;
- cash ratio: cash and cash equivalents / current liabilities.

The current ratio as at 31 December 2023 decrease on year-end 2022, by 1.7 pp.

The quick ratio also decreased due to higher cash holdings. The ratio remains above optimal.

3. 3.3 Debt ratios

Debt ratios



The debt analysis is based on the following ratios:

- debt to equity ratio: total liabilities / total equity;
- equity to non-current assets ratio: total equity / non-current assets;
- financial liabilities to equity ratio: financial liabilities / total equity.

The debt to equity ratio and debt to interest-bearing debt ratio increased in 2023 as compared to 2022. The change is primarily the result of profit for 2023.

In 2023, the equity to non-current assets ratio decreased by 3.4 pp.

3. 4 Borrowings, bonds, sureties and guarantees

3. 4.1 New and terminated non-bank borrowings

As of 31 December 2023, the Company had non-bank borrowings contracted in 2023.

| Borrower | Lender | Loan agreement date | Original amount | Outstanding principal |
|----------------|----------------------------------------------|---------------------|-----------------|-----------------------|
| MLP GROUP S.A. | MLP PROPERTY Sp. z o.o. | 16.10.2023 | 280 000 EUR | 280 000 EUR |
| MLP GROUP S.A. | MLP TEMP Sp. z o.o. | 18.10.2023 | 200 000 EUR | 200 000 EUR |
| MLP GROUP S.A. | MLP BIERUŃ Sp. z o.o. | 16.01.2023 | 30 000 EUR | 30 000 EUR |
| MLP GROUP S.A. | MLP DORTMUND LP Sp. z o.o. | 16.01.2023 | 80 000 EUR | 80 000 EUR |
| MLP GROUP S.A. | MLP LOGISTIC PARK GERMANY I SP.Z O.O.& CO KG | 27.04.2023 | 2 542 434 EUR | 2 542 434 EUR |

In 2023, the Company did not repay any non-bank borrowings or make interest payments on the borrowings.

In 2023, no non-bank borrowings were terminated.

3. 4.2 New and terminated bank borrowings

MLP Group S.A. is not party to any credit facility agreement.

3. 4.3 Bonds

On 23 September 2022, the Management Board of MLP Group S.A. adopted Resolution No. 1/09/2022 to establish a new bond issuance programme (the "Programme"). On the same day, the Company entered into an issuance agreement with mBank S.A. to establish the new bond issuance programme, where mBank S.A. will act as the arranger, calculation agent, technical agent, issuance agent, and dealer.

The Company redeemed Series B bonds with a total nominal value of EUR 10,000,000 on their maturity date, i.e. 11 May 2023.

The Company redeemed partially Series E bonds with a total nominal value of EUR 2,000,000 on their maturity date, i.e. 17 May 2023.



On 24 May 2023, the Company issued, by way of public offering for qualified investors, 29,000 Series F bearer bonds with a nominal value of EUR 1,000 per bond and total nominal value of EUR 29,000,000. The bonds were issued as unsecured instruments. The objective of the issue was not specified. The bonds were registered with the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLO205000014, and the bonds have been traded in the Catalyst alternative trading system since 27 June 2023. The bonds pay variable interest at 3M EURIBOR plus margin. The Series F bonds mature on 26 May 2025.

The bonds of MLP Group S.A. outstanding as at 31 December 2023 are presented below.

| Instrument | Currency | Nominal value | Maturity date | Interest rate | Guarantees and collateral | ISIN |
|---------------------------------------|----------|---------------|---------------|---------------------|---------------------------|--------------|
| Public bonds - F series | EUR | 29 000 000 | 26.05.2025 | EURIBOR 6M + margin | none | PLO205000014 |
| Public bonds - series C | EUR | 45 000 000 | 19.02.2025 | EURIBOR 6M + margin | none | PLMLPGR00058 |
| Public bonds - series D ²⁾ | EUR | 20 000 000 | 17.05.2024 | EURIBOR 6M + margin | none | PLMLPGR00090 |
| Public bonds - series E ¹⁾ | EUR | 4 000 000 | 21.01.2024 | EURIBOR 3M + margin | none | PLMLPGR00108 |

¹⁾ On 21 January 2024, the Company redeemed series E bonds with a total nominal value of EUR 4,000,000, i.e. on their redemption date.

²⁾ On 27 February 2024, the Company partially redeemed series D bonds with a total nominal value of EUR 8,600,000, i.e. before their redemption date.

3. 4.4 Loans

As at 31 December 2023, the Company had outstanding receivables under loans advanced in 2023:

| Lender | Borrower | Loan agreement date | Original amount | Outstanding principal |
|----------------|-------------------------------------|---------------------|-----------------|-----------------------|
| MLP Group S.A. | MLP PRUSZKÓW II Sp. z o.o. | 16.01.2023 | 225 610 EUR | 0 EUR |
| MLP Group S.A. | MLP PRUSZKÓW II Sp. z o.o. | 13.02.2023 | 570 190 EUR | 570 190 EUR |
| MLP Group S.A. | MLP PRUSZKÓW II Sp. z o.o. | 01.03.2023 | 180 963 EUR | 180 963 EUR |
| MLP Group S.A. | MLP PRUSZKÓW II Sp. z o.o. | 17.04.2023 | 500 000 EUR | 500 000 EUR |
| MLP Group S.A. | MLP PRUSZKÓW II Sp. z o.o. | 15.05.2023 | 5 000 000 EUR | 1 526 423 EUR |
| MLP Group S.A. | MLP PRUSZKÓW IV Sp. z o.o. | 01.09.2023 | 2 000 000 EUR | 1 321 689 EUR |
| MLP Group S.A. | MLP Czeladź Sp. z o.o. | 16.01.2023 | 194 565 EUR | 194 565 EUR |
| MLP Group S.A. | MLP Czeladź Sp. z o.o. | 13.02.2023 | 166 652 EUR | 166 652 EUR |
| MLP Group S.A. | MLP Czeladź Sp. z o.o. | 25.04.2023 | 240 821 EUR | 240 821 EUR |
| MLP Group S.A. | MLP BUSINESS PARK POZNAŃ Sp. z o.o. | 14.03.2023 | 684 025 EUR | 684 025 EUR |
| MLP Group S.A. | MLP BUSINESS PARK POZNAŃ Sp. z o.o. | 31.05.2023 | 189 330 PLN | 189 330 PLN |
| MLP Group S.A. | MLP BUSINESS PARK POZNAŃ Sp. z o.o. | 08.11.2023 | 10 000 000 PLN | 292 479 PLN |
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 16.01.2023 | 50 000 EUR | 0 EUR |
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 08.05.2023 | 230 000 PLN | 0 PLN |
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 30.05.2023 | 8 670 633 PLN | 0 PLN |
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 05.06.2023 | 260 200 PLN | 0 PLN |

| Lender | Borrower | Loan agreement date | Original amount | Outstanding principal |
|----------------|-------------------------------|---------------------|-----------------|-----------------------|
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 26.06.2023 | 50 000 PLN | 0 PLN |
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 01.08.2023 | 5 805 750 PLN | 5 805 750 PLN |
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 07.08.2023 | 80 000 PLN | 80 000 PLN |
| MLP Group S.A. | MLP BIERUŃ I Sp. z o.o. | 28.08.2023 | 40 000 PLN | 40 000 PLN |
| MLP Group S.A. | MLP Spółka z o.o. | 30.10.2023 | 23 513 287 PLN | 23 513 287 PLN |
| MLP Group S.A. | MLP Spółka z o.o. | 10.01.2023 | 10 000 PLN | 10 000 PLN |
| MLP Group S.A. | LOKAFOP 201 Sp. z o.o. | 04.12.2023 | 10 000 PLN | 10 000 PLN |
| MLP Group S.A. | MLP POZNAŃ WEST II Sp. z o.o. | 04.12.2023 | 10 000 PLN | 10 000 PLN |
| MLP Group S.A. | MLP POZNAŃ WEST II Sp. z o.o. | 17.04.2023 | 283 440 EUR | 283 440 EUR |
| MLP Group S.A. | MLP POZNAŃ WEST II Sp. z o.o. | 15.05.2023 | 1 238 381 EUR | 1 238 381 EUR |
| MLP Group S.A. | MLP POZNAŃ WEST II Sp. z o.o. | 05.06.2023 | 322 200 PLN | 322 200 PLN |
| MLP Group S.A. | MLP PRUSZKÓW V Sp. z o.o. | 26.06.2023 | 699 971 EUR | 699 971 EUR |
| MLP Group S.A. | MLP PRUSZKÓW V Sp. z o.o. | 16.01.2023 | 304 699 EUR | 304 699 EUR |
| MLP Group S.A. | MLP PRUSZKÓW V Sp. z o.o. | 16.01.2023 | 603 527 PLN | 603 527 PLN |
| MLP Group S.A. | MLP PRUSZKÓW V Sp. z o.o. | 13.02.2023 | 10 000 000 EUR | 8 260 647 EUR |
| MLP Group S.A. | MLP PRUSZKÓW V Sp. z o.o. | 15.05.2023 | 718 200 PLN | 718 200 PLN |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 26.06.2023 | 10 000 000 PLN | 7 573 334 PLN |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 10.01.2023 | 60 000 EUR | 0 EUR |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 16.01.2023 | 1 398 908 EUR | 1 056 226 EUR |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 16.01.2023 | 2 638 291 PLN | 2 638 291 PLN |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 14.03.2023 | 1 071 806 EUR | 1 071 806 EUR |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 14.03.2023 | 1 162 566 PLN | 1 162 566 PLN |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 20.03.2023 | 1 170 000 PLN | 1 170 000 PLN |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 17.04.2023 | 888 964 EUR | 888 964 EUR |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 17.04.2023 | 964 282 PLN | 593 215 PLN |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 15.05.2023 | 630 000 PLN | 0 PLN |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 15.05.2023 | 281 510 EUR | 0 EUR |
| MLP Group S.A. | MLP ŁÓDŹ II Sp. z o.o. | 26.06.2023 | 6 000 000 PLN | 2 635 010 PLN |
| MLP Group S.A. | MLP ZGORZELEC Sp. z o.o. | 26.06.2023 | 1 000 000 EUR | 737 205 EUR |
| MLP Group S.A. | MLP ZGORZELEC Sp. z o.o. | 19.01.2023 | 40 000 PLN | 40 000 PLN |
| MLP Group S.A. | MLP ZGORZELEC Sp. z o.o. | 07.03.2023 | 40 000 PLN | 40 000 PLN |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 05.06.2023 | 10 000 000 PLN | 595 980 PLN |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 16.01.2023 | 873 247 PLN | 873 247 PLN |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 27.01.2023 | 150 000 PLN | 150 000 PLN |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 13.02.2023 | 6 021 099 PLN | 6 021 099 PLN |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 13.02.2023 | 5 238 532 EUR | 2 285 609 EUR |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 16.03.2023 | 1 278 645 PLN | 1 278 645 PLN |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 28.03.2023 | 2 012 324 EUR | 0 EUR |
| MLP Group S.A. | MLP PRUSZKÓW VI Sp. z o.o. | 17.04.2023 | 1 820 216 EUR | 0 EUR |
| MLP Group S.A. | MLP SCHWALMTAL GP Sp. z o.o. | 15.05.2023 | 2 351 565 EUR | 643 065 EUR |
| MLP Group S.A. | MLP WROCŁAW WEST I Sp. z o.o. | 10.01.2023 | 10 000 PLN | 10 000 PLN |
| MLP Group S.A. | MLP WROCŁAW WEST I Sp. z o.o. | 07.03.2023 | 40 000 PLN | 40 000 PLN |
| MLP Group S.A. | MLP WROCŁAW WEST I Sp. z o.o. | 23.06.2023 | 233 700 PLN | 233 700 PLN |

| Lender | Borrower | Loan agreement date | Original amount | Outstanding principal |
|----------------|-------------------------------------------|---------------------|-----------------|-----------------------|
| MLP Group S.A. | MLP WROCŁAW WEST I Sp. z o.o. | 16.10.2023 | 12 000 PLN | 12 000 PLN |
| MLP Group S.A. | MLP GORZÓW Sp.z o.o. | 01.09.2023 | 10 000 000 EUR | 5 957 741 EUR |
| MLP Group S.A. | MLP GORZÓW Sp.z o.o. | 01.09.2023 | 10 000 000 PLN | 3 546 035 PLN |
| MLP Group S.A. | MLP POZNAŃ WEST III Sp. z o .o. | 05.07.2023 | 10 000 000 PLN | 3 520 574 PLN |
| MLP Group S.A. | MLP POZNAŃ WEST III Sp. z o .o. | 07.08.2023 | 15 794 500 PLN | 15 794 500 PLN |
| MLP Group S.A. | MLP ŁÓDŹ III Sp.z o.o. | 10.07.2023 | 30 000 000 PLN | 28 893 372 PLN |
| MLP Group S.A. | MLP ŁÓDŹ III Sp.z o.o. | 29.12.2023 | 323 000 PLN | 323 000 PLN |
| MLP Group S.A. | MLP BUSINESS PARK TREBUR Sp.z o.o.& Co.KG | 14.03.2023 | 15 000 000 EUR | 12 493 000 EUR |

*On 16 January 2023, the change of MLP Poznań East Sp. z o.o. to MLP Zgorzelec Sp. z o. o. was registered

3. 4.5 Sureties issued and received

On 24 May 2019, MLP Group S.A. provided a surety to MLP Gliwice Sp. z o.o. in connection with the Agreement on the reconstruction of the communication system, including liabilities related to the implementation of the Road Investment project in whole or in part - up to PLN 2,745,888.30.

On 16 September 2021, MLP Group S.A. provided an up to EUR 7,125,000.00 surety in the form of a corporate guarantee in favour of Bayerische Landesbank to secure the latter's claims against MLP Logistic Park Germany I sp. z o.o. & Co. KG under the credit facility agreement of 16 September 2021.

On 14 January 2022, MLP Group S.A. provided an up to PLN 1,800,000 surety to MLP Łódź II Sp. z o.o. to secure fulfilment by the latter of its project developer commitments under a road redevelopment agreement with the City of Łódź.

3. 4.6 Guarantees provided and received

As at 31 December 2022 MLP Group S.A. did not provide any guarantees.

3. 4.7 Other security interests

- Agreement to subordinate a loan granted to MLP Czeladź Sp. z o.o. in connection with the credit facility agreement of 14 December 2018
- Agreement to subordinate loans granted to MLP Pruszków I Sp. z o.o. in connection with the credit facility agreement of 9 May 2019
- Agreement to subordinate loans granted to MLP Pruszków III Sp. z o.o. in connection with the credit facility agreement of 9 May 2019
- Agreement to subordinate loans granted to MLP Pruszków IV Sp. z o.o. in connection with the credit facility agreement of 9 May 2019
- Agreement to subordinate loans granted to MLP Lublin Sp. z o.o. in connection with the credit facility agreement of 9 April 2021
- Agreement to subordinate loans granted to MLP Teresin Sp. z o.o. in connection with the credit facility agreement of 9 April 2021
- Agreement to subordinate loans granted to MLP Wrocław Sp. z o.o. in connection with the credit facility agreement of 9 April 2021
- Agreement to subordinate loans granted to MLP Gliwice Sp. z o.o. in connection with the credit facility agreement of 9 April 2021
- Agreement to subordinate a loan granted to MLP Poznań II Sp. z o.o. in connection with the credit facility agreement of 8 August 2011
- Agreement to subordinate a loan granted to MLP Poznań Sp. z o.o. in connection with the credit facility agreement of 11 June 2018
- Agreement to subordinate loans granted to MLP Pruszków IV Sp. z o.o. in connection with the credit facility agreement of 7 November 2019

- Agreement to subordinate a loan granted to MLP Poznań West II Sp. z o.o. in connection with the credit facility agreement of 10 February 2021
- Agreement to subordinate loans granted to MLP Pruszków II Sp. z o.o. in connection with the credit facility agreement of 23 July 2021
- Agreement to subordinate loans granted to MLP Logistic Park Germany I sp. z o.o. & Co. KG in connection with the credit facility agreement of 16 September 2021
- Support agreements granted by MLP Group S.A. as sponsor for MLP Czeladź Sp. z o.o., MLP Wrocław sp. z o.o., MLP Poznań sp. z o.o., MLP Poznań II, MLP Pruszków V sp. z o.o., MLP Poznań West II sp. z o.o. and MLP Pruszków II sp. z o.o., whereby the sponsor is to provide funds to cover any project cost overruns
- Agreement to subordinate loans granted to MLP Business Park Berlin I Sp. z o.o. & Co. KG in connection with the credit facility agreement of 21 March 2022
- Agreement to subordinate a loan granted to MLP Łódź II Sp. z o.o. in connection with the credit facility agreement of 30 December 2022
- Agreement to subordinate a loan granted to MLP Czeladź Sp. z o.o. in connection with the credit facility agreement of 29 March 2023
- Agreement to subordinate a loan granted to MLP Poznań West II Sp. z o.o. in connection with the credit facility agreement of 28 April 2023
- Agreement to subordinate a loan granted to MLP Pruszków VI Sp. z o.o. in connection with the credit facility agreement of 6 September 2023

3. 5 Feasibility of investment plans

The Company has adequate capital resources to implement strategic objectives and to finance its day-to-day operations.

Investment projects are implemented through special purpose vehicles in which the Company holds equity interests. The Company finances its investments (both acquisitions of new properties as well as extension of the existing logistics resources) from the Group's own resources and long-term borrowings, including credit facilities and non-bank borrowings.

The Company's assumption is that the share of debt financing in the financing of the planned projects will be approximately 70%.

3. 6 Non-recurring factors and events with a bearing on the separate financial result for the financial year

In 2023, there were no non-recurring factors or events that would have a material effect on the separate profit or loss for the financial period.

3. 7 Issue, redemption, cancellation and repayment of non-equity and equity securities

The Company redeemed Series B bonds with a total nominal value of EUR 10,000,000 on their maturity date, i.e. 11 May 2023.

On 24 May 2023, the Company issued, by way of public offering for qualified investors, 29,000 Series F bearer bonds with a nominal value of EUR 1,000 per bond and total nominal value of EUR 29,000,000. The bonds were issued as unsecured instruments. The objective of the issue was not specified. The bonds were registered with the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PL0205000014, and the bonds have been traded in the Catalyst alternative trading system since 27 June 2023. The bonds pay variable interest at 3M EURIBOR plus margin. The Series F bonds mature on 26 May 2025.

On 23 September 2022, the Management Board of MLP Group S.A. adopted Resolution No. 1/09/2022 to establish a new bond issuance programme (the "Programme"). On the same day, the Company entered into an issuance agreement with mBank S.A. to establish the new bond issuance programme, where mBank S.A. will act as the arranger, calculation agent, technical agent, issuance agent, and dealer.

3. 8 Material achievements and failures in the 12 months ended 31 December 2023.

There were no significant achievements or failures other than those described in this Management Board's Report on the activities of MLP Group S.A.

3. 9 Seasonality and cyclicality

The Company's business is not seasonal or cyclical.



4. Statement of compliance with corporate governance standards

MLP Group S.A. of Pruszków (the "Company", the "Issuer", or the "Parent") issues this statement concerning specific corporate governance regulations outlined in the Annex to Resolution No. 14/1835/2021 of the Exchange Supervisory Board, dated 29 March 2021, that were not adhered to during the financial year ended on 31 December 2021. Below are the details explaining the circumstances and reasons for this non-compliance.

The Management Board of the Company recognizes the significance of corporate governance principles to guarantee clarity in the Company's internal and external relations, especially with its current and potential shareholders. In accordance with the requirements set out in Par. 29.3 of the WSE Rules, the Company hereby declares that it applied all corporate governance regulations outlined in the 'Code of Best Practice for WSE Listed Companies' during the 2021 financial year, except for:

1. Disclosure Policy and Investor Communications

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

Explanation of the reasons for the non-compliance:

The participation of men and women depends on the competencies, skills and effectiveness of each individual. Hiring decisions do not depend on the gender of the candidate. Therefore, the Company cannot ensure a balanced participation of women and men in the total number of employees. Consequently, the equal pay index for remuneration paid to employees would not be reliable.

1.5. Companies disclose at least on an annual basis the amounts expended by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

Explanation of the reasons for the non-compliance:

The Group supports charitable institutions but does not publish detailed information regarding that support.

2. Management Board and Supervisory Board

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

Explanation of the reasons for the non-compliance:

The principle has been complied with, except for the provisions related to gender.

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

Explanation of the reasons for the non-compliance:

The effectiveness of management and supervisory functions within the Company's structures depends on the competence and skills of its personnel. Appointments of key managers and members of the management and supervisory bodies are made without regard to gender or age.

2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

2.11.1. information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;

Explanation of the reasons for the non-compliance:

The Company will take measures to ensure compliance with the principle in the future.

2.11.2 summary of the activity of the supervisory board and its committees

Explanation of the reasons for the non-compliance:

The Company will take measures to ensure compliance with the principle in the future.

2.11.3. assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;

Explanation of the reasons for the non-compliance:

The Company will take measures to ensure compliance with the principle in the future.

2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

Explanation of the reasons for the non-compliance:

The Company will take measures to ensure compliance with the principle in the future.

2.11.5. assessment of the rationality of expenses referred to in principle 1.5.

Explanation of the reasons for the non-compliance:

The Company will take measures to ensure compliance with the principle in the future.

2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle

Explanation of the reasons for the non-compliance:

The Company will take measures to ensure compliance with the principle in the future.

3. Systems and functions

3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

Explanation of the reasons for the non-compliance:

Due to the small size of the company and its organizational structure, the Company does not have separate units responsible for individual systems or functions.

4. 1 Share capital and shareholders

4. 1.1 Shareholder

The majority shareholder MLP Group S.A. is CAJAMARCA HOLLAND B.V. of the Netherlands, registered address: Locatellikade 1, 1076 AZ Amsterdam. The Group's ultimate parent is Israel Land Development Company Ltd. (of Tel Aviv, Israel), whose shares are listed on the Tel Aviv Stock Exchange.

The table below presents the list of shareholders as at 31 December 2023:

| Shareholder | Number of shares | % interest in share capital | % of total voting rights |
|-------------------------------------------------|-------------------|-----------------------------|--------------------------|
| CAJAMARCA Holland BV | 10 242 726 | 42,69% | 42,69% |
| Other shareholders | 4 248 915 | 17,72% | 17,72% |
| Israel Land Development Company Ltd. | 3 016 329 | 12,57% | 12,57% |
| THESINGER LIMITED | 1 771 320 | 7,38% | 7,38% |
| Allianz OFE | 1 713 881 | 7,14% | 7,14% |
| Generali Powszechna Towarzystwo Emerytalne S.A. | 1 591 360 | 6,63% | 6,63% |
| GRACECUP TRADING LIMITED | 641 558 | 2,67% | 2,67% |
| MIRO LTD. ¹⁾ | 617 658 | 2,57% | 2,57% |
| Shimshon Marfogel | 149 155 | 0,62% | 0,62% |
| Oded Setter | 2 080 | 0,01% | 0,01% |
| Total | 23 994 982 | 100% | 100% |

¹⁾ On 26 January 2024, the merger of MIRO HOLDINGS LIMITED (acquiring company) with MIRO LTD (acquired company) was registered. As a result of this transaction, from 26 January 2024, the shareholder of MLP Group S.A. is MIRO HOLDINGS LIMITED.

4. 1.2 *Special rights of the Shareholders*

MLP Group S.A. has not issued any shares conferring special rights to their holders.

Pursuant to the Articles of Association, Cajamarca Holland B.V., as long as it holds at least 25% of the shares, has the right to appoint and dismiss three members of the Supervisory Board, including the Chairman of the Supervisory Board. MIRO LTD., as long as it holds at least 2.5% of the shares, has the right to appoint and dismiss one member of the Supervisory Board. The personal rights of these shareholders expire if the combined interest of Cajamarca Holland B.V. and Miro B.V. in the Company's share capital falls below 40%.

According to representations made by the major shareholders, they do not hold any other special voting rights.

4. 1.3 *Restrictions on rights attached to shares*

Restrictions on voting rights, such as limitation of the voting rights of holders of a given percentage or number of votes, time limits on the exercising of voting rights, or provisions under which, with the Company's cooperation, equity rights attaching to securities are separated from the holding of the securities.

There are no restrictions on voting rights at MLP Group S.A.

Restrictions on transferability of securities issued by MLP Group S.A.

There are no restrictions on the transferability of securities issued by MLP Group S.A.



4. 2 General Meeting

Operation of the General Meeting and its key powers; shareholders' rights and the manner of exercising those rights, including in particular the standards set out in the rules of procedure for the General Meeting (if such rules have been adopted) to the extent not prescribed directly by the applicable laws.

The General Meeting may be held as an annual or extraordinary meeting and, as the Company's governing body, operates pursuant to the Commercial Companies Code of 15 September 2000 (Dz.U. of 2000, No. 94, item 1037, as amended) , the Company's Articles of Association and the Rules of Procedure for the General Meeting of MLP Group S.A. dated 2 December 2009.

Pursuant to the Articles of Association, the following matters fall within the remit of an Annual General Meeting:

- examination and approval of the Management Board's Report and the Company's financial statements for the previous financial year;
- adopting a resolution on the distribution of profit or set-off of loss;
- approval of discharge of duties by members of the Supervisory Board and the Management Board,
- Any matters reserved for in the Commercial Companies Code require a resolution of the General Meeting unless the Articles of Association provide otherwise to the extent permitted by law.

Resolutions of the General Meeting are also required to:

- appoint and remove from office Supervisory Board members, subject to the provisions of the Articles of Association governing the appointment of Supervisory Board members by individual shareholders,
- amend the Company's Articles of Association,
- define the rules and amounts of remuneration for members of the Supervisory Board,
- merge or dissolve the Company and appoint the liquidators,
- examine claims against members of the Company's governing bodies or the Company's founders for redress of damage caused by their unlawful conduct.

Resolutions of the General Meeting are not required to acquire and dispose of real property, perpetual usufruct or a share in property or perpetual usufruct; and to pledge real property or perpetual usufruct as security.

The General Meeting is convened by way of a notice on the Company's website and in the manner required for the publication of current information under the Act on Public Offering. The notice should be published at least twenty-six days before the date of the General Meeting.

General Meetings are convened by the Management Board as annual or extraordinary meetings. An Annual General Meeting should be held within six months from the end of each financial year. However, if the Company's Management Board fails to convene the Annual General Meeting within the prescribed time, the right to convene the Meeting rests with the Supervisory Board.

The Management Board may convene an Extraordinary General Meeting:

- on its own initiative,
- at the request of the Supervisory Board,
- at the request of shareholders representing in aggregate a minimum of one twentieth of the share capital,
- based on a resolution of the General Meeting in accordance with contents of the resolution, and sets the Meeting's agenda.

In addition to the persons specified in the Commercial Companies Code, each Independent Member of the Supervisory Board may demand that:

- the General Meeting be convened,
- specific matters be placed on the agenda of the General Meeting.

Removal of items placed on the agenda of the General Meeting at the request of a person or persons entitled to do so requires their consent.

The agenda of the General Meeting is set by the Management Board.

Upon a relevant request, the Management Board convenes a General Meeting within two weeks of receiving the request.

Pursuant to the Articles of Association, if the Company's Management Board fails to convene an Extraordinary General Meeting within the prescribed time limit, the right to convene an Extraordinary General Meeting is vested in the persons who submitted the request to convene the General Meeting, upon obtaining the authorisation from the Registry Court, or in the Supervisory Board if it requested the Management Board to convene an Extraordinary General Meeting.

Resolutions may be adopted without a General Meeting having been formally convened if the entire share capital is represented at the Meeting and none of those present objects to holding the General Meeting or placing particular matters on its agenda.

All shareholders are entitled to attend the General Meeting in person or by proxy. A power of proxy to attend and vote at a General Meeting must be granted in writing or in electronic form. A power of proxy granted in electronic form does not require to be signed with a secure electronic signature verifiable with a valid qualified certificate. The right to appoint a proxy for the General Meeting and the number of proxies may not be restricted.

Only persons who are Company shareholders sixteen days prior to the date of the General Meeting (the record date) have the right to participate in the Meeting.

The General Meeting may also be attended by members of the Company's governing bodies, including members of the governing bodies whose mandate has expired but whose activities are assessed by the General Meeting, as well as persons designated by the Management Board to provide support to the General Meeting.

As a rule, resolutions of the General Meeting are passed by an absolute majority of the votes cast, and voting at the General Meeting is by open ballot. A secret ballot is ordered in the case of voting on appointment or removal from office of members of the Company's governing bodies or its liquidators, on bringing them to account, on personnel matters, or on request of at least one shareholder present or represented at the General Meeting.

General Meetings are held in Warsaw or at the Company's registered office.

4. 3 Rules for amending the Articles of Association

Pursuant to Art. 430.1 and Art. 415.1 of the Commercial Companies Code, amendments to the Articles of Association of MLP Group S.A. require a resolution of the General Meeting adopted by a threefourths majority of votes and must be recorded in the register. Where a resolution to amend the Articles of Association is to increase the shareholders' benefits or limit the rights granted personally to individual shareholders pursuant to Art. 354 of the Commercial Companies Code, the consent of all shareholders concerned is required. Amendments to the Articles of Associations are notified to the registry court by the Management Board. The General Meeting may authorise the Supervisory Board to prepare a consolidated text of the amended Articles of Association or to make other editorial changes therein specified in the General Meeting's resolution.

4. 4 Management Board

On 16 May 2022, the Extraordinary General Meeting adopted a resolution to amend the Articles of Association. The change was registered with the court.

According to the Articles of Association, the Management Board is composed of two to five members, appointed and removed by the Supervisory Board. The President of the Management Board is appointed by the Supervisory Board.

Management Board members are appointed for joint three-year terms. The President of the Management Board is appointed by the Supervisory Board. The Management Board, as well as any of its members, may be removed from office or suspended from duties by the General Meeting.

The current term of office of the Management Board began on 30 June 2021 following the appointment, by the Supervisory Board, of Mr Radosław T. Krochta as President of the Management Board, Mr Michael Shapiro as Vice President of the Management Board and Mr Tomasz Zabost as Member of the Management Board. On 26 July, the Supervisory Board appointed Ms Monika Dobosz and Ms Agnieszka Góźdz as members of the Management Board for the current term of office. Pursuant to the provisions of the Commercial Companies Code and the Articles of Association, the three-year term of office of the Management Board end on or before 30 June 2024. However, the mandates of the Management Board members expire no later than on the date of the Annual General Meeting of the Company which is to examine the financial statements for 2023.

On 9 June 2016, the Supervisory Board appointed Mr Radosław T. Krochta as President of the Management Board.

On 9 June 2016, the Supervisory Board appointed Mr Michael Shapiro as Vice President of the Management Board.

On 25 June 2015, the Supervisory Board appointed Mr Tomasz Zabost as Member of the Management Board.

On 26 July 2022, the Supervisory Board appointed Ms Monika Dobosz and Ms Agnieszka Góźdz as Members of the Management Board.

On 26 July 2022, the Supervisory Board appointed Ms Agnieszka Góźdz and as Member of the Management Board.

On February 29, 2024 Mr. Tomasz Zabost submitted his resignation from the function of the Management Board Member of the Company with immediate effect, without giving reasons for the resignation.

4. 4.1 Powers and competencies of the Management Board

Pursuant to the Articles of Association, the Management Board manages the Company's affairs and represents the Company, in particular manages the Company's business, manages and dispose of its assets and rights vested in the Company, and adopts resolutions and makes decisions on all matters not reserved for the General Meeting or the Supervisory Board.

Two members of the Management Board acting jointly have the right to represent the Company. The Company may also be represented by proxies appointed by the Management Board under and within the scope of powers of proxy granted to them. The Management Board may also unanimously decide to appoint a commercial proxy.

A Management Board resolution is required for any of the following:

- issuance of a bill of exchange;
- grant of security interest to support debt of another entity, including of a subsidiary;
- establishing a mortgage or other encumbrance on any assets of the Company;
- execution of an agreement under which the Company is obliged to deliver, or a risk arises that the Company could be obliged to deliver, during one financial year, assets, services or cash for a total amount of EUR 500,000 its equivalent in another currency (except intra-Group loans or amendments to the loan agreements), unless execution of such agreement is provided for in the full-year financial plan (budget) adopted by the Management Board and approved by the Supervisory Board;
- convening a General Meeting or demanding that a meeting of the Supervisory Board is convened;

- filing a petition for cancellation or invalidation of resolutions of the General Meeting;
- filing a petition for bankruptcy of the Company;
- taking any action to change authorisations to sign on behalf of the Company or to approve banking transactions;
- hiring, dismissing and determining the remuneration of the Company's department heads (marketing, investment, finance and administration);
- nominating or appointing a member of any body in any entity controlled by the Company;
- representing the Company at general meetings of the Company's subsidiaries or granting powers of proxy to represent the Company at such general meetings, together with voting instructions (if applicable);
- participating in other companies, except companies of the Group, or disposing of shares in other companies, except transactions within the Group;
- issuance of shares, bonds, warrants, bills of exchange, or amending terms of the Company's bonds in issue;
- making contractual commitments to acquire or dispose of real estate, right of perpetual usufruct or fractional parts thereof, except for execution of preliminary agreements to acquire ownership or perpetual usufruct of real property which unilaterally oblige the other party and do not contain any obligations of the Company to pay a down payment or advance payment;
- execution, amendment or termination of an agreement for the provision of a credit facility, a bank guarantee or an insurance guarantee, or an agreement concerning a bank account, a letter of credit or other financial product or financial service, to which the Company and a domestic bank, a foreign bank, a credit institution or a financial institution within the meaning of the Banking Law Act of 29 August 1997 is a party or is to be a party;
- releasing a debtor of the Company from debt in excess of PLN 100,000 or an equivalent of the amount in another currency;
- approving annual budgets or long-term financial plans.

By the end of the third month from the end of a financial year, the Management Board prepares full-year financial statements, which – together with the draft resolution on the distribution of profit and the auditor's report and opinion – are submitted to the Supervisory Board for assessment prior to the General Meeting.

4. 4.2 Operation of the Management Board

The Management Board operates pursuant to the Company's Articles of Association, the Rules of Procedure for the Management Board and the Commercial Companies Code.

The Rules of Procedure for the Management Board govern matters related to the organisation of Management Board meetings and the Management Board's decision-making process. Pursuant to the Rules of Procedure, meetings of the Management Board are held as needed, but in any case at least two times a month.

The Management Board adopts resolutions during its meetings, with the proviso that Management Board members may attend a meeting by means of remote communication and cast their votes by electronic means, fax or telephone. Management Board members may also participate in adopting resolutions by casting their votes in writing through another member of the Management Board. Resolutions may be passed outside of a Management Board meeting if all members of the Management Board give their written consent to the decision to be passed or to vote in writing.

The Rules of Procedure define the manner in which declarations of will are to be made on behalf of the Company. Declarations of will may be submitted by email where the nature or content of the legal relationship so permits. The Rules of Procedure also provide that commercial power of proxy may be granted or revoked by the Management Board at a meeting with all members present. A commercial power of proxy may also be granted at a meeting held using means of remote communication. The Rules of Procedure further provide that resolutions may also be passed by circulation.

4. 4.3 Composition of the Management Board

As at 31 December 2023, the Management Board was composed of five members.

Below is presented information on the Management Board members, including the position held, date of appointment, and the date of the end of the current term of office.

| First name | Surname | Position held | Most recent appointment | End of term |
|-----------------|---------|----------------------------------------|-------------------------|--------------|
| Michael | Shapiro | Vice President of the Management Board | 30 June 2021 | 30 June 2024 |
| Radosław Tomasz | Krochta | President of the Management Board | 30 June 2021 | 30 June 2024 |
| Tomasz | Zabost* | Member of the Management Board | 30 June 2021 | 30 June 2024 |
| Monika | Dobosz | Member of the Management Board | 26 July 2022 | 30 June 2024 |
| Agnieszka | Gózdź | Member of the Management Board | 26 July 2022 | 30 June 2024 |

On February 29, 2024 Mr. Tomasz Zabost submitted his resignation from the function of the Management Board Member of the Company with immediate effect, without giving reasons for the resignation.

Radosław T. Krochta – President of the Management Board

Radosław T. Krochta graduated from Management and Banking College in Poznań (Finance). In 2003, he completed postgraduate studies in Management at Nottingham University and an MBA postgraduate programme. He has a long track record in corporate finance positions in Poland, Eastern Europe and the United States. In 2001-2004, Mr Krochta served as CFO at Dresdner Bank Polska S.A. He was also Director of the Department of Strategic Consulting at Deloitte Advisory and previously worked as a manager at PWC in Warsaw and in the United States. He joined MLP Group S.A. in 2010, and currently serves as President of the Management Board.

Michael Shapiro – Vice President of the Management Board

Michael Shapiro has over twenty years of experience in the real estate sector. He graduated from the Faculty of Management and Industrial Engineering at the Israel Institute of Technology in Haifa. From 1975 to 2000, he served as Chief Executive Officer and managed Miro Engineering Ltd and S.M. Shapiro Engineers Ltd. In 1995–2016, he served as President of the Management Board of MLP Group S.A., and in June 2016 he took the position of Vice President of the Management Board. He was responsible for the development and commercialisation of the Group's logistics parks and for the Group's investments in the land bank.

Tomasz Zabost – Member of the Management Board

Mr Zabost graduated from the Faculty of Civil Engineering of the Warsaw University of Technology, with a major in construction and engineering structures. He has also completed a number of management courses and training programmes. He has over 20 years of experience in managing commercial properties, and specialises in asset management at each stage of project execution. In his previous role, he was at the forefront of executing new real estate projects. From defining the strategy to selecting the developer, land, contractors, suppliers, architects, engineers, and consultants, he was involved in every step of the process. He was also responsible for preparing project budgets and feasibility studies. For eight years, Mr. Zabost was employed at ProLogis, including from 2007 as Vice President and Head of Project Management. Before his role at ProLogis, he supported the Spanish construction group Dragados in their efforts to enter the Polish market. Throughout his professional career, he has also collaborated with various industrial developers and contractors both in Poland and abroad. He has worked for a number of organisations including Liebrecht&Wood, E&L Project, and Ghelamco Poland.

Monika Dobosz – Member of the Management Board

Ms Monika Dobosz possesses over two decades of professional experience in finance and accounting, with 14 of those years spent in the real estate industry. Monika Dobosz joined MLP Group in 2009 as head of the financial reporting department. In 2014, she was appointed Chief Financial Officer. In this role, her responsibilities encompass financial reporting, budgeting for the Group and its subsidiaries, arranging new financing for the Group's projects, as well as supervising the accounting, controlling, and reporting teams. Before joining MLP Group, she held the position of Deputy Chief Accountant at Fadesa Polnord Poland and Parker Hannifin Sp. z o.o. She is a graduate of Poznań University of Economics, where she studied Banking, and Warsaw School of Economics, where her principal field of study was Financial Reporting.

Agnieszka Gózdź – Member of the Management Board

Agnieszka Gózdź's primary responsibility is the commercialisation of logistic parks and land banking in Poland. She also supports MLP Group's expansion into new European markets and business growth. She became part of the MLP Group team seven years ago. She has 16 years of experience in the warehouse space market. Before joining MLP Group, she worked as an expert for leading property advisory firms, including Cushman & Wakefield, CA IMMO Real Estate Management Poland, AXI IMMO GROUP, and King Sturge. She is a graduate of Private School of Business and Administration in Warsaw. In addition, she completed postgraduate studies in commercial property management at Warsaw University of Technology.



4. 5 Supervisory Board

The Supervisory Board exercises ongoing supervision over the Company's business in each area of its activity.

The Supervisory Board is composed of six members, including Chairman and Deputy Chairman, appointed for a joint three-year term of office. At least two members of the Supervisory Board are Independent Members.

The current term of office of the Supervisory Board began on 30 June 2021 and expires on 30 June 2024. However, the mandates of the Supervisory Board members expire no later than on the date of the Annual General Meeting of the Company which is to examine the financial statements for the last year of the Supervisory Board's term.

As at 31 December 2023, the Supervisory Board was composed of six members.

Subject to the personal rights described in Section 4.1.2 of this report (in Special rights of the Shareholders), members of the Supervisory Board are appointed and removed by the General Meeting.

4. 5.1 Powers and competencies of the Supervisory Board

The Supervisory Board exercises ongoing supervision over the Company in all areas of its business, and in addition to the matters specified in the Commercial Companies Code the special powers of the Supervisory Board under Art. 21.2 of the Articles of Association include:

- giving consent to the issuance of shares within the limit of the authorised share capital, including rules governing the determination of the issue price and waiver of the existing shareholders' preemptive rights if a resolution of the Management Board provides for such waiver;¹⁾
- approving annual budgets and development plans of the Company and the Group;
- giving consent to the Company incurring liabilities or making expenditure in a single transaction or related transactions not provided for in the Company's budget falling outside the ordinary scope of the Company's business, where a value of such transaction or transactions exceeds PLN 5,000,000;
- giving consent to acquisition or disposal and cancellation by the Company of shares in other companies, except for transactions within the Group and transactions provided for in the Company's annual budget or financial plan;
- giving consent to the acquisition or disposal of real property (including perpetual usufruct rights) or interest in real property (including in perpetual usufruct rights) with a value in excess of PLN 1,000,000, except for transactions provided for in the Company's annual budget or financial plan;
- appointing and dismissing members of the Management Board;
- appointing and dismissing members of the Management Board;
- concluding agreements between the Company and members of the Management Board;
- adopting resolutions to approve execution of agreements between the Company and a Company shareholder who holds, directly or indirectly, shares conferring more than 5% of total voting rights in the Company;
- consent to members of the Management Board to engage in activities which are competitive to the Company's business in person or as participants in partnerships, members of the governing bodies of companies or cooperatives, as well as shareholders of companies or cooperatives if their share in the share capital of such companies or cooperatives exceeds 5%, or if under such organisations' articles of association or under shareholder agreements they are entitled to appoint at least one member of the organisation's management board or a supervisory body;
- adopting resolutions on the rules and amounts of remuneration of the Management Board members;¹⁾
- approving the Rules of Procedure for the Management Board;¹⁾
considering and giving opinions on matters to be decided by resolutions of the General Meeting,

- giving consent to encumbrance of real property, perpetual usufruct to, or interest in, the Company's real property with a mortgage to be established in favour of an entity other than a bank.

¹⁾ *Resolutions on these matters require that at least one Independent Member votes in favour of the resolution.*

In order to exercise its powers, the Supervisory Board may examine any documents, request reports and explanations from the Management Board and employees, and review the Company's assets.

The Supervisory Board may issue opinions on any matter relating to the Company, and may submit requests and initiatives to the Management Board. The Management Board is obliged to notify the Supervisory Board of its position on opinions, requests or initiatives of the Supervisory Board no later than within two weeks of the date of such requests, opinions or initiatives, provided that the opinion of the Supervisory Board is inconsistent with the Management Board's proposal or initiative, and no consent of any of the Company's governing body is required for the performance of activities covered by the Supervisory Board's opinion.

Independent Members of the Supervisory Board have the right to convene a General Meeting or place certain matters on its agenda.

4. 5.2 Operation of the Supervisory Board

The Supervisory Board operates in accordance with the Rules of Procedure for the Supervisory Board adopted by the General Meeting, which defines its powers, organisation and manner of operation. Pursuant to the Rules of Procedure, the Supervisory Board performs its tasks collectively, at its meetings. Meetings are held as needed, but in any case at least once every two months, and are held at the Company's registered office. The Rules of Procedure permit holding Supervisory Board meetings by means of remote communication.

The Supervisory Board may adopt resolutions if at least half of all its members are present at a meeting, and all the members have been invited to participate in the meeting at least 7 Business Days in advance. However, in urgent matters the Chairman of the Supervisory Board, or under another member of the Supervisory Board duly authorised by the Chairman, may convene a meeting at a shorter notice. As a rule, resolutions of the Supervisory Board are adopted by an absolute majority of votes. If the numbers of votes for and against are equal, the Chairperson of the Supervisory Board has the casting vote.

Supervisory Board members may also participate in adopting resolutions by casting their votes in writing through another member of the Supervisory Board. Meetings may be held in writing. Meetings of the Supervisory Board may be held by means of direct remote communication. A detailed procedure for holding meetings and adopting resolutions using means of remote communication is provided for in the Rules of Procedure for the Supervisory Board. Meetings of the Supervisory Board are held as needed, but at least once every quarter.

At least two members of the Supervisory Board appointed by the General Meeting should be Independent Members of the Board, at least one of whom should have qualifications in accounting or financial auditing specified in the Act on Statutory Auditors. The independence criteria are set out in Art. 18.12 of the Company's Articles of Association.

4. 5.3 Composition of the Supervisory Board

As at 31 December 2023 the composition of the Parent's supervisory bodies was as follows:

| First name | Surname | Position held | Most recent appointment | End of term |
|------------|--------------|------------------------------------------|-------------------------|--------------|
| Shimshon | Marfogel | Chairman of the Supervisory Board | 30 June 2021 | 30 June 2024 |
| Eytan | Levy | Deputy Chairman of the Supervisory Board | 30 June 2021 | 30 June 2024 |
| Oded | Setter | Member of the Supervisory Board | 30 June 2021 | 30 June 2024 |
| Guy | Shapira | Member of the Supervisory Board | 30 June 2021 | 30 June 2024 |
| Piotr | Chajderowski | Member of the Supervisory Board | 30 June 2021 | 30 June 2024 |
| Maciej | Matusiak | Member of the Supervisory Board | 30 June 2021 | 30 June 2024 |

Shimshon Marfogel - Chairman of the Supervisory Board

Mr. Shimshon Marfogel earned a Bachelor of Arts degree in Accounting and Economics from Hebrew University of Jerusalem.

He has been employed at Israel Land Development Company Ltd. of Tel Aviv since 1985, starting as the Chief Accountant (1985-1986), then serving as the Vice President and Chief Accountant (1986-2001) before being appointed as the Chief Executive Officer (2001-2004). Since 2004, Mr. Shimshon Marfogel has been serving as Vice President of the Management Board at Israel Land Development Company Ltd. of Bnei Brak.

Eytan Levy - Deputy Chairman of the Supervisory Board

Mr. Eytan Levy earned a Bachelor of Arts degree in Political Science from Bar-Ilan University in Ramat Gan.

In 1982-1991, he held various managerial positions, including Head of Special Products Division and Vice President of the Management Board for Marketing at the Israel National Post Authority, based in Jerusalem. Between 1991 and 1997, he also held a number of managerial roles, including Director of Security and Logistics, Vice President of the Management Board for Marketing and Sales at the Israel National Telecommunications Company, based in Jerusalem. In 1998-2000, he worked as a partner in the Tel Aviv office of the American law firm Gerard Klauer & Mattison. Since 1997 he has served as Director in the Israel law company Percite Technology, based in Rosh Ha`Ayin.

Maciej Matusiak - Member of the Supervisory Board

Mr Maciej Matusiak graduated from the Technical University of Łódź, holds the title of Chartered Financial Analyst (CFA), and is a licensed stock broker. In 1995-1996, he worked at Daewoo Towarzystwo Ubezpieczeniowe S.A. in the Department of Capital Investments as securities dealer and financial analyst. Between 1996 and 1998, he worked as financial analyst at PKO BP Bankowy Dom Maklerski. From 1998 to 2002, he worked at the Commercial Union Group – initially at the Investment Department of Commercial Union Polska – Towarzystwo Ubezpieczeń na Życie S.A., and then at Commercial Union Investment Management (Polska) S.A. Since 2006, he has served as President of the Management Board of Artemis Investment Sp. z o.o. of Warsaw.

Guy Shapira - Member of the Supervisory Board

Mr Guy Shapira graduated with honours from Interdisciplinary Center Herzliya (IDC) in Israel with degrees from the faculty of Business and Administration (B.A.) and Law (LL.B), with specialisation in International Business Law. Mr Shapira is also licenced to practice law in Israel. Before appointment to the Supervisory Board, he worked for Steinmetz, Haring, Gurman & Co. lawfirm in Israel, and was a member of the Audit Committee of Students Association at IDC.

According to Mr Shapira's representation, he conducts activities outside the Company's business which do not compete with the Company's business, is not a partner in a competing civil law partnership, is not a member of a competing company under commercial law or a member of a governing body of any competing legal entity, and is not entered in the Register of Insolvent Debtors maintained pursuant to the provisions of the Act on the National Court Register (KRS).

Piotr Chajderowski - Member of the Supervisory Board

Mr Piotr Chajderowski graduated from the University of Łódź with an M.A. degree in Economics. In 2008, he joined the group of supervisory board members at the Ministry of Treasury.

In 1994-2018, he held various managerial positions, including as securities accountant (1995-1997) and (1997-1999) investment manager at PTP Kleinwart. He served as Vice President / President of management boards at the following companies: ALPHA FINANSE Sp. z o. o., Zakłady Metalurgiczne SKAWINA S.A. Grupa Impexmetal, SIGNUM FINANSE, Nowy Przewoźnik Sp. z o. o., DEUTSCHE BINNENREEDEREI AG of Berlin and Grupa WORK SERVICE S.A.

Currently, he is a member of the Supervisory Board and Chairman of the Audit Committee, and serves as Adviser to the President of the Employers of Poland on corporate restructuring.

Oded Setter - Member of the Supervisory Board

Oded Setter holds the position of Vice President for Financing, Investments & Business Development at The Israel Land Development Company Ltd. ("ILDC"). He also serves on the Management Boards of Skyline Investments and a subsidiary of ILDC. Mr Setter is a Certified Public Accountant (CPA). He graduated from the Faculty of Law of the Bar-Ilan University, and holds Bachelor's degrees in Accounting and in Communications and Journalism from the Hebrew University of Jerusalem. His professional experience includes positions as Vice President for Strategy, Finance and Control at Shikun & Binui, Director for Finance, Control and Strategy at Shikun & Binui, a Management Board Member at Shikun & Binui's subsidiary, Business Finance Director at Arison Investments, and Senior Consultant at KPMG.

According to Oded Setter's representation, he does not conduct any activities outside the Company's business which would compete with the Company's business, he is not a partner in a competing civil law partnership, a member of a competing company under commercial law or a member of a governing body of any competing legal entity, and is not entered in the Register of Insolvent Debtors maintained pursuant to the Act on the National Court Register (KRS).

4. 5.4 **Audit Committee**

On 15 January 2014, the Supervisory Board established an Audit Committee which is responsible for overseeing the Company's financial matters. The Committee's detailed tasks and manner of operation are defined in the rules of procedure of the Audit Committee, attached as an appendix to the Rules of Procedure for the Supervisory Board. The role and responsibilities of the Audit Committee include supervision, monitoring and advising the Management Board and the Supervisory Board on all matters relating to risk management, audit of financial statements, and monitoring and compliance with applicable laws and regulations. The Audit Committee evaluates the work performed by the independent auditor and the associated costs.

As at 31 December 2023, the Audit Committee was composed of the following persons

- Piotr Chajderowski
- Eytan Levy,
- Maciej Matusiak.

As at 31 December 2023, Maciej Matusiak and Piotr Chajderowski satisfied the requirements of Art. 129.1 of the Act on Certified Auditors (they had the required accounting or auditing qualifications) and the independence criteria set out in Art. 129.3 of the Act on Certified Auditors.

The Supervisory Board may also appoint, from among its members, a remuneration committee whose tasks would include drafting proposals for the remuneration of members of the Company's Management Board, and supervising implementation of the Company's incentive plans entitling their participants to subscribe for Company shares or instruments linked to Company shares. Such remuneration committee may consist of two to three members, at least one should be independent.

As at 31 December 2023, there was no remuneration committee at the Company's Supervisory Board.

4. 5.5 **Key assumptions of the policy for selection and appointment of the audit firm**

The audit firm is selected in advance to ensure that the audit contract can be signed within a timeframe enabling the audit firm to carry out the audit in a reliable and timely manner.

In the selection of the audit firm, particular attention is paid to the compliance of the audit firm and the statutory auditor with the independence requirements, but also to the extent of the services performed by the audit firm or the statutory auditor in the last five years preceding the appointment of the audit firm.

The audit firm is selected taking into account its experience in auditing financial statements of public interest entities, including companies listed on the Warsaw Stock Exchange. In the process, consideration is also given to the firm's operating ability to conduct the audit of the Company's financial statements.

Key assumptions of the policy for the provision of permitted non-audit services by the audit firm, its related entities, or members of the firm's network

The statutory auditor or the audit firm carrying out the statutory audit of the Company, as well as entities related to the statutory auditor or the audit firm, may provide directly or indirectly to the audited entity, its parent and entities controlled by it within the European Union, the non-audit services listed below, subject to approval by the Audit Committee. For the purposes of this policy, the permitted non-audit services mean:

assurance concerning financial statements or other financial information for regulatory authorities, the supervisory board or other supervisory body of the Company, going beyond the scope of a statutory audit and designed to assist those authorities in fulfilling their statutory duties, audit of historical financial information in a prospectus, issuance of assurance letters and due diligence services in connection with a prospectus.

4. 6 Remuneration and employment contracts of members of the Management Board and of the Supervisory Board

4. 6.1 Amount of remuneration, awards and benefits for members of the Management Board and the Supervisory Board

Fixed and variable remuneration of the Management Board for 2023

- Remuneration and other benefits:

| | |
|---------------------|-----|
| Radosław T. Krochta | 121 |
| Michael Shapiro | 329 |
| Tomasz Zabost | 106 |
| Monika Dobosz | 120 |
| Agnieszka Gózdź | 400 |

1 076

Provision from the previous year for variable remuneration of the Management Board used

| | |
|---------------------|-----|
| Radosław T. Krochta | 740 |
| Michael Shapiro | - |
| Tomasz Zabost | 406 |
| Monika Dobosz | 399 |
| Agnieszka Gózdź | 360 |

1 905

Members of the Management Board received remuneration from both the Company and its subsidiaries (i) under employment contracts, (ii) for the provision of services to the Group, and (iii) for serving as a member of the Management Board.

Remuneration of the Supervisory Board in 2023

| | |
|--------------------|----|
| Maciej Matusiak | 60 |
| Eytan Levy | 60 |
| Shimshon Marfogel | 60 |
| Guy Shapira | 60 |
| Piotr Chajderowski | 60 |
| Oded Setter | 60 |

360

In 2023, the total remuneration received by the Supervisory Board was to PLN 360 thousand.

4. 6.2 Agreements with members of the Management Board in case of resignation, dismissal

Mr Radosław T. Krochta, President of the Management Board, is employed under an employment contract. As per their employment contracts, members of the Management Board are entitled to receive remuneration during the notice period upon termination of their employment relationship.

Mr Michael Shapiro, Vice President of the Management Board, is employed under an employment contract. As per the terms of the contract, in the event of contract termination, Mr. Shapiro is entitled to receive remuneration during the notice period.

Mr Tomasz Zabost, Member of the Management Board, was employed under an employment contract. As per their employment contracts, members of the Management Board are entitled to receive remuneration during the notice period upon termination of their employment relationship.

MS Monika Dobosz, Member of the Management Board, is employed under an employment contract. As per their employment contracts, members of the Management Board are entitled to receive remuneration during the notice period upon termination of their employment relationship.

Ms Agnieszka Gózdź, Member of the Management Board, is employed under an employment contract. As per their employment contracts, members of the Management Board are entitled to receive remuneration during the notice period upon termination of their employment relationship.

4. 7 Shares held by members of the Management Board and the Supervisory Board

As at 31 December 2023, Shimshon Marfogel, Chairman of the Supervisory Board, held directly, through the Company shares acquired in September 2017, 0.62% of the Company's share capital.

As at 31 December 2023, Oded Setter, member of the Supervisory Board, held directly, through the Company shares acquired in September 2021, October 2021, January 2022, March 2022 and June 2022, 0.0087% of the Company's share capital.

On 8 December 2022, MIRO Ltd acquired 65,533 ordinary shares, representing 0.27% of the share capital and 65,533 voting rights, or 0.27% of total voting rights. As at 31 December 2023, Michael Shapiro, Vice President of the Management Board, held indirectly, through his fully-controlled company MIRO Ltd., a 2.57% interest in MLP Group S.A.'s share capital, and, through a 25% interest in the share capital held by MIRO Ltd. in Cajamarca Holland B.V., Mr Shapiro was the beneficial owner of 10.67% of the share capital of MLP Group S.A. In total, Mr Shapiro was the beneficial owner of a 13.24% interest in the share capital of MLP Group S.A.

Eytan Levy indirectly holds a 10.67% interest in MLP Group S.A.'s share capital. Specifically, Mr Levy owns a 100% interest in N Towards the Next Millennium Ltd., which holds a 33.33% (1/3) interest in RRN Holdings Ltd. RRN Holdings Ltd. holds 75% of the share capital of Cajamarca Holland B.V., which in aggregate results in the 10.67% interest in MLP Group S.A.'s share capital.

The other members of the Supervisory Board do not directly hold shares of the Company.

4. 8 Changes in the Company's key business management policies

In 2023, there were no major changes in the key management policies. The development of the organisation requires that management procedures applicable in MLP Group S.A. be improved on a continuous basis.

4. 9 Internal control and risk management system

The Company's Management Board is responsible for the internal control system and its effectiveness in the process of preparing financial statements and reports required to be prepared and published pursuant to the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 (Dz.U. of 2018, item 757, as amended). The Audit Committee directly supervises the effectiveness of the internal control system, internal audit and risk management and monitors the financial reporting process.

The efficiency and proper functioning of the internal control and risk management system are ensured through:

- established organisational structure,
- competences, knowledge and experience of the persons involved in the internal control processes,
- control systems including i.a., internal procedures, proper segregation of duties, authorization of financial and economic operations,
- internal audit as a tool supporting the monitoring process of the internal control system
- oversight of the system by the management and regular assessment of the Group's business,
- verification of financial statements by the independent auditor.

The overlapping of and interactions between individual features of the internal control system in several areas, such as:

- operating activities,
- financing activities,
- the reporting process (including preparation of financial statements),

- analysis of project costs and expenses, distribution costs and administrative expenses, as well as costs and expenses related to the operation of leased space,
- risk management,

not only guarantee the efficiency of the internal control system but also support the management processes across the entire Group.

The main features of the system of internal control and risk management pertaining to the preparation of the separate financial statements include in particular:

- established organisational structure,
- qualified staff,
- direct management supervision,
- verification of financial statements by the independent statutory auditor.

The persons responsible for the preparation of financial statements within the financial and management reporting functions are highly qualified staff of the Finance Division, managed directly by the CFO and indirectly by the Management Board.

In accordance with the applicable laws, the Company presents its financial statements for review or audit, as applicable, by a renown and highly qualified independent auditor. In the course of an independent audit, employees of the Finance Division involved in the preparation of the financial statements provide all necessary information and clarifications.

The Company's controlling function, with internal control as its primary and significant component, is based on the budget system. The Company reviews its short-, medium- and long-term plans on an annual basis, with a detailed budget for the next year prepared for:

- construction projects,
- operational projects,

The Company's financial and accounting system is the source of data for the entire reporting system operated by the Company, i.e:

- the financial reporting process,
- interim reports,
- the management reporting system.

After accounting books are closed, budget performance reports and forecasts are prepared. For the reporting periods ended, the Company's financial results are analysed in detail in the context of the original budget assumptions.

The key element of the process is to monitor deviations from the plan and explain the underlying causes. Monitoring of the deviations and identification of the causes help to optimise the Company's operations and minimise potential risks. Due to the nature of the industry, analyses are conducted on many levels – not only are individual cost groups reviewed, but also individual projects are analysed on a case-by-case basis. Based on these reports, the Company's Management Board analyses the current financial results by comparing them with the original budgets.

Effective internal control (with its reporting functions) is an essential step in risk identification and change management. Effective risk management involves not only a reporting system but also risk analysis. Therefore, the key objective of the Company's efforts to reduce exposure to risk is to properly assess potential and monitor current projects. Any potential changes in project budgets are reflected in profit and cash-flow forecasts to provide a high-level overview and eliminate not only project risks but also other risks, such liquidity or currency risks. Such high-level management and monitoring of risks and internal controls in all areas relevant to the organisation largely eliminates most of the risks to which the Company is exposed.

4. 10 Entity qualified to audit the financial statements

By a resolution passed on 17 June 2021, the Company's Supervisory Board, acting pursuant to Art. 21.2g) of the Company's Articles of Association, appointed PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa of Warsaw as the entity qualified to audit the Company's separate and consolidated financial statements for the financial year ended 31 December 2023 and to review the interim financial statements prepared for the six months ended 30 June 2023.

The registered office of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa is located at ul. Polna 11, 00-633 Warsaw. PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa is registered as a qualified auditor of financial statements under entry no. 144.

The contract with the auditor was executed by the Company's Management Board for a period necessary to perform the auditor's duties.

The contract was signed on 2 July 2021.

In 2023, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością spółka Audyt komandytowa did not provide any services other than audit and review of financial statements or consolidation packages.

The table below presents the fees paid to the auditor for the services performed.

| <i>as at</i> | 31 December 2023 | 31 December 2022 |
|----------------------------------------------------------|-----------------------------|-----------------------------|
| Audit of full-year financial statements | 134 | 138 |
| Review of consolidated and separate financial statements | 40 | 30 |
| Audit and review of group reports | 297 | 312 |

Signed with qualified electronic signature.

Radosław T. Krochta
*President of the Management
 Board*

Michael Shapiro
*Vice President of the
 Management Board*

Monika Dobosz
*Member of the Management
 Board*

Agnieszka Gózdź
*Member of the
 Management Board*

Pruszków, 18 March 2024